

FOR IMMEDIATE RELEASE

MITSUI-SOKO HOLDINGS Co., Ltd.

Four Companies Jointly Receive "Special Award" for Green Logistics Partnership

In the FY2023 Excellent Logistics Partnership Commendation Program

MITSUI-SOKO HOLDING Co., Ltd. (Head Office: Minato-ku, Tokyo; President & CEO: Hirobumi Koga; hereinafter "MSH") is pleased to announce that MSH has received a Special Award along with Foster Electric Company, Limited (Head Office: Akishima City, Tokyo; President & CEO: Kazuhiro Kishi), RYOBI HOLDINGS Co., Ltd. Ryobi Transport Company (Company's Main Branch: Okayama City, Okayama Prefecture; Company President: Kazumori Araki), and Okayama Tochisoko Co., Ltd. (Head Office: Okayama City, Okayama Prefecture; President & CEO: Kazunori Suenaga). This award was given by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) on December 4, 2023, under the FY2023 Excellent Logistics Partnership Commendation Program.

The Excellent Logistics Partnership Commendation Program is implemented by the MLIT and the Ministry of Economy, Trade and Industry (METI) to recognize businesses that have demonstrated exceptional achievements through partnerships among multiple businesses in their efforts to establish sustainable logistics schemes. This program aims to reduce the environmental impact and enhance productivity in the logistics sector.

1. Background and Overview of the Awarded Project

This initiative exemplifies how changes to an international intermodal scheme for distributing parts to an automobile plant, including those to the inspection warehouse and origin and destination ports, reduced logistics CO2 emissions and the drivers' hours of duty.

Foster Electric used to ship auto parts by sea from Yangon Port in Myanmar to Nagoya Port in Japan. The cargo was unloaded there and transported to a distribution center in Iga City, Mie Prefecture. At this center, the parts were inspected and repacked into returnable containers before being delivered to the customer's automobile plant in Okayama City. In the logistics of automobile parts, since distribution is done using returnable containers, round-trip transportation is always required, even for a one-way distance of 270 km. This caused a significant environmental impact and increased drivers' hours of duty.

In this project, the transportation scheme from the shipper was comprehensively examined and modified. The new arrangement is as follows: A vessel is selected from Thilawa Port, which is closer to the parts factory, bound for Kobe. Then, the container is reloaded onto a non-international coastal trading vessel in Kobe and transported to Mizushima Port. The parts are devanned from the container, inspected, and filled into returnable containers at a warehouse in Mizushima Port. Finally, the parts are delivered to the customer's just-in-time (JIT) warehouse.

For this purpose, the inspection operations, together with the inspection machinery, were transferred to Okayama Tochisoko's logistics center in Mizushima Port, which is closer to the customer's plant. Additionally, workers were given inspection training.

As a result, the distance of land transportation in both Myanmar and Japan has been dramatically shortened, reducing CO2 emissions and drivers' hours of duty.

2. Features and Logistics Improvement Effects of this Project

This initiative:

- Reduced domestic long-distance transportation by actively utilizing a minor port;
- Achieved *Heijunka* (leveling) of inspection lead time (reduced on-site workload) by increasing delivery frequency;
- Successfully modified the logistics scheme for auto parts without interruption while maintaining quality and minimizing initial costs, for example, by changing the location of the inspection warehouse in Japan;
- Utilized MITSUI-SOKO SustainaLink* service, which follows international standards (GLEC Framework) to accurately calculate the CO2 emissions of the international intermodal transportation from the factory in Myanmar;
- Brought the annual CO2 reduction effect in international intermodal transport: 61.2 t-CO2 (34%) (annual CO2 reduction effect in Japan: 54.7 t-CO2 (90%)); and
- Brought the reduction effect of drivers' hours of duty: 1,024 hours (80%).

MSH and the three partners will continue to develop and provide new real-life logistics services that contribute to solving social issues such as decarbonization, logistics continuity in times of disaster, and the 2024 problem.

*SustainaLink

A service that leverages the MITSUI-SOKO Group's extensive logistics expertise to provide a broad menu of services that address risks related to the environment, labor force, and disasters. We are proud to be the first Japanese-affiliated logistics company to offer CO2 calculation services that comply with ISO 14083:2023 Quantification and reporting of greenhouse gas emissions arising from transport chain operations. Our aim is to help customers establish sustainable logistic systems by visualizing and mitigating risks specific to their situation.

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For inquiries regarding this matter:

MITSUI-SOKO HOLDINGS Co., Ltd.
Supply Chain Sustainability Sales Division
SustainaLink@mitsui-soko.co.jp

For inquiries from the press:

MITSUI-SOKO HOLDINGS Co., Ltd.
Strategic Planning Division
ESG Team / Public Relations Team
kouhou@mitsui-soko.co.jp