

VALUE REPORT  
2022

MITSUBI-SOKO GROUP

# INTRODUCTION





# PURPOSE

## Empower society, encourage progress

We believe that the role played by logistics goes beyond simply receiving and transporting goods. It is a significant pipeline that connects everything, such as people with people, industries with industries, as well as countries with countries, and plays an important role as infrastructure that forms the very foundation of modern society. And atop the solid foundation built by logistics are people's day-to-day lives, the workings of economic activity, and society's continued evolution as it repeatedly replaces the old with the new. *Empower society, encourage progress*—it is for this very purpose that the Mitsui-Soko Group exists. In the more than 100 years since our founding, we have expanded our business of logistics to meet the needs of the times and have been inextricably linked to the evolution of society. In the coming era of rapid change, the role played by logistics will be gaining in its importance. To move the world in a better direction and help to realize a mindful and sustainable society, we are today working with an eye toward the logistics of the future.

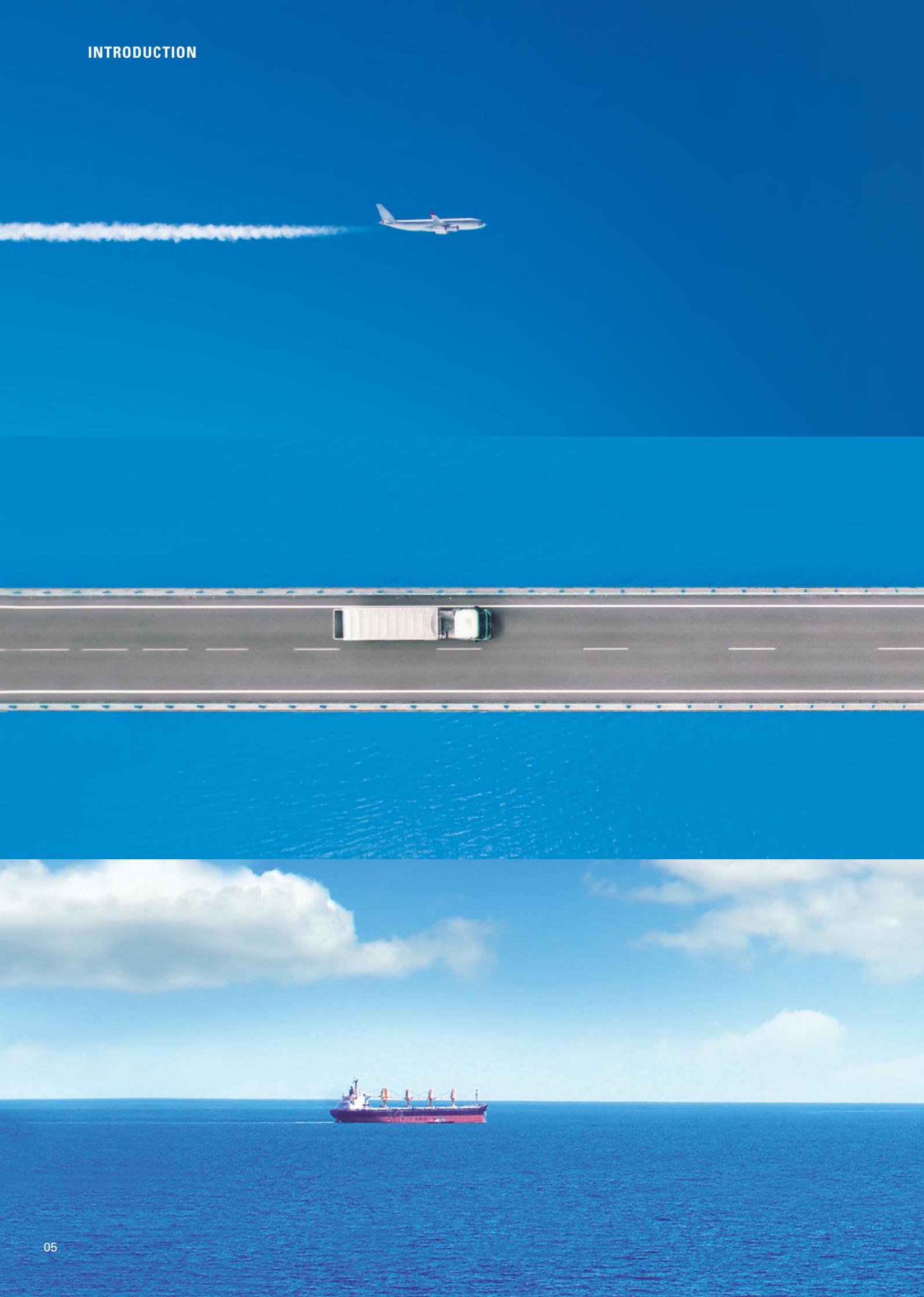
# VALUES

- P R I D E** Responsibility and pride in empowering our society
- C H A L L E N G E** Strive to create and execute sustainable proposals for both our customers and society
- G E M B A** Our frontline: The base of potential, power, and progress
- R E S P E C T** Embrace diverse ideas, co-create new value

Even if a company adopts lofty goals, it will require the deep understanding and actions on the part of each and every employee to steadily implement them. Under our avowed PURPOSE, the values to be treasured by each employee and serve as guidelines for action to realize our VISION have been newly summarized in four VALUES: PRIDE, CHALLENGE, GEMBA and RESPECT. That VALUES involve us firmly maintaining logistics as a form of social infrastructure, identifying customer and social issues, and connecting them to new proposals and challenges. Furthermore, while cherishing our GEMBA (frontline), which is the starting point for value creation in logistics, we will promote the emergence of value based on a corporate culture that recognizes diverse individuality and remain a presence that contributes to the creation and evolution of a mindful society. We will aim to remain a corporate group that is capable of creating sustainable value by having each and every one of our employees embrace the four VALUES and demonstrate their abilities to the maximum extent.



INTRODUCTION

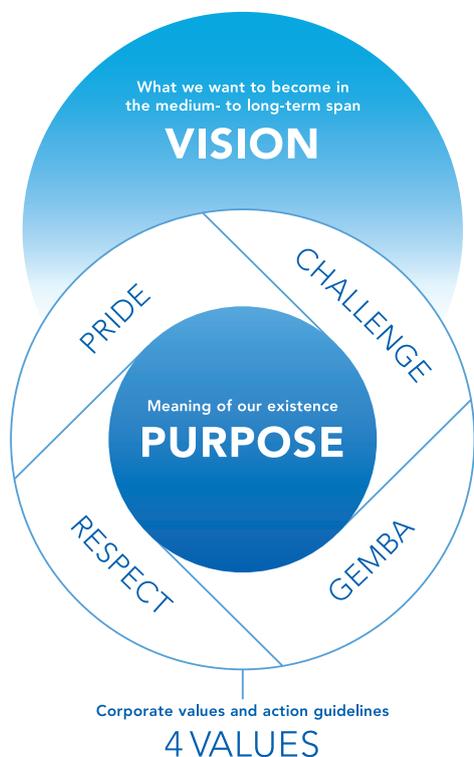


# VISION

**The co-creative logistics solutions partner. For every day, emergency, and always will be**

Throughout our company's history, we have supported the growth of our customers as their logistics partner and walked alongside them while fostering their trust. Trust is not built in a day. We believe that trust comes as the result of continuing to meet the expectations of our customers to the greatest extent possible, come rain or shine, not only during normal times but also in times of emergency. As social issues become more complex and society itself undergoes radical change, logistics is gaining in its importance. Rather than simply receiving and transporting goods, the building of efficient and resilient supply chains that will help lead to the resolution of a range of issues, including the global environment, which is being demanded of us. We will aim to remain a logistics solution partner that realizes improvements in our customers' corporate value by co-creating with all our stakeholders as well as within the Group at all times.

## Group Philosophy



**VISION** What we want to become in the medium- to long-term span

**The co-creative logistics solutions partner.  
For every day, emergency, and always will be**

**PURPOSE** Meaning of our existence

**Empower society, encourage progress**

**4 VALUES** Corporate values and action guidelines

**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

## Upon Issuing Value Report 2022

Around the world, social issues such as global environmental problems and rising geopolitical risks are expected to become more serious and complex. We believe that it is essential for a company to respond to such social changes, and that we are required to work to help resolve social issues through our business.

Even in these uncertain times, the Mitsui-Soko Group revised its group philosophy in May 2022 to further strengthen its management base and advance to a new growth phase. Based on our new Group Philosophy of PURPOSE, VISION, and VALUES, we will promote long-term value creation.

The Mitsui-Soko Group has been issuing an integrated Value Report since 2019, and this is our fourth. The Group has positioned Value Report 2022 as an important tool. By systematically summarizing financial and non-financial information, the report has been created to help all our stakeholders, including shareholders and investors, better understand our company. In Value Report 2022 we clearly state the Group's strengths and its value creation process, focusing on our newly formulated five-year Medium-term Management Plan 2022: "Going on the Offensive by Deepening," which will end in the fiscal year ending March 31, 2027, while clarifying our medium- to long-term growth strategies

and value creation stories.

In preparing this report, reference was made to the Integrated Reporting Framework put forward by the IFRS Foundation, the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation advocated by the Ministry of Economy, Trade and Industry and other relevant documents. At the same time, having consolidated the cross-organizational ideas from the Mitsui-Soko Group, each department cooperated and prepared the report in good faith. I have confirmed that the preparation process was properly conducted and that the coverage is fair.

In the years to come, the Mitsui-Soko Group will continue to utilize value reports as one of its engagement tools for promoting constructive dialogue with all stakeholders. At the same time, we will be striving for sustainable improvement in our corporate value.

September 2022

Hirobumi Koga

Representative Director, President & Group CEO  
Chairman of the Board of Directors

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### Editorial Policy

This report is a disclosure document that incorporates management strategies for medium- and long-term growth, ESG information that forms the foundation of growth, and information on business performance and financial information for the fiscal year under review. This report is primarily published for investors.

We also cover and post a variety of company information on our website. We hope that readers will deepen their understanding of the Company by looking at this report in conjunction with the website. In the years to come, we will work to edit the content of the report to meet the expectations of our readers.

### Disclaimer Regarding Forward-Looking Statements

Those business plans, strategies, prospects, and management-related initiatives regarding the Company's future performance described in this report that are not historical facts are forward-looking statements and as such are assumptions and judgments based on currently available information. Readers should be aware that actual results may differ from these due to a variety of factors, such as the economic conditions surrounding the Company, demand and product prices, the development and sales of new products, and fluctuations in raw material prices and exchange rates.

## Message from the President and Group CEO

# “Empower society, encourage progress.” Mobilizing our collective strengths for sustainable growth with society.

### Thoughts encapsulated in the newly established Group Philosophy (PURPOSE, VALUES, VISION)

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The environment surrounding society is changing at a pace that is exceeding expectations due to such factors as the spread of COVID-19 infections and destabilization in international affairs. The logistics industry is also undergoing a major transition, such as the advancement of digitization, labor shortages, and the growing need for supply chain reform. The Mitsui-Soko Group has rebuilt its financial base and laid the foundation for sustainable growth starting with its Medium-term Management Plan 2017, which in a sense was already focused on defensive measures. Under such circumstances, it is now the time to move on to an “offensive” phase.

In an era in which values that had previously been taken for granted are changing, we are reconsidering the role of a logistics company, and, as part of that, the things that only the Mitsui-Soko Group can do. Wanting to build a firm sense of values throughout the Group, the renewal of our Group Philosophy is due to the welling up of such strong thoughts in me.

Our previous Group VISION was “Value beyond Logistics.” As a result of having thoroughly considered what “value” means for us, we have newly established a Group Philosophy consisting of PURPOSE, VALUES, and VISION.

Encapsulated within PURPOSE, which is our *raison d'être*—“Empower society, encourage progress”—is that logistics, as a form of social infrastructure, must keep the world’s economic activity moving. Also, in line with the changing

times, I possess a strong desire to expand our business in linkage with the evolution of society. I think that a definition of why logistics exist would be to support people’s daily lives, enrich industries, and help to realize the sustainable growth of society while revitalizing the economy. Including the spread of COVID-19 infections and the crisis in Ukraine, geopolitical risks have disrupted supply chains around the world and placed in stark relief the risk that supplies of a variety of goods could be cut. Due to these changes in social conditions, I believe that the number of companies that recognize the importance of logistics has increased significantly in comparison with before. At the same time, from listening to companies, I am also gaining a real feeling for the diversification of their logistics needs. In times like this, our role is to “Empower society, encourage progress” no matter how the world changes. While we ourselves are evolving in keeping with the times, our Purpose shows our determination in supporting the workings of society from the ground up, in moving the world in a better direction, and in aiming to help realize a mindful and sustainable society.

Based on our PURPOSE, we have adopted four VALUES—PRIDE, CHALLENGE, GEMBA, and RESPECT—to serve as guidelines for action. Among other items, the Group transports pharmaceutical products and medical devices, which are directly related to people’s lives, and these are logistics that have to be kept moving with certainty. We also move things that are essential to people’s day-to-day lives, from food ingredients to finished products, such as consumer electronics. I would like our employees to always be aware of these four values and to work with pride as essential workers who support the front lines of our

*Hirobumi Koga*

President and Group CEO  
MITSUI-SOKO HOLDINGS Co., Ltd.



## Message from the President and Group CEO



way of life and of the economy.

Under our PURPOSE, the future vision of the Group is expressed in the VISION—“The co-creative logistics solutions partner. For every day, emergency, and always will be”—based on the VALUES for each and every employee to maximize their potential. Today, the logistics industry is required not only to receive and transport goods, but also to stably connect customers’ supply chains. As an entity that connects our customers and the evolution of society at all times, the Mitsui-Soko Group would like to aim to be a logistics solutions partner that realizes improvements of its customers’ corporate value while co-creating with all its stakeholders. To attain that vision of what we want to become, we will promote the measures adopted under Medium-term Management Plan 2022.

### Looking Back on Medium-term Management Plan 2017

In the previous Medium-term Management Plan 2017, the final fiscal year of which ended March 31, 2022, we positioned the first three years as a “reversal period,” focusing on strengthening our business profitability and rebuilding our financial base. In the last two years of the plan, which we positioned as the “sustainable growth period,” we primarily worked as a Group on three key areas: the construction of overwhelming field capabilities, the establishment of end-to-end integrated solution services, and ESG management.

Our most notable achievement over the past five years has been the establishment of a system capable of securing stable profits. Operating revenue was ¥301 billion (up 33% from the start of

the Medium-term Management Plan 2017), and operating profit reached a record high of ¥25.9 billion, greatly exceeding the target of ¥10 billion. Operating profit margin also improved significantly, from 2.6% before the start of Medium-term Management Plan 2017 to 8.6%. In addition, by reducing interest-bearing debt, the net debt-to-equity ratio was 0.9 times, and we were able to achieve all numerical targets that we had set. I thus believe that we reached a certain point in rebuilding our financial base.

I would like to take this opportunity to explain some of the initiatives we have taken over the past five years and their results. During the three years of the reversal period, we placed importance on the reinforcement of our earnings power and the rebuilding of our financial base, and put into effect a raft of initiatives. Above all, particular focus was placed on “strengthening Group management.” The launching of a Strategic Sales Division, enhancing cooperation between operating companies, and working to be able to propose comprehensive end-to-end logistics solutions to customers as One Mitsui-Soko led as a result to improved profitability in the logistics business. In addition, we thoroughly implemented cost reduction measures, named Challenge 20, on which the whole company worked together as one, and the visualization of income and expenditure for each project. As a result of implementing responses to unprofitable projects together with adjustments in the collection of fees, these measures led to an improvement in profit margins.

In the latter two years, based on the results of the reversal period, we promoted the strengthening of our business foundation for further growth to shift to sustainable growth. As each steady effort has borne fruit—for example, the promotion of efficiency by combing people’s individual capabilities with or technological capabilities, such as AI and robotics; the provision of high-quality services; and the strengthening of the Group network—a sense of group unity has been fostered, and I sense that changes have also occurred in the awareness and behavior of our employees.

In contrast, in terms of reforming our corporate culture, we have worked on reforming our personnel system and adopted an office system whereby employees are free to change desks, but are still halfway through our goal and thus will continue to work on the remaining issues.

## Medium-term Management Plan 2022: “Going on the offensive by deepening”

To aim toward the Group’s VISION—“The co-creative logistics solutions partner. For every day, emergency, and always will be”—we have newly launched Medium-term Management Plan 2022 from the current fiscal year. We have positioned the next five years as a growth phase where we will go on the offensive with our unique business model by building on the initiatives of the last two years of the previous medium-term management plan and “deepening” them. The numerical targets for the fiscal year ending March 31, 2027, the final year of the plan, are operating revenue of ¥350 billion, operating profit of ¥23 billion, and operating cash flow of ¥30 billion. With regard to operating profit, as a launching pad we have set the actual value at ¥17 billion, excluding special factors such as the impact of COVID-19, from ¥25.9 billion in the fiscal year ended March 31, 2022, and aim to accumulate ¥6 billion over the next five years.

Adopted as the three pillars of our growth strategy are the following:

## Establishing a system capable of securing profits, we will create the future ahead with our Medium-term Management Plan 2022

### (1) Top-line growth by mobilizing the Group’s collective strengths

Concerning the enhancement of the Group’s collective strengths, as a result of having fortified Group management during the previous medium-term management plan, cooperation between operating companies and departments is currently expanding, leading to the provision of optimal services. In the years to come, given added impetus by the growing need for global supply chain reform, we will further refine our logistics solutions that can be handled from upstream to downstream, and realize “top-line growth by mobilizing the Group’s collective strengths.”

To achieve the foregoing, we will deploy three measures, centered on the enhancement of integrated solution services, expansion of

sustainability-oriented business, and deep digging in the inter-industry.

The first is the enhancement of “integrated solution services,” which form our unique business model. Leveraging a comprehensive lineup of logistics service functions for land, sea, and air, and logistics know-how, which has been responsible for a wide range of value chains from upstream to downstream, the Group provides integrated solution services that optimize customers’ entire supply chains. We will further strengthen these services and focus on the areas of mobility, healthcare, and B2B2C, which includes business-to-business transactions and even individuals. With regard to mobility, demand for electric and connected cars is expected in the future. In addition to having joint ventures with Toyota Motor Corporation and Sony Corporation, I believe that the Group will be able to leverage as a competitive advantage the know-how acquired through its extensive track record of dealing with customers in related industries, including these two companies. With regard to healthcare, in addition to specialized and high-quality operational management know-how in the manufacturing area, we possess knowledge in areas with high added value, such as regenerative medicine and macromolecular pharmaceuticals, where market growth is expected in the future, and we plan to further expand them. Based on the know-how gained from consumer electronics distribution center management and distribution design, in the case of B2B2C it is possible for us to consistently provide functions such as joint delivery/delivery, installation, and repair. We are aiming to expand to cover not only consumer electronics but also the consumer goods and apparel areas.

Secondly, we will expand our “sustainability-oriented business” to resolve corporate sustainability-related issues that are becoming increasingly diversified, subject to new laws and regulations, and globalized.

In October 2021, having organized the risks that companies face regarding the sustainability of logistics into three categories—the environment, labor force, and disasters—we started offering our new “SustainaLink” service that leads to problem-solving in three steps: Know, Visualize, and Improve. Not limited to mere diagnosis and analysis, this service is characterized by the fact that our Group can handle actual operations after having proposed specific improvement measures. In particular, as the visualization of CO<sub>2</sub> emissions in logistics requires specialized knowledge, there are many needs from customers, and currently the number of projects is steadily increasing.

## Message from the President and Group CEO

The third measure is deep digging in the inter-industry. By means of M&A and other business expansion, the Group has acquired an excellent, wide-ranging customer base and a comprehensive lineup of logistics service functions. In contrast, there are still many areas in the inter-industry that we have not dealt with in our existing operations. Digging deeper and designating this area as “room for growth,” alongside expansion in the areas covered by business contracts, and by covering the entire supply chain of our customers, we aim to expand our base operations by linking them to opportunities to provide integrated solution services.

### **(2) Reinforcement of operational competitiveness**

Deepening our efforts to construct “overwhelming field capabilities” that we have been promoting since the previous medium-term management plan, we will work step by step to reinforce our operational competitiveness.

## In a rapidly changing external environment, we will provide optimal logistics solutions and resolve our customers’ logistics issues.

For the very reason that, in today’s world, technological evolution is accelerating, the point of differentiation that we are particularly adhering to is “people’s individual capabilities.” For example, no matter how excellent the robots and machines installed in warehouses become, people’s individual capabilities will remain necessary to combine them and derive efficient and optimal operations as a single line. I think that digital technology and logistics robots will evolve further in the years to come but first, so that everyone can utilize them and create added value, we will thoroughly instill standardization throughout the Company. Based on these standardized business operations, we are considering the steps to establish a competitive advantage by improving the quality of work and realizing cost reductions by combining people’s individual capabilities and technological capabilities.

### **(3) Building management foundations to support the deepening**

To support our efforts for (1) and (2), we will work on “building management foundations to support

the deepening” from four aspects: DX, co-creation, business assets, and ESG.

Concerning DX, please see the DX strategy pages (P. 41–43) for details, but I believe that without logistics DX the realization of DX will be difficult for each company. When companies think about the distribution of their products, it is essential that they visualize the entire supply chain, such as where the inventory is now, how to purchase, and how to transport that inventory. Now that the risk of supply chain disruption is constantly increasing, its importance as a corporate strategy is increasing. By digitizing and visualizing information in the supply chain, I would like us, who are responsible for our customers’ logistics operations, to not only optimize customers’ logistics, providing customers with that information, but also to utilize it for our own strategies.

With regard to co-creation, we will accelerate initiatives both inside and outside the Company to create new businesses and value. In internal co-creation, we will effectively utilize diverse human resources while promoting the creation of mechanisms to generate innovation. We will also actively consider external co-creation, such as collaboration and alliances with external parties, as well as strategic M&A and alliances. At the present time, we are collaborating with a variety of companies, while working on, for example, the automation of international trade operations, logistical support for EC operations, and the strengthening of healthcare logistics systems.

With regard to business assets, we will implement a wide range of commercial real estate (CRE) measures, such as scrapping and rebuilding existing facilities and value-enhancement work, to effectively utilize and increase the value of our assets. We will also consider investing in new logistics facilities that fully utilize IoT and robotics.

With regard to ESG, we will continue initiatives from the previous medium-term management plan with the aim of both resolving social issues and improving corporate value. In terms of environmental aspects, as a logistics company, we recognize that responding to climate change is our social mission and thus will also strongly promote the reduction of our own CO<sub>2</sub> emissions. As specific goals, we have set a 50% reduction compared with FY2013 by FY2030 and net zero by FY2050. In terms of social aspects, the ideas that we are working on involve actively investing resources in strengthening human capital, which is the most important management foundation, and improving employee engagement. To ensure that each employee can take pride in and find their work rewarding and demonstrate their full potential, we



are working on a number of initiatives. These include: personnel system reform based on the keywords of diversity, expertise, and fluidity; creation of job satisfaction through mutual understanding of issues and goals; and improving the working environment from both hard and soft aspects. In terms of governance, we deem the main issues to be the promotion of sustainability and management with an awareness of capital efficiency and will promote the creation of a system with the aim of improving corporate value over the medium to long term. In October 2021, we established the Sustainability Committee under the Board of Directors, with the intention of strengthening the system for promoting sustainability management. We have also introduced a stock-based remuneration system as part of our executive remuneration system with the aim of increasing the linkage between remuneration, company performance, and corporate value. In the years to come, we will continue to promote initiatives designed to strengthen governance and that contribute to improving corporate value.

### Linking of New Medium-term Management Plan and Materiality

Aiming to create new value through its business activities and achieve the sustainable growth of society, the Mitsui-Soko Group has identified materiality (important issues) and set KPIs in the areas of economy, society, and the environment. In formulating our new Medium-term Management Plan, we remained strongly aware of the linkage with the activities of each materiality and are promoting initiatives while integrating them with

management. For example, the SustainLink service I mentioned earlier is an initiative that contributes to the “provision of sustainable, resilient logistics services through co-creation.” In addition, our ESG initiatives are linked to “contribution to a decarbonized, circular economy by actively reducing environmental impact” and “realization of safe, diverse, and rewarding work environments.”

Going forward, we will continue to strive to achieve the targets for each materiality, manage the state of progress of the KPIs and strengthen the PDCA cycle, while accelerating initiatives throughout the Group.

### To All Our Stakeholders

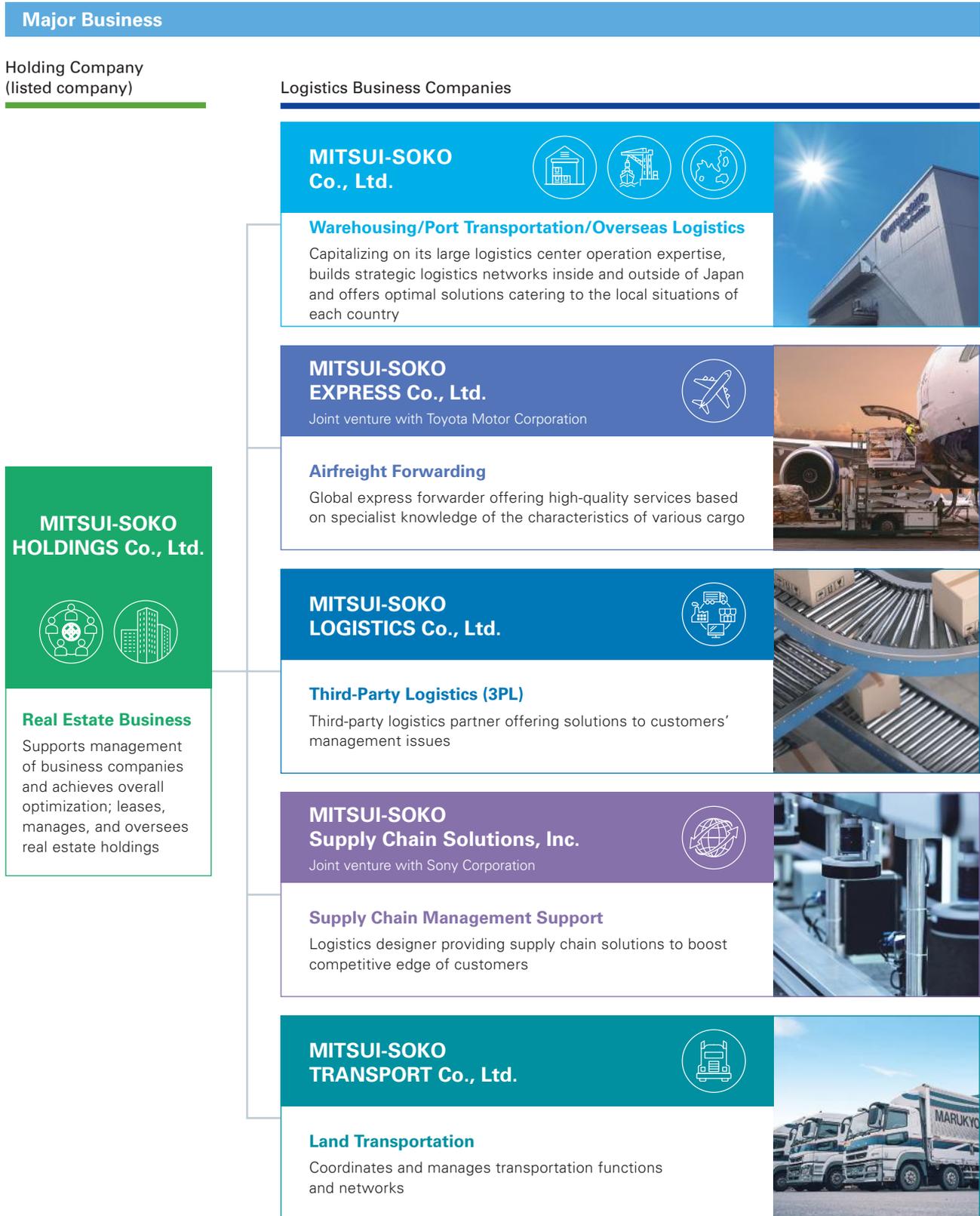
For the more than 100 years since our founding, the Group has been developing logistics services that respond to changes in society. The logistics industry now finds itself in a period of transition. I believe that there will be a polarization between companies that will survive over the next three to five years and those that will not. The keywords that I am thinking of are “incident response” and “risk diversification.” In addition to beginning to search for ways to build supply chains that can respond to drastic changes in the external environment, customers are promoting responses to logistics risk diversification. It is important for us to accurately respond to these customer issues. I believe that we are capable of mobilizing the Group’s collective strength in providing logistics solutions that contribute to the optimization of our customers’ supply chains and support their business strategies.

Looking further ahead to changes in logistics, advances are being made in the so-called local production for local consumption trend, by which each country consumes what has been produced in that country, and thus the role demanded of logistics may also change. However, I believe that the foundation of logistics, which supports people’s lives, develops industries, and leads to the sustainable growth of society, will remain constant. Under our PURPOSE—“Empower society, encourage progress”—we will resolve our customers’ logistics problems and contribute to the development of an ever-changing society. I would also like these efforts to lead to the growth of the Mitsui-Soko Group and drive the logistics industry.

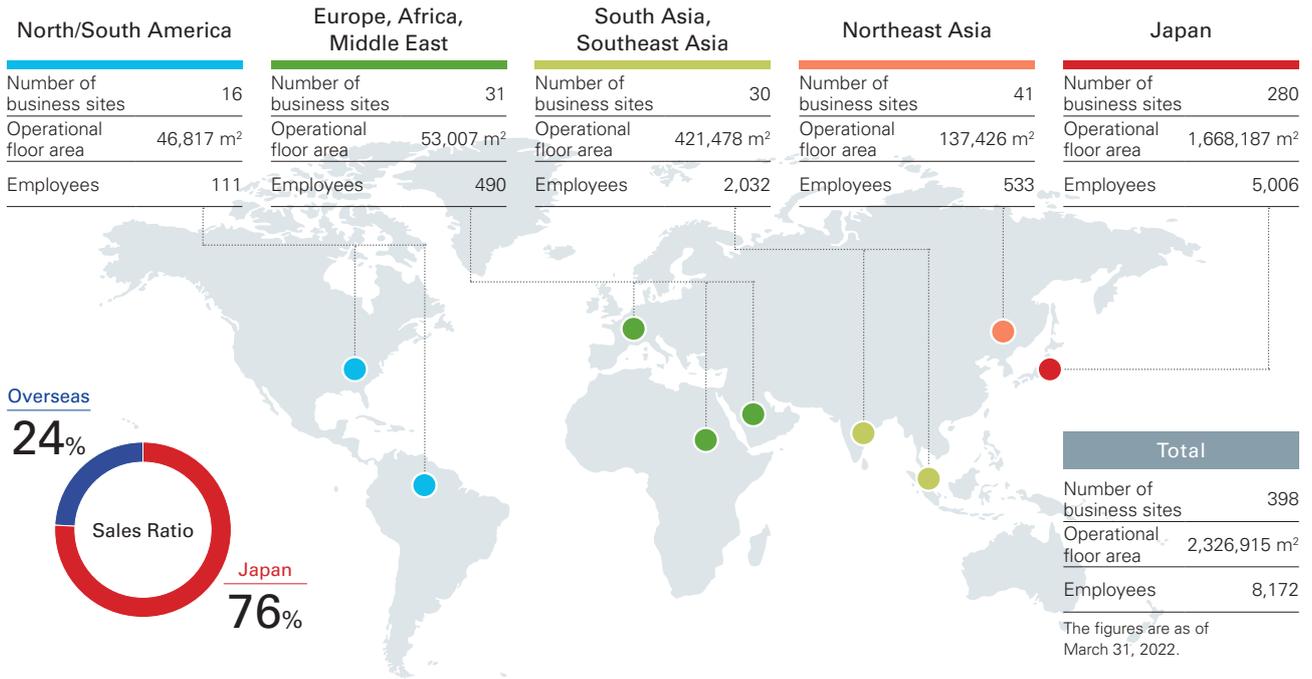
We look forward to the continued and unwavering support of all our stakeholders, including our shareholders, in the years ahead.

At a Glance

# Logistics Services of a Group that Develops Integrated Solutions Based on Its High Level of Expertise

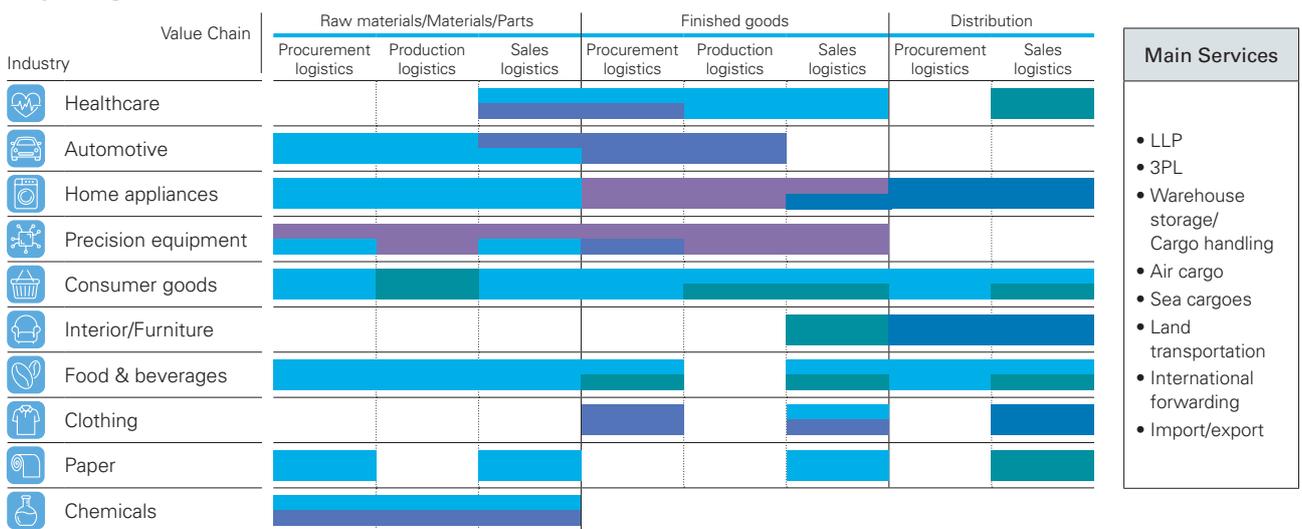


Global Networks



Logistics Area and Logistics Services

Major Logistics Area



Other Services	Services
• Port transportation	Container terminal operation, conventional vessel business, ship agency business
• BPO	Document storage/management, back office
• Artworks/trunk rooms	Storage of valuables, artworks, household goods
• Equipment transportation	Transportation of machinery/equipment/heavy goods
• Overseas relocation	Packing, overseas relocation insurance agency, storage of household belongings

	MITSUI-SOKO
	MITSUI-SOKO EXPRESS
	MITSUI-SOKO LOGISTICS
	MITSUI-SOKO Supply Chain Solutions
	MITSUI-SOKO TRANSPORT

## History

# Realizing a Comprehensive Lineup of Logistics Services

### History of the Mitsui-Soko Group

#### Founding Period (1909–1959)

##### Launched warehousing business against backdrop of Japan's modernization

Amid burgeoning demand for warehouses due to the rise of modern industries, such as spinning and silk manufacturing, we sensed the changes of the times and entered not only the storage business but also cotton handling and stevedoring, thereby crossing over from the warehousing business to the logistics business.

#### Expansion Period (1960–1990)

##### Business expansion into new business entity arising from warehousing business

In the 1960s, marine container forwarding and the land transportation business grew significantly. In the 1970s, the international division was established to expand international operations and commence international airfreight forwarding. We expanded our business from storage-based business to distribution warehousing business with enhanced delivery capacity.

#### 1909

- Founded as Toshin Soko Co., Ltd. when the warehouse division was spun off of Mitsui Bank.
- Launched the warehousing business.

#### 1950

- Listed on the Tokyo Stock Exchange.

#### 1977

- Launched full-scale international transportation services.

#### 1942

- Toshin Soko Co., Ltd. renamed MITSUI-SOKO Co., Ltd.

#### 1968

- Launched the handling of marine containers and the operation of container terminals in Japan.

#### 1989

- Launched a full-scale real estate leasing business.

1909 Toshin-Soko Co., Ltd.

1942 MITSUI-SOKO Co., Ltd.

1966 Tokyo Air Service Co., Ltd. (renamed TAS Express Co., Ltd. in 2004)

1969 Transportation Bureau Air Cargo Department (renamed JTB Cargo)

1971 SANYO Electric Product Center Co., Ltd. (renamed SANYO)

1962 Sony Soko Co., Ltd. (renamed Sony Supply Chain Solutions Inc. in 2003)

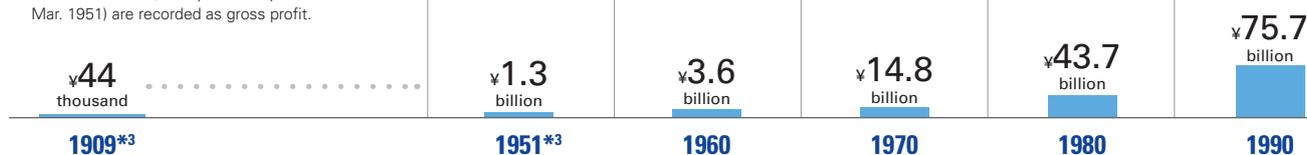
1967 Marukyo Logistics Co., Ltd.

\*1 In 2011, JTB Cargo renamed MITSUI-SOKO Air Cargo.

\*2 MITSUI-SOKO TRANSPORT is the operating and managing company of the Marukyo Transportation Group.

### Trends in Consolidated Operating Revenue

\*3 1909 (Settlement of accounts for 1st Period: Oct. to Dec. 1909) and 1951 (Settlement of accounts for 78th/79th periods: Apr. 1950 to Mar. 1951) are recorded as gross profit.



### Logistics History

#### 1909–1959

Expansion of warehouse demand due to Japan's modernization and postwar reconstruction

#### 1960–1990

Development of international multimodal transportation/airfreight forwarding due to internationalization

**Growth Period (1991–2015)**

**Development into comprehensive logistics company through proactive M&A and capital investment**

Conducted proactive M&A and made concentrated investments in growth areas in Asia-Pacific. Following the addition of companies with strengths in 3PL, airfreight forwarding, factory/sales logistics, and land transportation, we have developed into a global comprehensive logistics company that is capable of meeting the diversifying needs of its customers.

**Toward Social Co-creation and Sustainable Growth (2016–)**

**Entering new phase toward sustainable growth**

In developing comprehensive logistics services, we are building stable supply chains for our customers from upstream to downstream. As a company that underpins the social infrastructure called logistics, we will support people’s lives, connect the evolution of the country, industry, and society, and realize sustainable growth.

**2006**

- Launched full-scale healthcare business and business process outsourcing (BPO) business.

**2008**

- Launched a full-scale third-party logistics (3PL) services.

**2011**

- MITSUI-SOKO EXPRESS Co., Ltd. (formerly MITSUI-SOKO Air Cargo Inc.\*1) joined the Mitsui-Soko Group

**2012**

- MITSUI-SOKO LOGISTICS Co., Ltd. joined the Mitsui-Soko Group

**2015**

- MITSUI-SOKO Supply Chain Solutions, Inc. joined the Mitsui-Soko Group
- Established MITSUI-SOKO TRANSPORT Co., Ltd. and Marukyo Logistics Group joined the Mitsui-Soko Group

**2014**

- Moved to a holding company system  
MITSUI-SOKO HOLDINGS Co., Ltd. established

2014 MITSUI-SOKO HOLDINGS

2014 MITSUI-SOKO

2012

MITSUI-SOKO EXPRESS

in 2001)

2011

Electric Logistics Co., Ltd. in 1999)

2012

MITSUI-SOKO LOGISTICS

2015

MITSUI-SOKO Supply Chain Solutions

2015

MITSUI-SOKO TRANSPORT\*2



Mitsui-Soko Group

¥68.5 billion

2000

¥88.7 billion

2010

¥148.2 billion

2013

¥213.0 billion

2016

¥241.1 billion

2020

¥253.6 billion

2021

¥301.0 billion

2022

**1991–2015**

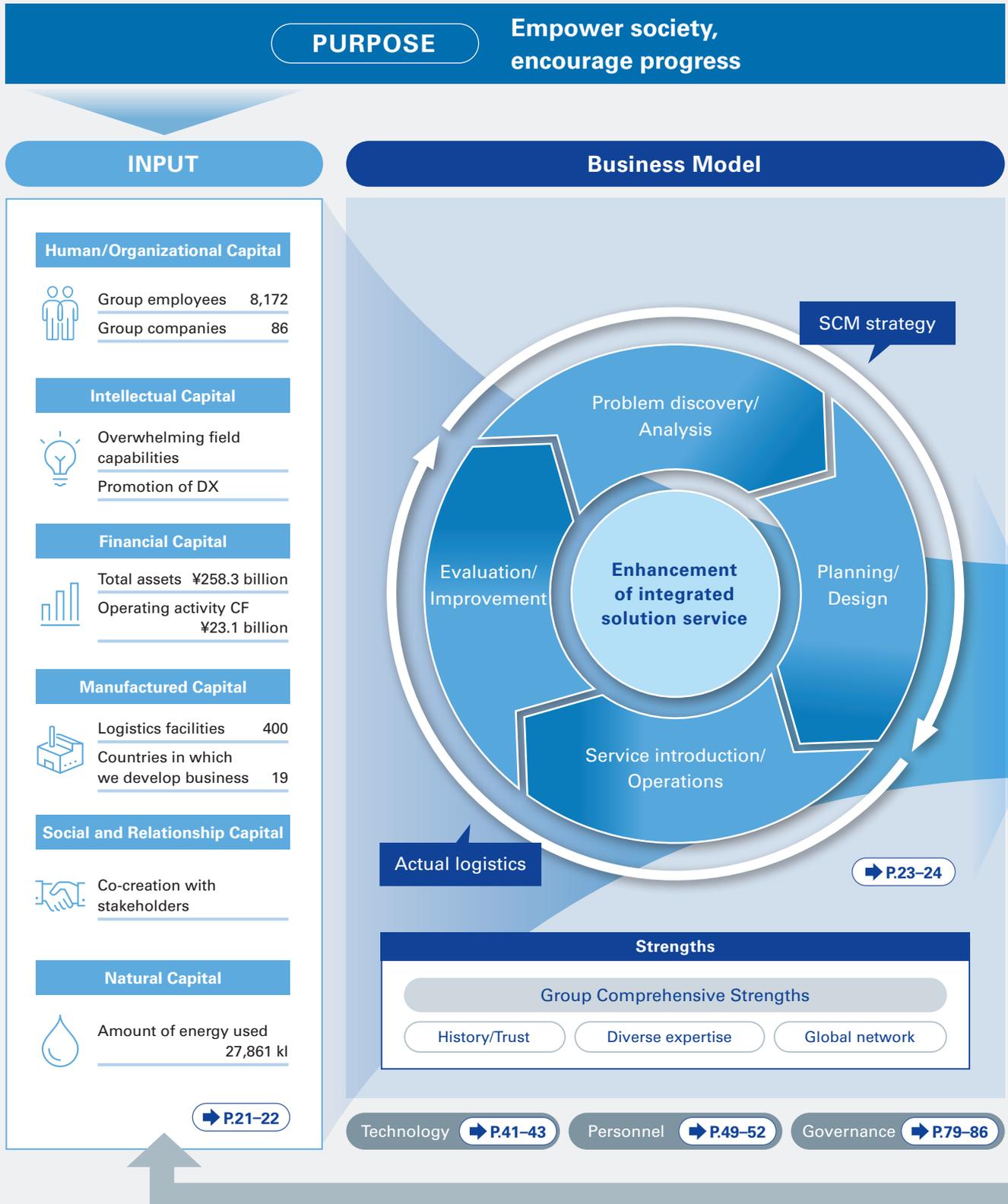
Rise of 3PL companies due to diversification of logistics needs

**2016 onward**

Increasing importance of logistics in the era of sustainability

Value Creation Process

**Creating New Value through Our Business Activities,  
Contributing to the Development of a Sustainable Society, and  
Improving Corporate Value**



VISION

The co-creative logistics solutions partner.  
For every day, emergency, and always will be

OUTCOME

➔ P.45-56

Materiality

Economy

Provision of sustainable, resilient logistics services through co-creation

Social

Realization of safe, diverse, and rewarding work environments

Environment

Contribution to a decarbonized, circular economy by actively reducing environmental impact

➔ P.44

Optimal logistics services that support our customers' supply chains

Medium-term Management Plan 2022

Be the First-Call Company  
"Going on the Offensive by Deepening"

Growth Strategy

Top-line Growth by Mobilizing the Group's Collective Strengths

Reinforcement of Operational Competitiveness

Building Management Foundation to Support the Deepening

➔ P.33-36

Value Proposition to Society

Economy

Improvements in the economic productivity of society and client companies



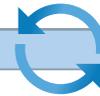
Social

Improvements in the QOL for employees and their families



Environment

Reductions in the environmental impacts of the value chains of society and client companies



Increasing Corporate Value

Financial (Medium-term Management Plan 2022 Numerical Targets)

- Operating revenue      ¥350 billion
- Operating profit        ¥23 billion
- Operating cash flow    ¥30 billion

Major non-financial (KPIs)

- Providing services arising from social issues
- Improving employee engagement
- 50% reduction in CO<sub>2</sub> emissions by FY2030 (comparing FY2013)

## Management Capital

The Mitsui-Soko Group is working to improve its corporate value by fully drawing on its management capital of human/organizational capital, intellectual capital, financial capital, manufactured capital, social and relationship capital as well as natural capital, which are the sources of value creation. By strengthening the cycle in which the value generated by capital circulates and leads to further capital increases, we will achieve sustainable growth of the Group and society.

 **Human/Organizational Capital** ➔ P.49-52

**Group employees**  
**8,172**

**Group companies**

Domestic	Overseas
<b>38</b>	<b>48</b>

**Number of group seminar participants**  
**2,009**

**Personnel with expertise**

- SCM solution sales personnel
- Operational personnel to strengthen field capabilities
- Specialized personnel (IT professionals, pharmacists, etc.)

More than 8,000 Group employees in Japan and overseas are creating new value by leveraging their strengths and demonstrating their abilities. Individual growth leads to organizational growth, which raises the competitive advantage of each business and enhances the overall strengths of the Group. While being accepting of diverse values and the ideas of each individual and fostering a spirit to take on challenges, we will work to improve the environment and enhance the system to promote the creation of rewarding work environments so that each and every employee can demonstrate their abilities to the fullest extent.

To respond to the progress being made in digitization, which is having a major impact on the logistics industry, we will also establish a new professional IT system to further promote IT and DX in the years to come. At the same time, we will endeavor to develop and retain talent specializing in digital-related matters.

 **Intellectual Capital** ➔ P.41-43

**Overwhelming field capabilities**

- High-quality logistics know-how based on manufacturer-standards
- Standardization method established by visualization of work processes

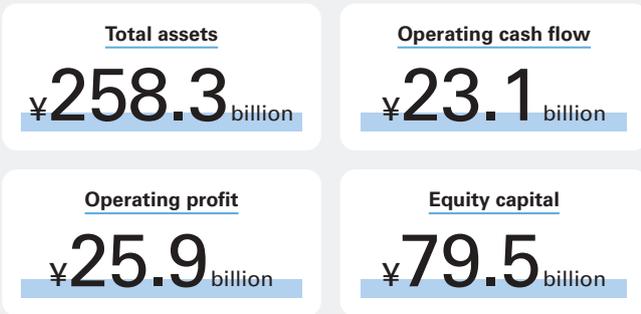
**Promotion of DX**

- DX strategic investment: ¥20 billion (Medium-term Management Plan 2022 period)
- SCM digital platform

The Group is working to strengthen its competitiveness by incorporating manufacturer-standard improvement methods into the logistics know-how accumulated over more than 100 years and building overwhelming field capabilities. To further improve the quality of logistics, we are working to standardize operations and expand our organizational knowledge base while promoting company-wide deployment. By promoting DX, we are further strengthening our field capabilities by combining people's individual capabilities with our technological capabilities and also building a digital platform to deepen our integrated solution services.

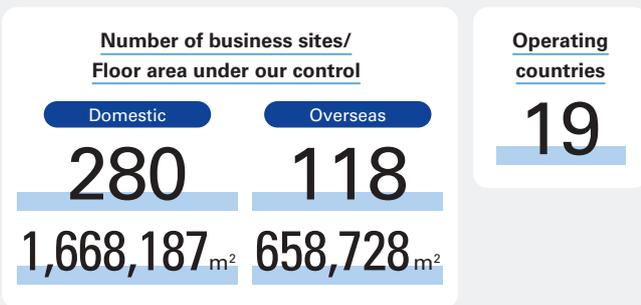
\*The figures are as of March 31, 2022.

 **Financial Capital** ➔ P.89



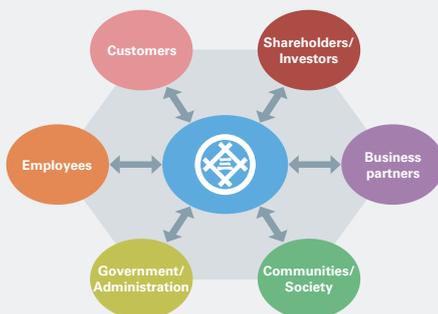
Building a sound financial base will lead to growth investment to create new value and returns to shareholders. Under the previous medium-term management plan, to recover the equity capital damaged by impairment, we were able to achieve certain results by strengthening profitability and rebuilding our financial base. We are steadily evolving into a business structure that can secure healthy profits even in an increasingly uncertain business environment due to COVID-19, and we will continue to further strengthen our financial base and allocate funds for growth investment and shareholder return.

 **Manufactured Capital** ➔ P.16



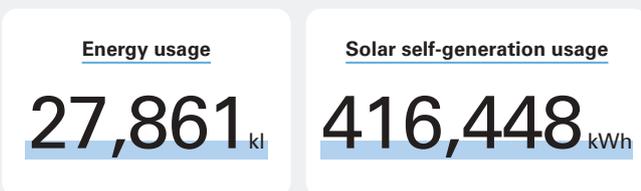
With more than 400 offices in 19 countries, the Group has an extensive worldwide network. By building storage facilities and a wide network of bases according to the characteristics of the products kept there and an optimal transportation network, including healthcare facilities and state-of-the-art facilities equipped with robotics, we provide multifaceted support for the optimal logistics strategies of our customers' businesses.

 **Social and Relationship Capital** ➔ P.74



Over its long history, the Group has fostered relationships of trust and been conducting business with its stakeholders. We will continue to co-create new value with our stakeholders through two-way communication leading to sustainable growth.

 **Natural Capital** ➔ P.53-56



The Group operates by utilizing natural capital derived from fossil fuels, such as electricity and light oil. Based on the idea that conservation of the global environment will lead to sustainable growth of society and companies, we will efficiently utilize energy and realize reductions in GHG emissions and waste materials emissions.

## Business Model

### Enhancement of integrated solution services

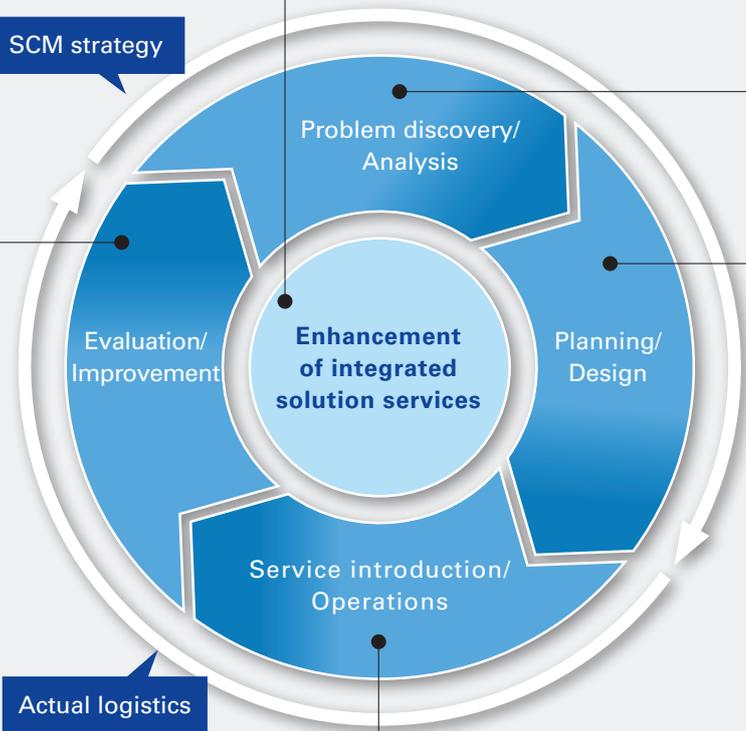
The Mitsui-Soko Group provides integrated solution services that realize optimal logistics across the entire supply chain for our customers. Leveraging the unique strengths of the Group built up through the utilization of management capital, we are building a business that combines both SCM strategies, such as analysis and design, and actual logistics that include the provision of logistics functions and operational execution. By expanding the business scope of actual logistics, we are creating a virtuous cycle in which newly discovered information is analyzed from the perspective of overall optimization, and is then fed back into the SCM strategies to propose and implement logistics solutions to our customers, thereby further expanding the business scope of actual logistics.

### Evaluation/Improvement

#### Enhancing logistics quality through continuous improvement activities

We verify the effectiveness of services after their introduction and carry out continuous improvement activities. By sharing information and providing education on cases of improvement within the Group, we are also aiming to further enhance efficiency, and improve productivity and quality.

SCM strategy



Actual logistics

### Service introduction/Operation

#### Provision of comprehensive end-to-end logistics services from upstream to downstream

The Group has a large number of warehouses in Japan and overseas and a comprehensive lineup of logistics functions that cater to land, sea, and air forwarding. By combining these various logistics functions and executing optimal and efficient operations, we provide a wide range of flexible logistics services from upstream to downstream. In addition to logistics operations in the value chain, such as procurement to production to sales logistics, we are operating after-sales services, including the installation and repair of furniture and home appliances, as well as BPO operations for document management and back offices.



## Problem discovery/Analysis

### Identification and analysis of logistics issues faced by customers

We identify logistics issues that capture not only the business issues facing our customers but also the changes, such as social issues, in the external environment behind them. After collecting logistics data and on-site interviews, we visualize and analyze the current logistics operations and clarify the processes that are under strain and the items necessary for improving productivity and quality.

## Planning/Design

### Planning and design of logistics business processes

#### ● Solution design

To realize our customers' business strategies, we plan and design logistics solutions that contribute to the optimal supply chain. In addition to planning and designing logistics strategies that also utilize digital technology, such as logistics strategy and business process construction, we also undertake the overall management of projects, such as IT implementation and change management, to devise ways to firmly establish logistics measures.

#### ● Base locations

In addition to reducing distribution costs and improving lead times based on storage and transportation fees, we are proposing base locations that also take into account disaster risk and employment conditions.

#### ● Warehouse operations

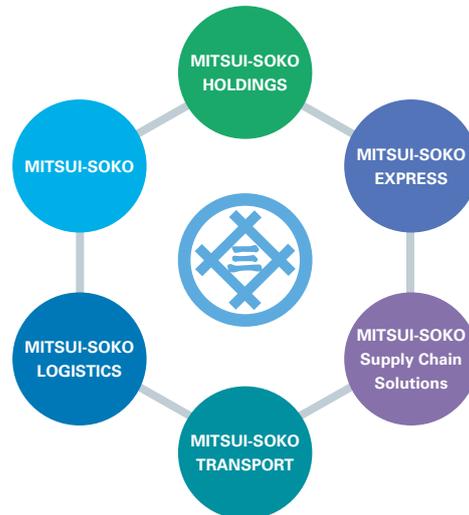
Based on the data on labor hours, we strive to reduce costs and improve productivity by designing optimal warehouse layouts by automating warehouse equipment and mechanizing cargo handling operations according to the characteristics of the business.

#### ● Construction of transportation networks

Utilizing our joint delivery networks that we have established over many years and AI-based simulation systems, we determine the optimal number of vehicles to be dispatched, their point-to-point times, and the forwarding costs to build optimal vehicle allocation plans and forwarding networks.

## Strengths

### Group Comprehensive Strengths



Combining the know-how of each Group company, we are providing logistics solution services that are capable of responding to social changes and all customer needs. Placed in charge of our customers' products, such as during storage and forwarding operations, we are providing wide-ranging services, from reliable deliveries to supply chain optimization through customer logistics reform.

### History/Trust

For more than 100 years, we have been engaged in the logistics business while expanding our business to meet the needs of the times. Having built long-term relationships of trust with many leading companies in each industry, we have formed an excellent customer base.

### Diverse expertise

Each Group company possesses strengths in a different logistics function, such as storage, air cargo, and land forwarding, and also has a wide range of areas of specialty in the value chain, including procurement, manufacturing, and sales logistics.

### Global network

Possessing an extensive network worldwide and throughout Japan, we are supporting customers expanding their businesses globally to optimize their supply chains.

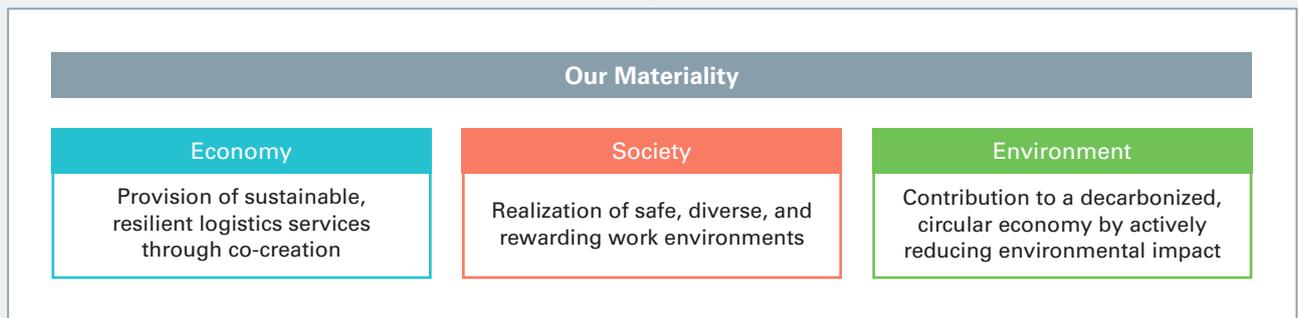
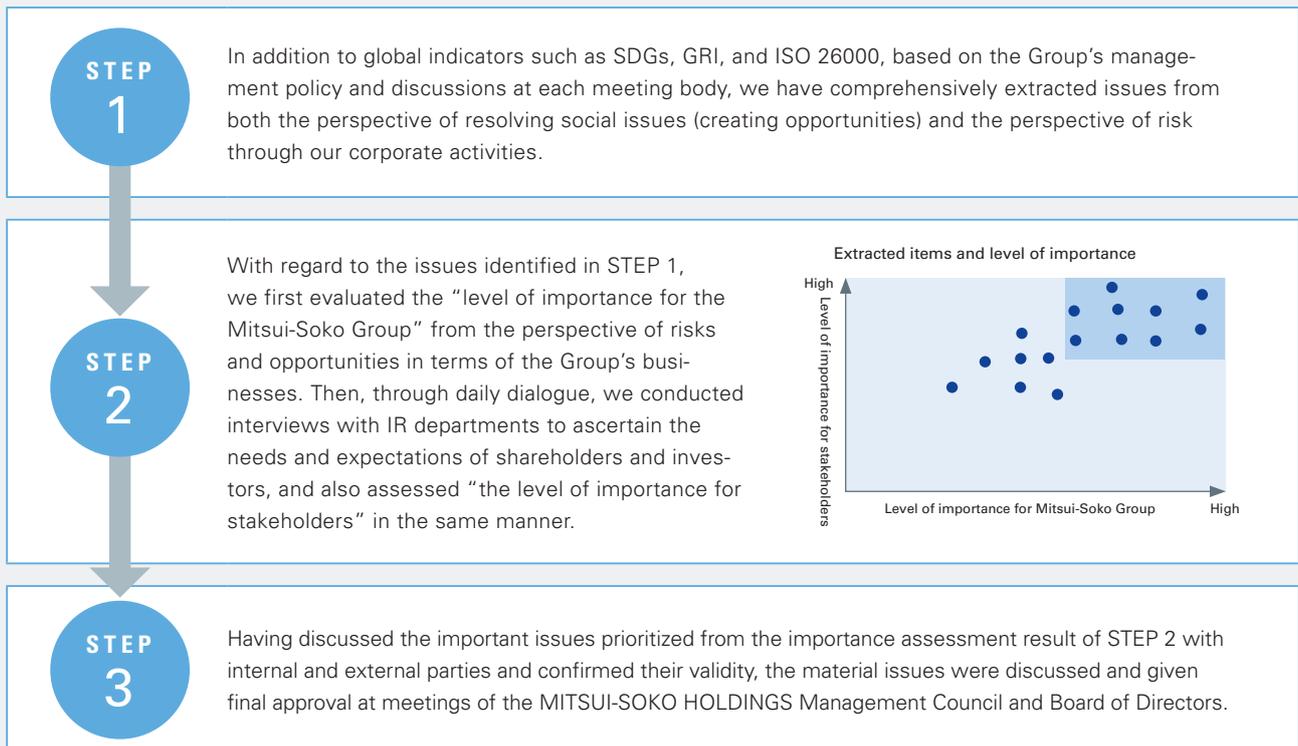
# Materiality

Based on its PURPOSE of “Empower society, encourage progress,” the Mitsui-Soko Group identified materiality with the aim of creating new value and achieving sustainable growth for the Group and for society through its business activities. We will promote initiatives for these priority issues and thereby contribute to achieving the goals of the eight SDGs related to our business, while realizing the sustainable enhancement of the Group’s corporate value.

## Identification of Materiality

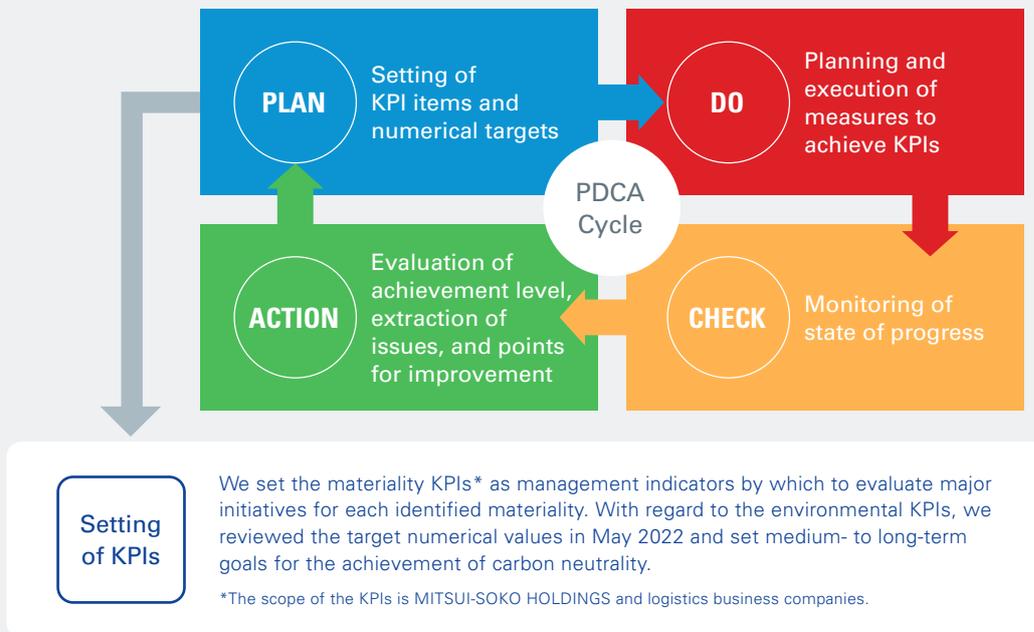
Based on the idea that materiality is viewed from the perspective of enhancing corporate value, and that solving social issues will lead to the creation of medium- to long-term value for the Group, we identified issues that have a major impact on the Group’s businesses and are important for stakeholders, especially shareholders and investors, as materiality in 2020.

## Process for Identifying Materiality



## Initiatives toward Materiality

The Group has identified three materialities for sustainable value creation. To promote materiality initiatives as Group-wide activities, we will set key performance indicators (KPIs), establish implementation systems, and strengthen the PDCA cycle.

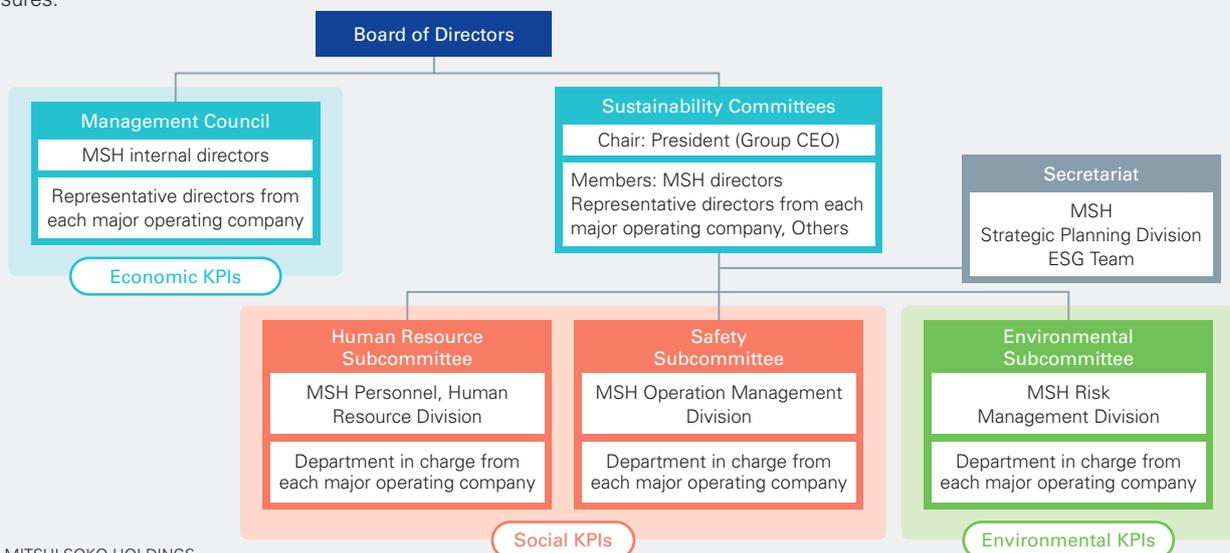


## System Upgrades to Achieve KPIs

To achieve the KPIs, it is necessary to promote activities throughout the Group based on appropriate governance.

With regard to the social and environmental KPIs, we have positioned each subcommittee, a cross-group organization, under the Sustainability Committee, which was newly established in 2021, and are working to improve the system for each subcommittee and to formulate and implement measures related to the KPIs. We incorporate economic KPIs into sales measures, DX promotion measures, etc., while discussing important matters that contribute to management at management meetings.

In the future, we will accelerate our Group-wide efforts to achieve the KPIs under the supervision of the Board of Directors. This will be done by regularly reporting and monitoring the progress made on the KPIs at meetings of the Sustainability Committee and the Management Council, identifying the issues and areas for improvement by strengthening the PDCA cycle, that will lead to new measures.

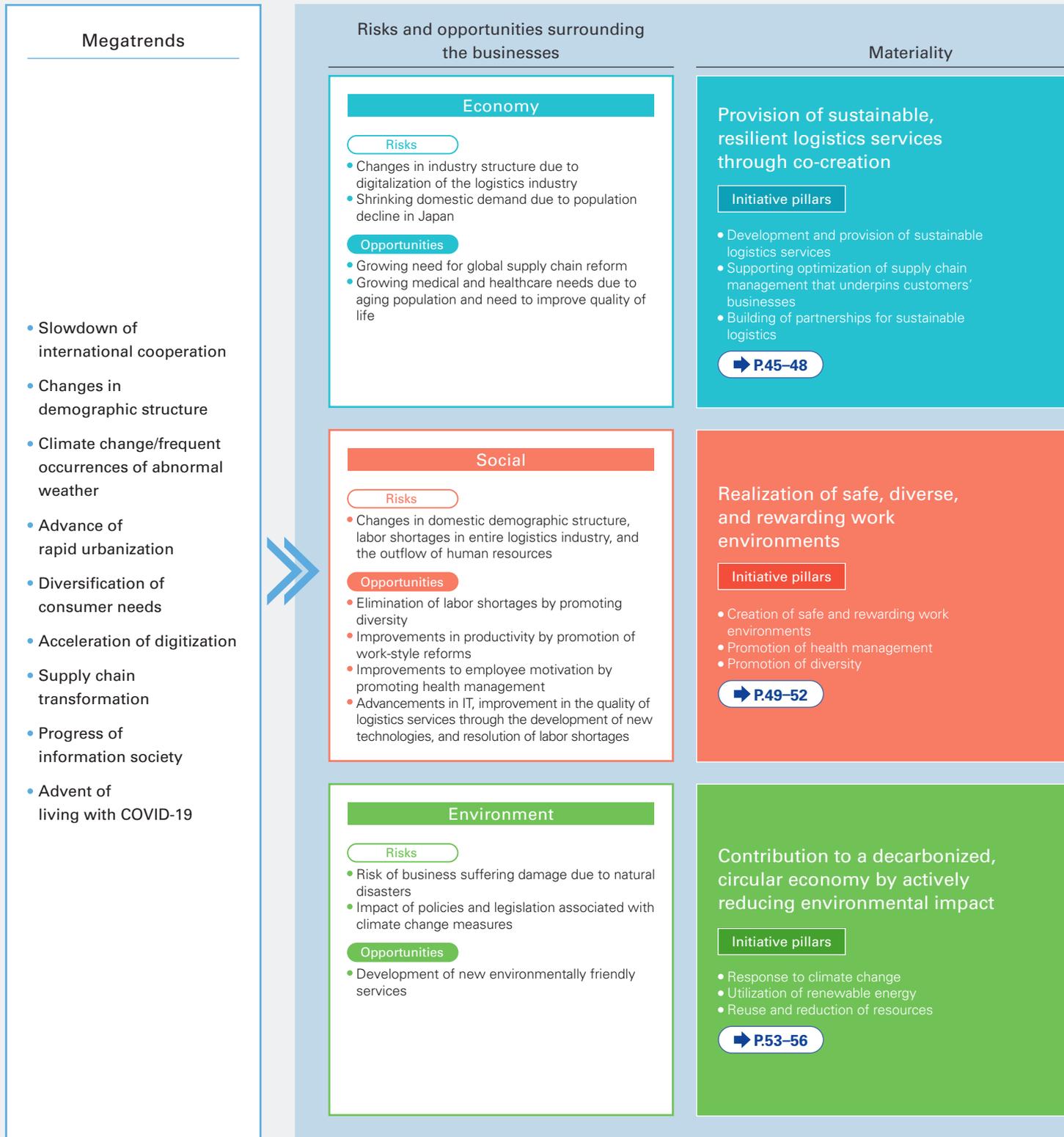


MSH: MITSUI-SOKO HOLDINGS

# Materiality

As a company that supports the important social infrastructure called logistics, based on its PURPOSE of “Empower society, encourage progress,” the Mitsui-Soko Group identifies materiality to realize economic, social, and environmental value simultaneously.

\*The scope of the KPIs is MITSUI-SOKO HOLDINGS and logistics business companies.



KPIs

Year ending Mar. 31, 2022 Actual

- Expansion of businesses arising from social issues
- Achievement of high economic productivity and efficiency through DX promotion and innovation
- Expansion of partnerships toward sustainable logistics

- Launch of "SustainaLink" service
- DX Strategy Development
- Partnering with clients

- Improvement of employee engagement
- Maintain zero occupational accidents
- Achieve ratio of paid leave taken of 70%\*
- Improvement of absentee rate over previous fiscal year's level
- Achieve health checkup take-up rate of 100%\*
- Achieve male childcare leave acquisition rate of 30%\*
- Achieve female managers ratio of 15%\*

- Engagement Survey Implementation Begins
- Number of occupational accidents: 1
- Ratio of paid leave taken: 52.21%
- Absentee rate: 0.13% (Improvement over prior year)
- Health checkup take-up rate: 96.20%
- Male childcare leave acquisition rate: 51.28%
- Ratio of female managers: 8.55%

\*Achievement deadline is end of March 2026

- Total CO<sub>2</sub> emissions (Scope 1 + 2) Comparing FY2013 50% reduction on CO<sub>2</sub> by FY2030 Net-zero by FY2050
- Volume of waste generated: reduced from the previous fiscal year's level

- Total CO<sub>2</sub> emissions 56,061 t-CO<sub>2</sub> (13% reduction)
- Volume of waste generated: 2,372 t (Improvement over prior year)

Value Proposition/  
Contribution to the 169 Targets of the SDGs

Economic Value

Improvements in the economic productivity of society and client companies

» Contribution to SDGs

- 9.1 Develop sustainable and resilient infrastructure
- 9.4 Increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes
- 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation in labor-intensive sectors
- 17.16 Enhance the global partnership



Social Value

Improvements in the QOL for employees and their families

» Contribution to SDGs

- 8.5 Achieve full and productive employment and decent work, equal pay for work of equal value
- 8.8 Protect labor rights and promote safe and secure working environments
- 3.6 Halve the number of global deaths and injuries from road traffic accidents
- 3.d Strengthen the capacity for early warning, risk reduction and management of health risks
- 5.5 Ensure women's full and effective participation and equal opportunities for leadership
- 5.b Enhance the use of information and communications technology to promote the empowerment of women



Environmental Value

Reductions in the environmental impacts of the value chains of society and client companies

» Contribution to SDGs

- 13.1 Strengthen resilience and adaptive capacity to climate-related natural disasters
- 13.2 Integrate climate change measures into strategies and planning
- 13.3 Climate change mitigation, adaptation, impact reduction
- 7.2 Increase substantially the share of renewable energy in the global energy mix
- 12.2 Achieve the sustainable management and efficient use of natural resources
- 12.5 Substantially reduce waste generation through reduction, recycling and reuse [the 3Rs]



## Examples of Value Creation Initiatives

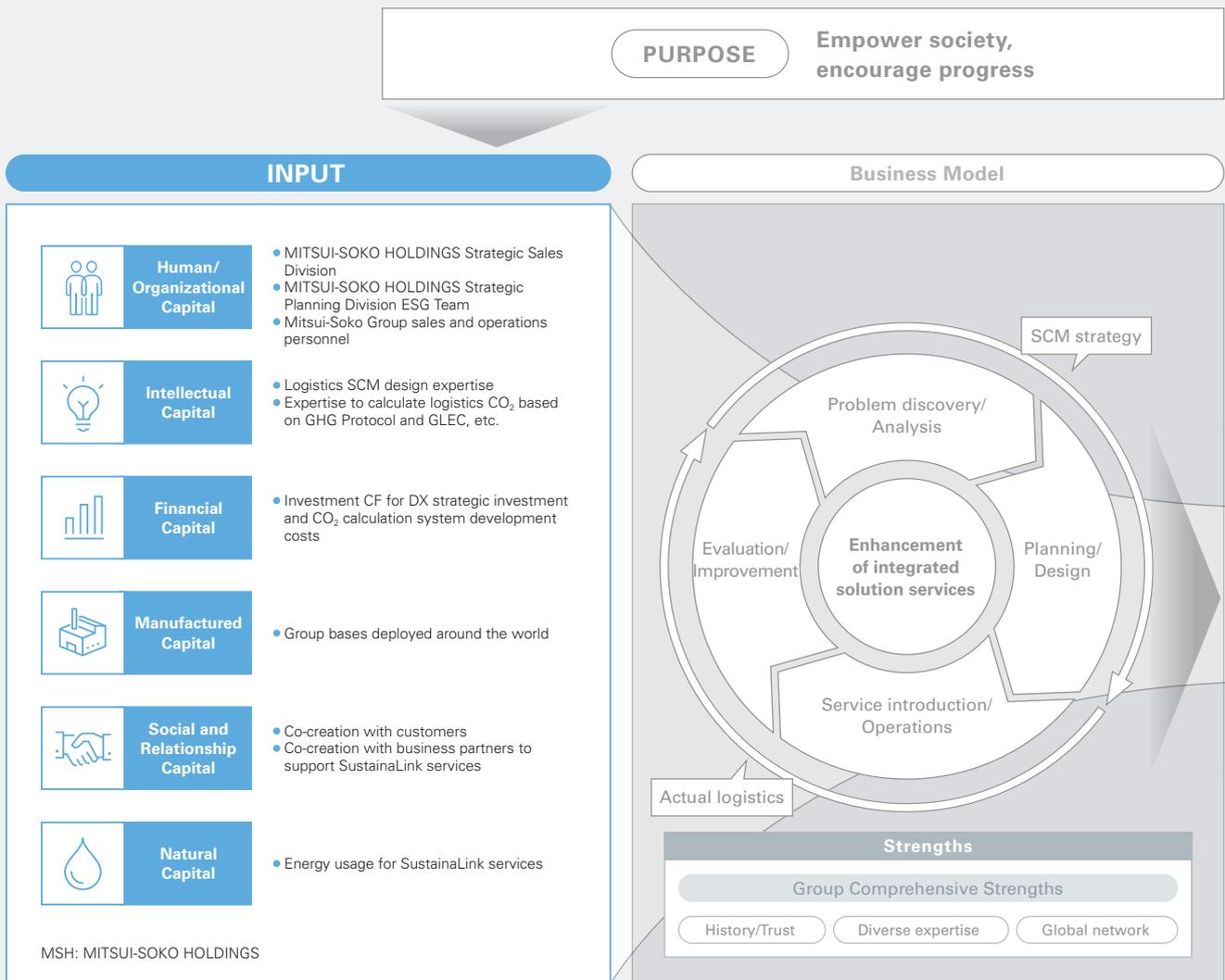
# Toward Resolving Social Issues through Logistics Services

The Mitsui-Soko Group resolves social issues through its logistics business to enhance its corporate value and achieve sustainable social growth.

Due to the frequent and severe natural disasters as well as the disruption to distribution networks brought about by COVID-19, the building of stable supply chains has become beset with difficulties. The Group has thus started offering SustainaLink as a new service that supports the sustainability of logistics. SustainaLink classifies the risks that pose threats to our customers' logistics into three categories: environmental risk, labor force risk, and disaster risk. We then resolve logistics issues by following the three steps of "Know," "Visualize," and "Improve" for each risk.

As a comprehensive logistics company that can deploy one-stop logistics services from upstream to downstream,

we will realize stable supply chains for our customers not only by consulting with them, such as on logistics diagnostics and analysis, but also by proposing specific improvement measures that extend to executing actual operations. By continuing to expand services arising from social issues in the years to come, we will create new value while contributing to a sustainable society.



Overview of SustainaLink Services

Social Issues

Growing social trend toward carbon neutrality	Labor shortages	Increasing severity and frequency of natural disasters and spread of infectious diseases
-----------------------------------------------	-----------------	------------------------------------------------------------------------------------------

<b>Environmental Risk</b> CO <sub>2</sub> emitted and waste generated by logistics	<b>Labor force Risk</b> Shortages of logistics personnel	<b>Disaster Risk</b> Concerns that logistics operations may stop in the event of a disaster
---------------------------------------------------------------------------------------	-------------------------------------------------------------	------------------------------------------------------------------------------------------------

3 STEPS to Resolution

01 | Know → 02 | Visualize → 03 | Improve

➔ P.45-46

VISION

The co-creative logistics solutions partner. For every day, emergency, and always will be

OUTCOME

Value Propositions for Society

Economic Value

- Realizing sustainable supply chains for our customers
- Reduction of customers' logistics costs



Social Value

- Customer productivity improvements and BCP measures
- Reducing workload of customers and business partners



Environmental Value

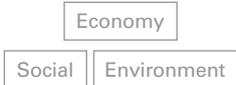
- Reducing CO<sub>2</sub> emissions in supply chain
- Reduction of waste in supply chain



Corporate Value Enhancement

- Increases in operating revenue and profit
- Productivity improvements through DX
- Deepening of business models in sustainability area
- Accumulation of SCM design expertise

Materiality



Optimal logistics services that support our customers' supply chains

Medium-term Management Plan 2022

Be the First-Call Company "Going on the Offensive by Deepening"

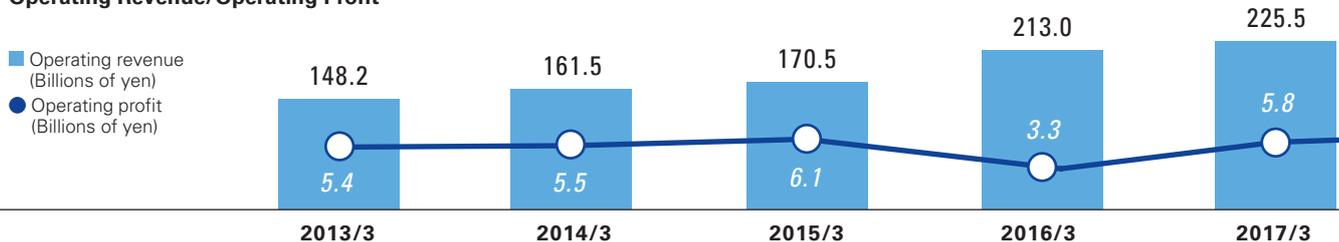
Growth Strategy

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	<b>MOVE2015</b> 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"> <li>• Optimization of asset portfolio</li> <li>• Creation of group synergy and enhancement of productivity</li> <li>• Concentrated investment in growth areas in the Asia-Pacific region</li> </ul>
Measures	<b>[Expansion of business through M&amp;A]</b> • 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  <b>[Expansion of business through capital investment]</b> • 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"> <li>• Promoting PMI</li> <li>• Review of project-specific income and expense management and business portfolio</li> <li>• Early return to stable dividend</li> </ul>

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	<b>[Reversal Period] FY2017 to FY2019</b> • Reinforcement of the fundamental earnings power of our businesses • Rebuilding of our financial base • Strengthening of Group management  <b>[Sustainable Growth Period] FY2020 to FY2021</b> • Construction of overwhelming field capabilities • Establishment of integrated solution service • Promotion of ESG management • Reform of corporate culture
	<b>[Reversal Period]</b> 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.  <b>[Sustainable Growth Period]</b> 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"> <li>• Continued profit growth</li> <li>• Improvement of market capitalization</li> <li>• Response to rapid environmental changes</li> <li>• Acceleration of ESG management</li> <li>• Construction of overwhelming field capabilities</li> </ul>

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

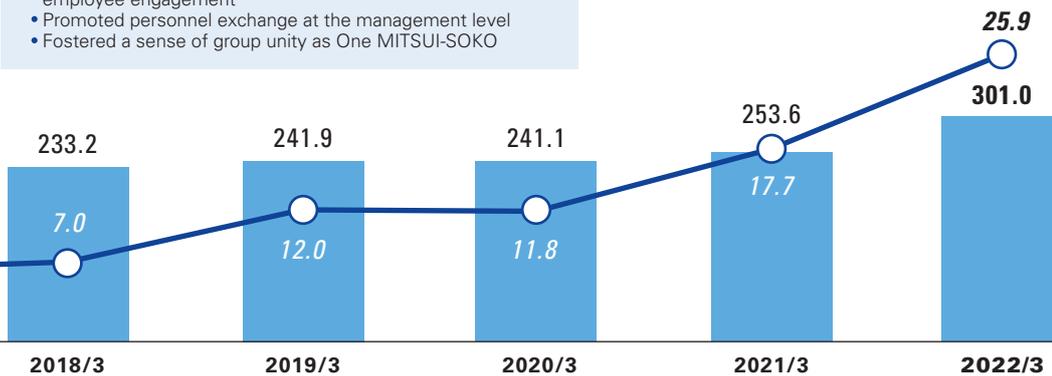
Reform of corporate culture

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

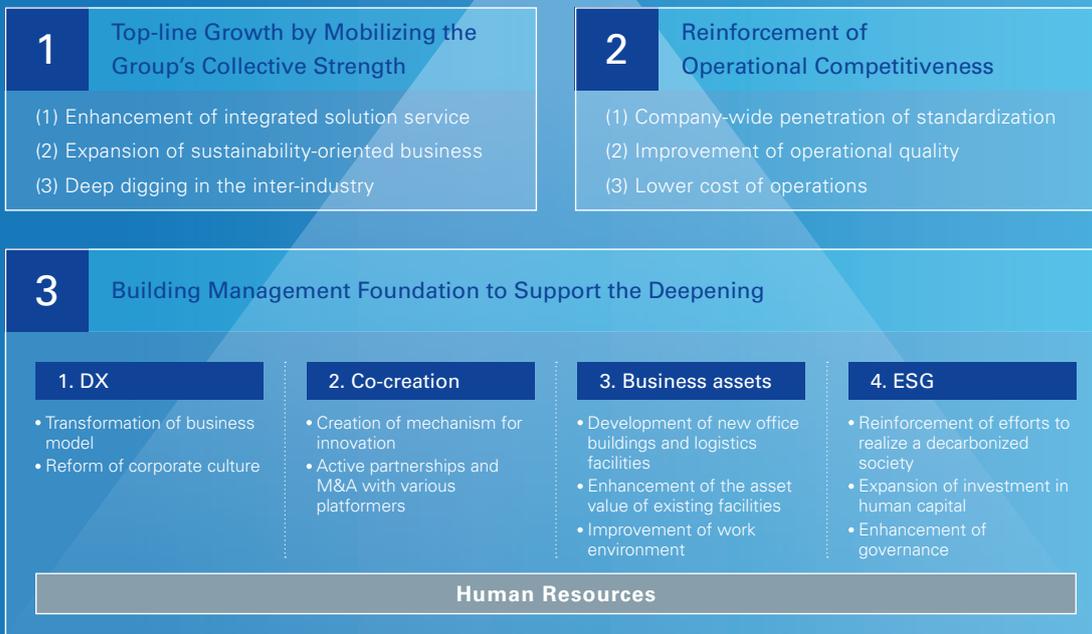
### “Going on the Offensive by Deepening”

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.

**VISION**

**The co-creative logistics solutions partner.  
For every day, emergency, and always will be**

**Growth Strategy**



Numerical Targets			Financial Strategies			
<b>Operating Revenue</b>	<b>Operating Profit</b>	<b>Operating CF</b>	<b>Strategic Investments</b>	<b>Payout Ratio</b>	<b>D/E Ratio</b>	<b>ROE</b>
¥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

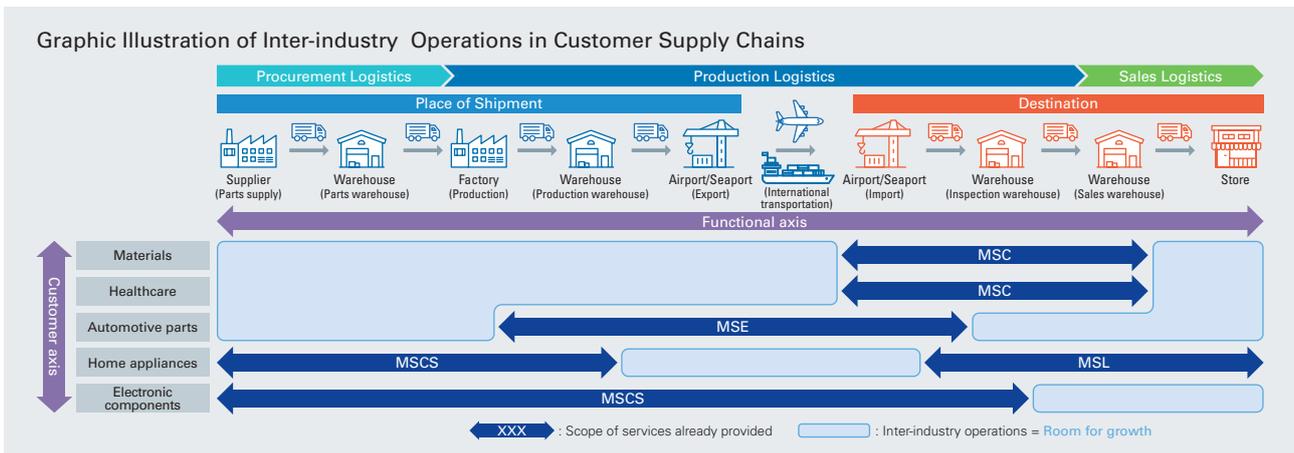
➔ P.45-46

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

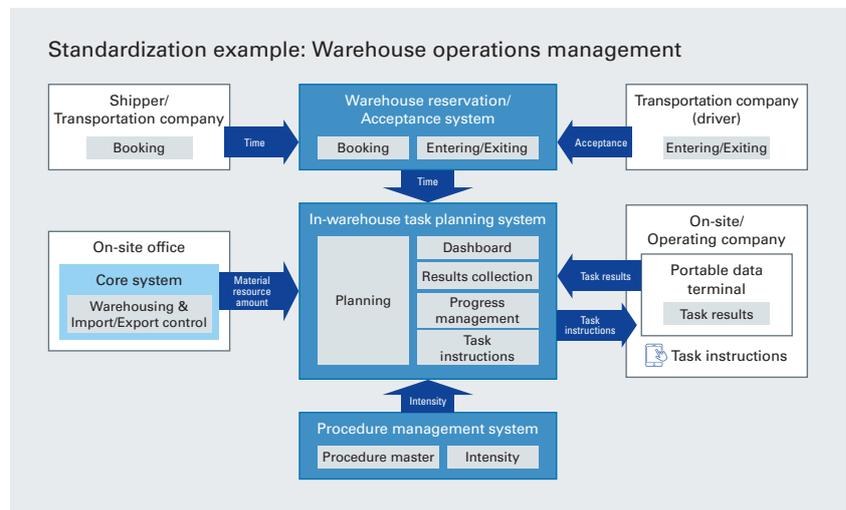
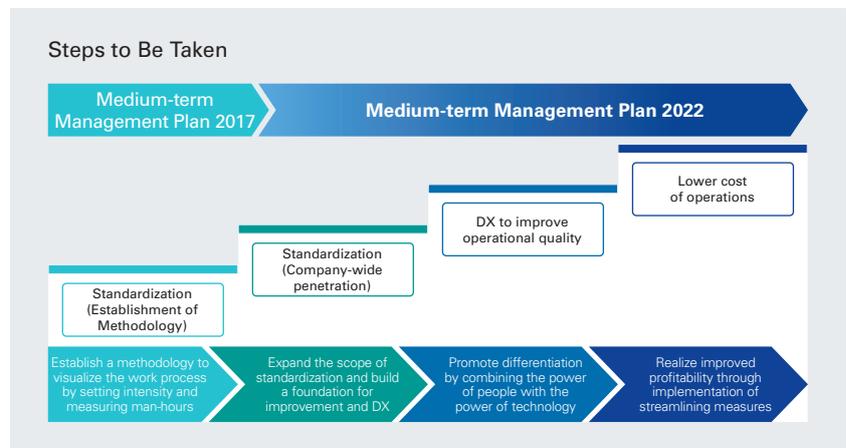
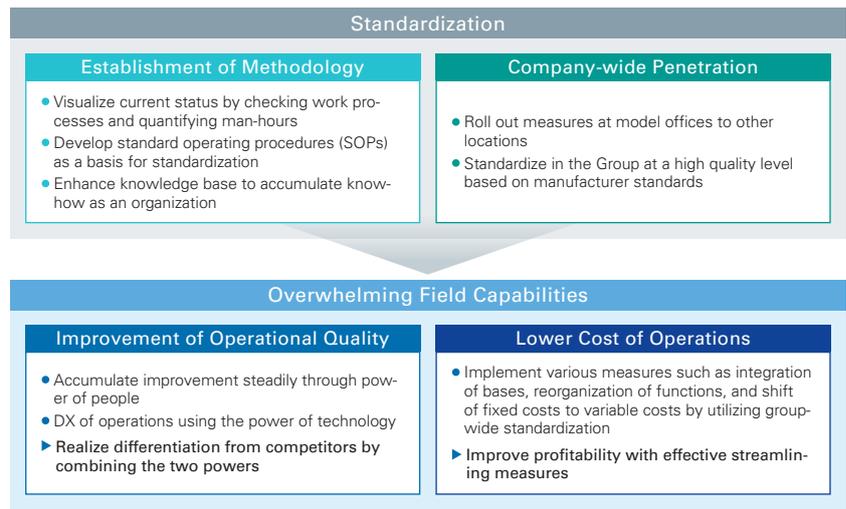
Thorough standardization is necessary to achieve overwhelming field capabilities. The Group is working on the establishment of methodology and company-wide penetration of standardization, and by combining the power of people (which will steadily accumulate improvement) with the power of technology from 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.

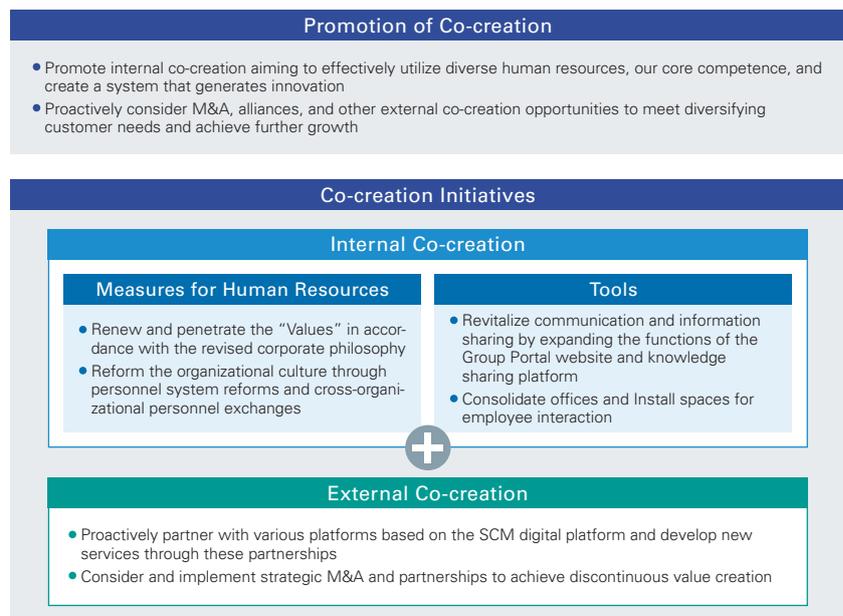
### 1. DX

[▶ 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 CO<sub>2</sub> 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

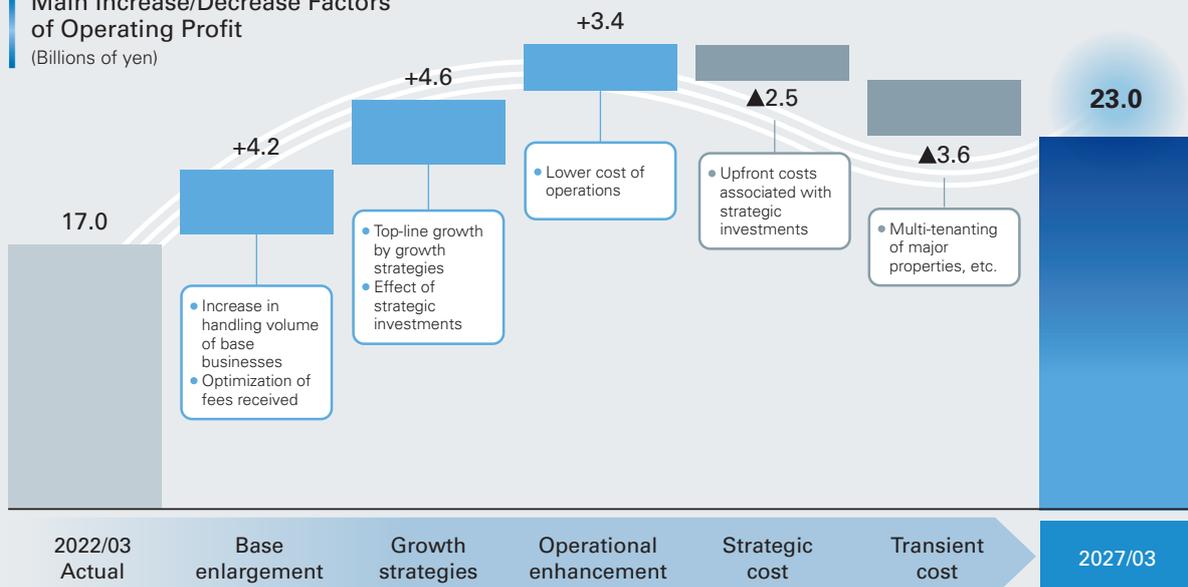
#### Numerical Targets

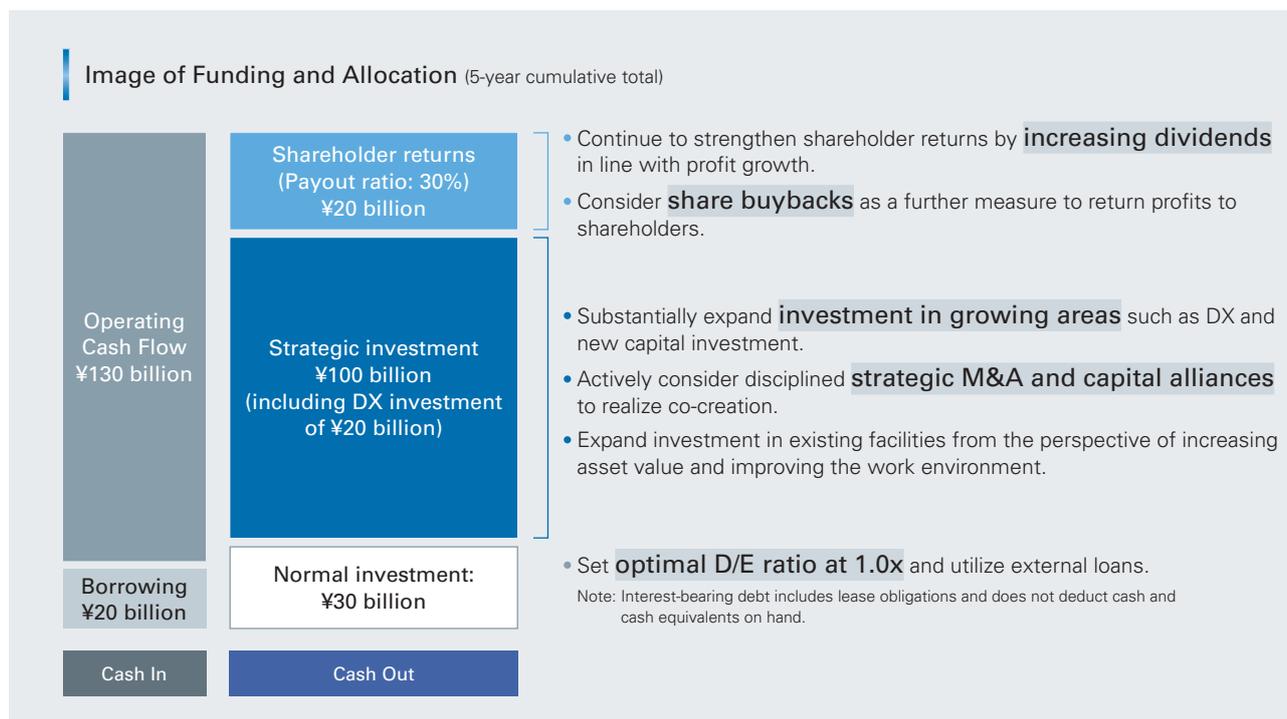
(Billions of yen)

	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.

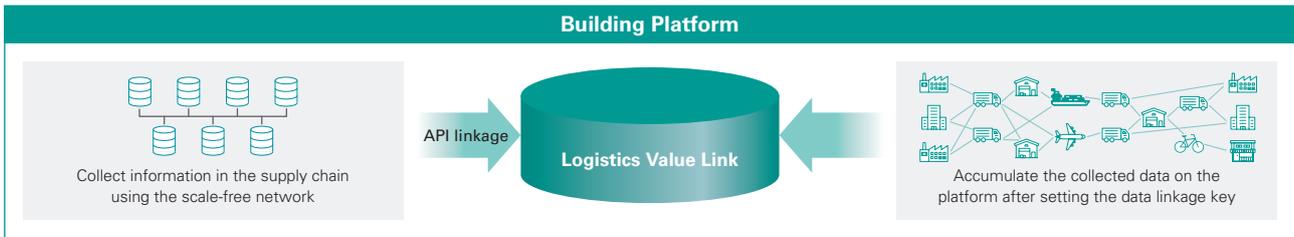
New Medium-term Management Plan DX Strategy

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.

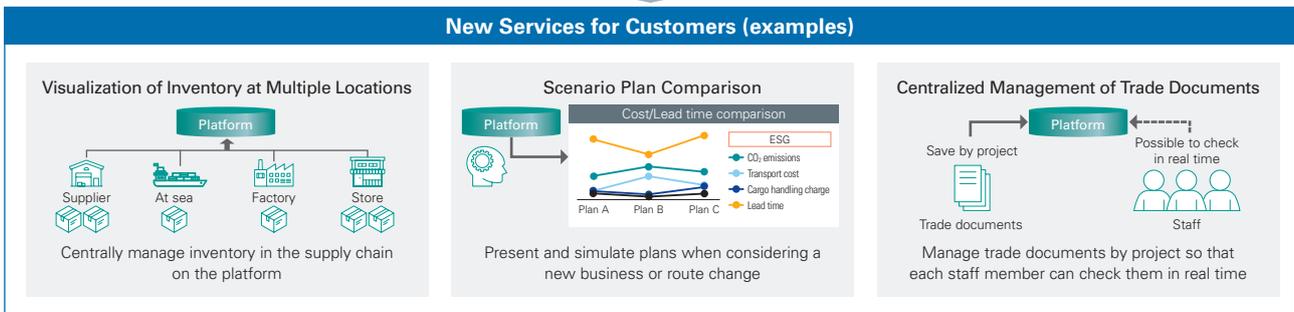


# 1 Business transformation by developing services for customers: Offensive DX

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.



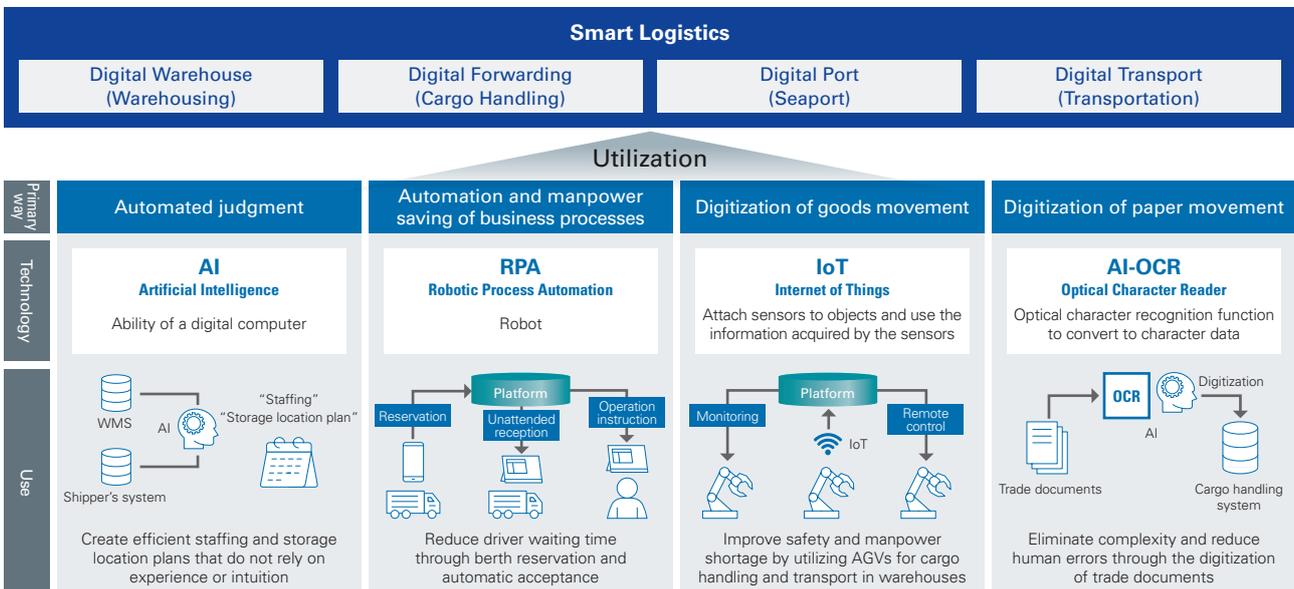
Analysis, streamlining, and optimization



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

## Respond to Smart Logistics

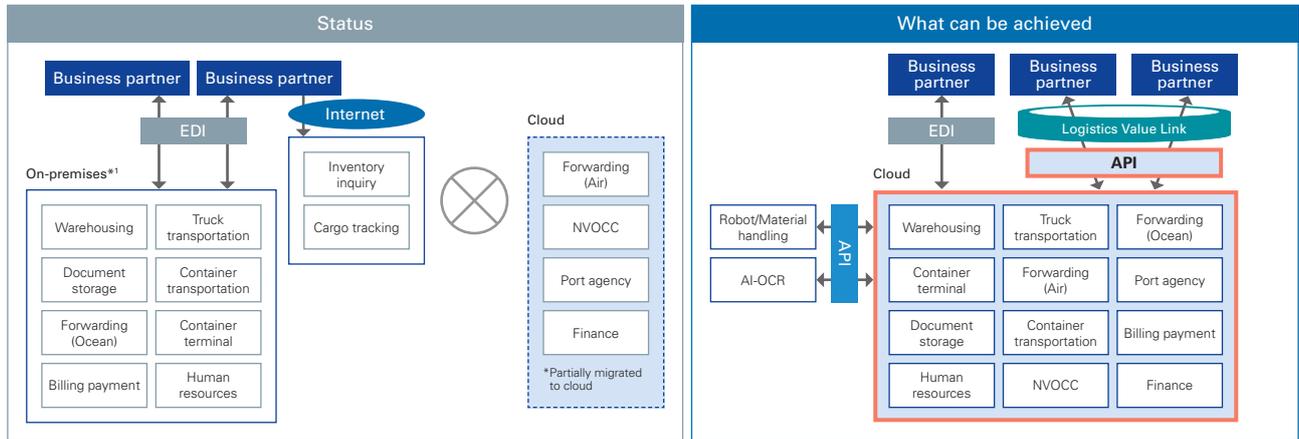
Through the use of the latest technologies such as AI and RPA, we will work on the automation of paperwork and decision making, and the digitization of paper and the movement of goods, in order to respond to smart logistics for various optimization of logistics.



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)

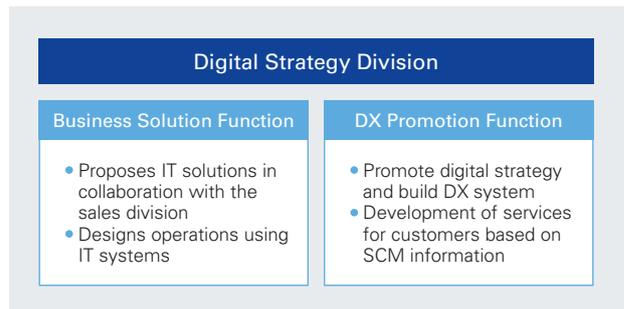
\*2 A segment on a network created between an external network such as the Internet) and an internal network

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.

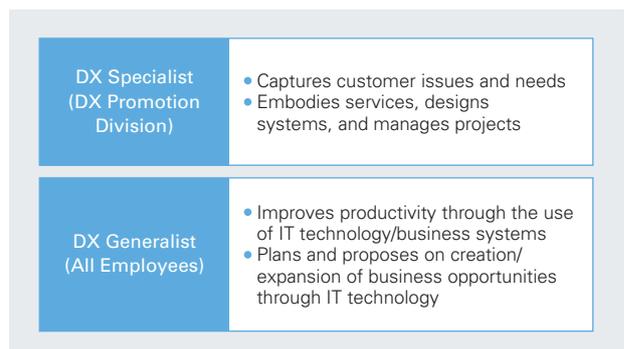
Building of DX Promotion Structure

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, “CO<sub>2</sub> 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” CO<sub>2</sub> 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
- CO<sub>2</sub> 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

CO<sub>2</sub> emitted and waste generated by logistics



STEP 1 [Know]

Know the current system and future trends of CO<sub>2</sub> and waste



STEP 2 [Visualize]

Visualize CO<sub>2</sub> and waste emissions



STEP 3 [Improve]

Reduce and offset CO<sub>2</sub> and waste emissions

Solution Case Study

Issues

- Decrease in transport efficiency due to low-volume, high-frequency transportation
- Increase in CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> Emissions Generated by Mitsui Chemicals, Inc.'s International Transportation  
Toward real-time visualization of CO<sub>2</sub> emissions by utilization of DX

In collaboration with Mitsui Chemicals, Inc., Mitsui-Soko Holdings has calculated the CO<sub>2</sub> emissions generated from the international transportation of Mitsui Chemicals's products over the past three years. We calculate CO<sub>2</sub> 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 CO<sub>2</sub> emissions, through our logistics digital platform.

We will visualize the effects of reducing CO<sub>2</sub> 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 CO<sub>2</sub> 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

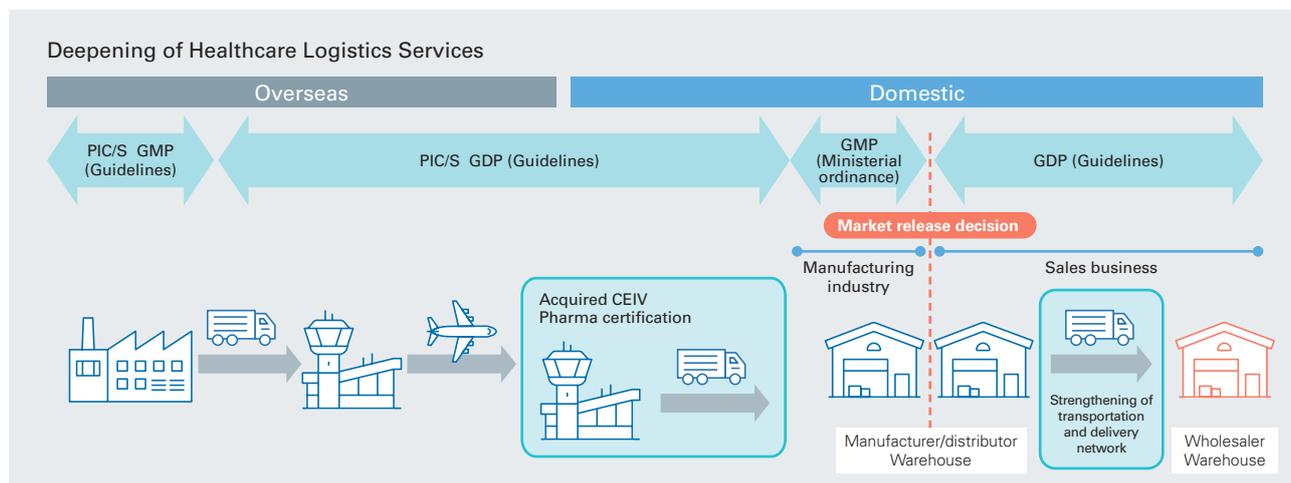
Mitsui-Soko Holdings reached an agreement with P-J-D Network Co., Ltd. for a strategic partnership covering the distribution of ethical pharmaceuticals.

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.

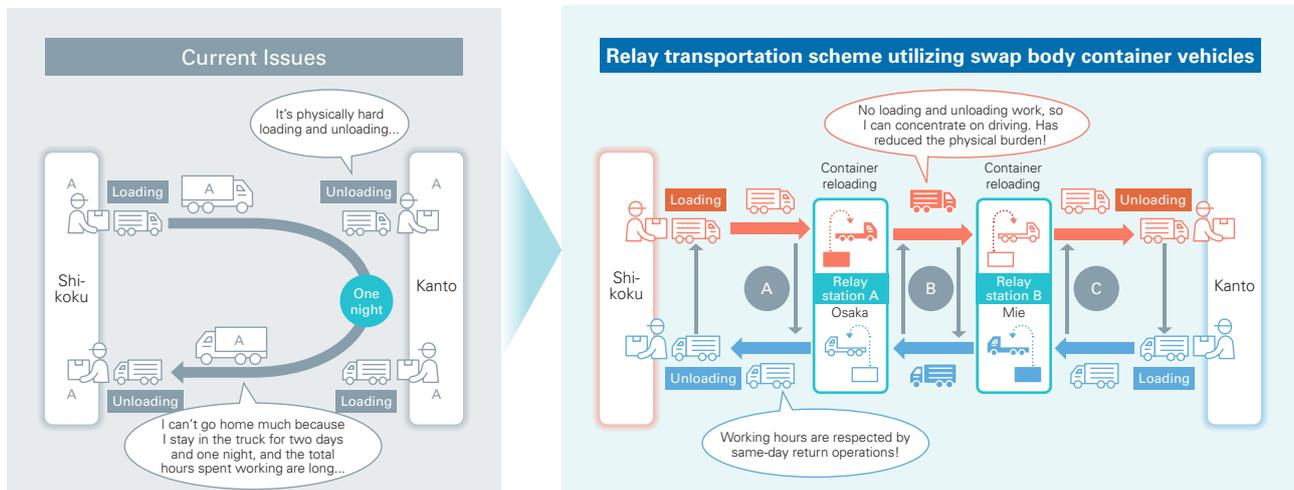
To help resolve these problems, MITSUI-SOKO LOGISTICS conducted a relay transportation demonstration experiment\*<sup>1</sup> designed to streamline long-distance transportation between different transportation business operators\*<sup>2</sup>, such as Daio Paper Corporation, Itochu Logistics Corp., 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 CO<sub>2</sub> 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.

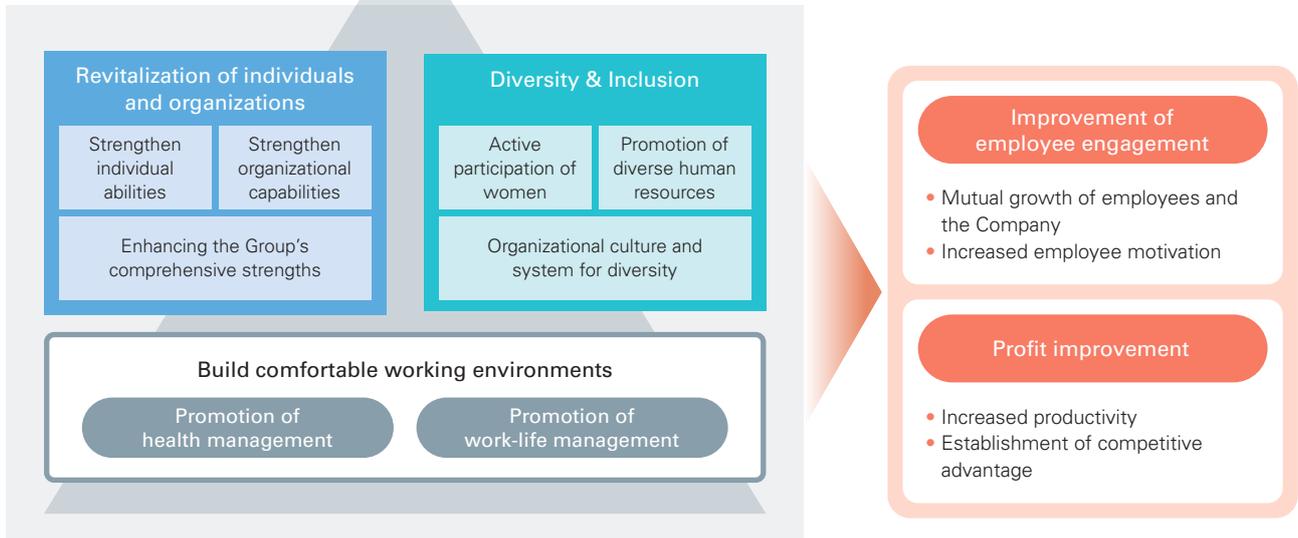
# Realization of Safe, Diverse, and Rewarding Work Environments

## 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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).



Truck transportation



Port transportation & warehousing

### 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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.

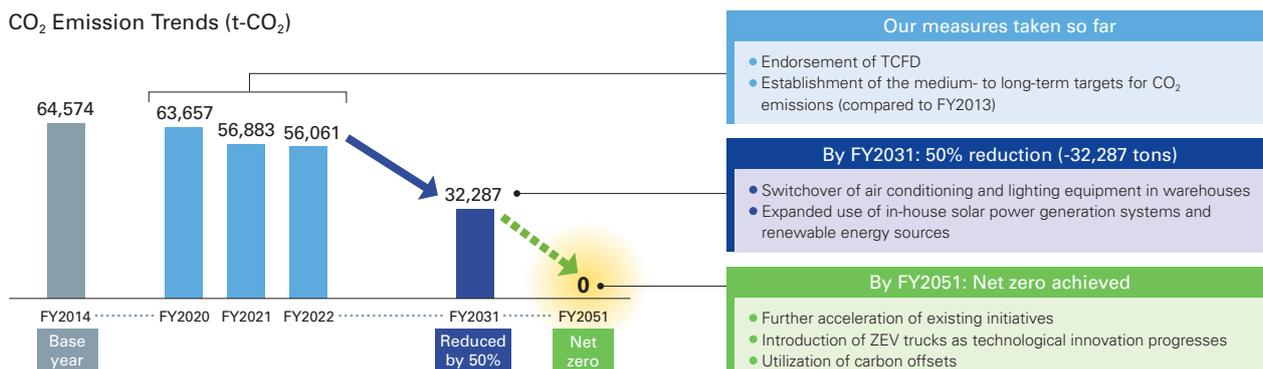
KPI management and data analysis are carried out through the Environmental Subcommittee, a Group-wide organization under the Sustainability Committee.

**> 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 CO<sub>2</sub> emissions stemming from our business in scopes 1 and 2.

CO<sub>2</sub> Emission Trends (t-CO<sub>2</sub>)



● Risks ● Opportunities

Transition Risks & Opportunities			Financial Impact		Timing	Response Measures
			1.5°C	4°C		
Policy & Legislation	●	<b>Tax and other regulations relating to reducing CO<sub>2</sub> emissions</b> <ul style="list-style-type: none"> <li>Increased costs due to introduction and strengthening of carbon pricing                             <ul style="list-style-type: none"> <li>Use of fuel and electricity in transportation and logistics facilities (including subcontractors)</li> </ul> </li> </ul>	Low-medium	—	Medium-term	<ul style="list-style-type: none"> <li>Improve transportation efficiency</li> <li>Introduce zero emission vehicles</li> <li>Promote energy-saving in facilities and measures</li> <li>Promote lower-energy operations</li> <li>Encourage adoption of renewable energy</li> <li>Select partner companies</li> </ul>
	●	<b>Refrigerant regulation</b> <ul style="list-style-type: none"> <li>Increased capital investment due to stricter regulation of alternative CFCs and other refrigerants                             <ul style="list-style-type: none"> <li>Adapting refrigeration equipment in logistics facilities</li> </ul> </li> </ul>	Low	Low	Medium-term	
	●	<b>Other regulations</b> <ul style="list-style-type: none"> <li>Increased costs due to introduction and strengthening of energy-saving and other regulations                             <ul style="list-style-type: none"> <li>Introduction of electric vehicles and regulations such as bans on the sale of fossil fuel vehicles</li> <li>Heat insulation and other energy efficiency standards for buildings</li> <li>Regulations on renewable energy procurement and share targets, etc.</li> </ul> </li> </ul>	—	—	Long-term	
Market & Reputation	●	<b>Energy transition by transportation subcontractors</b> <ul style="list-style-type: none"> <li>Increased transportation consignment costs arising from switch to low-carbon and decarbonized fuels                             <ul style="list-style-type: none"> <li>Adoption of fuels with low environmental impact, such as sustainable aviation fuel</li> </ul> </li> </ul>	Low	Low	Short- or medium-term	<ul style="list-style-type: none"> <li>Develop and promote logistics solution services, such as SustainaLink, that address societal issues based on the climate-related needs of existing and potential customers</li> </ul>
	●	<b>Customer trends (conditions)</b> <ul style="list-style-type: none"> <li>Expansion of environmentally responsible practices                             <ul style="list-style-type: none"> <li>Monitoring and reduction of CO<sub>2</sub> emissions become conditions for contracts and orders</li> </ul> </li> </ul>	High	Low	Short-term	
	●	<b>Customer trends (products handled)</b> <ul style="list-style-type: none"> <li>Changes in the products handled for customers                             <ul style="list-style-type: none"> <li>Changes in production volumes or regions, components produced, etc.</li> <li>Emergence of new sustainable products</li> </ul> </li> </ul>	High	High	Medium-term	

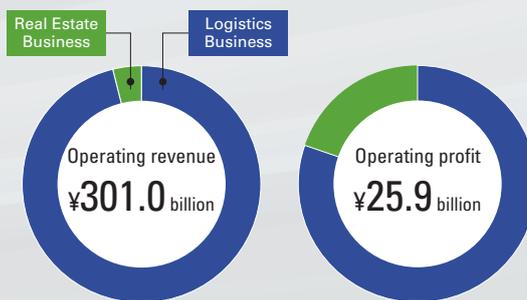
Physical Risks			Financial Impact		Timing	Response Measures
			1.5°C	4°C		
Acute	●	<b>Intensification of wind and flood damage (direct impact)</b> Damage to owned assets and greater insurance premiums and repair costs caused by increased frequency and scale of severe disasters	Low	Low	Medium-term	<ul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

Legend

High/medium/low: Quantitative and qualitative assessments based on financial impact estimates  
 - : Potential risks not highly likely to occur by 2030 based on current information  
 Short-term : 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.

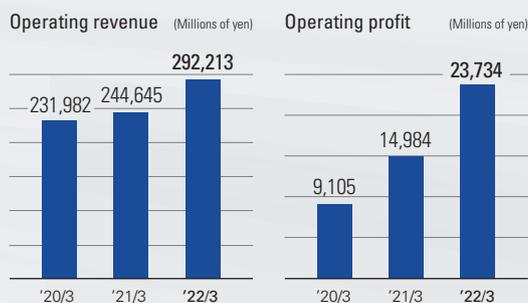


Fiscal 2022 Highlights

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.

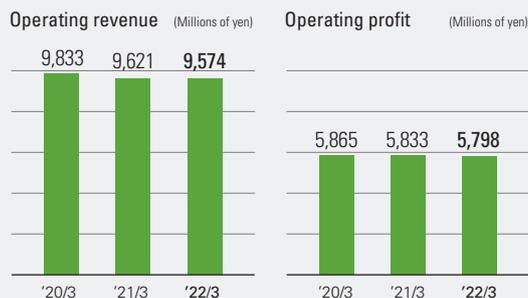


<b>MITSUI-SOKO Co., Ltd.</b>	<b>MITSUI-SOKO EXPRESS Co., Ltd.</b>	<b>MITSUI-SOKO LOGISTICS Co., Ltd.</b>	<b>MITSUI-SOKO Supply Chain Solutions, Inc.</b>	<b>MITSUI-SOKO</b>		<b>MITSUI-SOKO TRANSPORT Co., Ltd.</b>

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.



<b>MITSUI-SOKO HOLDINGS Co., Ltd.</b>	

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

<b>Main products handled</b>	Food, trunk room goods (artworks and valuables), raw materials, pharmaceuticals and medical devices, chemicals
<b>Regions</b>	Japan
<b>Main clients</b>	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"> <li>• Storage and cargo handling</li> <li>• Sea cargoes</li> <li>• Import/export services</li> <li>• 3PL</li> <li>• Trunk room goods (artworks and valuables)</li> <li>• BPO services</li> <li>• Transportation of equipment</li> </ul>
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/>

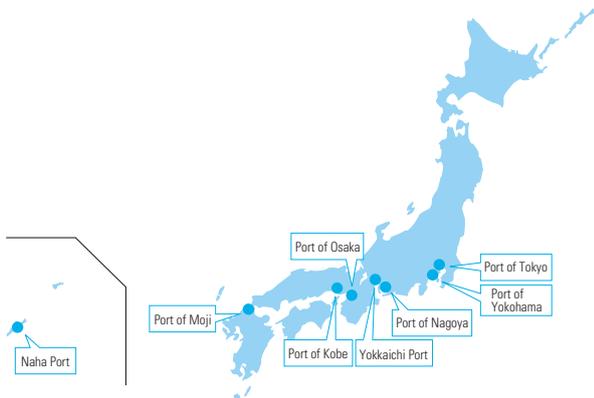


The port transportation business manages the operations at container terminals of major ports such as Tokyo, Yokohama, Nagoya, Yokkaichi, Osaka, Kobe, Moji, and Naha which play a vital role in connecting sea and inland logistics. Other services include shipping agency services, such as arranging shipping 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

<b>Main products handled</b>	Operation of container terminals, conventional shipping, shipping agency services
<b>Regions</b>	Tokyo, Yokohama, Nagoya, Yokkaichi, Osaka, Kobe, Moji, Naha
<b>Main clients</b>	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

<b>Main products handled</b>	Chemicals/materials, food, raw materials, consumer goods
<b>Regions</b>	Southeast Asia, Northeast Asia, Europe, Americas
<b>Main clients</b>	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"> <li>• Storage/ Cargo handling</li> <li>• Sea cargoes</li> <li>• Import/ Export services</li> <li>• 3PL</li> <li>• Equipment transportation</li> </ul>
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"> <li>● Proposal-based sales that combine the land, sea, and air functions of each company and bring together the collective strengths of the Group</li> <li>● Proposal of SCM logistics considering inventory quantity and order frequency</li> </ul> |
| 2. Proposals for sustainable logistics       | <ul style="list-style-type: none"> <li>● Logistics proposals that contribute to reducing CO<sub>2</sub> emissions</li> </ul>                                                                                                                                                            |
| 3. Deepen inter-industry operations          | <ul style="list-style-type: none"> <li>● Horizontal expansion to other local subsidiaries of existing customers</li> </ul>                                                                                                                                                              |

(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

<b>Main products handled</b>	Automotive parts, chemicals, pharmaceuticals
<b>Regions</b>	Japan, Southeast Asia, South Asia, Northeast Asia, Europe, Americas, Middle East, Africa
<b>Main clients</b>	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"> <li>• Air transportation</li> <li>• Import/export business</li> <li>• Hazardous goods transport</li> <li>• Transportation of cold storage products</li> <li>• Relocating households overseas</li> </ul>
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

<b>Main products handled</b>	Home appliances, consumer goods, clothing, interiors, medical devices, food & beverage
<b>Regions</b>	Japan
<b>Main clients</b>	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"> <li>• LLP</li> <li>• 3PL</li> <li>• BPO</li> <li>• Technical logistics (home delivery installation, repair, etc.)</li> </ul>	
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 CO<sub>2</sub> emissions by switching to LED lighting and reducing plastic waste by introducing environmentally friendly stretch film. We will also work to reduce CO<sub>2</sub> 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

<b>Main products handled</b>	Precision equipment, home appliances
<b>Regions</b>	Japan, Southeast Asia
<b>Main clients</b>	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"> <li>• LLP</li> <li>• 3PL</li> <li>• Storage/ cargo handling</li> <li>• Import/ export services</li> <li>• International transportation</li> <li>• Moving/office relocations</li> </ul>
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"> <li>● Promote global logistics planning services that better meet customer needs</li> <li>● Strengthening of ability to build total supply chains through cooperation between planning and actual logistics</li> <li>● Development of actual logistics services that are close to customers</li> <li>● Promotion of logistics DX that contributes to customer DX</li> <li>● Strengthening of logistics services for major overseas production bases, such as Thailand and Malaysia</li> </ul>
(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

<b>Main products handled</b>	Consumer goods, beverages, interior/housing materials, non-prescription pharmaceuticals, paper products
<b>Regions</b>	Japan, Northeast Asia
<b>Main clients</b>	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"> <li>• Land transportation</li> <li>• 3PL</li> <li>• Storage/Cargo handling</li> </ul>	
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	<p>(1) Expansion of transportation network in Western Japan</p> <p>(2) Improvements in income and expenditure through visualization of joint delivery operations</p> <p>(3) Improving service quality and reinforcing transportation safety</p>
(1) Expansion of transportation network in Western Japan	<p>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.</p>
(2) Improvements in income and expenditure through visualization of joint delivery operations	<p>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.</p>
(3) Improving service quality and reinforcing transportation safety	<p>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.</p> <p>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.</p>

## Human Rights

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

### Human Rights Promotion Roadmap



### Establishment of the Mitsui-Soko Group Human Rights Policy

Based on the United Nations Guiding Principles on Business and Human Rights, we have established the Mitsui-Soko Group Human Rights Policy in order to clearly express to society our stance and initiatives regarding respecting human rights, not only within the Group itself but also in its supply chain. Guided by this policy, we will cooperate with various people to promote respect for everyone’s human rights, including stakeholders related to our business activities, thereby fulfilling our social mission and contributing to the realization of a sustainable society. This policy was formulated based on the advice from external experts with expertise and practical experience in human rights, and was approved by the Board of Directors.

 For details of the Mitsui-Soko Group Human Rights Policy, please refer to our website.  
[https://msh.mitsui-soko.com/en/sustainability/social/human\\_rights](https://msh.mitsui-soko.com/en/sustainability/social/human_rights)

### The Mitsui-Soko Group Human Rights Policy (Summary)

1. Formulate the policy based on the United Nations Guiding Principles on Business and Human Rights
2. Respect for and compliance with international human rights standards and relevant laws and regulations
3. Application of this policy to all business partners
4. Responsibility of the Mitsui-Soko Group to respect human rights
5. Conduct human rights due diligence
6. Establishment of corrective and remedial systems for human rights issues
7. Expand education and training related to respect for human rights
8. Engage in proactive dialogue with stakeholders
9. Regular disclosure of information
10. Continuous review of human rights policies

### Identification of Key Human Rights Issues

In promoting efforts to respect human rights, we assessed the impact of our business activities on the human rights of our stakeholders and identified the following as Key Human Rights Issues: “prohibition of forced and child labor,” “prohibition of all forms of discrimination,” “prohibition of harassment,” “provision of a safe working environment,” “appropriate management of working hours,” and “guarantee of rights of foreign workers.” The following process is used to identify important human rights issues, and risk assessment is conducted focusing on the identified human rights issues. Understanding that specific relevant issues will change over time due to societal shifts and business trends, we plan to continuously review this policy upon holding dialogues and consultations with stakeholders and external specialists in order to further our efforts toward respecting human rights.

#### Process for identifying Key Human Rights Issues

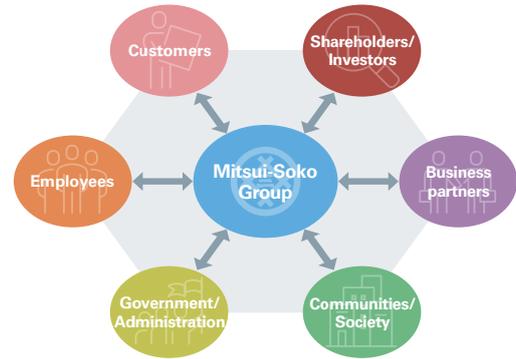


### Conducting Human Rights Due Diligence

The Group conducts human rights due diligence to fulfill its responsibility as a response to respecting human rights. Human rights due diligence is an ongoing process of investigation, remediation, disclosure, and dialogue with stakeholders to identify adverse human rights impacts of the Group’s business activities and to prevent, mitigate, and remedy them. The Group implements human rights due diligence for Group companies and business partners in Japan and overseas, and strives to resolve human rights issues in conjunction with education and training related to respecting human rights and the establishment of an effective remediation system.

# Stakeholder Engagement

The Mitsui-Soko Group, for over 100 years since its founding, has conducted corporate activities in connection with various regions and people around the world. Further, to build mutual trust with these diverse stakeholders, we place importance on active information disclosure and ongoing dialogue. By co-creating with our stakeholders, we aim to enhance our corporate value and realize a sustainable society.



Stakeholders		Purpose of the initiative	Means of communication
	Customers	To continue to pursue highly satisfactory services that are trusted by our customers, and to realize a secure and comfortable society for people around the world through our logistics business.	Online and phone consultation services
			Daily sales and service activities, information on website (Japanese and English)
			Series of logistics articles
			Business introduction videos on official YouTube channel
			Provision of corporate activity information using digital signage displays
			Participation in large-scale exhibitions and conduct online seminars
	Shareholders/Investors	To continuously improve corporate value and achieve fair market valuation while maintaining good communication that leads to investment decisions through sound business management and timely and appropriate information disclosure.	General Meeting of Shareholders
			Financial results briefings
			Dissemination of information to investors and shareholders (value reports, business reports, annual securities reports, etc.)
			Small meetings and individual interviews with investors and shareholders
			Shareholder surveys
	Employees	To promote systems that allow employees to feel rewarded in their work and the development of safe and healthy work environments, to ensure that each employee's human rights are respected and they are able to maximize their abilities.	Employment engagement surveys
			Establishment of human rights policy and implementation of due diligence
			Enhancement of training programs
			Promotion of activity-based working (ABW) based on work style
			Awards and contests (sales and business improvement categories)
			Fair assessment system
			Promotion of occupational health and safety and health management
			Stress checks
			Dissemination of information on the company Intranet, community activities, and in-house newsletters
			Compliance Hotline (multilingual support)
	Business partners	To achieve stable and high-quality logistics services by building deep relationships of mutual trust and strengthening cooperation through sound transactions based on fairness and honesty, and co-existence and co-prosperity.	Formulation and disclosure of basic policy on sustainable and responsible procurement
			Fair, open, and transparent transactions
			Cooperation in the event of a disaster
			Quality improvement initiatives
			Response to phone and e-mail inquiries
	Government/Administration	To co-create a better future for the logistics industry through dialogue and cooperation with government and industry groups, as well as conduct fair corporate activities in compliance with laws, regulations, and social norms.	Legal and regulatory compliance
			Dialogue and collaboration with business and industry groups (Ministry of Land, Infrastructure, Transport and Tourism, Japan Association for Logistics and Transport, etc.)
	Communities/Society	To build good relationships with local communities, operate constructive businesses as a trusted company, and aim to create a society in which diverse people can co-exist in harmony.	Approval of community initiatives
			Donation activities (medical, artistic, research fields, etc.)
			Lectures at universities
			Contribution to communities and society through volunteer activities
			Response to surveys and questionnaires

## Outside Director Roundtable Discussion



Outside Director

Takashi Hirai

Outside Director

Taizaburo Nakano

Outside Director

Maoko Kikuchi

## How To Achieve Sustainable Growth in Rapidly Changing Times

Having completed the reversal phase, the Mitsui-Soko Group is poised to move into a new phase in which it will go on the offensive. We asked the outside directors to speak from their various perspectives with regard to the present and future of the Group, which aims to continuously improve corporate value.

### The Newly Formulated Group Philosophy

**Nakano:** The Company's PURPOSE—"Empower society, encourage progress"—is very good in that it encapsulates the core essence of the Mitsui-Soko Group. Upon completion of Medium-term Management Plan 2017, and at a very favorable time for the Company, we are once again giving consideration to the position of the Group and its future direction. I think that it is very meaningful to have adopted this philosophy in the first year of the new medium-term management plan with the

words "What really matters is our frontline" chosen to return the Company to its starting point.

**Kikuchi:** The unprecedented situation caused by the spread of COVID-19 at a time when the importance of logistics is being reaffirmed, taken with the other issues that the world has faced over the past few years probably accounts for why the Company's PURPOSE was decided upon. I believe that having clarified and communicated the Group's raison d'être is a big step toward success in the next phase.

**Hirai:** I am satisfied that the Company's Philosophy can be said to be really beneficial in that it

systematically lays out an answer to the question: “What is unique about the Mitsui-Soko Group?” and has been crystallized through careful discussion. The fact that, for example, the opinions of employees were obtained by survey questionnaire also facilitates its assessment. I think that something that has been completed through a process involving the entire organization facilitates mutual understanding. As it forms the crux of communications with customers, I think the Philosophy will prove useful in daily duties.

### Looking Back on Medium-term Management Plan 2017

**Kikuchi:** I have worked as an auditor since 2016. Due to the difficult situation that followed the Company’s recorded net loss caused by the large amount of impairment losses on past investment projects, I have thus seen in detail how the management team carried out the reforms with a strong determination, and how all the employees worked together as one to realize the president’s vision. As a result, I am really deeply moved by the fact that the Company achieved all of its numerical targets under the previous Medium-term Management Plan 2017 to a high level. I think that a great deal has been accomplished.

**Nakano:** I believe that Medium-term Management Plan 2017 can be said to have been a success very largely due to the leadership and management skills of the top management of each operating company, including President Koga. There was a sense of urgency, and momentum was gained as more and more results were produced.

**Hirai:** While the Company has achieved great results, there are, in contrast, still issues to be addressed. For example, One Mitsui-Soko is making steady progress, but I feel that it has remained in a co-joined state rather than a fusion. To maximize synergies, I believe there is still room for growth in terms of not only sharing businesses and customers, but also on points that include the sharing of strategies, human resources, and know-how.

### On Formulating the New Medium-term Management Plan 2022

**Nakano:** The Plan’s extensive content inspires

feelings of an extraordinary determination to win out against tough competition. Also incorporating elements such as DX strategy, solution services and sustainability-friendly businesses that are indispensable in this era, the Plan conveys the message that “as the environment has changed in recent years, so will the Mitsui-Soko Group.”

**Kikuchi:** I believe that it is important for the Company to enhance its strengths from the past with a look toward the future, without forgetting its inherent warehousing business. Mobility, healthcare, and B2B2C are mentioned as areas of focus. However, all of these are fields in which the Company has been working for a long time, and I think that a variety of developments can be expected, which will make use of the Company’s accumulated know-how.

**Hirai:** I believe that key to Medium-term Management Plan 2022 is how to make investments effectively. Rather than simple expansions of scale through M&A, it is important to carry out activities in a strategic manner, aligning the pieces one by one. When formulating a plan, I also believe that the process behind it is meaningful. Many in-depth discussions were conducted at Board of Directors’ meetings, and there were many occasions when opinions were exchanged individually. The Board members listened intently even to stern advice from objective points of view, such as, “Would it not be better to involve the employees more?” and “Are the scenarios reasonable?”

### ESG Initiative Evaluations

**Kikuchi:** Having established the “promotion of ESG management” as an initiative for sustainable growth under Medium-term Management Plan 2017, the Company had been implementing measures, including CO<sub>2</sub> emission measures, that took ESG into consideration. By having included ESG as one of the management foundations in the current Medium-term Management Plan 2022, I believe that the Group as a whole will make further efforts. The Company is also taking on the challenge of building a business model that incorporates responses to social issues into its business development, such as launching its new SustainaLink service, which will help to resolve

## Outside Director Roundtable Discussion



sustainability issues not only for the Company but also for its customers. I have great expectations that the Company will be leading the industry in this regard. In contrast, going forward I believe that further initiatives should be advanced in areas such as human rights and diversity, including foreign nationals.

**Hirai:** I believe that creating value is also important in contributing to the environment and society. I believe that the true value of ESG is naturally the resolution of social issues but also the circular aspect of value it provides. As in the case of SustainaLink, which was mentioned just now, ESG initiatives can be used as an opportunity to unearth customer needs, lead to business, and benefit society. In this way, I believe that the Company's goal is to create new value by balancing business with the resolving of social issues.

**Nakano:** In terms of the S in ESG (society), I am looking forward to seeing the Company investing in people who will become the foundation for future growth, such as by human resource development and the promotion of diversity, including more active participation by women. In addition, as ESG initiatives are now a necessity, it is also important to communicate them to society in a timely and appropriate manner. To remain a company that is selected by society, we won't how to raise the Company's social presence through IR and public relations be an issue for the future?

### Evaluation of and Issues Related to Strengthening of Governance

**Hirai:** Last year, the Company newly established a Sustainability Committee, and I believe that the internal structure of the Company's governance

system has thus been put in place. Next comes the execution phase, and the challenge there is to expand the content while aiming to deepen the substance.

**Kikuchi:** Currently, it is a three-person outside director system, and I believe that we are fulfilling our role as a monitoring board. In addition, the Audit and Supervisory Board is functioning well. As an outside director, I would like to establish my own tasks and make proposals to build a governance system of even higher quality. Concerning the Sustainability Committee, so that the Company does not merely follow trends and end up reinventing the wheel, I think it is important for each member of each subcommittee, such as the Environmental Subcommittee, to work on building a sustainable world as their own task.

### Toward Improving Effectiveness of the Board of Directors

**Hirai:** The level of discussion at Board of Directors' meetings has risen, and compared with before, progress has also been made in our discussions from a strategic perspective. It is recognized that its effectiveness is said to have been sufficiently ensured. However, partly because of the nature of the Board of Directors, I have the impression that discussions are centered on agenda-based (so-called hard aspect) issues. If we could talk more about the inner workings of the organization (soft aspects), for example, how are the management philosophy and code of conduct being instilled in



the workplace?, I believe that the Board of Directors would become even more active. Isn't it the role of an outside director to provide awareness of such changes?

**Kikuchi:** It is my understanding that the Board of Directors currently spends a lot of time reporting and making resolutions on agenda items required by the Companies Act and internal rules, not just in the Group. I would like the Board of Directors to function as a forum for discussing strategy and human investment from the perspective of 30 or 50 years hence, not just the current situation.

**Nakano:** From my experience, I am aware that what could be termed bad buds start to appear when business performance is good. Now that the Company is on an upswing, I think it is important for the Board of Directors to brace itself, and should any signs that things are not going well be noticed, we can point them out to each other without prejudice, regardless of whether our relationship to the Company is internal or external.

### Discussions at Nomination and Remuneration Committee Meetings on Newly Introduced Share-based Remuneration Plan

**Nakano:** If I may answer as the chairman of the Nomination and Remuneration Committee, on the one hand, a share-based remuneration plan is effective as a mechanism that enables us to share value with our shareholders further, on the other, the plan requires greater validity and transparency. Therefore, when introducing the plan, we had fairly in-depth discussions concerning its validity and transparency. I sought answers to the questions, "Is it fair from the perspective of shareholders, employees, and the Company's performance?" Having pointed out these issues rigorously, after thorough discussion and consideration the Company introduced a share-based remuneration plan.

### Expectations for Sustainable Growth

**Kikuchi:** As stated in the Group Philosophy, I think that the further strengthening of field capabilities is important. As a service industry, if the Company does not come up with ideas from the field, then it will not be able to create what is truly needed. To

that end, it is very important to create an environment in which each person can think for themselves, act freely, and improve their skills. Rather than managing human resources, I want the Company to please keep thinking about how they can be supported.

**Nakano:** Are they ready for the challenges? As the logistics paradigm shifts dramatically, I believe that there is much more that can be done beyond the conventional concept of logistics. The seeds are growing well, so I would like employees to boldly take on challenges in a variety of directions. I would



like them to think of and act on the extent to which they can increase the corporate value of their customers with their own services.

**Hirai:** Rather than supporting what the Company has now, I think it will be important to proactively create value. In addition to responding to environmental changes, I want people to anticipate the future, move ahead, create the future, create new value, and take on challenges without fear of failure. Five years ago, it might have been difficult, but now that the Company once again possesses a solid business foundation, it should be possible to take risks. I for one have high hopes.

## Corporate Governance

# Building a Governance Structure Aimed at Improving Corporate Value

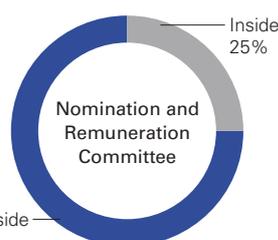
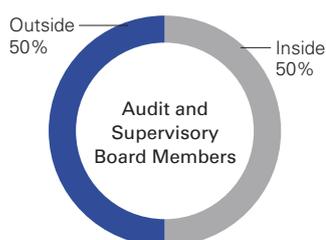
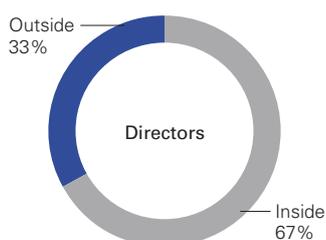
Under the PURPOSE of “Empower society, encourage progress,” MITSUI-SOKO HOLDINGS, as a holding company, is aiming to improve its medium- to long-term corporate value by promoting Group governance to properly undertake the management of each subsidiary in the Group. The Company has thus established various organizational entities and introduced an executive officer system that separates management and execution and clarifies responsibilities and authority for business execution by directors and executive officers as part of its initiatives for strengthening corporate governance.

### Changes in Initiatives to Strengthen Corporate Governance

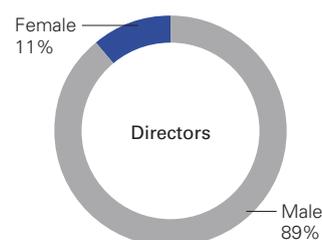
	2004–	2006–	2014	2015	2016	2017	2018	2019	2020	2021	2022
Separation of management and execution	2004 • Introduction of executive officer system	2006 • Establishment of Remuneration Committee			2016 • Reorganization of Remuneration Committee into the Nomination and Remuneration Committee						
Total no. of directors	9–12							8	9		
Outside directors		1–2						2	3 (1 female)		
Outside Audit and Supervisory Board members	2–3							3	2		
Officer remuneration		2006 • Start of a performance-linked officer remuneration system									2022 • Introduction of stock-based remuneration system
Evaluation of Board of Directors' effectiveness					2016 • Start of evaluation of Board of Directors' effectiveness (interviews and questionnaires)						
Other			2014 • Transition to a holding company							2021 • Set up of Sustainability Committee	2022 • Establishment of Group Philosophy

### Composition of Directors and Audit and Supervisory Board Members

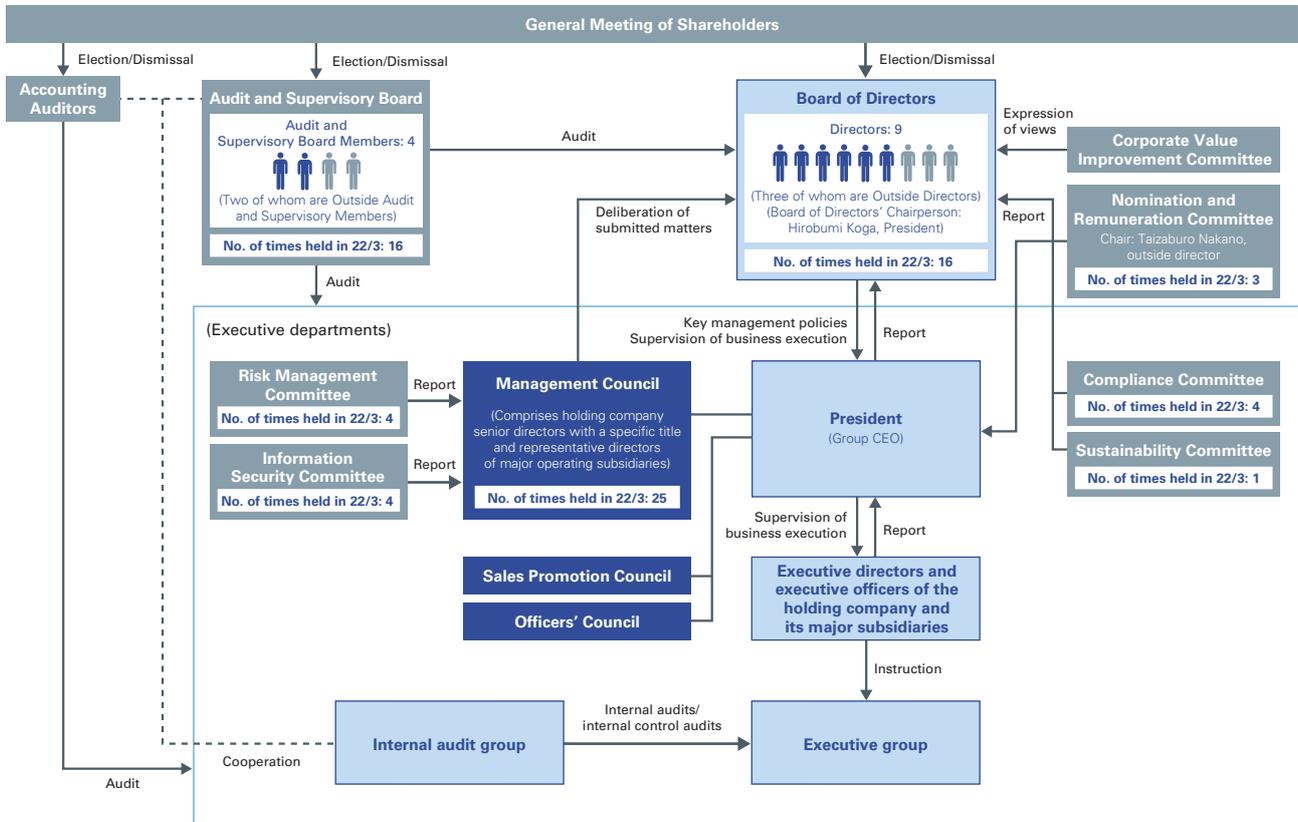
Ratio of outside officers



Female ratio



Corporate Governance System (as of July 1, 2022)



<b>Board of Directors</b>	Determines basic management policies and important business execution, while overseeing the execution of duties by the representative director and president, and executive directors.
<b>Audit and Supervisory Board</b>	Striving to enhance audits, members of the Audit and Supervisory Board attend Board of Directors' meetings, the Officers' Council, and other important meetings while overseeing the directors in the execution of their duties.
<b>Management Council</b>	Discusses or resolves matters to be submitted to the Board of Directors, important matters related to overall management, and matters delegated to the Management Council by the directors.
<b>Sales Promotion Council</b>	The members of the Council share information that assists in the compilation of monthly performance and quarterly forecasts, in budget management, and that helps in sales expansion and cross-sectional sales promotions.
<b>Officers' Council</b>	The members exchange information intended to ensure familiarity with important items covering the Group's management overall and to promote mutual understanding of the Group's conditions.
<b>Nomination and Remuneration Committee</b>	The Committee raises the objectivity and transparency of the process for selecting directors and enhances the objectivity and transparency of the directors' remuneration decision process, such as by considering the validity and appropriateness of performance-linked compensation.
<b>Risk Management Committee</b>	The Committee appropriately confirms risks in business activities, establishes measures to respond to relevant risks, manages the progress and results of those measures, and prepares and updates manuals to prevent and prepare for risks.
<b>Compliance Committee</b>	The Committee discusses compliance violations affecting the Group's management and ways of responding, establishes corporate codes of conduct, develops a compliance system, promotes respect for compliance, and works to prevent compliance violations.
<b>Information Security Committee</b>	The Committee sets up a system related to the Group's information security management, promotes and reviews activities, and protects personal information and corporate information.
<b>Sustainability Committee</b>	The Committee works to improve the Group's corporate value through discussions on sustainability-related strategies and policies of the Group, and implementation and management of initiatives to address the materiality and target KPIs.
<b>Corporate Value Improvement Committee</b>	This is an independent organization that makes objective decisions to protect shareholders' joint interests in the event that a proposal to buy a large percentage of shares is made that could potentially damage the Company's and the Group's corporate value or shareholders' joint interests, and excludes the arbitrary judgments of the Board of Directors and also gives necessary advice to the Board of Directors.

## Corporate Governance

### Skills Matrix

The Group appoints directors and Audit and Supervisory Board members to ensure that the Board of Directors has an overall balance of knowledge, experience, and ability, and is both diverse and of the right size.

Name	Position	Corporate Management	Sales/marketing	Global business	DX/IT	Operation	ESG	Financial accounting/Finance	Human resource development/personnel	Law/risk management
Hirobumi Koga	Representative Director, President and Group CEO, Chairman of the Board of Directors	●	●	●			●	●	●	●
Nobuo Nakayama	Representative Director, Senior Managing Director, Responsible for Finance Headquarters	●		●			●	●		●
Hiroshi Kino	Executive Managing Director, Responsible for Personnel, HR, Real Estate Division	●			●	●			●	
Takeshi Gohara	Executive Managing Director, Responsible for Compliance, Legal and General Affairs/Risk Management	●	●			●				●
Yuji Itoi	Director, Senior Executive Officer, Responsible for Information Systems				●					
Tomoaki Kiriya	Director, Senior Executive Officer, Responsible for Strategic Sales, Development Administration		●			●				
Taizaburo Nakano	Outside Director	●	●	●						
Takashi Hirai	Outside Director		●	●	●					
Maoko Kikuchi	Outside Director			●			●			●
Yukio Ishida	Senior Standing Audit & Supervisory Board Member	●	●							
Norio Miyashita	Standing Audit & Supervisory Board Member	●						●		
Osamu Sudoh	Outside Audit & Supervisory Board Member									●
Motohide Ozawa	Outside Audit & Supervisory Board Member							●		

Note: The table is not indicative of all the expertise and experience possessed by the Directors and Audit & Supervisory Board Members.

### Main Roles of Outside Directors and Reason for Appointment

Name	Independent Officer	Years in office	Reason for appointment	Attendance at Board of Directors' meetings
Taizaburo Nakano	○	4	Mr. Taizaburo Nakano has served as a director at a beverage company for many years and has wide-ranging insights based on his rich experience as a corporate manager. Based on this experience, he has provided supervision and advice on the management policies of the Company from a manager's perspective, and we expect him to continue to play a similar role in the future. We therefore continue to appoint him as an outside director.	16/16
Takashi Hirai	○	3	Mr. Takashi Hirai has experience in practical business operations at various companies and consulting in a wide range of industries. He is currently conducting research at different graduate schools on corporate and business strategies. Based on his rich experience and insight, he has provided supervision and advice from a professional perspective on the business strategy of the Company, and we expect him to continue to play a similar role in the future. We therefore continue to appoint him as an outside director.	16/16
Maoko Kikuchi	○	2	Ms. Maoko Kikuchi is qualified to practice as a lawyer in Japan and the U.S. state of New York, and was formerly engaged in corporate legal affairs while working at the Public Prosecutors Office and the Fair Trade Commission. We expect that she will provide valuable advice on the soundness and transparency of the Group's governance, leveraging the rich experience and insight gained as a standing Outside Audit and Supervisory Board member of the Company. We therefore appoint her as an outside director.	16/16

### Main Roles of Outside Audit & Supervisory Board Members and Reason for Appointment

Name	Independent Officer	Years in office	Reason for appointment	Attendance at Board of Directors/Audit & Supervisory Board meetings
Osamu Sudoh	○	11	Mr. Osamu Sudoh is a lawyer specializing in corporate transactions and other corporate law-related activities. With his history of providing meaningful advice with respect to the soundness and transparency of the Group's governance based on his insights, we have appointed him as an outside Audit and Supervisory Board member.	Board of Directors: 16/16 Audit & Supervisory Board: 16/16
Motohide Ozawa	○	9	Mr. Motohide Ozawa has experience as a senior partner at multiple auditing firms and served as a member of the Special Committee on Accounting for Retirement Benefits of the Japanese Institute of Certified Public Accountants, placing him in the fore as a certified public accountant for many years. Considering his track record in having undertaken audit duties for the Group, including overseas affiliates, from the viewpoint of financial soundness and accuracy based on his special expertise in international accounting, we have appointed him as an outside Audit & Supervisory Board member.	Board of Directors: 16/16 Audit & Supervisory Board: 16/16

## Operation of the Board of Directors

The Board of Directors discusses management strategies, business investments, and other important matters related to group management. The Board also reports on the execution of duties by each director and their regular performance. The main agenda items for the fiscal year ending March 31, 2022 are found on the right.

### Main Agenda Items for the Fiscal Year Ending March 31, 2022

- Establishment of Group Philosophy and new medium-term management plan
- Set up Sustainability Committee
- Development of DX strategy
- Introduction of stock-based remuneration system
- Response to Japan's Corporate Governance Code revised in June 2021
- Board of Directors' effectiveness evaluation results

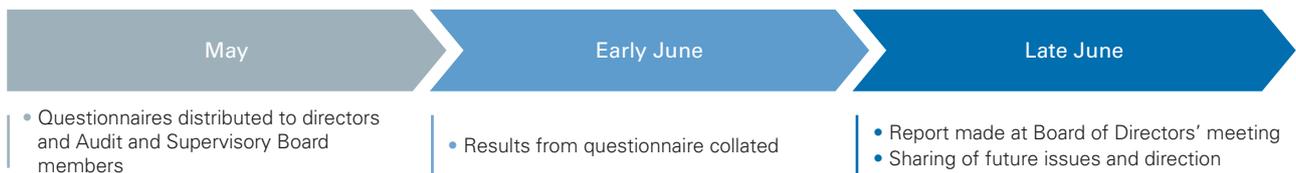
## Initiatives to Increase Discussions at Board of Directors' Meetings

To facilitate lively discussions at Board of Directors' meetings, the Group distributes materials for meetings to directors and Audit and Supervisory Board members in advance. In addition, training on corporate management, including governance and sustainability, and regular briefings on the business overview of Group companies help to improve the capabilities of all officers and promote mutual understanding within the Group.

## Effectiveness of the Board of Directors

To work on the enhancement of the Board of Directors' functions and thereby improve corporate value over the medium- to long-term, we evaluate the Board of Directors by means of questionnaires between directors and Audit and Supervisory Board members and discuss the results at Board of Directors' meetings.

### Method for Evaluating Effectiveness



### Evaluation of Board of Directors' Effectiveness

Main Content of Questionnaire	Result of Evaluation
<ul style="list-style-type: none"> <li>• Structure and operational methods of the Board of Directors</li> <li>• Content of agendas</li> <li>• Director compensation, election and dismissal, etc.</li> <li>• DX, sustainability, investment in talent</li> <li>• Formulation of new medium-term management plan</li> <li>• Regular reports</li> <li>• Status of discussions at the Board of Directors' meetings</li> </ul>	<p>Regarding the Board of Directors' performance of functions, the Company was overall evaluated highly for innovations and improvements that have been made year after year, such as the enhancement of the content of agendas and open and frank discussions at meetings. However, while we have been able to discuss DX and sustainability at a certain level amid acceleratingly changing social conditions, we need to further expand the discussion.</p> <p>The Medium-term Management Plan 2022 has been formulated after extensive discussions, and we hope to expand the discussion toward the realization of our growth strategy.</p>

## Corporate Governance

### Officer Remuneration

#### Officer Remuneration Decision Process

The Board of Directors has adopted a decision-making policy for determining remuneration details of each director. To further ensure the appropriateness of individual remuneration amounts and the transparency of the decision process, remuneration amounts are decided at a Nomination and Remuneration Committee meeting—chaired by an outside director and comprised of three outside directors and the President and Group CEO—and the Board of Directors are paid in accordance with those decisions.

#### Composition of Officer Remuneration

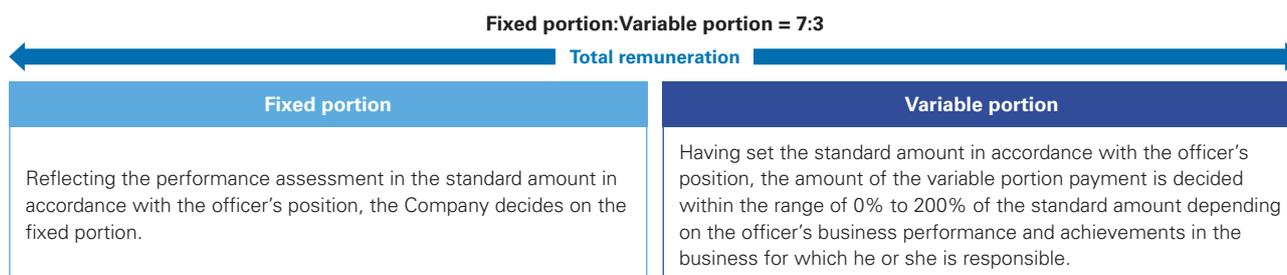
The officer remuneration system for the fiscal year ending March 31, 2022 is based on the basic remuneration for each position plus a performance-linked portion. The indicators for the performance-linked evaluation include consolidated operating profit, for the purpose of motivating an increase of corporate value through the improvement of business performance and, added to this, we have established consolidated profit before income taxes, in which the results of investment and loans are reflected. The performance evaluation for the following fiscal year's performance-linked evaluation is an arrangement that reflects the ratio of that fiscal year's target against the actual result for both indices, comparing the points scored on the basis of the table stipulated in the officer remuneration regulations with the previous fiscal year's results. Outside directors and Audit and Supervisory Board members receive fixed remuneration.

The total amount of remuneration, etc., for each officer category, total amount by type of remuneration, and number of eligible officers

Officer category	Amount of remuneration, etc. (millions of yen)	Total amount by remuneration type, etc. (millions of yen)		No. of eligible officers
		Fixed portion	Variable portion	
Directors (excluding outside directors)	307	193	113	7
Audit and Supervisory Board Members (excluding outside Audit and Supervisory Board members)	60	60	—	3
Outside officers	45	45	—	5

Note: The number of eligible officers is the total for the fiscal year.

#### Officer Remuneration System (as of March 31, 2022)



### Introduction of the Stock-based Remuneration System

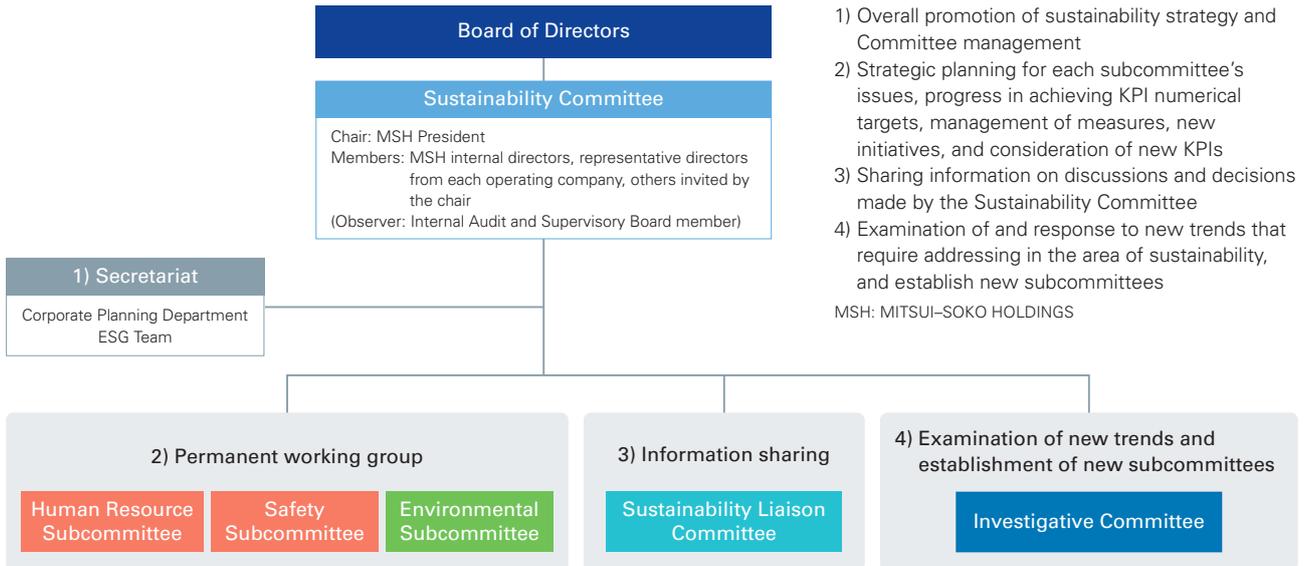
In July 2022, the Company introduced a restricted stock remuneration system for directors (excluding outside directors) to share the benefits and risks of stock price fluctuations with shareholders and motivate them to contribute to increasing the stock price and enhancing corporate value.

#### Overview of the Stock-based Remuneration System

- The Company pays as stock-based remuneration an amount of restricted stock equivalent to 10% of the base amount based on position (the amount of remuneration for full-time directors is determined as a base figure, which is then multiplied by a certain coefficient according to position and other factors to be used as the basis for calculating individual remuneration).
- Stock-based remuneration is the total amount of stock-based remuneration determined by the Company which is paid at a fixed time each year.

## Sustainability Promotion Framework

The Group is promoting sustainability management with the aim of realizing a sustainable society and increasing the corporate value of the Group. In 2019, we established the SDGs Promotion Project and also regularly held the SDGs Promotion Council. Then, in further promoting and strengthening our sustainability management, we established the Sustainability Committee in October 2021. The Committee, chaired by the President, is responsible for considering the strategy and policy on sustainability, as well as implementing and managing initiatives to address materiality and target KPIs. The Committee is supervised by the Board of Directors, and the Board’s opinion and advice are duly reflected in the measures of the Committee.



### Sustainability Committee Topics

- First meeting (Feb. 2022): Committee’s operational policy, action policy of each subcommittee (Human Resource, Safety, and Environmental), TCFD response policy, and overview of business and human rights
- Second meeting (July 2022): Specific responses to TCFD, progress in business and human rights activities

### Sustainability Policies



The Group’s “Our Approach to Sustainability” policy is positioned as a higher concept of each policy, and we are promoting initiatives in line with each of them. In July 2022, to clarify the Group’s approach to respecting human rights, we established the Mitsui-Soko Group Human Rights Policy. We will continue to promote sustainability initiatives in line with each policy.

## Corporate Governance

### Stockholdings

Comprehensively considering the Group’s business strategies and relationships with its business partners, the Company maintains a policy of holding strategic stockholdings when these are considered effective in improving corporate value over the medium-to long-term. With regard to the verification of stockholdings, we report regularly to the Board of Directors every year. For verification of stockholdings, we individually qualitatively and quantitatively verify them from the perspectives that include the purpose of the holding and capital cost, and we are also promoting efforts to reduce holdings as appropriate.

While assessing the management policy of the investee company, we exercise voting rights related to strategic stockholdings in an appropriate manner based on whether they will contribute to the improvement of corporate value over the medium- to long-term.

### Group Governance

Having established a policy relating to Group governance, the Company has clarified the responsibilities and authorities that each company in the Group should have.

In addition to discussing and resolving matters to be submitted to the Board of Directors, the Management Council that meets twice a month discusses and reports on important matters relating to the management of each company, including business plans, large-scale projects, and the internal controls of each company, and thus the Company has in place a system to share information appropriately throughout the Group.

### Compliance

To devise ways to strengthen the legal compliance system, we have established a Compliance Committee, which convenes every quarter. In addition, a monthly Compliance and Risk Management Liaison Committee attended by those in charge of operating companies is held to ensure that each company has an organizational structure in place to properly follow compliance requirements.

We also investigate the status of legal compliance in an ongoing, comprehensive manner by striving to improve our legal compliance system by verifying the results of the activities and building a system to help prevent the risk of compliance violations for the next year. We conduct annual compliance-related training and awareness surveys to raise awareness of compliance issues throughout the Group.

To prevent or quickly detect major violations, such as legal noncompliance, malpractice, or harassment, we have established rules for the handling of internal reporting. The Mitsui-Soko Group Compliance Hotline has also been established for Group employees and others. An external point of contact in Japan has been outsourced to a third-party organization, which further strengthens the anonymity of the whistleblower and can also deal with reports in English and Chinese. By working to expand the whistleblowing system, we are preventing the potential for risks such as scandals.



MSH: MITSUI-SOKO HOLDINGS

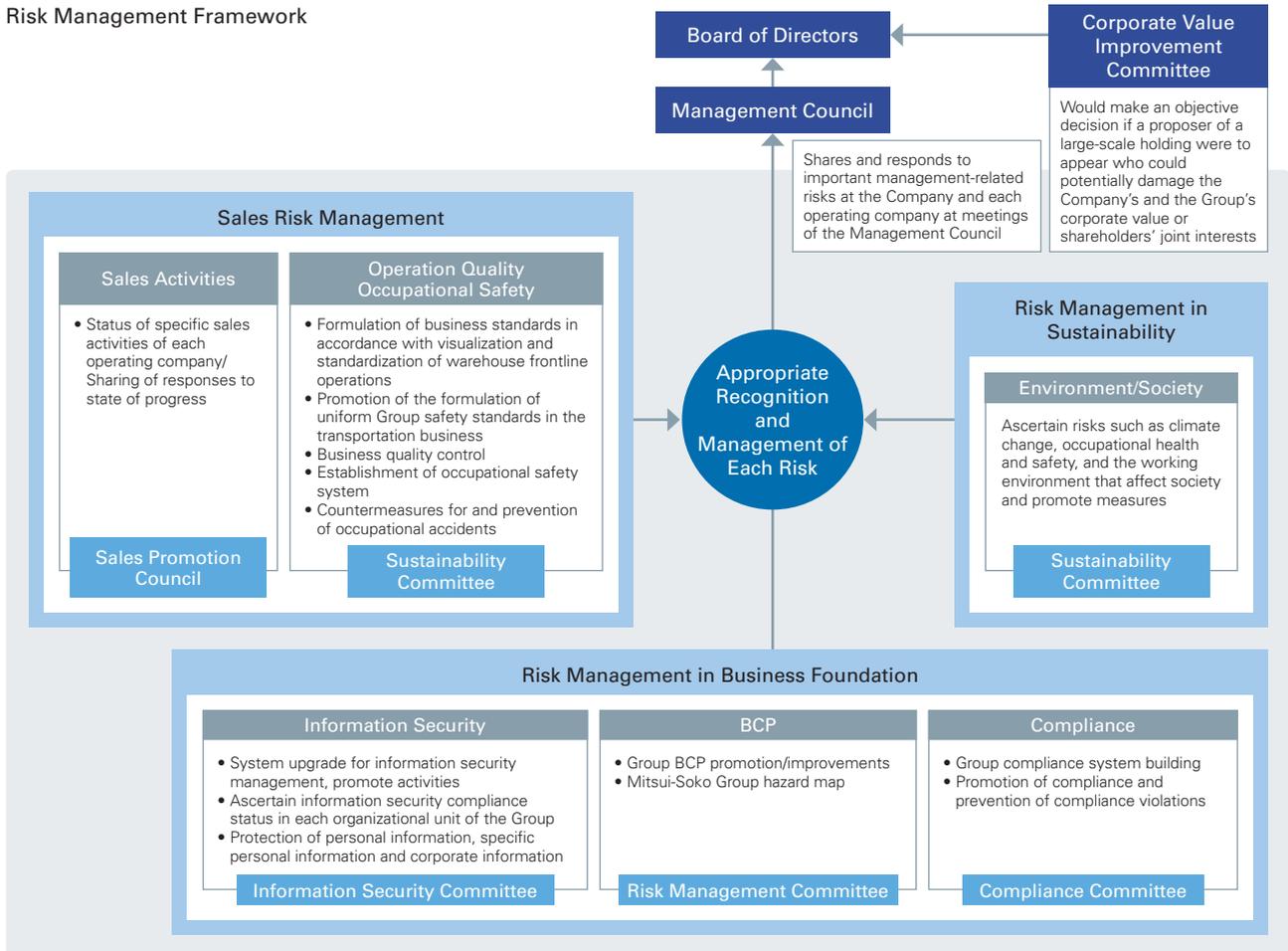
### Risk Management

Basic facts pertaining to the recognition of risks and their management in the Mitsui-Soko Group’s business activities are defined in its Risk Management Regulations, and the Risk Management Committee convenes quarterly to improve and strengthen risk management. Comprising risk managers from the Company and major Group companies, the Risk Management Committee deliberates the status of risk management for the Group as a whole and establishes basic response items and policies. The department in charge of risk management for each Group company establishes rules and guidelines, conducts training programs and creates and distributes manuals about individual risks, such as those related to compliance, human rights, the environment, natural disasters, quality, finance, accounting, and information security. The Group’s Risk Management Department is responsible for promoting Group-wide risk

assessments and responses.

Under the supervision of the director responsible for risk management, who is also responsible for compliance, the Risk Management Department (15 staff members, four of whom are dedicated to risk management) is working on corporate risk prevention, maintaining and updating the corresponding manuals in the unlikely case that an incident occurs, and striving to reduce corporate risk. Specifically, the Risk Management Department focuses on high-priority risks, which are determined by the Risk Management Committee from among the corporate risks listed in advance. Having prepared response manuals in cooperation with the relevant executive departments, we are verifying the implementation status of preventive measures and sharing the results throughout the Company, while constantly reviewing them.

**Risk Management Framework**



**Business and Other Risks**

The Group conducts logistics business mainly in Japan, North America, Europe, Northeast Asia, and Southeast Asia, as well as real estate business in Japan. Matters that may have a significant influence on investors' investment decisions are shown on the right. As the judgments made by the Group are those made at the annual securities report submission date (June 23, 2022), the Business and Other Risks listing does not state all risks relevant to the Group.

**Business and Other Risks Listings**

- Changes in economic environment
- Changes in public regulations
- Changes in industry structure
- Exchange rate fluctuations
- Changes in interest rates
- Increasing importance of ESG
- Occurrence of disasters and damage to social infrastructure
- Potential risks from international activities and overseas expansion
- Information management of customers, etc.
- Dependence on specific customers
- Changes in market value of owned assets
- Retirement benefit obligation
- Impairment of fixed assets
- Financial covenants for debt cover

## Directors and Audit and Supervisory Board Members

As of July 1, 2022

### Directors

**Hirobumi Koga**



Representative Director,  
President and Group CEO  
Chairman of the Board of Directors  
(Concurrently) Chairman of  
MITSUI-SOKO EXPRESS Co., Ltd.  
(Concurrently) Chairman of  
MITSUI-SOKO TRANSPORT  
Co., Ltd.

Apr. 1981	Joined The Mitsui Bank, Limited (currently Sumitomo Mitsui Banking Corporation)
Apr. 2013	Managing Executive Officer of Sumitomo Mitsui Banking Corporation
May 2014	Joined the Company
June 2016	Executive Managing Director of the Company
June 2017	Representative Director, President and CEO of the Company (to the present)

**Nobuo Nakayama**



Representative Director and  
Senior Managing Director  
Chief Finance Officer  
Responsible for Finance Headquarters  
(Concurrently) Director of  
MITSUI-SOKO Co., Ltd.  
(Concurrently) Director of  
MITSUI-SOKO Supply Chain  
Solutions, Inc.  
(Concurrently) Auditor of  
MITSUI-SOKO TRANSPORT  
Co., Ltd.

Apr. 1975	Joined The Mitsui Bank, Limited (currently Sumitomo Mitsui Banking Corporation)
Apr. 2007	Joined the Company
June 2015	Executive Managing Director of the Company
June 2017	Representative Director and Senior Managing Director of the Company (to the present)

**Hiroshi Kino**



Executive Managing Director  
Responsible for Personnel,  
HR, Real Estate  
(Concurrently) Director of  
MITSUI-SOKO LOGISTICS Co., Ltd.

Apr. 1984	Joined the Company
Apr. 2015	Director, Senior Executive Officer of MITSUI-SOKO Co., Ltd.
Apr. 2016	Representative Director and President of MITSUI-SOKO BUSINESS TRUST Co., Ltd.
June 2017	Representative Director and President of MITSUI-SOKO Co., Ltd.
June 2021	Director and Senior Executive Officer of the Company (to the present)

**Takeshi Gohara**



Executive Managing Director  
Responsible for Compliance,  
Legal and General Affairs,  
Risk Management  
(Concurrently) Director of  
MITSUI-SOKO LOGISTICS Co., Ltd.  
(Concurrently) Auditor of  
MITSUI-SOKO EXPRESS Co., Ltd.

Apr. 1987	Joined the Company
Apr. 2013	Representative Director and Senior Executive Managing Director of MITSUI-SOKO EXPRESS Co., Ltd.
June 2017	Director, Senior Executive Officer of the Company
June 2022	Executive Managing Director of the Company (to the present)

**Yuji Itoi**



Director, Senior Executive Officer  
Responsible for Information Systems

Apr. 1981	Joined IBM Japan, Ltd.
May 2009	Joined Oracle Corporation Japan
Aug. 2012	Joined the Company
Apr. 2016	Executive Officer of the Company
June 2022	Senior Executive Officer of the Company (to the present)

**Tomoaki Kiriya**



Director, Senior Executive Officer  
Responsible for Strategic Sales,  
Development Administration  
(Concurrently) Director of  
MITSUI-SOKO Co., Ltd.  
(Concurrently) Director of  
MITSUI-SOKO Supply Chain  
Solutions, Inc.

Apr. 1990	Joined the Company
Apr. 2018	Executive Officer of the Company
June 2022	Senior Executive Officer of the Company (to the present)

Note: The "Company" as indicated in the career summary column refers to MITSUI-SOKO HOLDINGS Co., Ltd.  
(the corporate name before the change on October 1, 2014, was MITSUI-SOKO Co., Ltd.)

## Outside Directors

## Taizaburo Nakano

Outside Director



Apr. 1969 Joined The Mitsubishi Bank, Limited (currently MUFG Bank, Ltd.)  
 June 1973 Joined Tokyo Coca-Cola Bottling Co., Ltd. (currently Coca-Cola Bottlers Japan Inc.)  
 Mar. 2003 Representative Director & Vice President of the same company  
 Nov. 2013 President and CEO of TIEUP Co., Ltd. (to the present)  
 June 2018 Outside Director of the Company (to the present)

## Takashi Hirai

Outside Director



Apr. 1989 Joined Bain & Company Japan, Inc.  
 July 1997 Joined Dell Japan Inc.  
 Apr. 2001 Head of Corporate Planning Division/Officer of Starbucks Coffee Japan, Ltd.  
 Sept. 2003 Executive Officer and Senior Partner of Roland Berger Ltd.  
 Mar. 2017 Professor of Graduate School of Business Sciences of MBA Program in International Business, University of Tsukuba (to the present)  
 June 2017 Outside Director of KITO CORPORATION (to the present)  
 June 2019 Outside Director of the Company (to the present)

## Maako Kikuchi

Outside Director



Apr. 1992 Joined Public Prosecutors Office of Ministry of Justice as a Public Prosecutor  
 Mar. 1999 Registered as an attorney at law in Japan and New York State, U.S. Joined Nagashima & Ohno (currently Nagashima Ohno & Tsunematsu)  
 Apr. 2004 Joined General Secretariat, Fair Trade Commission  
 June 2010 Executive Officer and CCO of Vodafone K.K. (currently SoftBank Corp.)  
 Apr. 2014 Executive Officer of Microsoft Japan Co., Ltd.  
 June 2016 Standing Outside Audit and Supervisory Board Member of the Company  
 June 2020 Outside Director of the Company (to the present)  
 June 2020 Audit and Supervisory Board Member (Part-time), KADOKAWA CORPORATION  
 July 2020 Outside Director of Hitachi Construction Machinery Co., Ltd. (to the present)

## Audit and Supervisory Board Members

## Yukio Ishida

Senior Audit and Supervisory Board Member (Concurrently) Corporate Auditor of MITSUI-SOKO Co., Ltd.



Apr. 1982 Joined the Company  
 Apr. 2014 Representative Director and President & Chief Executive Officer of MITSUI-SOKO LOGISTICS Co., Ltd.  
 June 2019 Director, Senior Executive Officer of the Company  
 June 2021 Senior Audit and Supervisory Board Member (to the present)

## Norio Miyashita

Audit and Supervisory Board Member (Concurrently) External Auditor (Part-time) of MITSUI-SOKO LOGISTICS Co., Ltd. (Concurrently) External Auditor (Part-time) of MITSUI-SOKO Supply Chain Solutions, Inc.



Apr. 1980 Joined Japan Development Bank (currently Development Bank of Japan Inc.)  
 Apr. 2006 Joined the Company  
 Apr. 2015 General Manager of Business Administration Division, MITSUI-SOKO LOGISTICS Co., Ltd.  
 June 2016 Standing Audit and Supervisory Board Member of the Company (to the present)

## Outside Audit and Supervisory Board Members

## Osamu Sudoh

Outside Audit and Supervisory Board Member



Apr. 1980 Admitted to the bar in Japan; joined the Tokyo Yaesu Law Office  
 Apr. 1999 Founded Sudoh & Takai Law Office as a partner  
 June 2011 Outside Audit and Supervisory Board Member of the Company (to the present)  
 May 2016 Partner of Sudoh & Partners (to the present)

## Motohide Ozawa

Outside Audit and Supervisory Board Member

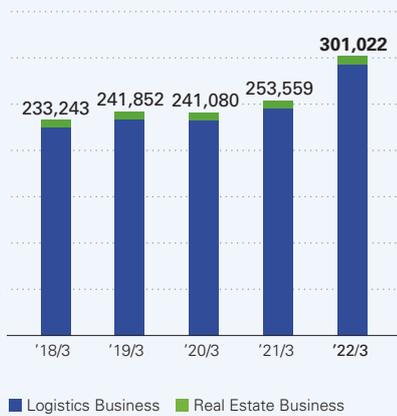


Oct. 1977 Joined Coopers & Lybrand Accounting Firm  
 Aug. 1996 Senior Partner of Chuo Audit Corporation  
 Sept. 2006 Senior Partner of Arata & Co.  
 June 2013 Outside Audit and Supervisory Board Member of the Company (to the present)

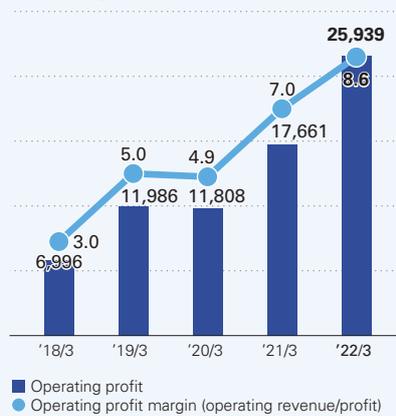
# Financial/Non-Financial Data Highlights

## Financial Data

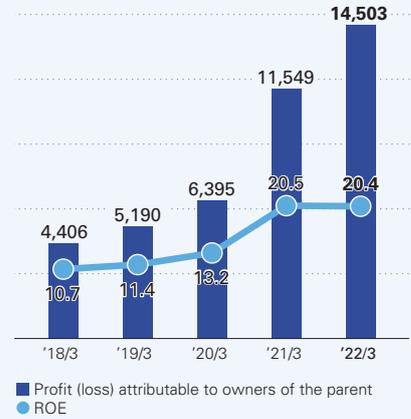
Operating revenue (millions of yen)



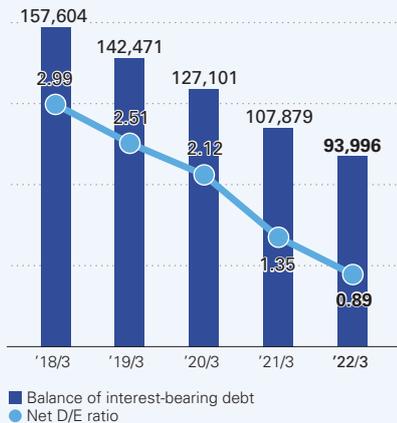
Operating profit (millions of yen)/  
Operating profit margin  
(operating revenue/profit) (%)



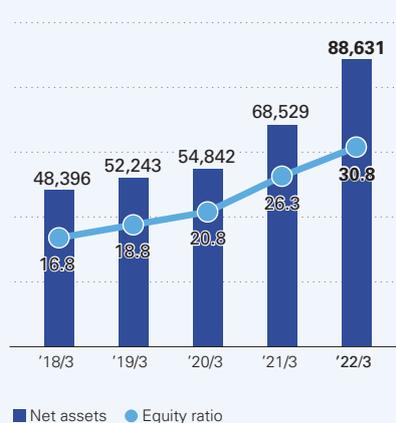
Profit attributable to  
owners of parent (millions of yen)/ROE (%)



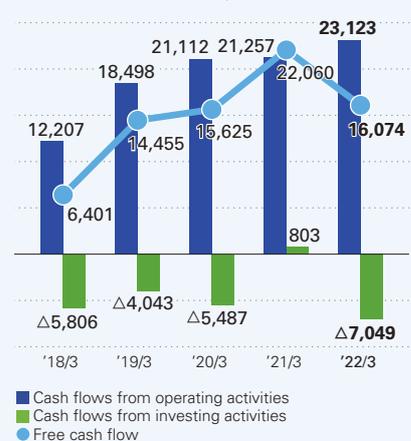
Balance of interest-bearing debt (millions of yen)/  
Net D/E ratio (times)



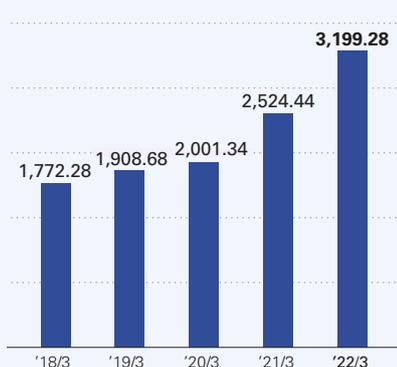
Net assets (millions of yen)/  
Equity ratio (%)



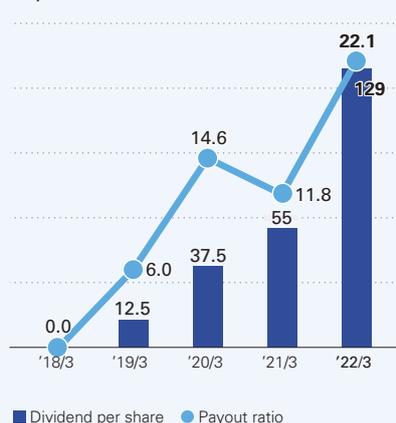
Cash flows from operating activities (millions of yen)/  
Cash flows from investing activities (millions of yen)/  
Free cash flow (millions of yen)



Net assets per share (yen)



Dividend per share (yen)/  
Payout ratio (%)



### Non-Financial Data

#### Social Data

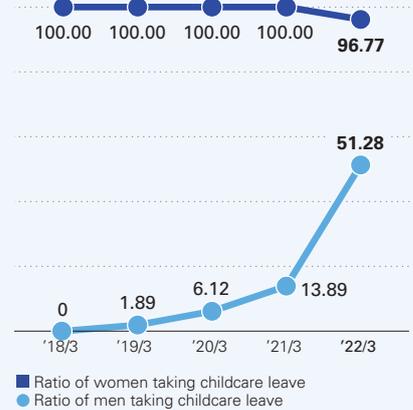
Ratio of female managers (%)



Ratio of paid leave taken (%)



Ratio of women taking childcare leave (%) / Ratio of men taking childcare leave (%)



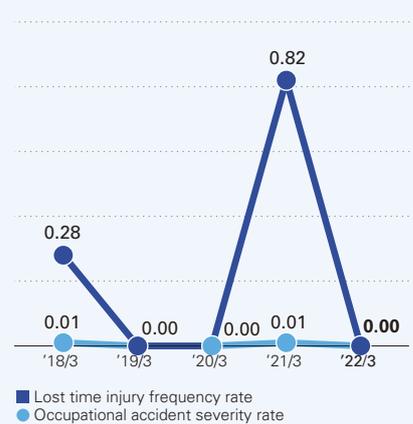
Absentee rate (%)



Health checkup take-up rate (%)



Lost time injury frequency rate / Occupational accident severity rate



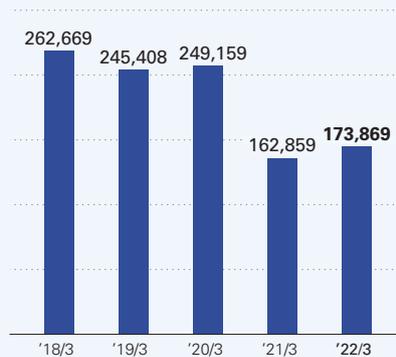
Note: The scope of the main social data is MITSUI-SOKO HOLDINGS Co., Ltd., MITSUI-SOKO Co., Ltd., MITSUI-SOKO EXPRESS Co., Ltd., MITSUI-SOKO LOGISTICS Co., Ltd., MITSUI-SOKO Supply Chain Solutions, Inc., and MITSUI-SOKO TRANSPORT Co., Ltd.

#### Environmental Data

Amount of CO<sub>2</sub> emissions (Scope1+2) (t-CO<sub>2</sub>)



Amount of water usage (m<sup>3</sup>)



Volume of waste generated (t)



Note: CO<sub>2</sub> emissions are based on the figures in the periodic reports published by MITSUI-SOKO HOLDINGS Co., Ltd., MITSUI-SOKO Co., Ltd., MITSUI-SOKO LOGISTICS CO., Ltd., Marukyo Logistics Co., Ltd. (Osaka), Marukyo Logistics Co., Ltd. (Ehime) under the Energy Conservation Law.

Note: The figures for the amount of water used cover MITSUI-SOKO HOLDINGS Co., Ltd. and MITSUI-SOKO Co., Ltd.

Note: The volume of waste discharged covers the bases of MITSUI-SOKO CO., Ltd. that have obtained green management certification.

## Five-Year Consolidated Financial Data

MITSUI-SOKO HOLDINGS Co., Ltd. and its Consolidated Subsidiaries  
Years ended March 31

(Millions of yen)

		2018/03	2019/03	2020/03	2021/03	2022/03
<b>Operating Results (for the year)</b>	Operating revenue	233,243	241,852	241,080	253,559	301,022
	Logistics business	224,842	233,404	231,982	244,645	292,213
	Real estate business	9,155	9,170	9,833	9,621	9,574
	Intersegment transaction eliminations	(755)	(721)	(736)	(706)	(765)
	Operating cost	206,071	211,513	211,058	218,094	256,743
	Operating gross profit	27,171	30,339	30,022	35,465	44,278
	Selling, general and administrative expenses	20,175	18,352	18,213	17,804	18,338
	Operating profit	6,996	11,986	11,808	17,661	25,939
	Profit before income taxes	8,142	9,848	10,973	19,040	25,553
	Profit attributable to owners of parent	4,406	5,190	6,395	11,549	14,503
	ROE (%)	10.7	11.4	13.2	20.5	20.4
<b>Financial Position (at year-end)</b>	Net assets	48,396	52,243	54,842	68,529	88,631
	Total assets	262,735	252,078	239,309	238,371	258,297
	Balance of interest-bearing debt	157,604	142,471	127,101	107,879	93,996
	Net D/E ratio (times)	2.99	2.51	2.12	1.35	0.89
	Equity ratio (%)	16.8	18.8	20.8	26.3	30.8
<b>Cash Flows</b>	Cash flows from operating activities	12,207	18,498	21,112	21,257	23,123
	Cash flows from investing activities	(5,806)	(4,043)	(5,487)	803	(7,049)
	Free cash flow	6,401	14,455	15,625	22,060	16,074
	Cash flows from financing activities	(12,180)	(16,618)	(16,746)	(21,683)	(17,218)
<b>Per Share Information</b>	Net income (yen)	177.42	208.99	257.50	465.01	583.98
	Net assets (yen)	1,772.28	1,908.68	2,001.34	2,524.44	3,199.28
	Dividend (yen)	—	12.5	37.5	55.0	129.0
	Payout ratio (%)	—	6.0	14.6	11.8	22.1
<b>Stock Price-Related Information</b>	Price/earnings ratio (times)	9.5	8.7	5.4	4.7	4.3
	Total shareholders return (%)	101.8	110.5	87.3	136.9	165.4
	[Comparative index] (%)	[109.7]	[114.6]	[95.0]	[126.8]	[140.1]

## Note:

- Operating revenue does not include consumption tax.
- Effective from the first quarter of the fiscal year under review, the Company has applied the Partial Amendments to Accounting Standard for Tax Effect Accounting (Accounting Standards Board of Japan [ASBJ] Statement No. 28, issued on February 16, 2018). The main management indicators, etc., for the fiscal year ended March 31, 2018, are those after retroactive application of the accounting standard for the fiscal year ended March 31, 2019.
- On October 1, 2018, the Company conducted a reverse stock split at a ratio of five shares to one share of common stock. Net income (loss) per share, net assets per share, and dividend per share were calculated on the assumption that the share consolidation was conducted at the beginning of the fiscal year ended March 31, 2018.
- There is no dividend per share shown for the fiscal year ended March 31, 2018, because no dividend was paid.
- Effective from the first quarter of the fiscal year ended March 31, 2022, the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, issued on March 31, 2020). The main management indicators, etc., for the fiscal year ended March 31, 2022, are those after retroactive application of the said accounting standard.
- The comparative indicators for total shareholder returns are the TOPIX transportation and warehousing industry-related sector indices (including dividends).

## Five-Year Non-Financial Data

### Main Social Data

	2018/03	2019/03	2020/03	2021/03	2022/03
Number of employees (Men, Women/temporary workers included) (persons)	1,827	1,825	1,823	1,893	1,842
Total of new graduate hires (Men/Women) (persons)	43	43	62	50	49
Ratio of female managers (%)	7.36	7.81	7.65	7.77	8.55
Employment rate for persons with disabilities (%)	1.15	1.72	1.96	2.19	1.83
Ratio of employee overtime work (%)	17.82	17.41	16.99	16.35	18.31
Ratio of paid leave taken (%)	47.54	50.99	59.50	52.67	52.21
Ratio of employees taking childcare leave (Men) (%)	0.00	1.89	6.12	13.89	51.28
Ratio of employees taking childcare leave (Women) (%)	100.0	100.0	100.0	100.0	96.77
Ratio of employees returning to work after taking childcare leave (%)	100.0	92.86	96.67	100.0	97.56
Absentee rate (%)	0.38	0.29	0.38	0.37	0.13
Health checkup take-up rate (%)	89.02	90.92	90.84	92.20	96.20
Number of occupational accidents	1	1	1	4	1
Lost time injury frequency rate	0.28	0.00	0.00	0.82	0.00
Occupational accident severity rate	0.01	0.00	0.00	0.01	0.00

\*The scope of the main data of the working environment is MITSUI-SOKO HOLDINGS Co., Ltd., MITSUI-SOKO Co., Ltd., MITSUI-SOKO EXPRESS Co., Ltd., MITSUI-SOKO LOGISTICS Co., Ltd., MITSUI-SOKO Supply Chain Solutions, Inc., and MITSUI-SOKO TRANSPORT Co., Ltd.

\*The ratio of employees taking childcare leave (men and women) from FY2017 to FY2020 is based on the standard provided by the "Basic Survey of Gender Equality in Employment Management in FY2020" conducted by the Employment Environment and Equal Employment Bureau of the Ministry of Health, Labour and Welfare. The figures represent the values after applying this new standard retroactively from FY2017. Also, from FY2021, the ratio of men taking childcare leave will be calculated using the formula for disclosing the childcare leave acquisition rate that will be enforced on April 1, 2023, in accordance with the revised Child Care and Family Care Leave Law.

\*Following reviews of their definitions, the lost time injury frequency rate and the occupational accident severity rate calculations have been retroactively based on the said standard from the fiscal year ended March 31, 2018.

### Main Environmental Data

	2018/03	2019/03	2020/03	2021/03	2022/03
Amount of energy used (crude oil equivalent) (kl)	30,089	30,611	30,463	28,207	27,861
Electricity (1,000kWh)	75,747	73,742	73,881	69,317	69,097
Gasoline (kl)	257	244	175	151	124
Heavy oil (kl)	2	2	2	12	3
Light oil (kl)	9,050	10,167	10,161	9,472	9,229
Petroleum gas (t)	93	82	94	68	52
City gas (1,000m <sup>3</sup> )	460	442	418	333	341
Hot water (GJ)	2,346	1,916	1,829	1,710	3,898
Cold water (GJ)	50,246	52,074	47,826	32,946	29,072
Amount of CO <sub>2</sub> emissions (Scope 1) (t-CO <sub>2</sub> )	25,334	28,070	27,930	25,857	25,048
Amount of CO <sub>2</sub> emissions (Scope 2) (t-CO <sub>2</sub> )	37,978	36,151	35,727	31,026	31,013
Amount of renewable energy generated (kWh)	1,313,972	1,322,426	1,298,858	1,220,879	1,691,326
Amount of in-house power generation (kWh)	—	—	—	—	416,448
Amount of water usage (m <sup>3</sup> )	262,669	245,408	249,159	162,859	173,869
Volume of waste generated (t)	2,596	2,481	2,407	2,530	2,372

\*Energy usage and CO<sub>2</sub> emissions are based on the figures in the periodic reports published by MITSUI-SOKO HOLDINGS Co., Ltd., MITSUI-SOKO Co., Ltd., MITSUI-SOKO LOGISTICS CO., Ltd., Marukyo Logistics Co., Ltd. (Osaka), and Marukyo Logistics Co., Ltd. (Ehime) under the Energy Conservation Law.

\*The figures for the amount of water used cover MITSUI-SOKO HOLDINGS Co., Ltd. and MITSUI-SOKO Co., Ltd., and the amount of waste discharged covers the bases of MITSUI-SOKO CO., Ltd. that have obtained green management certification.

## Consolidated Financial Statements

MITSUI-SOKO HOLDINGS Co., Ltd. and its Consolidated Subsidiaries  
Years ended March 31

## Consolidated Balance Sheet

(Millions of yen)

	2020/03	2021/03	2022/03
<b>Assets</b>			
<b>Current assets</b>	57,803	63,407	77,354
Cash and deposits	21,872	23,225	23,109
Notes and operating accounts receivable—trade	29,447	32,402	—
Notes and operating accounts receivable—trade, and contract assets	—	—	41,155
Inventories	697	843	2,045
Other	5,927	6,991	11,112
Allowance for doubtful accounts	(141)	(55)	(67)
<b>Non-current assets</b>	181,506	174,964	180,942
Property, plant and equipment	137,394	136,258	139,493
Intangible assets	11,514	8,289	8,700
Investments and other assets	32,596	30,415	32,748
<b>Total assets</b>	239,309	238,371	258,297
<b>Liabilities</b>			
<b>Current liabilities</b>	67,183	63,715	65,441
Notes and operating accounts payable—trade	16,875	18,367	22,604
Short-term loans payable	2,456	6,440	2,049
Current portion of long-term loans payable	15,493	12,168	9,630
Lease liabilities	—*	779	1,223
Current portion of bonds	10,000	—	—
Income taxes payable	2,802	5,427	4,631
Provision for bonuses	3,074	3,467	3,863
Other	16,480	17,063	21,440
<b>Non-current liabilities</b>	117,283	106,126	104,224
Bonds payable	25,000	25,000	25,000
Long-term loans payable	74,150	64,270	57,317
Lease liabilities	—*	1,033	4,174
Deferred tax liabilities	5,658	4,434	4,780
Net defined benefit liability	6,516	6,630	6,562
Other	5,956	4,757	6,388
<b>Total liabilities</b>	184,467	169,842	169,666
<b>Net assets</b>			
<b>Shareholders' equity</b>	46,125	56,444	69,298
Capital stock	11,100	11,100	11,100
Capital surplus	5,536	5,548	5,548
Retained earnings	29,591	39,898	52,752
Treasury shares	(103)	(103)	(103)
<b>Accumulated other comprehensive income</b>	3,580	6,253	10,159
Valuation difference on available-for-sale securities	5,205	3,852	3,568
Deferred gains or losses on hedges	0	0	2
Foreign currency translation adjustment	(1,809)	1,036	4,665
Remeasurements of defined benefit plans	184	1,364	1,924
<b>Non-controlling interests</b>	5,136	5,831	9,172
<b>Total net assets</b>	54,842	68,529	88,631
<b>Total liabilities and net assets</b>	239,309	238,371	258,297

\*Lease liabilities included in "Other" under "Current liabilities" and "Non-current liabilities" in FY2019.

## Consolidated Statement of Income

(Millions of yen)

	2020/03	2021/03	2022/03
<b>Operating revenue</b>	241,080	253,559	301,022
Warehousing fee income	33,980	35,500	35,037
Stevedoring income	28,973	31,090	31,603
Port terminal fee income	17,616	15,720	17,019
Transportation income	110,141	123,359	164,367
Real estate income	9,097	8,914	8,808
Other	41,270	38,974	44,185
Operating cost	211,058	218,094	256,743
<b>Operating gross profit</b>	30,022	35,465	44,278
Selling, general and administrative expenses	18,213	17,804	18,338
<b>Operating profit</b>	11,808	17,661	25,939
Non-operating income	1,180	1,599	1,316
Non-operating expenses	2,457	2,019	1,702
<b>Ordinary profit</b>	10,531	17,240	25,553
Extraordinary income	807	5,683	—
Extraordinary losses	365	3,883	—
<b>Profit (loss) before income taxes</b>	10,973	19,040	25,553
Income taxes	3,801	6,530	7,437
<b>Profit</b>	7,171	12,510	18,115
Profit attributable to non-controlling interests	776	961	3,611
Profit attributable to owners of parent	6,395	11,549	14,503

## Consolidated Statement of Comprehensive Income

(Millions of yen)

	2020/03	2021/03	2022/03
<b>Profit</b>	7,171	12,510	18,115
<b>Other comprehensive income</b>	(3,869)	3,125	4,351
Valuation difference on available-for-sale securities	(855)	(1,352)	(284)
Deferred gains or losses on hedges	0	0	2
Foreign currency translation adjustment	(2,171)	2,875	3,454
Remeasurements of defined benefit plans, net of tax	(547)	1,183	564
Share of other comprehensive income of entities accounted for using equity method	(295)	418	614
<b>Comprehensive income</b>	3,302	15,635	22,467
Owners of parent	2,850	14,221	18,410
Non-controlling interests	451	1,413	4,057

## Consolidated Financial Statements

MITSUI-SOKO HOLDINGS Co., Ltd. and its Consolidated Subsidiaries  
Years ended March 31

## Consolidated Statement of Changes in Net Assets

2020/03

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity			
Balance at beginning of current period	11,100	5,464	23,816	(102)	40,279	7,125	4,838	52,243
Changes of items during period								
Dividends of surplus	—	—	(620)	—	(620)	—	—	(620)
Profit attributable to owners of parent	—	—	6,395	—	6,395	—	—	6,395
Purchase of treasury shares	—	—	—	(0)	(0)	—	—	(0)
Change in treasury shares of parent arising from translations with non-controlling shareholders	—	71	—	—	71	—	—	71
Net changes of items other than shareholders' equity	—	—	—	—	—	(3,544)	298	(3,246)
Total changes of items during period	—	71	5,774	(0)	5,845	(3,544)	298	2,599
Balance at end of current period	11,100	5,536	29,591	(103)	46,125	3,580	5,136	54,842

2021/03

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity			
Balance at beginning of current period	11,100	5,536	29,591	(103)	46,125	3,580	5,136	54,842
Changes of items during period								
Dividends of surplus	—	—	(1,241)	—	(1,241)	—	—	(1,241)
Profit attributable to owners of parent	—	—	11,549	—	11,549	—	—	11,549
Purchase of treasury shares	—	—	—	(0)	(0)	—	—	(0)
Change in treasury shares of parent arising from translations with non-controlling shareholders	—	11	—	—	11	—	—	11
Net changes of items other than shareholders' equity	—	—	—	—	—	2,672	694	3,367
Total changes of items during period	—	11	10,307	(0)	10,319	2,672	694	13,686
Balance at end of current period	11,100	5,548	39,898	(103)	56,444	6,253	5,831	68,529

2022/03

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity			
Balance at beginning of current period	11,100	5,548	39,898	(103)	56,444	6,253	5,831	68,529
Cumulative effects of changes in accounting policies			(35)		(35)			(35)
Restated balance of changes in accounting policies	11,100	5,548	39,863	(103)	56,408	6,253	5,831	68,493
Changes of items during period								
Dividends of surplus	—	—	(1,614)	—	(1,614)	—	—	(1,614)
Profit attributable to owners of parent	—	—	14,503	—	14,503	—	—	14,503
Purchase of treasury shares	—	—	—	(0)	(0)	—	—	(0)
Change in treasury shares of parent arising from translations with non-controlling shareholders	—	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—	3,906	3,341	7,247
Total changes of items during period	—	—	12,889	(0)	12,889	3,906	3,341	20,137
Balance at end of current period	11,100	5,548	52,752	(103)	69,298	10,159	9,172	88,631

## Consolidated Statement of Cash Flows

(Millions of yen)

	2020/03	2021/03	2022/03
<b>Cash flows from operating activities</b>			
Profit (loss) before income taxes	10,973	19,040	25,553
Depreciation	8,366	8,783	8,721
Amortization of goodwill	1,078	1,053	720
Impairment loss	—	3,407	—
Compensation for removal	(711)	—	—
Increase (decrease) in allowance for doubtful accounts	273	(251)	43
Increase (decrease) in provision for bonuses	18	454	363
Increase (decrease) in net defined benefit liability	73	102	(90)
Interest and dividend income	(647)	(562)	(433)
Interest expenses	1,169	969	859
Share of (profit) loss of entities accounted for using equity method	(94)	(148)	(271)
Loss (gain) on sales of property, plant and equipment	(69)	24	(20)
Loss on retirement of non-current assets	229	136	135
Loss (gain) on sales of investment securities	—	(5,487)	(32)
Loss (gain) on sales of shares of subsidiaries and associates	—	471	—
Loss (gain) on valuation of investment securities	37	—	—
Decrease (increase) in notes and operating accounts receivable—trade	1,772	(4,500)	(7,835)
Increase (decrease) in notes and operating accounts payable—trade	(171)	2,568	3,743
Other, net	758	777	2,742
Subtotal	23,055	26,840	34,198
Interest and dividend income received	763	679	621
Interest expenses paid	(1,203)	(1,002)	(854)
Compensation received	711	—	—
Income taxes paid	(2,213)	(5,260)	(10,842)
Net cash provided by (used in) operating activities	21,112	21,257	23,123
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(4,700)	(6,791)	(5,411)
Proceeds from sales of property, plant and equipment	131	176	72
Purchase of intangible assets	(1,030)	(1,206)	(1,850)
Proceeds from sales of intangible assets	4	3	3
Purchase of investment securities	(22)	(123)	(122)
Proceeds from sales of investment securities	—	7,388	47
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	1,094	—
Proceeds from sales of shares of subsidiaries and associates	—	117	—
Payments of loans receivable	(15)	(12)	(26)
Collection of loans receivable	13	157	21
Payments into time deposits	(185)	(186)	(1)
Proceeds from withdrawal of time deposits	318	184	217
Net cash provided by (used in) investing activities	(5,487)	803	(7,049)
<b>Cash flows from financing activities</b>			
Increase in short-term loans payable	11,712	45,500	116,023
Decrease in short-term loans payable	(11,100)	(41,316)	(120,500)
Proceeds from long-term loans payable	3,291	3,357	3,501
Repayments of long-term loans payable	(14,094)	(16,509)	(13,095)
Proceeds from issuance of bonds	5,000	—	—
Redemption of bonds	(10,000)	(10,000)	—
Repayments to non-controlling shareholders	(39)	—	—
Cash dividends paid	(620)	(1,241)	(1,614)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(200)	—
Other, net	(896)	(1,271)	(1,532)
Net cash provided by (used in) financing activities	(16,746)	(21,683)	(17,218)
<b>Effect of exchange rate change on cash and cash equivalents</b>	(503)	960	1,249
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,624)	1,338	104
<b>Cash and cash equivalents at beginning of period</b>	23,004	21,380	22,718
<b>Cash and cash equivalents at end of period</b>	21,380	22,718	22,822

## Group Network

As of March 31, 2022

<b>MITSUI-SOKO Co., Ltd.</b> .....Tokyo	<b>Warehousing, Port Transportation, Overseas Logistics Services</b>
Mitsui-Soko Kyushu Co., Ltd. .... Fukuoka Mitsui-Soko Business Partners Co., Ltd. ....Tokyo IM Express Co., Ltd. ....Tokyo Sanso K.K. ....Tokyo Toko Maruraku Transportation Co., Ltd. .... Kanagawa Sanso Kouun Co., Ltd. .... Aichi Sanko Trucking Co., Ltd. .... Aichi Sanei K.K. ....Mie Mitsunori Corporation ..... Fukui Mitsui Warehouse Terminal Service Co., Ltd. ....Osaka Sanyu Service Co., Ltd. ....Osaka Kobe Sunso Koun Co., Ltd. .... Hyogo Sun Transport Co., Ltd. .... Hyogo MK Services Co., Ltd. ....Hyogo Seiyu Koun Co., Ltd. .... Fukuoka Hakata Sanso-Butsuryu Co., Ltd. .... Fukuoka Naha International Container Terminal, Inc. ....Okinawa Mitsui-Soko NEA Co.,Ltd. ....Tokyo Mitsui-Soko (China) Investment Co., Ltd. ....China Mitsui-Soko International Pte. Ltd. ....Singapore Mitex Logistics (Shanghai) Co., Ltd. ....China MSC Trading (Shanghai) Co., Ltd. ....China Shanghai MITS Commerce & Trade Co., Ltd. ....China Mitex Shenzhen Logistics Co., Ltd. ....China Mitex International (Hong Kong) Ltd. .... Hong Kong Mitex Multimodal Express Ltd. .... Hong Kong	Noble Business International Ltd. .... Hong Kong Mitex (Tianjin) Co., Ltd. ....China Mitsui-Soko (Taiwan) Co., Ltd. ....Taiwan Mitsui-Soko (Korea) Co., Ltd. ....Korea Mitsui-Soko (Singapore) Pte. Ltd. ....Singapore Mitsui-Soko Southeast Asia Pte.Ltd. ....Singapore Mitsui-Soko Vietnam Co.,Ltd. ....Vietnam Mitsui-Soko (Thailand) Co., Ltd. ....Thailand Mitsui-Soko (Chiangmai) Co., Ltd. ....Thailand Mits Logistics (Thailand) Co., Ltd. ....Thailand Mits Transport (Thailand) Co., Ltd. ....Thailand MS North Star Logistics Co., Ltd. ....Thailand Mitsui-Soko (Malaysia) Sdn. Bhd. ....Malaysia Mitsui-Soko Agencies (Malaysia) Sdn. Bhd. ....Malaysia Integrated Mits Sdn. Bhd. ....Malaysia PT Mitsui-Soko Indonesia ..... Indonesia Mitsui-Soko (U.S.A.) Inc. ....U.S.A. Mitsui-Soko (Americas) Inc. ....U.S.A. Mitsui-Soko (Mexico)S.A. de C.V. .... Mexico Mitsui-Soko (Europe) s.r.o. .... Czech Republic PST CLC, a.s. .... Czech Republic PST Hungary Kft. .... Hungary Shanghai Jinjiang Mitsui-Soko International Logistics Co., Ltd.* ..China Nantong Sinavico International Logistics Co., Ltd.* .....China AW Rostamani Logistics LLC* .....U.A.E
<b>MITSUI-SOKO EXPRESS Co., Ltd.</b> ..... Tokyo	<b>Airfreight Forwarding, Multimodal Forwarding Business</b>
MSE CHINA (GUANGZHOU) CO., LTD. .... China MSE EXPRESS AMERICA, INC. ....U.S.A. MSE EXPRESS MEXICO, S.A. DE C.V. ....Mexico MSE do Brasil Logistica Ltda. ....Brazil MSE EXPRESS (THAILAND) CO., LTD. ....Thailand N.V. MSE EUROPE S.A. ....Belgium	MSE EUROPE TASIMACILIK, ORGANIZASYON, LOJISTIK LIMITED SIRKETI ..... Turkey MS EXPRESS SOUTH AFRICA (PTY) LTD. .... South Africa MSE CHINA (BEIJING) CO., LTD.* ..... China PT. PUNINAR MSE INDONESIA* ..... Indonesia MSE FORWARDERS INDIA PVT. LTD.* ..... India
<b>MITSUI-SOKO LOGISTICS Co., Ltd.</b> ..... Tokyo	<b>Third Party Logistics (3PL) Business</b>
Hokkaimitsui-Soko Logistics Co., Ltd. .... Hokkaido MS Logitech Service Co., Ltd. ....Osaka	Co-next Inc. ....Tokyo
<b>MITSUI-SOKO SUPPLY CHAIN SOLUTIONS, INC.</b> ..... Tokyo	<b>Supply Chain Management Support Business</b>
Logistics Operation Service Co., Ltd. ....Tokyo MS Supply Chain Solutions (Thailand) Ltd. ....Thailand	MS Supply Chain Solutions (Malaysia) Sdn. Bhd ..... Malaysia
<b>MITSUI-SOKO TRANSPORT Co., Ltd.</b> .....Osaka	<b>Land Transportation Business</b>
Marukyo Logistics Co., Ltd.(Osaka) .....Osaka Marukyo Logistics Co., Ltd.(Ehime) .....Ehime AMT Co., Ltd. ....Ehime Marukyo Transportation Co., Ltd. .... Fukuoka Marukyo Group Cooperative .....Osaka Swallow Logistics Co., Ltd. .... Wakayama	Fujimatsu Unyu Souko Co., Ltd. ....Saitama Marukyo Shokusan Co., Ltd. ....Osaka Kiwa General Service Co., Ltd. .... Wakayama Shanghai Marukyo Transportation Co., Ltd. .... China Zhangjiagang Bonded Area Marukyo Transportation & Trade Co., Ltd. ....China
<b>MITSUI-SOKO HOLDINGS Co., Ltd.</b> ..... Tokyo	<b>Holding Company, Real Estate Business</b>
Mitsui-Soko Bizport Co.,Ltd .....Tokyo	

\*Companies accounted for using equity method

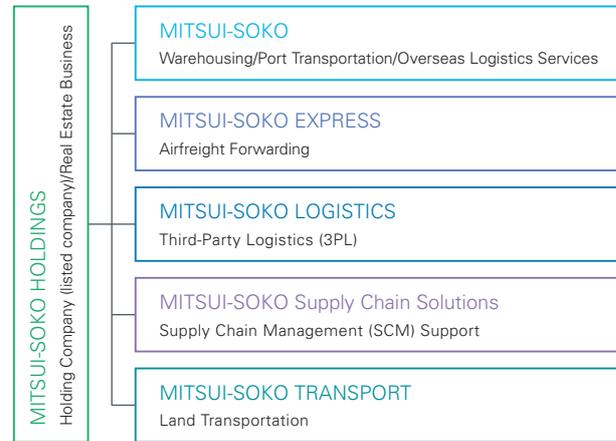
# Company Information/Investor Information

As of March 31, 2022

## Company Information

■ Company name	MITSUI-SOKO HOLDINGS Co., Ltd.
■ Date of establishment	October 11, 1909
■ Head office	3-20-1, Nishi-Shimbashi, Minato-ku, Tokyo 105-0003, Japan
■ Paid-in capital	¥11,100,000,000
■ Accounting period	From April 1 every year to March 31 the following year
■ Accounting auditors	KPMG AZSA LLC
■ Main business areas	Logistics business, real estate business
■ Companies for consolidated financial statements	Consolidated subsidiaries: 79 Companies accounted for using equity method: 6
■ Number of employees	8,172 (non-consolidated 855)
■ Websites	(corporate website) <a href="https://www.mitsui-soko.com/en">https://www.mitsui-soko.com/en</a> (Investor relations website) <a href="https://msh.mitsui-soko.com/en/ir/">https://msh.mitsui-soko.com/en/ir/</a>

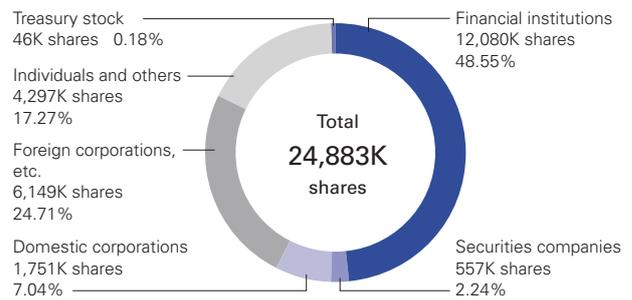
### ■ Group system



## Stock Information

■ Common stock authorized	80,000,000 shares
■ Common stock issued	24,883,002 shares
■ Number of shareholders	7,586
■ Number of shares	100 shares per trading unit
■ Stock exchange listing	Tokyo Stock Exchange
■ Securities code	9302
■ Shareholder register agent	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo

### ■ Breakdown of shareholders



Note: The number of shares has been rounded down to the nearest thousand, while the ratio of the number of shares is rounded to the second decimal place.

### ■ Major shareholders

Name	Number of shares held (in thousands)	Percentage of total shares held
The Master Trust Bank of Japan, Ltd. (Trust accounts)	3,218	12.95
Custody Bank of Japan, Ltd. (Trust accounts)	2,703	10.88
TAIJU LIFE INSURANCE Co., Ltd.	1,569	6.31
Mitsui Sumitomo Insurance Co., Ltd.	1,401	5.64
Sumitomo Mitsui Banking Corporation	696	2.80
Mitsui-Soko Group Employee Shareholders	540	2.17
Takenaka Corporation	496	2.00
Sumitomo Mitsui Trust Bank, Ltd.	437	1.76
THE BANK OF NEW YORK MELLON 140044	362	1.46
The Iyo Bank, Ltd.	325	1.31

#### Note:

The number of shares held has been rounded down to the nearest thousand. The percentage of total shares held is calculated by rounding to the second decimal place and subtracting treasury stock (46,684 shares).

### ■ ESG-Related External Evaluations



### 2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

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