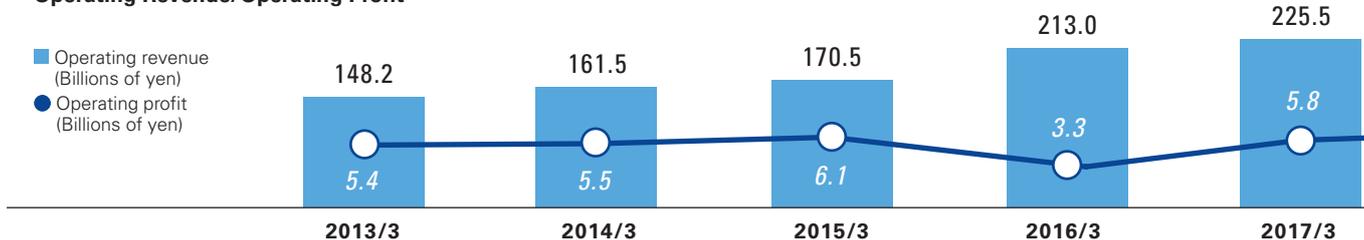


Medium-term Management Plan
2013–2015
MOVE 2013, MOVE 2015

FY2012 to FY2016	
External Environment	Outsourcing of logistics under way
Policy	Expansion of business through M&A and capital investment
Numerical Targets	MOVE2015 Operating revenue ¥280.0 billion Operating cash flow ¥20.0 billion Operating profit ¥11.0 billion Balance of interest-bearing debt ¥160.0 billion
	Numerical Results Operating revenue ¥225.5 billion Operating cash flow ¥12.5 billion Operating profit ¥5.8 billion Balance of interest-bearing debt ¥168.9 billion
Important Strategies	<ul style="list-style-type: none"> • Optimization of asset portfolio • Creation of group synergy and enhancement of productivity • Concentrated investment in growth areas in the Asia-Pacific region
Measures	[Expansion of business through M&A] • Mitsui-Soko Supply Chain Solutions, which possesses strengths in manufacturer logistics, joined the Group • Marukyo Logistics joined the Group for the purpose of reinforcing our transportation function [Expansion of business through capital investment] • Established new warehouses in Bangkok and Jakarta to strengthen Asian region • Established dedicated facility for healthcare, a growing field, in Kazo, Kanto region
	To break away from a dependence on the real estate business, we actively conducted M&A and made capital investments in growth fields to expand our business. While functions as a comprehensive logistics company were established, interest-bearing debt increased as a result of those investments. In addition, profit level was sluggish, brought about by a slowdown in consumer activity and a lack of Group-wide measures. Following a review of the business plan, we posted goodwill impairment loss in the fiscal year ended March 31, 2017.
Challenges	<ul style="list-style-type: none"> • Promoting PMI • Review of project-specific income and expense management and business portfolio • Early return to stable dividend

FY2017 to FY2021	
External Environment	Increase in logistics costs Supply chain rebuilding due to the pandemic
Policy	Laying foundation for rebuilding the financial base and sustainable growth
Numerical Targets	Operating profit ¥10.0 billion Balance of interest-bearing debt ¥130.0 billion or less ROE More than 9.0% Net D/E ratio 2.0 times or less
	Numerical Results Operating profit ¥25.9 billion Balance of interest-bearing debt ¥94.0 billion ROE More than 20.4% Net D/E ratio 0.9 times
Important Strategies	[Reversal Period] FY2017 to FY2019 • Reinforcement of the fundamental earnings power of our businesses • Rebuilding of our financial base • Strengthening of Group management [Sustainable Growth Period] FY2020 to FY2021 • Construction of overwhelming field capabilities • Establishment of integrated solution service • Promotion of ESG management • Reform of corporate culture
Measures	[Reversal Period] Sales were expanded by strengthening the inter-industry sales and solution sales as a unified group, and operating income increased due to the optimization of collection fees and group-wide cost reduction efforts. [Sustainable Growth Period] We built a system that can ensure steady earnings by improving our field capabilities and strengthening sales of our end-to-end integrated solution service. Aiming to be a company that can create value over the medium to long term, we achieved all numerical targets even in a harsh business environment as a result of having promoted ESG management and corporate culture reforms.
	Challenges <ul style="list-style-type: none"> • Continued profit growth • Improvement of market capitalization • Response to rapid environmental changes • Acceleration of ESG management • Construction of overwhelming field capabilities

Operating Revenue/Operating Profit



Medium-term Management Plan 2017
From Reversal to Sustainable Growth

Medium-term Management Plan 2022
Be the First-Call Company

“Going on the Offensive by Deepening”

Completion of Reversal

Reinforcement of the Fundamental Earnings Power of Our Businesses

- Reduced costs by ¥2.1 billion over three years from 2017 via Challenge 20, full-scale cost reduction measures that left no stone unturned
- Improved profit margins through thorough income and expenditure management by project
- Operating profit margin FY2016: 2.6% ⇒ FY2021: 8.6%

Rebuilding of Our Financial Base

- Reduced interest-bearing debt by approx. ¥75 billion over five years by curbing nonessential and non-urgent investments and selling inefficient assets and non-core businesses
- Early resumption of dividends in FY2018 and continued dividend increases thereafter

Strengthening of Group Management

- Consolidated customer contact points through the integration of domestic and international sales functions
- Established Strategic Sales Division, new cross-group functional departments
- Streamlined the organization

Measures for Sustainable Growth

Construction of Overwhelming Field Capabilities

- Created the Operation Management Division to promote initiatives across businesses and regions
- Developed standard operating procedures (SOPs) as a basis for standardization and enhanced the knowledge base
- Established methodology through standardization efforts at model offices

Establishment of Integrated Solution Service

- Strengthened integrated solution sales transcending the boundaries of group companies

Promotion of ESG Management

- Established the ESG Team
- Identified Materiality and established non-financial information KPIs

Reform of Corporate Culture

- Reformed personnel system/Changed mindset/Improved employee engagement
- Promoted personnel exchange at the management level
- Fostered a sense of group unity as One MITSUI-SOKO

Strengthening Management Base toward New Growth Phase

External Environment

Growing sustainability awareness

Increased importance of supply chain

Policy

Deepening the business model

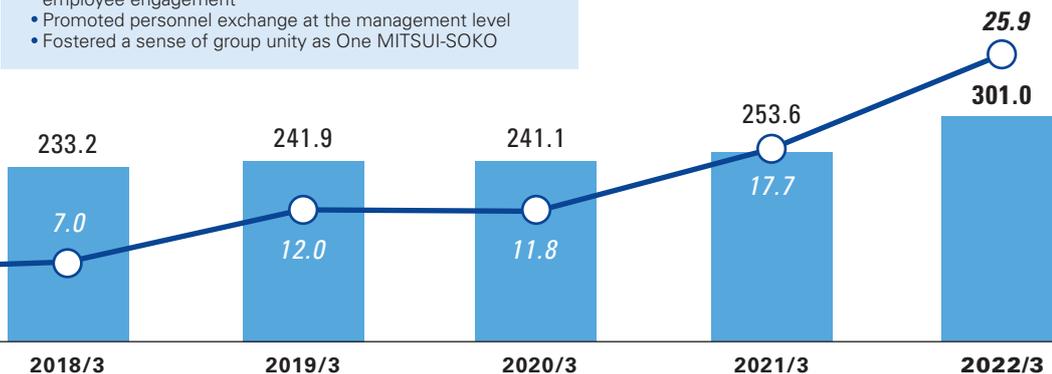
Reform of corporate culture

Growth Strategies

Top-line growth by mobilizing the Group's collective strength

Reinforcement of operational competitiveness

Building management foundation to support the deepening

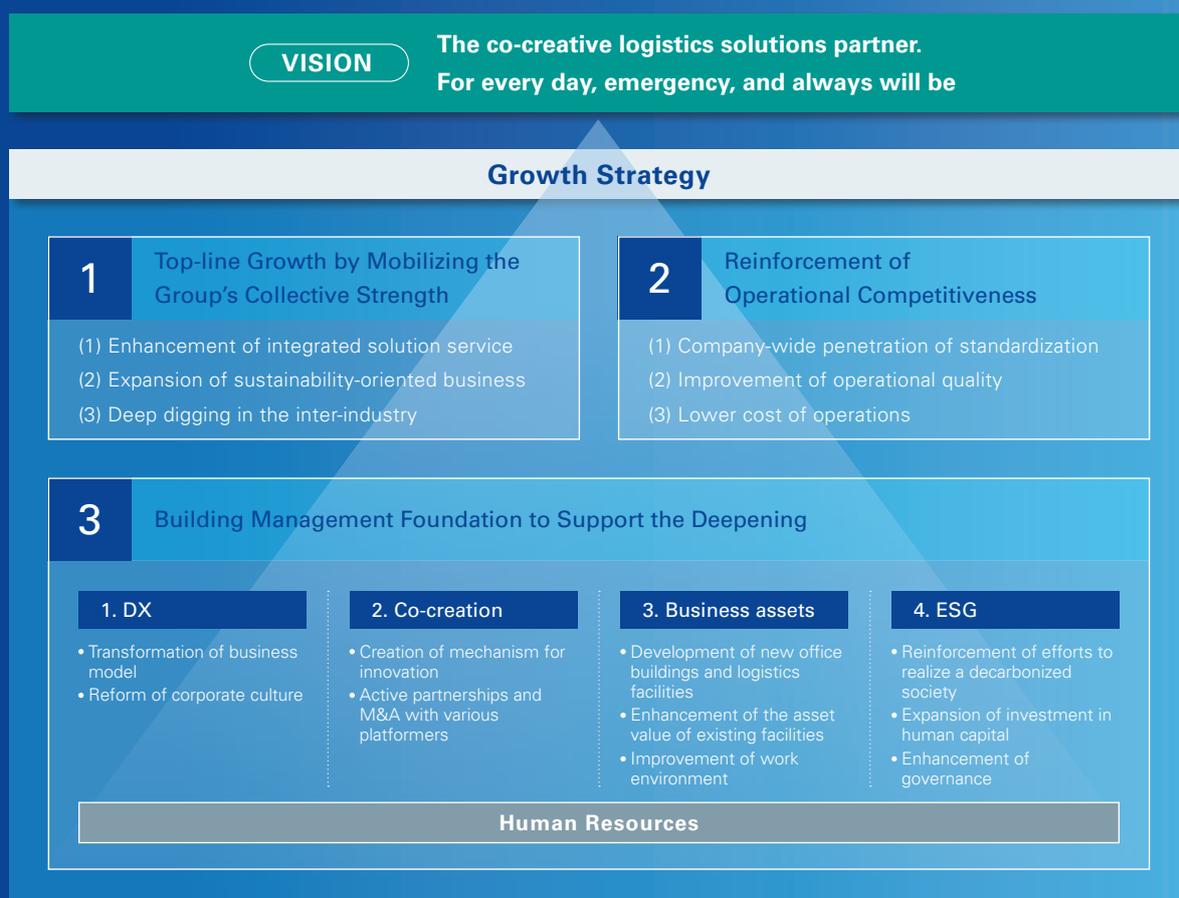


Medium-term Management Plan 2022

Be the First-Call Company

“Going on the Offensive by Deepening”

In order to realize our VISION, “The co-creative logistics solutions partner. For every day, emergency, and always will be,” we formulated a new five-year plan, Medium-term Management Plan 2022, with the fiscal year ending March 31, 2023, being the first year and the fiscal year ending March 31, 2027, the final year. Under the slogan, Be the First-Call Company “Going on the Offensive by Deepening,” in our newly formulated medium-term management plan we will regard “top-line growth by mobilizing the Group’s collective strength,” “reinforcement of operational competitiveness,” and “building management foundation to support the deepening” as the three pillars of our growth strategy, while going on the offensive with aggressive investment.



Numerical Targets			Financial Strategies			
Operating Revenue	Operating Profit	Operating CF	Strategic Investments	Payout Ratio	D/E Ratio	ROE
¥350 billion	¥23 billion	¥30 billion	¥100 billion	30%	1.0 times	Over 12%

1 Top-line Growth by Mobilizing the Group's Collective Strength

To improve the top line, we will concentrate on the Group's comprehensive strengths and promote business development. Specifically, we will promote a deepening of our integrated solution service, expanding our sustainability-oriented business with our competitive abilities to make and execute proposals, and digging deeper into our inter-industry operations by making the most of the Group's broad customer base and various logistics features.

1. Enhancement of integrated solution service

Due to the impact of COVID-19 and global destabilization, there is an increasing need for customers to transform their supply chains. We will further strengthen our end-to-end integrated solution service, which provides a wide range of flexible logistics services from upstream to downstream, optimize our customers' supply chains as a whole, and expand our customers' businesses from a logistics perspective. We will focus on the business areas of Mobility, Healthcare and B2B2C and on the geographical regions of Japan, China and Southeast Asia.



2. Expansion of sustainability-oriented business

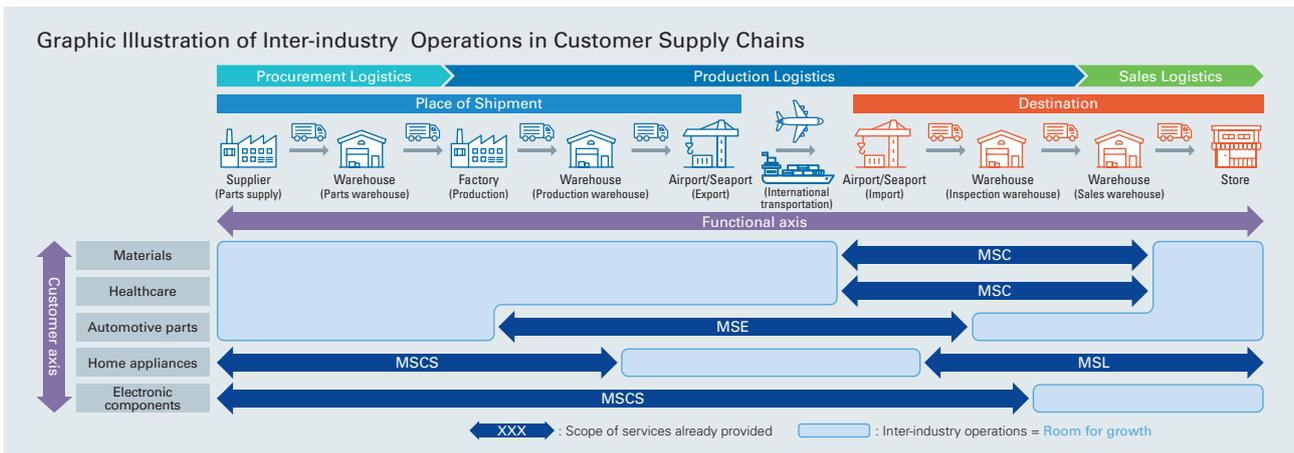
➔ P.45-46

In recent years, sustainability-related issues have become more diverse, subject to laws and regulations, as well as globalized, requiring companies to take comprehensive measures. Having launched a specialized service called "SustainaLink" that organizes the challenges that companies face regarding logistics sustainability into three categories—environmental risk, labor force risk, and disaster risk—the Group has started to provide services ahead of a full-scale increase in demand.



3. Digging deeper into inter-industry

Through M&A and other business expansion, the Group possesses a wide and excellent customer base and a full range of logistics functions. Each Group company offers different advantages in terms of its logistics functions and customer industry. Going forward, we will aim to improve the profit of our base operations by utilizing the Group's comprehensive strengths to capture the inter-industry areas where we have been unable to provide business services.



MSC: MITSUI-SOKO MSE: MITSUI-SOKO EXPRESS MSL: MITSUI-SOKO LOGISTICS MSCS: MITSUI-SOKO Supply Chain Solutions

2 Reinforcement of Operational Competitiveness

By deepening our efforts toward thorough standardization, we will realize our overwhelming field capabilities that combine the power of people with the power of technology. We also aim to secure a competitive advantage by improving the quality of our operations, and furthermore, to improve profitability by lowering the cost of operations.

› Aims and Specific Measures

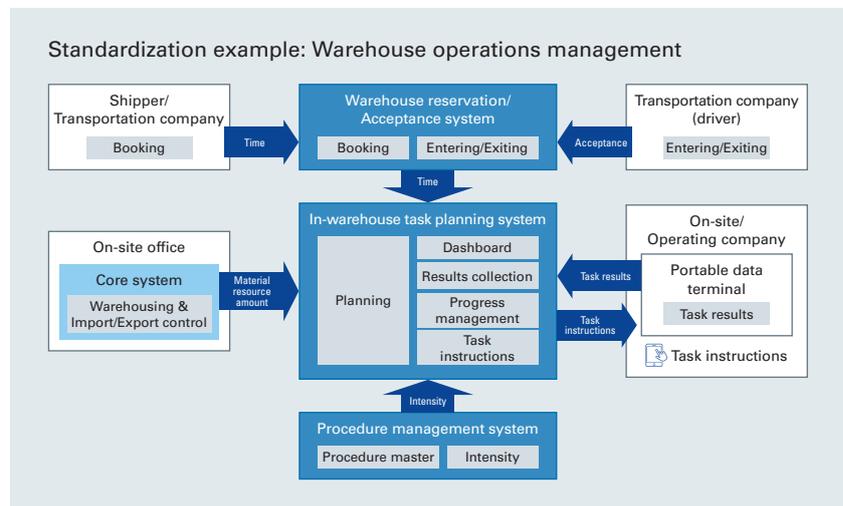
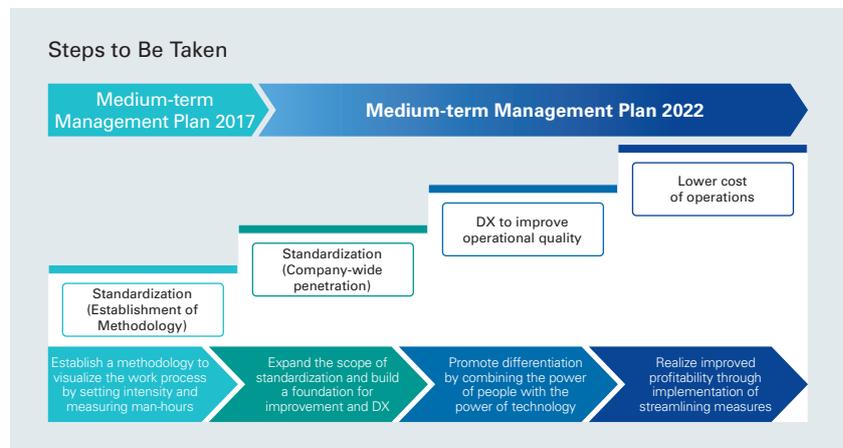
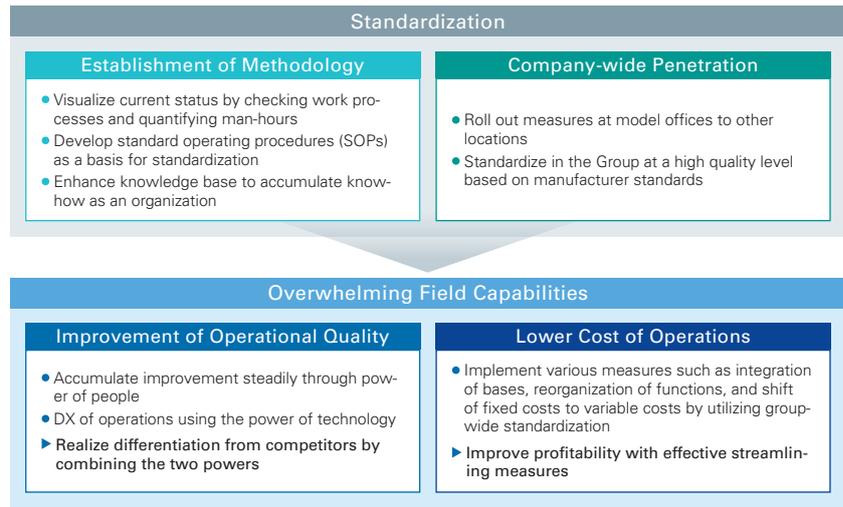
Thorough standardization is necessary to achieve overwhelming field capabilities. The Group is working on the establishment of methodology and company-wide penetration of standardization, and by combining the power of people (which will steadily accumulate improvement) with the power of technology from AI and robotics, we will realize an increase in profitability by improving operational quality and streamlining measures.

› Steps to Be Taken

While incorporating the improvement methods of Toyota, our joint venture partner, under our previous medium-term management plan, we have been engaging in the following establishment of methodology for standardization:

- Ascertain status with regard to unreasonableness, wastefulness, and irregularities
- Visualization of gaps between ideal state and current situation
- After classifying and prioritizing problems, develop plans, and make improvements

Going forward, in addition to realizing low-cost, high-quality logistics services by expanding the standardization methodology on a company-wide basis and promoting the efficiency of standardized work, we will set appropriate fees relating to individual operations and work to spread awareness of standardization throughout the Company. We will also build a foundation for the DX phase by promoting digitization and digitalization, realize low-cost operations through functional reorganization and human resource mobility, and set in stone the Group's competitive advantage.



3 Building Management Foundation to Support the Deepening

To underpin top-line growth by mobilizing the Group's collective strength and the reinforcement of operational competitiveness, we will work on building management foundations to support the deepening from the four aspects of DX, co-creation, business assets, and ESG. Furthermore, we will position human resources as the foundation of management and promote system reforms and personnel exchanges.

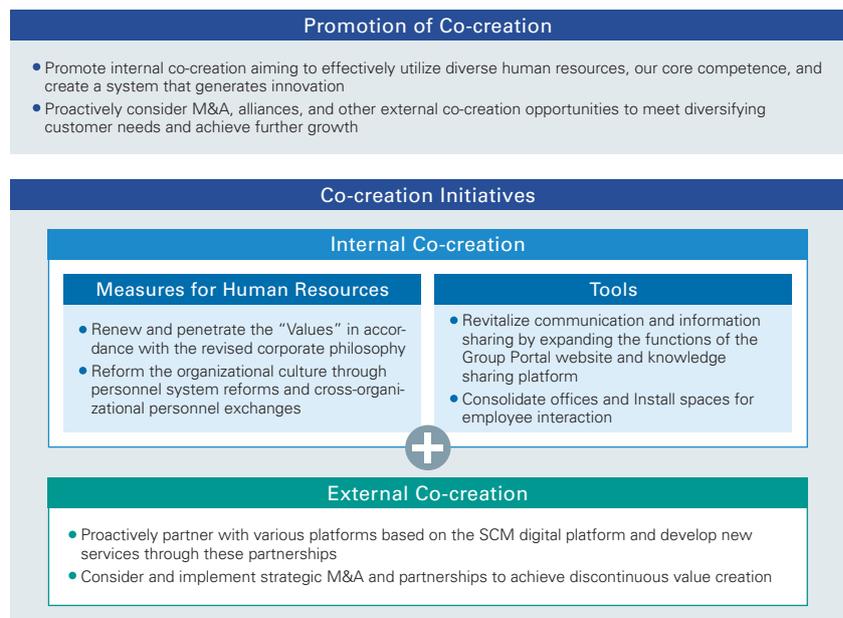
1. DX

[▶ P.41-43](#)

To create social value through the digitization and visualization of information in the supply chain, we formulated the Mitsui-Soko Group DX Strategy in November 2021, and in April 2022, we were selected as a DX-Certified Operator by Ministry of Economy, Trade and Industry (METI) of Japan. Based on the recognition that customers' DX cannot be achieved without logistics DX, we will create new value through initiatives for each measure in line with our strategy.

2. Co-creation

To promote innovation and continue to originate new value, we will not only promote internal co-creation within the Group but also promote co-creation with external companies, including those in other industries. In addition to improving the quality of internal co-creation and creating an organization where diverse human resources can play active roles by expanding personnel exchanges and communication measures, we will actively promote DX promotion and co-creation with external parties in anticipation of further growth.



3. Business Assets

[▶ P.58](#)

The implementation of a wide range of corporate real estate (CRE) measures, including investment in new logistics facilities utilizing IoT and robotics, scrap and build of existing assets, and investment in maintenance and renewal, will lead to the effective utilization and value enhancement of assets held.

4. ESG

[▶ P.49-56, 79-86](#)

Having established a Sustainability Committee, we are promoting company-wide ESG-related activities. In relation to the environment, we will contribute to the realization of a decarbonized society by promoting information disclosure in line with the TCFD recommendations and working on measures to achieve medium- to long-term targets for reducing CO₂ emissions. In terms of social aspects, we will implement measures to improve employee engagement, which will contribute to the strengthening of human capital, as well as business and human rights responses in an effort to realize a safe and satisfying work environment for everyone.

Nobuo Nakayama

Representative Director and
Senior Managing Director
Chief Financial Officer



Having completed the five-year Medium-term Management Plan 2017, we are on track to rebuild our financial base and, from fiscal 2022, will begin our next great leaps forward under the new Medium-term Management Plan 2022. To support the deepening of initiatives for sustainable growth, I will put into effect aggressive financial strategies and aim to further improve corporate value.

Summary of Medium-term Management Plan 2017

When we launched Medium-term Management Plan 2017 in the fiscal year ended March 31, 2017, we had recorded a significant impairment loss, therefore fundamentally strengthening our business profitability and rebuilding our financial base were top priorities and essential issues. We adopted as numerical targets operating profit of ¥10 billion, an interest-bearing debt balance of ¥130 billion or less, net D/E ratio of 2.0 times or less, and ROE of more than 9.0%. Profitability improved significantly, and operating cash flow also increased steadily as a result of undertaking a raft of measures—such as cost reduction reviews that left no stone unturned, the optimization of fees received by thorough income and expenditure management for each project, the promotion of high value-added services such as healthcare, and solution services as a group. The capturing of special demand caused by the impact of COVID-19 also contributed, and in the final year of the plan, the fiscal year ended March

31, 2022, operating income grew significantly to ¥25.9 billion. We also reduced interest-bearing debt to ¥75 billion by curbing non-essential and non-urgent investments and selling inefficient assets and non-core businesses and, at the end of the fiscal year ending March 31, 2022, achieved interest-bearing debt of ¥94 billion, a net D/E ratio of 0.9 times, and ROE of 20.4%. These achievements were well above our targets. As of August 2022, the ratings of domestic agencies JCR and R&I had returned to the levels before the recording of impairment losses in 2017, adjudging that over the five years we had been largely successful in achieving the rebuilding of our financial base.

I believe that a contributory factor in why we were able to achieve our goals at a faster pace than expected comes down to the fact that each employee did what they were supposed to do. There is no easy road to improving profitability: First, undertaking cost reductions based on our own operational efficiency: Second, working to optimize the fees collected, based on visualization of the profit structure: And third, increasing sales in fields with higher profit margins. Everyone worked

steadily on these steps, and the confidence they gained in the process of producing results created a virtuous circle, which ultimately led to the achievement of each goal.

Meanwhile, there are still some issues that remain unresolved. Among them, I would like to achieve an increase in market capitalization—the value of the Company from the perspective of the market—during the period of the new medium-term management plan.

Financial Strategies under Medium-term Management Plan 2022

The newly launched Medium-term Management Plan 2022 positions the five-year period from fiscal 2022 as a “growth phase in which we will further

deepen measures for sustainable growth and go on the offensive with our unique business model.” In particular, I would like us to take advantage of our Group’s strengths, such as our comprehensive lineup of logistics functions and domestic and overseas networks, to respond flexibly to changes in the environment, and seize a variety of business opportunities.

We have set three numerical targets for the final year of the plan: operating revenue of ¥350 billion; operating profit of ¥23 billion; and operating cash flow of ¥30 billion. With regard to operating profit, since the actual value is ¥17 billion, after having deducted the special factor of about ¥9 billion due to the COVID-19 pandemic from the ¥25.9 billion for the fiscal year ended March 31, 2022, we aim to accumulate ¥6 billion over the five-year period. Based on the aim of expanding the business scale through aggressive investment, and in recognition of the growing importance of cash

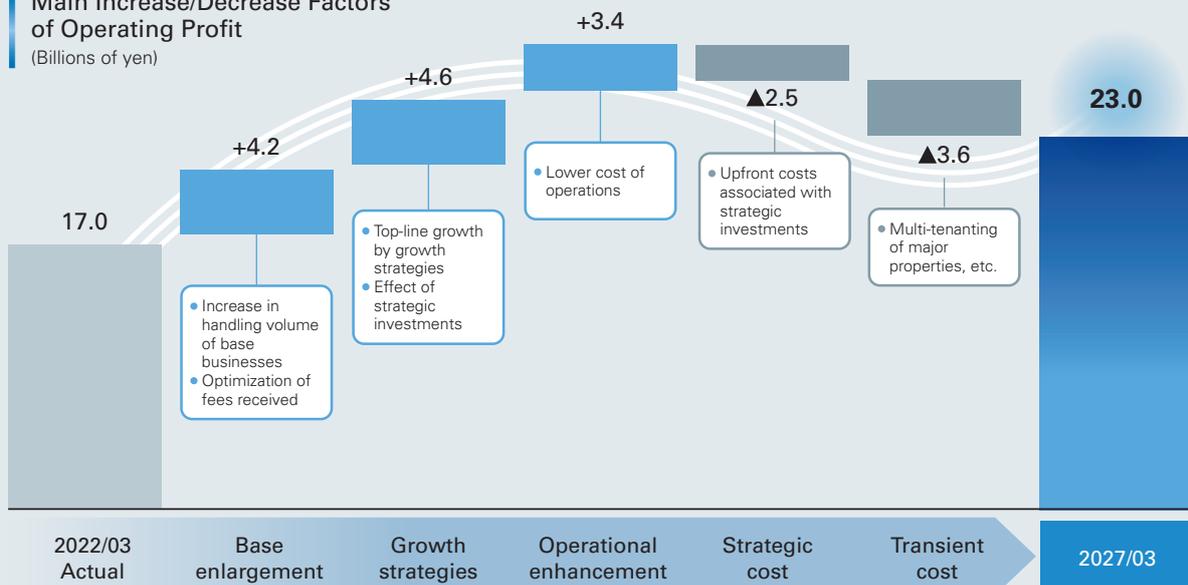
Numerical Targets

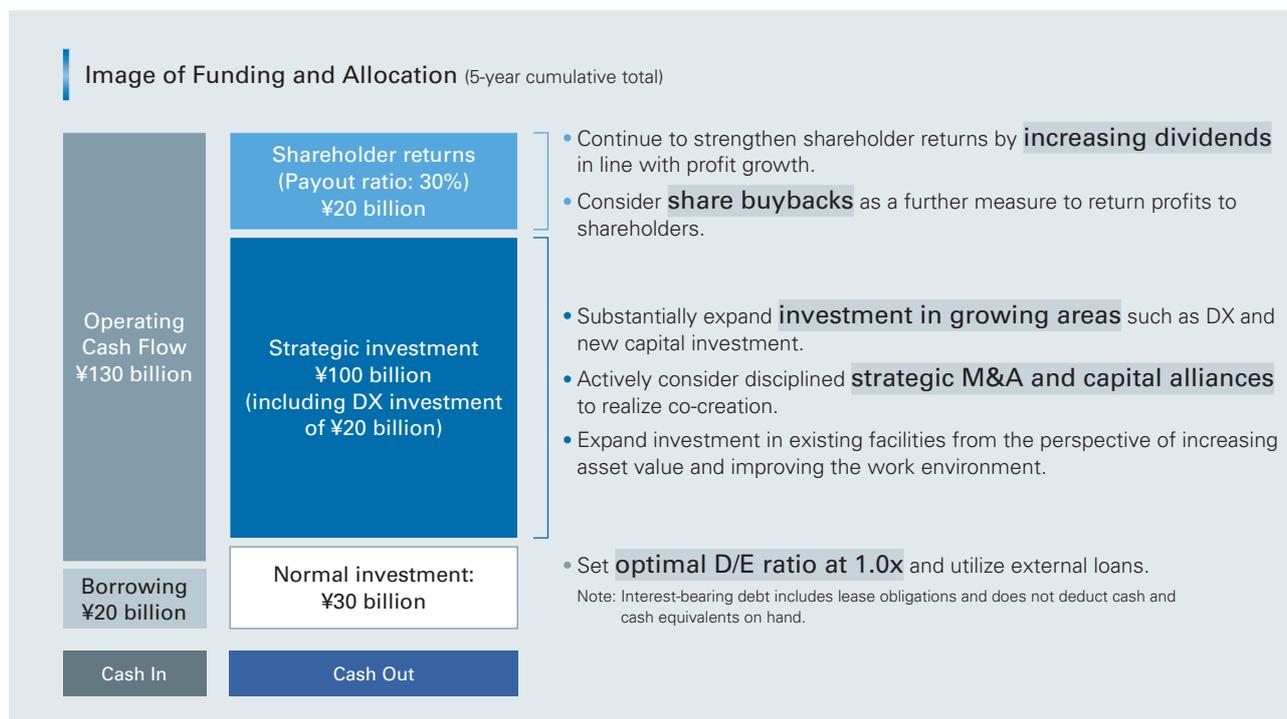
(Billions of yen)

	MOVE2015 (2017/03)	Medium-term Management Plan 2017 (2022/03)			Medium-term Management Plan 2022 (2027/03)
		Result	Actual value		
Operating Revenue	225.5	301.0	260.0	6% growth/year	350.0
Operating Profit	5.8	25.9	17.0	6% growth/year	23.0
Operating Cash Flow	12.5	23.1	21.0	7% growth/year	30.0

Main Increase/Decrease Factors of Operating Profit

(Billions of yen)





flow management, on this occasion we have set operating revenue and operating cash flow as KPIs in addition to operating profit.

As for our financial strategy, we anticipate a cumulative total cash inflow of ¥150 billion, consisting of ¥130 billion in operating cash flow and ¥20 billion in borrowings, over the five-year period. We are planning to allocate ¥100 billion for strategic investment, ¥30 billion for ordinary investment, including the maintenance or renewal of existing facilities, and ¥20 billion for shareholder returns. By having established a financial base and profitability during the period of the previous medium-term management plan, we are now able to allocate funds that were previously used to reduce interest-bearing debt to active investment and shareholder returns. This point represents a major change from the previous medium-term management plan.

In terms of strategic investment, we plan to actively invest in growth areas, such as new capital investment and M&A, including DX investment of ¥20 billion. As regards DX investment, we will mainly invest in cloud utilization and big data analysis, which will contribute to the optimization of customers' SCM. Believing that DX will be a key point in dealing with all environmental, labor force, and disaster-related risks, even in SustainaLink, which is a service that supports customer sustainability, we will continue to make aggressive DX investments in the years to come. Concerning M&A, we are still considering specific industries

and timing but, as one of our growth strategy options, we will explore a wide range of opportunities while ascertaining factors that include business growth potential, profitability, risks, and synergies. At this point in time, strategic investment does not mean setting in stone a five-year investment plan. I would like to appropriately determine the timing of investment and, depending on the situation, respond flexibly by giving consideration to ESG finance and other factors. The primary objective here is to increase operating cash flow. In the belief that the investments made during the next five years will greatly influence the Group's future over the next 10 to 20 years, I would like to respond in a proactive yet equally shrewd and deft manner.

Using ROE as a major financial indicator, the Group also promotes management that emphasizes capital efficiency. Under Medium-term Management Plan 2022, we have set a target ROE figure of more than 12% and, to maintain this figure, aim to maintain a high level of capital efficiency. In addition, as a financial rule for the future, we will set an optimal D/E ratio of 1.0 times and aim to expand and grow our business while utilizing appropriate financial leverage.

At the close of the fiscal year ended March 31, 2022, total shareholder return (TSR) stood at 165%, maintaining a higher level than the logistics-related sector average of 140%. Going forward, we will continue to conduct management with this

indicator in mind.

In the expectation that the impact of the COVID-19 pandemic will gradually taper off in the fiscal year ending March 31, 2023, we are forecasting operating revenue of ¥300 billion, operating profit of ¥22.5 billion, ordinary profit of ¥22 billion, and net profit for the period of ¥13.5 billion.

Concerning Our Shareholder Return Policy

Under Medium-term Management Plan 2022, the Company's basic policy on the distribution of funds is to achieve both proactive investment and enhanced shareholder returns. For dividends, we will implement a policy of flexible dividends linked to performance, with a consolidated dividend payout ratio of 30% as our standard.

As I mentioned earlier, due to the recording of an impairment loss in the fiscal year ended March 31, 2017, we stopped paying dividends regrettably from the end of that same fiscal year, and so their resumption was uppermost in my mind. Thereafter, we resumed paying dividends from the fiscal year ended March 31, 2019, and have increased dividends every year since then. With regard to the dividend levels, however, they have remained low compared with the average value on the Prime Market of the Tokyo Stock Exchange, so we have now raised the consolidated dividend payout ratio to 30% to enhance shareholder returns and increase shareholder value. While continuing to strengthen shareholder returns by increasing dividends in line with profit growth, we will consider share buybacks while taking into account the status of various indicators as a further measure to return profits to shareholders.

For the dividend for the fiscal year under review, we decided to pay a year-end dividend of ¥94.00 per share for a consolidated dividend payout ratio of around 30% on the second-half earnings, combined with the interim dividend (¥35 per share) for an annual dividend of ¥129 per share. Based on the above dividend policy, we are planning to pay an annual dividend of ¥164 per share for the fiscal year ending March 31, 2023.

Promotion of ESG Management

Promoting management from an ESG perspective, the Mitsui-Soko Group is strengthening its efforts,

which are focused on the ESG Team that was newly established in 2021. As I touched upon when mentioning strategic investments, to expand our sustainability-oriented business, we will continue to invest in SustainaLink, including DX, in the years to come. In our internal efforts, we will also invest in, for example, energy-saving equipment and solar power generation, which will lead to a reduction of environmental impact and improvements in human and intellectual capital. In addition to financial value, we will thereby increase non-financial value, which does not appear in financial indicators, leading in turn to an increase in corporate value. We also issued a green bond (unsecured corporate bond) to fund the construction of the Kanto P&M Center B Building, our logistics facility dedicated to the healthcare business that was completed in June 2021. Going forward, I will continue to position and consider ESG finance, including green bonds, as a strategic procurement method.

Toward Sustainable Growth

I recognize that my role as CFO is to formulate and execute financial strategies designed to maximize the Group's growth and profits. As an officer of the Company, I consider that it is also an important duty for me to constantly run PDCA cycles and perform maintenance on a variety of resources, including people, goods, information, and customer bases.

What I usually communicate within the Company is the importance of having discussions based on data. "Employees evolve by having discussions based on data" is a pet theory of mine. Thus, a variety of information and data is not being monopolized by some, such as those in senior management, but disclosed and shared equally with everyone. By doing so, employees will be able to think about what to do for themselves and take action, which will lead to a whole range of positive effects, such as improving work efficiency and productivity, facilitating communication, and fostering a culture of taking on challenges. For several years, I have arranged opportunities to give lectures on this kind of thinking within the Company, and feel that the level of our employees is improving year by year. Please expect great things from the Mitsui-Soko Group as we head toward our next great leaps forward.

New Medium-term Management Plan DX Strategy

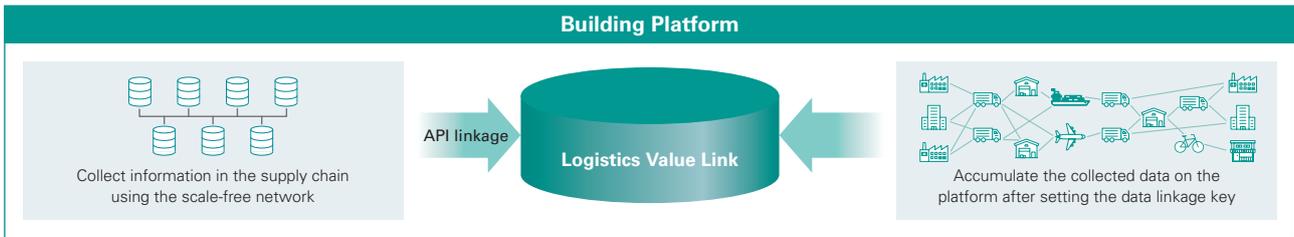
Including the need for supply chain transformation, the environment surrounding the logistics business is changing rapidly. Through the digitization and visualization of information in SCM, the Mitsui-Soko Group formulated its DX strategy in November 2021, prior to the new medium-term management plan, with the aim of creating social value. By collecting information in the supply chain on our Logistics Value Link SCM digital platform and utilizing the accumulated data, we will promote “offensive DX” and “defensive DX” to transform and optimize our business. In April 2022, we established a new specialized organization. In addition to the functions related to the construction and promotion of SCM platforms and the improvement of business efficiency using RPA and other technologies, which we have been working on, we have newly established the function of business solutions. In the new medium-term management plan, we have positioned “DX” as one of the most important measures, by pressing ahead with both “offensive” and “defensive” measures, we will improve the corporate value of our customers and the competitiveness of our group.



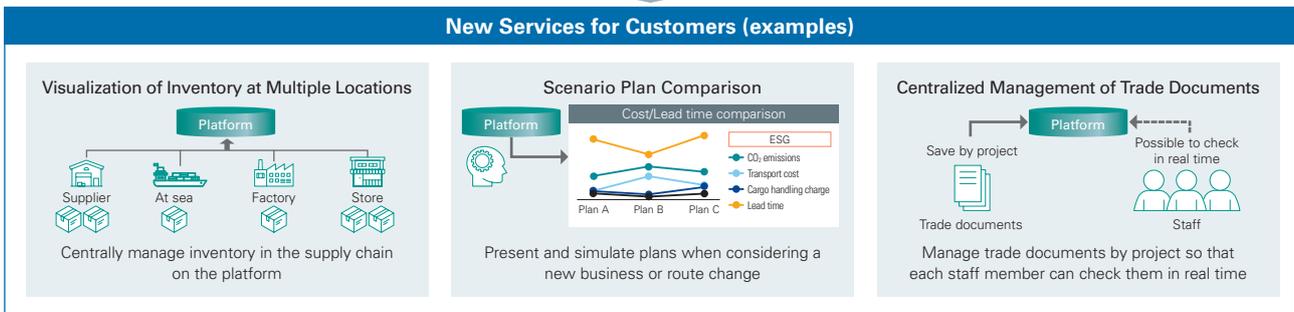
Having completed the development of the DX strategy and structure, we were certified by the Ministry of Economy, Trade and Industry as of April 1, 2022.

1 Business transformation by developing services for customers: Offensive DX

We are developing microservices (apps) that accumulate SCM information collected in Logistics Value Link in a state that allows data linkage and expansion, and thereby solves customers' logistics problems. Specifically, we will provide services that contribute to improving customer profits and productivity, such as the centralized management of inventory at multiple bases in the supply chain, proposals of optimal bases and routes, and the streamlining of trade operations.



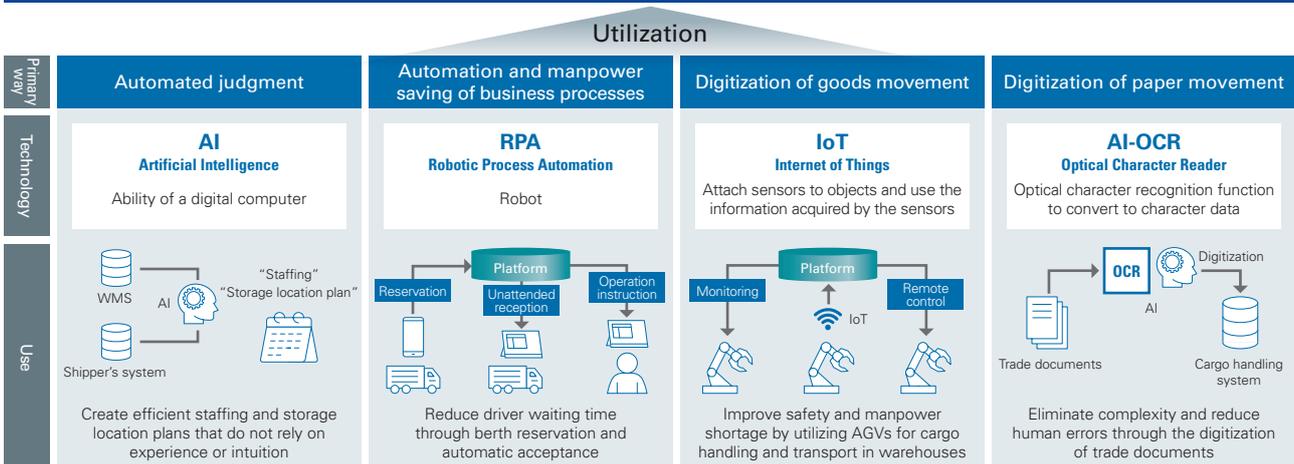
Analysis, streamlining, and optimization



2 Business optimization that leverages the latest digital technologies: Defensive DX

Respond to Smart Logistics

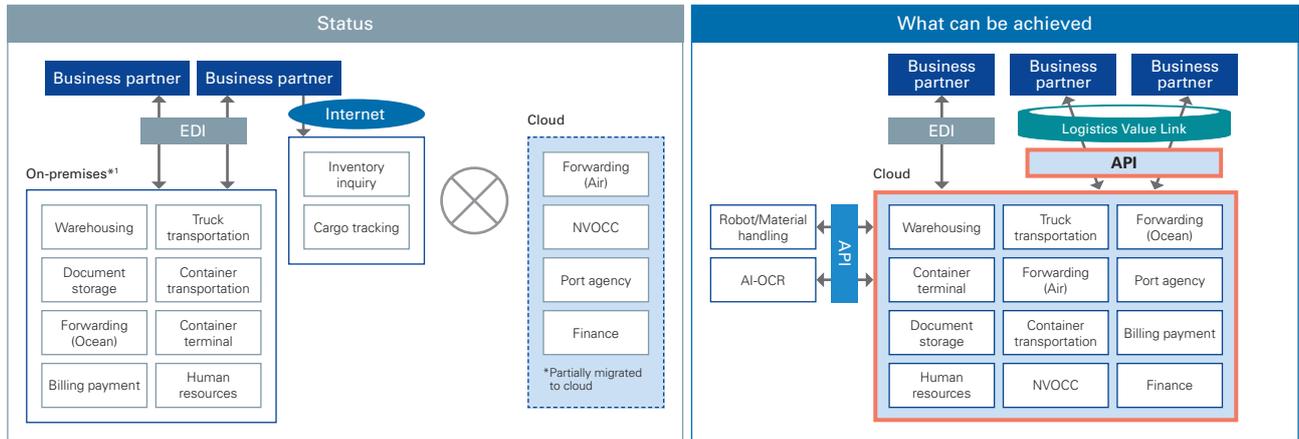
Through the use of the latest technologies such as AI and RPA, we will work on the automation of paperwork and decision making, and the digitization of paper and the movement of goods, in order to respond to smart logistics for various optimization of logistics.



New Medium-term Management Plan DX Strategy

Implementation of Core System DX

We are rebuilding our core system in line with our group’s business strategies and the characteristics of our operations and systems. Migrating our core system to the cloud environment will improve availability, level investment, and increase compatibility with our Logistics Value Link platform, leading to offensive DX.



Challenges

- Risk of malfunctions due to aging infrastructure and uneven investment cycle
- Strain placed on networks linking systems in transitional period
- Construction of 1:1 data exchange between customers and business partners
- Systems for customers constructed on the DeMilitarized Zone (DMZ)

Measures

- Improving availability and leveling investments by migrating to the cloud
- API linkage with platforms and external systems
- Improved development and operational efficiency through containerization
- Customer services built on the platform

*1 On-premise: Information systems such as servers and software are installed and operated in facilities managed by the user (or, in the case of business use, the company)

*2 A segment on a network created between an external network such as the Internet) and an internal network

Construction of Knowledge Sharing Base

We are revamping our group portal site and encouraging the accumulation of group knowledge and cross-organizational communication and collaboration. By transforming tacit knowledge into explicit knowledge and building a system that promotes information sharing, we will realize improvements in our human and intellectual capital.

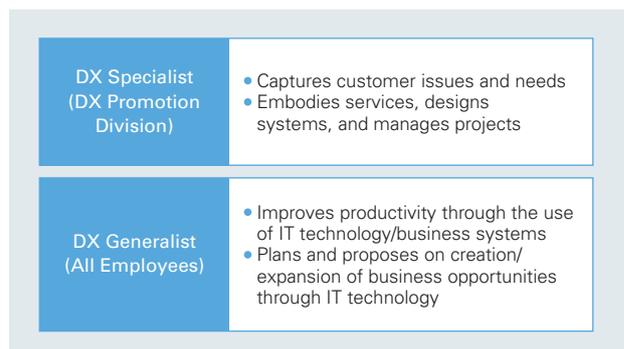
Building of DX Promotion Structure

Having established a Digital Strategy Division at MITSUI-SOKO HOLDINGS Co., Ltd. in April 2022, we are building a company-wide DX promotion structure. In addition to promoting DX throughout the Group and improving productivity, the new organization possesses a business solution function to provide IT solutions to customers in collaboration with the sales division and will play a role of leading the Group’s DX from both offensive and defensive aspects.



Strengthening DX Human Resources

Promoting a DX strategy to transform business models and corporate culture necessitates the strengthening of DX human resources. To address the accumulation of advanced IT expertise and human resource stabilization, we will introduce a new IT specialist system and train DX specialists. To promote DX, it is also important for all employees to understand the fundamentals of DX and improve their digital literacy. We will encourage the development of employee training environments and the systemization of operations as well as spread the raising of digital skills among all employees.



New Medium-term Management Plan

Relationship between Medium-term Management Plan 2022 and Materiality

		Materiality										
		Economy			Social			Environment				
		Provision of sustainable, resilient logistics services through co-creation 			Realization of safe, diverse, and rewarding work environments 			Contribution to a decarbonized, circular economy by actively reducing environmental impact 				
Development and provision of sustainable logistics services	Supporting optimization of supply chain management that underpins customers' businesses		Building of partnerships for sustainable logistics	Creation of safe and rewarding work environments	Promotion of health management	Promotion of diversity	Response to climate change	Utilization of renewable energy	Reuse and reduction of resources			
Medium-term Management Plan 2022 Growth Strategies	Top-line Growth by Mobilizing the Groups' Collective Strength	01 Enhancement of integrated solution service	●	●								
		02 Expansion of sustainability-oriented business	●	●	●	●			●	●	●	
		03 Deep digging in the inter-industrial business		●								
	Reinforcement of Operational Competitiveness	01 Company-wide penetration of standardization	●	●		●						
		02 Improvement of operational quality	●	●		●						
		03 Lower cost of operations	●	●		●						
	Building Management Foundation to Support the Deepening	01 DX	●	●	●	●		●	●			
		02 Co-creation			●			●	●			
		03 Business assets	●			●			●	●		
		04 ESG	●			●	●	●	●	●	●	

Provision of Sustainable, Resilient Logistics Services through Co-Creation

Basic Policy

Under the PURPOSE of Empower society, encourage progress, the Mitsui-Soko Group is promoting the “provision of sustainable and resilient logistics services through co-creation,” to help enable the simultaneous achievement of the

sustainable growth of society and its customers and an increase in the corporate value of the Group. We will create new value while Co-Creating with customers and various stakeholders in order to connect the evolution of society.

Promotion Framework

The Group works to regularly share and coordinate measures designed to improve sales among those responsible for sales at each Group company. In addition, important matters that assist management are discussed and decided upon by the Group

Management Council (comprising MITSUI-SOKO HOLDINGS Co., Ltd. company directors and representative directors of all operating companies) and the Board of Directors.

SustainaLink – Supporting the Sustainability of Logistics

Relevant KPIs: Expansion of businesses arising from social issues, DX promotion, Expansion of partnerships

The Group offers SustainaLink as a service that supports the sustainability of logistics. SustainaLink identifies logistics risks from the three perspectives of the environment, labor force, and disaster, which are social issues in logistics. The service supports customers in achieving stable supply chains by establishing measures to deal with these risks by following the three steps of “Know,” “Visualize,” and “Improve.”

One of SustainaLink’s menu items, “CO₂ emissions calculation” can be calculated for international logistics, including in Japan. This calculation method has received a validity evaluation based on ISO 14064-3* from a third-party

evaluation organization (DNV Business Assurance Japan K.K.). In response to “visualized” CO₂ emissions, we propose emission reductions through the streamlining of logistics to support our customers in realizing decarbonized management.

Going forward, we will work to deepen the SustainaLink service while supporting the building of sustainable logistics systems for our customers through the visualization and improvement of the logistics risks they are facing.

*ISO 14064-3: Specification with guidance that define rules for validating and verifying GHG calculations stipulated by the International Organization for Standardization (ISO)

Risks Surrounding Logistics



Growing social trend toward carbon neutrality

- Increasing importance of climate change-related disclosure and response measures
- Significant cost increase due to carbon tax introduction
- CO₂ emission reduction requests in the supply chain



Labor risk

- Growing labor shortages in the logistics industry
- Compliance with new laws and regulations
- Soaring logistics labor costs



Increasing severity and frequency of natural disasters and spread of infectious diseases

- Losses due to distribution network outages
- Loss of sales opportunities due to pauses in production
- Increasing reputation risk

SustainaLink Service



Environmental Risk

CO₂ emitted and waste generated by logistics



STEP 1 [Know]

Know the current system and future trends of CO₂ and waste



STEP 2 [Visualize]

Visualize CO₂ and waste emissions



STEP 3 [Improve]

Reduce and offset CO₂ and waste emissions

Solution Case Study

Issues

- Decrease in transport efficiency due to low-volume, high-frequency transportation
- Increase in CO₂ emissions

Proposal

- Introduction of just-in-time (JIT) logistics centers as a solution

Results

- Curbed frequency of long-distance transportation and realized simultaneous transportation of raw materials in bulk depending on amounts supplied to factories
- Reduced number of trucks by 4,000 (approx. 63% reduction)
- Reduced CO₂ emissions by 1,000 tons (approx. 80% reduction)



Labor Force Risk

Shortages of logistics personnel



STEP 1 [Know]

Know the status and future trends of the logistics labor force



STEP 2 [Visualize]

Visualize work, transportation, and office personnel and work-hours



STEP 3 [Improve]

Streamline and automate work, transportation, and office tasks to reduce number of personnel

Solution Case Study

Issues

- Labor shortage on operational frontline of distribution warehousing
- Limitations on streamlining of operations

Proposals

- Work-hour analysis of existing cargo handling work using industrial engineering methodology
- Introduction of mechanized and automated equipment for cargo handling work

Results

- Reduced hundreds of operations staff by about half
- 70% of all processes mechanized, and achieved 24-hour operations and 200% increase in shipping capacity
- Approx. 20% reduction in total hours worked per day



Disaster Risk

Concerns that logistics operations may stop in the event of a disaster



STEP 1 [Know]

Know the logistics risks due to disasters, etc.



STEP 2 [Visualize]

Assume and visualize logistics risks such as disasters



STEP 3 [Improve]

Build a disaster-resilient logistics system

Solution Case Study

Issues

- Vulnerability to disaster risk
- Fulfillment of equipment at warehouse facilities

Proposals

- Analyses of inventory bases from a business continuity plan (BCP) perspective
- Utilization of warehouse facilities equipped with seismic isolation and private power generation systems

Results

- Realization of logistics base network that is less susceptible to disasters

Visualization of CO₂ Emissions Generated by Mitsui Chemicals, Inc.'s International Transportation
Toward real-time visualization of CO₂ emissions by utilization of DX

In collaboration with Mitsui Chemicals, Inc., Mitsui-Soko Holdings has calculated the CO₂ emissions generated from the international transportation of Mitsui Chemicals's products over the past three years. We calculate CO₂ emissions after having conducted analyses of tens of thousands of data points for each transportation mode, product, transportation section, etc. In the years to come, we plan to promote collaboration, such as on the real-time visualization of CO₂ emissions, through our logistics digital platform.

We will visualize the effects of reducing CO₂ emissions in the supply chains of our customers, including Mitsui Chemicals, and propose specific logistics solutions for actual reductions.

Calculation method

1. Besides sea and air, targets intermodal transportation utilizing multiple transportation modes, such as railroads and trailers, throughout the world.
2. Even if the same transportation mode is used, highly accurate calculations are performed by taking into account the differences in CO₂ emission coefficients, which differ from region to region.



Materiality **Economy**

Deepening of Healthcare Logistics Services

Relevant KPI: Expansion of partnerships

It is important to stably supply life-saving pharmaceuticals and medical devices when and where they are needed while maintaining quality. Due to recent changes in social conditions and the emergence of supply chain disruption risks due to the COVID-19 pandemic, the need to build stable healthcare logistics is increasing both in Japan and overseas.

The Mitsui-Soko Group is able to provide high value-added logistics services in the healthcare logistics of pharmaceuticals, medical devices, investigational new drugs, regenerative medicine products, etc., by having obtained a variety of licenses, such as pharmaceutical manufacturing licenses and pharmaceutical wholesale sales licenses. Going forward, we are expanding partnerships with our customers and building sustainable and robust logistics services through co-creation to further strengthen healthcare logistics.

➤ **Acquisition of CEIV Pharma* Certification**

Aiming to further improve the quality of pharmaceutical transportation in international air transportation, MITSUI-SOKO EXPRESS has participated in the KIX Pharma Community hosted by Kansai International Airport (Kansai Airports Co., Ltd.), and has been working to strengthen its quality control system in line with global standards. In March 2022, we acquired CEIV Pharma, the International Air Transport Association (IATA)'s pharmaceutical air transport quality certification. We are also participating in the Narita Airport Community hosted by Narita International Airport Corporation, and are working to obtain this certification during fiscal 2022.

Through the acquisition of these certifications, we are responding to the increasingly sophisticated and diversifying global needs for pharmaceutical transportation and, under strict quality control systems, providing one-stop domestic and overseas pharmaceutical air transportation services that are safer and of higher quality.



***CEIV Pharma**

The abbreviation for the Center of Excellence for Independent Validators in Pharmaceutical Logistics. A quality certification program for pharmaceutical air transport developed by the IATA. A common global standard for pharmaceutical air transportation, CEIV Pharma comprehensively covers GDP (Good Distribution Practice: quality control in the distribution process of pharmaceuticals) of countries around the world.

➤ **Strengthening of Transportation and Delivery Networks**

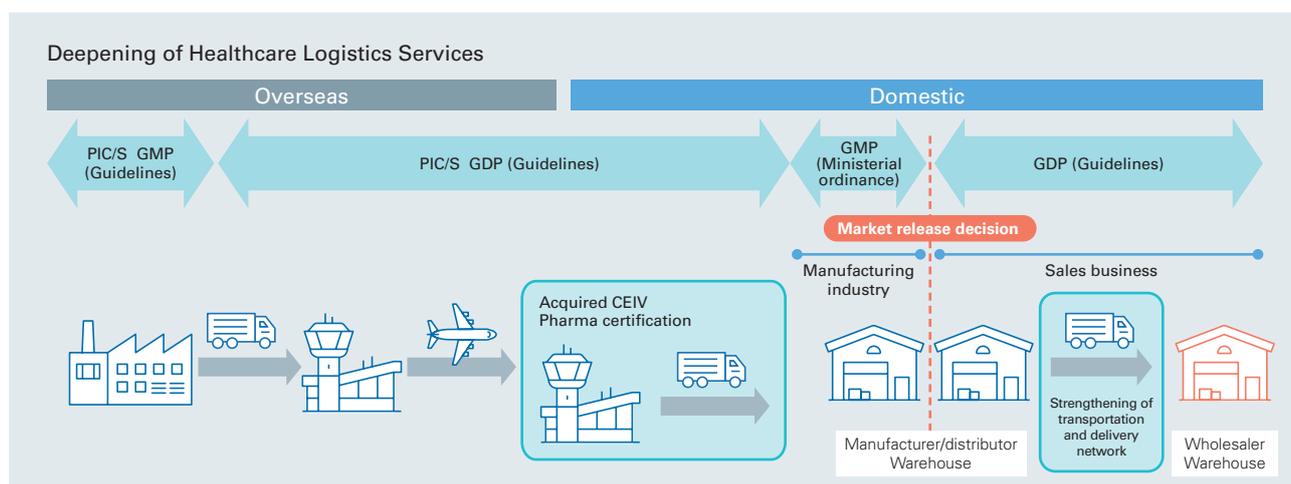
Mitsui-Soko Holdings reached an agreement with P-J-D Network Co., Ltd. for a strategic partnership covering the distribution of ethical pharmaceuticals.

In accordance with the GDP*1 guidelines issued by the Ministry of Health, Labour and Welfare, it is necessary to promote the uniformity of operations related to the quality control and management of distribution channels in the distribution process of pharmaceuticals, in addition to the GMPs*2, which stipulate the quality controls in the manufacturing process.

Against this backdrop, we will further strengthen healthcare logistics by strategically combining P-J-D Network's GDP-compliant management systems—covering temperature controls during transportation and its distribution routes—and its nationwide joint transportation and delivery network dedicated to pharmaceuticals, with the highly functional dedicated facilities and high-quality GMP-compliant operations that contribute to the Company's BCP and reduction of environmental impact that have been deployed to the east and west of Japan.

In the years to come, we will continue to develop advanced management systems for various areas in the medical field that will require increasingly strict quality control while contributing to the business expansion of our business partners.

*1 Good distribution practice: appropriate distribution standards for pharmaceuticals
 *2 Good manufacturing practice: standards for the manufacture and quality control of pharmaceuticals, etc.



Experiment Conducted to Demonstrate Relay Transportation Scheme Designed to Streamline Long-distance Transportation

Relevant KPIs: Expansion of businesses arising from social issues, Expansion of partnerships

In recent years, the shortage of drivers in truck transportation has become more acute, and the streamlining of transportation and reducing driver workload have become major social issues. In particular, improvements in the working environment of long-distance drivers are required as, in addition to driving, cargo loading and unloading as well as waiting times that are long, and the loading and unloading work carried out by drivers places a heavy physical burden on them.

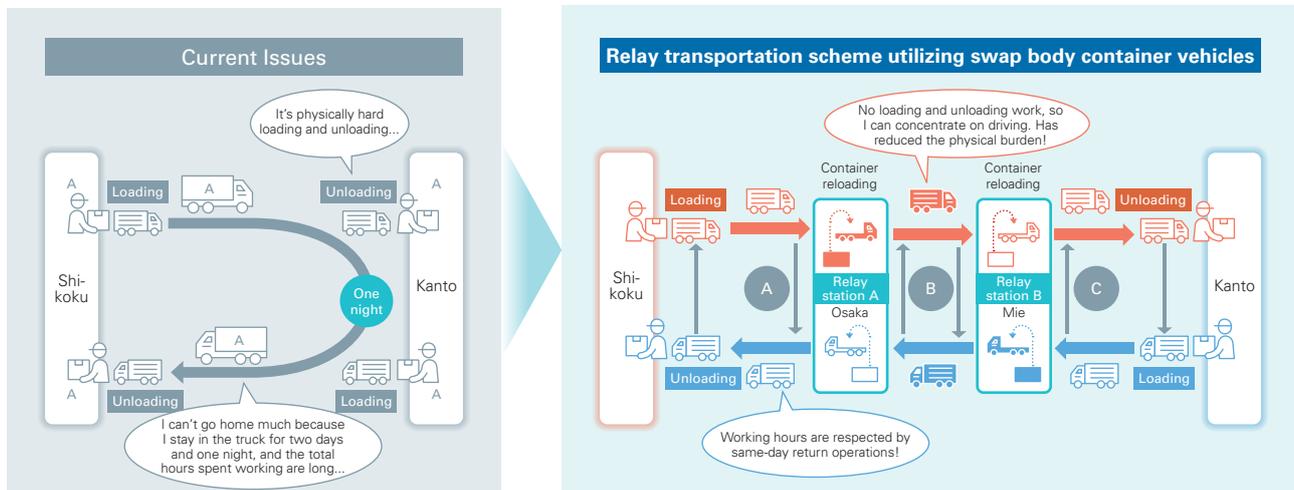
To help resolve these problems, MITSUI-SOKO LOGISTICS conducted a relay transportation demonstration experiment*1 designed to streamline long-distance transportation between different transportation business operators*2, such as Daio Paper Corporation, Itochu Logistics Corp., and DENSO TEN Limited. Relay transportation is an operation method that is already being worked on by the same transportation business operators, but this time it is a demonstration experiment that combined different transportation companies. We matched shippers and transportation business operators utilizing a QR code-based "trunk-route relay transportation operation management system" to prevent drivers from carrying the wrong containers.

Through this demonstration experiment, we were able to confirm the possibility of relay transportation, in which different transportation business operators can participate by the matching of shippers and transportation business operators and ensuring compatibility between trucks and containers. In some operations, transportation work and cargo handling work were separated, with the latter being undertaken by the shipper, which led to a reduction in the physical burden placed on drivers and an improvement in their long working hours. In addition, we believe that relay transportation, utilizing swap body container vehicles with detachable loading platforms for loading products, can be expected to bring about reductions in truck mileages and engine idling as well as waiting times, thereby reducing CO₂ emissions.

In the future, through this demonstration and other advances, new technologies such as AI and robotics will be incorporated, and we will work on the further optimization and automation in transportation while contributing to the stabilization of the form of social infrastructure called logistics.

*1 March 7–11, 2021

*2 Transportation business operators: ART VAN LINES CO., LTD./ENSHU TRUCK Co., Ltd./Fuji Transport Company Limited/YUWA SHOJI CO., LTD.



Comprehensive Support for Introduction and Operation of EC Sites through Co-creation

Relevant KPI: Expansion of businesses arising from social issues

Through its collaboration with GMO MAKESHOP Co., Ltd. and Scinable Co., Ltd., MITSUI-SOKO LOGISTICS is providing a GMO Cloud EC Package EC "value set" that includes support from medium-sized or larger EC site construction to logistics and sales promotion.

When a company launches an EC site, issues will arise not only in connection with the building of the site but also with regard to EC-related logistics and sales promotion. In addition to building the EC site provided by GMO MAKESHOP Co., Ltd.,

under this service MITSUI-SOKO LOGISTICS provides logistics design, strategy planning, and systematization, while Scinable Co., Ltd. supports sales promotion consulting and implementation. The launch of EC sites, including logistics and sales promotion, is achieved at low cost and in a short period of time. By providing the know-how possessed by each company as a one-stop service, we will realize the optimization of EC introduction and operating costs.

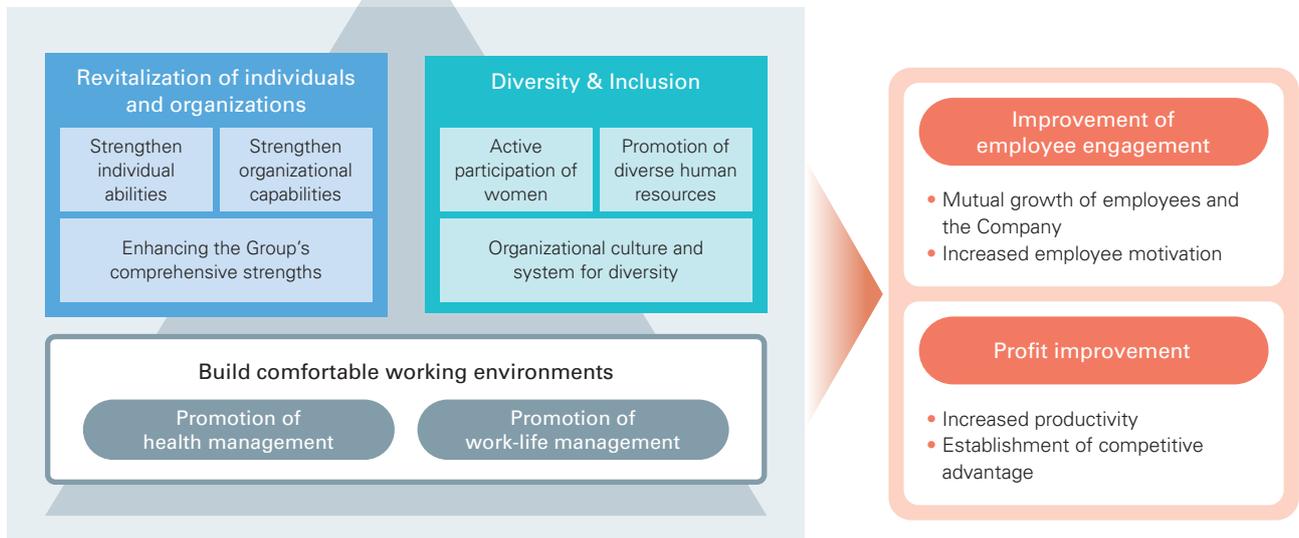
Realization of Safe, Diverse, and Rewarding Work Environments

Enhance Human Capital to Realize Sustainable Growth

Basic Policy

Employees are the source of value in the Mitsui-Soko Group. We will strengthen activities throughout the Group so that each employee can feel proud and fulfilled and maximize their abilities, as we aim to become a corporate group that can continue to create new value.

Build a corporate structure in which each employee can feel proud and fulfilled and maximize their abilities



Improvement of Employee Engagement

Relevant KPI: Improvement of employee engagement

In a corporate group where diverse individuals gather, creating environments that simultaneously give each and every employee a sense of satisfaction and assist in realizing the growth of the company are important in continuously improving corporate value. We promote employee engagement surveys to seek mutual understanding between employees and the Company, and for them to work together as one to increase corporate value.

From now on, we will expand engagement surveys covering the Group as a whole, recognize engagement issues by producing the survey results in visual form, and create a virtuous cycle that will lead to the mutual growth of employees and the Company by considering more clearly defined action plans.

Promotion Framework

Respecting the autonomy of each business, the Group executes individual company-specific human resource strategies while promoting efforts designed to improve human capital throughout the Group. Having established a Human Resources Subcommittee as a cross-Group organization under the Sustainability Committee, we are promoting initiatives to achieve a variety of KPIs, which will lead to the planning and execution of measures to improve engagement and job satisfaction for employees.

Revitalization of Individuals and Organizations

To work toward a sustainable improvement of the Group's corporate value, it is important to simultaneously develop and nurture the capabilities of each and every employee as well as the Group's collective strengths. We will build a corporate structure capable of continuing to create new value by promoting measures to strengthen the abilities of individuals and to enhance the collective strengths of the Group.

Strengthen Individual Abilities

We are engaged in human resource development that strengthens individual abilities by positioning capability development and increasing the motivation of each and every employee as the driving force of value creation.

● Enhancement of training system

The Company implements training systems tailored to career stages, such as leadership and team building, so that employees and the Company can grow together while pursuing duties and roles defined by rank. Targeted at young employees, the Group has also put in place an overseas deployment system covering, for example, the United States, China, and Southeast Asia. By having participants engage in tasks with local staff, we are developing global human resources who can learn unique overseas business practices and customs as well as work on problem solving from multiple perspectives.

● Creation of highly specialized human resources

The Group hires and trains highly specialized human resources to provide optimal logistics solutions to its customers. To promote our DX strategy, we have introduced an IT specialist system and are hiring and developing DX specialists. To promote healthcare logistics, which is the Group's focus domain, we are also actively conducting the recruitment of healthcare specialists such as pharmacists.

● Utilization of internal job posting system

MITSUI-SOKO HOLDINGS has introduced an internal job posting system so that employees can take on the challenges of new careers of their own volition. Enabling employees to carve out autonomous careers is leading improvements in motivation and realizing organizational revitalization.

Enhancing the Group's Comprehensive Strengths

The Group considers its competitive advantage to stem from its ability to seamlessly provide customers with the strengths of each of its constituent companies. We therefore encourage human resource interaction and the sharing of know-how and good practice case studies among all the companies, which lead to raising the level of the Group's comprehensive capabilities.

● Cross-group human resource assignments

Actively conducting human resource interaction between companies, as a comprehensive logistics company, the Group is cultivating human resources who are able to perceive things from multiple perspectives and propose a wide range of solutions.

● Internal competitions for excellence

The Group holds Group-wide contests every year to recognize outstanding business practices. We have established contests in two categories, including sales solutions and operations improvement, and are deploying them on a global basis. Recently, there has been an increase in the number of cases of initiatives related to the Group's comprehensive solution services and sustainability. By commending and disseminating these examples of Group best practice, we are working to share knowledge throughout the Group, and are promoting the creation of environments in which we can provide high-value-added services from the starting point of our employees' perspectives.

● Group seminars

The Group holds group seminars in which employees serve as instructors and conduct lectures. For the purposes of information sharing, knowledge improvement, human resource interaction, and improvement in the sense of unity across the Group, we hold these seminars to introduce the business content of each Group company and giving lectures geared toward the lateral development of logistics know-how. We also provide lectures on accounting and legal knowledge, which serve as forums for the acquisition of knowledge needed for business.

Diversity & Inclusion

Relevant KPIs: Ratio of female managers, Male childcare leave acquisition rate

The Mitsui-Soko Group believes that enhancing diversity based on its Diversity & Inclusion Policy will not only improve our organizational capabilities, but will also be a source of competitiveness that enables us to better meet the diverse needs of our customers.

➤ Active Participation of Women

The participation of diverse human resources in decision-making forms the basic idea in the promotion of diversity. In particular, promoting the active participation of women has been adopted as a priority item by the Group. We believe that the active participation of women will bring about a change in the existing organizational culture and will lead to the creation of workplaces where diverse human resources will be able to demonstrate their abilities to the full. Group companies are implementing initiatives such as diversity management training, leader training for the purpose of raising awareness, and encouraging men to take childcare leave.

➤ Promotion of Diverse Human Resources

We also hire non-Japanese nationals and people with disabilities, accept technical intern trainees from overseas, and are working to create an environment that respects diversity regardless of gender, nationality, or disability.

➤ Creating a System that Makes Best Use of Diversity

While encouraging men and women to take childcare leave so that they can maximize their performance even when their life stage changes, we are working to enhance and upgrade the nursing care leave system. We will also be aiming to realize diversity and inclusion by introducing and operating systems that enable diverse human resources to play active roles, such as a system for returning employees who were forced to resign from their positions due to unavoidable circumstances.

Realize Comfortable Working Environments

Relevant KPIs: Health checkup take-up rate, Absentee rate, Ratio of paid leave taken

The Group is promoting the physical and mental health of its employees and advancing the creation of work environments that match their values and lifestyles, so that employees can demonstrate their abilities to the maximum extent.

➤ Promotion of Work-life Management

Based on the belief that allowing every employee to fulfill their work-life balance and enabling them to work in a positive and energetic manner will lead to corporate growth, we are promoting work styles tailored to individual values and lifestyles. The creation of what are said to be comfortable working environments necessitates the promotion of both the so-called soft aspects by improving the systems and the hard aspects by improving the comfort of working in the office.

As individual initiatives of each Group company, we have introduced a system that enables various work styles, such as the introduction of a flextime system, remote work, and staggered working hours. In addition to renovating aging offices, we are also improving the office environment by abolishing fixed seating at the head office building and other business sites and promoting activity-based working (ABW)*, in which employees can freely choose, for example, their locations and desks.

*A way of working in which you can choose your location, desk, etc., that suits your type of job.

➤ Promotion of Health Management

With the aim to improve the physical and mental health of Group employees, we are creating a system for managing the health of the entire Group. Regarding physical health, we are recommending medical check-ups, presenting employee health in visual forms and providing follow-ups after diagnoses. We are also taking measures to combat infectious diseases and heatstroke by taking environmental measurements in warehouses as well as encouraging employees to wear cool bands and air-conditioned clothing. In addition to the implementation of stress checks, in terms of mental health we have established mental health care consultation desks, which are operated by third-party organizations, and have put in place a system that allows employees to receive consultations with peace of mind.

Pursuit of Logistics Quality Based on Safety and Security

Basic Policy

Based on the thinking that logistics quality, which is rooted in safety and security, is one source of corporate value, the Group strives to create workplaces where accidents do not occur.

Mitsui-Soko Group Occupational Health and Safety Policy (Overview)

The Mitsui-Soko Group recognizes that ensuring health and safety of employees, business partners, and other stakeholders is of great importance in our business activities, and promote the creation of safe and healthy working environments.

1. We promote the creation of working environments that ensure health and safety, striving for two-way communication with employees, business partners, and other stakeholders.
2. We comply with laws and regulations on occupational health and safety.
3. We set targets to enhance our health and safety initiatives, and promote health and safety management, accident prevention, and recurrence prevention to achieve them.

Promotion Framework

Based on its Occupational Health and Safety Policy, the Group is working to build logistics systems based on safety and security throughout the Group. Having established a Group-wide organization, the Safety Subcommittee, under the Sustainability Committee, we are working to reduce accidents resulting in injury or death and to plan, develop, and implement measures to ensure employee safety.

Safety Promotion Initiatives

Relevant KPIs: Absentee rate, Occupational accidents

Based on the safety activities of each Group company, the Safety Subcommittee shares the progress of activities toward the goal of zero occupational accidents, ascertains issues, and promotes important measures common to the Group. In addition, each Group company holds safety management study sessions at each business site to improve safety activities and the quality of our business operations. The Group holds regular meetings at each of its transportation companies, as well as promotes activities such as the establishment of uniform standards for safe driving that transcend the boundaries of each company to address vehicle accident prevention as a Group.

Every year, the entire Group conducts a Business Improvement Contest. By commending good practice of improvement measures and laterally disseminating information, we are building a corporate structure by which the entire Group continues to evolve.

Instilling of Our Four VALUES

As the Group enters a new phase in uncertain times, we newly established a Group philosophy in May 2022 to make further progress and achieve sustainable growth. We established four VALUES, PRIDE, CHALLENGE, GEMBA, and RESPECT, to be treasured by Group employees and serve as action guidelines. In the years to come, we will aim to foster a culture within the Company capable of increasing the value of the Group as a whole by having these four VALUES firmly instilled in each and every employee, shared, and put into practice.

PRIDE:

Responsibility and pride in empowering our society

CHALLENGE:

Strive to create and execute sustainable proposals for both our customers and society

GEMBA:

Our frontline: The base of potential, power, and progress

RESPECT:

Embrace diverse ideas, co-create new value

Contribution to a Decarbonized, Circular Economy by Actively Reducing Environmental Impact

Basic Policy

The Mitsui-Soko Group believes that its sustainable growth cannot be achieved without the sustainability of society, and considers the conservation of the global environment as one of its management issues. On the basis of its environmental policy, the Group will conduct initiatives in response to climate change and those designed to reduce waste emissions, and at the same time contribute to a reduction in the environmental

impact from the value chains not only of the Group, but also of our client customers and society. In May 2022, we revised our initial CO₂ emissions target of 1% reduction from the previous year's total emissions, and set a medium- to long-term target (50% decrease by FY2030 and net zero by FY2050). We will further accelerate our efforts to achieve these targets.

Promotion Framework

The Environmental Subcommittee has been established under the Sustainability Committee to promote environmental measures. The Environmental Subcommittee is made up of officers in charge of environmental matters from each

Mitsui-Soko Holdings department and each logistics operating company. The Subcommittee structure is designed to enable the entire Group to promote initiatives.

Response to Climate Change

Relevant KPI: Medium- to long-term CO₂ emissions (Scope 1 + 2) reduction target

› Efforts to Reduce Environmental Impact in Warehouses and Other Facilities

The Mitsui-Soko Group is reducing power consumption and promoting energy conservation by replacing the lighting fixtures in domestic warehouse facilities and offices with LED lighting. With the goal of completing the switch to LED lighting at all domestic facilities by the end of March 2025, we are planning the renewal work one project at a time. As of March 31, 2022, the introduction of LED lighting has been completed in approximately 60% (floor area ratio) of the logistics facilities owned by MITSUI-SOKO HOLDINGS and MITSUI-SOKO.

› Initiatives to Reduce Environmental Impact through Business

• Shared warehousing/Joint delivery initiatives

By collaborating with shippers and carriers in collection and delivery, the Mitsui-Soko Group promotes shared warehousing and joint delivery to reduce the number of transportation and delivery vehicles while decreasing CO₂ emissions and air pollution. In reducing distribution costs by improving efficiency and enabling efficient delivery of a wide variety of small-lot

products, this initiative is at the same time also resolving customers' logistics issues.

• Modal shift initiatives

The Group is contributing to a reduction of its environmental impact by promoting modal shift initiatives that switch transportation modes, such as shifting to sea cargoes and rail transportation. Modal shifts not only reduce CO₂ emissions, but also contribute to more efficient transportation and the resolution of the shortage of truck drivers.

› Efforts to Reduce Environmental Impact during Transport Operations

The Group is contributing to the reduction of CO₂ emissions by switching to fuel-efficient, low-emission models when replacing vehicles and implementing driving techniques that show consideration for the environment. We are also gradually introducing EV trucks to realize zero-emission transportation, which does not emit CO₂ or pollutants. In addition to reducing environmental impact, EV trucks also contribute to reducing driver fatigue due to low vehicle vibration levels and to the resolution of noise pollution problems.

Utilization of Renewable Energy

Having installed solar power generation systems at its domestic logistics facilities, the Group is promoting the spread of renewable energy. At the Kanto P&M Center Building B,

completed last June, we installed our first private solar power generation system, contributing to the reduction of the Group's CO₂ emissions.

Reuse of Resources and Reduction of Waste Emissions

Relevant KPI: Improvement from previous year's level of waste disposal

To contribute to the creation of a recycling-based society, the Group promotes initiatives to effectively utilize limited resources and increase economic productivity.

In addition to using recycled materials such as biomass-based polyethylene film (bio-polyethylene) and recycled resin pallets, we are also developing and utilizing logistics packages that are material recyclable and were designed with durability in mind. We are also developing logistics packages from a 6R

(Reduce, Reuse, Recycle, Refuse, Repair, Remix) perspective, which helps to optimize the transportation of customers' packages and reduce logistics costs.

In addition, internal efforts are being made to promote paperless offices as well as to improve operational efficiency by shifting to electronic payments and encouraging meetings that use digital devices to replace paper documents.

Promotion of Environment Management

Obtaining of Green Management Certification

The Group has obtained Green Management Certification from the Foundation for Promoting Personal Mobility and Ecological Transportation at 11 locations in its trucking business and at 38 locations in its warehousing business. We have also received permanent registration business awards for business locations that have been certified and registered for 10 consecutive years from the initial registration date, comprising 10 locations in the trucking business and 31 locations in the warehousing business (as of March 31, 2022).



Obtaining Comprehensive Assessment System for Built Environment Efficiency (CASBEE) A Rank

As of September 2022, four logistics facilities for the Mitsui-Soko Group had obtained A rank* evaluations that were considered high-level sustainable buildings at the time of their construction. This ranking indicates that the quality of the building displays high overall environmental performance in terms of saving energy and the use of low environmental impact equipment and materials and that it also takes into account comfort inside the building and consideration for the surrounding landscape.

*CASBEE labels buildings with one of five overall environmental performance assessment ratings, ranging from C (poor) through B- (fairly poor), B+ (good), A (very good), and S (excellent).

Joining ANA's SAF Flight Initiative Program

MITSUI-SOKO EXPRESS CO., Ltd. and MITSUI-SOKO Supply Chain Solutions, Inc. have joined the SAF Flight Initiative: For the Next Generation, a new program launched by All Nippon Airways (ANA) to reduce CO₂ emissions in the industrial value chain through the use of Sustainable Aviation Fuel (SAF). In February 2022, we started arranging for international forwarding from Japan to the United States via air cargo using SAF. As a forwarder, we recognize that reducing CO₂ emissions in international forwarding is an important issue, and we will continue to promote environmentally friendly initiatives to realize sustainable logistics services.



Materiality Environment

Disclosure Based on the TCFD Recommendations

MITSUI-SOKO Group recognizes climate change as a key management issue, and have made contributing to a decarbonized, circular society by actively reducing environmental impact one of our material issues. This is based on the thinking that reducing our greenhouse gas emissions (GHG) in scopes 1 and 2, while at the same time contributing to decarbonization throughout the entire value chain including our customers, will lead to improved corporate value for the Group.

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



> Governance

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

Supervised by the Board of Directors, the Sustainability Committee develops sustainability-related policies and manages their implementation, leads the identification, analysis and evaluation of climate-related risks and opportunities, works to understand the impact of climate change on Group operations, and discusses relevant measures.

For other climate and environment-related initiatives and detailed discussion, a Group-wide organization under the Sustainability Committee called the Environmental Subcommittee investigates specific initiatives and management metrics and manages its implementation, and the director in charge reports progress and makes recommendations to the Sustainability Committee.

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

> Strategy

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

Based on the assumed impacts of climate change on the value chain, we identify, analyze and evaluate risks and opportunities, and consider appropriate measures to take, so that they can be reflected in our short, medium and long-term business strategies to make our policies more effective.

> Risk Management

We have established Risk Management Regulations detailing our awareness of risks and their management within our Group business activities, and have created systems to manage each type of risk.

For climate-related risks and opportunities, the Sustainability Committee aims to respond to and minimize risk by leading identification, analysis and evaluation of risks and opportunities, sharing information within the Group, instructing relevant departments on how to respond, and reporting to the Board of Directors.

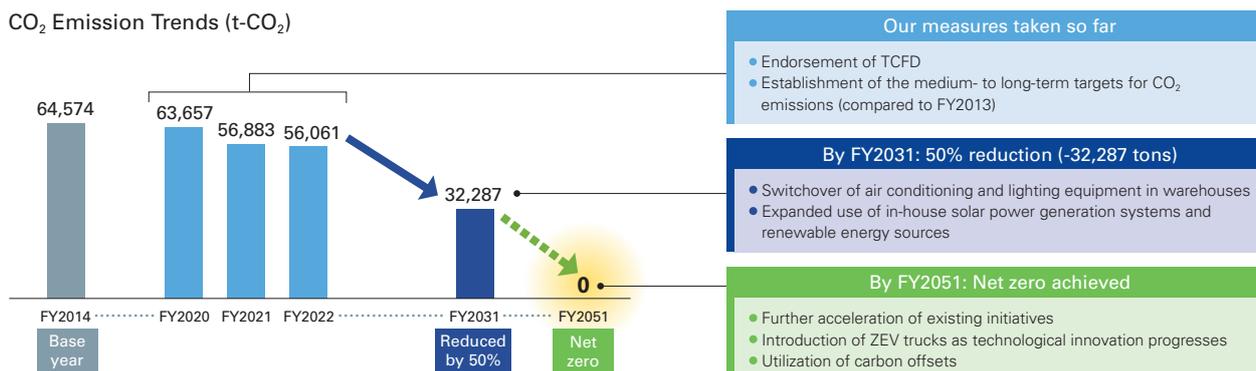
KPI management and data analysis are carried out through the Environmental Subcommittee, a Group-wide organization under the Sustainability Committee.

> Metrics and Targets

To address the material issue of contributing to a decarbonized, circular society by actively reducing environmental impact, our Group has established and manages KPIs for climate change and other environmental issues.

For GHG emissions, we aim to reduce the CO₂ emissions stemming from our business in scopes 1 and 2.

CO₂ Emission Trends (t-CO₂)



● Risks ● Opportunities

Transition Risks & Opportunities			Financial Impact		Timing	Response Measures
			1.5°C	4°C		
Policy & Legislation	●	Tax and other regulations relating to reducing CO₂ emissions <ul style="list-style-type: none"> Increased costs due to introduction and strengthening of carbon pricing <ul style="list-style-type: none"> Use of fuel and electricity in transportation and logistics facilities (including subcontractors) 	Low-medium	—	Medium-term	<ul style="list-style-type: none"> Improve transportation efficiency Introduce zero emission vehicles Promote energy-saving in facilities and measures Promote lower-energy operations Encourage adoption of renewable energy Select partner companies
	●	Refrigerant regulation <ul style="list-style-type: none"> Increased capital investment due to stricter regulation of alternative CFCs and other refrigerants <ul style="list-style-type: none"> Adapting refrigeration equipment in logistics facilities 	Low	Low	Medium-term	
	●	Other regulations <ul style="list-style-type: none"> Increased costs due to introduction and strengthening of energy-saving and other regulations <ul style="list-style-type: none"> Introduction of electric vehicles and regulations such as bans on the sale of fossil fuel vehicles Heat insulation and other energy efficiency standards for buildings Regulations on renewable energy procurement and share targets, etc. 	—	—	Long-term	
Market & Reputation	●	Energy transition by transportation subcontractors <ul style="list-style-type: none"> Increased transportation consignment costs arising from switch to low-carbon and decarbonized fuels <ul style="list-style-type: none"> Adoption of fuels with low environmental impact, such as sustainable aviation fuel 	Low	Low	Short- or medium-term	<ul style="list-style-type: none"> Develop and promote logistics solution services, such as SustainaLink, that address societal issues based on the climate-related needs of existing and potential customers
	●	Customer trends (conditions) <ul style="list-style-type: none"> Expansion of environmentally responsible practices <ul style="list-style-type: none"> Monitoring and reduction of CO₂ emissions become conditions for contracts and orders 	High	Low	Short-term	
	●	Customer trends (products handled) <ul style="list-style-type: none"> Changes in the products handled for customers <ul style="list-style-type: none"> Changes in production volumes or regions, components produced, etc. Emergence of new sustainable products 	High	High	Medium-term	

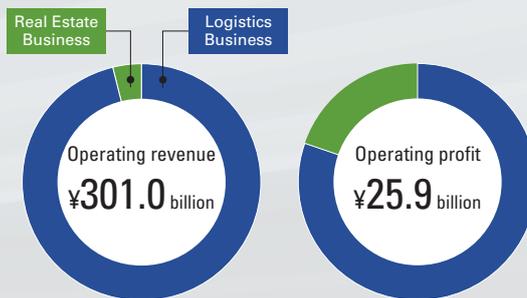
Physical Risks			Financial Impact		Timing	Response Measures
			1.5°C	4°C		
Acute	●	Intensification of wind and flood damage (direct impact) Damage to owned assets and greater insurance premiums and repair costs caused by increased frequency and scale of severe disasters	Low	Low	Medium-term	<ul style="list-style-type: none"> Incorporate impacts of climate change, such as severe wind and flood damage, into risk management Continuously implement BCP and BCM measures Provide safe working environments
		Reputation (indirect impact) Loss of confidence due to insufficient assessment of wind and flood damage impact and BCP response	Low	High	Short- or medium-term	
Chronic	●	Sea level rise Damage to owned assets and greater insurance premiums and repair costs caused by increased flooding	Low	Low	Long-term	
	●	Temperature increase <ul style="list-style-type: none"> Higher risk of heat stroke <ul style="list-style-type: none"> Greater health hazard for employees Fewer possible working hours Increased air-conditioning costs due to higher average temperatures 	Low	Low	Medium-term	

Legend

High/medium/low: Quantitative and qualitative assessments based on financial impact estimates
 - : Potential risks not highly likely to occur by 2030 based on current information
 Short-term : 3-5 years
 Medium-term : 10 years (2030)
 Long-term : More than 30 years (2050 or later)

Business Strategy Business Overview

The Mitsui-Soko Group consists of MITSUI-SOKO HOLDINGS Co., Ltd., 79 subsidiaries, and 6 affiliates. The Group operates a logistics business, providing clients with various logistics services in an organic and efficient manner, the operations of which include warehousing and cargo handling, port-related work and operations to shipping companies, overseas logistics services, multimodal forwarding, third-party logistics (3PL), supply chain management support services, and land transportation. The Group's real estate business is centered on building leases.

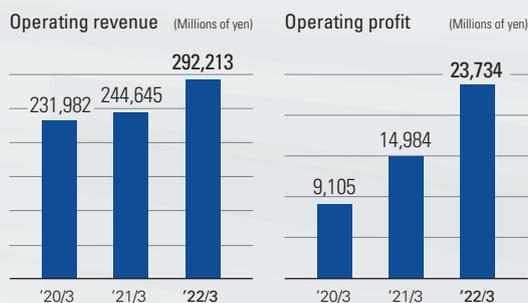


Fiscal 2022 Highlights

Logistics Business

Increased Sales and Revenue Due to Special Procurement Demand and Recovery of Cargo Freight Movements Amid Supply Chain Disruptions

The volume of container handling in the forwarding and port transportation businesses increased due to a recovery in the import and export trade. In addition, the handling of air transportation and overseas storage and transportation businesses increased due to a shift from sea cargoes to air transportation caused by supply chain disruptions. This included a shortage of marine containers, soaring airfares, and procurement of parts for customers to maintain their productivity. There was also the start of new handling for the integrated solution logistics business, an area we are focusing on, the launch of new operations in the healthcare logistics business, and an increase in the handling of home appliance logistics against the backdrop of demand for the Tokyo 2020 Olympic and Paralympic Games. As a result, operating revenue increased ¥47,568 million year on year to ¥292,213 million, and operating profit increased ¥8,749 million to ¥23,734 million.



MITSUI-SOKO Co., Ltd.

MITSUI-SOKO EXPRESS Co., Ltd.

MITSUI-SOKO LOGISTICS Co., Ltd.

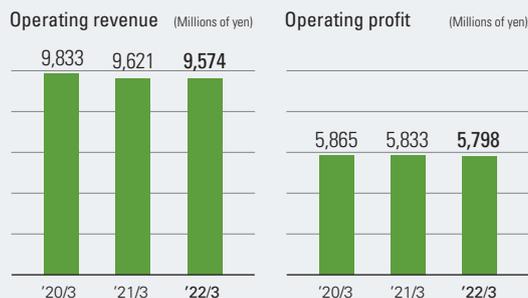
MITSUI-SOKO Supply Chain Solutions, Inc.

MITSUI-SOKO TRANSPORT Co., Ltd.

Real Estate Business

Steady progress during the COVID-19 pandemic

Operating revenue decreased ¥46 million year on year to ¥9,574 million, and operating profit decreased ¥34 million to ¥5,798 million, both remaining relatively flat.



MITSUI-SOKO HOLDINGS Co., Ltd.

Notes:
 1. Operating revenue includes intersegment revenue or transfers, and operating profit is the figure before adjustment for expenses associated with the administrative department.
 2. Figures are shown rounded down to the nearest million yen.



MITSUI-SOKO HOLDINGS

Holding Company and the Real Estate Business

For more details of business areas please visit:
<https://msh.mitsui-soko.com/en/>



Under the newly established group philosophy, we will steadily implement the strategies set forth in the Midterm Corporate Strategy 2022 to achieve sustainable growth of the MITSUI-SOKO Group.

Hirobumi Koga

Representative Director, President
MITSUI-SOKO HOLDINGS Co., Ltd.

Business Areas

MITSUI-SOKO HOLDINGS Co., Ltd. is a holding company that provides guidelines for the entire Mitsui-Soko Group and management support and overall optimization for its operating companies. MITSUI-SOKO HOLDINGS works on appropriate Group management by offering support and advice based on the business strategy of each Group company, reallocating management resources, and conducting the efficient management of Group common functions. We lease, operate, and manage the real estate we own.

› Group Management Strategy Formulation and Management

Under our PURPOSE, Empower society, encourage progress, we will implement management strategies including sustainability, DX promotion, and the medium-term management plan, to enhance the Group's corporate value and achieve sustainable growth for society and our customers. Under the recently established Medium-term Management Plan 2022, the three growth strategies—Top-line Growth by Mobilizing the Group's Collective Strength, Reinforcement of Operational Competitiveness, and Building Management Foundations to Support the Deepening—will steadily take effect, in order to realize the Group's Vision: The co-creative logistics solutions partner. For every day, emergency, and always will be.

› Real Estate Business

To enhance corporate value through effective use of owned assets, we will promote corporate real estate (CRE) measures, provide management and operational support for the Group's logistics real estate, and focus on capital investment with market competitiveness in mind.

1. Promotion of CRE Measures

We will consider scrapping existing facilities and rebuilding them, as well as examine effective use of owned assets. We will also consider construction to enhance value of existing facilities, including addressing environmental impact, as well as renewal work with an eye toward reforming the profit structure.

2. Management and Support of the Group's Logistics Real Estate

We will consider investing in new logistics facilities in competitive areas for top-line growth, as well as in existing logistics facilities. With regard to new logistics facilities, we are looking at the mobility/healthcare-related market, which is expected to grow steadily, as well as a logistics center that achieves compatibility for both e-commerce and brick-and-mortar stores, including the introduction of the latest technology. For existing logistics facilities, we will consider renewal work to address aging in order to achieve sustainable logistics and to develop a safe and comfortable work environment.

Business Strategy



MITSUI-SOKO

Domestic Logistics • Port Transportation • Overseas Logistics

For more details of business areas please visit:
<https://www.mitsui-soko.com/en/company/group/msc/>



In the domestic logistics business, we provide a wide range of supply chain services that include warehouse storage, cargo handling, transportation, and a variety of other distribution services. We have over 100 years of experience in the fields of warehousing and cargo handling business and own warehouse facilities across the country. From import/export customs clearance services to customer delivery, we customize suitable services for each customer's requirements and the commodities we handle.

Business Areas

Main products handled	Food, trunk room goods (artworks and valuables), raw materials, pharmaceuticals and medical devices, chemicals
Regions	Japan
Main clients	General trading companies, food manufacturers, chemical manufacturers, machinery manufacturers, pharmaceutical and medical device manufacturers

Main Logistics Areas

Industries	Value Chain	Raw materials/Materials/Parts			Finished products			Distribution		Main Services
		Procurement logistics	Production logistics	Sales logistics	Procurement logistics	Production logistics	Sales logistics	Procurement logistics	Sales logistics	
Healthcare										<ul style="list-style-type: none"> • Storage and cargo handling • Sea cargoes • Import/export services • 3PL • Trunk room goods (artworks and valuables) • BPO services • Transportation of equipment
Automotive										
Home appliances										
Precision equipment/Machinery										
Consumer goods										
Food & Beverage										
Apparel										
Paper/Pulp										
Chemicals										

We handle a wide range of cargo, and we provide storage and cargo handling services as well as import/export and other services according to the characteristics of the cargo. With respect to healthcare, in pharmaceuticals, medical devices, and investigational new drugs, we have obtained various approvals, such as those for drug manufacturing and pharmaceutical wholesale businesses, which enable us to provide a one-stop service for procurement, production, and sales logistics.

Sources of Strength

- ▶ Asset-type distribution network that utilizes multifunctional logistics facilities and nationwide base network
- ▶ Professional knowledge and experience in warehouse storage, cargo handling, and import/export customs clearance services applicable to various cargo types and business industries
- ▶ Diverse and high-quality client base

Our strengths lie in the company's history of having been in the warehousing business for more than 100 years and our expertise from having provided logistics services to customers in a wide range of industries. We possess deep knowledge of the import/export business and storage and cargo handling expertise based on the characteristics of various types of cargo. In recent years, we have accumulated storage and delivery know-how with professional expertise in, for example, the healthcare field and highly functional materials.

MITSUI-SOKO CO., Ltd. composes three business divisions: warehousing, port transportation, and overseas logistics business, all of which are the core business that has established our group business.

By providing logistics, services that start from “warehousing and port transport terminals,” which serve as the intersection of logistics, we will realize the optimization of our customers’ logistics.

Takanobu Kubo

President
MITSUI-SOKO Co., Ltd.



Business Environment

Opportunities and Risks (External Environment)

- Growing storage needs caused by uncertainties in world affairs and disruptions in distribution networks
- Growing logistics needs that require advanced expertise, such as strict regulations and temperature control
- New entrants from different industries due to the progression of equipment industrialization

Challenges (Internal Environment)

- Strengthening of revenue base in port warehousing
- Increase pace of growth in inland warehousing

Due to the distribution network disruptions caused by the impact of COVID-19 and other factors, there are opportunities for business expansion owing to the need for storage as a BCP measure and the optimization of SCM logistics that starts from warehouses. Storage needs that require advanced expertise, such as strict regulations and temperature control, are also increasing. In the meantime, responding to the industrialization of logistics equipment, such as AI and robotics, has become an issue.

Medium-term Management Plan 2022 Initiatives

Goal	Realization of complex logistics services that start from warehouses
Basic Strategies	<p><u>(1) Securing of stable revenues by leveraging warehouse assets</u></p> <p><u>(2) Creation of growth opportunities by developing highly functional services that start from warehouses</u></p> <p><u>(3) Realization of overwhelming field capabilities</u></p>
(1) Securing of stable revenues by leveraging warehouse assets	<p>Starting from port warehousing, we will realize SCM logistics, such as consolidated cargo transport from domestic warehouses to overseas local subsidiaries and door-to-door integrated transportation logistics services, while securing stable revenues. In addition to where our strengths lie in handling our existing main cargoes such as food, raw materials, and chemicals, we will work to expand the handling of automotive and electronic materials, which are the mainstays of Japanese trade, as future focus areas and collaborate with Group companies while working to realize SCM logistics.</p> <p>Toward the realization of sustainable logistics, we will also promote the maintenance and renewal of aging facilities.</p>
(2) Creation of growth opportunities by developing highly functional services that start from warehouses	<p>As a growth strategy for inland warehousing, alongside the development of one-stop logistics related to healthcare, such as for pharmaceuticals and medical devices, we will create a highly profitable growth business to follow on from the healthcare business.</p> <p>For healthcare logistics, we will aim to establish ourselves as a one-stop logistics player for global companies, handling everything from international logistics to storage and delivery. We will also make full use of our nationwide logistics facilities and logistics expertise that stems from handling a wide range of industries. At the same time, we will examine EC logistics that start from warehouses and create business ideas, such as recycling logistics and ESG logistics.</p>
(3) Realization of overwhelming field capabilities	<p>We will realize overwhelming on-site capabilities and strengthen our business foundation. We will turn tacit knowledge of operations into explicit knowledge by defining procedures and standardizing them to stabilize services as well as establish a culture of continuous improvement. For services that can be replaced by IT systems, we will promote digitization, work to accumulate logistics technologies and streamline services, while building a service system capable of responding to customer needs and SCM projects.</p>

Business Strategy



MITSUI-SOKO

Domestic Logistics • Port Transportation • Overseas Logistics

For more details of business areas please visit:
<https://www.mitsui-soko.com/en/company/group/msc/>



The port transportation business manages the operations at container terminals of major ports such as Tokyo, Yokohama, Nagoya, Yokkaichi, Osaka, Kobe, Moji, and Naha which play a vital role in connecting sea and inland logistics. Other services include shipping agency services, such as arranging shipping arrival/departure applications, issuing bills of lading, and conventional shipping services that enable proposing the optimal handling for any kind of cargo. A business steeped in tradition that has underpinned the MITSUI-SOKO Group's 100-year history, port transportation serves as an important form of infrastructure that supports economies and helps to sustain people's lives and livelihoods by connecting the sea and land.

Business Areas

Main products handled	Operation of container terminals, conventional shipping, shipping agency services
Regions	Tokyo, Yokohama, Nagoya, Yokkaichi, Osaka, Kobe, Moji, Naha
Main clients	Shipping companies

Main Services



Container terminal operations

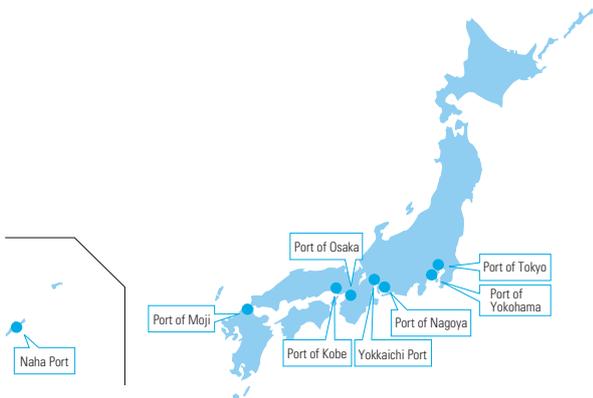
In the container terminal facilities of each domestic port, we utilize advanced systems to efficiently provide a series of operations, such as loading and unloading of container cargo onto and off ships, container loading and unloading, and inventory management.

Conventional shipping services

For heavy cargoes such as large vehicles or construction equipment that cannot fit in a container, we offer crating proposals that take into account the cargo's characteristics and stowage planning for conventional ships and perform high-quality cargo handling operations based on many years of accumulated experience.

Shipping agency services

As a contact point in Japan for mainly overseas shipping companies, we undertake documentation related services for ship port arrival and departure applications and insurances of bills of lading. Also, on a frequent basis, we conduct safe and stable container collection services.



Sources of Strength

- » Licensed container terminal operator at major domestic ports
- » Know-how in standardizing and consolidating operations cultivated in terminal and agency operations
- » Strategic container sales capabilities mainly targeted at Japan, China, and nearby coastal regions

Operating container terminal facilities at major ports in Japan, we bring together a wide variety of cargo handling equipment, advanced systems, and many years of accumulated know-how in developing streamlined operations that integrate sequences of operations.

Business Environment

Opportunities and Risks (External Environment)

- Relative decline of Japanese ports due to expansion of port capacity in neighboring countries such as China
- Worsening shortage of domestic dockworkers
- Strengthening of environmental regulations through the Carbon Neutral Port (CNP) concept, etc.
- Progress of digitalization through the establishment of a comprehensive information system

Challenges (Internal Environment)

- Strengthening of facility and equipment management
- Streamlining of container terminal operation methods
- Business area expansion

The volume of container handling is recovering, especially on China and Southeast Asian routes. On one side, there is an urgent need to improve and review container terminal operation methods due to the aging of facilities and cargo handling equipment. In addition, our challenge is to develop and foster new core business by strengthening cooperation with group companies.

Medium-term Management Plan 2022 Initiatives

Goal

Expansion of business by integrating container terminal operations ("hard" aspect) and know-how ("soft" aspect), including peripheral services

Basic Strategies

- (1) Establishment of operational foundation for container terminals that will generate stable profits
- (2) Commercialization of services by clarifying and improving business know-how
- (3) Expansion of service areas utilizing port functions, development of new bases

(1) Establishment of operational foundation for container terminals that generate stable profits

Against the backdrop where maritime container transport volumes are expected to remain stable, we will establish a foundation for operating container terminal facilities to generate stable profits. Specifically, in addition to improving revenues by putting into effect low-cost operations, we will verify modes and appropriate scales of operation while working to build bases that capitalize on the characteristics of each port. We will also share information between bases, implement the horizontal expansion of measures, and promote the expansion of peripheral services that will fully utilize our facilities.

(2) Commercialization of services by clarifying and improving business know-how

In trade services, there is growing momentum for the building and utilizing of digital platform infrastructure for logistics information, and advances are being made with the utilization of knowledge data. As for our policy for the years ahead, we will: collaborate with administrative bodies and platformers through participation in demonstration projects; undertake the development of streamlining tools for shipping companies and port administrators; provide consulting for container terminal operations; and engage in the contract operation of wharf business at local ports.

(3) Expansion of service areas utilizing port functions, development of new bases

The market for the handling of import/export containers in Japan is maturing, and restrictions are expected to be placed on efforts to attract shipping companies. In response to this situation, we aim to attract new services related to attracting non-container ships and contributing to the SDGs by means of collaboration with cargo handling and logistics businesses. We will also continue to advance the expansion of our Okinawa business.

Business Strategy



MITSUI-SOKO

Domestic Logistics • Port Transportation • Overseas Logistics

For more details of business areas please visit:
<https://www.mitsui-soko.com/en/company/group/msc/>



In the overseas logistics business, we are providing the same high-quality logistics services as in Japan, such as warehouse storage, transportation, and a variety of other distribution services, to support the supply chains of our customers who are expanding globally. We will provide optimal solutions that match the local conditions of each country and contribute to our customers' global business based on the overseas network that we have been developing in 13 countries around the world since our establishment in the United States in 1971.

Business Areas

Main products handled	Chemicals/materials, food, raw materials, consumer goods
Regions	Southeast Asia, Northeast Asia, Europe, Americas
Main clients	Chemical/materials manufacturers, consumer goods manufacturers, general trading companies

Main Logistics Areas

Industries	Value Chain	Raw materials/Materials/Parts			Finished products			Distribution		Main Services
		Procurement logistics	Production logistics	Sales logistics	Procurement logistics	Production logistics	Sales logistics	Procurement logistics	Sales logistics	
Automotive										<ul style="list-style-type: none"> • Storage/ Cargo handling • Sea cargoes • Import/ Export services • 3PL • Equipment transportation
Precision equipment/ Machinery										
Home appliances										
Consumer goods										
Food & Beverage										
Paper/Pulp										
Chemicals										

Handling large amounts of raw materials and materials, we are developing storage and cargo handling as well as import/export services at our overseas bases. We also handle yard operations for home appliances and consumer goods, and also specialize in transporting equipment such as large machinery.

Sources of Strength

- Global network: Approx. 100 business sites in 13 countries
- Flexibility in dealing with local laws and regulations and adapting to regional characteristics
- Excellent client portfolio that mainly consists of major Japanese companies

Having been in the overseas logistics business for more than 50 years, we provide a global network that has been expanded to countries around the world, responsiveness backed by experience, and the same high-quality logistics services as in Japan.

Business Environment

Opportunities and Risks (External Environment)

- Impact on the global supply chain due to uncertainties in world affairs
- Changes in each country's national policies, regulations, and logistics conditions
- Increase in business needs toward domestic demand in each country due to an increasing world population
- Normalization of increase in labor costs

Challenges (Internal Environment)

- Cargo portfolio bias due to mainly handling raw materials, etc.
- Provision of logistics services limited to individual functions, such as storage and transportation

In overseas logistics, transformational needs are being anticipated in global supply chains due to the destabilizing effects of global affairs and the increased intensity and frequency of natural disasters. At the present time, our company mainly provides logistics services for individual functions, such as storage and transportation, but we recognize the need to evolve into SCM logistics going forward.

Medium-term Management Plan 2022 Initiatives

Goal

Rebuild each base's network while providing logistics network services worldwide

Basic Strategies

- (1) Strengthen revenue base by expanding distribution services for existing customers
- (2) Realization of SCM logistics focusing on automotive and electronic components
- (3) Rebuilding of IT systems base

(1) Strengthen revenue base by expanding distribution services for existing customers

In response to the issue that distribution services for individual functions are said to be our main business, we will evolve from single-item distribution into integrated distribution and SCM distribution to strengthen our revenue base. To evolve into SCM logistics, we will implement the following three measures:

- | | |
|--|---|
| 1. Expansion of integrated solution services | <ul style="list-style-type: none"> ● Proposal-based sales that combine the land, sea, and air functions of each company and bring together the collective strengths of the Group ● Proposal of SCM logistics considering inventory quantity and order frequency |
| 2. Proposals for sustainable logistics | <ul style="list-style-type: none"> ● Logistics proposals that contribute to reducing CO₂ emissions |
| 3. Deepen inter-industry operations | <ul style="list-style-type: none"> ● Horizontal expansion to other local subsidiaries of existing customers |

(2) Realization of SCM logistics focusing on automotive and electronic components

In addition to the industry trait of there being many transactions between groups where the seller and buyer are actually the same company, said to be a strength of Japanese companies, we will work to develop SCM logistics targeting automotive and electronic components, fields in which the transformational needs for global supply chains will be high. We will incorporate SCM logistics in Asia, the United States, and Europe, while responding to the regional characteristics of each country. Specifically, in Asia, which is the point of originating, we will promote the development of consolidation services for buyers and the expansion and upgrading of hubs for service parts. In the United States and Europe, which are the destinations, we will strengthen domestic transportation functions and strengthen service development from Rotterdam, the European gateway, to Central and Eastern Europe.

(3) Rebuilding of IT systems base

To support the priority measures we have adopted, we will be promoting service standardization, improvements in service quality, and service operation cost reductions. In addition to consolidating service systems, streamlining services, and implementing cost reductions, we will introduce a new system that is optimized for SCM logistics, including detailed lot management such as for automotive and electronic components, while improving the quality of our services.

Business Strategy



MITSUI-SOKO EXPRESS

Airfreight Forwarding

For more details of business areas please visit:
<https://www.mitsui-soko.com/en/company/group/mse/>



MITSUI-SOKO EXPRESS Co., Ltd. was formed as a joint venture between MITSUI-SOKO HOLDINGS Co., Ltd. and Toyota Motor Corporation in July 2012. Specifically, it began by merging MITSUI-SOKO Co., Ltd.'s air forwarding business, with JTB Air Cargo Co., Ltd., an airfreight subsidiary of JTB Corporation, and TAS Express Co., Ltd., an air transportation subsidiary of the Toyota Motor Corporation. We provide high-quality, comprehensive forwarding services by both air and sea by combining the knowledge and experience cultivated in international logistics through a wide range of industries, such as automotive parts, chemicals, apparel, hazardous goods, cold storage products, pharmaceuticals, and household relocation services, with our worldwide based network.

Business Areas

Main products handled	Automotive parts, chemicals, pharmaceuticals
Regions	Japan, Southeast Asia, South Asia, Northeast Asia, Europe, Americas, Middle East, Africa
Main clients	Automobile manufacturers, automotive parts manufacturers, consumer goods manufacturers, general trading companies

Main Logistics Areas

Industries	Value Chain	Raw materials/Materials/Parts			Finished products			Distribution		Main Services
		Procurement logistics	Production logistics	Sales logistics	Procurement logistics	Production logistics	Sales logistics	Procurement logistics	Sales logistics	
Healthcare										<ul style="list-style-type: none"> • Air transportation • Import/export business • Hazardous goods transport • Transportation of cold storage products • Relocating households overseas
Automotive										
Precision equipment/Machinery										
Consumer goods										
Apparel										
Chemicals										

Mainly providing air transportation services, we handle large volumes of automotive cargo. For consumer goods we provide some EC logistics services, and for apparel we handle select shops and branded products. We also provide transportation services for cargoes that require specialist know-how, such as hazardous goods or cold storage products, the regulations for which differ for each country, airline company, and item.

Sources of Strength

- » High-quality, comprehensive forwarding services cultivated in the automotive and electronic component industries
- » Flexible and speedy response capability in the event of emergency transportation
- » Optimal logistics design and construction capabilities using the functions and air cargo of Mitsui-Soko Group companies

Our strengths lie in the high quality of logistics that have supported Toyota's logistics, and our ability to respond steadily to customer needs even during the supply chain disruptions caused by COVID-19. Also, by possessing bases all over the world, we can work in tandem with the functions of Mitsui-Soko Group companies in providing global SCM logistics.

Our strengths lie in reliably ensuring quality and meeting delivery dates as well as responding promptly with a high level of expertise. We are also aiming to remain a first-choice forwarding company about whom people can say they "Like!" due to our solutions, which anticipate the trends of each customer industry.

Hisanari Ichiryu

President
MITSUI-SOKO EXPRESS Co., Ltd.



Business Environment

Opportunities and Risks (External Environment)

- Impact on global supply chain caused by uncertainties in world affairs
- Intensification of competition, normalization of price competition in the air cargo market
- Changes in market conditions in automotive and electronic component industries

Challenges (Internal Environment)

- Response to changes in airline market
- Response to changes in automotive industry

In addition to the difficulty of forecasting demand in an uncertain global situation, air transportation is a business that is highly susceptible to economic fluctuations. Furthermore, with regard to the automotive industry, which accounts for most of our logistics services, changes in the structure of the industry, such as the shift to EVs, are expected in the years to come.

Medium-term Management Plan 2022 Initiatives

Goal

To remain a first-choice forwarding company that works closely with specific customers and aims for efficient and sustainable growth

Basic Strategies

- (1) Expand revenue by increasing cargo collection volumes in existing businesses
- (2) Nurturing new customers to improve the customer portfolio
- (3) Strengthen resource management to respond to fluctuations in demand

(1) Expand revenue by increasing cargo collection volumes in existing businesses

We will promote initiatives that anticipate trends in the automotive industry, which is our main client, and will respond throughout the organization by leveraging our high level of expertise. Concerning batteries, the business that is expected to increase due to the shift to EVs, although these fall in our specialist area of hazardous goods transportation, legal compliance will be required. We will build an organizational structure that anticipates these changes in industry trends and make proposals in anticipation of customer needs. To promote the overseas expansion of the services we provide in Japan, we will also improve our sales structure and aim to improve profitability.

(2) Nurturing new customers to improve the customer portfolio

Working to improve our customer portfolio by implementing the following four measures and nurturing new customers, we will aim for sustainable growth.

- Acquisition of the inter-industry sales by deepening cooperation within the Mitsui-Soko Group
- Leveraging the logistics know-how cultivated in the automotive industry, expand and acquire customer groups that require expertise, including in machinery, semiconductors/electronic components, and pharmaceuticals
- Efficient expansion of revenue by determining which products and routes generate special demand
- Development of services that anticipate measures oriented toward sustainability, including environmental measures, and industry trends

(3) Strengthen resource management to respond to fluctuations in demand

In the air transportation business, it is important to allocate personnel according to the situation due to its short business cycle and occurrences of sudden mass transportation projects with short delivery times. For this reason, we will work to standardize and equalize operations on a daily basis, and establish a support system across the bases (Tokyo, Nagoya, and Osaka) that can quickly respond to fluctuations in demand. At the same time, we will further improve operational efficiency by promoting and systematizing DX. We will also make efforts to develop the human resources capable of deploying overseas these systems that were established.

Business Strategy



MITSUI-SOKO LOGISTICS

Third-Party Logistics (3PL)

For more details of business areas please visit:
<https://www.mitsui-soko.com/en/company/group/msl/>



Having started out as a company providing the logistics functions for home appliance manufacturers, the company’s main business is providing third-party logistics (3PL) for home appliance mass retailers and manufacturers. In recent years, we have also been focusing on handling a wide variety of other products, such as apparel, miscellaneous goods, food, and commercial coffee systems. We are also strengthening service businesses, such as in delivery, construction, and installation, as well as in repair, maintenance, and inspection for large home appliance products. In addition, we are providing logistics solutions that resolve customer issues.

Business Areas

Main products handled	Home appliances, consumer goods, clothing, interiors, medical devices, food & beverage
Regions	Japan
Main clients	Home appliance mass retailers and manufacturers

Main Logistics Areas

Industries	Value Chain	Raw materials/Materials/Parts			Finished products			Distribution		Main Services
		Procurement logistics	Production logistics	Sales logistics	Procurement logistics	Production logistics	Sales logistics	Procurement logistics	Sales logistics	
Home appliances									<ul style="list-style-type: none"> • LLP • 3PL • BPO • Technical logistics (home delivery installation, repair, etc.) 	
Consumer goods										
Apparel										
Housing/Interiors										

We mainly handle home appliances and provide a one-stop logistics service connecting home appliance manufacturers and mass retailers. We are responsible for the downstream logistics areas and, in addition to providing LLP services from logistics strategy planning to operation, also provide technical logistics services, such as home delivery installation and repair for home appliance. For apparel, we operate e-commerce mall logistics, and for housing and interiors, we also provide services such as furniture installation.

Sources of Strength

- » Extensive nationwide logistics network in the home appliances field
- » Provision of high value-added solution services (business analysis, operation design, robotics, package solutions)

We provide “consumer electronics retail center management” and “consumer electronics manufacturer logistics” based on our outstanding logistics technology cultivated during our days as a logistics function company for consumer electronics manufacturers. In addition, we provide “technical logistics” including delivery, installation, construction, maintenance, and repair of coffee machines and other products. Our strength lies in our ability to combine these menus and propose solutions that resolve our customers’ needs and issues.

We aim to remain a company chosen by customers for our outstanding logistics technologies, which were cultivated in home appliance logistics. By actively investing in human resources as well as in mechanization, systemization, and DX, we will take on the challenges of further expanding our business and developing new businesses.

Hiroshi Torii

President &
Chief Executive Officer
MITSUI-SOKO
LOGISTICS Co., Ltd.



Business Environment

Opportunities and Risks (External Environment)

- Market changes in home appliance industry
- Changes in business customs and logistics characteristics due to e-commerce expansion

Challenges (Internal Environment)

- High degree of dependence on home appliance logistics
- Further strengthening of human resources in response to increased demand

Home appliance logistics account for the majority of the company's logistics services and are therefore affected by the market conditions in the home appliance industry. One trend is home appliance mass retailers expanding services beyond their current store operations by, for example, handling products other than home appliances and developing e-commerce.

Medium-term Management Plan 2022 Initiatives

Goal

Assist our customers through our outstanding logistics technologies

Basic Strategies

- (1) Deepen and stabilize the home appliance logistics business
- (2) Pursue new business development and solutions businesses
- (3) Promotion of mechanization, systemization, and DX
- (4) Initiatives for sustainability and development of comfortable working environments

(1) Deepen and stabilize the home appliance logistics business

In addition to home appliance products, we will work to expand the handling of furniture and daily necessities related to "living" and "housing," which have been strengthened by home appliance mass retailers in recent years. We will also strengthen the logistics functions in the e-commerce field related to furniture and daily necessities and aim to become a platformer for the home appliance logistics business. With regard to issues such as labor shortages and the improvement of working environments, we will strive to optimize the days of operation at centers and the frequency of deliveries, promote problem-solving together with our customers, and devise ways to streamline and stabilize operations.

(2) Pursue new business development and solutions businesses

While proposing logistics strategies that will include the optimization of a customer's entire supply chain and business improvements, we will work to set ourselves apart from our competitors by combining the logistics menu in which the company specializes, such as technical logistics that can handle everything from delivery and installation to maintenance and repair. We will also promote the acquisition of new and the expansion of existing businesses. We are considering the construction of our own warehouse, which can serve as a pilot facility for the purpose of "growing together with our customers" and "cultivating the next generation of logistics human resources," and would like to connect this to sustainable growth.

(3) Promotion of mechanization, systemization, and DX

We will strongly urge the promotion of mechanization, systemization, and DX to help resolve the labor shortage issue, improve the quality of work, and reduce workloads associated with cargo handling. Promoting the redefinition and standardization of operations, we will actively adopt new technologies and new systems that are evolving day by day. The latter will include the replacement introduction of, for example, AGVs*, packing machines, and sorting machines.

*Automatic Guided Vehicle: Unmanned transportation vehicles and transportation robots

(4) Initiatives for sustainability and development of comfortable working environments

Concerning our response to climate change, our in-house initiatives include helping to reduce CO₂ emissions by switching to LED lighting and reducing plastic waste by introducing environmentally friendly stretch film. We will also work to reduce CO₂ emissions in the supply chain by promoting joint delivery. Regarding working environments, which are a challenge for the logistics industry, we have introduced a truck berth reservation system to reduce waiting times and, by promoting digitization, are working to streamline operations and create comfortable working environments.

Business Strategy



MITSUI-SOKO Supply Chain Solutions

Supply Chain Management (SCM) Support

For more details of business areas please visit:
<https://www.mitsui-soko.com/en/company/group/mscs/>



MITSUI-SOKO Supply Chain Solutions, Inc. was established in April 2015 as a joint venture with Sony Corporation.

Having a logistics network based in Japan, Thailand, and Malaysia, the company is responsible for various logistics operations. These operations include: procurement logistics for the efficient procurement of raw materials and manufacturing parts; factory logistics, such as in-factory cargo handling and inter-process transportation that contribute to improved factory productivity; sales logistics, which uses highly efficient transportation to connect product centers and dealers with timely and appropriate volumes; and repair parts logistics, which handles the huge number of items required for repairs. While combining these logistics functions, we also undertake the planning and make proposals to build integrated logistics systems from which our customers will derive a competitive advantage, while providing logistics solutions that contribute to the optimization of our customers' supply chains.

Business Areas

Main products handled	Precision equipment, home appliances
Regions	Japan, Southeast Asia
Main clients	Electrical manufacturers, machinery manufacturers

Main Logistics Areas

Industries	Value Chain	Raw materials/Materials/Parts			Finished products			Distribution		Main Services
		Procurement logistics	Production logistics	Sales logistics	Procurement logistics	Production logistics	Sales logistics	Procurement logistics	Sales logistics	
Home appliances					■	■	■			<ul style="list-style-type: none"> • LLP • 3PL • Storage/ cargo handling • Import/ export services • International transportation • Moving/office relocations
Precision equipment/ Machinery		■	■	■	■	■	■	■		

We are responsible for supply chain logistics mainly for manufacturers of precision equipment, machinery, and home appliances. We provide global LLP services from the manufacturer's perspective, from logistics planning that contributes to our customers' business strategies to actual logistics, such as factory logistics and sales logistics.

Sources of Strength

- » Knowledge, experience, and human resources that play roles in global supply chains
- » On-site capabilities and improvement capabilities cultivated through manufacturer logistics
- » Supply chain proposal capabilities from being well-versed in both planning and actual logistics based on the manufacturer's perspective

In addition to wide-ranging services in actual logistics, including services overseas, our strength lies in our ability to propose logistics plans that contribute to our customers' business strategies. Leveraging the experience and knowledge gained in supporting Sony's logistics, we provide end-to-end logistics services by means of our ability to build and execute total supply chains that can respond globally and from the upstream to the downstream.

We consider and execute projects together with our customers through supply chains and solutions, which form part of our company name.

Takayuki Sekitori

President
MITSUI-SOKO
Supply Chain Solutions, Inc.



Business Environment

Opportunities and Risks (External Environment)

- Impact from the uncertainty of the international situation on global supply chains
- Growing need for outsourcing of logistics by environment change acceleration in each industry
- Changes in market conditions and the environment of the electronics industry

Challenges (Internal Environment)

- Ability to respond to market changes in the electronics industry
- Acquisition and expansion of new business

Due to the uncertain global situation and dramatic changes in the environment such as with COVID-19, the electronics industry is also reviewing its products, production areas, and supply chains at an accelerated pace. Our logistics services are also greatly influenced by those of our customers, so we need to further strengthen our ability to respond to market changes in the electronics industry, as well as acquire and expand new businesses.

Medium-term Management Plan 2022 Initiatives

Goal	The company name "Pursuit of Supply Chains & Solutions"
Basic Strategies	<p><u>(1) Response to change: Expansion and deepening of existing businesses</u></p> <p><u>(2) Expansion and growth of new business: Unique new business development</u></p> <p><u>(3) Strengthen foundation: Continuous evolution of human resources and operational quality</u></p>
(1) Response to change: Expansion and deepening of existing businesses	<p>Last year, with the aim of quickly responding to the optimization of the Sony Group's logistics/SCM and building a strong supply chain, the global logistics management practices and logistics planning support functions for each business of the Sony Group and international transportation planning functions in charge of bidding operations and partner management for air and sea transportation were transferred to our company. As a key partner in the Sony Group's supply chain, we will carry out the following five initiatives:</p> <ul style="list-style-type: none"> ● Promote global logistics planning services that better meet customer needs ● Strengthening of ability to build total supply chains through cooperation between planning and actual logistics ● Development of actual logistics services that are close to customers ● Promotion of logistics DX that contributes to customer DX ● Strengthening of logistics services for major overseas production bases, such as Thailand and Malaysia
(2) Expansion and growth of new business: Unique new business development	<p>Leveraging our strength in constructing a total supply chain based on the manufacturer's perspective, we will work to acquire and expand new businesses. In addition to developing new business targeting manufacturers operating globally, we will further diversify our business portfolio by developing a sales strategy that emphasizes selection and concentration.</p>
(3) Strengthen foundation: Continuous evolution of human resources and operational quality	<p>In order for our company to achieve further growth, we believe that "organizational learning and growth" and "constant improvement of processes" are important. Our non-asset assets are both human resources and the quality of our worksites, and we will promote strengthening our human resources and improving worksite quality. In terms of human resources, in addition to strengthening our organization to form a professional group through enhanced recruitment and systematic training programs, we will continue to implement work-style reforms to create comfortable working environments. With regard to quality improvement, we will thoroughly implement activities for quality improvement and PDCA cycle management methods.</p>

Business Strategy



MITSUI-SOKO TRANSPORT

Land Transportation

For more details of business areas please visit:
<https://www.mitsui-soko.com/en/company/group/mst/>



MITSUI-SOKO TRANSPORT Co., Ltd. operates and manages a transport network that has at its core the Marukyo Logistics Group, which joined the Mitsui-Soko Group in December 2015 and provides logistics services centered on its transportation business.

The Marukyo Logistics Group, which owns approximately 1,000 vehicles and also uses 2,000 leased vehicles, provides highly efficient regional joint delivery services, including the high-volume, long-distance hauling of consumer products, and is developing asset-type 3PL.

By acting as a bridge between the Mitsui-Soko Group and the Marukyo Logistics Group, MITSUI-SOKO TRANSPORT will contribute to the growth of the latter as a whole. At the same time, we will build a high-quality domestic logistics service by organically linking the transportation function that lies at the core of the Marukyo Logistics Group with the various logistics functions of the Mitsui-Soko Group.

Business Areas

Main products handled	Consumer goods, beverages, interior/housing materials, non-prescription pharmaceuticals, paper products
Regions	Japan, Northeast Asia
Main clients	Consumer goods manufacturers and wholesalers, drugstores, beverage manufacturers

Main Logistics Areas

Industries	Value Chain	Raw materials/Materials/Parts			Finished products			Distribution		Main Services
		Procurement logistics	Production logistics	Sales logistics	Procurement logistics	Production logistics	Sales logistics	Procurement logistics	Sales logistics	
Healthcare										<ul style="list-style-type: none"> • Land transportation • 3PL • Storage/Cargo handling
Home appliances										
Precision equipment/ Machinery										
Consumer goods										
Housing/Interiors										
Food & Beverage										
Paper/Pulp										

Mainly providing land transportation services, we are responsible for sales distribution, from upstream to downstream companies. With regard to beverages, we also transport ingredients and concentrates between bases, while in the case of daily consumer goods, we provide a service that integrates not only transportation, but also storage services.

Sources of Strength

- » Asset-type operation owning approx. 1,000 trucks and using about 2,000 leased vehicles at 50 locations nationwide
- » Completely in-house delivery network and joint delivery system covering the Chugoku and Shikoku areas
- » Low-cost operation

Leveraging our nationwide transportation network, especially in the Kansai, Chugoku and Shikoku regions, we provide a one-stop logistics service that meets the needs of our customers. We achieve this by having developed business extensively, and combining asset-type 3PL, joint delivery, independent transportation and delivery, trunk route transportation, and other services.

Positioning the five years of Medium-term Management Plan 2022 as “five years in which to make the business leaner to survive” and leveraging its current strengths, we aim to create new demand by concentrating on the services at which we excel and developing the uniqueness of our business.

Takayoshi Masuda

President
MITSUI-SOKO
TRANSPORT Co., Ltd.



Business Environment

Opportunities and Risks (External Environment)

- Tighter regulations stemming from 2024 issues and environmental concerns
- Soaring fuel costs and increased labor costs due to shortage of drivers
- Growing need for combined deliveries/joint logistics

Challenges (Internal Environment)

- Responding to labor shortages
- Contributing to ESG management

The transportation industry is facing a difficult business environment due to a shortage of truck drivers and an aging labor force, as well as expected increases in costs due to the recent surge in fuel prices. We believe that joint delivery is a service that contributes to social demands for sustainability and customer cost reductions, and that demand will increase in the years to come.

Medium-term Management Plan 2022 Initiatives

Goal

Provide new value to our customers by integrating base logistics and transportation network logistics

Basic Strategies

- (1) Expansion of transportation network in Western Japan
- (2) Improvements in income and expenditure through visualization of joint delivery operations
- (3) Improving service quality and reinforcing transportation safety

(1) Expansion of transportation network in Western Japan

Focusing on products destined for drugstores, we will build a transportation network that covers all of Western Japan by extending the joint delivery network, which is a strength of this business, to the Chugoku and Kyushu areas. Specifically, we will develop a new base in the Chugoku area, which will be operated as a transportation and delivery hub in the Chugoku and Shikoku areas and at the same time utilized as a 3PL base. In the Kyushu area, we will consolidate our existing bases in the Tosu area, which is a key transportation hub, to streamline services while aiming to acquire new income.

(2) Improvements in income and expenditure through visualization of joint delivery operations

While joint delivery, the mainstay of this business, enables efficient transportation because goods from multiple customers are delivered together, its structure makes it difficult to ascertain the actual costs for each customer. In expanding the joint delivery business going forward, we will work to improve income and expenditure by visualizing services carried out for each customer and thoroughly manage income and expenditure.

(3) Improving service quality and reinforcing transportation safety

With the aim of improving service quality, we will develop human resources who are capable of improving KPI management and on-site services while promoting service standardization. Especially in the 3PL business, we aim to improve customer satisfaction by standardizing services and then implementing DX investment to further improve service quality. We will also continue the work-style reforms that we have been implementing since the period of the previous medium-term management plan. In addition to encouraging employees to take leave and shortening overtime, we will increase employee engagement and improve work quality by enhancing working conditions and creating attractive working environments.

Concerning the reinforcement of transportation safety, we will contribute to strengthening the transportation safety system of the Mitsui-Soko Group. We will achieve this by working to unify the transportation safety standards of the Group, formulating a safety activity policy every year, and continuously running PDCA cycles to put into effect, verify, and improve those standards.