

Integrated Report 2024



Collection of the Shibusawa Memorial Museum

Founder Eiichi Shibusawa

Eiichi Shibusawa, the Founder and Father of the Modern Japanese Economy

Shibusawa Logistics was founded in 1897 based on the belief of Eiichi Shibusawa that “warehousing is essential for the healthy growth of commerce and industry”. He is regarded as the father of the modern Japanese economy, and his portrait has been adopted for the new 10,000 yen note since July 3, 2024. Now, as the only listed company to bear the Shibusawa name, we are continuing his spirit through the corporate slogan of “Mission to Endure.” We have also positioned “Only profits pursued through just and moral principles can endure and enrich society” as our shared values.



Editorial policy

This report has been issued with the aim of enabling a greater understanding of the Group's business among our stakeholders, including shareholders and investors, and encouraging further dialogue by disclosing, in addition to financial information such as the current fiscal year's financial results, non-financial information such as initiatives the Company is conducting to enhance its medium- to long-term corporate value.

Note on forward-looking statements

This report contains forward-looking statements concerning the Company's business. These forecasts were made based on the information available at the time of publication and actual results may differ from them due to a variety of subsequent factors.

Reporting period: April 1, 2023–March 31, 2024
Month of issue: December 2024



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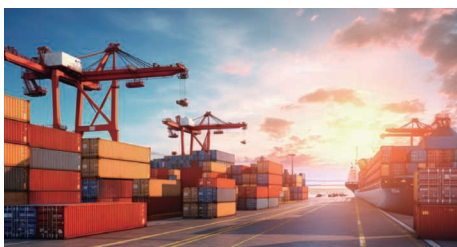
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History of the Shibusawa Logistics Group

History of the Shibusawa Logistics Group practicing “Mission to Endure”

By developing services beyond the logistics framework, we aim to be a value partner creating new value for customers’ business activities, continuing to be a company practicing “Mission to Endure.”

For details, please visit our corporate website.
<https://www.shibusawa.co.jp/company/history/> (in Japanese)

1897–

Starting the warehousing business with Eiichi Shibusawa as the business owner

Needs & our responses

Established as a division of Shibusawa’s family business, based in the warehouse in the family estate, responding to the industries’ demand for modern commercial warehouses and the need for facilities to store collaterals in the banking operations.



1933–

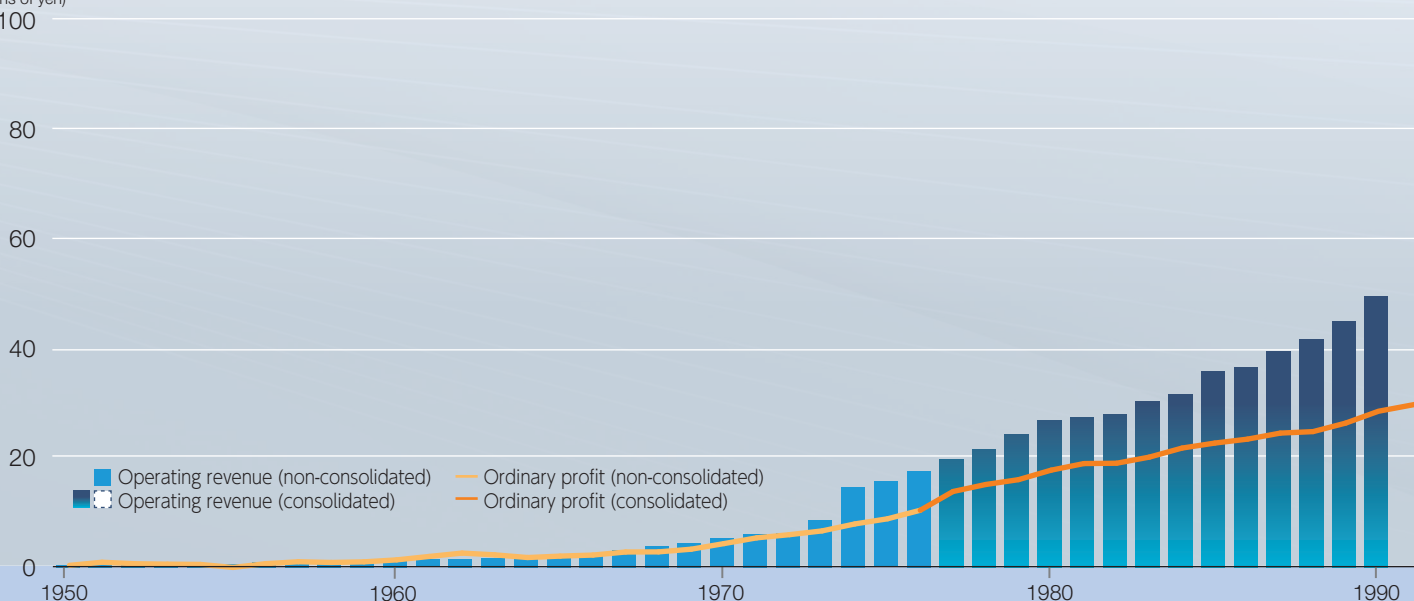
Broadening the business into a full-service logistics provider

Needs & our responses

Gradually expanded business to include land transportation, harbor transportation, and air and international cargo handling services, based on the nationwide network of branches. From the 1960s, established local subsidiaries abroad to strengthen overseas operations.



(billions of yen) ■ Operating revenue trends



1974-

Starting the real estate business to strengthen the management foundation

Needs & our responses

Redeveloped sites for logistics facilities into office buildings for rent, and started leasing operations. Strengthened the management foundation through the dual operation of logistics and real estate businesses.



1990s-

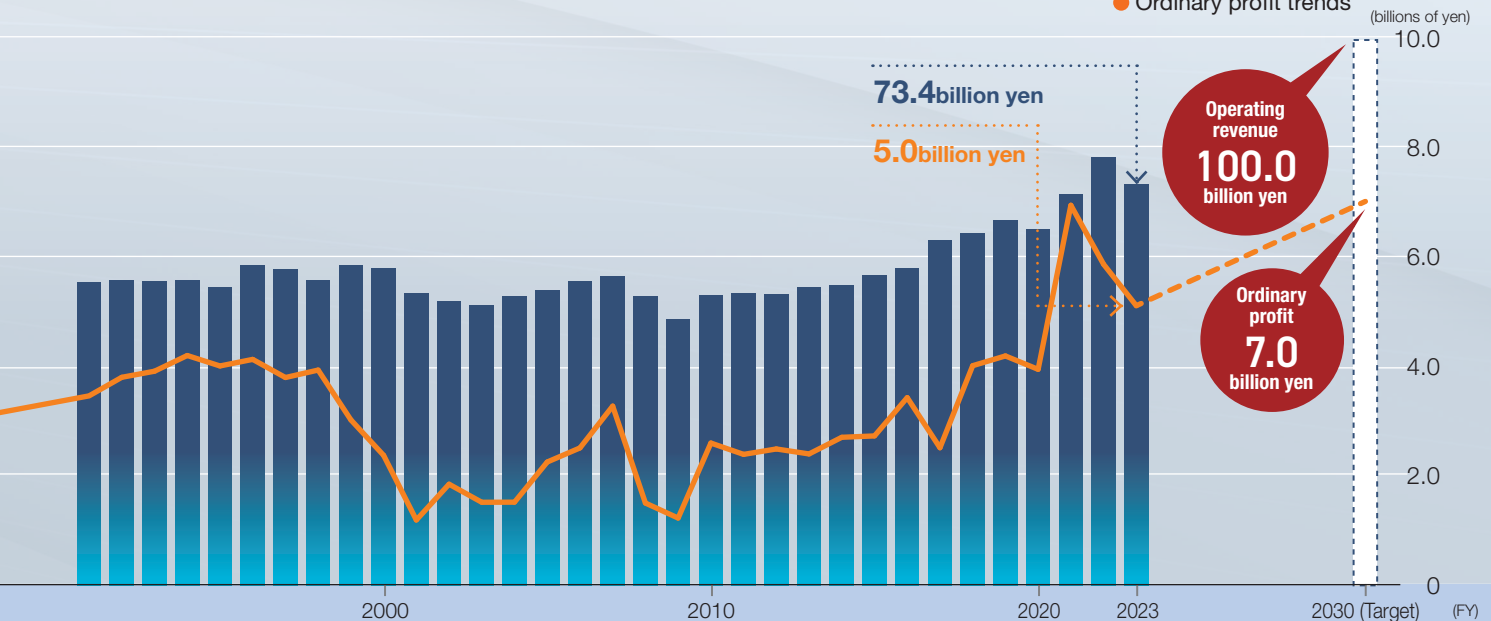
Enhancing the functions as a full-service logistics provider

Needs & our responses

Provide high-quality, high-value-added services as a value partner creating new values for our customers' business activities, through fully fledged logistics services and next-generation site operations through advanced digitalization and innovative systems.



Ordinary profit trends

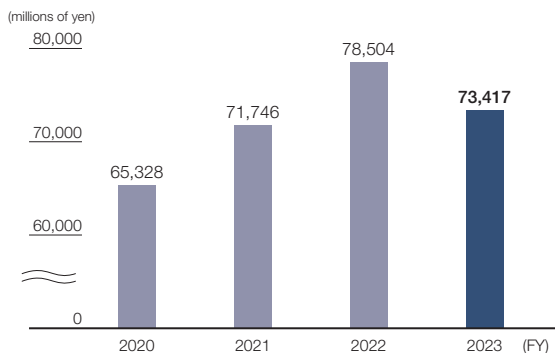


Financial and Non-Financial Highlights

Financial Highlights

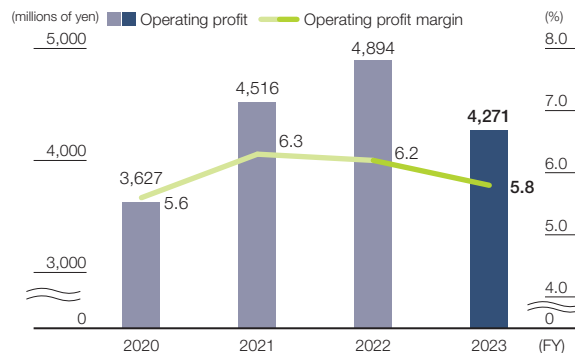
Operating revenue

73,417 million yen



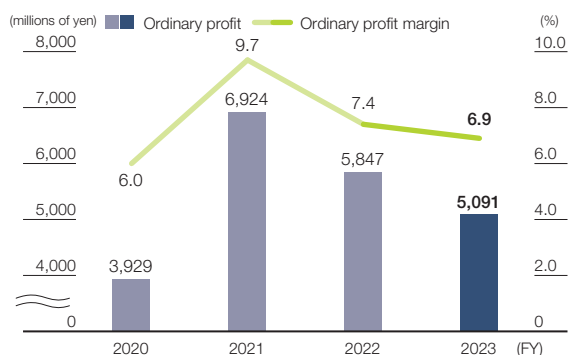
Operating profit / Operating profit margin

4,271 million yen / **5.8%**



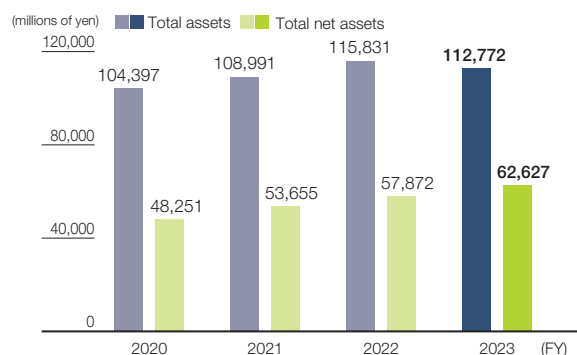
Ordinary profit / Ordinary profit margin

5,091 million yen / **6.9%**



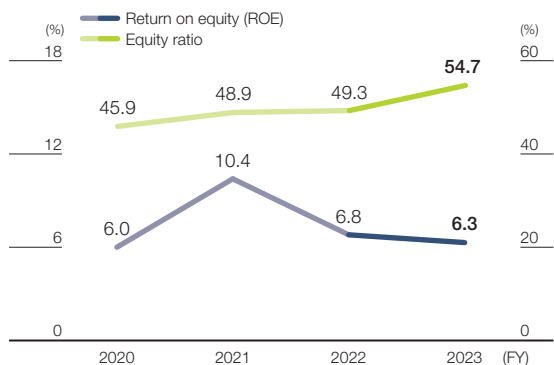
Total assets / Total net assets

112,772 million yen / **62,627** million yen



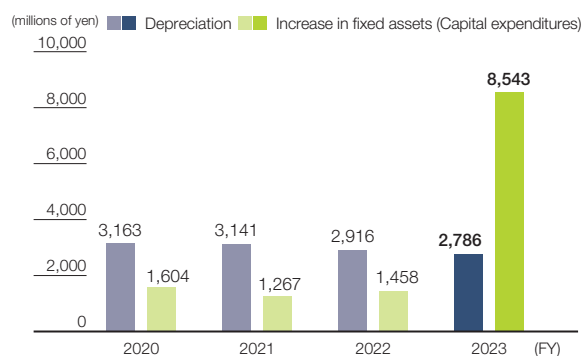
Return on equity (ROE) / Equity ratio

6.3% / **54.7%**



Depreciation / Increase in fixed assets (Capital expenditures)

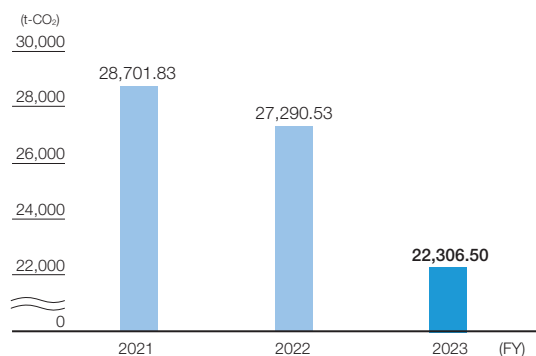
2,786 million yen / **8,543** million yen



Non-Financial Highlights

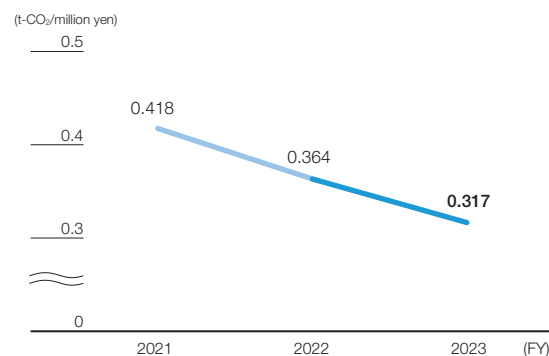
CO₂ emissions (Consolidated group companies in Japan under Scope 1 & 2)

22,306.50 t-CO₂



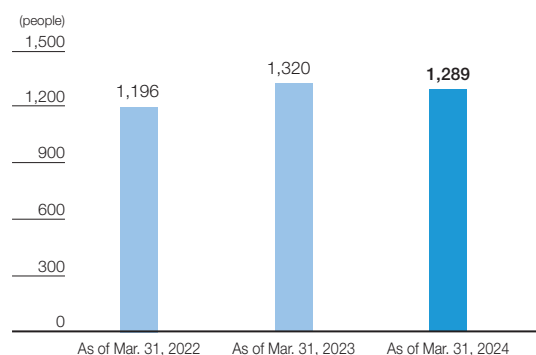
CO₂ emissions intensity (Consolidated group companies in Japan)

0.317 t-CO₂/million yen

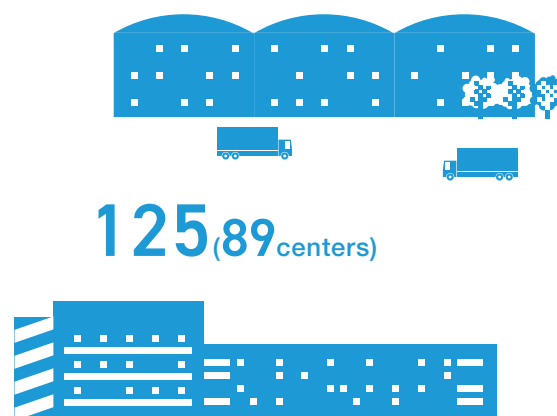


Number of employees (Group-wide)

1,289 as of March 31, 2024



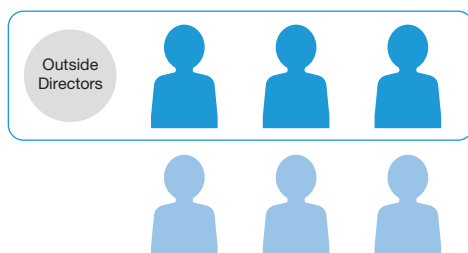
Number of sites in Japan (Counted by address)



Composition of the Board of Directors (% of Outside Directors)

Fiscal 2023 Among **6** Directors

3 Outside Directors **50%**



Number of containers for modal shift

Railway containers: **4,107**



Ferry container chassis: **24,027**





The spirit of our founder, Eiichi Shibusawa, whose portrait was adopted for the new 10,000 yen note

As I'm sure you are aware, the portrait of our founder, Eiichi Shibusawa has been adopted on the new 10,000 yen note issued since July 3, 2024. As the only listed company to bear the Shibusawa name, we at Shibusawa Logistics, who inherit the spirit of Eiichi Shibusawa, are very proud and happy.


Consideration of Eiichi Shibusawa's spirit generally tends to focus on the importance he put on business morality and corporate ethics, as represented by his writings on "Rongo to Soroban," but he also left us with other important messages. These include "Be Prudent however Adventurous at the same time," which warns how social enterprises can lose their willingness to take on challenges in pursuit of stability, and "Competition is the Mother of Learning and Improvement," which explains how fair competition leads to growth. In other words, while values and ethics are important to the long-term sustainability of a business, Eiichi Shibusawa also emphasized that taking on challenges and competition are connected to the prosperity and progress of society.

We celebrated our 127th anniversary in 2024. Although protecting traditions can lead to a tendency to act conservatively, we will seek to further demonstrate the spirit of challenge and competition going forward so that we can continue to flourish long into the future.

Reflecting on the Shibusawa Group Midterm Strategy 2023 (Fiscal Years 2021-2023)

Shibusawa Group Midterm Strategy 2023, positioned as the first stage of growth toward achieving the Shibusawa 2030 Vision, has been completed. Although the progress made on each of the plan's key measures varies, we feel that overall, we have made steady progress on our top priority of clarifying our strengths and enhancing our competitiveness to create a foundation for the next stage of growth.

Example of efforts to clarify our strengths and enhance our competitiveness include improving operational efficiency through DX introduction of mechanization and automation in the business areas that are our strengths, including high-mix, low-volume items and beverages, and steadily enhancing competitiveness by expanding



We will continue to expand our business domain beyond the bounds of logistics and aim to increase the added value we provide to our customers.

Takeshi Osumi
President

and opening locations under a domination strategy. Furthermore, in regard to expanding our business domain beyond the bounds of logistics, many of our various business seeds are at the stage where we are exploring feasibility. Going forward, we will tackle issues to try and turn these seeds into actual businesses.

The Commencement of the Shibusawa Group Midterm Strategy 2026 (Fiscal Years 2024-2026)

—Recognition of the business environment and the management challenges, such as 2024 issues and labor shortages—

In recent years, labor shortages in the logistics services industry has led to striking advances in areas such as mechanization and automation, as well as developments in information use driven by the evolution of IT. It has also seen the entry of companies other than dedicated logistics companies, including IT companies, investment funds, real estate companies, and engineering firms. In this environment, actual operational capabilities, or in other words, the execution skills on the field, which are a fundamental strength of logistics specialist, are becoming

increasingly important. Our Group would like to yet enforce our competitiveness by creating differentiation, taking advantage of the hybrid operation of manpower and mechanization, automation and system, as a solution to the fluctuation of cargo volume, making it difficult to handle by mechanization or automation alone.

—Outline of the Shibusawa Group Midterm Strategy 2026—

We have started implementing the Shibusawa Group Midterm Strategy 2026 as the second stage of our efforts to achieve the Shibusawa 2030 Vision. Under this plan, we will create sustainable value by pursuing five growth strategies. These are “Strengthen profitability of the logistics business,” “Enhance logistics networks in Japan and overseas,” “Expand our business domain beyond the bounds of logistics,” “Enhance our real estate business portfolio,” and “Strengthen ESG initiatives.”

One of the measures we will implement to expand our business domain will be to engage in businesses that are adjacent to logistics. We will look to expand beyond the bounds of logistics with a sense of speed by offering

added-value services in these areas. Specific initiatives we are exploring include providing services that combine logistics and trading company functions, developing logistics equipment and establishing a sales agency business, establishing a business for undertaking logistics operations within customer manufacturing facilities and distribution centers, and engaging in recycling.

Also, in order to enhance our real estate business portfolio, we will work to improve the profitability of the relevant business portfolio by driving the CRE strategy and increasing the value of properties through environmental and other measures. This will grow a stable source of revenues and profit, supplementing the highly volatile logistics business. Additionally, the real estate knowledge we gain will provide a base for creating new value through the combination of logistics facility leasing operations (real estate) and logistics contracting

operations (logistics) and for deepening our expertise regarding logistics facilities and equipment. We will then leverage these synergies with the logistics business to enhance our real estate business portfolio. Furthermore, we will strengthen collaboration with partners who specialize in real estate business in order to engage in redevelopment projects.

By advancing these and other strategies, we aim to achieve an operating revenue of 85.0 billion yen, operating profit of 5.3 billion yen, and ROE of 7% or more in fiscal year 2026, the final year of the plan.

—Capital allocation policy—

During the midterm strategy period, we are forecasting a cash inflow of up to 60.0 billion yen through an operating cash flow of 25.0 billion yen, as well as cash generated through means including utilizing external debt predicated on a sound financial position. In the aspect of cash outflow, we are considering allocating 40.0 billion yen to growth investment and 10.0 billion yen to shareholder returns, in addition to the 10.0 billion yen required for investment on essential upgrades. Our plans for the 40.0 billion yen for growth investment include reinforcing our business foundation in Japan, including through M&As and capital alliances, strengthening and expanding our overseas business, enhancing our real estate portfolio, expanding our business domain and developing new business, and strengthening digitalization, and ESG management efforts. The 10.0 billion yen allocated to shareholder returns will be used to carry out flexible treasury shares purchase based on consideration of factors such as the market environment and our capital situation, and as a resource for paying dividends. Regarding dividends, we will enhance shareholder returns by introducing a progressive dividend policy that aims for a consolidated payout ratio of 40% or more, while still allowing for active investment in growth. Based on this policy, in the first year of the new midterm strategy (fiscal year 2024), we plan to pay an annual dividend of 120 yen per share, an increase of 20 yen on the previous fiscal year.



—Strengthening human capital as is an important management foundation—

While labor shortage has come to be a normalized social issue, rather than just securing and training personnel, it is also becoming increasingly important to establish attractive working environments for workers and to ensure that employees receive a return on their efforts. Within this environment, the new plan aims to strengthen human capital as an important management foundation through engagement in the four key domains of “training and developing competencies of employees,” “diversity & inclusion,” “improving employee engagement,” and “enhancing HR (human resource) system.”

As a new initiative in this area, we are introducing a talent management system as a new way to improve motivation. This system will give the company an understanding of the specific skills and areas of expertise of each employee so that we can allocate personnel and build organizations in a way that makes full use of each individual's capabilities. Understanding each employee's areas of expertise will enable us to assign them to duties they can perform with enthusiasm, ultimately leading to the growth of the Company. For example, when launching a new business, if we know that an employee is interested in taking on new business development, then we can gauge their aptitude for the task and provide advice and follow-up action regarding the knowledge required to deliver beyond expectations. This has been positioned as an important initiative that improves employee engagement by matching personnel and duties in a way that goes beyond just their present abilities, diversifies career paths, and ensures psychologically safe work environments by offering more opportunities to take on challenges.

Realizing management conscious of capital cost for PBR above 1.0

Recently, our PBR has been trending between 0.6 and 0.8. In order to raise it to above 1.0, we are implementing initiatives to improve both ROE (capital efficiency and profitability) and PER (corporate growth expectations). To

improve ROE, we will focus on growing the top line, improving profit margins, and implementing appropriate capital measures. We will work to achieve an ROE of 7% or more during Midterm Strategy 2026 as a milestone target toward realizing an ROE of 10%, a long-term, stable level which considerably surpasses capital cost, as stated in the Shibusawa 2030 Vision. To improve PER, our plan is to raise the expected annual profit growth rate by lowering the risk premium, reducing the cost of shareholders' equity, and steadily implementing our growth strategies.

Message to stakeholders

In order to realize our long-term vision, the Group is transitioning to a new stage of growth, but within this, the spirit of our founder, Eiichi Shibusawa will remain at the core of our activities. We will always continue to reaffirm the social value of logistics and clarify what we should do in order to “enrich society with profits pursued through just and moral principles.” Specifically, we will revise our business so that rather than just storing and transporting goods, we will also provide added value to customers' production and sales activities through these operations. In other words, we need to contribute to production efficiency and sales growth through more involved logistics plans that consider what needs to be moved where and how, and what needs to be stored (inventory) where and how much. To realize this, we cannot be confined by the bounds of logistics. We will aim to increase the added value we provide customers by expanding our business domain to include outsource contracting, manufacturing, and sales operations. This is the “value partner” that the Shibusawa Logistics Group aims to be. I look forward to your continued support.

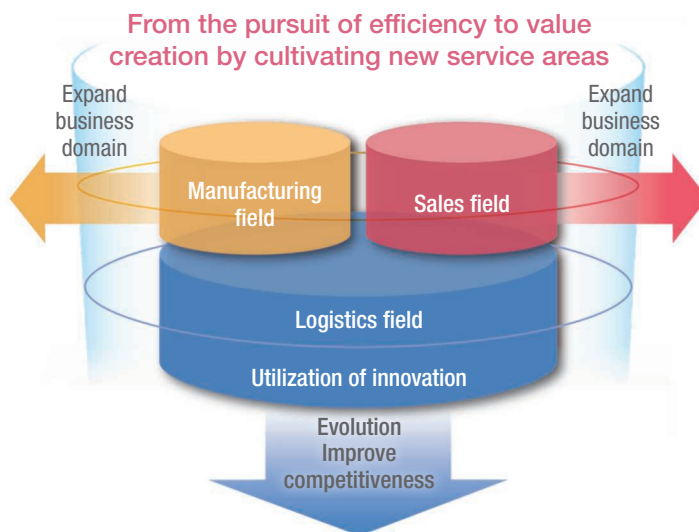
Shibusawa 2030 Vision

Vision of the Shibusawa Logistics Group in 2030

To be a value partner creating new value for customers' business activities

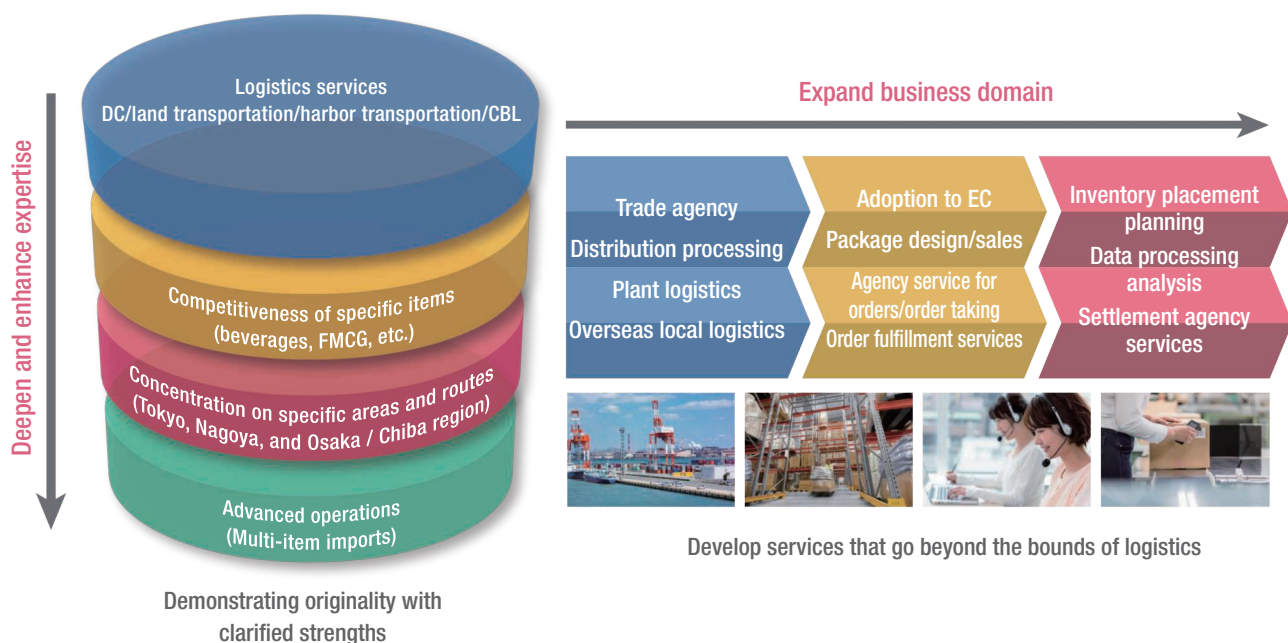
We aim to realize a sustainable and prosperous society through logistics and real estate business. However, in our long-term vision for the period up to 2030, we will not limit our activities to just the logistics field, but will also work to create new value for all business activities of our customers by engaging in innovation across entire supply chains through the creation of new service areas.

From the pursuit of efficiency to value creation



Further deepen and enhance our existing logistics business and establish and retain a No.1 position in categories of expertise.
Develop new service areas that are not limited to the logistics field.
Create new value for all business activities of our customers by engaging in innovation across entire supply chains.

Strengthen competitiveness in our logistics business and expand service areas



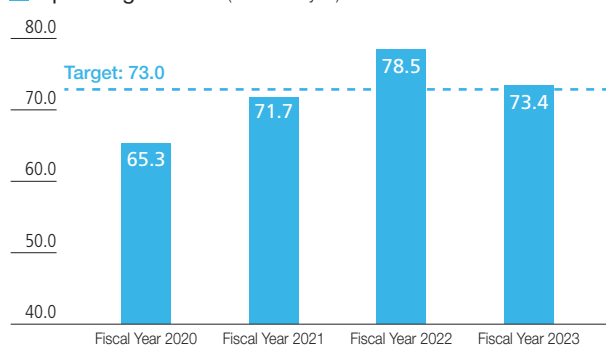
Review of Midterm Strategy 2023

Key measures	Initiatives	Evaluation
1. Clarification of strengths	Build a high-mix, low-volume logistics model	Opened model business locations in the Tokyo Metropolitan area → Rolled out nationwide
	Expand our network in strategically advantageous areas	Expanded our network in areas adjacent to our current main facilities
2. Promote digitalization and mechanization	Raise efficiency by combining manpower with automation	Realized the practical implementation of hybrid operations and currently rolling out at each location
	Digitalize vehicle operation and allocation data to enhance operational efficiency	Although a certain amount of digitalization has been realized, inclusion of partner companies is a future issue
	Improved operational efficiency by introducing AI/RPA	Introduced in international trade operations, etc.
3. Expand business domain	Expand overseas local logistics	Started milk runs for machinery parts in Vietnam and established a subsidiary in the Philippines
	Expand into domains connected to logistics	Currently at the consideration stage → Feasibility to be explored going forward
4. Sustainability promotion status	Formulate and disclose a Sustainability Promotion Policy	Set and disclosed long-term targets, material issues, and KGI/KPI
	Support and participate in initiatives	Signed and participated in the UN Global Compact
	Address environmental issues	Disclosed climate change-related risks, opportunities, and countermeasures (support for the TCFD)
		Introduced renewable energy and environmentally friendly vehicles
	Ensure safety and security, invest in human capital, and respect human rights	Issues such as diversity promotion remain
	Address social issues	Improved operational efficiency through IT/DX investment and operational improvement promotion

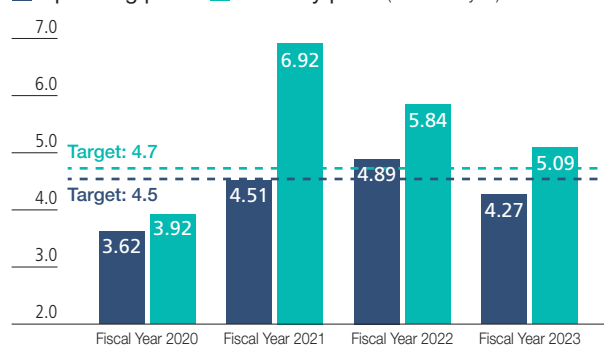
(Unit: billions of yen)

Fiscal year	Fiscal Year 2020 result	Fiscal Year 2021 result	Fiscal Year 2022 result	Fiscal Year 2023 result	Fiscal Year 2023 target
Operating revenue	6,532.8	7,174.6	7,850.4	7,341.7	7,300.0
Operating profit	362.7	451.6	489.4	427.1	450.0
Ordinary profit	392.9	692.4	584.7	509.1	470.0
Operating profit margin	5.6%	6.3%	6.2%	5.8%	6.2%

■ Operating revenue (billions of yen)



■ Operating profit/ ■ Ordinary profit (billions of yen)



Logistics Business

Growth through the establishment of new locations, launch of a business undertaking plant logistics operation, and the acquisition of new transportation
Revenue increased through fiscal year 2022 due to higher ocean/air freight rates, but declined in fiscal year 2023 due to a rebound

Real Estate Business

Almost full occupancy throughout the plan period and orders for contracting work from tenants increased

Overview of Midterm Strategy 2026

For details on the midterm strategy, please visit our corporate website.
https://www.shibusawa.co.jp/ir/management_policy/ (in Japanese)

Positioning of Midterm Strategy 2026

In this plan, which is the second stage toward the realization of the Shibusawa 2030 Vision, we have set five basic policies and will promote the plan on a group-wide basis in order to further advance our efforts to date.



Midterm Strategy 2026 basic policies

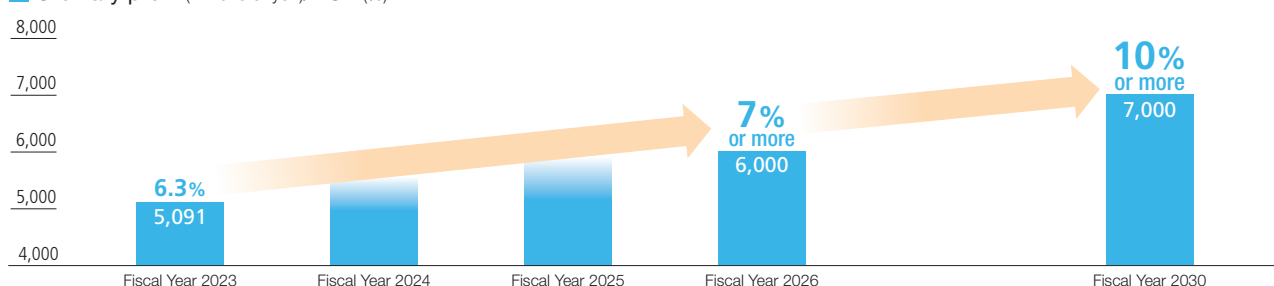


Midterm Strategy 2026 numerical targets

(Unit: Millions of yen)

	Midterm Strategy 2023 target	Midterm Strategy 2023 result	Midterm Strategy 2026 target	Shibusawa 2030 Vision
Operating revenue	73,000	73,417	85,000	100,000
Operating profit	4,500	4,271	5,300	6,500
Ordinary profit	4,700	5,091	6,000	7,000
ROE	—	6.3%	7.0% or more	10.0% or more

■ Ordinary profit (millions of yen)/ROE (%)



Growth Strategies for Achieving the Plan

Strategy 1. Strengthen profitability of logistics business

Promote logistics DX

- Raise work efficiency through mechanization and automation
- Create new value using information

Pursue expertise

- Realize hybrid operations combining manpower and automation that can adjust to fluctuations
- Develop high-mix, low-volume logistics models

Differentiate and raise the value of warehouse functions

- Enhance locations to handle temperature/humidity-controlled goods, hazardous goods, etc.
- Provide added value including distribution processing, inspections, and EC fulfillment

Strategy 2. Enhance logistics networks in Japan and overseas

Enhance logistics centers in Japan

- Expand facilities that can demonstrate expertise in areas of strength
- Upgrade facilities in accordance with product characteristics and work processes

Strengthen transportation network functions in Japan

- Raise the efficiency of vehicle allocation and operation by enhancing TMS functions
- Improve the quality of vehicle management, including partner company vehicles, and personnel management through an open network

Expand cold chain logistics in Japan and overseas

- Establish new refrigerated and frozen warehouse functions
- Enhance cold storage transportation networks

Expand local logistics networks overseas

- Upgrade facilities with a view to expanding local logistics networks overseas
- Partner with local companies
- Employ local management personnel

Strategy 3. Expand our business domain beyond the bounds of logistics

Expand service areas through logistics + trade flow

Expand services at plants and manufacturing facilities

Create new value
by expanding our business domain in areas connected to logistics

Develop and sell logistics equipment

Engage in recycling business

Strategy 4. Enhance our real estate business portfolio

Improve business portfolio profitability

- Accelerate advancement of a CRE strategy
- Make investments that increase value, such as environmental adaptation

Deepen synergies with the logistics business

- Create new value by combining logistics facility leasing and logistics contracting operations
- Deepen logistics facility equipment expertise and expand property management operations

Engage in redevelopment projects

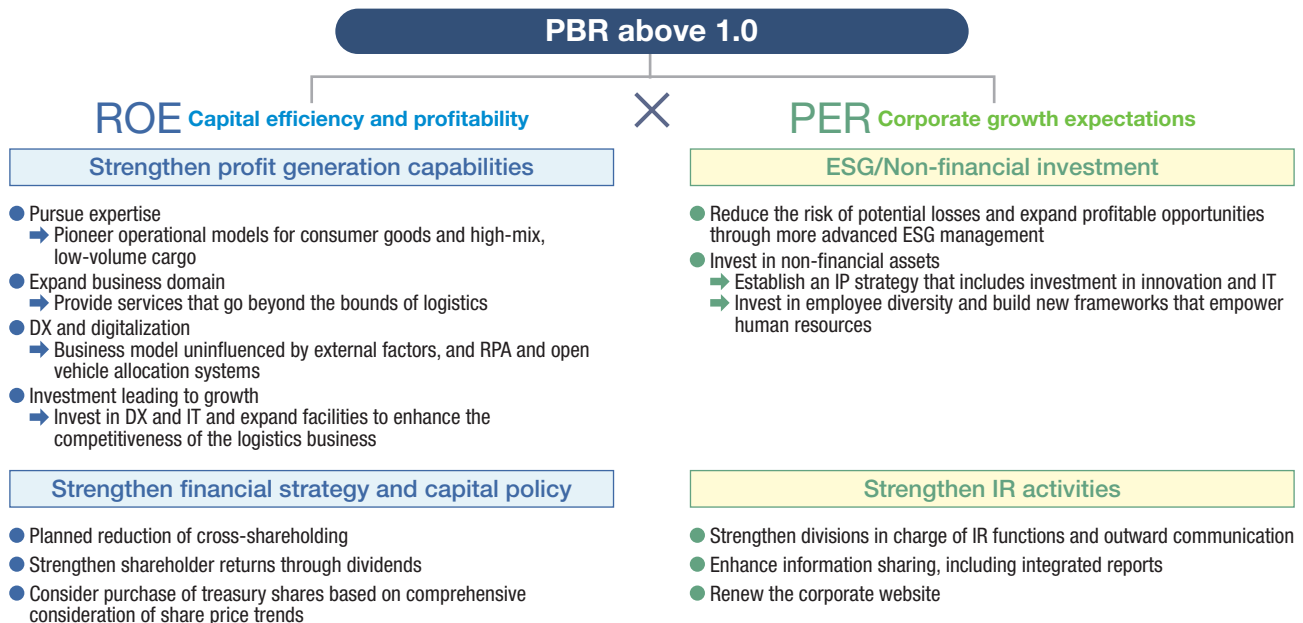
- Strengthen cooperation with Chuo-Nittochi Group and Seiwa Building

Strategy 5. Strengthen ESG initiatives

	Issues	Initiatives/strategies
Environment	<ul style="list-style-type: none"> ● Reducing GHG emissions ● Making recycling logistics commercially viable 	<ul style="list-style-type: none"> ● Increase the number of facilities using renewable energy ● Construct environmentally friendly facilities (acquire CASBEE and ZEB certification) ● Realize recycling and circular economy business ● Strengthen modal-shifted transportation services
Society	<ul style="list-style-type: none"> ● Reducing logistics accidents ● Making use of innovation ● Maximizing the value of human capital ● Strengthening cooperation with partner companies 	<ul style="list-style-type: none"> ● Promote accident prevention (strengthen safety measures) ● Improvement of employee satisfaction (improve the quality of systems and work environments) ● Strengthen consideration for human rights (promote diversity) ● Enhance the quality of labor environments and environmental and safety measures in cooperation with partners
Governance	<ul style="list-style-type: none"> ● Strengthening the management foundation ● Realizing medium- to long-term improvement in corporate value ● Deepening risk management ● Ensuring compliance 	<ul style="list-style-type: none"> ● Build a globalized governance framework ● Sustainable enhancement of corporate value through appropriate risk-taking ● Practice risk management with an appropriate risk-return balance ● Strengthen the compliance framework ● Enhance information disclosure

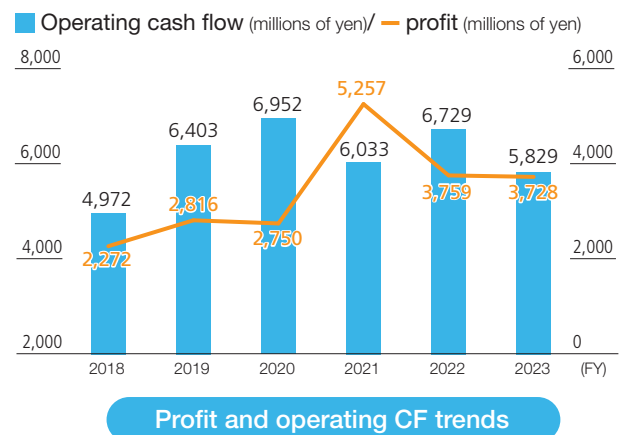
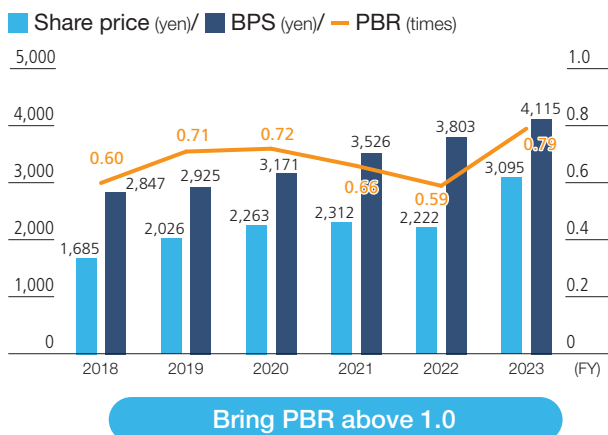
Building a Management Foundation to Support the Growth Strategies

Realizing management that is conscious of capital cost

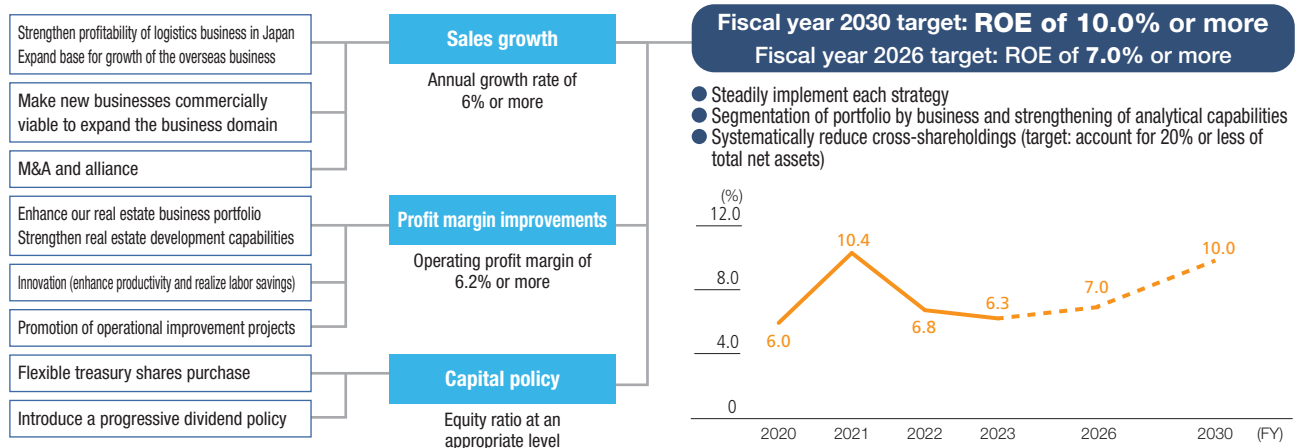


Recognition of the current situation

Although asset BPS is rising, PBR is still below 1.0, so we recognize that we need to strengthen efforts to raise return on equity.



ROE improvement measures



PER improvement measures

Reduce the cost of shareholders' equity

- Further develop logistics/real estate synergy models
- Strengthen existing strengths, including handling of consumer goods and logistics services for high-mix, low-volume shipments
- Reduce the risk of potential losses and expand profitable opportunities through more advanced ESG management

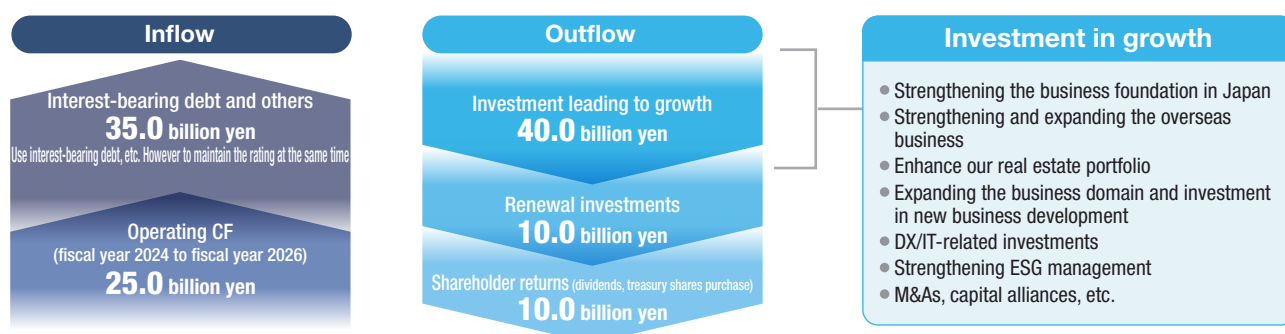
Enhance the expected profit growth rate

- Growth investments and strategic expenses in line with growth strategy
- Growth strategy integrated with non-financial strategies [ESG]
- Active efforts for human capital investment and intellectual property investment

Further strengthen IR and SR activities

- Strengthen the functions of IR departments
- Expand opportunities for constructive dialogue with shareholders and investors (IR meetings)
- Establish an internal framework for sharing feedback from IR and SR activities
- Strengthen disclosure of non-financial information

Capital allocation

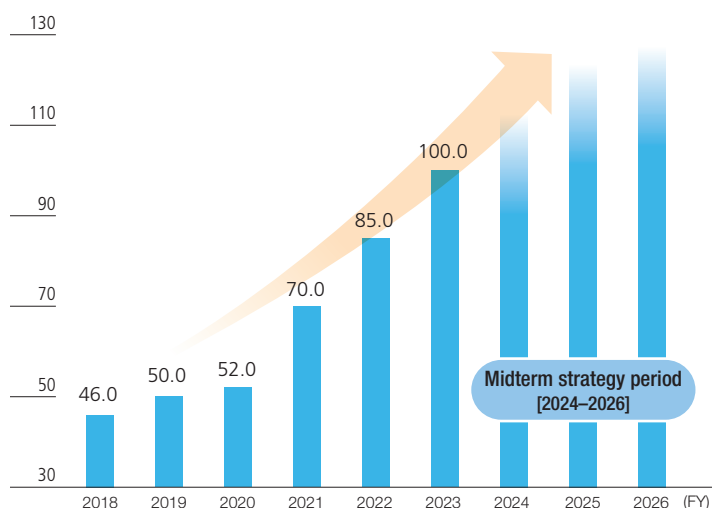


- To achieve the Shibusawa 2030 Vision, we will continue to maintain a sound financial footing while using funds, including external borrowings, in an appropriate manner. This includes considering the allocation of up to 50.0 billion yen for business and growth investments over the three-year period.
- We will strive to actively invest in our business while also providing shareholder returns.

Enhancing shareholder returns and capital efficiency

- We will introduce a progressive dividend policy that pays dividends per share with a target payout ratio of 40%.
- We will work to provide shareholder returns by flexibly purchasing treasury shares based on comprehensive consideration of factors such as the market environment and our capital situation.
- To improve capital efficiency, we are working to reduce our policy shareholdings. In order to reduce the ratio to consolidated net assets to 20% or less within the next five years, we have set forth a plan to sell 800 million yen or more per year during the current midterm plan, and will steadily proceed with the plan.

Annual dividend per share (yen)

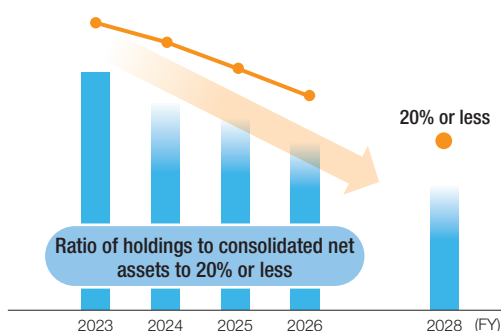


Purchase of treasury shares

Implemented flexibly based on comprehensive consideration of factors such as the market environment and our capital situation.

Reduction of cross-shareholdings

Approx. 800 million yen or more per year during the current midterm plan



*Details pertaining to shareholder returns are disclosed each year in financial results and other materials

Initiatives for Human Capital Management

Towards the realization of sustainable growth and development in society

We regard human capital as an important foundation of management. By setting the following four priority areas, we will work to strategically secure and develop human resources to support sustainable corporate growth.

Human resource development and capability development <ul style="list-style-type: none">● New programs focusing on stratified training● Diversification of training menus according to the skills required for the job and level● Improvement of digital literacy and re-skilling	Diversity & inclusion <ul style="list-style-type: none">● Development of an environment where people with diverse skills and experience can play an active role● Promotion of women's activities and enhancement of mommy track measures● Development of support systems for balancing work and childcare/nursing care
Improvement of employee engagement <ul style="list-style-type: none">● Establishment of a foundation for human capital management (e.g., nationwide expansion of town meetings)● Productivity improvement through DX and business improvement activities● Implementation of engagement survey and score analysis	Enhancement of the human resource system <ul style="list-style-type: none">● Employment conditions, measures for the diversification of treatment, and consideration of improvements● Introduction of a new system to improve motivation (introduction of a talent management system)

Introduction of a talent management system

In relation to the above initiatives, we have introduced a talent management system as a new measure to maximize each employee's skills and career visions, improve motivation, and strengthen engagement.

Introducing this system aims to visualize and database human resource information, such as employee skills, evaluations, and aptitude, for integrated management. It also aims to realize personnel allocation and organizational structure that maximizes employees' competency to perform at their best.

Through this system, we can ascertain an employee's areas of expertise and effectively match their wishes with

the company's plans, enabling us to assign the right person to the right position in each division. In addition, each employee can take on challenging and rewarding work while pursuing their career goals. This leads to improvements in organizational productivity and sustainable growth for the company. By providing clear career paths and opportunities for ability development, we can increase employee motivation and engagement and improve the retention rate of human resources.

Through investment in human capital, we will maximize the potentiality of our employees and create an environment where the Company and its employees can grow together.



DX and IT Strategies

The Group is pursuing a strategy to improve the efficiency and sophistication of its logistics operations by promoting logistics DX. We are reforming our logistics operations by introducing the latest digital technology at several major centers.

Introduction of automated warehouse systems and unmanned transportation forklifts

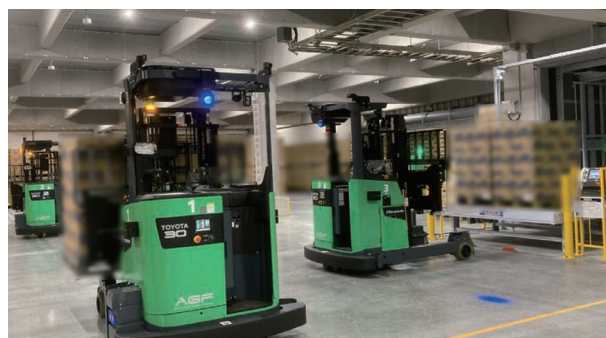
Chiba-Kita DC No. 3, which began operation in March 2024, is an important base for our beverage logistics. It has automated warehouse systems and unmanned transportation forklifts for advanced operations.

The automated warehouse system achieves unparalleled storage efficiency and labor-saving cargo handling by linking high-density storage racks with an unmanned transportation system. The storage racks have a three-storied structure that effectively uses the upper space of the warehouse. Up to three layers of products that are difficult to stack directly can be stored. In addition, location management on a pallet-by-pallet basis allows for flexible cargo placement,

minimizing available space and significantly improving the operating efficiency of storage racks.

The unmanned transportation forklifts' double-fork design with bar code scanning enables 24 hours unmanned operations in the storage area, including receiving, storing up to two-layers stacking, and shipping. This system has realized labor savings, especially in nighttime work, where labor shortages have become an issue.

The combination of automated equipment and manpower enables us to respond flexibly to the seasonal fluctuations in the volume of goods unique to beverage logistics.



Introduction of automated sorting systems and robotics automated warehouses

At locations that handle high-mix, low-volume products, such as apparel and cosmetics, we deploy automated sorting systems after total picking to improve work speed and accuracy. This thereby maximizes work efficiency and resolves labor shortages and workload issues.

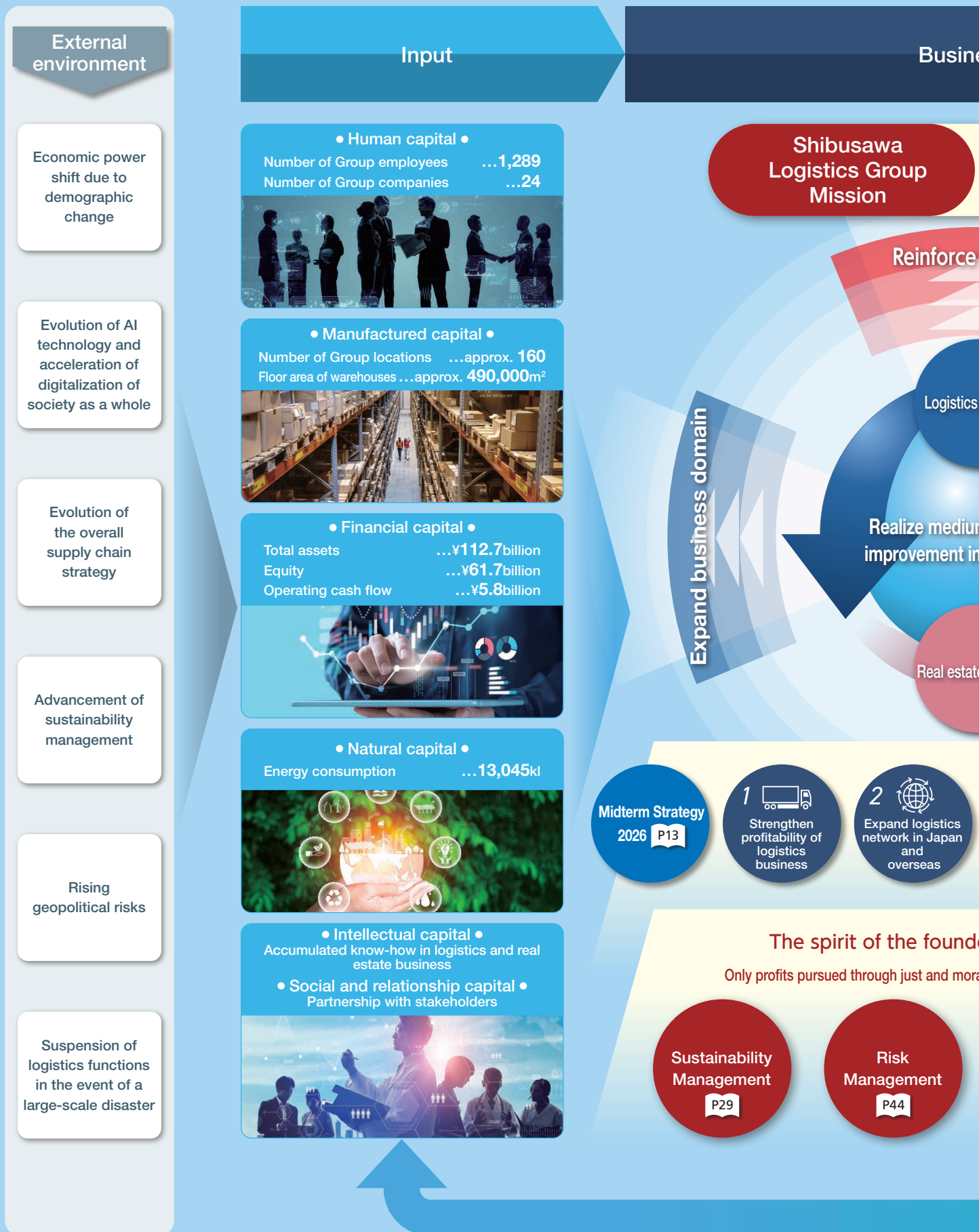
In addition, the Matsudo Center, which mainly operates logistics services for high-mix, low-volume shipments, and other bases that are developing EC and other businesses have introduced AGVs that can operate vertically as well as horizontally. By arranging products after sorting in a three-dimensional manner, we have realized space-saving and highly efficient sorting operations. This allows us to respond flexibly to fluctuations in shipping volume due to differences

in seasonality and build an operational structure that minimizes loss of sales opportunities due to stock shortage by integrated inventory management for both EC shipments and shop shipments.

Furthermore, Matsudo Center DC No. 3 introduced Japan's first state-of-the-art automated robotics warehouse, which is linked to an automated sorting system for high-throughput automated conveyance. This achieves both labor savings and higher accuracy in receiving and shipping operations while also reducing space costs through high-density storage. We will continue to provide new value to our customers by developing an efficient EC fulfillment business for EC businesses that handle high-mix, low-volume products.



Value Creation Process



Business Model

Output

Outcome

Support the realization of a sustainable and prosperous society through new value creation beyond logistics

Strengths

business

Short-term to long-term corporate value

business

Expand business domain

3



Expand business domain beyond the bounds of logistics

4



Enhance real estate business portfolio

5



Strengthen ESG initiatives

Chairman, Eiichi Shibusawa

Principles can endure and enrich society

Corporate Governance

P41

Compliance

P45

Domestic logistics business P21

Beverage logistics



Logistics services for high-mix, low-volume shipments



International logistics business P25



Real estate business P27



[Social value]

Human capital:

Improve engagement
Promote diversity

Manufactured capital:

Construct and maintain environmentally friendly facilities

Social and relationship capital:

Strengthen the resilience of leasing facilities to cope with severe disasters

Natural capital:

- Reduce CO₂ emissions (targets compared to fiscal 2019)
Fiscal 2026: Reduction by 40%
Fiscal 2030: Reduction by 50%
- Realize recycling and circular economy business

[Economic value]

Operating revenue (target)

Fiscal 2026	Fiscal 2030
¥85.0 billion	¥100.0 billion

Operating profit (target)

Fiscal 2026	Fiscal 2030
¥5.3 billion	¥6.5 billion

ROE (target)

Fiscal 2026	Fiscal 2030
7.00% or more	10.00% or more

Business Overview

The Shibusawa Logistics Group is committed to contributing to a sustainable and prosperous society through business activities. To this end, with the logistics and real estate businesses as the Group's pillars, the Group delivers high value-added services to its customers, under the spirit of our founder, Eiichi Shibusawa, that “only profits pursued through just and moral principles can endure and enrich society” as shared value.



Takeshi Ohashi

Director, Managing Executive Officer
Deputy in charge of the Logistics Division



Hiroyuki Ishii

Managing Executive Officer
Assistant to the Member of the Board in
charge of the Logistics Division

Domestic Logistics Business



We provide logistics services that best meet the needs of our customers through our nationwide network, fully-fledged logistics services, and next-generation site operations through DX and innovative systems.

Business environment

The domestic logistics industry is facing a severe labor shortage and manpower challenges. One way to address these challenges is to reduce manpower and increase efficiency by promoting logistics DX, including mechanization and automation technologies. In beverage logistics, demand fluctuates significantly from season to season, and it is important to have an efficient operating system that can

respond to such fluctuations in volume. In the area of high-mix low-volume logistics, the growing consumer preference for purchasing a variety of brands and items in small quantities and expanding the EC market have necessitated optimal and efficient inventory management and the establishment of a rapid picking system.

Business overview

—Beverage logistics—

We provide dedicated logistics services to major beverage manufacturers in Japan and overseas, and our main DC locations operate efficiently through an integrated management system for multiple locations. In transportation and delivery, joint distribution of multiple customers' products to the same delivery destination and cross-dock transportation of products shipped from multiple factories and distribution centers give us a competitive edge in the transportation and delivery area within the region and contribute to reducing environmental burden by improving vehicle utilization and loading efficiency as well as reducing waiting time at the receiving location. We also offer various distribution processing services, including inspection, labeling, and packaging.



—High-mix low-volume logistics—

In logistics services such as apparel and cosmetics that we handle a wide variety of items in small quantities, we operate both B2B (inventory for stores) and B2C (inventory for EC) at the same location. To handle a large number of customer orders, we effectively utilize the upper space, efficiently allocate inventory based on analysis of shipment frequency, and mechanize and automate picking and sorting operations to ensure prompt shipment response at all times. In transportation and delivery, our fleet of vehicles has established a system that allows us to flexibly choose between chartered and consolidated services according to the volume of goods and lead time and respond to customers' omnichannel strategies for store-to-store transfers.



Business strategy

—Beverage logistics—

- Keiyo Distribution Center Chiba-Kita DC No. 3 (Chiba City, Chiba Prefecture)

This location, which began operations in March 2024 as a dedicated warehouse specializing in beverages, is positioned as an important location for our beverage logistics. Its main feature is promoting logistics DX through the introduction of the latest automated warehouse systems and unmanned transportation forklifts.

Automated warehouse systems combine high-density storage racks with automated transportation systems to achieve labor force savings and unparalleled storage efficiency.

Unmanned transportation forklifts enable the storage area to receive, store, and ship goods unmanned 24 hours a day. Hybrid operations combining these automated equipment facilities and manpower enable flexible responses to fluctuations in volume due to seasonality and other factors.



—High-mix low-volume logistics—

● Matsudo Center (Matsudo City, Chiba Prefecture)

Positioned as our model business location for high-mix low-volume logistics

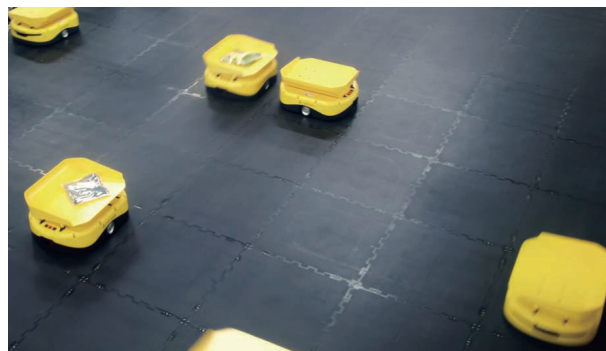
To maximize the efficiency of storage and cargo handling of apparel products and other goods, this center is equipped with a flexible and multifunctional automated warehouse system, picking assist robots, and automated sorting systems that enable high productivity.

The system linked to a self-developed warehouse management system (WMS) enabling real-time order

processing, visualization of the progress of each work process, and real-time monitoring of each worker's productivity. We also provide "Sasage" services (photography, measurements, manuscripts) in EC logistics.

These measures allow us to respond flexibly to daily fluctuations in business activity and build a system for simultaneously operating B2B store inventory and B2C EC inventory.

We position this center as a model business location for high-mix low-volume logistics and are applying the know-how we have cultivated to other centers.



● Ebisucho Center (Yokohama City, Kanagawa Prefecture)

Expanding EC logistics operations

This center has long focused on B2B logistics for cosmetics. However, in response to strong customer demand for more efficient logistics and shorter lead times,

we have started to expand our operations into EC logistics for B2C. In preparation for the launch of EC logistics, we analyzed various data in detail, introduced the most suitable materials and equipment based on the findings at the Matsudo Center, a model business location, reviewed the layout and logistics flow, and conducted simulations of personnel allocation.



Specifically, we have introduced an automated sorting system to cope with the significant increase in the volume of goods handled. Because the products are packaged in glass bottles, careful consideration was needed when selecting equipment for sorting fragile items. We have developed new equipment after repeated trial and error in collaboration with a logistics equipment manufacturer.

Having achieved a DX solution that can handle fragile items, we will continue to expand our EC logistics business by rolling out the solution to other centers, making improvements as needed, and offering the solution to new customers.

Our Strengths

- High level of expertise in beverage logistics and high-mix low-volume logistics
- Flexible response to fluctuations in business activity, seasonality, and other factors that affect the volume of goods by promoting logistics DX, a hybrid operation that combines automated facilities and equipment with manpower.

Future Prospects and Challenges



Looking to the future, we will promote these locations as our unique strengths, both internally and externally, systematize the know-how we have cultivated in the field, and deploy it nationwide to further promote logistics DX and improve the competitiveness of the Group as a whole.

Our challenge is to deepen the strengths of these existing businesses and, in addition, to realize the Group's mission "supporting the realization of a sustainable and prosperous society through the creation of new value beyond logistics." We believe it is necessary to expand our business area by developing new businesses in the logistics field from the idea stage to the concrete commercialization stage.

TOPICS

Food Logistics

A new location opened in Honmoku Pier, Yokohama City

The new Honmoku warehouse, completed in October 2024, is located in the Port of Yokohama, making it ideal for handling import and export cargo. This location mainly targets consumer goods, such as food and beverages, which are expected to see brisk cargo movement. In addition to the room-temperature space, the facility is equipped with spaces where temperature and humidity can be controlled at a constant level. The dock shelter and auto-shelter attached to the facility allow for storing products that require quality control, such as high quality wines, in optimum conditions without being exposed to the outside air.

Our other warehouse facilities include an air-conditioned distribution processing room, solar panels, LED lighting with motion sensors throughout the building, and EV chargers to provide an environmentally friendly infrastructure.

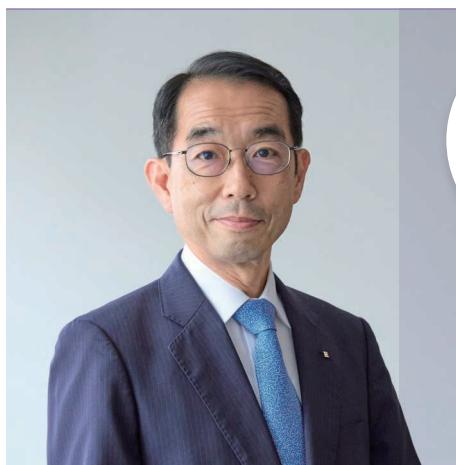
At this location, we will utilize our accumulated expertise in product inspection, labeling, assorting, packing, and packaging operations to meet the needs of our customers and expand our handling of imported

and exported food products by utilizing our trading company functions and by opening a temperature-controlled container freight station (CFS) service.



[Warehouse Overview]

Location: 8-113 Honmoku-futo, Naka-ku, Yokohama City
 Structure: Reinforced steel-framed building with four floors above ground
 Floor area of warehouse: Constant temperature: approx. 3,645 tsubo (12,050 m²)
 Constant temperature and humidity: approx. 1,945 tsubo (6,430 m²)
 Completion: October 2024



Shinichi Takahashi

Senior Executive Officer
Assistant to the Member of the Board in charge of
Logistics Division



International Logistics Business

We respond to our customers' increasingly sophisticated needs by utilizing our global network to provide optimal multimodal transportation services, including marine transportation, air transportation, and local logistics. We also provide outsourcing services related to import/export procedures and trade to a wide range of customers to help streamline their operations. We are also focusing on export support services for Japanese food products which are in increasing demand overseas.

Business environment

With the enhancement of globalization, the sophistication of supply chain management (SCM) and the supporting digitalization have become important management issues for our customers. On the other hand, global consumption trends have changed after the COVID-19 pandemic, and

Japanese producers' export needs are broadening. Asian markets, in particular, have seen an increase in demand for perishable and high-end food products, for which quality retention is critical, and cold chain logistics is expanding.

Business overview

Our international division combines ocean and air transportation services with logistics functions at origin and destination to provide one-stop multimodal land, sea, and air transportation services. In our overseas locations, in addition to our own locations in China, Hong Kong, Vietnam, and the Philippines, we are expanding our network through investments in local companies and joint ventures to strengthen our intra-regional logistics services. In Vietnam, our equity-method affiliated company, Vinafco Joint Stock Corporation (VFC), provides logistics services between North and South Vietnam utilizing coastal container vessels, land

transportation services covering the whole area of Vietnam, and warehousing and storage services.

In Shanghai and Guangzhou, China, we use some of our warehouses as temperature-controlled warehouses; in Hong Kong, we use our low-temperature facilities and refrigerated/frozen vehicles to provide delivery services to restaurants and individuals; and in Vietnam and the Philippines, we use refrigerated/frozen warehouses owned by our partners and joint venture partners to expand our cold chain distribution services.

Business strategy

Developing our overseas location network is an important part of our growth strategy. We will continue to develop and expand our warehouse locations and transportation and delivery network to further enhance our intra-regional logistics network, especially in Asia, and further strengthen our partnerships with our joint venture partners and partner companies.

In addition, we will expand our cold chain logistics by establishing new refrigerated/frozen warehouse functions, utilizing locations of our business partners, and expanding our cold storage and transportation network.

In trade operation services (business process outsourcing (BPO) operations), we will promote DX by building a digital



platform to support customers' business streamlining and SCM sophistication.

As part of our efforts to expand our business domain beyond logistics, we have added commercial distribution functions to the above services, which are our strengths, and are also engaged in the export business of Japanese food products.



TOPICS

Expanding Japanese food products export business

Exporting products involves many complicated tasks associated with the movement, such as order receipt, documentation, coordination with local suppliers, as well as tax and government procedures. For Japanese food products producers who face these hurdles, we not only support export operations by implementing necessary procedures on their behalf but also develop overseas sales channels and provide matching and negotiation agency services between producers and local buyers as a trading company function. We have already started exporting domestic natural wine, Japanese sake, Japanese beef, etc. under this scheme.



Our Strengths

- One-stop import/export forwarding services to support customers' SCM optimization
- Highly specialized trade operation outsourcing services to meet the diverse needs of a wide range of customers
- Support for developing overseas sales channels, export of Japanese food products, and business negotiation agency services

Future Prospects and Challenges

Looking ahead, we will utilize the new Honmoku warehouse, completed in October 2024, as a location for exports to expand our Japanese food products cold chain logistics. By maximizing the use of the temperature/humidity-controlled space at this location, we will expand the handling of Japanese food products that require temperature/humidity control. Furthermore, we will work on constant temperature consolidation by opening CFS service and expanding local CFS locations overseas.

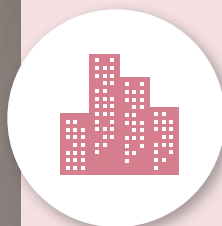
Our challenge is that we currently handle only a limited number of products. To expand our overseas market, we will focus on approaching a wider range of producers and developing local buyers through alliances with our partners and joint venture partners. In addition to exporting to the Philippines, where we have a certain advantage, we will also work to expand our network by enhancing the business to other offices as well as our network through launching new offices in Asia.





Nobuyuki Kuratani

Representative Director
Senior Managing Executive Officer



Real Estate Business

The history of our real estate business starts with the redevelopment and leasing of land for logistics facilities. Now, we are developing a multifaceted business that leverages synergies with our logistics business.

Business environment

While rising interest rates and inflationary pressures are affecting the investment environment, urban areas continue to see a supply of new large office buildings due to large-scale redevelopment projects. In addition, the development of multitenant, general-purpose, large-scale facilities is continuing in the suburbs of urban areas. Both office

buildings and logistics facilities are competing to add various functions from the perspective of the people who work there. Furthermore, in the real estate business, introducing renewable energy and efforts to become carbon neutral as solutions to climate change are now indispensable issues.

Business overview

We develop and lease office buildings, commercial facilities, and logistics facilities. Each facility is strengthening its resilience to cope with severe disasters. By introducing renewable energy and adding value-added investments to improve the wellness of its users, we are striving to realize sustainable facilities and maintain high occupancy rates. In developing logistics facilities with our expertise, we also develop and lease complexes where the lower floors are logistics facilities, and the upper floors are R&D rental facilities, taking advantage of our expertise in floor heights and floor load-bearing capacity.

In addition, Shibusawa Facilities Co., Ltd., one of the Group companies, provides logistics facilities, office building management, and various renovation services by professional staff with expertise. We provide a wide range of management services in facility management, from equipment maintenance to security, building cleaning, environmental sanitation, etc. In construction services, we diagnose and renovate managed facilities as well as handle equipment and interior work, providing comfortable, safe, and secure work environments for all users of our facilities.

Business strategy

—Enhancing real estate business portfolio—

● Strategic approach to improving profitability

To improve the profitability of our real estate business portfolio, we will accelerate the promotion of our Corporate Real Estate (CRE) strategy. After carefully analyzing the situation of each property comprising our real estate business portfolio, we will consider effective utilization, replacement, and new acquisitions from the perspective of improving corporate value over the medium to long term. In addition to rental income as a revenue base, we will also seek to increase asset value through investments in property value

enhancement, such as environmental measures and measures to improve user wellness and redevelopment projects.

● Creating synergy with the logistics business

To maximize synergy with our logistics business, we are working to provide new value to our customers through a sales development structure that integrates logistics facility leasing and logistics contracting services.

We can leverage our advantage in property management (PM) operations for rental logistics facilities by using our

accumulated expertise in state-of-the-art facilities in collaboration with our logistics business. These PM operations are also promoted in unison with Shibusawa Facilities Co., Ltd.

In addition, when building new facilities in the logistics business, we fully utilize the knowledge we have gained in the real estate business, whether in-house development or Built To Suit (BTS) type development. The Group's logistics business fully reflects the knowledge it has accumulated in the real estate business, including properties that combine logistics facilities and R&D rental facilities (ABC Building No. 1 and No. 2 in Ebisu-cho), logistics facilities specializing in



beverages (Chiba-Kita DC No. 3 completed in March 2024), and harbor logistics facilities with constant temperature and humidity capabilities (Honmoku Warehouse completed in October 2024).

● Proactive approach to redevelopment business

As we seek to enhance our real estate business portfolio, we consider our efforts in the redevelopment business an important pillar of our growth strategy. By fully considering various factors such as location, life cycle, and use, deepening cooperation with Chuo-Nittochi Group and Seiwa Building, both of which are specialized real estate operators historically close to the Company, and utilizing their latest knowledge, we will promote urban redevelopment projects that can also contribute to local communities.



Our Strengths

- Expertise in logistics facility development and operations that can be utilized in the real estate business
- Real estate sales structure that can be seamlessly deployed with logistics facility space and service offerings
- Expertise in facility development and operations for logistics facilities, office buildings, commercial facilities, etc.
- Development of businesses in conjunction with the Group companies' facility management, value-up, and other construction services

Future Prospects and Challenges

Our business model is to operate both logistics and real estate businesses with overlapping core competencies. Supporting the logistics business, which has relatively high volatility in revenues and profits, with the stable revenue base of the real estate business will enable us to control risks and realize medium- to long-term corporate value enhancement.

We will continue to expand our balanced real estate business portfolio and related businesses in response to the growth of our logistics business. In addition to expanding stable ongoing profits for each fiscal year, we will also work with our business partners to increase the value of our real estate business (expansion of unrealized profits) and promote investment recovery through realizing profits from a medium- to long-term perspective.



Sustainability Management

Embracing the spirit of our founder, Eiichi Shibusawa, that “only profits pursued through just and moral principles can endure and enrich society” as shared value, we at the Shibusawa Logistics Group are committed to delivering the best possible services to our customers, thereby realizing a sustainable and prosperous society through our business activities.

The Group established its Sustainability Promotion Policy to clearly demonstrate the direction of its management for sustainability to all stakeholders, including shareholders, customers, and its employees. Based on the Policy, we have identified six material

issues and specified business activities that will help solve these issues.

In the work environment that brings together diverse human resources and facilitates opportunities for them to play active roles, we will strive to fulfill our social mission “supporting the realization of a sustainable and prosperous society through the creation of new value beyond logistics” to further enhance our reputation among many of our stakeholders, and, as a result, increase our corporate value, by making a range of efforts, such as resolving issues related to global warming and human rights, and contributing to the development of regional communities.

Sustainability Promotion Policy

The Shibusawa Logistics Group has set its corporate slogan as “Mission to Endure.” This shows the spirit of the founder, Eiichi Shibusawa, that “only profits pursued through just and moral principles can endure and enrich society.” Inheriting this concept of sustainability, we have defined that the Group’s social mission to be fulfilled is “supporting the realization of a sustainable and prosperous society through the creation of new value beyond logistics.”

1. Climate action
2. Conversion to a circular economy
3. Safety and security
4. Innovation
5. Respect for human rights
6. Partnership

We have defined these six as our material issues, and by working to solve these issues that can affect sustainable growth not only for us but also for society through our business activities, we will increase our corporate value.

In addition, we will build and maintain a system in which such business activities can be carried out based on just and moral principles.

We will evolve our sustainability promotion by promoting information disclosure and dialogue with society.



For details, please visit our corporate website.
https://www.shibusawa.co.jp/sustainability/sustainability_policy/#sustainaPolicy_01 (in Japanese)

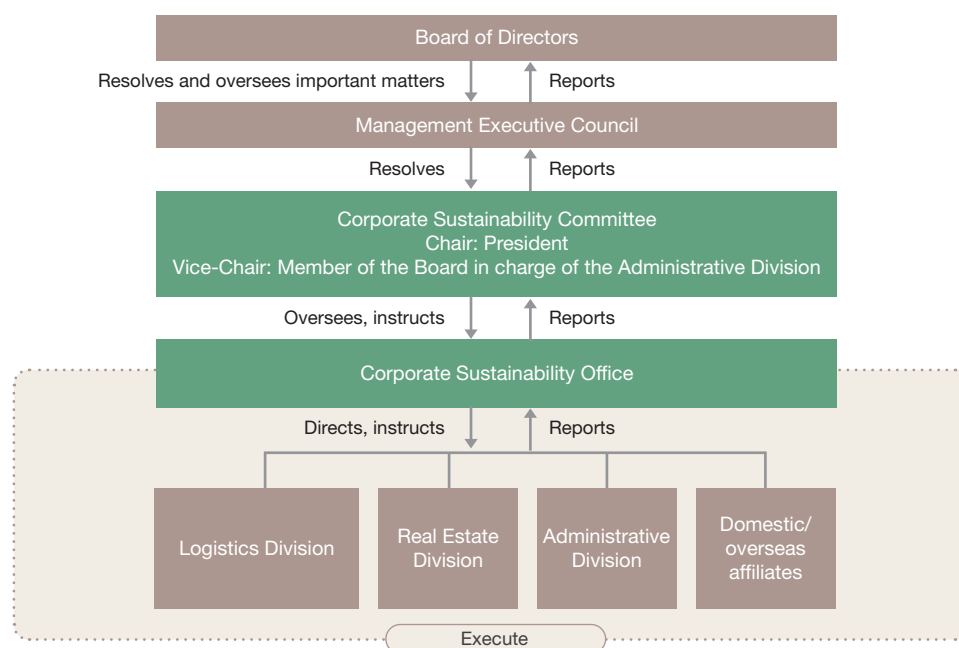
● KGIs/evaluation items/KPIs for material issues (fiscal year 2024 to fiscal year 2026)

NEW Items newly set/revised from fiscal year 2024

Material issues	Key Goal Indicator (KGI)	Evaluation item	Key Performance Indicator (KPI)	Targets for fiscal year 2026	Actual results for fiscal year 2023
Climate action	A company contributing to reducing environmental burden CO ₂ emissions per unit of sales in fiscal year 2030 Decreased by 50% from fiscal year 2019 levels* ⁴	Reduction of CO ₂ emissions in warehousing operations	CO ₂ emissions per floor area of business locations* ¹	Decreased by 40% from fiscal year 2019 levels	Decreased by 35.5% YoY
		Reduction of CO ₂ emissions in land transportation operations	Number of containers in ferry and rail transportations (promoting modal shift)	NEW Increased by 30% from fiscal year 2023 levels	Decreased by 4.5% YoY
		Renewable energy sourcing in the real estate business	Renewable energy sourcing (%)* ²	100%	82.4%
Conversion to a circular economy	A company contributing to conversion to a circular economy	Contribution to conversion to a circular economy	Volume of expired stored documents recycled	NEW Increased by 20% from fiscal year 2023 levels	Increased by 4.2% YoY
			Method of the secondary use of forklift batteries established	NEW Trial use of the method	—* ⁵
Safety and security	Realization of a secure society through safe business operations	Improved safety and security in society	Number of traffic accidents in logistics operations	NEW 0	0
		Improved safety and security in business	Occupational injury frequency rate	Decreased by 3% from fiscal year 2023 levels	Decreased by 18.3% YoY
Innovation	Strengthened service competitiveness and realization of a sustainable society	Improved operational efficiency through introduction of technologies	New projects with use of technologies to improve operational efficiency	Cumulative total during the period* ³ 20 projects	5 projects
Respect for human rights	Creation of a work environment that brings together diverse human resources and helps them flourish	Promotion of diversity	Rate of positive responses to questions about employee engagement	NEW Increased from fiscal year 2023 levels	Decreased by 3.2% YoY
		Consideration for human rights	Rate of people under high stress	NEW 7% or less	9.8%
			Number of companies subject to human rights due diligence (improved accuracy of human rights due diligence)	NEW 200 companies or more	600 companies
Partnership	Partnership with business partners and local communities	Strengthened relationships with business partners and local communities	Meetings with business partners held	Cumulative total during the period* ³ 10 times	12 times
			Collaborations in social activities	Cumulative total during the period* ³ 15 cases	5 cases

*¹ The amount of CO₂ emissions from the logistics business *² Scope: the consumption of electricity in rental office buildings (in Kayaba-cho, Eitai, and Kakigara-cho)*³ Scope: a cumulative total target for the period from April 2024 through March 2027 *⁴ The reduction target of 30% by fiscal year 2023 revised upward*⁵ Actual results for fiscal year 2023 not calculated given an item newly set for fiscal year 2024 onward

Sustainability promotion structure



Environmental Initiatives



Climate Action

For details of the Basic Policy on the Environment, please visit our corporate website.
https://www.shibusawa.co.jp/sustainability/sustainability_policy/#sustainaPolicy_02 (in Japanese)

Basic Policy on the Environment

1. The Shibusawa Logistics Group engages in the following environment conservation activities:
 - Promote reduction of greenhouse gas emissions through our logistics business and operating our facilities
 - Promote the delivery of logistics services that facilitate the conversion to a circular economy
 - Reduce waste by strict waste separation and appropriate processing and recycling
2. We set environmental targets tailored to the Group and assess the progress of such targets each fiscal year to keep improving our activities.
3. We strive to prevent incidents of environmental pollution and preserve biodiversity, while complying with environmental laws, regulations, ordinances, agreements, and other requirements.
4. We promote education and training activities to ensure that all our officers and employees understand and act in line with this policy.

Measures against climate change based on the TCFD recommendations

The Group discloses information appropriately in a manner consistent with the recommendations published by the Task Force on Climate-related Financial Disclosures (the “TCFD”) of the Financial Stability Board (the “FSB”) from fiscal year 2022.

In addition to strengthening its governance structure, the Group annually analyzes how the risks and

opportunities arising from climate change impact the Group’s businesses. By doing so, the Group works to solve issues relevant to the sustainable growth not only of the Group but also of the society at large through its business activities, thereby ultimately increasing its corporate value.



Strategy

The Group uses scenario analysis at the Corporate Sustainability Committee to identify and assess significant risks and revenue opportunities arising from climate change that are anticipated to impact the Group’s business activities over the medium to long term and discusses measures to be taken.

During the fiscal year ended March 31, 2024, we analyzed the scenarios of five companies, including our consolidated subsidiaries, mainly in Japan, our primary area of operation. Specifically, we considered two scenarios, i.e. 4°C scenario and 1.5°C scenario (partly adopting 2°C scenario), with 2030 as the target year, which is also a benchmark year used in Shibusawa 2030 Vision. Details are as follows:

Classification	Type	Item	Assumed risks	Impact		Time horizon
				4°C	1.5°C	
Transition risks	Policies/laws and regulations	<ul style="list-style-type: none"> • Increase in carbon prices • More rigorous regulations on GHG emissions • Transition toward renewable energy/energy conservation policies 	<ul style="list-style-type: none"> • Increase in carbon taxes and other operating costs associated with climate change • Increase in costs for reducing GHG emissions from facilities and equipment • Increase in energy prices 	—	Large	Medium-term
	Technology	<ul style="list-style-type: none"> • Prevalence of renewable energy/energy conservation/next-generation technologies 	<ul style="list-style-type: none"> • Increase in costs for introducing environmental technologies related to reduction of GHG emissions • Decline in company reputation due to a delay in introducing environmental technologies 	Medium	Large	
	Market	<ul style="list-style-type: none"> • Changes in demand for important products 	<ul style="list-style-type: none"> • Loss of customers due to inadequate responses to customers who want storage/transportation with lower GHG emissions 	Small	Large	
	Reputation	<ul style="list-style-type: none"> • Reputation in society 	<ul style="list-style-type: none"> • Decline in company reputation resulting from insufficient efforts to reduce GHG emissions and disclose information 	Small	Large	
Physical risks	Acute	<ul style="list-style-type: none"> • Intensifying natural disasters as a result of extreme weather conditions 	<ul style="list-style-type: none"> • Increasing costs for recovering our facilities that were damaged • Downtime due to the shutdown of operations and the suspension of land/sea/air transportation services 	Large	Small	Short-term
	Chronic	<ul style="list-style-type: none"> • Rise in average temperature 	<ul style="list-style-type: none"> • Declined worker productivity or difficulty securing human resources due to heat stress 	Large	Small	Medium-term

● Specific measures against risks

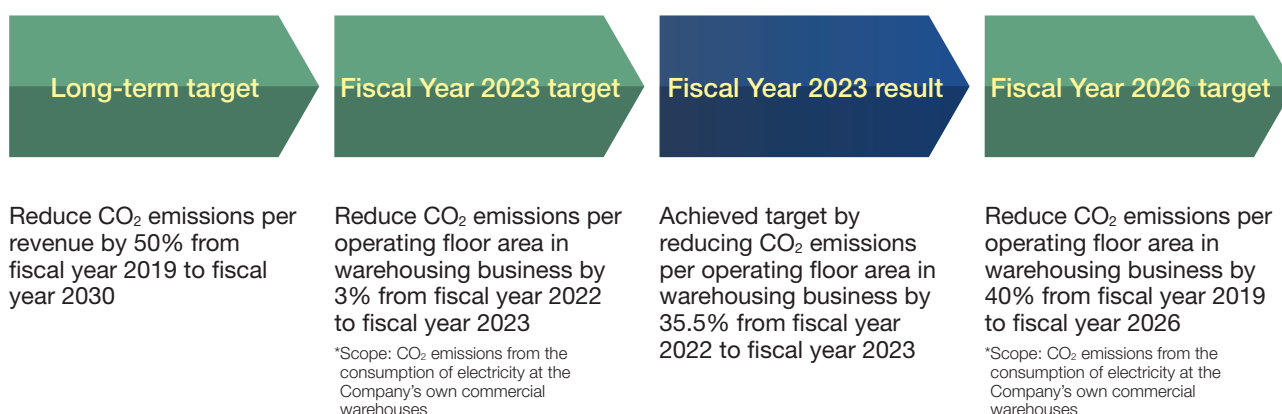
To address climate change, the Group is engaged in a wide range of initiatives including those aimed at reducing GHG emissions, reducing energy consumption, improving energy efficiency, and creating revenue opportunities.

Risk item	Direction of measures	Specific measures (creation of opportunities)
<ul style="list-style-type: none"> • Increase in carbon prices • More rigorous regulations on GHG emissions • Transition toward renewable energy/energy conservation policies 	<ul style="list-style-type: none"> • Promote decarbonization 	<ul style="list-style-type: none"> • Promote modal shift • Streamline logistics operations through the consolidation of warehouse locations by expanding their scale, as well as the optimal allocation of warehouses • Introduce renewable energy • Install power generation facilities
<ul style="list-style-type: none"> • Prevalence of renewable energy/energy conservation/next-generation technologies 		<ul style="list-style-type: none"> • Promote energy conservation in facility operation (by introducing energy-saving equipment, such as solar panels, building energy management systems or BEMS, and LED) • Promote the introduction of environmental technologies by leveraging the schemes encouraging investments in GHG emissions reduction
<ul style="list-style-type: none"> • Changes in demand for important products 	<ul style="list-style-type: none"> • Build a low-carbon business operation structure 	<ul style="list-style-type: none"> • Promote decarbonization in business operations and appropriate disclosure
<ul style="list-style-type: none"> • Reputation in society 	<ul style="list-style-type: none"> • Create and disseminate solutions to climate change 	<ul style="list-style-type: none"> • Strengthen the transmission of information to stakeholders
<ul style="list-style-type: none"> • Intensifying natural disasters as a result of extreme weather conditions 	<ul style="list-style-type: none"> • Increase the resilience of facilities • Enhance disaster prevention/mitigation measures • Diversify transportation systems • Locate facilities in consideration of BCP 	<ul style="list-style-type: none"> • Periodically inspect/repair facilities in anticipation of typhoons and torrential rain • Periodically update BCP and hold related training • Strengthen the structure for driving modal shift • Develop new facilities in consideration of disaster damage risk
<ul style="list-style-type: none"> • Rise in average temperature 	<ul style="list-style-type: none"> • Improve the workplace environment • Promote labor saving 	<ul style="list-style-type: none"> • Create a comfortable work environment • Promote labor and manpower saving through promoting DX and other initiatives

Metrics and targets

The Shibusawa Logistics Group's GHG emissions and reduction targets

The Group has designated greenhouse gas (GHG) emissions as the metrics to measure and manage the impact of risks and opportunities that climate change has on its business operations.



● GHG emissions

(Unit: t-CO₂)

Classification	Fiscal Year 2022	Fiscal Year 2023	YoY change
Scope 1	15,833.54	14,754.26	Down 6.8%
Scope 2	11,456.99	7,552.24	Down 34.1%
Total	27,290.53	22,306.50	Down 18.2%

Scope: Five companies including Shibusawa Logistics and its consolidated subsidiaries in Japan

● CO₂ emissions in warehousing operations (Scope 2)

	Fiscal Year 2022	Fiscal Year 2023
Emissions from warehousing operations (t-CO ₂)	3,055.78	1,962.78
Commercial warehouse floor area (m ²)	223,749.61	22,794.83
Emissions per commercial warehouse floor area (t-CO ₂ /1,000 m ²)	13.66	8.81

Scope: Shibusawa Logistics' own commercial warehouses

Shibusawa Logistics awarded a Management Level score in CDP’s “Climate Change Report 2023”

The Company’s climate change initiative was awarded, for the first time, a “B” score (management level) in “Climate Change Report 2023” published by CDP, an international non-profit organization running a global environmental disclosure system. This shows that the Shibusawa Logistics has been recognized as a company that is conscious of its environmental risks and the impact of such risks and is taking actions based on this awareness (management level).

Setting an initiative to prevent global warming or Climate Action, as one of its material issues, the Group has operated

logistics and real estate businesses in an eco-friendly manner. In addition, the Shibusawa Logistics Group has supported the Task Force on Climate-related Financial Disclosures (TCFD) since fiscal year 2022, analyzing how climate change impacts the Group, implementing measures against climate change, and working on information disclosure from then on. We will continue efforts to increase our corporate value in the years ahead by taking measures to prevent global warming through our business activities.

Adoption of renewable energy and transition toward environmentally friendly facilities

At each of the Group facilities, we are switching the source of electricity to renewable energy. By doing so, we will transform our logistics and real estate businesses into low-carbon businesses.

In addition, at our new logistics facilities, we have worked to increase the rate of renewable energy by installing storage batteries as well as solar power generation equipment, etc.

We have installed solar power generation equipment and storage batteries at Honmoku Warehouse , which was completed in fiscal year 2024, to operate it as an environmentally friendly facility. The facility has acquired CASBEE A rank and ZEB certification.

● Changes in renewable energy sourcing (%)

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Renewable energy sourcing (%)	1.9%	21.8%	46.1%



Efforts to promote modal shift by the Shibusawa Logistics Group

The Group has implemented measures to solve social issues, such as reducing the environmental burden and the shortage of truck drivers, by providing services that help switch truck freight transportation to other transportation means like ferry or rail transportation. These services are highly evaluated by customers as a transportation network that will be sustainable over the coming years.



At the core of our efforts to promote modal shift are the following two companies: Nissho Transport Co., Ltd. and Omiya Transport Co., Ltd.

Nissho Transport Co., Ltd. has its strength in long-distance road and sea multimodal freight transportation, with its bases at major ports across Japan. The company transports approx. 25,000 or more containers/chassis a year



in unmanned ferries. In collaboration with companies operating domestic vessels, the company provides a courier transportation service besides the transportation in trailer units along the major ferry routes extending from Hokkaido to Kyushu.

Omiya Transport Co., Ltd., a group company, plays an essential part of its rail transportation. In long-distance transportation, which forces drivers and other workers to work long hours and puts a heavy workload on them, the modal shift will contribute greatly to improving their working environment as the modal transportation uses railways. Further, rail transportation has attracted attention as a clean transportation means as the amount of CO₂ emissions from rail transportation is approximately one-ninth of that from truck transportation. Moreover, the company provides transportation services optimized for customers' businesses using a wide variety of containers catering to the characteristics of products shipped, while, at the same time, providing the benefits of convenience available only through rail transportation, such as no need to arrange freight

transportation on the way back and high on-time performance.

These days, sustainability on a global scale is seen as important in various settings. The logistics industry is not an exception. In fact, we need to shift from conventional approaches to operations that are more conscious of the environment and society. We believe that the two companies' efforts to promote a modal shift will create added value in the form of contribution to ESG. To fulfill the social responsibilities required of a company, the Group will promote its initiatives in collaboration with its business partners to provide optimum transportation services that contribute to realizing a sustainable society.

● Track record of modal shifts

	Fiscal Year 2022	Fiscal Year 2023
Number of containers switched to rail transportation	4,353	4,107
Number of containers and chassis switched to ferry transportation	25,107	24,027

Scope: Consolidated Group in Japan

Efforts to promote recycling

In document storage operations, we dissolve and recycle the documents commissioned to be destroyed. We are also engaged in the logistics operations of recycled used paper by placing security boxes for recycling on the premises of customers' business locations, thereby collecting, transporting, and recycling discarded documents safely and securely.

In relocation operations, we collect and transport what has become unnecessary for customers as they relocate, such as furniture and fixtures, in cooperation with our business partners. The collected items are sorted out and

sold to the operators of online auction sites or specialized dealers for sale in Japan or are exported so they will be reused overseas. In the future, we will promote recycling in relocation operations by developing a recycling scheme of our own.

Through these efforts, we will increase the recycling rate of valuable resources and promote a circular economy to ultimately contribute to reducing CO₂ emissions, saving water resources, and preserving forest resources.

● Number of security boxes installed

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Number of security boxes installed	1,905	1,920	2,076

Scope: Consolidated Group in Japan

● Volume of expired stored documents dissolved and recycled

	Fiscal Year 2022	Fiscal Year 2023
Number of boxes of documents dissolved/recycled	31,213	32,517

Scope: Shibusawa Logistics



Safety and Security

Basic Policy on Occupational Safety and Health

The Group works to prevent occupational accidents and improve the health of its employees by positioning activities related to occupational safety and health as the most important challenge in its business operation.

1. The Group sets specific targets for occupational safety and health, continues improvement activities, and reviews them by verifying progress each fiscal year.
2. The Group complies with laws, regulations, ordinances, voluntary rules, and other requirements related to occupational safety and health in all fields related to its business activities.
3. The Group has its employees and related parties engage in dangerous and hazardous operations only after duly assessing the risks involved and establishing appropriate equipment, facilities and work procedures for ensuring their safety.
4. The Group works to create a comfortable workplace environment and take various measures to improve the health of its employees.
5. The Group promotes education and training activities to ensure that all its officers and employees understand and act in line with this policy.

Safety education to truck workers

The Group continues to provide regular and recurring safety education and training to truck crew both inside and outside the Group, including those of subcontractors, to ensure safe and secure transportation.



Safety education to warehouse workers

We work to ensure safety at logistics sites through efforts such as providing safety education and technical training to warehouse workers.



● Safety and Quality Meeting

	Item	Fiscal Year 2022	Fiscal Year 2023
Safety and Quality Meeting (warehousing operations)	Number of meetings	735	798
	Cumulative meeting hours (h)	320	381
Safety and Quality Meeting (land transportation operations/truck crew)	Number of meetings	398	393
	Cumulative meeting hours (h)	175	203

Scope: Consolidated Group in Japan

Respect for Human Rights

The Shibusawa Logistics Group Human Rights Policy

Embracing the spirit of our founder, Eiichi Shibusawa, that “only profits pursued through just and moral principles can endure and enrich society” as shared values, we at the Shibusawa Logistics Group will support the realization of a sustainable and prosperous society through business activities respecting the human rights of all related parties, and by creating new value beyond logistics. As a guiding principle for such efforts, we have set forth the Shibusawa Logistics Group Human Rights Policy (hereinafter, this “Policy”) as follows:

1. Compliance with laws, regulations, and norms related to respect for human rights

The Shibusawa Logistics Group supports and respects international norms related to human rights, including the International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights) and the ILO Declaration on Fundamental Principles and Rights at Work; and endeavors to respect human rights based on this Policy which abides by the UN Guiding Principles on Business and Human Rights.

The Shibusawa Logistics Group also complies with laws and regulations applicable in countries or regions where it operates business. In the event of any conflict between internationally recognized human rights norms and laws and regulations in the country/region where it operates business, the Group will seek ways to optimally respect international human rights norms.

2. Scope

This Policy applies to all officers and employees who serve at the Shibusawa Logistics Group.

We also expect that all our business partners understand and support this Policy and join our efforts to promote respect for human rights.

3. Human rights initiatives

The Shibusawa Logistics Group recognizes that its priority tasks for human rights are to prohibit forced labor, child labor, inhumane treatment, discrimination, and harassment. Accordingly, the Group appropriately addresses human rights issues including the above in all its business activities.

4. Due diligence on human rights

To promote human rights initiatives, the Shibusawa Logistics Group identifies business activities that negatively impact

human rights, through its human rights due diligence framework, to prevent or mitigate such negative impacts.

5. Correction/remedy

In the event it becomes clear that the Shibusawa Logistics Group's business activities have negatively impacted or have been involved in negatively impacting human rights, the Group will implement appropriate measures to correct or remedy such negative impacts.

6. Education/training

The Shibusawa Logistics Group provides education and training to all its officers and employees to ensure that this Policy is applied to all its business activities, thereby seeking to prevent negative impact on human rights.

7. Dialogue and discussion with stakeholders

The Shibusawa Logistics Group engages in ongoing dialogue and discussion with stakeholders and outside experts on how to address potential and actual negative impacts on human rights.

8. Promotion of diversity

The Shibusawa Logistics Group creates an environment in which diverse human resources get together and play active roles irrespective of attributes such as race, gender, religion, creed, age, nationality, language, and disability.

9. Disclosure

The Shibusawa Logistics Group discloses its human rights initiatives based on this Policy on its corporate website and through other media.

This Policy has been approved by the Board of Directors of Shibusawa Logistics Corporation.

Support for the Global Compact

The Group supports the UN Global Compact, and has been registered as a participating company since April 2023.

WE SUPPORT



Due diligence on human rights

1. Implementation and process

Positioning respect for human rights as one of its material issues, the Shibusawa Logistics Group has implemented the human rights due diligence based on the Group Human Rights Policy to identify, evaluate, prevent, and mitigate human rights risks, thereby seeking to support the realization of a sustainable and prosperous society through business activities respecting human rights.

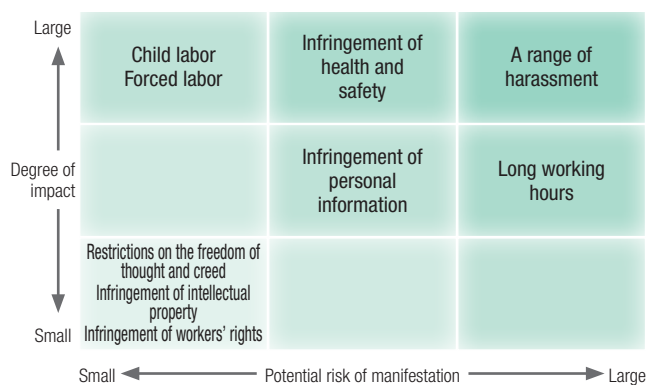
● Number of companies subject to human rights due diligence

	Fiscal Year 2023
Number of companies	600 companies

2. Human rights risks in business activities

The Shibusawa Logistics Group examined a diverse range of information from both inside and outside the Group to identify and recognize major themes on human rights. As a result, after having recognized and identified “prohibition of forced labor and child labor,” “prohibition of discrimination and harassment” and “prevention of inhuman treatment” as the major human rights themes, it has been working to eliminate human rights risks based primarily on these themes.

● Human rights risk map



*Stakeholders potentially impacted by these risks: the Group and its suppliers

3. Human rights initiatives

(1) Setting up a helpline

We have set up a helpline (telephone consultation desk) to receive reports and consultations regarding human rights from any persons engaged in the Group's operations. Based on the details of these reports and consultations, we take measures to solve and prevent the recurrence of the issues reported by the whistleblowers and other callers under the supervision of the person in charge. We also strictly protect the information about the whistleblowers and other callers.

(2) Establishing and raising awareness of the Code of Conduct

The Group has established the Shibusawa Logistics Group Code of Conduct, including respect for human rights; all its officers and employees, as well as those involved in its business operations are well informed about the content of the code. In addition, as part of our efforts to educate on human rights, we will work to strengthen our training programs regarding the code of conduct.

(3) Improving working environment

By respecting diverse values, promoting work-life balance, and engaging in health and productivity management, the Group will create an internal environment in which each and every employee is able to work energetically, safely and securely in good health and spirits irrespective of their gender, age, nationality, and disability.

(4) Preventing long working hours

The Group has put in place a labor situation management system to visualize the work status of its employees so that both workers and managers can understand the status. The system is designed to alert workers and managers in the event they are anticipated to work long hours. Also, we periodically hold dialogues with the workers, thereby seeking to maintain the current favorable working environment and further improve it.

(5) Evaluating suppliers

The Company periodically investigates its major suppliers to confirm whether there have been any human rights infringements the Group was involved in or fomented in the past. We will continue these periodical dialogues and investigations, while making efforts to come up with a more accurate method.

Promotion of diversity

In its General Employer Action Plan, the Group aims to increase the percentage of female employees in managerial positions to 15% or more in fiscal year 2026 through efforts such as fair and equitable hiring practices and the creation of a work environment that encourages female employees to thrive. Further, the Group has worked to develop global talents through overseas training programs and has actively assigned local employees to managerial positions. Moreover, we have created an environment in which seasoned employees can play an active role, and are reemploying qualified employees who reached mandatory retirement at 60 up to the time they turn 65 years old so that they can pass on their know-how to young employees. Thus, we are striving

to strengthen the Group's competitiveness through initiatives to promote diversity.

● Employees

	As of April 1, 2023	As of April 1, 2024
Number of employees	534	541
Men (composition: %)	365 (68.35)	367 (67.84)
Women (composition: %)	169 (31.65)	174 (32.16)
Number of employees in managerial positions	237	235
Men (composition: %)	212 (89.45)	210 (89.36)
Women (composition: %)	25 (10.55)	25 (10.64)
Mid-career hires	28	31

Scope: Shibusawa Logistics

Joint discussion meeting for female employees by six logistics companies

Sustainability promotion divisions of six logistics companies, including Shibusawa Logistics Corporation, jointly planned and held a discussion meeting for female employees to promote the active participation of women in the workplace.

More active participation of female employees in the workplace is one of the keys to promoting sustainability also for the logistics industry. On the day of the discussion meeting, a total of 18 female employees who play active roles in various positions and share the same feelings participated from six companies to exchange opinions on a wide variety of topics, including how they should build their careers, how they can balance life events and career development, and what the desirable support systems are for them. Many of the participants expressed that they were inspired by the interaction with female employees from other companies, and

that the meeting was a meaningful opportunity for them to have second thoughts about their vision of the future.

The Company will strive to create an environment in which diverse human resources get together and perform to the best of their abilities.



Compliance with the Code of Conduct

Our officers and employees are expected by customers and other stakeholders to behave and act in a lawful, sound, and ethical manner. The Company has established the Code of Conduct so as to maintain and improve its social credibility and has distributed a copy of the code to its officers, employees, etc. This Code of Conduct sets out matters that must be observed by our officers and employees, including their responsibilities and standards of conduct; their relationships with society; their relationships with customers, partner companies, client companies, etc.; the management of the Company's assets and information; respect for safety and human rights, so that our officers and employees use it as the criteria for action. The management team also has declared that they will take the lead in putting the code into practice by themselves and strive to improve internal systems.

The Shibusawa Logistics Group Code of Conduct

1. Comply with corporate ethics, social norms, and international norms

We will act in accordance with corporate ethics, social norms, and international norms, as well as in compliance with laws and regulations in Japan and overseas.

2. Respect human rights

We respect the basic human rights of all people and will not do anything that violates the dignity of individuals.

3. Place the highest priority on safety

We place the top priority on safety in all our business activities as we place the utmost importance on human lives.

4. Create a better work environment

We will seek to create and maintain a work environment in which diverse values are respected, and everyone can work energetically, safely and securely in good health and spirits.

5. Promote social contribution and environmental conservation

We will work actively to contribute to society and conserve the environment.

6. Appropriately record and disclose information

We will record information concerning our business, including financial information, in compliance with laws, regulations, and a range of rules, and appropriately disclose the information.

7. Appropriately manage the company's assets

We will recognize the importance of the company's assets regardless of whether they are intangible or tangible, and will

manage these assets appropriately so as to prevent their loss, leakage, and unauthorized use.

8. Protect intellectual property

We will appropriately manage the company's intellectual property, and will not infringe the intellectual property rights owned by others.

9. Make fair transactions

We will not make transactions using improper or unfair means with client companies or competitors.

10. Prevent corruption and corrupt acts

We will never be involved in any forms of corruption or corrupt acts, including bribery and money laundering.

11. Sever connections with antisocial forces

We will deal with antisocial forces/bodies in a resolute attitude and sever any connections with them.

12. Prohibit acts with conflicting interests

We will not act for the benefit of ourselves or any third parties that conflicts with the interests of the company.

In the event any acts that violate or potentially violate this Code of Conduct are discovered, we will report to or consult our superiors or the consultation desk inside the company. In addition, the Shibusawa Logistics Group prohibits any action that is detrimental to whistleblowers and other callers in response to their reporting or consultation.

Investment in Human Capital

Human Resources Development Policy

Our business is constantly changing in line with transformation in customers and society. To stay committed to the corporate slogan “Mission to Endure” we need to maintain a virtuous cycle in which each and every one of us grows together with the organization and keeps taking on new challenges.

We will continue to provide those who are willing to learn to prepare for their career paths with opportunities to develop their abilities in a fair and sustainable manner, while developing talents through onsite experience and job rotation and a range of education programs to designated employees. We will also establish an evaluation system that rightfully values employees’ efforts and aspirations for growth to further encourage them. We will strive to create a corporate environment in which self-motivated human resources support each other’s growth and work together.

Policy for Developing Internal Environment

By respecting diverse values, promoting work-life balance, and engaging in health and productivity management, we will create an internal environment in which each and every employee is able to work energetically, safely and securely in good health and spirits irrespective of their gender, age, nationality, and disability.

Education system (including training)

We arrange stratified training and job-based training programs and provide our officers and employees with appropriate learning opportunities at the right timing. Stratified training programs refer to programs provided based on their career, including programs for new hires, second-year employees, and newly appointed managerial staff. Job-based training programs refer to programs provided by the type of job

assigned, designed to improve the quality of their job. We also offer a wide variety of online courses that employees can freely subscribe to and provide subsidies to those who have achieved a certain level of scores to improve the skills of our employees. Further, we have built and implemented a system to deliver video-based training programs using a website to all employees of the Group to enhance our education system.



● Training programs

	Item	Fiscal Year 2022	Fiscal Year 2023
Stratified training	Number of sessions	10	12
	Cumulative hours (h)	2,683	1,658
Job-based training	Number of sessions	129	326
	Cumulative hours (h)	425	2,044

Scope: Shibusawa Logistics

Partnership

Basic Procurement Policy

To ensure prosperous coexistence with suppliers, the Group aims to contribute to realizing a sustainable society by promoting procurement activities compliant with laws, regulations and social norms.

1. The Group prioritizes cooperating with suppliers on activities to improve the quality and safety of logistics services. All people involved in the Group's businesses also comply with laws, regulations, and social norms related to working practices.
2. In addition, the Group will respect the human rights of and will not discriminate anyone involved in business activities outsourced to suppliers.
3. The Group will neither take advantage of its superior position over suppliers nor make unreasonable demands to suppliers such as personal payoffs. We make fair and transparent transactions at all times.
4. The Group will strive to reduce the environmental load of its business activities in cooperation with all suppliers involved, with the aim of preserving the global environment and achieving the sustainable development of society.
5. The Group engages in education and training activities to ensure that all officers and employees of the Group understand and act in line with this policy.

Promotion of activities to contribute to local communities

Arrangement of Lecture Sessions

We take part in training programs and lectures as instructors on the spirit of our founder, Eiichi Shibusawa who pursued sustainability and public interest.



Registration as an evacuation site in times of disaster

Our business location in Kobe City has been officially registered as a temporary evacuation site in times of natural disasters, such as tsunami and flood, with the municipal government.



Local cleanup activities

Our employees volunteer to take part in local cleanup activities.



Logistics tours

We hold logistics tours for students in a bid to provide them with opportunities to better understand the logistics business.



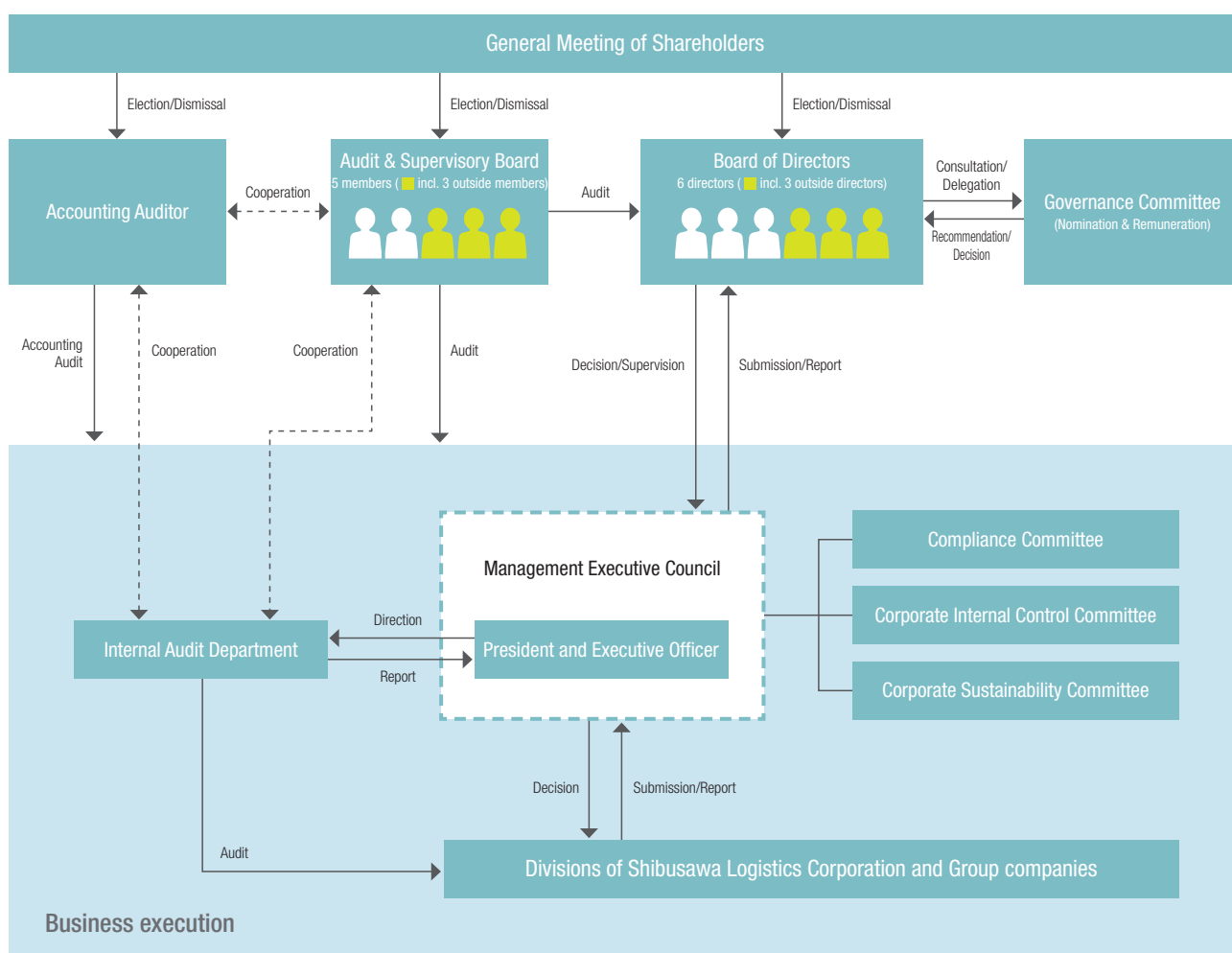
Corporate Governance

Corporate Governance Policy

We believe that our corporate governance efforts should contribute to the establishment of an optimal management structure for enhancing corporate value. Through our efforts to strengthen corporate governance, we strive to achieve sustainable growth of our business, fulfill our social mission and responsibilities, and ensure fair and transparent management.

For details on the Corporate Governance Policy, please visit our corporate website.
<https://www.shibusawa.co.jp/sustainability/governance/> (in Japanese)

Corporate governance structure (as of June 30, 2024)



The Board of Directors consists of six directors, three of whom are outside directors (including one female). They hold a meeting once a month in principle, attended also by five Audit & Supervisory Board members, three of whom are outside Audit & Supervisory Board members, mainly to resolve important management matters, report on important

matters related to business execution and the progress of business performance. The term of office of directors is set at one year, to clarify their accountability and to build a management structure that can promptly respond to changes in the business environment.

Auditing structure and audit practice

The Audit & Supervisory Board consists of five members, including three outside Audit & Supervisory Board members. They hold a meeting once a month in principle to share information among the members. As an independent body with a fiduciary duty to shareholders, the Audit & Supervisory Board audits directors' execution of duties by attending Board of Directors and other important meetings.

In the fiscal year under review, the Audit & Supervisory Board met 14 times, and the attendance of each member was as shown on the right diagram.

Category	Name	Meetings held	Meetings attended
Full-time Audit & Supervisory Board Member	Masanobu Manabe	14	14
Audit & Supervisory Board Member	Shinji Kudo	14	13
Outside Audit & Supervisory Board Member	Masashi Shishime	14	14
Outside Audit & Supervisory Board Member	Yoshiichi Yoshida	14	14
Outside Audit & Supervisory Board Member	Hirohisa Kashiwazaki	10	9

1. Messrs. Masanobu Manabe and Shinji Kudo retired from the position of Audit & Supervisory Board Members effective June 27, 2024.
2. The attendance of Mr. Hirohisa Kashiwazaki, Outside Audit & Supervisory Board Member, is based on the meetings held since he took office.

Outside officers and the Governance Committee

Outside directors and outside Audit & Supervisory Board members are appointed in accordance with the Company's Independence Criteria for Outside Officers. They provide their opinions at the Board of Directors meetings from an independent and impartial standpoint based on their diverse expertise, wealth of experience and excellent insight accumulated as specialists such as corporate managers, attorneys-at-law, certified public accountants and certified tax accountants.

The Governance Committee is established as an advisory body to the Board of Directors. It deliberates on proposals for nominating candidates for directors and dismissing directors,

the selection and dismissal of the president, the remuneration of directors, candidates to succeed the president, and related-party transactions. It also decides on matters related to the remuneration of directors, as well as executive officers subject to the annual salary system, upon delegation from the Board of Directors.

The Governance Committee consists of four members, including three outside directors and the president. To ensure appropriateness and transparency in consultations and decisions, the Committee is chaired by an outside director and consists of a majority of outside directors.

Officer skills matrix

Name	Position	Areas of expertise and experience									Attribute	
		Corporate management	Business strategy/ M&A	Logistics DX	Global business	Real estate	Sustainability/ ESG	HR/labor	Finance/ accounting	Legal/ compliance/ internal control	Governance Committee	Independent officer
Takeshi Osumi	President, Director & CEO	○	○	○	○		○				Member	
Nobuyuki Kuratani	Director, Senior Managing Executive Officer	○	○			○	○	○	○	○		
Takeshi Ohashi	Director, Managing Executive Officer	○	○	○			○					
Shinya Matsumoto	Outside Director							○		○	Chair	○
Koichi Chikaraishi	Outside Director	○			○					○	Member	○
Keiko Baba	Outside Director					○	○				Member	○
Masatoshi Hoshi	Full-time Audit & Supervisory Board Member								○	○		
Susumu Mori	Full-time Audit & Supervisory Board Member	○		○								
Masashi Shishime	Outside Audit & Supervisory Board Member							○		○		○
Yoshiichi Yoshida	Outside Audit & Supervisory Board Member								○	○		○
Hirohisa Kashiwazaki	Outside Audit & Supervisory Board Member	○	○						○	○		○

Note: The above skills matrix does not represent all the expertise and experience of each person.

Evaluation of effectiveness of the Board of Directors

Evaluatees	All directors in office as of March 30, 2024
Survey method	Anonymous questionnaire completed by evaluatees
Evaluation item	(1) Evaluation of improvements made in fiscal year 2023 (2) Composition of the Board of Directors (3) Operation of the Board of Directors (4) Individual agenda items (5) Self-evaluation as a member of the Board of Directors (6) Open-ended question regarding efforts to invigorate deliberations and strengthen the functions of the Board of Directors
Evaluation method	All directors answered the questionnaire. Based on the results, the Board of Directors discussed the ongoing initiatives to strengthen its functions at its meeting in March 2024.

For details, please visit our corporate website.
<https://www.shibusawa.co.jp/sustainability/governance/> (in Japanese)

Overview of the analysis and evaluation results

It was confirmed that the Company's Board of Directors is generally appropriate in terms of operation and is functioning effectively as a whole because it has an atmosphere allowing all members to speak freely; the decision-making process is reasonable; and the outside directors and outside Audit & Supervisory Board members are fully performing their roles and responsibilities.

Questionnaire opinions and actions to be taken

Comments suggested that the Board of Directors should further deepen its discussions on corporate strategy, midterm strategy, major risks, approach to sustainability issues, business portfolio strategy, and action to implement management that is conscious of cost of capital and stock price.

We will regularly have opportunities for further in-depth discussions at Board of Directors meetings, and will also consider ways to communicate the results of these discussions to the capital markets.

Policy on training for officers

For the purpose of ensuring that directors and Audit & Supervisory Board members appropriately perform their expected roles and responsibilities, we provide the following training distinguishing between internal directors and Audit & Supervisory Board members (hereinafter collectively referred to as "internal officers") and outside directors and outside Audit & Supervisory Board members ("outside officers").

Internal officers

- Lectures on the Companies Act and other important laws and regulations by our legal counsel on a regular basis

- Participation in external seminars on important matters related to the Company's business, or lectures by guest lecturers

Outside officers

- Access to the annual securities report for the past fiscal year and other reports at the time the officer takes office, and briefings on the Company's overall business by each division in charge
- Visits to logistics sites to gain a better understanding of the Company's operations

Policy for determining remuneration

Remuneration for the Company's directors consists of monetary fixed remuneration, and performance-linked variable remuneration based on the degree of attainment of performance targets, as well as non-monetary stock-based remuneration. Outside directors receive fixed remuneration only, as performance-linked remuneration is not appropriate to maintain their independence from

business execution. To ensure transparency and fairness, the amount and details of monetary remuneration for each director are determined by the Governance Committee, upon delegation from the Board of Directors, within the remuneration threshold resolved at the General Meeting of Shareholders.

Total remuneration amount by officer category and remuneration type, and number of eligible officers

Officer category	Total remuneration amount (millions of yen)	Total amount by remuneration type (millions of yen)			Number of eligible officers
		Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration	
Directors (excluding outside directors)	113	95	8	10	4
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	25	25	—	—	2
Outside officers	33	33	—	—	7

Notes: 1. The number of eligible officers and the total remuneration amount include one director who retired at the conclusion of the 176th Ordinary General Meeting of Shareholders held on June 29, 2023 and one outside director who passed away and therefore resigned effective November 17, 2023.
 2. The amount of non-monetary remuneration represents the provision for share awards for stock-based remuneration in the fiscal year under review.

Risk Management

We examine risks that may have an adverse impact on the achievement of the Group's management targets and business activities at the Management Executive Council and Board of Directors meetings, and discuss our approach to the management of such risks. In addition, the Group has concluded an advisory contract with a major law firm and has a system in place to seek advice as needed. The Group's divisions, subsidiaries, and affiliates manage risks by identifying and assessing risks and formulating and taking countermeasures based on these discussions. In addition, we have established an emergency communication and

prompt response system for rapidly responding to contingencies, to maintain our functions and minimize damage to our business, which also serves as social infrastructure. Furthermore, the Internal Audit Department, a body independent of the operational line, audits business operations to ensure that this risk management framework is functioning effectively.

Starting in fiscal year 2024, we established the Risk Management Department to enhance the management of risks and opportunities for the Group.

Recognition of business risks

(i) Changes in the business environment

The logistics business is susceptible to changes in the economic environment and social conditions in Japan and overseas, as well as shifts in economic trends caused by weather and other factors, which may have a significant impact on the Group's performance.

Although the Group has been working to improve its facilities and expand their functions in the real estate business, it may be affected by changes in the supply-demand balance and market trends in the rental office market in the Tokyo metropolitan area.

(ii) Legal risk of the business

The Group's logistics business operates based on legal permits and licenses in Japan and overseas, and is subject to various public regulations, including laws and regulations of international organizations and national governments, to ensure the safety of facilities and equipment and the safe operation of vehicles and other equipment. In pursuing its business, the Group is also subject to laws and regulations concerning trade, taxation, foreign exchange control, the environment, fair trade, among others. Should these legal regulations be amended or abolished, or new legal regulations be introduced in the future, it may affect the Group's business and performance.

(iii) Natural disasters

In the event of an earthquake, typhoon, or other natural disaster that damages the Group's facilities, there may be a significant impact on its performance and financial position.

The Group's own facilities are insured with a comprehensive corporate property policy with appropriate coverage. Buildings designed to meet earthquake resistance standards prior to the 1981 amendment to the Building Standards Act undergo seismic diagnosis as necessary, and those with inadequate seismic performance are being reinforced to meet the current standards.

In the event of social disruption caused by a pandemic such as COVID-19, it may have an impact on the Group's performance and financial position.

(iv) Fluctuations in fuel prices

Although we strive to level and reduce fuel procurement costs, higher fuel prices may have a significant impact on the Group's performance, since fuel market prices are generally linked to crude oil prices and may be affected by factors such

as global economic trends, conditions in oil-producing regions, inventory levels primarily in the U.S., and inflows of speculative funds.

(v) Fluctuations in interest rates

While we strive to reduce interest-bearing debt, working capital and capital expenditure are funded primarily through external borrowings. Although we work to fix interest rates through fixed-rate borrowing and interest rate swaps, the funds procured at variable interest rates are subject to interest rate fluctuations. In addition, future funding costs may be affected by changes in interest rates.

(vi) Impact of IT system failures

The Group has built various logistics information systems and exchanges information with customers via the internet. These systems may be compromised by unauthorized access from outside, or fail due to computer virus infections and other incidents.

(vii) Leakage of personal information

The Group has formulated the information protection policy, and is committed to preventing personal information leakage by ensuring that all officers and employees adhere to the Information Protection Regulations set forth based on this policy. However, in the event personal information is leaked due to unexpected unauthorized access, computer viruses, or other illegal activities, the Group's business and performance may be seriously affected by claims for damages and other liability.

(viii) Fluctuations in fair value of portfolio assets

If an impairment loss is recognized in accordance with the write-down procedure as a result of a decline in the fair value of portfolio assets or a deterioration in the profitability of such assets, it may affect the Group's performance and financial position.

The balance of investment securities held by the Group at the end of the fiscal year under review was 25,384 million yen. If their fair value or the net asset value declines in the future due to poor performance of the investee or deterioration of stock market conditions, and if a recovery is not deemed likely, it may affect the Group's performance and financial position.

(ix) Business expansion to overseas markets

Overseas, the Group operates business in cooperation with local subsidiaries and agents. In the event local laws and

Risk Management

regulations are amended or abolished, taxation systems are changed, foreign exchanges shift dramatically, political or economic factors disadvantageous to business activities emerge, or social turmoil such as war, terrorism, or epidemics takes place, it may affect the Group's performance.

(x) Retirement benefit obligations

The Group calculates its employee retirement benefit expenses and obligations based on actuarial assumptions, such as the discount rate and expected rate of return on plan assets. As these figures are based on forward-looking estimates, if the discount rate for retirement benefit obligations declines or the yield of plan assets deteriorates in the future, it may affect the Group's performance.

(xi) Risks associated with climate change

In the event of extreme weather caused by climate change, such as torrential rains and typhoons, the Group may be affected by damage to its facilities, a shutdown of the traffic network, or a decline in labor productivity due to high temperatures.

In addition, stricter regulations on corporate GHG emissions in Japan and overseas, as well as the introduction of carbon pricing, will result in higher operating costs.

Compliance

Our founder, Eiichi Shibusawa, advocated harmony between morality and economy, putting the public interests of society before private interests. Believing that, for an economy to develop, it must be founded on the moral principle of

humanity and justice, he was committed to serving society and benefiting the people.

Following this spirit, the Company pursues business activities with a constant awareness of compliance.

Compliance framework

We will have officers and employees of the Company, its subsidiaries and affiliates comply with laws and regulations and behave soundly and ethically. This is the means to build an organization with fair and transparent corporate

management and the ability of self-remediation. Specifically, we have established the Compliance Committee, chaired by the President, and seek to maintain and improve compliance awareness through education and training.

Code of conduct

"Only profits pursued through just and moral principles can endure and enrich society." These are the words (spirit) of Eiichi Shibusawa, our founder, who advocated that for a company to contribute to the sustainable growth of society, it needs to continue business activities in accordance with moral principles. As members of the Shibusawa Logistics Group that carries on the founder's will, we are proud of the public nature of the business as the foundation of the Group's management, and believe that we can create lasting value in our business by contributing to people's lives through business activities.

The Group has established the Shibusawa Logistics Group Code of Conduct by summarizing what we should follow to practice the "just and moral principles" in conducting business activities guided by these philosophies.

Each individual engaged in the business at the Shibusawa Logistics Group shall fully understand, utilize, and comply with the Code of Conduct as a guiding principle for making decisions and facing challenges in their daily business activities.

For details, please refer to:

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Whistle-blowing system

The Compliance Committee works together with the parties concerned in activities to investigate the causes of the cases reported, resolve the problems, and prevent recurrence. In addition to protecting the privacy of the

whistleblower, the most careful attention will be paid to preventing the reporting from causing any disadvantage to the person or organization to which the person belongs in terms of appointment, treatment, or business transactions.

Messages from the Outside Directors



One of the strategies in the new midterm strategy is to enhance governance as part of efforts to strengthen ESG initiatives. Currently, three of our six directors are outside directors, and we are aiming to enhance corporate value by practicing governance that incorporates the third-party perspective and the knowledge and skills of these directors.

Koichi Chikaraishi

Outside Director

Apr. 1980 Joined Nippon Yusen Kabushiki Kaisha (NYK)
 Apr. 2009 Corporate Officer, General Manager of Forest Products Group
 Apr. 2010 Corporate Officer, General Manager of Panamax Fleet Management Group
 Apr. 2012 Managing Corporate Officer
 Jun. 2012 Director, Managing Corporate Officer
 Apr. 2013 Representative Director, Senior Managing Corporate Officer
 Apr. 2019 Director
 Jun. 2019 Advisor (current position)
 Jun. 2019 Outside Audit & Supervisory Board Member, Fuji Oil Company, Ltd. (current position)
 Jun. 2019 Outside Director, Murakami Corporation (current position)
 Jun. 2022 Outside Director, the Company (current position)

Shinya Matsumoto

Outside Director

Apr. 1987 Registered as an attorney-at-law (Daini Tokyo Bar Association)
 Apr. 1987 Joined Marunouchi Sogo Law Office
 Jul. 1996 Partner
 Jun. 2001 Outside Corporate Auditor, Impress Corporation (now Impress Holdings, Inc.) (current position)
 Sep. 2005 Supervisory Director, Japan Hotel and Resort, Inc. (now Japan Hotel REIT Investment Corporation)
 Jun. 2007 Outside Director, the Company (current position)
 Oct. 2011 Partner and Representative Attorney, Marunouchi Sogo Law Office (current position)
 Jun. 2013 Outside Director, PACIFIC METALS CO., LTD. (current position)

Keiko Baba

Outside Director

Apr. 1987 Joined The Mitsubishi Trust and Banking Corporation (now Mitsubishi UFJ Trust and Banking Corporation)
 Sep. 1991 Registered as Real Estate Appraiser
 Apr. 2014 Member of the Property Valuation Council, Yokohama City (current position)
 May 2015 Director, Kanagawa Association of Real Estate Appraisers
 Feb. 2016 Founder and Representative of the Yokohama Urban Research Institute (current position)
 Oct. 2017 Civil Conciliation Commissioner, Kawasaki Branch, Yokohama District Court (current position)
 Aug. 2018 Member of the Vacant Housing Response Committee, Yokohama City (current position)
 Apr. 2020 Domestic Relations Conciliation Commissioner, Yokohama Family Court (current position)
 May 2020 Deputy Chairperson of Kanagawa Association of Real Estate Appraisers
 May 2024 Chairperson of the Property Valuation Council, Yokohama City (current position)
 Jun. 2024 Outside Director, the Company (current position)



I will promote compliance management and strengthen the governance framework with an emphasis on appropriateness and transparency

Shinya Matsumoto Outside Director



I will work to raise corporate value through discussions on management strategy in accordance with the midterm strategy

Koichi Chikaraishi Outside Director



I will actively promote diversity and encourage the growth of the real estate business through synergies with the logistics business

Keiko Baba Outside Director

Governance and compliance

As chair of the Governance Committee, which is an advisory body to the Board of Directors, I am promoting initiatives that strengthen the Company's governance framework. The committee has four members, comprising three outside directors and the president, and its activities include discussing the nomination of director candidates and officer remuneration from an independent standpoint and with an emphasis on appropriateness and transparency.

Legal requirements in the logistics industry, including those concerning labor environments, the appropriateness of contracts, and compliance with safety standards, are growing extremely strict. As an attorney-at-law, I will leverage the experience I have gained handling the legal matters of a large number of companies to provide advice and oversight for handling these legal matters. I will also work to ensure compliance and enhance the safety and appropriateness of business operations, including by proposing measures facilitating the early detection and avoidance of legal risk in logistics networks and international transactions. The logistics industry is an important piece of social infrastructure, so compliance with laws and regulations is essential, as is building trust with stakeholders. I will help the Company to realize appropriate and highly transparent management by providing the best solutions to the legal issues it faces.

Enhancing corporate value in the medium to long term and business portfolios

The Board of Directors is currently discussing the direction of management strategies for enhancing corporate value in the medium to long term under the recently launched Midterm Strategy 2026. These discussions are centered on the Group mission of "Realization of a sustainable and prosperous society through the creation of new value beyond logistics."

The five growth strategies contained in Midterm Strategy 2026 provide an important base for increasing the Company's competitive advantage, and I intend to provide appropriate advice for making progress on these growth strategies. I will also work to deepen discussions concerning business portfolio optimization and the effective allocation of business resources, as well as to facilitate decision making that can respond swiftly and accurately to the changing market environment, to strengthen engagement of sustainability issues, especially the Company's material issues, and to further advance business strategies that realize sustainable development.

I hope to leverage my experience I have accumulated to date to ensure thorough discussion and make an even greater contribution to the sustainable growth of the Company.

The real estate business and diversity promotion

My name is Keiko Baba and I have recently been appointed as an outside director. As a real estate appraiser and member of various public committees, I have built up specialist knowledge by working as an appraiser for public works and redevelopment projects, and I also have experience related to urban development and infrastructure management. I will leverage this knowledge and experience to enhance the Company's corporate value by developing its real estate business in a way that creates synergies with the logistics business.

I will also use my perspective being a female member and experience supporting people with disabilities to actively promote diversity and the empowerment of human resources, including by fostering work environments where all employees can demonstrate their full capabilities, regardless of gender or age, and providing support for career building. Related to this, I will also actively participate in discussions at Board of Directors meetings by making suggestions that apply the Company's unique strengths and characteristic to address the six key issues in the Sustainability Promotion Policy, based on my experience of interacting with a diverse range of people both in Japan and overseas.

ESG Data

Environment

To address climate change and environmental pollution, and reduce the environmental load on earth, the Group is committed to reducing GHG emissions and contributing to the conversion to a circular economy.

(1) CO₂ emissions (Scope 1 & 2)

	Boundary	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Gross emissions (t-CO ₂)	Shibusawa Logistics	17,210.19	14,755.81	14,444.72	11,185.83	7,576.83
	Consolidated subsidiaries in Japan	14,955.70	14,561.12	14,257.11	16,104.70	14,729.66
	Total	32,165.89	29,316.93	28,701.83	27,290.53	22,306.50
Emissions from the logistics business (t-CO ₂)	Shibusawa Logistics	8,800.21	7,571.39	7,597.17	6,670.06	5,526.55
	Consolidated subsidiaries in Japan	14,949.70	14,552.19	14,248.47	16,096.06	14,723.70
	Total	23,749.91	22,123.58	21,845.64	22,766.12	20,250.26
Emissions from the real estate business (t-CO ₂)	Shibusawa Logistics	8,409.98	7,184.42	6,847.55	4,515.77	2,050.28
	Consolidated subsidiaries in Japan	6.00	8.93	8.64	8.64	5.96
	Total	8,415.98	7,193.35	6,856.19	4,524.41	2,056.24
Total CO ₂ emissions per unit of sales (t-CO ₂ /1 million yen)	Consolidated Group in Japan	0.49	0.45	0.42	0.36	0.32
CO ₂ emissions per unit of sales in the logistics business (t-CO ₂ /1 million yen)	Consolidated Group in Japan	0.39	0.38	0.35	0.33	0.31
CO ₂ emissions per leasable area in the real estate business (t-CO ₂ /1,000 m ²)	Consolidated Group in Japan	126.35	107.99	105.54	67.98	30.82

*CO₂ emissions from consolidated subsidiaries in fiscal 2019 include estimates. *Leasable area in the real estate business is as of the fiscal year-end.

(2) CO₂ emissions from warehousing and logistics operations

	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Emissions from warehousing operations (t-CO ₂)		3,983.06	3,644.77	3,055.78	1,962.78
Area of commercial warehouse (m ²)*		231,641.24	231,641.24	223,749.61	222,794.83
Emissions per area of commercial warehouse (t-CO ₂ /1,000 m ²)		17.19	15.73	13.66	8.81
Emissions from logistics operations (t-CO ₂)	23,749.91	22,123.58	21,845.64	22,766.12	20,250.13
Area of logistics service offices (m ²)	583,331.53	591,081.44	576,805.83	613,979.08	628,785.44
Emissions per area of logistics service office (t-CO ₂ /1,000 m ²)	40.71	37.43	37.87	37.08	32.21

*The figures of warehousing operations cover CO₂ emissions from Shibusawa Logistics Corporation's own commercial warehouses and electricity used, as of the fiscal year-end.

(3) Vehicles owned, transportation status (number of vehicles)

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Number of vehicles owned	Electric vehicles	0	0
	Vehicles compliant with the Post-Post New Long Term (PPNLT) emission regulations	81	117
	Vehicles compliant with PNLT emissions regulations	169	156
	Vehicles compliant with NT emissions regulations	66	59
	Other vehicles	37	72
	Trailers and container chassis (towed vehicle)	563	552
Modal shift	Number of containers via railway freight transportation	4,735	4,353
	Number of containers and chassis via ferry freight transportation	26,706	25,107

*Figures of consolidated Group companies in Japan, as of the fiscal year-end.

(4) Conversion to a circular economy

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Number of security boxes installed (for document collection and recycling)	1,905	1,920	2,076
Number of boxes of expired stored documents dissolved/ recycled	28,420	31,213	32,517
Number of new businesses contributing to a circular economy	—	—	1

*Number of security boxes installed at the Shibusawa Logistics Group companies and equity-method subsidiaries as of fiscal year-end

Society

The Group promotes initiatives to realize a safe, secure, fair, and prosperous society.

(1) Safety and security

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Occupational injury frequency rate	4.24	4.47	3.65
Number of business continuity drills conducted	2	2	2
Safety and Quality Meeting for land transportation operations	Number of meetings	398	398
	Cumulative meeting hours (h)	228	175
Safety and Quality Meeting for warehousing operations	Number of meetings	1,618	735
	Cumulative meeting hours (h)	1,041	320

*The boundary includes the consolidated group companies in Japan. The number of business continuity drills conducted is based on the Shibusawa Logistics Group, and the occupational injury frequency rate is based on employees whose working hours can be calculated using management systems, etc.

(2) Innovation

	Fiscal Year 2022	Fiscal Year 2023
New projects with importing technologies to improve operational efficiency	27	5

(3) Employees ①

	2021	2022	2023	2024
Number of employees	528	541	534	541
Men (composition: %)	370 (70.08)	372 (68.76)	365 (68.35)	367 (67.84)
Women (composition: %)	158 (29.92)	169 (31.24)	169 (31.65)	174 (32.16)
Number of employees in managerial positions	227	226	237	235
Men (composition: %)	201 (88.55)	201 (88.94)	212 (89.45)	210 (89.36)
Women (composition: %)	26 (11.45)	25 (11.06)	25 (10.55)	25 (10.64)
Number of mid-career hires in managerial positions	27	24	28	31
Ratio of employees with disabilities (%)	1.56	1.80	1.74	1.73

*The boundary includes Shibusawa Logistics. The ratio of employees with disabilities is as of June 1, and the other figures are as of April 1.

(4) Employees ②

	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Number of new graduate hires	22	23	31	16
Men (composition: %)	13 (59.09)	14 (60.87)	18 (58.06)	10 (62.50)
Women (composition: %)	9 (40.91)	9 (39.13)	13 (41.94)	6 (37.50)
Number of mid-career hires	6	2	2	5
Rate of paid leave taken (%)	46.84	52.18	55.39	57.66
Number of childcare leave takers (Men / Women)	4	5	15 (3 / 12)	10 (2 / 8)

*The boundary includes Shibusawa Logistics.

(5) Training programs

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Stratified training	Number of sessions	10	10
	Cumulative hours (h)	1,513	2,683
Job-based training	Number of sessions	129	129
	Cumulative hours (h)	979	425
Employee engagement positive response rate (%)		47.67	44.49
Rate of people under high stress (%)		10.68	9.76

*The boundary includes Shibusawa Logistics. Employee engagement is responses regarding willingness to continue working.

(6) Partnership

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Number of meetings with business partners held	1	7	12
Number of lectures held	5	1	1
Number of other activities (e.g. cleanup activities)	4	6	4

*The boundary includes Shibusawa Logistics.

Governance

The Group is committed to strengthening its corporate governance in order to fulfill its social mission and responsibilities and ensure fair and transparent management, while realizing sustainable growth of our business.

(1) Composition of the Board of Directors

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Number of directors of the Board	6	7	5
Number of internal directors	4	4	3
Number of outside directors	2	3	2

(2) Attendance at the Board of Directors meetings

	Name	Fiscal Year 2023	
		Meetings held	Meetings attended
Directors	Takeshi Osumi	18	18
	Haruki Kashiwara	4	4
	Nobuyuki Kuratani	18	18
	Takeshi Ohashi	18	18
	Shinya Matsumoto	18	16
	Koichi Chikaraishi	18	18
	Natsuko Yamada	12	11
Audit & Supervisory Board Members	Masanobu Manabe	18	18
	Shinji Kudo	18	16
	Masashi Shishime	18	18
	Akira Kawamura	4	4
	Yoshiichi Yoshida	18	18
	Hirohisa Kashiwazaki	14	13

(3) Composition of the Audit & Supervisory Board

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Members of the Audit & Supervisory Board	5	5	5
Internal Audit & Supervisory Board members	2	2	2
Outside Audit & Supervisory Board members	3	3	3

(4) Attendance at the Audit & Supervisory Board meetings

Name	Fiscal Year 2023	
	Meetings held	Meetings attended
Masanobu Manabe	14	14
Shinji Kudo	14	13
Masashi Shishime	14	14
Akira Kawamura	4	4
Yoshiichi Yoshida	14	14
Hirohisa Kashiwazaki	10	9

(5) Major meetings held

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Board of Directors	19	18	18
Audit & Supervisory Board	14	14	14
Management Executive Council	27	27	27
General Manager/Branch Manager Meeting	4	3	3
Group Management Meeting	2	2	2
Subsidiaries and Affiliates Update Meeting	9	9	9
Overseas Subsidiaries and Affiliates Update Meeting	2	2	2
Governance Committee	3	3	3
Compliance Committee	3	2	2
Corporate Internal Control Committee	2	2	2
Corporate Sustainability Committee	1	2	2

(6) Remuneration for officers (Fiscal Year 2023)

Officer category	Total remuneration amount (millions of yen)	Total amount by remuneration type (millions of yen)			Number of eligible officers
		Fixed remuneration	Performance-based remuneration	Non-monetary remuneration of the amount on the left	
Directors (excluding outside directors)	113	95	8	10	4
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	25	25	—	—	2
Outside officers	33	33	—	—	7

Financial Summary

	Unit	2014/03	2015/03	2016/03	2017/03
Operating revenue	(millions of yen)	54,689	55,061	56,762	58,081
Logistics business	(millions of yen)	48,729	49,409	51,084	52,485
Real estate business	(millions of yen)	6,073	5,756	5,759	5,677
Intersegment transactions	(millions of yen)	(112)	(105)	(80)	(81)
Operating profit	(millions of yen)	2,575	2,680	2,770	3,406
Logistics business	(millions of yen)	1,425	1,546	1,698	2,367
Real estate business	(millions of yen)	2,755	2,727	2,694	2,792
Head Office expenses	(millions of yen)	(1,605)	(1,593)	(1,622)	(1,754)
Ordinary profit	(millions of yen)	2,385	2,689	2,714	3,413
Profit before income taxes	(millions of yen)	2,151	3,290	2,714	2,874
Profit attributable to owners of parent	(millions of yen)	1,263	1,995	1,681	1,753
Total assets	(millions of yen)	90,968	98,021	91,405	95,230
Total liabilities	(millions of yen)	55,031	58,390	51,758	53,433
Total net assets	(millions of yen)	35,936	39,631	39,646	41,797
Equity ratio	(%)	38.6	39.5	42.3	42.9
Debt-to-equity ratio (D/E)	(times)	1.1	1.0	0.9	0.9
Return on equity (ROE)	(%)	3.7	5.4	4.3	4.4
Depreciation	(millions of yen)	2,462	2,583	2,640	2,632
Increase in fixed assets (Capital expenditures)	(millions of yen)	4,139	5,414	2,670	2,215
Net cash provided by operating activities	(millions of yen)	4,818	4,638	2,440	5,729
Net cash used in investing activities	(millions of yen)	(2,805)	(363)	(4,866)	(2,192)
Net cash provided by (used in) financing activities	(millions of yen)	(1,012)	317	(2,832)	(831)
Cash and cash equivalents at end of period	(millions of yen)	7,831	12,550	7,289	9,981
Earnings per share	(yen)	16.62	26.25	22.12	115.34
Net assets per share	(yen)	461.77	508.67	508.80	2,686.30
Annual dividends per share	(yen)	7.0	7.5	8.0	10.0
Payout ratio	(%)	42.1	28.6	36.2	43.3

	2018/03	2019/03	2020/03	2021/03	2022/03	2023/03	2024/03
	63,286	64,604	66,831	65,328	71,746	78,504	73,417
	57,680	58,847	61,065	59,535	66,056	72,549	67,665
	5,685	5,878	5,879	5,991	5,838	6,199	6,002
	(79)	(121)	(112)	(197)	(148)	(244)	(250)
	3,353	3,738	3,906	3,627	4,516	4,894	4,271
	2,564	2,659	2,809	2,525	3,330	3,706	3,275
	2,825	3,053	3,033	2,981	3,026	3,255	2,996
	(2,036)	(1,974)	(1,936)	(1,880)	(1,841)	(2,068)	(2,000)
	2,498	3,996	4,174	3,929	6,924	5,847	5,091
	2,918	3,481	4,174	4,099	6,796	5,335	5,409
	1,606	2,272	2,816	2,750	5,257	3,759	3,728
	96,657	98,099	98,994	104,397	108,991	115,831	112,772
	53,959	54,780	54,482	56,145	55,336	57,958	50,145
	42,944	43,319	44,512	48,251	53,655	57,872	62,627
	43.4	43.1	44.0	45.9	48.9	49.3	54.7
	0.8	0.9	0.8	0.8	0.7	0.7	0.4
	3.9	5.4	6.6	6.0	10.4	6.8	6.3
	2,870	2,890	2,956	3,163	3,141	2,916	2,786
	1,599	3,405	4,733	1,604	1,267	1,458	8,543
	4,105	4,972	6,403	6,952	6,033	6,729	5,829
	(1,902)	(1,931)	(6,013)	(3,285)	(868)	(2,742)	(6,941)
	(361)	(1,025)	(781)	1,361	(3,686)	(2,035)	(11,685)
	11,815	13,826	13,430	18,450	20,146	22,324	9,547
	105.63	149.44	185.24	180.90	345.79	247.80	246.07
	2,759.81	2,781.29	2,861.73	3,150.74	3,507.76	3,766.62	4,074.00
	4.50/22.50	46.00	50.00	52.0	70.0	85.0	100.0
	42.6	30.8	27.0	28.7	20.2	34.3	40.6

Corporate Profile & Stock Information

Corporate profile (As of March 31, 2024)

Trade name: Shibusawa Logistics Corporation

Location of headquarters: 37-28, Eitai 2-chome, Koto-ku,
Tokyo, Japan

Date of foundation: March 30, 1897

Date of establishment: July 15, 1909

Share capital: 7,847 million yen

Number of Group employees: 1,289

Principal lines of business: **Logistics business**
(warehousing, harbor transportation, land
transportation, international multimodal transportation)

Real estate business

Stock information (As of March 31, 2024)

Total number of shares authorized: 48,000,000

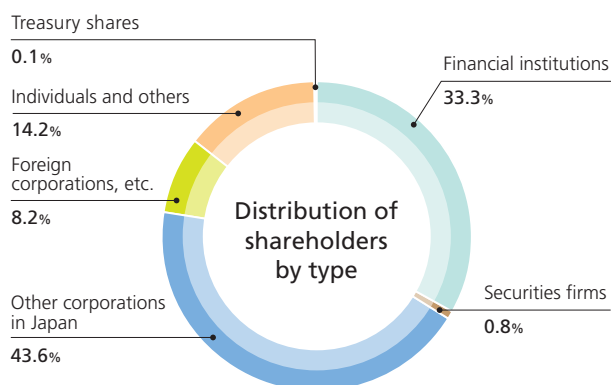
Total number of shares issued: 15,217,747

Number of shareholders: 3,490

Major shareholders

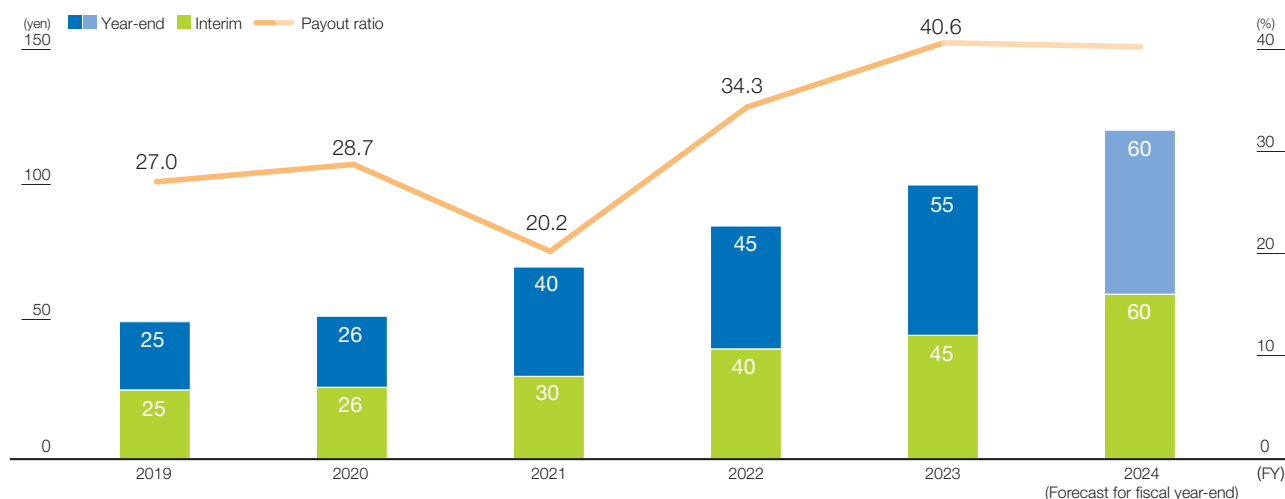
Name	Number of shares held (1,000 shares)	Shareholding ratio (%)
Pan Pacific International Holdings Corporation	1,448	9.5
The Master Trust Bank of Japan, Ltd. (Trust Account)	991	6.5
Tokio Marine & Nichido Fire Insurance Co., Ltd.	868	5.7
SHIMIZU CORPORATION	749	4.9
Custody Bank of Japan, Ltd. as trustee for Mizuho Bank Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.	749	4.9
The Toa Reinsurance Company, Limited	652	4.3
Chuo-Nittochi Co., Ltd.	528	3.5
Teikyo University	422	2.8
Custody Bank of Japan, Ltd. (Trust Account)	407	2.7
Saitama Resona Bank, Limited	400	2.6

Notes: 1. The shareholding ratio is calculated by deducting the number of treasury shares (13,359 shares) from the total number of shares issued.
2. The treasury shares do not include shares of the Company's stock (50,500 shares) in the Board Benefit Trust.



Note: Amounts and numbers of shares shown in this report are rounded down to the nearest unit indicated, and percentages are rounded off to the nearest decimal place indicated.

Dividend per share and payout ratio (Yen/%)

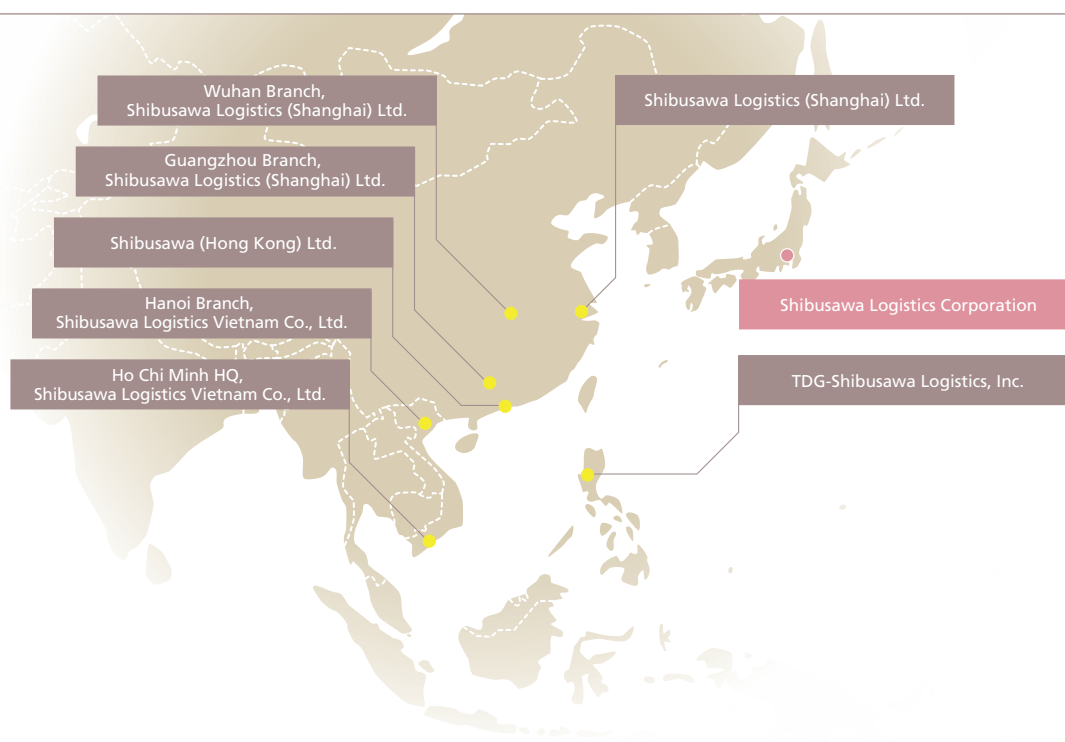


Group Network (As of March 31, 2024)

Group companies in Japan

The Shibusawa Transport Co., Ltd.	Head Office: 37-28, Eitai 2-chome, Koto-ku, Tokyo 135-8513, Japan https://www.shibusawa.co.jp/rikuun/ (in Japanese)
Omiya Transport Co., Ltd.	Head Office: 914-1, Onari-cho 4-chome, Kita-ku, Saitama-shi, Saitama 331-0815, Japan https://www.oomiya-tsuun.co.jp/ (in Japanese)
Nissho Transport Co., Ltd.	Head Office: 37-28, Eitai 2-chome, Koto-ku, Tokyo 135-8513, Japan https://www.nissho-unyu.co.jp/ (in Japanese)
Hokkai-Shibusawa Transport Co., Ltd.	Head Office: 3-46, Chuo 3-Jo 4-chome, Shiroishi-ku, Sapporo-shi, Hokkaido 003-0013, Japan https://hokkai.shibusawa.co.jp/ (in Japanese)
Shibusawa Facilities Co., Ltd.	Head Office: 37-28, Eitai 2-chome, Koto-ku, Tokyo 135-8513, Japan https://www.shibusawa-f.co.jp/ (in Japanese)
Heiwa Mirai Co., Ltd.	Head Office: 9-1, Toyoda 1-chome, Suruga-ku, Shizuoka-shi, Shizuoka 422-8650, Japan https://www.heiwa-mirai.co.jp/ (in Japanese)
Shibusawa Connect Co., Ltd.	Head Office: 37-28, Eitai 2-chome, Koto-ku, Tokyo 135-8513, Japan
Kyushu-Shibusawa Transport Co., Ltd.	Head Office: 9-26, Shimonofu 2-chome, Shingu-machi, Kasuya-gun, Fukuoka 811-0112, Japan
Chubu System Transport Co., Ltd.	Head Office: 822 Irukadeshinden, Komaki-shi, Aichi 485-0084, Japan https://chubu-system-butsuryu.co.jp/ (in Japanese)
Data Keeping Service Co., Ltd.	Head Office: 1-1 Kanda Ogawamachi, Chiyoda-ku, Tokyo 101-0052, Japan https://www.dks.co.jp/
Shibusawa DyDo Group Logistics Co., Ltd.	Head Office: Nakanoshima Central Tower 19F, 2-7 Nakanoshima 2-chome, Kita-ku, Osaka-shi, Osaka 530-0005, Japan

Logistics bases in China & Southeast Asia



Shibusawa Logistics Corporation

37-28, Eitai 2-chome, Koto-ku, Tokyo 135-8513, Japan
<https://www.shibusawa.co.jp/en>

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