

Mitsubishi Logistics
Integrated Report

2021

Corporate Philosophy

Engage in sincere and fair business activities to secure appropriate profits and promote steady growth, appropriately compensating our stakeholders while contributing to the realization of an affluent and sustainable society.



Editorial Policy

The Mitsubishi Logistics Group (the “Group”) has issued the Environmental and Social Report each year since fiscal 2007 to fulfill its accountability about the effects of its business activities on society and the environment. However, we have now decided to further enhance the information to be published, and have changed the title to “Mitsubishi Logistics Integrated Report.”

In addition to introducing the “Initiatives by the Mitsubishi Logistics Group for ESG Management and the SDGs” announced in April 2021, this Report describes precisely and in an easy-to-understand manner the promotion of CSR as well as each of the seven core subjects based on the “Guidance on Social Responsibility” (JIS Z 26000, ISO 26000) with regard to the goals, activity details and achievements of the Group’s CSR management, which are related to these initiatives. This Guidance is a global standard for CSR established by the Japanese Industrial Standards (JIS) and the International Organization for Standardization (ISO).

Boundary of the Report and Reporting Period

Boundary of the Report:	The Report covers Mitsubishi Logistics Corporation (the “Company”) and Group companies.
Reporting Period:	This Report covers our business activities for the period from April 1, 2020 to March 31, 2021. To ensure comprehensive disclosure, however, certain relevant information regarding events that occurred prior to and/or after this period has been included.

Publication Date

(Previous publication date: February 2021)
December 2021
(Next planned publication date: December 2022)

Reference Guidelines

- JIS Z 26000: 2012 (Guidance on Social Responsibility) ISO 26000: 2010 (Guidance on Social Responsibility)
- Ministry of the Environment: Environmental Reporting Guidelines (Fiscal Year 2018 Version)
- Global Reporting Initiative (GRI): Sustainability Reporting Guidelines (GRI Standards)
- IIRC (International Integrated Reporting Council)

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Tool Map



You may view some of the relevant data and the reference table for Global Reporting Initiative (GRI): Sustainability Reporting Guidelines (GRI Standards) on Mitsubishi Logistics’ Web site.

“Extended version”

https://www.mitsubishi-logistics.co.jp/english/csr/pdf/extended_version.pdf
HOME ▶ CITIZENSHIP ▶ Integrated Report ▶ Extended version

“GRI Guidelines reference table”

<https://www.mitsubishi-logistics.co.jp/english/csr/pdf/griguide.pdf>
HOME ▶ CITIZENSHIP ▶ Integrated Report ▶ GRI Guidelines reference table

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The Mitsubishi Logistics Group, leading the way into a new era and continuing to grow together with social and economic changes

The Company was founded in 1887 in Fukagawa, Tokyo, after absorbing the warehousing business from the former Mitsubishi Company.

For over 130 years, we have been engaged in the logistics business through the organic integration of the overland transportation, port and harbor transportation, and international transportation businesses centering on the warehousing and distribution business. Since the mid-1950s, we have been developing the real estate business, expanding our business domain from leased buildings constructed on company-owned property to the sale and leasing of homes and the management of retail facilities.

1887—

April 1887
Established as Tokyo Warehouse Limited Company, headquartered in Fukagawa, Tokyo, after absorbing the warehousing business from Mitsubishi Company (founded in March 1880).

December 1893 Reorganized the company and changed the name to Tokyo Warehouse Co., Ltd.

1900—

December 1902 Established Kobe Branch.

November 1907
Completed an integrated land and sea cargo handling facility for shipping freight at Kobe Port, and established a system for the port warehousing business with links to rail transport (later the port and harbor transportation business).



1907 Wada Terminal, Kobe

- March 1918** Changed name to Mitsubishi Warehouse Co., Ltd.
- September 1923** Suffered damage in the Great Kanto Earthquake.

1900

Fiscal 1907 (non-consolidated)
Operating revenue: **¥860,000**
Operating income: **¥320,000**

1950

January 1931

Inaugurated Japan's first trunk-room service in Edobashi (present-day Nihonbashi), Tokyo.



1930 Edobashi Warehouse Building

May 1949 Listed on the Tokyo Stock Exchange.

November 1962

Constructed a multi-purpose rental building for data centers, warehousing rooms and residential units in Fukagawa, Tokyo, and started the business of leased buildings for computer processing centers.

(The Company subsequently made a full-scale entry into the real estate business, constructing rental facilities, including buildings for computer processing centers, office buildings and commercial facilities, and continuing with the sale of condominiums.)



1973 Tokyo Dia Building

- April 1963** Made a full-scale entry into the trucking business.
- January 1970** Established a warehousing company in California, U.S.
- April 1971** Made a full-scale entry into the air freight business.
- September 1973** Established a rental building for computer-processing centers in Shinkawa, Tokyo (Tokyo Dia Building)
- April 1984** Established a transportation company in Singapore.
- October 1986** Established a company engaged in information-related business.
- April 1987** Celebrated the centennial of the Company's foundation.

Fiscal 1930 (non-consolidated)
Operating revenue: **¥8,860,000**
Operating income: **¥870,000**

Fiscal 1962 (non-consolidated)
Operating revenue: **¥6,727 million**
Operating income: **¥628 million**

2020

2000

1992

Built high-performance warehouses at each branch (approximately 83,000 square meters) and declared the first year of our warehouse remodeling.

- September 1992** Constructed rental facilities, including retail facilities and office buildings, at Harborland, Kobe.
- June 1993** Established a warehousing company in Indonesia
- January 1995** Suffered damage in the Great Hanshin Earthquake
- February** Established a transportation company in the Netherlands.
- April 1996** Established a warehousing company in China.
- June** Changed English name to Mitsubishi Logistics Corporation.

Fiscal 1992 (non-consolidated)
 Operating revenue: **¥124.4 billion**
 Operating income: **¥10.7 billion**

1999

Made a full-scale entry into the refrigerated warehouse business.



1999 Automated warehouse (Ohi Refrigerated Warehouse)

(Constructed refrigerated warehouses in Ohi, Tokyo in June 1999 and in Rokko, Kobe in December 2002.)

Fiscal 1999 (consolidated)
 Operating revenue: **¥125.8 billion**
 Operating income: **¥11.1 billion**

2000—



2005 Built North Building, Sakurajima Distribution Center No. 2 (Comprehensive Efficiency Plan No. 1 under the Logistics Efficiency Improvement Act).



2006 Yokohama Bay Quarter

- August 2006** Constructed a retail facility at Yokohama Portside.
- January 2007** Formulated our Environmental Policy.
- April 2008** Certified as an Authorized Warehouse Operator (AEO warehouse)
- October** Enacted our Quality Declaration.
- September 2010** Conducted a tender offer for the shares of Fuji Logistics Co., Ltd., turning the company and its 10 subsidiaries into our consolidated subsidiaries.

- March 2011** Suffered damage in the Great East Japan Earthquake.
- October 2012** Completed Ibaraki Distribution Center No. 3 in Osaka.



The first Disaster-Resistant and Eco-Friendly Warehouse Disaster-Resistant and Eco-Friendly Warehouses have been constructed in several domestic areas since the construction of the first warehouse.

- September 2014** Completed Nihonbashi Dia Building.



Rebuilt the warehouse building (head office, trunk room) owned in Edobashi, Tokyo, and constructed a Disaster-Resistant and Eco-Friendly Office Building.



September 2015 Completed expansion of the Tobishima Distribution Center, Nagoya.

Disaster-Resistant Facility

- June 2017** Certified as an Authorized Customs Broker (AEO customs)
- October** Completed the MM2100 Distribution Center in Indonesia. Opened the first overseas Disaster-Resistant and Eco-Friendly Warehouse.



Disaster-Resistant Facility



July 2018 Completed Ibaraki Distribution Center No. 4 in Osaka.



November 2019 Completed Seishin Distribution Center Phase 2 Building in Kobe.

2020



February 2020 Completed Minamihonmoku Distribution Center in Yokohama.

Fiscal 2020 (consolidated)
 Operating revenue: **¥213.7 billion**
 Operating income: **¥11.7 billion**

October 2020 Completed Misato Distribution Center No. 2 Phase 2 building in Saitama Prefecture



Disaster-Resistant Facility

Mitsubishi Logistics Group focuses on global environment-friendly activities and engages in sincere and fair business activities, contributing to the realization of an affluent and sustainable society.



**Masao
Fujikura**
President

The MLC2030 Vision

Contributing to the improvement of customer's value, we offer comprehensive logistics solutions to the management of customer's supply chains, from procurement to distribution/sales, as their partner.

Introduction

Mitsubishi Logistics continues to uphold its corporate philosophy, which states, “Engage in sincere and fair business activities to secure appropriate profits and promote steady growth, appropriately compensating our stakeholders while contributing to the realization of an affluent and sustainable society.” To realize this corporate philosophy, the Group has stipulated the Code of Conduct.

Our Group companies work in cooperation to carry out our logistics business both in Japan and around the world, organically and comprehensively managing each business area through our information network, starting with our core warehousing business, and including overland transportation, port and harbor operations, and international transportation. Our real estate business focuses on leased buildings constructed on company-owned property. Of especial note, the involvement of our logistics operations in every industry countrywide provides a key function in the economic foundation as a highly public social infrastructure not only under normal circumstances, but also in case of natural disasters or other emergencies. We continue to make the utmost effort to support the daily lives of people everywhere and the business activities of our customers at every level of product procurement, production and sales.

Final Year of the Management Plan (2019–2021)

The current fiscal year is the final year of the Management Plan (2019-2021), which started in April 2019. Despite signs of active freight movement in some areas, including e-commerce markets, the economy took a sharp downturn, both in Japan and overseas, due to the global COVID-19 pandemic, and the situation became extremely difficult.

In these circumstances, this plan is designed to move forward with measures already under way, without changing the fundamental concept of pursuing the growth potential in overseas businesses while ensuring profitability in the domestic businesses.

With the establishment of the new management plan, we have defined the ideal image of the Mitsubishi Logistics Group, the “MLC2030 Vision” (see page 18) that we ought to pursue towards the year 2030.

The Group positions the new medium-term management plan as the first stage to make a leap toward the achievement of the MLC2030 Vision, and has chosen “Mitsubishi Logistics Group’s growth strategy to be achieved through Innovation” as the subtitle for the plan. We are moving forward with initiatives directed towards 2030.

Corporate Social Responsibility

With the establishment of our Code of Conduct in 1997, we have clearly demonstrated our stance and approach toward further enhancing our level of adherence to relevant laws and regulations, disclosing appropriate corporate information, addressing and resolving global environmental issues, and providing safe, high-quality and socially useful services. In addition, the Company approved and declared in May 2014 its support for the UN Global Compact, which is a set of universally accepted CSR-related principles. The Company believes

that complying with internationally accepted norms in the areas of human rights, labor, the environment and anti-corruption in its business activities and fulfilling its social responsibility will lead to an affluent and sustainable society. To firmly instill this stance throughout the entire Group, we have clarified that we promote CSR activities as a specific strategy in the management plan, and have incorporated such initiatives in specific measures.

Our logistics and real estate business activities are deeply connected to society. To earn recognition for the value of our existence as a member of society and continue to grow in the future, the Group needs to steadily implement the goals set forth in the plan. In particular, taking into account the increased demand for reducing natural disaster risk stemming from the global increase and intensification of natural disasters that are believed to be caused by climate change, we are promoting the construction of Disaster-Resistant and Eco-Friendly Warehouses equipped with reinforced disaster-prevention functions and enhanced global environmental measures, as well as Disaster-Resistant and Eco-Friendly Office Buildings that have similar functions.

Following on from the previous fiscal year, we worked on business continuity while implementing measures to prevent COVID-19. As a logistics company, I believe that we were able to respond to the ongoing risks and fulfill our corporate social responsibility.

Initiatives for ESG Management and the SDGs

Under these circumstances, we decided to organize and work on initiatives for ESG management and the SDGs in response to calls from stakeholders. Details will be provided further on (see page 12), but we established six key themes and aim to achieve them in fiscal 2030, together with the MLC2030 Vision.

While overlapping with the key themes, these initiatives will serve to create and provide new value and realize diversity in our workstyles by promoting innovation and building partnerships based on the two principles of valuing safety and security and taking care of the environment.

This effort is linked to the spirit of the Three Principles of Mitsubishi’s Business Management Philosophy (see page 13), which has been passed down throughout the history of the Mitsubishi Group.

We aim to create value and achieve growth by reinforcing the Group’s commitment to “contributing to the realization of an affluent and sustainable society through our corporate activities,” and working together with our customers, partners, and other parties to create a new society.

Going forward, we will reflect the initiatives for ESG management and the SDGs in the next management plan, and to ensure that we achieve the targets that have been set, we will establish a Sustainability Committee and promote quality initiatives through progress management, periodic inspection and replacement of relevant measures and KPIs, and expanding communication with internal and external parties through resources such as the Integrated Report and the Group’s official website.

We ask for your continued understanding and support.

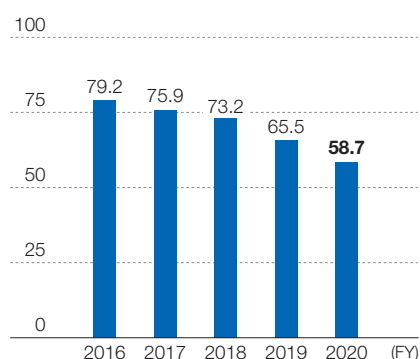
At a Glance

Financial Items

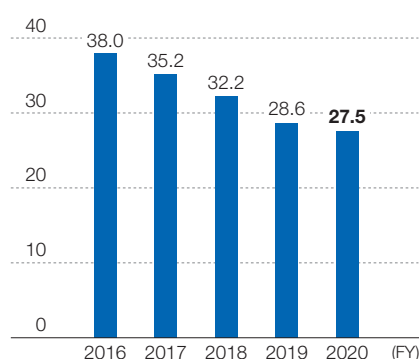
		Fiscal 2011 (year ended March 31, 2012) (actual results)	Fiscal 2012 (year ended March 31, 2013) (actual results)	Fiscal 2013 (year ended March 31, 2014) (actual results)	Fiscal 2014 (year ended March 31, 2015) (actual results)	Fiscal 2015 (year ended March 31, 2016) (actual results)
Operating revenue	(million yen)	203,697	192,260	198,161	204,362	206,831
Operating income	(million yen)	12,533	12,305	12,148	11,449	11,309
Non-operating income (loss)	(million yen)	1,975	2,221	1,965	3,007	2,716
Ordinary income	(million yen)	14,508	14,526	14,113	14,456	14,025
Extraordinary income (loss)	(million yen)	(742)	(804)	288	395	645
Profit before income taxes	(million yen)	13,766	13,721	14,402	14,851	14,670
Profit attributable to owners of parent	(million yen)	7,564	8,591	8,520	9,133	9,350
EBITDA (Operating Income + Depreciation)	(million yen)	26,101	24,402	24,665	24,838	25,139
Amounts per share of profit attributable to owners of parent/Earnings per share	(yen)	43.16	49.02	48.62	52.12	53.37
Amounts per share of cash dividends applicable to the year/Annual dividend per share	(yen)	Interim 6 Term-end 6	Interim 6 Term-end 6	Interim 6 Term-end 6	Interim 6 Term-end 6	Interim 6 Term-end 6
Dividend payout ratio	(%)	27.8	24.5	24.7	23.0	22.5
Total assets	(million yen)	353,269	375,180	396,238	433,041	413,264
Total liabilities	(million yen)	141,733	147,352	159,596	169,952	155,740
Total net assets	(million yen)	211,536	227,827	236,641	263,089	257,524
Net assets per share	(yen)	1,195.82	1,288.42	1,337.56	1,486.99	1,455.06
Equity ratio	(%)	59.3	60.2	59.2	60.2	61.7
Return on investment (ROE)	(%)	3.7	3.9	3.7	3.7	3.6
Return on assets (ROA)	(%)	2.1	2.4	2.2	2.2	2.2
Depreciation	(million yen)	13,567	12,097	12,517	13,389	13,830
Increase in non-current assets (capital investment amount)	(million yen)	10,949	17,723	23,674	24,462	8,841
Cash flows from operating activities	(million yen)	14,630	19,552	19,701	20,691	17,246
Cash flows from investing activities	(million yen)	(12,478)	(16,513)	(23,144)	(20,562)	(7,032)
Cash flows from financing activities	(million yen)	(6)	1,760	11,634	1,638	(7,927)
Cash and cash equivalents at the end of the year	(million yen)	27,416	32,461	41,236	43,276	45,658

Non-financial Items

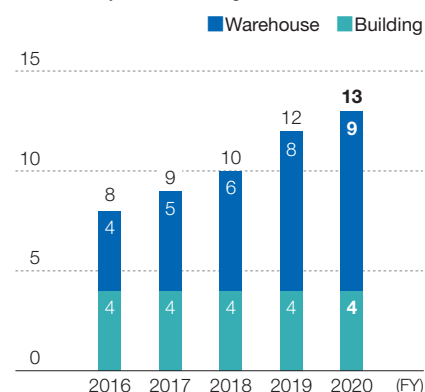
CO₂ emissions (Unit: thousand t-CO₂)



CO₂ emissions per revenue (Unit: t-CO₂/100 million yen)



Cumulative number of Disaster-Resistant Eco-Friendly Warehouses and Disaster-Resistant Eco-Friendly Office Buildings (Unit: buildings)

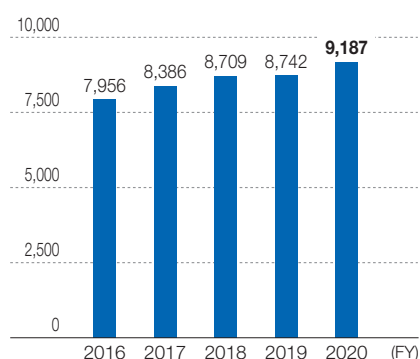


	Fiscal 2016 (year ended March 31, 2017) (actual results)	Fiscal 2017 (year ended March 31, 2018) (actual results)	Fiscal 2018 (year ended March 31, 2019) (actual results)	Fiscal 2019 (year ended March 31, 2020) (actual results)	Fiscal 2020 (year ended March 31, 2021) (actual results)	Fiscal 2021 (year ending March 31, 2022) (forecast)	Fiscal 2021 (year ending March 31, 2022) (management plan targets)
	208,718	215,407	227,185	229,057	213,729	227,000	240,000
	12,748	12,421	12,660	12,195	11,735	12,600	14,500
	3,308	3,739	4,673	4,626	4,278	—	—
	16,056	16,160	17,333	16,822	16,013	16,200	17,100
	(260)	(790)	(541)	(84)	40,097	—	—
	15,796	15,370	16,792	16,737	56,111	—	—
	10,665	10,517	11,564	11,851	39,160	13,300	—
	25,673	25,168	25,656	26,447	26,595	—	30,100
	60.88	120.07 ¹¹	132.03	137.31	462.28	159.20	—
	Interim 6 Term-end 8	Interim 7 Term-end 14 ¹¹	Interim 15 Term-end 30	Interim 30 Term-end 30	Interim 30 Term-end 30	Interim 39 Term-end 39	—
	23.0	23.3	34.1	43.7	13.0	49.0	—
	435,354	462,031 ¹²	482,575	468,243	535,761	—	—
	158,484	167,480 ¹²	183,470	181,886	208,932	—	—
	276,870	294,550	299,104	286,356	326,829	—	—
	1,565.27	3,330.71 ¹¹	3,381.20	3,298.18	3,914.63	—	—
	63.0	63.1 ¹²	61.4	60.5	60.4	—	—
	4.0	3.7	3.9	4.1	12.9	—	—
	2.5	2.3	2.4	2.5	7.8	—	—
	12,925	12,747	12,995	14,252	14,860	—	—
	27,336	21,582	18,036	26,387	38,817	—	—
	21,466	21,481	23,352	17,624	40,176	—	—
	(22,270)	(22,219)	(31,786)	(18,022)	(14,002)	—	—
	(7,819)	3,419	12,066	(2,359)	(5,270)	—	—
	36,921	39,580	42,972	40,541	61,367	—	—

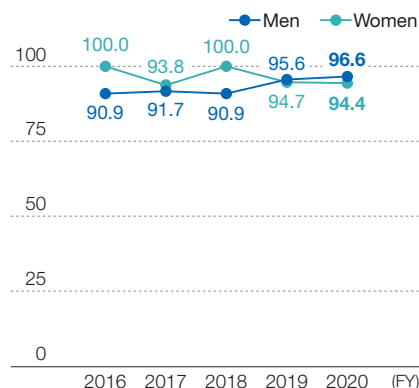
*1 A reverse stock split was conducted on October 1, 2017 at a ratio of one share for every two shares of common stock.

*2 The Company has applied "Partial Amendments to 'Accounting Standard for Tax Effect Accounting'" (Accounting Standards Board of Japan Statement No. 28, February 16, 2018) beginning from fiscal 2018. The consolidated financial position for fiscal 2017 has been retrospectively adjusted to reflect the application of the Standard, etc.

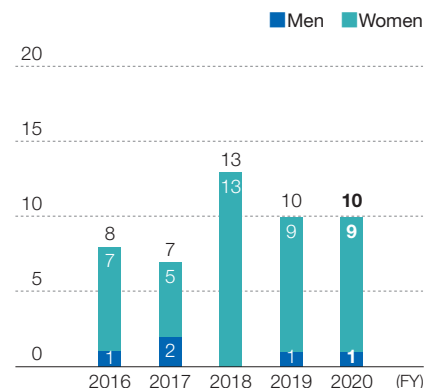
Total number of people who received compliance education³ (Unit: persons)



Ratio of new employees retained after three years (Unit: %)



Number of employees taking child-care leave (Unit: persons)



*3 Total number of participants (cumulative number of participants during each fiscal year) for all Group companies

Introduction of Businesses

We support people's affluent lives and corporate activities through the logistics business and the real estate business.

The Mitsubishi Logistics Group provides high-quality services to support people's affluent lives and corporate activities through the Logistics segment businesses centering on the warehousing and distribution business and the Real Estate segment businesses centering on the leasing of buildings.

Warehousing and Distribution Business

We are able to meet a broad range of customized logistics needs through the full integration of warehouses and distribution centers, which are located at major ports and key inland transportation areas nationwide; our transportation and delivery networks; and the logistics information systems that organically link them. In this business, fixed temperature storage and refrigerated warehouses for pharmaceuticals and fresh and processed foods are sufficiently offered in addition to ordinary warehouses for room temperature storage to ensure the provision of safe and efficient storage/distribution processing/delivery services using our original information technology and the latest facilities. Meanwhile, we strive to reduce the environmental impact by promoting green management. Furthermore, we are active in the construction of advanced facilities that aim to coordinate with local communities under the concept of Disaster-Resistant and Eco-Friendly Warehouse equipped with a solar power generation system and emergency power generators.



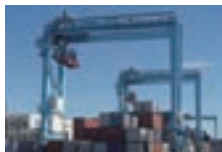
Overland Transportation Business

In Japan, we extend and reinforce the optimal distribution system for each customer through a tactical combination of our national, trunk-line transit network, which is supported by Ryoso Transportation Co., Ltd. within the Group and excellent local counterparts, and independent collection and delivery services linking local areas. We have expanded our transportation service for small-quantity, joint delivery needs especially for foods and pharmaceuticals. In addition, we offer cargo feature-specific, diversified transportation/delivery services including ocean freight container transportation for import and export cargo and the transportation of heavy goods such as plant facilities. Moreover, we endeavor to realize eco-friendly, safe and secure transportation services by drawing on our information technology and promoting green management. Furthermore, with the start of the "DP-Cool," a high-quality pharmaceuticals delivery service with temperature control provided by Dia Pharmaceutical Network Co., Ltd., our subsidiary that specializes in the delivery of pharmaceuticals, we strive to realize the further sophistication of transportation quality.



Port and Harbor Operation Business

We provide secure high-quality logistics services including container terminal operations for integrated port and harbor operations at all major Japanese ports, namely Tokyo, Yokohama, Nagoya, Osaka, Kobe and Hakata, to meet every kind of customer need. We also offer a wide range of other marine shipping related services such as importing/exporting of vessels, ship registration, and agency operations for special ships such as oil-drilling rigs.



International Transportation Business

In response to increasingly diversifying customers' logistics needs, we propose optimum transportation routes door-to-door worldwide tailored to every customer's request by taking advantage of our global network and a variety of transportation means such as vessels, aircraft, railways and trucks. Meanwhile, the Group's overseas operating bases provide comprehensive logistics services such as cargo transportation, customs clearance and storage of goods, as well as logistics related support services such as consulting on legal systems, procedures and tariff costs utilizing economic partnership agreements in the respective areas for customers who plan to launch into foreign markets. We will not limit ourselves only to transport operations, and will further promote worldwide our logistics know-how, which the Company has accumulated over its history of more than 130 years.



Logistics Business

83.2%

Operating revenue compared with fiscal 2020

Operating revenue **¥179,255 million**

Real Estate Business

16.8%

Operating revenue **¥36,153 million**



We are involved in the real estate business in all six major cities of Japan—Tokyo, Yokohama, Nagoya, Osaka, Kobe and Fukuoka. In addition to activities such as the redevelopment of properties based on the optimum application of each property's features and the leasing of approximately 50 real estate facilities (offices, retail facilities and residences), totaling almost 1 million m2 of total floor space, we are involved in the sales of condominiums. We are also active in developing Disaster-Resistant and Eco-Friendly Office Buildings, which will help our customers enhance their business continuity and reduce their environmental burden.



Logistics Business, Warehousing and Distribution Business, Overland Transportation Business



Eiichi Kato

General Manager,
Warehousing and Distribution
Business Division

The Mitsubishi Logistics Group's Warehousing and Distribution Business and Overland Transportation Business are responsible for the supply chain for a wide range of industries, from daily necessities such as food and pharmaceuticals to cutting-edge industry-related materials, and have grown by contributing to socio-economic development. Going forward, we will continue to endeavor to provide better services to everyone by proactively working on the introduction of new technologies and other measures with the aim of realizing both a sustainable society and business growth.

Segment overview

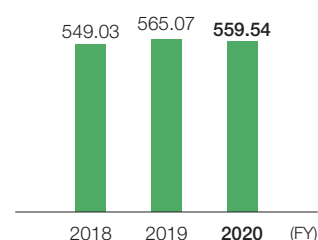
Warehousing and Distribution Business

Although transactions for pharmaceuticals and household goods, etc. increased, transactions for automotive components and beverages, etc. decreased.

Fiscal 2020 operating revenue

¥55,954 million (down 1.0% year on year)

Operating revenue (Unit: ¥billion)



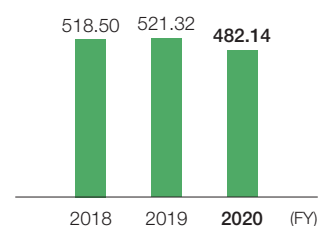
Overland Transportation Business

Although transactions for pharmaceuticals and household goods, etc. increased, transactions for automotive components and beverages, etc. decreased.

Fiscal 2020 operating revenue

¥48,214 million (down 7.5% year on year)

Operating revenue (Unit: ¥billion)



Business strategy

Warehousing and Distribution Business

Enhance services for new logistics markets	<ul style="list-style-type: none"> ● Make full-scale entry into e-commerce logistics and expand business ● Expand Warehousing and Distribution Business targeting domestic logistics in China and ASEAN, etc.
Improve the profitability and productivity of distribution center operations	<ul style="list-style-type: none"> ● Unprecedented investment decisions to maximize profits ● Improve productivity of clerical and warehouse operations by utilizing new technologies, etc.
Distribution center management that contributes to society and the environment	<ul style="list-style-type: none"> ● Provide high-quality logistics services that protect the value of products ● Roll out Disaster-Resistant and Eco-Friendly Warehouses in Japan and overseas

Overland Transportation Business

Roll out transportation/delivery services in response to changes in the business environment	<ul style="list-style-type: none"> ● Further enhance nationwide "DP-Cool" services ● Promote initiatives to contribute to the sound development of the transportation industry
Establish new transportation/delivery operations utilizing information systems	<ul style="list-style-type: none"> ● Optimize delivery routes and reduce costs through AI ● Improve the quality of operations by visualizing transportation/delivery operations
Reduce CO₂ emitted from the overland transportation business	<ul style="list-style-type: none"> ● Implement a modal shift, including to coastal vessels with a low environmental burden ● Reduce transport and delivery vehicles by improving vehicle allocation efficiency

Opened "SharE Center misato" in Misato City, Saitama Prefecture

"SharE Center misato," the next-generation e-commerce platform operated by the Mitsubishi Logistics Group, started operation in July 2021.

The center has introduced "EVE," an automated conveyance robot, and "Logizard ZERO," an inventory control system specific to logistics, and provides optimal logistics services for e-commerce.

The center is located near Misato Junction, and provides delivery services that enable the smooth and reliable delivery of customers' products to purchasers.



Logistics Business, Port and Harbor Transportation Business



Seiji Ueda

General Manager,
Port and Harbor Transportation
Business Division

The Mitsubishi Logistics Group's Port and Harbor Transportation Business has continued to grow along with economic development, with our top priority being contributions to socio-economic development through the harbor transportation business at major Japanese ports. Going forward, we will focus on the smartification and digitalization of ports and harbors utilizing information technologies, aimed at highly functional and highly efficient container terminal operations. At the same time, we will work to realize a sustainable and affluent society and further improve services.

Segment overview

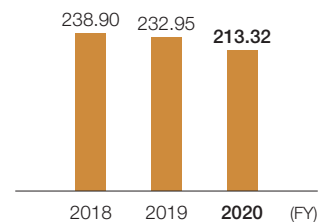
The volume of freight handled has decreased due to the global COVID-19 pandemic.

Fiscal 2020 operating revenue

¥21,332 million* (down 9.2% year on year)

* Does not include revenue from shipping related services such as ship registration and agency operations.

Operating revenue (Unit: ¥billion)



Business strategy

Prompt and flexible response to international container ship strategic port policy	<ul style="list-style-type: none"> Further enhance services at Minamihonmoku Container Terminal, which has achieved integrated operations of four berths Improve productivity of port logistics by participating in verification tests, including Cyber Port and CONPAS
Expand business and enhance competitiveness of the Harbor Transportation Business Division	<ul style="list-style-type: none"> Expand the conventional shipping freight business and the car carrier business Strategic operation of independently operated container terminals (Osaka: Nanko C-9, Kobe: Rokko C-4)
Further utilization of new technologies for ESG management and the SDGs	<ul style="list-style-type: none"> Reduce the environmental burden by sharing information through logistics platforms Expand undersea geotechnical survey ship agency operations for offshore wind power generation and ship registration business in accordance with international treaties on environmental regulations

Started full-fledged operations of CONPAS at Minamihonmoku Container Terminal

In March 2021, we started full-fledged operations of "CONPAS," a new port information system that we have been working on in collaboration with the Ministry of Land, Infrastructure, Transport and Tourism's Kanto Regional Development Bureau since fiscal 2017, at the Minamihonmoku Container Terminal. CONPAS is a system that utilizes information technologies to eliminate congestion in front of container terminal gates and reduce time spent in the container trailer terminal. Going forward, it is expected to further improve the efficiency and productivity of container logistics.



Real Estate Business



Takashi Mukai

General Manager,
Real Estate Business Division

The Mitsubishi Logistics Group's real estate business began with the concept of effectively utilizing logistics sites for the creation of better communities, and has made a contribution to society through wide-ranging real estate development, including office buildings applying our expertise in disaster countermeasures, commercial facilities, and housing.

Going forward, in addition to redeveloping existing facilities, we will participate in new development led by other companies, and will acquire development and management expertise with the aim of being a business operator that can demonstrate high management capabilities by creating multipurpose communities.

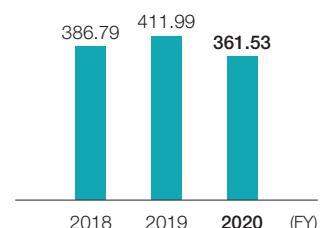
Segment overview

Commercial facilities were closed and condominium sales decreased due to COVID-19.

Fiscal 2020 operating revenue

¥36,153 million (down 12.2% year on year)

Operating revenue (Unit: ¥billion)



Logistics Business, International Transportation Business



Hidechika Saito

General Manager,
International Transportation
Business Division

We develop logistics services that contribute to customers' global supply chains, centered on international integrated transport operations, such as ocean and air forwarding, and overseas logistics operations. In the midst of major changes in social and industrial structures, including the carbon neutrality that is covered in the initiatives for ESG management and the SDGs and rapid digitalization, we aim to create value for our customers by providing future-oriented proposals and services.

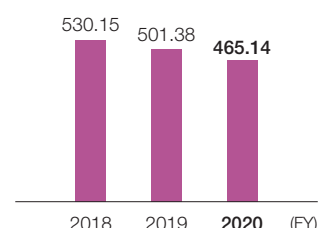
Segment overview

Although the volume of freight handled decreased due to COVID-19, it began to recover from the second half.

Fiscal 2020 operating revenue

¥46,514 million (down 7.2% year on year)

Operating revenue (Unit: ¥billion)



Business strategy

Utilization and application of digital technology and new services, and initiatives for ESG management and the SDGs

- Provide new services, including FTA/EPA consulting services and real-time tracing
- Develop materials and services that give consideration to the global environment, and visualize the environmental burden (CO₂ emissions) in international transportation

Global Grid Strategy (Point→Line→Surface)

- From ASEAN to Europe and the U.S./Expand ocean and air transportation within the ASEAN region
- Expand the logistics business in 4 regions (North America, Europe, China, and Asia)

Global Performance Improvement (GPI)

- Improve business competitiveness by integrating or collaborating with the system infrastructure globally
- Improve business quality by reviewing business processes and sharing best practices at each base

Provide support to increase the resilience of customers' global supply chains

The spread of COVID-19 has exposed the risk of disruptions to the global supply chain. The Mitsubishi Logistics Group is supporting the increased resilience of customers' global supply chains during and after the COVID-19 pandemic by implementing flexible switches between ocean transportation and air transportation, utilizing railway transportation such as the Siberian Land Bridge, and proposing and implementing stock operations in Japan and overseas (inventory retention that leads to overall optimization).



Business strategy

Acquire expertise in the development and operation of commercial complexes

- Completed Meieki Dia Meitetsu Building in 2020 (see Topics)
- Acquired joint equity in GRAND FRONT OSAKA, an office and commercial facility complex
- Selected as the preferred bidder for the "Kumoi 5-chome District Redevelopment Project" in Sannomiya, Kobe City

Implement measures to strengthen the business foundation and improve management efficiency

- Merger of the Company's subsidiaries, Dia Buil-Tech Co., Ltd. and Nagoya Dia Buil-Tech Co., Ltd.

* Management company for the Company's leased buildings

Completed Meieki Dia Meitetsu Building in Nishi-ku, Nagoya

Meieki Dia Meitetsu Building is an office building developed jointly with Nagoya Railroad Co., Ltd. It is located within a 4-minute walk from Nagoya Station, which is expected to become even more convenient due to the opening of the Linear Chuo Shinkansen. In addition to providing high-quality office space with excellent safety performance and environmental friendliness, the 1st and 2nd floors have been developed as pedestrian walkways that can be used by local residents. We will operate the building so that it becomes a workplace that is enjoyed by local residents and supported by many business people.



Initiatives for ESG Management and the SDGs

On April 30, 2021, the Group announced its Initiatives for ESG (Environment, Social, Governance) Management and the SDGs (Sustainable Development Goals) proposed by the United Nations.

In order to disseminate these initiatives, we have established six key themes and compiled a list of measures, performance indicators and target values for each theme based on our corporate philosophy, the MLC2030 Vision, the basic policies of the Management Plan (2019-2021), and our CSR activities to date.

The Group's logistics and real estate business activities support the bedrock of society, and represent exactly the kind of activities that contribute to the creation of a sustainable society, which represents the spirit of the SDGs.

The Group will aim to achieve sustainable growth by identifying opportunities for business growth while we endeavor to resolve social issues through initiatives such as environmental measures, etc.

Going forward, the Group will reflect initiatives developed based on the six key themes in the next management plan, and to ensure that we achieve the targets that have been set, we will establish a Sustainability Committee and promote quality initiatives through (1) progress management, (2) periodic inspection and replacement of relevant measures and KPIs, and (3) expanding communication with internal and external parties through resources such as the Integrated Report and the Group's official website.

Through responses to various emergencies

As COVID-19 continues to spread, the Group is continuing to provide services such as safe and secure logistics and real estate services, which form part of our social infrastructure, while implementing various measures.

The logistics business and the real estate business are not usually at the front of people's minds. However, in the event of an emergency, we are reminded that they constitute essential work and are services that are indispensable to society.

The Great Hanshin Earthquake that occurred on January 17, 1995, and the Great East Japan Earthquake that occurred on March 11, 2011 were the largest emergencies to occur in recent years, and several of the Group's facilities were severely damaged.

The Group has worked collaboratively to overcome these emergencies by working on recovery measures and responding to customer requests.

Our response to these kinds of disasters has led to our facility concepts of "Disaster-Resistant and Eco-Friendly Warehouses" and "Disaster-Resistant and Eco-Friendly Office Buildings," which lay the foundation for our businesses.

Resolving environmental issues with partnerships

The Group has been promoting the installation of solar power equipment and LED lighting under the concepts of "Disaster-Resistant and Eco-Friendly Warehouses" and "Disaster-Resistant and Eco-Friendly Office Buildings," but there are still many pressing issues left to achieve CO₂ reduction and carbon neutrality.

While the Group can accommodate environmental initiatives for hardware in logistics and real estate facilities on its own, partnerships with customers, industry peers, partners, and other parties are important for addressing comprehensive supply chain issues.

We believe that we can further improve and optimize our logistics operations by, for example, (1) working with our customers to predict demand and supply, and establish optimum production and logistics systems, (2) working with industry peers and partners to utilize AI for efficient car allocation, improve loading efficiency and promote Container Round Use, and (3) working on systemization that will enable us to accomplish these initiatives.

We will not only optimize logistics, but also contribute to resolving environmental issues by sharing more in-depth information with all related parties, including our customers, and creating services that are valuable to both customers and Mitsubishi Logistics Corporation.

The Three Principles of Mitsubishi's Business Management Philosophy ("Sankoryo") and ESG

We believe that the three principles of the Mitsubishi Sankoryo of "Shoki Hoko" (fulfilling responsibility to society), "Shoji Komei" (devotion to fairness), and "Ritsugyo Boeki" (maintaining a global perspective) connect directly to the modern concept of ESG. The spirit

of these three principles, passed down throughout the history of the Mitsubishi Group, will continue to be shared by the executives and employees of the Mitsubishi Group as we move forward into a new future.

The Three Principles of Mitsubishi's Business Management Philosophy

The Mitsubishi Sankoryo is a managerial creed articulated by the fourth president of the Mitsubishi organization, Koyata Iwasaki. The Sankoryo serves as a basic philosophy of an internally and externally open group being shared by the constituent Mitsubishi Group companies that are independent from each other.

"Shoki Hoko"

Corporate Responsibility to Society

Strive to enrich society, both materially and spiritually, while contributing toward the preservation of the global environment.

"Shoji Komei"

Integrity and Fairness

Maintain principles of transparency and openness, conducting business with integrity and fairness.

"Ritsugyo Boeki"

Global Understanding through Business

Expand business, based on an all-encompassing global perspective.

Code of Conduct

We have established the following Code of Conduct to realize our corporate philosophy (☞ see back cover) based on the spirit of the Three Principles of Mitsubishi's Business Management Philosophy.

We engage in business activities to secure appropriate profits and promote steady growth, appropriately compensating our employees and stockholders while contributing to the realization of an affluent and sustainable society.

1. We shall comply with laws, ordinances and rules that enable us to honestly and fairly carry out business activities without deviating from social norms.
2. We shall appropriately disclose corporate information in a timely manner to enhance broad communications with society.
3. We shall continue to have no contact or relations with any antisocial forces that might pose a threat to the public order and safety of civil society.
4. We recognize the importance of environmental issues and shall actively cooperate with diverse activities for environmental preservation.
5. We shall provide people with safe, high-quality and socially valuable services, and endeavor to conduct social contribution projects as a "good corporate citizen" while taking into account coordination with local communities and international society.

(Established on December 16, 1997, and revised on August 29, 2005) Each subsidiary shall establish its own Code of Conduct in compliance with this Code of Conduct.

The MLC2030 Vision and the Management Plan (2019-2021)

In March 2019, the Group formulated and announced the MLC2030 Vision and the Management Plan (2019-2021) as growth plans through progressive and bold innovation (☞ see page 18).

Currently, we are focusing on three priority categories (medical/health care, food/beverage, and machine/electrical machine industries) for the realization of the MLC2030 Vision.

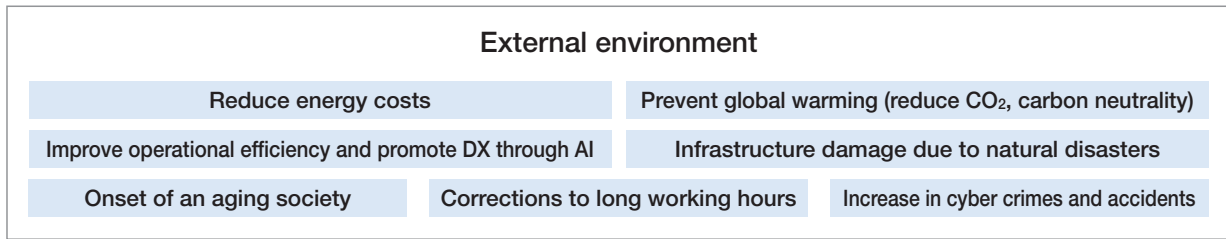
In each category, we are focusing on initiatives that include (1) expanding services both in Japan and overseas, such as high-quality cold chains in Southeast Asia (ASEAN), (2) optimizing comprehensive supply chains by establishing logistics platforms in cooperation

with our customers and partners, and (3) receiving orders related to operations incidental to logistics, such as operations for ordering/order receiving centers.

We will continue to develop these three categories and cultivate growth areas. In addition to the need for further initiatives in labor-saving and automation for distribution centers, as stable labor forces become more difficult to secure, sophistication of the quality of logistics operations and DX (Digital Transformation) has also become necessary as the business environment continues to change drastically.

We will accelerate our innovation to address these issues.

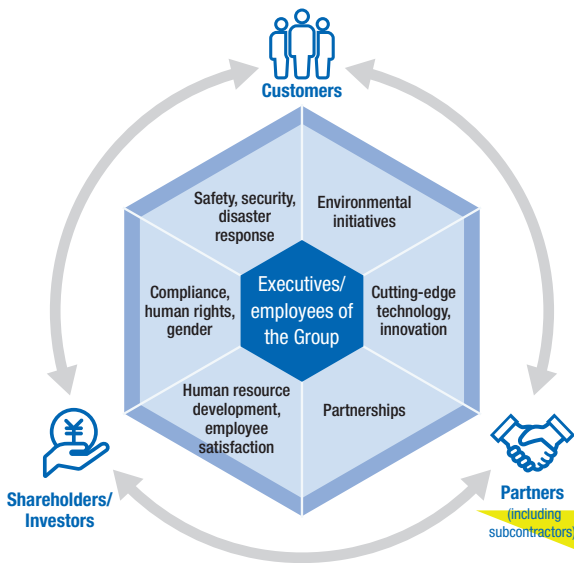
Value-creation Story



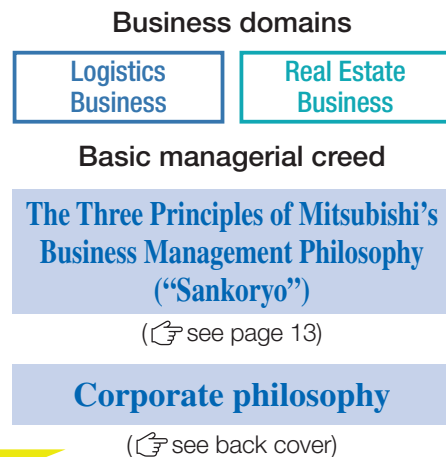
Management resources

Financial capital		Human capital	Intellectual capital	Capital investment		Other investment
Total assets	Free cash flow*	Number of employees	DX, IT-related investment (2021-2030 cumulative total)	Logistics	Real estate	CVC fund management
¥535.8 billion	¥26.2 billion	4,598	¥50.0 billion	¥50.0 billion	¥50.0 billion	¥5.0 billion

* Operating CF-Investment CF



The MLC2030 Vision
Medium-term Management Plan (2019-2021)
(see page 18)



We aim to create corporate value and achieve growth by contributing to the realization of an affluent and sustainable society by enhancing customer value, reducing environmental impact, and preventing global warming.

Six Key Themes

In order to make progress toward realizing ESG Management and the SDGs, we established a project team in September 2020, conducted questionnaires for each executive and employee (including those of Group companies), and examined key themes with outside experts. We have established six key themes and compiled a list of measures, performance indicators, and target values for each.

Six key themes to be tackled by the Group

Safety, security,
disaster
response

Environmental
initiatives

Cutting-edge
technology,
innovation

Partnerships

Human resource
development,
employee satisfaction

Compliance,
human rights,
gender

Details of the six key themes to be tackled by the Group are as follows.

1. Safety, security, disaster response

Our vision for the Group starts with “safety and security.”

We will remain prepared from both the perspectives of hardware in logistics facilities, etc., and software in information systems, etc. to protect the safety of important cargos entrusted to us by our customers and provide a reliable sense of security.

From the viewpoint of our customers, one could say that our facilities can be used to help prepare for emergencies (disasters, etc.), which we recognize is certainly one of our customers’ crisis management measures.

The Group will always strive to meet the expectations of these customers.

2. Environmental initiatives

In order to address comprehensive supply chain issues, we will cooperate with our customers, industry peers, and partners to reduce the number of transportation vehicles and promote modal shifts through initiatives such as Container Round Use, improving truck loading efficiency, and reviewing delivery conditions. In terms of information systems, we will fully address environmental issues such as the reduction of CO₂ emissions by focusing on the utilization of vehicle and cargo request systems and berth reservation systems.

3. Cutting-edge technology, innovation

Promoting sophistication, automation, and labor-saving in our logistics and real estate services and working with customers, partners, and other parties to standardize services and create platforms are extremely important themes for realizing a sustainable society. These initiatives are also aligned with the Group’s MLC2030 Vision.

One example of our initiatives in this respect is the opening of a distribution center for e-commerce in Misato City, Saitama Prefecture, in July 2021, which utilizes the latest automated conveyance robots, etc. We will proactively develop these kinds of projects in Japan and overseas.

4. Partnerships

We believe that co-creation with customers and partners is key to promoting DX (Digital Transformation).

While collaborating with startups on initiatives such as using AI to optimize warehouse operations, we will also continue to collaborate with our customers through projects such as working with customers to predict demand and supply, establishing optimum production and logistics systems, and promoting optimization for both sides.

In addition, we will work together with the financial industry to consider services that are valuable to customers, such as a service that can hedge the risk of fluctuations in ocean freight rates or hybrid products that combine insurance and logistics.

5. Human resource development, improving employee satisfaction

In April 2021, we introduced a regional system for general employees that will enable a variety of workstyles according to our employees’ lifestyles.

In addition to clarifying and managing the duties of each position, we will also work on creating environments that support work-life balance for employees.

At the same time, we will expand our training system toward developing global human resources.

6. Compliance, human rights, gender

We recognize that compliance, human rights, and gender are fundamental to our business activities, and will strive for constant verification and improvement of our current efforts.

In addition, we will assume a primary role in ensuring thorough compliance throughout the comprehensive supply chain, including Group companies and partners.

Measures to be Taken, Performance Indicators, and Target Values

Measures to be taken through business activities, performance indicators for each measure, and target values are as follows.

Going forward, the Group will reflect initiatives developed based on the six key themes that have been announced in the next management plan, and to ensure that we achieve the targets that have been set

Six key themes	Priority measures and measures through business activities	Performance indicators
Safety, security, disaster response	<p>Provide infrastructure services that are sustainable even during disasters</p> <ul style="list-style-type: none"> Develop facilities with strong earthquake and wind pressure resistance that surpasses the requirements of various laws and regulations Secure fuel for business continuity at distribution centers and in transportation operations during large-scale disasters 	<p>① Earthquake resistance standards for facilities*</p>
	<p>Develop high-quality logistics services that utilize temperature controls and security capabilities in Japan and overseas</p> <ul style="list-style-type: none"> Further utilize DP-Cool vehicles for temperature-controlled transportation of pharmaceuticals 	<p>② Percentage of required fuel secured¹ in target regions²</p> <p>③ Utilization rate of DP-Cool vehicles* for temperature-controlled transportation of pharmaceuticals</p>
Environmental initiatives	<p>Further develop disaster-resistant eco-friendly warehouses and eco-friendly office buildings that serve to reduce GHG/CO₂ emissions</p> <ul style="list-style-type: none"> Consider the environment through electricity supply by solar power generation, reduce power consumption through LED lighting in warehouses 	<p>① CO₂ emissions reduction rate for facilities*</p>
	<p>Reduce GHG/CO₂ emissions by enforcing efficient transportation methods, etc.</p> <ul style="list-style-type: none"> Realize efficient delivery by improving loading rates, etc., shorten waiting time using a truck reservation system, mount cargo handling equipment with fuel cells towards a CNP* 	<p>② CO₂ emissions reduction rate for transportation*</p>
Cutting-edge technology, innovation	<p>Enhance and automate logistics/real estate services and save labor</p> <ul style="list-style-type: none"> Logistics: Optimize warehouse operations and car allocation planning using AI, etc., respond to EC logistics, etc., automate equipment in warehouse facilities and make it labor-saving Real estate: Enhance and save labor of facility management operations using IT 	DX, IT-related* investment
Partnerships	<p>Collaborate with startups and companies in other industries</p> <ul style="list-style-type: none"> Optimize development and create new businesses through open innovation with CVC, etc. 	CVC* fund management
Human resource development, employee satisfaction	<p>Develop personnel and welfare programs that value each individual employee</p> <ul style="list-style-type: none"> Establish a personnel system that accommodates a variety of workstyles Create an environment that helps balance work and life 	<p>① Ratio of regional general employees*</p> <p>② Ratio of employees taking child-care leave*</p>
	<p>Develop human resources with global perspectives</p> <ul style="list-style-type: none"> Develop human resources with global perspectives through expansion of training programs, etc. 	<p>③ Ratio of employees with experience in overseas assignments*</p>
Compliance, human rights, gender	<p>Promote sincere and fair business activities</p> <p>Ensure thorough compliance, with awareness of comprehensive supply chains</p> <ul style="list-style-type: none"> Implement initiatives for adherence to relevant laws and regulations and respect for human rights together with subcontractors 	Response rate for Code of Conduct questionnaire and CSR questionnaire*

* CNP: An abbreviation for "Carbon Neutral Port"

Refers to contributions to realize carbon neutrality at ports and harbors which serve as focal location/industrial bases for international logistics through the sophistication of port and harbor functions with considerations for decarbonization

to be achieved by fiscal 2030, we will establish a Sustainability Committee and promote initiatives through progress management, periodic inspection and replacement of relevant measures and KPIs, and expanding communication with internal and external parties through resources such as the Integrated Report and the Group's official website.

Description of performance indicators	Target values for FY2030
* Targeting logistics and real estate facilities owned by the Company that will be completed and begin operation from April 1, 2021 onward	① Maintain 110% of earthquake resistance standards
*1: Targeting Nankai Trough Earthquake Disaster Countermeasure Promotion Area as designated by the Cabinet Office *2: Percentage of required fuel secured for use during large-scale emergencies for logistics facilities owned and operated by the Company with an area of approximately 16,550 square meters or more through maintaining reserve kerosene stored in-tank, contracts with oil distribution companies for priority fuel supply during disasters, etc.	② 100% of requirement secured
* Vehicles compatible with the "DP-Cool" temperature-controlled pharmaceuticals delivery service provided by the Group company Dia Pharmaceutical Network Co., Ltd.	③ 100% temperature-controlled transportation with DP-Cool vehicles
* Targeting logistics and real estate facilities owned by the Company and its Group company, Fuji Logistics Co., Ltd.	① Scope 1+2 CO ₂ emissions: down 30% (versus FY2013)
* Targeting transportation with the "DP-Cool" temperature-controlled pharmaceuticals delivery service provided by the Group company Dia Pharmaceutical Network Co., Ltd.	② CO ₂ emissions: down 20% (versus FY2018)
* Investment in reformation of services and business models based on the needs of customers and society using data and digital technology, and reformation of operations, organizations, processes, and corporate culture/climate	Cumulative investment of 50.0 billion yen for FY2021-FY2030
* An abbreviation for "Corporate Venture Capital," a business practice in which companies form funds with their own corporate capital to invest in and support unlisted startups that may be related to their business or be advantageous for their core business in the future	Establish a CVC of 5.0 billion yen
* General employment for limited workplace regions introduced in April 2021 for realizing diverse and flexible workstyles	① 30%
* System that allows male and female workers who are raising a child under the age of 2 to apply to take leave for child-care until the child reaches the age of 2	② 60%
* General employees with experience in overseas assignments (including training programs)	③ 25%
* Questionnaire on CSR targeting subcontractors, etc., with close business relationships	Over 90% every year

The MLC2030 Vision and the Medium-term Management Plan

The MLC2030 Vision

Contributing to the improvement of customer's value,
we offer comprehensive logistics solutions to the management of customer's supply chains,
from procurement to distribution/sales, as their partner.

We have established the MLC2030 Vision as the ideal image of the Mitsubishi Logistics Group in 2030 (see page 4: Top Message). Our growth strategies aimed at achieving this vision are as follows.

1. Establish a customer-oriented support system

The Group will establish a customer-oriented support system with a focus on the medical/health care, food/beverage, and machinery/electrical machine industries as priority areas, and will take on comprehensive supply chain challenges as the customer's partner. Through these efforts, the Group will seek to expand its business domain and boost its market share.

2. Expand overseas business

The Group will move forward with system enhancements to support customer supply chains in the medical/health care and food/beverage industries and strengthen its forwarding business with demand for high-quality cold chains* expected to grow in a number of regions such as Southeast Asia (ASEAN).

* Services providing uninterrupted temperature-controlled transport and distribution for refrigerated goods.

3. Secure stable profits in the port and harbor transportation and the real estate businesses

The Group will further enhance the competitiveness of the port and harbor transportation business by leveraging its cargo handling services, which ranks the highest globally for efficiency, while at the same time developing commercial complexes and facilities and boosting its operational capability in the real estate business. By doing so, the Group will seek to secure stable profits.

4. Improve operational processes and further utilization of new technologies

The Group will review the operational processes of all businesses and facilitate efficient operations by utilizing new technologies such as IoT, AI and robotics. Through these efforts, it aims to improve service quality and production efficiency.

5. Strengthen the Group management base

The Group aims for growth by strengthening cost competitiveness through organizational management across the Company and its Group companies and securing and developing human resources, particularly in the priority areas.

Management Plan (2019-2021)

The following is an outline of the plan.

1. Positioning of the New Medium-term Management Plan (2019-2021)

The Group has established the New Medium-term Management Plan (2019-2021) as its first step in achieving the MLC2030 Vision. We are implementing the following measures during the three fiscal years from FY2019 to FY2021.

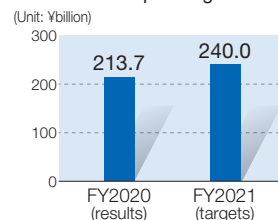
- 1 Strengthening the business foundations of the priority areas
- 2 Establishing a system that leverages new technologies
- 3 Maintaining competitiveness in the port and harbor transportation business
- 4 Developing commercial complexes and other facilities for the real estate business and improving the organizational structure thereof to strengthen operational capabilities
- 5 Bolstering production efficiency through more efficient operational processes and other means
- 6 Improving operational conditions to reform workstyles and create innovation
- 7 Increasing shareholder returns
- 8 Promoting CSR-oriented management

2. Financial targets

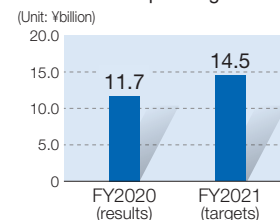
Figures of consolidated business results (Unit: ¥billion)

	Operating revenue	Operating income	Ordinary income
Actual results for FY2020	213.7	11.7	16.0
Targets for FY2021	240.0	14.5	17.1

Consolidated operating revenue



Consolidated operating income



3. Financial strategy

With respect to the raising of funds for new investments, the Group seeks to boost its financial leverage through a range of measures such as borrowings and the issuance of corporate bonds, while following the principle of maintaining financial soundness.

4. Investment plan

During the plan period, the Group plans to make investments totaling ¥100.0 billion (¥50.0 billion in logistics and ¥50.0 billion in real estate).

We are promoting various initiatives with the aim of realizing the MLC2030 Vision, and hereby introduce two of them.

Opened a distribution center for e-commerce

In July 2021, we opened and started operations at “SharE Center misato,” a distribution center for e-commerce, in Misato City, Saitama Prefecture. Developed in response to the growing demand for logistics due to the recent expansion of the e-commerce market, it is a sharing platform center for e-commerce business operators.

A major feature of the center is its efficient operations utilizing automated conveyance robots. The robots automatically convey the racks in the warehouse to a position directly in front of the worker, thereby simplifying the flowline for workers, realizing a safe and comfortable workplace, and reducing walking distances. This enables improved efficiency and saves labor. Furthermore, since the areas where the robots operate do not require lighting, power consumption can be reduced, and the reduction in CO₂ emissions also contributes to a lower environmental impact.

In the area of systems, we have introduced an inventory control system specific to e-commerce logistics, which not only enables data to be linked to the robots but also the provision of a seamless service that connects order data from the e-commerce sites to delivery request data sent to shipping companies.

In an era of coexistence with COVID-19 during and after the pandemic, it is expected that demand in the e-commerce market will continue to grow even further. We will therefore utilize the logistics knowhow we have gained thus far to support the growth of the e-commerce market.

We will extensively convey the value we provide to our customers, and promote the creation of opportunities for business negotiations.

VOICE

Launch of SharE Center misato

Naotake Matsumoto

Misato Distribution Center B, Misato No. 1 Office, Tokyo Branch

As a member of the project team, I was consistently involved in all aspects from planning the e-commerce center (SharE Center misato) to formulating a business plan and setting up the center. Currently, I am working at the center every day to realize stable operations and productivity improvements for new customers.

Demand for e-commerce centers is growing along with the recent expansion of the e-commerce market, but in order to overcome the intense competition with other companies in the industry, we must appeal to customers by promoting the advantages that we have over other companies. I would like to realize competitive operations at the center by leveraging our high-quality and efficient operations utilizing “EVE,” an automated conveyance robot, and the inventory control system specific to e-commerce logistics.



We established a marketing team to support sales activities that will lead to increased customer value

Since the spread of COVID-19, non-face-to-face contact with customers has rapidly increased, even in the BtoB business. However, final business acquisition and expansion is still largely the result of marketing activities conducted by people.

Under these circumstances, in April 2021, we established a marketing team in the Corporate Planning Division in order to collaborate with business divisions over measures to integrate non-face-to-face information gathering on potential customers as well as functions to cultivate demand, utilizing digital marketing technology.

By informing companies about our business content and initiatives to improve quality, we are working with the aims of reminding companies that we are a “partner in enhancing corporate value,” ensuring labor savings in information gathering on potential customers, and creating an environment where we can focus more than ever on activities aimed at enhancing customer value, which only human beings can do.

We will start by integrating and organizing internal information on customers and establishing online communication with them. Going forward, however, we will focus on measures to acquire new customers and expand our transactions with existing customers.

VOICE

Initiatives for integrated marketing

Tomoyasu Hoshino

Marketing Team, Corporate Planning Div.

In daily life, I feel that most people decide whether to purchase a product by searching for it online. Even when it comes to business-to-business transactions, it appears that people communicate with a company directly only after researching them online. The progress of digital technology has made it extremely easy for us to send and receive information simultaneously with multiple companies.

The newly established Marketing Team will utilize the knowledge and resources accumulated over many years in order to help resolve issues with customers' supply chains. We will work on measures to ensure that the value provided by the Group is recognized by more and more companies.

Going forward, I would like to work collaboratively within the Company, within the Group, and with other partners to consider matters such as what kind of customers we can help, and what means will be effective in order for us to deepen our relationship with those customers over the long term. We will make use of that information to develop our measures.





Organizational Governance

To ensure positive decision making in order to realize the sustainable improvement of corporate value, it is necessary to establish organizational processes to optimally utilize the Group’s philosophy, strategies and standards, etc. As for organizational governance, the Group recognizes and strengthens such issues as “Promoting the realization of our corporate philosophy and strategies,” “Entrenchment of the compliance of standards, etc.,” “Confirmation of the processes of implementation for action plans” and “Review of goals and standards, etc.”

Corporate Governance

Basic stance

The Company recognizes the enhancement of corporate governance as a significant business issue that will enable us to carry out our social mission and responsibilities as a publicly listed company and to aim for sustainable growth and development. Accordingly, we are working to enhance the functions of the board of directors and board of corporate auditors by appointing outside directors and outside corporate auditors. We established a Nomination and Compensation Committee as an advisory body to the Board of Directors to further enhance the objectivity and transparency of the procedures for determining the nomination and compensation of directors. In addition, we have introduced an executive officer system for the purpose of further strengthening corporate governance by strengthening management and supervisory functions, and by improving management efficiency and accelerating decision making.

Furthermore, we are endeavoring to boost corporate governance through multiple initiatives, such as: establishing an internal control system through drafting the rules of conduct for our executives and employees, setting up the Internal Control and Compliance Committee, and enhancing an internal audit system; instituting a risk management system via the Risk Management Committee; and, finally, by reinforcing disclosure through the early publication of financial statements. (See the chart of corporate governance system below)

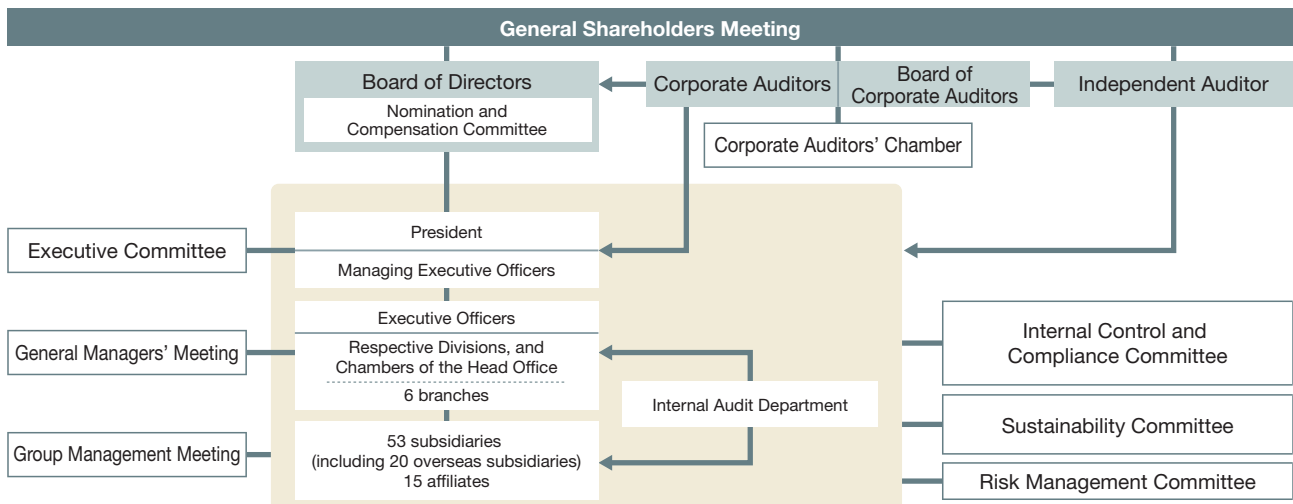
Evaluation of the effectiveness of the Board of Directors

From 2021, in order to further improve the effectiveness of the Board of Directors, the Company started conducting self-assessment questionnaires consisting of questions and free comment sections for all directors and corporate auditors regarding the size and composition of the Board of Directors, the operation of the Board of Directors, the role and functions of the Board of Directors, collaboration between supervisory functions and auditing organizations, etc. and relationships with shareholders and investors.

The Board of Directors held deliberations based on the results of the questionnaires, and determined that the effectiveness of the Board of Directors in 2021 was largely ensured.

In addition, as future efforts, we will work to further improve the effectiveness of the Board of Directors by providing outside directors and outside corporate auditors with opportunities to explain the Group’s business and issues, and to deepen discussions for improving corporate value, as well as enhance the opportunity for outside directors and auditing bodies, including corporate auditors, to exchange opinions and share information.

Chart of corporate governance system



■ Status of concurrent positions and reasons for appointment of outside directors and outside corporate auditors

Position and name	Reasons for appointment	Significant concurrent positions
Outside Director Tatsuo Wakabayashi	Mr. Tatsuo Wakabayashi has long been engaged in the corporate management of Mitsubishi UFJ Trust and Banking Corporation and holds abundant knowledge and experience relating to banking and finance, etc. The Company nominated him in the belief that reflecting his broad insight and invaluable advice in the Company's management is beneficial to the Company's growth and enhancement of corporate value and he is capable of supervising the Company's management and Directors effectively.	Senior Advisor of Mitsubishi UFJ Trust and Banking Corporation Outside Director of Mitsubishi Materials Corporation
Outside Director Toshifumi Kitazawa	Mr. Toshifumi Kitazawa has long been engaged in the corporate management of Tokio Marine & Nichido Fire Insurance Co., Ltd. and holds abundant knowledge and experience relating to risk management and finance, etc. The Company nominated him in the belief that reflecting his broad insight and invaluable advice in the Company's management is beneficial to the Company's growth and enhancement of corporate value and he is capable of supervising the Company's management and Directors effectively.	Vice Chairman of the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd. Member of the Board of Directors (Outside Director) and Member of the Audit & Supervisory Committee of MUFG Bank, Ltd. Outside Director of Sekisui House, Ltd.
Outside Director Tadaaki Naito	Mr. Tadaaki Naito has long been engaged in the corporate management of Nippon Yusen Kabushiki Kaisha and holds abundant knowledge and experience relating to logistics operations, etc., which is the Company's mainstay business. The Company nominated him in the belief that reflecting his broad insight and invaluable advice in the Company's management is beneficial to the Company's growth and enhancement of corporate value and he is capable of supervising the Company's management and Directors effectively.	Chairman, Director, Chairman and Executive Officer of Nippon Yusen Kabushiki Kaisha
Outside Director Tetsuya Shoji	Mr. Tetsuya Shoji has long been engaged in the corporate management of NTT Communications Corporation and holds abundant knowledge and experience relating to business operation innovation, etc. utilizing new digital technologies which the Company has been promoting. The Company nominated him in the belief that reflecting his broad insight and invaluable advice in the Company's management is beneficial to the Company's growth and enhancement of corporate value and he is capable of supervising the Company's management and Directors effectively.	Corporate Advisor of NTT Communications Corporation Outside Director of Sapporo Holdings Limited Outside Director of Hitachi Zosen Corporation
Outside Director Kazuko Kimura	Ms. Kazuko Kimura, as someone who holds a Ph.D. holder in pharmaceutical sciences, has served in prominent posts at external organizations such as the World Health Organization after working for the Ministry of Health and Welfare and as professor at National University Corporation Kanazawa University. In addition, she holds abundant knowledge and experience in the field of medical and health care, etc., which are the Company's core and focus areas. The Company nominated her in the belief that reflecting her broad insight and invaluable advice from the viewpoint of diversity in the Company's management is beneficial to the Company's growth and enhancement of corporate value and she is capable of supervising the Company's management and Directors effectively.	Specially Appointed Professor of Graduate School of Medical Sciences of National University Corporation Kanazawa University External Director of Takara Bio Inc. Representative Director of Medicines Security Workshop
Outside Corporate Auditor Mikine Hasegawa	The Company nominated him in order that he may utilize his abundant knowledge and broad insight based on many years of experience at trading companies, etc. for the Company's audits.	—
Outside Corporate Auditor Yohnosuke Yamada	The Company nominated him in order that he may utilize his experience as a lawyer for the Company's audits by providing appropriate opinions regarding the execution of duties by directors from an objective standpoint.	Outside Director of SANYO TRADING CO., LTD.
Outside Corporate Auditor Takao Sato	The Company nominated him in order that he may utilize his experience as a certified public accountant for the Company's audits by providing appropriate opinions regarding the execution of duties by directors from an objective standpoint.	Outside Director of IX Knowledge Inc.

Officer election process

1. Management Executives and Directors

The Company has a total of not more than 18 directors in charge of business execution and independent outside directors (14 at present) who comprise the Board of Directors to enable the Board of Directors to engage in sufficient deliberations based on diverse opinions and to make swift and rational decisions.

Directors are required to be persons of outstanding character and broad insight who can be expected to contribute to the establishment and execution of management strategy based on the business environment and management issues. Candidates for management executives and other directors in charge of business execution possess a wealth of professional knowledge and experience in business operations, and candidates for outside directors possess a wealth of experience and knowledge in their professional fields and have the qualities to effectively provide advice and supervision from an independent and objective standpoint.

In determining the reappointment or new appointment of management executives and directors, the Nomination and Compensation Committee objectively verifies whether management executives and executive directors have been appropriately considered in light of the above selection criteria, and report their opinions to the Board of Directors. For candidates for outside directors, the Nomination and Compensation Committee evaluates the effectiveness of each candidate for reappointment or new appointment based on the above selection criteria, and reports their opinions to the Board of Directors.

In particular, with regard to the new appointment of outside directors, the Company considers the necessary qualities, etc. at the time of each appointment, compiles a list of candidates, and updates this list each year from the perspective of ensuring the appropriate composition of the Board of Directors required for the sustainable growth of the Company. When it becomes necessary to appoint a new outside director, the Nomination and Compensation Committee interviews candidates selected from a list of candidates based on the above policy, the composition of the Board of Directors, and the suitability of persons as outside directors, after which it selects candidates and makes a report to the Board of Directors.

The Board of Directors deliberates these reports at meetings of the Board of Directors attended also by outside directors and outside corporate auditors, appoints management executives by resolution of the Board of Directors, and determines candidates for directors.

In the event that a management executive commits an act in violation of public order or morals, faces difficulties in continuing to execute his or her duties for health reasons, or significantly harms corporate value due to the neglect of his or her duties, the Board of Directors shall consider submitting a proposal regarding the dismissal of said management executive to a meeting of the Board of Directors held with the attendance of outside directors and outside corporate auditors as necessary, and shall,

prior to submitting the proposal, consult with the Nomination and Compensation Committee and explain the reasons for the dismissal to outside directors and outside corporate auditors other than members of the Committee.

2. Corporate Auditors

The Company's Board of Corporate Auditors consist of a total of five corporate auditors, consisting of two internal corporate auditors and three independent outside corporate auditors, in order to enhance audits and increase the independence of the corporate auditor system from management.

Corporate auditors are required to be persons of outstanding character and broad insight. Candidates for internal corporate auditors are familiar with the actual management of the Company, and candidates for outside corporate auditors have a wealth of professional knowledge and experience in their professional fields, including their industry, legal affairs, and accounting.

Based on this policy, Representative Directors prepare a draft list of candidates for corporate auditors and proposes it to the Board of Directors with the consent of the Board of Corporate Auditors. This is deliberated on by a meeting of the Board of Directors held with the attendance of outside directors and outside corporate auditors, and the candidates for corporate auditors are determined by resolution of the Board of Directors.

Policy for determining the amount and calculation method of remuneration

The Company resolved the policy at the meeting of the Board of Directors based on suggestions from the Nomination and Compensation Committee upon consulting with the Committee.

1. Policy for determining the amount of basic compensation for each director, details of performance-based compensation and nonmonetary compensation and calculation method of their amount or figures (including policy for determining timing and conditions of providing compensation)

Compensation for directors shall consist of basic compensation, performance-based compensation, and stock compensation at amounts based on their duties and the compensation level of society in general.

Basic compensation shall be paid according to the position of each director as monthly fixed compensation within the limit of compensation determined at a general meeting of shareholders.

Performance-based compensation shall be bonuses for directors excluding outside directors. A general meeting of shareholders shall resolve the total amount determined according to the performance indicator of the previous fiscal year and payment is to be made at a specific timing every year. Ordinary income shall be adopted as the performance indicator as it reflects profits from ordinary business activities in general and is deemed appropriate

as a quantitative indicator. A proposal of the total amount of bonuses shall be determined based on a calculation table providing the amounts according to the level of ordinary income for the previous fiscal year.

Stock compensation is intended to incentivize recipients to sustainably increase the Company's corporate value and promote the further sharing of value with shareholders. Payment is to be made at a specific timing every year at an amount deemed reasonable in light of the purpose within the compensation limit determined at a general meeting of shareholders to directors, excluding outside directors, as compensation for granting restricted stock. The stock cannot be disposed of until the recipient retires or resigns from the position of the Company's director or other positions decided by the Company's Board of Directors.

2. Policy for determining the ratio of monetary compensation, performance-based compensation, and nonmonetary compensation for each director

The payment amount per type of compensation for each director shall be determined so that the ratio per type of compensation for each director will function as an appropriate incentive commensurate with the duties expected for each position.

To link compensation with medium- to long-term business performance, the Company's shares shall be acquired through the officer stock ownership plan using contributions from monthly compensation and bonuses at amounts not less than those set for each position. All the shares purchased shall be held throughout the service period and until one year after retirement.

3. Determination of details of compensation for each director

Based on the above policy, matters such as the compensation limit to be submitted to the general meeting of shareholders, drafts of proposals regarding payment of bonuses and stock compensation, and allotment of each type of compensation for each individual shall be discussed by the Nomination and Compensation Committee. The Committee was established as an advisory body to the Board of Directors mainly comprising independent outside directors to further enhance the objectivity and transparency of the procedures for determining the nomination and compensation of directors. Based on the suggestions of the Committee, the Board of Directors shall discuss and resolve the matter at its meetings attended by outside directors and outside corporate auditors.

Risk Management

Main risks and countermeasures

1. Changes in the business environment

The Group's primary businesses are the Logistics Business with Warehousing & Distribution Business as its core, and the Real Estate Business, which focuses on the

leasing of buildings, and the Group strives for stable growth through planned capital investment and the provision of sophisticated services. However, these businesses are affected by changes in the business environment, with the Logistics Business affected by both economic fluctuations in Japan and overseas, and logistics rationalization and business restructuring by corporate clients, while the Real Estate Business is affected by the supply and demand balance and market trends in the rental office market.

2. Damage to business assets (warehouses, rental buildings, etc.) caused by natural disasters

With regard to business assets such as warehouses and rental buildings, in addition to earthquake resistance and seismic isolation measures for buildings, external insurance coverage, and provision of reserve for private insurance, we take necessary measures including daily inspections and maintenance, the compilation and updating of manuals in the event of a crisis such as a natural disaster, and the holding of regular training. However, in the event of a large-scale natural disaster, such as an earthquake, typhoon, heavy rainfall, flood, tsunami, or volcanic eruption, there is a risk of serious damage that cannot be covered by insurance, which could affect the financial position and operating results of the Group.

3. Reduction in market value and profitability of business assets (land, buildings, etc.)

In the event that the amount of investment cannot be expected to be recovered due to a decline in the fair value of land or buildings, etc., or a decline in profitability as a result of the application of the Accounting Standard for Impairment of Fixed Assets, the Group may recognize an impairment loss to reflect the possibility of recovery so as not to carry losses forward in the future.

In the fiscal year ended March 31, 2021, we recorded an impairment loss (¥81 million) as an extraordinary loss on the Group's real estate rental facilities (buildings) which had declined in profitability.

4. Fair value fluctuations of investment securities

The Group's investment securities as of the end of the fiscal year under review stood at ¥132,203 million, consisting mainly of shares in its business partners, primarily for the purpose of maintaining and strengthening business relationships. However, the application of the Accounting Standard for Financial Instruments means we are affected by fluctuations in market prices, such as share prices. The Company will recognize an impairment loss on available-for-sale securities with market value if their fair value falls by 30% or more compared with the acquisition price, taking into consideration the possibility of recovery. To provide for losses resulting from a decline in the substantial price of stock and investments without market value, allowance is recorded as allowance for investment loss taking into account the possibility of recovery if total net assets of the issuing company fall below the book value.

5. Compliance risk

The Group has formulated the Code of Conduct that stipulates compliance with laws and regulations and the exclusion of antisocial forces as the social norms for employees in executing their duties. The Group is working to instill awareness of compliance based on corporate ethics in every employee and ensure thorough compliance with laws and regulations and various rules through the employee's self-check on the status of compliance with the Code of Conduct, as well as by thoroughly promoting training on compliance. Furthermore, through the establishment of the Internal Control Committee and the CSR and Compliance Committee, the implementation status of internal control functions and the compliance conditions shall be evaluated in an aim to enhance the internal controls and compliance.

In addition, we have established an Internal Reporting Hotline (a helpline) that clearly stipulates the prohibition of unfavorable treatment of reporting persons, and are making efforts to prevent or promptly discover and correct actions that may infringe upon laws and regulations.

However, even if such measures are taken, compliance risks cannot be completely eliminated, and in the event of a situation that violates laws and regulations, the resultant administrative sanctions such as surcharges, criminal sanctions, requests from business partners, etc. for compensation for damages, and loss of credibility could affect the financial position and operating results of the Group.

6. Country risk in overseas business development

Overseas, the Company has a total of 21 subsidiaries in North America, China and Asia, and Europe (2 in North America, 17 in China and Asia, and 2 in Europe), which are engaged in the logistics business, including warehousing and international transportation. In overseas business development, we endeavor to practice management activities in accordance with local laws and regulations and business customs, etc., and in the event that the investee acquires non-current assets such as warehouse facilities, we will consider the degree of country risk and take out overseas investment insurance.

7. Exchange rate fluctuations

In preparing the Group's consolidated financial statements, the financial statements of overseas consolidated subsidiaries are converted into yen. Fluctuations in the exchange rate due to the Company and some consolidated subsidiaries having foreign currency-denominated receivables and payables could affect the financial position and operating results of the Group.

8. Tightening of regulations on environmental conservation, etc.

Recognizing the importance of environmental issues, the Group has established the Environmental Policy and the Environmental Voluntary Plan, and is promoting business

activities that take the global environment into consideration. Specifically, in addition to working on energy-saving measures for warehouses and real estate rental facilities, we are endeavoring to introduce cargo handling equipment with a low environmental impact and develop services that reduce the environmental impact in collaboration with customers and subcontractors. However, going forward, in the event that the tightening of related laws and regulations and other regulations necessitates new capital investment, the increase in funds and cost burden could affect the financial position and operating results of the Group.

9. Information security risk

The Group utilizes various information technologies to promote business and improve business efficiency, and handles business partners' confidential information and customers' personal information in its business activities.

In the management of information systems and information networks, we focus on stable operations and security measures, take necessary steps such as appropriate server management and information backups, and work to reduce security risks through information security education such as training for targeted attacks.

However, if business activities are suspended or information is leaked due to a computer virus, unauthorized access from an external source including cyber attacks, disaster, or inappropriate information management, the resultant claims for compensation for damages by business partners and the loss of credibility could affect the financial position and operating results of the Group.

10. Risk from COVID-19

In the fiscal year ended March 31, 2021, the global spread of COVID-19 had a major impact on the domestic and overseas economies. If containment of COVID-19 extends beyond April 2021, the Logistics Business will experience sluggish cargo movements and the Real Estate Business will face an increased vacancy rate due to tenants moving out, which could significantly affect the business activities and business results of the Group.

While the Group will endeavor to minimize the effect, the impact from the spread of COVID-19 is highly uncertain and the future course of the pandemic could affect the financial position and operating results of the Group.

As a countermeasure against COVID-19, the Group has established the COVID-19 Response Headquarters headed by the President, giving the highest priority to the health and safety of executives and employees. In order to continue business, the headquarters is taking sufficient measures to prevent the spread of infections, including promoting telecommuting and staggered work, restricting business trips, prohibiting meetings in principle, and conducting health checks.

Promoting the realization of our corporate philosophy and strategies

Disseminating the corporate philosophy and the management plan (Basic Strategy)

The Group has expressed the goal of “contributing to the realization of an affluent and sustainable society” in its corporate philosophy (☞ see back cover) to make its intent of strengthening sustainability and social responsibility known to every party concerned within the Group.

To facilitate this goal and achieve the MLC2030 Vision (☞ see page 18), the Company is engaged in the following specific measures in its management plan, and endeavors to disseminate them at workplace meetings and other occasions.

Specific Measures

1. Strengthening the business foundations of the priority areas
2. Establishing a system that leverages new technologies
3. Maintaining competitiveness in the port and harbor transportation business
4. Developing complexes and other facilities for the real estate business and improving the organizational structure thereof to strengthen operational capabilities
5. Bolstering production efficiency through more efficient operational processes and other means
6. Improving operational conditions to reform workstyles and create innovation
7. Increasing shareholder returns
8. Promoting CSR-oriented management

In executing the specific measures above, the Group complies with the seven principles of social responsibility under the Guidance on Social Responsibility. The Group companies have stipulated the Code of Conduct in line with the seven principles, and their employees strive to self-check and confirm their behavior by using the CSR & Compliance Handbook.

Review of goals, standards, etc.

Deliberating at the CSR and Compliance Committee (meetings held in March)

To promote CSR activities in the Group, the CSR and Compliance Committee was established in September 2006.

In fiscal 2020, the committee met in March 2021 and deliberated on improvements to compliance based on the self-check of the status of compliance with the Code of Conduct, as well as on trends and measures in our internal reporting system and matters to be addressed in the following fiscal year and thereafter.

From fiscal 2021, the existing CSR and Compliance Committee and the Internal Control Committee will be reorganized so that CSR is transferred to the Sustainability Committee, and compliance is transferred to the Internal Control and Compliance Committee in order to further strengthen these initiatives.




CSR and Compliance Committee

Entrenchment of the compliance of standards, etc.

Disseminating the awareness of compliance

The Group endeavors to instill awareness of compliance based on corporate ethics in every employee through the employee’s self-check on the status of complying with the Code of Conduct, which was formulated as the social norms for employees in executing their duties, as well as by thoroughly promoting training on compliance.

The Board of Directors of the Company resolved the “Basic Policy on the Improvement of an Internal Control System” to ensure the appropriate execution of duties by executives and regular employees and the appropriateness of corporate affairs.

 Actual performance data on the compliance situation of the Code of Conduct may be viewed on Mitsubishi Logistics’ Web site in the “Extended version.”

HOME ▶ CITIZENSHIP ▶ Integrated Report ▶ Extended version

Business processes are confirmed via internal audit

The internal audit of the Company is performed mainly by the Audit Division in accordance with the internal audit regulations and the internal audit plan. The audit operation is supported by branch auditors and audit assistants positioned at the Head Office and respective branches. The purpose of the internal audit is to precisely grasp the status of corporate affairs and the financial position so that it can be used for prevention of fraud and errors, and rationalization of management and improvement of business operations and raising operating efficiency. The Audit Division reports the results of audits regarding the Company and subsidiaries to the management team. It also supports the follow-up checks on any issues noted in the audit results, if any, and reports the results to the management team.

The Audit Division keeps close contact with the corporate auditors and provides them with internal audit information to cooperate with the corporate auditors' audits.

Confirmation of the implementation process of action plans

Confirming the appropriateness of operations via internal control

The Board of Directors of the Company resolved the "Basic Policy on the Improvement of an Internal Control System" to ensure the appropriate execution of duties by executives and regular employees and the appropriateness of corporate affairs.

Furthermore, the Company improves the systems necessary for ensuring the appropriateness of financial reporting and prepares and submits the Internal Control Report regarding the evaluation of the effectiveness of internal control relating to financial reporting in accordance with the Financial Instruments and Exchange Act.

Confirming the process for bonded operations, etc., under the Authorized Warehouse Operators' Program

The Authorized Warehouse Operators' Program, one of the AEO Systems*, is a system for certifying managers of bonded warehouses and bonded factories as authorized warehouse operators after they meet set conditions concerning compliance and other regulations. These authorizations ensure preferential treatment such as simplified procedures and exemptions from permit fees, etc. and the Company received approval as an authorized warehouse operator and further enhanced compliance activities in customs-related processes and all other import/export services. In April 2016, the authorization was renewed, and we will continue to strive to provide highly reliable and dependable logistics services for our customers.

Meanwhile, the Company acquired certification as Authorized Customs Brokers under the AEO System in June 2017, and each Group company on the dates shown in the table. An authorized customs broker is a customs clearance operator, subject to various preferential privileges, which is authorized by the customs office to arrange for security management system regarding cargo and companywide compliance system. The Company strives to further improve the quality of customer service going forward.



Certificate of AEO Customs Broker (The Company)

Status of acquisition of certification as Authorized Customs Broker by the Group

Company name	Date of certification
Monryo Transport Corporation	September 2012
Keihin Naigai Forwarding Co., Ltd.	June 2014
Ryoyo Transportation Co., Ltd.	April 2017
Mitsubishi Logistics Corporation	June 2017
Naigai Forwarding Co., Ltd.	February 2018
Fuji Logistics Co., Ltd.	May 2018
Unitrans Ltd.	November 2019

* Systems that provide measures that ease and simplify customs procedures for business operators who have constructed cargo security management frameworks in compliance with laws and regulations, aiming both to secure and smoothen international logistics security, as well as to enhance Japan's international competitiveness.

The policy for implementing and constructing AEO Systems is set within the SAFE Framework of Standards to Secure and Facilitate Global Trade adopted by the WCO (World Customs Organization). Japan's AEO Systems comply with said policy. (Source: Japan Customs Web site)

Supporting overseas business from the perspective of the entire Group

In April 2021, we reorganized the International Business Coordination Chamber as the Overseas Business Planning & Coordination Division, and established an overseas business team with the aim of improving and strengthening the management system for our overseas business in response to globalization.

The Company has until now been providing support for the corporate divisions of each overseas-affiliated company through the International Business Coordination Chamber, and has worked to ensure appropriate business activities overseas.

Going forward, we will review and provide support for the strengthening of the compliance systems and risk management systems at each overseas-affiliated company, led by the new team, consider and evaluate investment projects overseas, and improve corporate governance for all overseas Group companies, and will focus on strengthening the management systems necessary for the growth of the Company's overseas business.

VOICE

Aiming to create an environment for expanding the Group's overseas business



Seito Tamura
Overseas Business Planning & Coordination Team,
Overseas Business Planning & Coordination Div.

Since being assigned to the International Business Coordination Chamber in September 2020 prior to its reorganization, I have been in charge of the performance management of overseas-affiliated companies and the International Transportation Business Division, support for implementing various measures, and support and verification for investment projects. Currently, we continue to spend time supporting expatriates as part of our response to COVID-19 but, going forward, we plan to undertake initiatives to strengthen internal control, such as by reviewing and providing support for the strengthening of the compliance systems and risk management systems of overseas affiliated companies.

I think that expanding business and strengthening internal control overseas are two sides of the same coin. In preparation for future business expansion, I am working hard every day with my seniors to acquire qualifications related to internal control.

Promotion of CSR for every employee

CSR & Compliance Handbook

The Group prepared the Mitsubishi Logistics Group CSR & Compliance Handbook (63 pages in A5 format) to nurture the awareness of each employee on CSR and compliance. The handbook was distributed to all executives and employees within the Group in January 2012 for their daily reference.

We position the handbook as a starting point to help them address small questions and significant issues in their routine business operations.



CSR & Compliance Handbook


CSR and Compliance Awareness Survey

The Company and domestic Group companies provide Web-based surveys on awareness based on the Mitsubishi Logistics Group CSR & Compliance Handbook and the Environmental and Social Report to disseminate the understanding of CSR and compliance. The surveys aim to increase employees' awareness by providing occasions in which every employee thinks of familiar issues and finds the answers.

Training on CSR and Compliance

As measures to address the status of compliance with the Code of Conduct and any issues noted in the internal audit results, we endeavor to establish good working environments by disseminating and entrenching our corporate philosophy and the Code of Conduct and promoting CSR.

As for compliance, we hold training sessions concerning compliance with the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors with an emphasis on training and confirmation regarding the methods for managing and handling relevant documents, and the obligations and prohibitions of the main subcontracting enterprise.

 Actual performance data on the CSR and compliance awareness survey and the training on CSR and compliance can be viewed on Mitsubishi Logistics' Web site in "Extended version."

HOME ▶ CITIZENSHIP ▶ Integrated Report ▶ Extended version

Emphasis on communication

Timely and appropriate news releases

As the Group emphasizes the principles of social responsibility such as accountability and transparency in organizational decision making, news releases on business activities are disclosed at the appropriate time and in the appropriate manner.

 You may view the news releases on the actual performance data on Mitsubishi Logistics' Web site in "Extended version."

HOME ▶ CITIZENSHIP ▶ Integrated Report ▶ Extended version

Information disclosures

We have an IR information page on the official Company website. We use the information page to provide IR information, such as management planning and policy, stock information, an IR calendar, financial data, and IR information such as flash reports, securities reports, English version of annual reports, business reports, and consolidated results briefings.

We also have an English version of the IR information page available for overseas shareholders and investors, and are working towards more access to information disclosure for overseas and international stakeholders.

Dialogue between shareholders/investors, analysts and top management

● Easy-to-understand shareholders' meetings

When we hold a shareholders' meeting, we strive to provide easy-to-understand information for the convenience of attending shareholders by using video business reports with narration.


● Results briefing

The Company holds results briefings twice a year (May and November) for investors and analysts (the May 2020 results briefing was canceled due to COVID-19).



Results briefing for analysts

In addition to the explanation of the settled accounting results, the top management of the Company explains management policies and the progress of management plans, conducts Q&A and transmits a variety of management information. We are active in encouraging dialogue with market players not only through transmission of the information desired by investors and analysts but also by integrating the feedback of useful views therefrom in its actual business judgment.

 You may view the materials for the results briefing on Mitsubishi Logistics' Web site in the IR Information page.

HOME ▶ INVESTOR RELATIONS ▶ IR Information ▶ Presentation

Internal reporting system

To ensure early detection of actions that violate legal ordinances or corporate regulations, as well as actions that are in danger of violating such rules, the Mitsubishi Logistics Group has established a corporate ethics help line (Contact: CSR・Compliance Team, General Affairs Division) as an internal whistleblowing and consultation mechanism to reinforce compliance management.

To raise the degree of recognition and encourage use of the system, at the time of the "Check of the Compliance of the Code of Conduct" in December 2020, we examined whether all executives and regular employees of the Group were familiar with our internal reporting system and whether they intended to use the system. Consequently, it was confirmed that almost all the respondents expressed an affirmative opinion, suggesting widespread recognition of the system.

Introduction of Officers

Directors with an asterisk (*) are Representative Directors.

Directors

Masao Fujikura (*President) March 20, 1959

April 1982 Joined the Company
 June 2012 General Manager, International Business Coordination Chamber
 April 2015 General Manager, Osaka Branch
 June 2016 Director and General Manager, Osaka Branch
 April 2017 Managing Director; and General Manager, Osaka Branch
 April 2018 President
 June 2021 President and Chief Executive Officer (current position)

Hitoshi Wakabayashi (Managing Director) January 22, 1960

April 1982 Joined the Company
 June 2012 General Manager, Warehousing and Distribution Business Division
 April 2015 Chairman of the Board of Mitsubishi Logistics China Co., Ltd.
 April 2016 General Manager, Warehousing and Distribution Business Division of the Company
 June 2016 Director and General Manager, Warehousing and Distribution Business Division
 April 2017 Managing Director
 April 2019 Managing Director; and General Manager, Warehousing and Distribution Business Division
 April 2020 Managing Director
 June 2021 Managing Director and Managing Executive Officer (current position)

Yasushi Saito (Managing Director) October 16, 1958

April 1982 Joined the Company
 June 2011 General Manager, Accounting & Financing Division
 June 2016 Director and General Manager, Accounting & Financing Division
 April 2018 Managing Director; and General Manager, Accounting & Financing Division
 June 2018 Managing Director
 June 2021 Managing Director and Managing Executive Officer (current position)

Shinji Kimura (Managing Director) July 18, 1958

April 1982 Joined the Company
 April 2014 General Manager, Personnel Division
 April 2016 General Manager, General Affairs Division, Corporate Communications Chamber and Personnel Division
 June 2017 Director and General Manager, General Affairs Division, Corporate Communications Chamber and Personnel Division
 April 2018 Managing Director
 April 2020 Managing Director; and General Manager, Technical Division
 April 2021 Managing Director
 June 2021 Managing Director and Managing Executive Officer (current position)

Saburo Naraba (*Managing Director) October 17, 1958

April 1982 Joined the Company
 April 2014 General Manager, Nagoya Branch
 April 2017 General Manager, Tokyo Branch
 June 2018 Director and General Manager, Tokyo Branch
 April 2019 Managing Director
 June 2021 Managing Director and Managing Executive Officer (current position)

Hiroshi Nishikawa (Managing Director) April 10, 1960

April 1983 Joined the Company
 April 2015 General Manager, Tokyo Branch
 April 2017 General Manager, Warehousing and Distribution Business Division
 June 2018 Director and General Manager, Warehousing and Distribution Business Division
 April 2019 Managing Director; and General Manager, International Business Coordination Chamber
 April 2021 Managing Director; and General Manager, Overseas Business Planning & Coordination Division
 June 2021 Managing Director and Managing Executive Officer (current position)

Tatsuo Wakabayashi (Outside Director) September 29, 1952

April 1977 Joined Mitsubishi Trust and Banking Corporation
 April 2012 President of Mitsubishi UFJ Trust and Banking Corporation
 April 2013 Deputy Chairman of Mitsubishi UFJ Financial Group, Inc.
 December 2013 President and Chairman of Mitsubishi UFJ Trust and Banking Corporation
 June 2015 Director; Deputy Chairman of Mitsubishi UFJ Financial Group, Inc.
 April 2016 Chairman of Mitsubishi UFJ Trust and Banking Corporation; Director of Mitsubishi UFJ Financial Group, Inc.
 June 2016 Retired from Director of Mitsubishi UFJ Financial Group, Inc.
 April 2020 Senior Advisor of Mitsubishi UFJ Trust and Banking Corporation (current position)
 June 2019 Director of the Company (current position)

Toshifumi Kitazawa (Outside Director) November 18, 1953

April 1977 Joined The Tokio Marine and Fire Insurance Co., Ltd.
 April 2016 President & Chief Executive Officer of Tokio Marine & Nichido Fire Insurance Co., Ltd.
 June 2016 Director of Tokio Marine Holdings, Inc.
 April 2019 Vice Chairman of the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd. (current position)
 June 2019 Retired from Director of Tokio Marine Holdings, Inc.
 June 2019 Director of the Company (current position)

Tadaaki Naito (Outside Director) September 30, 1955

April 1978 Joined Nippon Yusen Kabushiki Kaisha
 April 2015 President, Representative Director, President Corporate Officer of Nippon Yusen Kabushiki Kaisha
 June 2019 Chairman, Director, Chairman Corporate Officer of Nippon Yusen Kabushiki Kaisha
 June 2020 Chairman, Director, Chairman and Executive Officer of Nippon Yusen Kabushiki Kaisha (current position)
 June 2020 Director of the Company (current position)

Tetsuya Shoji (Outside Director) February 28, 1954

April 1977 Joined Nippon Telegraph and Telephone Public Corporation
 June 2009 Director of the General Affairs Department of Nippon Telegraph and Telephone Corporation
 June 2012 Senior Executive Vice President of NTT Communications Corporation
 June 2015 President and CEO of NTT Communications Corporation
 June 2020 Corporate Advisor of NTT Communications Corporation (current position)
 June 2021 Director of the Company (current position)

Kazuko Kimura (Outside Director) May 1, 1951

April 1976 Joined the Ministry of Health and Welfare
July 1996 Drug Management and Policy Department of World Health Organization (on secondment)
July 1999 Organization for Pharmaceutical Safety and Research (on secondment)
April 2000 Professor of Drug Management and Policy Department, Institute of Medical, Pharmaceutical and Health Sciences, Kanazawa University
April 2017 Professor Emeritus of National University Corporation Kanazawa University (current position)
October 2017 Specially Appointed Professor of Graduate School of Medical Sciences of National University Corporation Kanazawa University (current position)
June 2021 Director of the Company (current position)

Tatsushi Nakashima (Director) November 29, 1957

April 1976 Joined the Company
April 2017 General Manager, Nagoya Branch
June 2018 Director and General Manager, Nagoya Branch
April 2020 Director and General Manager, Yokohama Branch
June 2021 Director, Senior Executive Officer and General Manager, Yokohama Branch (current position)

Akira Yamao (Director) June 13, 1960

April 1983 Joined the Company
April 2015 General Manager, Planning & Business Coordination Division
June 2019 Director and General Manager, Planning & Business Coordination Division
April 2020 Director and General Manager, Osaka Branch
June 2021 Director, Senior Executive Officer and General Manager, Osaka Branch (current position)

Corporate Auditors

Tohru Watanabe (Standing Corporate Auditor) (full time)

June 24, 1949

April 1972 Joined the Company
June 2001 General Manager, Accounting & Financing Division
June 2003 Director; Assistant Managing Officer (responsible for Accounting & Financing) and General Manager, Accounting & Financing Division
June 2004 Managing Director; and General Manager, Accounting & Financing Division
June 2006 Managing Director
June 2008 Senior Managing Director
October 2010 Senior Managing Director; and General Manager, Planning & Business Coordination Division
January 2011 Senior Managing Director
June 2011 Standing Corporate Auditor (full time) (current position)

Mikine Hasegawa (Corporate Auditor) (full time)

July 5, 1961

April 1985 Joined Mitsubishi Corporation
June 2010 CFO of Mitsubishi Corporation India Pvt. Ltd.
November 2013 Corporate Auditor of MC Healthcare, Inc.
June 2016 Corporate Auditor of Mitsubishi Corporation Life Sciences Limited
April 2019 Retired from Corporate Auditor of Mitsubishi Corporation Life Sciences Limited
May 2019 Attached to Corporate Division of Mitsubishi Corporation
June 2019 Corporate Auditor of the Company (full time) (current position)

Yohnosuke Yamada (Outside Corporate Auditor) May 2, 1959

April 1989 Registered as lawyer (Dai-Ichi Tokyo Bar Association)
Joined Nagashima & Ohno (currently Nagashima Ohno & Tsunematsu)
October 1989 Joined Yamada Brothers (currently Yamada, Goya & Suzuki) (current position)
June 2004 Corporate Auditor of the Company (current position)

Takao Sato (Outside Corporate Auditor) July 17, 1954

March 1988 Registered as Certified Public Accountant
May 2003 Representative Partner of Asahi & Co. (currently KPMG AZSA LLC)
July 2007 Board Member of KPMG AZSA & Co.
June 2009 Retired from Board Member of KPMG AZSA & Co.
July 2014 Auditor of KPMG AZSA LLC
June 2016 Retired from Auditor of KPMG AZSA LLC
July 2017 Representative of Takao Sato Accounting Office (current position)
June 2020 Corporate Auditor of the Company (current position)

Junya Miura (Corporate Auditor) July 22, 1959

April 1983 Joined the Company
June 2016 General Manager, Audit Division
June 2020 Corporate Auditor of the Company (current position)
June 2020 Full-time Corporate Auditor of Ryoso Transportation Co., Ltd. (current position)

Executive Officers (as of June 30, 2021)

Senior Executive Officer

Akio Miura (General Manager, Nagoya Branch)

Senior Executive Officer

Masanori Maekawa

(General Manager, General Affairs Division and Corporate Communications Chamber)

Executive Officer

Manabu Kusuyama (General Manager, Information Systems Division)

Executive Officer

Naoyuki Inamo (General Manager, Accounting & Financing Division)

Executive Officer

Takashi Mukai (General Manager, Real Estate Division)

Executive Officer

Munenori Kimura (General Manager, Corporate Planning Division)

Executive Officer

Hidechika Saito

(General Manager, International Transportation Business Division)

Respect for Human Rights

Apr. 2021: New employee training

Respecting human rights is the basis for complying with laws and regulations and fulfilling social responsibility. Regarding the respect for human rights, the Group recognizes and addresses such issues as improvement of employees' awareness of human rights.

Improvement in the awareness of human rights

Striving to disseminate the awareness of respect for human rights with every employee by establishing a dedicated promotion system


The Company is committed to educating employees on human rights issues with the aim of creating a "positive worksite atmosphere in which every employee's human rights are respected and personal competence and personality can be fully demonstrated."

Specifically, every year the Company offers a human rights awareness course for 1–2 hours in the stratified training curriculum under the established human rights training promotion system.

In addition, we hold group-style human rights awareness training for new employees every year. (The training in fiscal 2020 was canceled due to COVID-19.)

At the training sessions, participating employees not only listened lectures, but also exchanged views on diverse concrete examples to deepen their understanding.

The Company endeavors to raise the awareness of human rights by inviting slogans for human rights awareness even to loaned or dispatched staff members. In parallel with this approach, we have established a helpline dedicated to harassment issues that takes initiatives to prevent or resolve various worksite harassment cases.

 Actual performance data on human rights training can be viewed on Mitsubishi Logistics' Web site in "Extended version."
HOME ▶ CITIZENSHIP ▶ Integrated Report ▶ Extended version

Respecting human rights through business activities

Outsourcing works to a provider of continuous employment support service, where people with disabilities are working

The Company outsources the digitalization process for in-house documents and data as a business to Japan Church World Service, Inc., Tokyo Itabashi Welfare Factory where continuous employment support service is provided to people with disabilities, who may have difficulties in conventional work settings.

The Company considers that this outsourcing will enable more people with disabilities to work on a continuous basis and play active roles in society while leading independent lives.

■ Slogans for human rights awareness
(some of the slogans submitted to the Company)

Slogan for human rights awareness (Employees' section)
Consider your words from the other person's perspective

VOICE

Regarding corporate business and human rights

Hiroki Okita
Human Resources Dept., Human Resources Div.

In recent years, social interest in human rights has increased significantly, and many of the 17 SDGs incorporate human rights-related goals such as eliminating poverty and achieving gender equality.

With regard to the relationship between business enterprises and human rights, the National Action Plan on Business and Human Rights (2020-2025) was formulated by the relevant ministries and agencies in October 2020. The plan calls for business enterprises and the Japanese government to seriously deal with the human rights issues of stakeholders involved in corporate activities in line with the globalization of corporate activities by identifying and preventing the risk of human rights violations, including forced labor and discrimination in overseas supply chains.

For the Group, in addition to our basic policy of conducting human rights trainings and distributing educational materials and tools, etc. that we have been working on to date, we will carry out further enlightenment activities in order to promote the understanding of business and human rights and to recognize various current human rights issues.



Appropriate Working Environment

1st floor South Entrance,
Misato Distribution Center No. 2 phase 2, Tokyo Branch

An appropriate working environment serves to stabilize employees' living standards, is the source of meaning in employees' lives and is indispensable for safety and health, productivity growth, human resource development and so forth. Regarding the appropriate working environment, the Group recognizes and addresses such issues as "Respect of labor-management relations," "Employment and the importance of the employment relationship," "Rewarding and friendly working conditions," "Ensuring the safety of workers" and "Human resource development and training."

Respect for labor-management relations

Having close communications with the labor union

The collective labor agreement entered into between the Company and the Mitsubishi Logistics Union stipulates the responsibility of the Company and that of the union as follows on the stance of labor-management cooperation.

1. (Company's Responsibility)

The Company shall proactively strive to maintain and improve the working conditions and promote the welfare of employees to improve the status of employees and ensure stable livelihoods.

2. (Union's Responsibility)

The labor union shall strive to maintain public order at the worksite and promote the working capabilities of its affiliated employees, as well as fully cooperate with the Company for the growth of the Company's business based on democratic foundations.

Labor-management consultations and negotiations are handled at the Management Conference, which is attended by representatives of both parties.

There are two types of Management Conference: the Central Management Conference, which is held between Head Office and the union's headquarters, and the Operating Site Management Conference, which is held between each branch and each lodge. Each conference meets once per month.

Employment and the importance of the employment relationship

Endeavoring to ensure human resources systematically and stably while respecting equal employment opportunities and diversity

In recruiting employees, our basic policy is to respect equal employment opportunities and diversity.

In our recruiting activities, we have introduced an open entry system without making any distinction as regards the school of graduation or faculty that takes into account the

fair employment of applicants from a long-term perspective to systematically and stably ensure human resources.

We offer a wide range of opportunities to both new and professional or experienced applicants by making the most of the Company's Web site and various kinds of PR media.

■ Status of employees (as of the end of March 2021)

Status in fiscal 2020	
Number of regular employees (consolidated)	4,598
Number of temporary employees (consolidated)	2,570

*Group companies have no statistical data regarding employees' average age and years of employment.

Number of regular employees (non-consolidated)	996 (636 men / 360 women)
Average age (non-consolidated)	39.7 years (men: 39.5 years; women: 40.1 years)
Average years of employment (non-consolidated)	15.7 years (men: 15.1 years; women: 16.8 years)
Number of temporary employees (non-consolidated)	805

Status of new graduate recruits (joining the Company in April 2021)		Status of mid-career recruits (joining the Company between April 2020 and March 2021)	
University graduates	35	University graduates	13
Male university graduates	21	Male university graduates	12
Female university graduates	14	Female university graduates	1
Junior college/Vocational college graduates	0	Junior college/Vocational college graduates	1
High school graduates/Others	3	High school graduates/Others	2
Total	38	Total	16

Status of new graduate recruits retained		
	(New graduate recruits joining the Company in April 2018)	No. of recruits retained as of April 2021 (percentage)
Men and women total	47	45 (95.7%)
Men	29	28 (96.6%)
Women	18	17 (94.4%)

Rewarding and friendly working conditions

Strive to improve the environment in which both employees and the Company can raise mutual values

The basic philosophy of the Company's personnel policy is to assist its employees to grow and improve their work-life balance and to assert that both employees and the Company can raise mutual values through the sustainable growth of the Company.

To realize this philosophy, the Company endeavors to improve worksite environments so that employees can demonstrate their individuality and competence to the utmost extent with improved motivation and better workplace environments, through a variety of personnel and educational systems.

Streamline the personnel system in the pursuit of creating worksites where employees can demonstrate their individuality and competence

The Company strives to improve worksite environments in which every employee can fully demonstrate his/her individuality and competence.

● Regional system for general employees

In order to achieve the MLC2030 Vision, it is necessary to encourage the active participation of employees more than ever, which requires strategic human resource development and human resource allocation.

As a characteristic of the Company's Logistics Business, maintaining the certainty and quality of operations at each sales office, which are our logistics sites, forms the basis of the services we provide to our customers, and the stable allocation of employees who have the experience and knowledge of those operations is essential.

In recent years, in view of the fact that there have been cases where general employees are unable to accept transfers due to family circumstances, etc., and it is difficult for them to carry out their duties without limiting the areas in which they work, we have divided general employees into "general employees (no limits on workplace regions)" and "regional general employees (limits on workplace regions)" whose aim is to strengthen the on-site and sales capabilities in each region, in order to secure and develop future management personnel and ensure a work system that is more suitable for employees to demonstrate their abilities.

General employees

Engage in a wide range of corporate operations in a variety of regions including overseas as core employees and are responsible for facilitating business growth and management.

Regional general employees

Engage in a wide range of corporate operations mainly in certain areas and are responsible for facilitating business growth and management.

Although screening is necessary, the system allows employees to switch between categories in accordance with their circumstances. It is expected that this will contribute to improvements in employee satisfaction.

● Self-declaration system

According to the self-declaration system, the Company's employees declare their satisfaction rating with their current duties and career plan, among other things, once a year. The declaration includes items not only relating to employees' business duties but also every employee's life plan. The content of the declaration is used for personnel transfers and the career development program.

● Evaluation and treatment of employees

The Company treats employees in accordance with fair, transparent and well-received appraisal systems. Direct interviews between managers and subordinates, which are held three times a year (at the time of target setting, midyear retrospection and year-end retrospection), are especially emphasized, enabling managers and subordinates to deepen communication with each other. The evaluation results are used for an appropriate division of labor within the business unit and advice on career planning.

Execute industrial safety and health-related measures to enhance employees' good health

To effectively fulfill its obligation of safety, which is required of every corporation, the Company proactively takes initiatives to maintain and promote employees' health.

● Periodic medical checkup

A medical checkup is conducted once a year that focuses on tests for lifestyle-related diseases. Although long working hours have become a social problem in recent years, the Company has implemented a framework to minimize the health risks of employees due to a heavy workload through enhanced interview guidance from industrial physicians to those with long working hours.

● Health promotion

Health promotion seminars are held for the purpose of maintaining good health and improving the lifestyles of employees. (The seminars were canceled in 2020 due to COVID-19.) At these seminars, simple aerobics dance programs are offered to encourage employees to engage in light physical exercise in addition to lectures (on mental health and eating habit guidance) given by experts.

Involvement in mental health activities focusing on precautionary measures and preventing recurrence

The Company considers it important to support every employee in having a purposeful life by ensuring systematic and constant care for his/her mental health.

To promote mental health care in accordance with the Ministry of Health, Labour and Welfare's guidelines for maintenance and promotion of mental health for workers, the Company has implemented a variety of initiatives such as reinforcement of in-house education and training, cultivation of dedicated staff in charge at operating sites, implementation of the stress check system based on the Industrial Safety and Health Act and improvement of networks via collaborations with external professional organizations.

Acquisition results for various leave systems

System	Description	Results (number of beneficiaries)				
		FY2016	FY2017	FY2018	FY2019	FY2020
Child-care leave	Leave of absence is allowed for a desired period until a child becomes 2 years old.	8	7	13	10	9
Reduced working hours	Working hours may be reduced by up to 2 hours per day for raising a child.	22	25	28	28	30
Nursing care leave	Leave of absence is allowed for a desired period within one year to take care of a family member in need of nursing care.	0	0	0	0	0
General care leave	Paid leave for nursing care of a child (up to 10 days per year).	29	38	34	31	20
Family care leave	Paid leave for nursing care of a family member in need of nursing care (up to 10 days per year).	4	4	5	10	10

* The number of beneficiaries in the child-care leave and nursing care leave are calculated based on the year employees started taking their leaves.

Promotion of Workstyle Reforms

At the Company, we have constructed a mechanism to monitor and manage the appropriate number of working hours based on information on working hours in the attendance management system, where employees and their supervisors can check their working situation at any time. We also considered that a change of attitude was necessary to bring about a decrease in overtime work, and held briefing sessions for managerial employees aimed at reducing overtime. This attitude was disseminated to employees through measures such as worksite meetings. In addition, the Company and labor union regularly confirm the amount of overtime work and number of days of leave taken by employees, and share information on effective initiatives such as flextime and no-overtime day through forums such as the Management Conference and the Committee on the Improvement of Working Hours, etc.

Promoting the work-life balance to support the sound development of the next-generation children

Pursuant to the implementation of the Act on Advancement of Measures to Support Raising Next-Generation Children, the Company formulated the "Ordinary Business Owner Action Plan" and implemented a child-care leave system, a reduced working hours system, a nursing care leave system, a general care leave

system and a family care leave system to assist with the coexistence of employees' working life and home life. Furthermore, the Company encourages the enhanced use of annual paid vacations to reduce working hours in a year and has introduced a systematic granting system (six days per year) of annual paid vacations under labor-management collaboration.

VOICE

Using the reduced working hours system

Rieko Kawanishi
Planning Team, Corporate Planning Div.

I have been using the reduced working hours system since I returned to work after giving birth to my daughter, and am currently working from 9:30 a.m. to 4:30 p.m., which is one hour less than the prescribed working hours.

The reason that I am using the system is that I had to work shorter hours due to the child-care hours at the nursery school, but the fact that many of my supervisors are using this system also encouraged me to use it.

I feel that it is thanks to this reduced working hours system that I can balance housework and child care with my job without putting pressure on my small daughter and also giving myself some space both timewise and mentally.

I realize that working under time-constrained conditions is only possible with the understanding and supervision of those around me, and am extremely grateful to everyone in my workplace.



VOICE

Taking child-care leave

Takeshi Seki
International Transportation Business Dept. B, Kobe Branch

Partly because my wife lives in Tokyo and I was on a solo assignment, when my wife gave birth, I temporarily left my post and took one month of child-care leave in addition to paid leave.

When I took child-care leave, my supervisors and colleagues shared the duties for which I was responsible but I think it was also an opportunity to "visualize" and share my duties by creating hand-over materials for the work for which I had been solely responsible.

After my wife gave birth, we were caught up with feeding the baby and changing diapers, but we were able to ensure we each had time to ourselves by sharing the housework and setting times at night when one of us was responsible for looking after our child.

Although it was a very busy time for my department, taking child-care leave enabled me to relax and interact with my child, and provided me with valuable time for us to spend as a family.

I feel extremely grateful to my supervisors and colleagues for supporting me during this time.



VOICE

Having taken general care leave

Yui Komatsu
Warehousing & Distribution Business Dept. C, Tokyo Branch

I have a daughter who goes to nursery school, so I sometimes take general care leave. There have been times when my daughter felt unwell the entire day and I have had to continuously be away from my workplace, but thanks to everyone in my department and sales office, I was able to concentrate on looking after her with peace of mind.

I think I may take general care leave again in the future but would like to accumulate knowledge so that instead of only being helped by those around me, I can also provide support to those same people.



Promoting welfare measures to help employees cultivate the energy to work

A variety of systems are available in compliance with the three catchphrases of “Provision of security,” “Recreation” and “Promotion of residential house acquisition” for the promotion of employees’ welfare.

Major welfare programs of the Company:

1. Provision of security

Retirement benefits, corporate pensions, family allowance, housing allowances, condolence money, celebration of a birth, the ESOP (Employee Stock Ownership Plan) association, group insurance, the reserve for pension and asset formation, multipurpose accommodation loans and the granting of company-owned houses to employees via job transfers

2. Recreation

Recreation facilities, in-house sports events (baseball, tennis and futsal), the Mitsubishi firms’ martial arts tournament, refresh leave (long-service and midlevel workers)

3. Promotion of residential house acquisition

Reserve for house acquisition and asset formation, in-house loans and tie-up loans

To ensure employment opportunities for the elderly, motivated retiring employees are provided with places to demonstrate their competence

In terms of employment opportunities for the elderly, the Company has strived to guarantee the employment of employees up to 62 or 63 years old before the establishment of the related laws through measures such as a job placement service to help them with reemployment at subsidiaries or affiliates and the reemployment of those with expertise in certain business fields.

In response to the establishment of the relevant laws, we established our continuing employment system to ensure that applicants can continue to work up to 65 years of age under certain criteria, and the system has been applied to around 90% of those applicable.

Improving access in the work environment to increase the employment of people with disabilities

There are physically challenged employees who work in diverse operations at the Company. However, as of June 1, 2020, the Company’s employment rate of said employees was 1.84%, lower than its legally mandated 2.20% employment ratio (at the time). We will continue to steadily strengthen improvements of the worksite environment in which people with disabilities can easily demonstrate their capabilities and aptitude, aiming to reach our legally mandated employment ratio as soon as possible.

Employment ratio of employees with disabilities

	June 2015	June 2016	June 2017	June 2018	June 2019	June 2020
Number of employees with disabilities (actual)	16	14	14	14	15	15
Employment ratio (%)	2.05	1.86	1.83	1.80	1.92	1.84

Obtained a loan under the DBJ Employees’ Health Management Rated Loan Program

In February 2019, the Company was rated by the Development Bank of Japan Inc. (DBJ) under the DBJ Employees’ Health Management Rated Loan Program, and obtained a loan based on this rating. Under the program, DBJ evaluates corporate initiatives related to employee health, and loans money under favorable conditions to outstanding companies in this area.

In addition to steady initiatives aimed at compliance with health and safety laws and regulations, the Company was also highly rated for actively implementing measures contributing to the maintenance and improvement of employees’ mental and physical health, such as organizing health seminars, as well as the continuous promotion of business improvement, through measures such as the commendation system for improvement activities.

Going forward, we will continue to strive to improve the health of employees through this system and other initiatives.

Ensuring the safety of workers

Ryoso Transportation Co., Ltd. acquired “comfortable workplace certification” in its trucking business

Ryoso Transportation Co., Ltd. (a company that specializes in overland transportation that is in charge of the Company’s overland transportation business) was awarded one star at all its operating bases in the trucking business field under the “comfortable workplace certification system” for the trucking business managed by the Ministry of Land, Infrastructure, Transport and Tourism.

The system was established in fiscal 2020 as part of efforts to address the shortage of drivers in the truck, bus and taxi businesses. Two star and three star standards are scheduled to be announced in the future.

Ryoso Transportation Co., Ltd. will continue to create a comfortable work environment for truck drivers, and aims to secure stable human resources.



Comfortable Workplace Certification System Registered Certificate

Establishing a Safety Promotion Department in order to strengthen initiatives to promote safety

Until now, we have been making efforts to ensure the safety and raise the safety levels of employees of the Company and our operating companies in our logistics operations. In April 2021, we established the Safety Promotion Department within the Human Resources Division with the aim of strengthening the companywide safety and health management system.

In addition to providing support for strengthening safety and health management systems at each branch with a logistics site, we plan to enhance the system for reporting incidents of industrial accidents, and share accident cases and measures to prevent their recurrence.

We will furthermore establish a system to carry out regular and continuous safety and health education in addition to the safety and health education conducted by each office at times of hiring.

Going forward, we will continue to work with other departments to promote safety, including by ensuring the safety of employees.

Striving to conduct industrial safety and health activities via collaborations among operating bases in the pursuit of prevention of industrial accidents

Each branch has an “Industrial Safety and Health Committee” (and a Health Committee at Head Office) to share information with operating bases including operation-commission and cargo-handling companies where operations are outsourced. In addition, we strive to prevent industrial accidents by conducting safety and health education and safety patrols inside and outside the facilities.

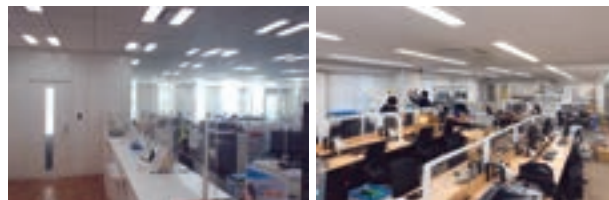
Implemented countermeasures against COVID-19 to continue business operations

In order to prevent the spread of COVID-19, which is rampant all over the world, we introduced basic countermeasures including avoiding the 3Cs, maintaining social distancing, and wearing masks. We also adopted staggered working hours, working from home, a ban in principle on business trips, a ban in principle on meetings involving food and drinks inside or outside the Company, and health checks, while encouraging various measures such as hand washing, gargling, and following coughing etiquette. These efforts enabled us to continue business operations and protect the health of our employees.

Some distribution centers continued operations based on a business continuity plan that they had formulated in advance, while also installing vinyl curtains and acrylic sheets between employees’ desks, in conference rooms, in reception rooms and at reception areas for truck drivers from outsourced transportation companies and other visitors arriving for appointments in order to prevent droplet infection.

In addition, some overseas offices are dividing offices into two teams on two floors in an effort to create a system so that operations will not be halted even if an infection occurs among one of the teams.

Going forward, we will continue to prepare not only for COVID-19 infections but also for other infectious diseases and various disasters in order to ensure the safety of our employees and continue operations as our corporate social responsibility.



Measures adopted by various branches

VOICE

Initiatives for safety promotion

Kazumi Shibata
Safety Promotion Dept., Human Resources Div.

The Safety Promotion Department was established in April 2021 with the aims of “strengthening the safety and health management system,” “preventing the occurrence of industrial accidents,” and “establishing a rapid management system for communication in the event of an accident.”

Unfortunately, the Company has experienced cases of personal injury, although there are only a few each year. When handling cargo of various shapes and sizes and carrying out a wide range of logistics operations from upstream to downstream, including transportation and storage, ensuring a “safe workplace” for the people working strenuously at these workplaces on a daily basis is of the utmost importance.

Safety cannot be achieved without the cooperation of those who are physically working on-site. While we still have more studies to conduct, we would like to consider safety together with the people involved in the field, and take actions that will help prevent dangers at an early stage and raise safety awareness.



Warehousing Business Division: Promoting safety patrols and working to prevent accidents

Each office in the Warehousing Business Division (including some operating bases in the International Transportation Business Division) conducts safety patrols. During these safety patrols, employees of the Company and our operating companies patrol warehouse sites to check the status of the facilities and the cargo storage, while being mindful to prevent the spread of COVID-19. In addition, they hold meetings depending on the outcome of the patrols and take measures to prevent accidents in efforts to ensure the safety of employees and cargo.

Overland transportation: Strengthen ensuring safety with safety measures and the prevention of accidents in the transportation field

Ryoso Transportation Co., Ltd. aims to place the highest priority on the security of transportation and further ensure safety through the concerted efforts of its employees, with the recognition that ensuring the security of freight transportation is the pillar of its business management.

In addition, Ryoso Transportation engages in the internal audit of compliance with relevant laws and regulations such as the Motor Truck Transportation Business Act and the Road Traffic Act, and steps are taken to ensure the dissemination of information on compliance with these laws and regulations. Operations are checked at all times from a safety viewpoint, fully recognizing the public nature and importance of the freight trucking business. As initiatives for daily accident preventive activities, they also hold safety conferences, conduct safety patrols and hold head office and all-branches marketing staff conferences. Furthermore, they conduct thorough checks at all car-allocation bases using a high-performance alcohol detector unit to check at roll call whether any crew members have been drinking.

Apart from the measures above, they implement initiatives for industrial safety and health via appropriate instructions and education given to crew members based on the results of regular medical checkups, to which tests for lifestyle-related diseases have been added, and regular diagnosis of the driving competence of the truck crews is conducted.



Alcohol detector unit

Harbor Transportation Business Division: Promote the prevention of industrial accidents and conduct periodic disaster prevention drills and meetings

The port and harbor operations inevitably involve a great variety of cargo handling work in association with various receipts and deliveries at ports. For smooth and safe cargo handling operations, we implemented various activities based on the countermeasures prepared by each operating site. Furthermore, we hold regular meetings before work and monthly safety and health meetings jointly with relevant suppliers at which we analyze industrial accidents and cargo accident cases in order to raise awareness of safety and health and share the intent with all workers.

We are making efforts to improve the business environment and assess conditions. As one example of measures to handle the ever-changing environment, we are reviewing the format of periodically conducted safety patrols and enhancing inspection items, while being mindful to prevent the spread of COVID-19. In this manner, we will always look for new ways to improve safety and health, actively implement ordinary safety promotion activities and remain focused on daily awareness activities. We believe that those efforts will help prevent industrial accidents and ensure the safety of workers.

Specific initiatives executed at the respective ports are summarized in the following table.

■ Description of specific initiatives undertaken at the respective ports and results/achievements

Description
● We hold a briefing meeting before carrying out ship operations to confirm the content of the intended operation, check the work uniform including the fluorescent vests and call workers' attention to safety (daily).
● A safety and health meeting is held jointly with the relevant suppliers (monthly).
● We implemented safety patrols at operating sites jointly with the relevant suppliers (monthly). (Quarterly joint patrols are conducted with the participation of superiors.)
● We regularly confirm and replenish safety gear (safety belts for high-place operations, fluorescent safety armbands, emergency stretchers, etc.).
● Information such as cases of accidents is shared with other operators operating at the same harbor terminal at operators' liaison meetings, etc., and the content is shared at safety conferences at our worksites and with suppliers.
● We promote speed limits for dedicated, in-yard trucks, which are driven within the container yards (via the successive installation of excessive speed lamps).
● We participate in outside workshops and training sessions (as needed).
Results/Achievements

Unfortunately, one case of a serious industrial accident was reported in fiscal 2020.

The accident occurred when a single worker fell from a high place while engaged in cargo handling work on a container ship. In response, we are implementing improvements, including the stepped-up use of safety belts for work at high places, the installation of guardrails to prevent falls, improvements to work environments, and improved awareness of risk prediction. In order to prevent such serious industrial accidents from occurring, we will continue to place the highest priority on safety and continue initiatives in collaboration with the newly established Safety Promotion Department of the Human Resources Division (📄 page 35).

Human resources development and training

Endeavor to develop human resources that can contribute not only to corporate growth but also to social development

● **Concept image of ideal human resources**

With the "Code of Conduct" in mind, every employee aims to undertake a role not only in corporate growth but also in the development of society by conducting himself/herself in the following manner.

1. Keep faith in others, and conduct yourself with integrity and a sense of fairness.
2. Conduct yourself autonomously.
3. Respond flexibly to environmental changes.
4. Demonstrate expertise and act with a sense of creativity.
5. Have a good teamwork spirit and cooperate with your colleagues.

● Training system

The Company focuses on developing human resources that can precisely respond to internal and external needs.

The Company therefore strives to upgrade employees' business skills and the organization's strength through training by service year of employment. At the same time, the Company offers several training programs to raise employees' expertise such as management capabilities, readiness for globalization and operational capability to enable employees to acquire professional skills in response to the content of their business duties.

Extending the Content of the Logistics Training

At the logistics training, the lecturers are dispatched mainly from among active employees so that employees assigned to posts at logistics sites can improve their necessary expertise and skills.

In fiscal 2020, we decided to conduct online training in view of the COVID-19 pandemic. We held a new training course on logistics and information-related systems under the theme of "Logistics Tech in the Era of AI, IoT, and DX," in which many employees participated.

Furthermore, the lectures were recorded on video to develop an environment where they can be viewed as an e-learning course in order to secure opportunities for employees who are unable to attend the training to attend these lectures.

Holding lectures on "Outline of office operation" and "Outline of warehousing facilities management" as part of the logistics training

Two lectures were held as part of logistics training: "Outline of office operation" and "Outline of warehousing facilities management."

In "Outline of office operation," an office manager gave a specific explanation of income and expenditure management, labor management, and spatial organization at offices of the warehousing business, based on actual business practices.

In "Outline of warehousing facilities management," an employee from the technical division explained the important points of a daily check that can be performed onsite at warehousing facilities, as well as the importance of fire prevention management.

Both lectures are directly applicable to our daily business activities, and more lectures on practical topics are planned.

VOICE

Safety and security initiatives

Kazuhiko Narusawa
Deputy General Manager, Planning & Business
Coordination Div., Ryoso Transportation Co., Ltd.

Here at Ryoso Transportation Co., Ltd., as part of our corporate social responsibility, we not only work to secure safety and security through transport accident prevention, but are also actively involved in compliance with laws and regulations of all kinds, as a trucking business operator certified as an excellent safety enterprise (G mark enterprise) by the Ministry of Land, Infrastructure, Transport and Tourism.

In February 2020, we submitted a declaration of voluntary action in support of the purpose of the White Logistics promotion campaign advocated by the Ministry of Land, Infrastructure, Transport and Tourism, among others. Furthermore, in April 2021, all our operating bases were awarded one star in the trucking business field under the "comfortable workplace certification system" (former White Management) advocated by the Ministry of Land, Infrastructure, Transport and Tourism. Furthermore, we strive to reduce the environmental burden, and aim for logistics that are friendly to the global environment.

While undertaking such initiatives, in response to the increasing diversification and sophistication of customers' needs, we are implementing duty- and position-based education, and holding safety meetings and safety patrols. Through these measures we aim to raise awareness among employees, and promote the maintenance and improvement of mental and physical health. We will continue to strive for safe transportation and the further improvement of transportation quality with the motto, "More swiftly, reliably, and safely." (Group company of the Company)



VOICE

Taking the logistics training ("AI Literacy Seminar" Part 1: Knowing the Basics of AI (Artificial Intelligence))

Mari Sugizaki
Air Freight Team, International Transportation Business Div.

In this training, with the aim of advancing business transformation (improvement activities), we first learned the basic knowledge of digital technologies, including AI (artificial intelligence), robots, RPA, IoT, 5G, and 3-D printers, which are the means to achieve that aim. These digital technologies are already being used by companies, and although there are various theories in play, some research shows that 49% of Japan's working population could be replaced by AI and robots by around 2030.

Although one aspect of this is that workers will be deprived of their jobs, advances in digital technology have created a society whereby workers can engage in various workstyles according to their lifestyles, including working from home. Since this training was also held online (recorded for distribution at a later date), I felt that it was very easy to take because I could do so without any restrictions on time or place as long as I allocated enough time for the training itself.

So as not to be left behind by society and competitors, I must accept the possibility that the work one is responsible for may not be undertaken by human beings in the future, and would like to use the time that becomes available due to reduced travel time and time spent on routine work as a result of digital technology on acquiring the knowledge and abilities necessary for work that is difficult to replace with AI.



Human resources (training) systems

General employee and regional general employee development course:

Basic role General employees: Engage in a wide variety of corporate operations as core employees who facilitate business growth and management in a variety of regions including overseas.

Regional general employees: Engage in a wide range of corporate operations and facilitate business growth and management mainly in certain areas.

Career stages		Problem-solving	Human skills	Career development	Corporate ethics and compliance	ESG and the SDGs	Management	Logistics	Global	Health promotion	Self-development	Cross-industrial exchange	
General employees	Senior Manager class			Life plan seminar			Management strategy Training for Deputy General Managers						
	Managerial employee class	Targeted problem-solving practical training											
Regional general employees	Assistant Manager class	Training for newly appointed managerial employees (Understanding management skills, corporate ethics, etc.)											
	Midlevel employees	Management training by theme (Leadership (compulsory), labor management (compulsory), accounting (compulsory), problem resolution, coaching)									Health promotion seminar		
	Young employees	Practical training for business model formulation (Improve perspectives via action learning, acquire basic management skills)							Logistics training ¹				
	Young employees	Leader training (Problem-solving, followership, career design, etc.)								Overseas operations training ²			
	Young employees	Training in the 2nd year (Logical thinking, global mindset, safety and health, etc. (taking certain lectures in the Logistics training course))								Young employees overseas dispatch program			
	Young employees	New employees' first-half training / New employees' second-half training (Business manners, acquisition of basic knowledge on general corporate operations, visits to logistics facilities of the Company, etc.)										Correspondence education	Mitsubishi Marketing Association

Regional employee development course

Basic role Assume dedicated responsibility for the operations in each department in a certain region, become familiar with and understand its characteristics, and play a role in supporting the growth of the business.

Career stages	Human skills	Career development	Corporate ethics and compliance	ESG and the SDGs	Logistics	Health promotion	Self-development
Senior leader class		Life plan seminar					
Leader class	Regional supervisor training (Confirm expected roles, leadership)						
Midlevel employees	Training for midlevel regional employees (Discover one's own strengths and weaknesses, improve communication capabilities)				Logistics training ¹		
	Training for young regional employees (Problem-solving, career design, etc.)						
Young employees	Training in the 2nd year (CSR, safety and health, etc. (taking certain lectures in the Logistics training course))					Health promotion seminar	
	New employees' first-half training / New employees' second-half training (Business manners, acquisition of basic knowledge on general corporate operations, visits to logistics facilities of the Company, etc.)						Correspondence education

*1: Major lectures for the Logistics training

- Registered customs specialist qualification course
- FKS (Fuji Logistics Kaizen System)
- Safety and health course
- Warehousing Business Act and contracting practices
- Laws and regulations related to trucking business and practices course
- Outline of warehousing storage operation
- Marketing for the service industry
- Business activities of warehousing business
- Outline of harbor transportation business
- Company information system overview and information system trends in the logistic industry
- Case studies, etc.

*2: Major lectures for the Overseas Operations Training

- Explanation of B/L and NVO business
- Import shipping agent business
- Export shipping agent business
- Overseas logistics proposals, etc.

Environmental Conservation

Solar power generation system installation at the Tosu Distribution Center, Fukuoka Branch

Environmental issues are not only local issues of the region where our business bases are located but are also globally interconnected. Environmental accountability is a global-level social responsibility that affects the future of humanity. The Mitsubishi Logistics Group recognizes and undertakes initiatives for such environmental issues as the reduction of CO₂ emissions as a countermeasure for climate change, the use of renewable natural resources and contribution to recovery of the eco-system.

Reduction of CO₂ emissions as a measure for reducing climate change

Certified under the Logistics Efficiency Improvement Act^{*1}, we are integrating logistics bases and reducing the environmental burden

Obtaining the same certification under the following eleven business plans, we made transportation and distribution systems more efficient by integrating logistics bases for customers who used to employ multiple logistics bases, thereby reducing the number of delivery trucks. By collecting customers' freight and implementing joint delivery, we reduce emissions of greenhouse gases (CO₂), which contributes to a reduction in our environmental burden.

1. North Building, Sakurajima Distribution Center No. 2, Osaka Branch (Started operation in November 2005)
2. Sakurajima Distribution Center No. 3, Osaka Branch (Started operation in April 2008)
3. Tobishima Distribution Center, Nagoya Branch (Started operation in November 2008)
4. Misato Distribution Center No. 1, Tokyo Branch (Started operation in December 2008)
5. Ibaraki Distribution Center No. 3, Osaka Branch (Started operation in October 2012)
6. Misato Distribution Center No. 2, Tokyo Branch (Started operation in March 2013)
7. The extended space of Tobishima Distribution Center, Nagoya Branch (Started operation in September 2015)
8. Sapporo Distribution Center, Tokyo Branch (Asahi Unyu co., Ltd.) (Started operation in January 2018)^{*2}
9. Seishin Distribution Center, Kobe Branch (Started operation in March 2018)
10. Ibaraki Distribution Center No. 4, Osaka Branch (Started operation in August 2018)
11. Misato Distribution Center No. 2 Phase 2 building, Tokyo Branch (Started operation in October 2020)

^{*1} The Logistics Efficiency Improvement Act (Act on Advancement of Integration and Streamlining of Distribution Business, implemented on October 1, 2005) The purpose of this law is to promote operations conducive to efficient logistics and reducing the environmental burden by integrating logistics bases and conducting transportation, distribution, storage and logistics processing comprehensively. Business plans under this law are approved as a comprehensive efficiency plan and supported by the authority. In addition, the same law has been amended in May 2016 in view of further integrating and streamlining the logistics industry with the concern of labor shortage. The law went into effect in October 2016, aiming to support measures such as modal shift and cooperative delivery that are conducted by cooperation of related parties including logistics companies and shippers.

^{*2} Distribution center operations using an Asahi Unyu co., Ltd. facility; therefore, the warehouse is certified under the names of both companies.

Through achievements such as obtaining the Green Management Certification, we are promoting environment-friendly business activities

The Group obtained the Green Management Certification^{*3}, which pursues profitability and environmental conservation by promoting environment-friendly business activities from the certification registration organization Foundation for Promoting Personal Mobility and Ecological Transportation (abbreviated as "Eco-Mo Foundation"). Some of our business bases that welcomed their 10th year renewal in March 2017 were commended for their many years of certification. Under the Certification, in addition to engaging in initiatives to reduce energy consumption such as electricity saving in our everyday business and initiatives to reduce waste, we are also engaged in initiatives to reduce the amount of logistics materials used in packing, etc. and to reuse these materials.

In addition to this certification, in the logistics business, Fuji Logistics Co., Ltd. (our logistics subsidiary responsible for the main part of the Warehousing Business Division) has obtained and maintained ISO14001 certification in environmental management at each of its bases around Japan, and is working to reduce its burden on the environment. In the real estate business, Dia Buil-Tech Co., Ltd. obtained ISO14001 certification in June 2018, and is also working to reduce its burden on the environment in real estate management, etc.



Green Management Certification Commendation for many years of certification

1. Certification acquisition status of the Company

All offices of the Warehousing Business Division Harbor Transportation Business Division (Part of the container terminals of the Port of Yokohama and the Port of Kobe)

2. Certification acquisition status of the Group

Truck transportation business (Ryoso Transportation Co., Ltd., and Kyushu Ryoso Transportation Co., Ltd.) and warehousing business (Chubu Trade Warehousing Co., Ltd., Kusatsu Soko Co., Ltd., and the Warehousing Business Division of Monryo Transport Corporation)

^{*3} The Foundation for Promoting Personal Mobility and Ecological Transportation is a public utility foundation that has been certifying and registering business operators making efforts to reduce the environmental burden at a level exceeding the standards outlined in the Green Management Promotion Manual since October 2003.

Ensuring compliance with the Act on Rationalizing Energy Use, etc.


As a “Designated Business Operator” under the Act on Rationalizing Energy Use, the Company is obliged to reduce per-basic unit energy use more than 1% on an annual average on a medium- to long-term basis at facilities we own and rent. Moreover, every year, we submit a regular report on energy conservation and a medium- to long-term energy-conservation plan to the Ministry of Economy, Trade and Industry. The values we reported to the Ministry in fiscal 2020 (the actual results for fiscal 2019) show that our energy-conservation measures resulted in a roughly 5% reduction of per-basic unit energy use compared with the base year fiscal 2015. We are also striving to reduce CO₂ emissions at our real estate facilities subject to the Tokyo Metropolitan Environmental Security Ordinance.

 The actual results of our environmental conservation efforts can be viewed on Mitsubishi Logistics’ Web site in “Extended version.”
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Conducting compliance with the Act on Rational Use and Appropriate Management of Fluorocarbons

According to the Act on Rational Use and Appropriate Management of Fluorocarbons⁴, companies are required to inspect commercial refrigerators and air conditioners, etc. that use fluorocarbons (Class 1 specified products) and report the leakage amount of fluorocarbons from the aforementioned products when it exceeds a specified level. The Company is appropriately responding to the law by preparing the systems and operational guidelines related to inspection and leakage control. In addition, in fiscal 2020, the Company’s calculated leakage amount of fluorocarbons was 719.1 [t-CO₂], which was below the level of 1,000 [t-CO₂] that requires reporting to the Minister of Land, Infrastructure, Transport and Tourism (the minister having jurisdiction over the warehouse industry).

⁴ Overview of the Act on Rational Use and Appropriate Management of Fluorocarbons (implemented on April 1, 2015)
The act requires users (owners, in general) of “Class 1 specified products” (commercial air-conditioners, refrigerators and freezers, etc.) to implement “simple inspection of all specified products” and “periodic inspection by a person with specialized knowledge.” Furthermore, it also requires users to report the calculated leakage amount of fluorocarbons if the amount exceeds the specified level of 1,000 [t-CO₂] per year.

 Actual data of the calculated leakage amount of fluorocarbons may be viewed on Mitsubishi Logistics’ Web site in “Extended version.”
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Aiming to obtain Rank A certification or above with CASBEE

At the Company, we place great importance on care for the global environment, and are working to achieve a CASBEE (Comprehensive Assessment System for Built Environment Efficiency) certification in order to objectively evaluate the environmental performance of our buildings.

CASBEE is a method for evaluating the environmental performance of buildings with a system that comprehensively evaluates the quality of buildings in addition to facility installations that consider nature environment, such as energy conservation and the use of equipment with a low environmental burden. This

includes the degree of comfort for building users, as well as the consideration given to the building’s appearance, and measures to reduce impact on the building’s surroundings, such as the effect of light pollution.

The results of CASBEE evaluation are given one of five ranks from S (superior), through A (very good), B+ (good), B (slightly poor) and C (poor). Under the Environmental Voluntary Plan, the Group’s specific policy pertaining to environmental policy (formulated in 2009; scheduled to be reviewed while proceeding with initiatives for ESG management and the SDGs), all new facilities to be constructed by the Company aim to acquire a rank of A or above through the introduction of energy-saving equipment and initiatives including global warming countermeasures.

We aim to obtain Rank A certification or above with CASBEE for facilities to be constructed going forward. Through this evaluation, we will continue to promote measures to reduce environmental burden.

 Actual data on our facilities that have obtained Rank A certification or above with CASBEE can be viewed on Mitsubishi Logistics’ Web site in “Extended version.”
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Promoting renewal of the existing lighting system to LED lighting to achieve significant energy conservation

To save energy and reduce CO₂ emissions with regard to the lighting systems inside the Company’s warehouses, we are promoting updating the existing lighting systems with high-efficiency lighting equipment when it is time for replacements.

In fiscal 2020, a total of approximately 4,600 existing lighting units were updated with LED lighting at facilities, including Daikoku Warehouse C, Yokohama, Honjoh Warehouse, Nagoya, and Shinko No. 2 Warehouse, Kobe.

The Company expects a reduction of approximately 2,530 thousand kWh in electric energy, which corresponds to approximately 5.1% of the annual electric energy consumption at the Company’s warehousing facilities in fiscal 2013, by updating existing lighting to LED lighting (approximately 17,500 units in total).

We are promoting solar power generation

In line with the governmental policy of enhancing the use of renewable energy to cope with global warming and other issues, the Company is promoting the adoption of large-scale solar power generation equipment at its warehousing facilities.

In fiscal 2020, although there was no new installation of solar power generation facilities, the Company will continue to introduce these facilities in consideration for the facility structure and climatic conditions.

The Company’s cumulative total solar power generation capacity as of the end of fiscal 2019 is 4,394 kW.

Ryoso Transportation Co., Ltd. obtained Green Management Certification in its trucking business, striving for environmental conservation


● Addressing environmental issues

For trucking business operators, addressing environmental issues is one of the highest priorities.

Ryoso Transportation Co., Ltd. (“Ryoso Transportation”) has obtained the Green Management Certification at all five of its branches (six operational bases) starting in 2005, striving to reduce environmental burden.

Specifically, in their efforts to promote eco-driving to improve gas mileage and reduce emissions of air pollutants, they have set their own high standards for vehicle inspections and maintenance. They also adopt low-pollution vehicles that meet the appropriate latest restrictions for gas emissions.

In fiscal 2020, Ryoso Transportation improved gas mileage by 30.6% compared with fiscal 2006. It is thought that this stemmed from the reduced handling of import and export freight, eased congestion at container terminals, and shorter waiting times, as well as the impact of COVID-19 in fiscal 2020. The information obtained will be used in future efforts to reduce CO₂ emissions.

 Fuel economy performance data from all branches of Ryoso Transportation can be viewed on Mitsubishi Logistics' Web site in the “Extended version.”

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Proposing environment-friendly transportation and distribution materials in air freight transportation

Unitrans Ltd. (a subsidiary responsible for the air freight transportation business) signed a business partnership agreement in March 2018 with va-Q-tec, a German manufacturer of refrigerated boxes. Using refrigerated box technology, which is achieved by a combination of va-Q-tec's vacuum insulating materials and phase change materials⁵, Unitrans made a proposal to a major Japanese chemical manufacturer in fiscal 2018 for an alternative method to dry ice for refrigerated transportation.



Refrigerated box proposed for use in refrigerated transportation

The proposal was adopted, and the technology contributed greatly to reductions in CO₂ and the waste volume of packaging materials at the time of transportation. It was also highly evaluated by the global semiconductor manufacturers which are customers of the chemical manufacturers.

Since then, we have made proposals for this method to customers in other industries, leading to its adoption for the transportation and distribution of pharmaceuticals for which temperature control is required.

Going forward, we will continue to propose environment-friendly transportation and distribution materials to customers, by such means as incorporation of new technology.

⁵ Phase change material (PCM): A type of cold storage material (cold insulator). Unlike dry ice, it uses a material that can be re-frozen. It has a higher refrigeration effect than ordinary cold insulators (gel ice) and can be used in long-time transportation.

Introducing vehicles that comply with local regulations at Shanghai Linghua Logistics

Shanghai Linghua Logistics Co., Ltd., which is engaged in the warehousing and transportation business mainly in Shanghai, China, has introduced trucks that comply with regulations in line with the tightened local exhaust gas regulations, and is consecutively disposing of and replacing diesel forklifts.

Furthermore, Shanghai Linghua Logistics thoroughly separates business-related waste discharged from its warehousing facilities in response to the tighter regulations.

Going forward, we expect environment-related regulations will continue to be tightened in each region throughout China, and will take the appropriate measures.

In addition, we will work on environmental conservation by taking measures other than regulatory compliance, such as introducing outdoor lights with solar power generation systems.



Newly introduced electric forklifts



Waste separation in Shanghai



Outdoor lights with solar power generation systems

Promoting environmental conservation with regard to information system equipment

On adopting information system equipment including servers and PCs, we select models that consume less energy.

We are promoting environmental conservation not only at our operational sites but also at our offices

● Promotion of summertime and wintertime energy saving

We strove to save energy by participating as a Group in the Cool Biz campaign during the summertime (May through October 2020), which calls for offices to set their air-conditioning thermostats at around 28°C, as well as in the Warm Biz campaign during the wintertime (November 2020 through March 2021), which calls for offices to set their air-conditioning thermostats at around 20°C.

In January 2020, we revised the dress code as part of our workstyle reforms, which we believe contributes to energy savings throughout the entire year, not just in summer and winter.

In addition, as a year-round initiative, we strive to save energy including by reducing the number of lights in use within a scope that is not detrimental to operation and switching off OA equipment when not in use.

● Promotion of Green Purchasing of stationery and other office supplies

When the Group companies purchase office supplies, we not only consider quality and price but also choose products and services with less environmental impact—Green Purchasing.

As one example, Ryoso Transportation is proactively purchasing retread tires⁶.

⁶ A retread tire has new rubber pasted on a used base tire, thereby restoring the tire's original functionality.

Use of renewable resources

A Disaster-Resistant and Eco-Friendly Warehouse completed construction and started operation

We completed construction and started operation of the Misato Distribution Center No. 2 Phase 2 building in Saitama (4 floors above ground, floor area: 28,000 m²), a Disaster-Resistant and Eco-Friendly Warehouse, in October 2020. The center is a pharmaceuticals warehouse featuring specifications and equipment, including a cold-storage handling area connected directly to the auto shelter, in order to provide high-quality services that comply with the Guidelines on Good Distribution of Pharmaceuticals (GDP) issued by the Ministry of Health, Labour and Welfare in December 2018.

(1) Main Disaster Prevention Functions

a. Seismic performance

We have created a seismic-isolated structure with the installation of seismic isolation equipment (61 units of laminated rubber bearings and 24 oil dampers) in the basement of the warehouse, to improve seismic performance.

b. Power outage countermeasures

Emergency power generation equipment (625 kVA and 400kVA, operates for 48 hours after outage) has been installed to prepare for a power outage.

c. Wind pressure resistance on the roof

Wind pressure resistance on the roof has been increased to the sufficient level, which is 15% higher than the regulation under the Building Standards Act, to strengthen countermeasures for disasters such as typhoons.

(2) Main Environmental Performance and Environmentally-Friendly Equipment

a. LED lighting

In addition to installing LED lighting throughout the entire building, we use motion detectors for common area lighting to save energy.

b. Air conditioning load reduction

We are giving consideration to energy conservation by adopting high-efficiency air conditioners for air conditioning equipment, and total heat exchangers for office ventilation equipment.



LED lighting

c. Low-E glass

We have adopted thermal-insulating, high heat-insulating multi-layered glass (Low-E glass) that increases the reflectance of far infrared rays and achieves a high heat-insulation performance.

d. CASBEE

We have achieved Rank A certification with CASBEE Saitama Prefecture (Comprehensive Assessment System for Built Environment Efficiency) as the result of initiatives such as introducing an energy conservation system.

Contribution to the recovery of the eco-system

Conducting reforestation through volunteer activities and donations as a partner of reforestation of Kanagawa Prefecture

To address the global environment from the perspective of preservation of biodiversity, we participated in a partnership program of reforestation of Kanagawa Prefecture and initiated related activities in April 2011.

Every year, we have held reforestation activities, including tree thinning activities, in the prefectural forest by Tanzawa Lake. However, this activity was canceled in fiscal 2020 to prevent the spread of COVID-19.

In place of this activity, in October 2020, administrative staff, after taking sufficient infection prevention measures, inspected the “Mitsubishi Logistics Forest,” a water conservation forest located on the shores of Lake Miyagase in Kanagawa Prefecture, which was named after the Company under the same partnership program.

On the day of the event, we saw healthy frogs and deer droppings, which confirmed our coexistence with nature.

Unfortunately, executives and employees were not able to carry out the usual activities that they have in past years. However, going forward, we will continue our activities while making adjustments in accordance with the situation, and work to raise awareness of the natural environment and environmental issues.



Lake Miyagase



Inspection



“Mitsubishi Logistics Forest”

VOICE

Disaster-Resistant and Eco-Friendly Warehouses for pharmaceuticals

Kyogo Yahagi
Real Estate Dept., Tokyo Branch



The Misato Distribution Center No. 2 Phase 2 building, for which I handled the overall facility construction, was constructed based on the concept of a Disaster-Resistant and Eco-Friendly Warehouse.

In recent years, localized torrential rains due to large typhoons and isolated downpours have occurred in various areas, resulting in many cases of flood damage. During the construction of the Misato Distribution Center No. 2 Phase 2 building, we carried out flood simulation at the Edogawa River Office to assess the height of water inundation, and used waterproof shutters, waterproof doors, and waterstops, etc. in order to protect the cold storage, elevators, and electric shafts⁷ on the 1st floor, and made concrete spandrel walls⁸ for the cold storage walls to increase their flood resistance.

In addition, we strengthened the exterior walls and roof as a windproof measure, thereby making the center “disaster-resistant.”

⁷ Electric shaft: A space through which electrical wiring and electrical conduits are passed.

⁸ Spandrel wall: A wall about the height of the floor to waist level. The spandrel wall is covered with another material to form the wall of the cold storage warehouse.

Fulfillment of Sincere and Fair Business Activities


1st floor general warehouse dock Shelter,
Misato Distribution Center No. 2 Phase 2, Tokyo Branch

We earn trust from society by fulfilling our responsibilities regarding ethical activities. By conducting fair and open competition in our activities, we can showcase our compliance to society. To fulfill our sincere and fair business activities, we recognize the issues of appropriate management of information and compliance with laws and regulations such as the Act against Delay in Payment of Subcontract Proceeds, etc. and the insider trading prevention law and strive to establish a foundation of trust from society.

Prohibition of unfair advantage in competition and promotion of fair and open competition

We conduct training concerning compliance with the Act against Delay in Payment of Subcontract Proceeds, etc. and the prevention of insider trading

In March 2021, we conducted training concerning the Act against Delay in Payment of Subcontract Proceeds, etc., which included the Company and its domestic Group companies. A total of 2,061 employees who are in charge of implementing the aforementioned act and related associates from each division attended the training and learned the purpose of the law, the scope of applications, responsibilities and prohibited matters through questioning online. In October 2020 and February 2021, we conducted training related to the prevention of insider trading for a total of 88 new employees and newly appointed managerial employees of the Company and verified their understanding through questioning online.

 Actual performance data of the training concerning thorough compliance with the Act against Delay in Payment of Subcontract Proceeds, etc. and prevention of insider trading can be viewed on Mitsubishi Logistics' Web site in "Extended version."

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We focus on information security to provide high-quality and secure services for customers

To provide the best services for our customers, the Company formulated various rules related to information systems. We have disseminated our information security policy to all executives and employees.


To ensure the smooth business activities of the Company, we formulated specific compliance matters as to the use and management of our in-house network. Also, we appoint a LAN manager from each branch's information system section and OA promotion staff from the relevant section of each division that uses the network, ensuring safety and the effective use of our in-house network.

In fiscal 2020, we conducted a web-based questionnaire with regard to information security in October 2020 which was answered by a total of 3,526 persons, including 1,880 persons from the Company and 1,646 persons from Group companies, thereby increasing awareness of information security.

As a measure against the kind of cyber-attacks represented by targeted e-mail virus attacks, in addition to establishing strong security defense measures through multilayer defense, we are endeavoring to strengthen our

security by introducing software that detects suspicious behavior on individual computers in order to minimize faults and recover rapidly even in the event of unauthorized access.

Furthermore, we are increasing information security, such as by conducting regular training and education on cyber-attacks for executives and all employees.

 Actual performance data on execution of questionnaire with regard to information security can be viewed on Mitsubishi Logistics' Web site in "Extended version."

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Management of Information Security

1. Security of customer information (personal information)
2. Security of intellectual property rights
3. Confidentiality obligation
4. Compliance with laws and regulations, obligation of compliance with regulations and penalties
5. Management of information assets
6. Formulation of security measure standards (Development standard, management standard, outsourcing standard)
7. Monitoring and supervision
8. Protecting systems from computer viruses
9. Access authority control
10. Information security education

Management of Network Security

1. Management of connection to ML-net (In-house network)
2. Rules for e-mail use
3. Rules for dispatching information
4. Rules for connection with networks outside the Company

Also, part of the operations of the Tokyo Branch trunk room office, Dia Systems Corporation (our subsidiary to develop and manage our information system) and Fuji Logistics Co., Ltd. all acquired ISO27001 certification, an international information security management system standard, and periodically receive third-party evaluation by a certifying organization, thereby working to improve our information security.

Provision of Safe, High-Quality and Useful Services

Freight elevator and vertical transport vehicles
Misato Distribution Center No. 2 Phase 2, Tokyo Branch

To fulfill our mission as a logistics and real estate business operator relied on by society, we intend to promote measures to focus on disasters to continue to provide socially and environmentally beneficial and high-quality services and promotion of measures to maintain service functions during disasters.

Provision of socially and environmentally beneficial high-quality services

We will continue to promote the improvement of quality, aiming to be a company that plays a role in enhancing the quality of our customers' products

The Mitsubishi Logistics Group continues to promote its various efforts tenaciously to improve the quality of services to get acknowledged by customers as a constantly reliable partner.

● We aim for high quality from the customers' perspective.

To become a corporation that is continuously chosen by customers, we conduct business activities based on ideas and actions from the customers' perspective. To achieve customer satisfaction, we have broadened the framework of quality enhancement to include the quality of operations, business duties and the corporation itself. Moreover, to ensure trust from customers, we will build on our efforts at ensuring good quality to become a corporation that can boast "quality" as its strength.

● Dissemination of "Our Declaration of Quality"

We put up an "Our Declaration of Quality" notice at each worksite, distributed the "Our Declaration of Quality" cards to all employees of the Mitsubishi Logistics Group and gave an explanation about it during stratified trainings, etc., to further disseminate the information.

● We connect employee satisfaction to customer satisfaction.

To offer high-quality services to customers, we regard Employee Satisfaction (ES) as an indispensable element. We strive to enhance the motivation of each employee.

We believe that creating a good work environment where employees can engage in business activities with confidence and contact customers with a smile will eventually lead to Customer Satisfaction (CS).

The Warehousing Business Division established organizations that specialize in quality management

Going forward, since it is necessary to continue to maintain and improve the quality of logistics in order to further expand logistics services and grow the business in Japan and overseas, in April 2021 we established a Warehousing Business Division Quality Control Team as a formal department in order to strengthen the structure of the quality management groups that have assigned staff responsible for quality management to the Warehousing and Distribution Business Division.

In pharmaceutical operations, since the level of quality required by customers is increasing, we will further deepen

our current efforts and establish a system that can create and provide logistics services of an even higher quality.

For non-pharmaceutical operations, we will utilize the know-how gained in pharmaceutical operations to support quality improvement activities, and plan to use operational analysis tools within warehouses to gather and visualize data and support productivity improvement activities at offices and our operating companies, etc.

In addition, regarding safety-related matters, we plan to carry out a joint response in collaboration with the newly established Human Resources Division's Safety Promotion Department (see page 35), and work also on improving quality overseas.

Going forward, we will continue to collaborate with each division and department with the aim of improving service quality."

VOICE



Establishing the new Quality Control Team

Kazuaki Nakamoto
Quality Control Team, Warehousing & Distribution Business Div.

The Warehousing Business Division's Quality Control Team was established in April 2021 with the aim of improving the quality of our warehousing operations. Our team consists of two groups, one dealing with pharmaceuticals and the other with general products.

Recently, due to the continued scandals among pharmaceutical companies, licensed contractors are now legally obliged to establish a legal compliance system under the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices. In response to this, the Pharmaceuticals Group is working on the necessary revisions to various documents in collaboration with the quality control groups at each branch in order to maintain a secure and safe supply chain in response to the Act for Partial Revision of the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices and Guidelines on Legal Compliance by Manufacturing Distributors and Manufacturers. In addition, the General Products Group, which handles products other than pharmaceuticals, is working in conjunction with other departments and divisions on revisions to the rule book for the development of ISO27001 (information security) for distribution to all branches, organizational design, and improvements to operations efficiency at warehouse sites through the utilization of IoT equipment.

I would like to continue studying every day so that I can support the activities of each branch and office while obtaining the opinions of the many people working at each branch, office and Group company.

Obtained the quality management standard (AS9120) certification in the field of aerospace defense

The Nagoya Branch is engaged in a large number of aerospace industry-related storage and transportation operations under contract, and aims to further improve the quality of logistics. In April 2018, we obtained certification from DNV BUSINESS ASSURANCE USA, INC. in the U.S. for the AS9100 series of quality management standards, which have been acquired by aerospace defense-related companies around the world including Boeing and Airbus.

The AS9120 certification is one of AS9100 series of quality management system standards for logistics companies and trading companies established by the International Aerospace Quality Group (IAQG), which is composed of aerospace-related companies.

Based on this standard, we provide the advanced logistics services required for the aerospace-related business. Going forward, we will continue to improve quality in order to meet the needs of our customers.

Obtained CEIV Pharma certification, a quality certification system for pharmaceutical air transportation

In response to a call from Kansai Airports, the Company participated in KIX Pharma Community^{*1}, which was formed for the first time in Japan mainly by airports, and acquired the CEIV Pharma certification under the quality certification system for pharmaceutical air transportation, along with the other five participating companies.

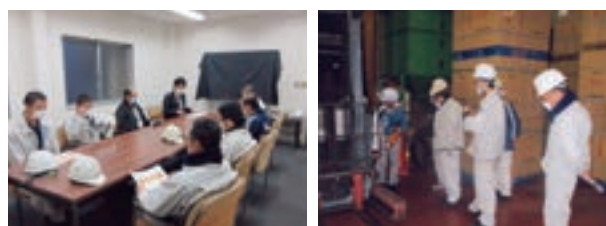
CEIV Pharma certification is a quality certification system for pharmaceutical air transportation promoted by IATA (International Air Transport Association). The unique aspect of CEIV Pharma certification is that organizations are certified in accordance with the same quality inspection standards worldwide. Currently, we are also participating in efforts to obtain this certification at Narita Airport and, going forward, will continue to provide high-quality pharmaceutical transportation.

*1. Formed through the collaboration of Kansai Airports and international air transportation carriers that use Kansai International Airport (KIX) in order for each carrier to obtain CEIV Pharma certification with a view to ensuring the high quality of pharmaceuticals freight handling at KIX.

Each operating site and affiliated company conduct specific quality improvement measures

To offer high-quality services, the Mitsubishi Logistics Group conducts daily efforts to improve the quality at each operating site and affiliated company. The content and results of such efforts are horizontally developed across the Group. Some of these measures are as follows.

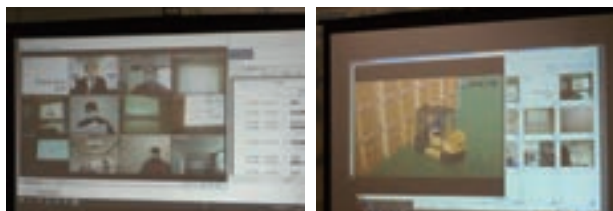
Measures taken by Chubu Trade Warehousing Co., Ltd.



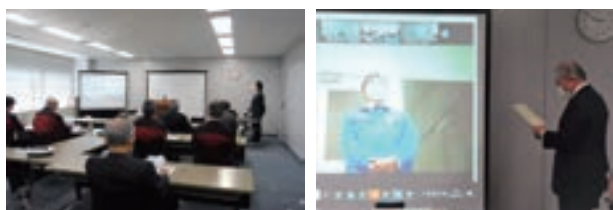
Measures taken at divisions or branches and Group companies

Divisions or Branches and Group companies	Content of measures
Warehousing and Distribution Business Division	Held meetings attended by managers from all of the operating bases to share information on improvement of quality.
Tokyo Branch	Engaged in self-check activities based on regulations contained in quality control procedure manuals for pharmaceutical distribution centers
Yokohama Branch	The 5S Activities Promotion Committee patrolled the warehousing facilities and made evaluations for each checklist item.
Monryo Transport Corporation	Establish a Safety Quality Promotion Chamber to prevent industrial accidents
Sairyō Service Co., Ltd.	Compilation of a forklift operating manual, instruction using the manual, and information sharing of near-miss cases, etc.
Fuji Logistics Co., Ltd.	Improving quality through obtaining and maintaining ISO9001 certification, forklift competitions, improvement team activities, internal company training, and 5S activities, etc.
Kyokuryō Warehouse Co., Ltd.	Implemented measures to prevent heatstroke in summer and influenza in winter
Shinryō Kōun Co., Ltd.	Provided technical training to improve workers' technical capability.
Mitsubishi Logistics China Co., Ltd.	Improved and implemented the human resources development system at all the Group companies in China.
Shanghai Linghua Logistics Co., Ltd.	Collected accident-related information at each division and department, analyzed the tendencies and gave feedback to all managerial employees.
Yokohama Dia Building Management Corporation	Collected information on complaints from customers through information counters and shared the information at meetings with the tenants.
Dia Buil-Tech Co., Ltd.	Improving service quality and strengthening measures for environmental issues by obtaining ISO9001 certification
Keihin Naigai Forwarding Co., Ltd.	Held internal company lectures on bonding and customs clearance
Kobe Dia Maintenance Co., Ltd.	Set annual goals for quality improvement for each department, managed the progress, and commended an internal award for excellent cases once a year
Chubu Trade Warehousing Co., Ltd.	Held regular lectures by external lecturers to promote safety measures and risk prediction activities during cargo handling operations

Measures taken by Fuji Logistics Co., Ltd.



Online forklift lectures



Announcement and awards ceremony for improvement team activities

We commend improvement activities that will lead to service quality improvement and streamlining of business processes

The Company introduced a commendation system for improvement activities with an aim to vitalize the voluntary improvement activities in July 2016. Under this system, each group sets its own theme, performs improvement activities based thereon, and the award is given once a year to the group that particularly contributed to the service quality improvement and streamlining of business processes.

In addition, as the system is open not only to Group companies but also to anyone who engages in the Company’s business including suppliers, it is designed to enable each worksite and team to come together and join the improvement activities.

In fiscal 2020, the fifth year of the commendation system, 63 groups (387 people) joined the activities,

making a cumulative total of around 1,800 participants. Their wide-ranging themes included not only the activities within warehouses such as review of the operation flow lines and improving storage efficiency, but also business improvement and streamlining of clerical work in offices.

Excellent proposals also came from Group companies that were unfortunately unable to receive awards.

The administrative side of this system provided support as needed to help each group thoroughly analyze problems, identify the causes and perform efficient improvement activities.

Although being small, by continuing company-wide efforts, the activity may produce great results. To have the improvement activities ingrained in our corporate culture, we will operate the system while sharing activity examples in the Group with the use of an internal database and in-house journal.



Improvement activities (Tokyo Branch)

To further improve the quality of logistics operations, we adopted the G-MIWS (a new information system related to warehouse storage operation and delivery center operation)

With the aim of providing a high-quality logistics service integrating nationwide and overseas logistics, the Company has installed G-MIWS (Global Mitsubishi Intelligent Warehouse System), a warehousing and distribution center system, at all domestic locations and at some overseas bases. The “G” of “G-MIWS” signifies “global,” aiming to expand the Company’s logistics business to integrate nationwide and overseas logistics. Our system is available in English and Chinese for overseas use and is designed to be effective in standardizing operations, improving service quality and reducing costs. By exporting various types of logistics-related data, we will analyze operations, formulate sales strategies, provide useful information for customers’ decision making in a timely manner and provide even higher-quality logistics services than ever to fully support customers’ business development from the aspect of logistics.

Started introducing a system to improve operational efficiency at warehouses using AI

As one of the growth strategies of the MLC2030 Vision, we are promoting “the improvement of operational processes and further utilization of new technologies.” Based on this strategy, we developed an AI system that will contribute to improved productivity of warehouse operations, and started introducing it from January 2021.

By incorporating our existing operational expertise at distribution centers into AI distribution software, we are working on improving the productivity of warehouse operations through functions such as personnel management and real time work progress management based on forecasts of shipment volumes, optimization of inventory placement based on an analysis of shipping performance, improved efficiency of combining work

VOICE

Improvement activities

Masayuki Baba
Human Resources Dept., Human Resources Div.



I am involved in the commendation system for improvement activities in an administrative capacity. Approximately five years have passed since the system was introduced and the number of participating groups is increasing every year. As part of the administrative team, I am very pleased that more and more people are actively working on improvement activities.

Some of the projects were changed to a remote format in fiscal 2020 due to the impact of COVID-19, but normally we visit nationwide departments and sections once every six months to get updates about the projects and score them. It is clear that the quality of the projects is increasing every year. The members of the administrative team are also being inspired by the participants on these visits to become more involved in improvement activities at their own sections.

Going forward, I hope that the administrative team will continue to disseminate information and that not only the participants but other people will also get to know the activities of other sections so that further improvement activities will occur.

instructions (picking order), and a reduction in operation flow lines.

Going forward, we plan to carry out the horizontal expansion of the system to bases handling medical/health care, food/beverage, and machinery/electrical machines, which are the priority areas in the MLC2030 vision.

Promotion of disaster measures to maintain service functions

Working on crisis-preventive measures and measures to focus on crises promptly and effectively as they occur

The basic purpose of our crisis management measures is to predict various crises that can seriously affect corporate management, prevent such crises and, if a crisis does happen, focus on the crisis quickly and effectively to minimize human and material damage that would impact corporate management and restore the normal operational structure as early as possible. In light of the fact that disasters are said to have intensified in recent years, we particularly roll out “Disaster-Resistant and Eco-Friendly Warehouses” and “Disaster-Resistant and Eco-Friendly Office Buildings” and aim to be resilient against disasters from both soft and hard aspects.



Seismic isolation rubber and seismic isolation dampers (Misato Distribution Center No. 2 Phase 2 building, Tokyo)



Emergency power generator (Minamihonmoku Distribution Center in Yokohama)

To fulfill our corporate social responsibility, we intend to:

1. Ensure the safety of employees, their families and related people;
2. Preserve corporate facilities (e.g., the Company’s warehouses, buildings and facilities) and the freight received; and
3. Strive to quickly restore and continue operation.

To respond to trust in our corporation from society, we will:

1. Strive to avoid adverse effects to stakeholders (customers, shareholders and business partners), and
2. Contribute to the quick stabilization of local communities.

Reinforcing the emergency and disaster measures system

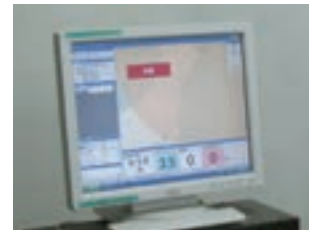
As an emergency measure, we implemented large-scale disaster measure training with mandatory employee participation. In fiscal 2020, although we scaled back the training in view of COVID-19, the training involved the use of a mobile phone safety confirmation system, going to or leaving a work site by walking and checking the procedures of restoration from disaster damage, etc.

In addition, communication training on the use of transceivers was conducted monthly in the Group companies to acquire the knowledge of its use, in order to strengthen the disaster measures system.

Moreover, by increasing the number of offices implementing the Earthquake Early Warning system, we strive to promptly collect information needed to ensure employees’ safety.



Transceiver (MCA radio)



Earthquake Early Warning System

Taking measures to prevent fire and respond to the occurrence of fire

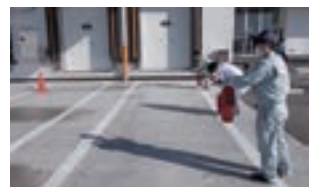
Following the fire at a warehouse of a major mail order company in February 2017, the Building Standards Act was amended in June 2019, requiring the formulation of a maintenance plan for fire shutters at warehouses of a certain size or larger. The Company, even before this incident, had been conducting thorough employee education, enhancing security, and taking fire preventive measures from the

aspects of structure and facility when constructing warehouses. In addition, we have established a constant communication system with local fire stations and conduct periodic fire drills every year in preparation for the occurrence of fire.

Through continuing such measures and initiatives, we will strive to provide highly reliable services for our customers.



Fire prevention patrol



Fire drill



We are strengthening our information system crisis management structure to focus on disasters and other crises

To ensure continuous use of the information system even during an emergency, we established a disaster countermeasures center in the Kansai region to back up data and implemented a duplicate information system for our in-house network and internet environment. In addition, the Company has formulated a manual focused on information system disasters and other measures as countermeasures taken during operation of such systems against information system accidents and failure.



Disaster countermeasure center in the Kansai region

11 Company facilities designated as support and relief goods logistics bases by the Ministry of Land, Infrastructure, and Tourism

The Ministry of Land, Infrastructure, Transport and Tourism, learning from its reflection on the Great East Japan Earthquake, held an advisory conference from September to December 2011, attended by experts, logistics business operators and people related to industry organizations, among others, to compile the “Basic concept on the support/relief goods logistics system,” which aims for the efficient and smooth delivery of support/relief goods to afflicted areas at the time of a disaster.

The General Manager of the Warehousing and Distribution Business Division of the Company assumed a position as a committee member representing warehousing business operators, requested by the Ministry, and actively commented from the perspective of a warehousing business operator. These discussions concluded with the shared recognition that for the delivery of support/relief goods at the time of a disaster, it is essential to fully utilize the expertise and facilities of private logistics operators.

In fiscal 2011, 395 private facilities nationwide, mainly in the Kanto, Tokai and Tonankai regions, where a large-scale earthquake is foreseen in the near future, were designated as support/relief goods logistics bases, including the Company’s seven facilities located in the Kanto, Tokai and Hanshin regions. In fiscal 2012, two other facilities of the Company (in Fukuoka and Saga) were newly designated as relief supplies and material facilities.

In fiscal 2013, two other facilities of the Company (both in Aichi Prefecture) were newly designated as relief supplies and

Web Data on our 11 facilities designated as support/relief goods logistics base facilities can be viewed on Mitsubishi Logistics’ Web site in “Extended version.”

HOME ▶ CITIZENSHIP ▶ Integrated Report ▶ Extended version



Tobishima Distribution Center, Nagoya Branch



Chuo Futo Warehouse, Fukuoka Branch

material facilities which brought the number of the Company’s facilities to 11. We will thoroughly prepare to fulfill our public role as a warehousing business operator so that each of the designated facilities of the Company can function well during a future large-scale disaster.

Certified as an “advanced model company” by the Shanghai Fire Fighting Association of China

Shanghai Linghua Logistics Co., Ltd., which is a member of the Shanghai Fire Fighting Association, was evaluated by the Association for its fire management responsibility system, its initial response system in the case of a fire, and the status of its firefighting equipment management, and was certified as an “advanced model company” in fiscal 2020.

The Shanghai Fire Fighting Association, is a non-profit organization with around 4,000 corporate members managed and supervised by the Shanghai Fire Bureau. Of these, only around 40 companies have been certified as an “advanced model company.”

Going forward, we will continue to strive to provide safer and more secure services without neglecting daily management.



Certificate of commendation (plaque)



The awards ceremony

We have introduced the Disaster Information Communication System (D-DICS)

Until now, emergency communication between the leased building management offices in the Tokyo metropolitan area and the Company, and emergency communication between those offices and Dia Buil-Tech Co., Ltd. head office utilized a telephone communication network. However, based on the assumption that telephone lines would become overloaded during large-scale emergencies, we introduced the Disaster Information Communication System (D-DICS) jointly with Dia Buil-Tech, using Internet networks that are not prone to overloading even during emergencies. In this way, we have ensured secure information transfer and sharing in times of disaster. (Started operation in September 2017, covering 23 leased buildings in the Tokyo metropolitan area.)

The D-DICS system enables real-time sharing of information on the status of damage among relevant parties when entered into the system at each building, and can also carry instructions regarding the damage or other communications.

The introduction of this system brings about the centralization of information, enabling a swift and accurate initial response in times of disaster.

We will continue to work to ensure that the tenants of our buildings can use them with confidence, through the utilization of this kind of system.

Coordination with Local Communities and International Society

Flower garden
at Yokohama Bay Quarter

To contribute to the development of local communities and international society, we must focus not only on the site where our business base is located but also understand our relationship with society and recognize our common interests with society. To maintain harmonious relationships with local and international societies, we will contribute to cultural activities and health services and make donations.

Contribution through activities in local communities, etc.

We hold a monthly market, “iimono ippai marche,” at Yokohama Bay Quarter (monthly from December 2020)

Every year at the Yokohama Bay Quarter (the Company’s commercial real estate facilities in Yokohama), we hold a number of events, including charity fairs, running club events, and radio-based events during the summer vacation. However, in 2020, many of the attraction events were suspended due to COVID-19.

Under these circumstances, we were contacted by a fruit and vegetable wholesaler in Kanagawa-ku, Yokohama, where Yokohama Bay Quarter is also located, who informed us that the consumption of commercial vegetables at hotels and restaurants had become sluggish due to COVID-19. As a result, we decided to host an “iimono ippai marche” market where consumers can purchase special kits of assorted vegetables.

The market is held at the entryway (open space) to Yokohama Bay Quarter. Customers making an advance booking on the website are assigned to a “contactless market” in which items can only be redeemed on the day of the market. The event is held with due consideration for preventing the spread of COVID-19, and we support producers by providing the venue free of charge and by introducing the events on the website and through social media.

In the future, we would like to bring further excitement to the region as a shopping mall close to the community, while giving consideration to safety and security.

The Osaka Branch was registered as a “Delicious! KANSAI Support Company”

The cafeteria on the 2nd floor of Osaka Dia Building (the Company’s office building in the Osaka area) was registered as a “Delicious! KANSAI Support Company” through a system developed by the Union of Kansai Governments in support of the movement to promote the use of specialty agricultural products in the region and expand consumption.

The cafeteria is used by around 300 people a day. In addition to offering menus using ingredients from the Union of Kansai Governments, we are working to also provide sustainable seafood (marine products caught with consideration for fishery resources and the environment).

Going forward, we will strive to contribute to the local community and society, and to improve the satisfaction of people using the cafeteria by continuing these types of initiatives.



Osaka Dia Building cafeteria

We held Lantern Night at Yokohama Bay Quarter

While it is difficult to hold an event in which many people gather together at the same time, we held Lantern Night, an illumination event that customers could enjoy, while preventing overcrowding at the venue, from January to March 2021.

Lantern Night, which was inspired by the lantern festival held in Hôj An, the ancient capital of Vietnam, was held for the first time in summer 2019. It was a popular event with its colored lanterns often appearing on SNS accompanied by heartwarming comments such as “at a time when there are so many problems, it made my heart brighter,” “when it’s hard to go out anywhere, I felt like I had gone on a trip,” and “I’m so happy to see you again.”

Going forward, we will continue to work on projects that enable our customers to feel joy in their daily lives while adjusting to the social landscape.



Lantern Night

We are implementing measures to prevent the spread of COVID-19

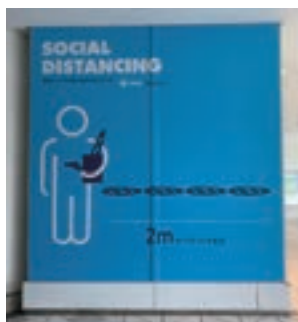
Office buildings and commercial facilities managed and operated by the Real Estate Business division are taking measures such as placing alcohol for hand disinfection and thermometers (some facilities only) at entrances, changing hand soaps in restrooms to antibacterial soap, and posting requests for people to wash their hands and wear masks. In addition, we are also implementing measures such as disinfecting common area door knobs with antibacterial detergent when cleaning them, and installing acrylic sheets to prevent droplet infection in the facilities' staff break rooms.

As well, at Yokohama Bay Quarter, we are introducing illustrations of unique items to represent a distance of 2 meters, such as “about 4 baguettes” and “around 4 cases of wine” to make it easier to visualize appropriate social distancing. We are also making efforts to operate the facility so that visitors can feel at ease, including by producing paper mask cases featuring original designs and distributing them to visitors who are using the restaurants and cafes in the building.

Going forward, we will continue our efforts to provide a safe and secure environment for those who work in the office buildings and commercial facilities, as well as for visitors.



Mask case



2-meter social distancing
About 4 baguettes



2-meter social distancing
About 4 cases of wine

We donated masks to the government and the Japanese Red Cross Society

The spread of COVID-19 led to a shortage of masks. As a result, Dia Buil-Tech Co., Ltd. donated 5,000 masks to the Japanese Red Cross Society in April and May 2020, and Yokohama Dia Building Management Corporation (the Yokohama Bay Quarter management company) donated a total of 6,000 masks to the Kanagawa Fire Station, the Kanagawa Police Station, the Kanagawa Ward Medical Association, and the Kanagawa Ward Health and Medical Center, all of which are located in the same area as the Yokohama Bay Quarter, in July 2020.

We conduct social contribution activities as a member of the Mitsubishi Group and participate in the Mitsubishi Social Contribution Liaison Council

As a social contribution activity within the Mitsubishi Group, we donate to academic and charitable enterprises and conduct various volunteer activities. Also, as a member of the Mitsubishi Social Contribution Liaison Council made up of the companies within the Mitsubishi Group, we report on our related activities and exchange information.

We support the activities of The Dia Foundation for Research on Ageing Societies

The Dia Foundation for Research on Ageing Societies is engaged in activities aimed at contributing to solving issues faced by aging societies, in fields such as insurance, medical care and welfare, through investigation and research into these issues.

Interest is growing in social participation by the elderly, in the context of a declining birthrate and aging population. The Company is collaborating with The Dia Foundation for Research on Ageing Societies in the utilization of diverse human resources, including the elderly. In this way we aim to realize an affluent and sustainable society.

We are cosponsoring Diamond Cup Golf as a community contribution

Participating companies within the Mitsubishi Group cosponsored a notable golf tournament, Diamond Cup Golf, which contributes to local communities and helps nurture junior golfers through charitable activities.

Valuing the underlying concept and purposes of this tournament, the Company cosponsored this event as one of the participating companies.

Installed flower beds in the greenbelt near the Nagoya Station

Our Nagoya Branch responded to the request from the Meieki Development Council, made up of landowners around Nagoya Station, to install flower beds to liven up and bring color to the front of the Nagoya Station owned by Nagoya City.

Since fiscal 2011, we have been contributing to the beautification of the environment in front of the Nagoya Station by planting flowers two times a year in spring and autumn.



The flower bed in spring/autumn



The flower bed of hospitality

<Contents on the signboard of the flower bed of hospitality>

This flower belt is managed by the help of flower supporters with the aim of creating a community with lots of flowery colors.

We conducted counterterrorism drills jointly with the police station at the Kobe Harborland bus parking lot

On October 14, 2020 (Wednesday), we held a drill at the Kobe Harborland bus parking lot in collaboration with the Hyogo Prefectural Police Department's Ikuta Station based on a scenario of an indiscriminate terrorist attack with explosives.

Approximately 60 people from the prefectural police department and neighboring companies participated on the day of the event. Based on the scenario that a terrorist had set up explosives and was injuring passersby with a knife, the drill was conducted to protect the injured, apprehend the suspect, and have the riot police collect and dispose of the explosives.

Many people visit Kobe Harborland every day. In order to ensure the safety of our customers, it is important that we prepare for various situations on a daily basis and collaborate with different organizations, such as the police and fire stations.

We will raise awareness of crime prevention and disaster prevention, and continue in our aim to be a facility that customers can visit with peace of mind.

Donated disaster stockpiles to Second Harvest Japan (certified NPO)

Nihonbashi Dia Building has the advantage of being a disaster-resistant office building. In case a disaster occurs that makes it difficult for people to return home, the building has prepared a disaster stockpile (sufficient amount approximately for 3 days as stipulated by a Tokyo Metropolitan Government ordinance) for distribution to tenants.

When that disaster stockpile nears its expiration date (approximately 5 years), we gradually replace items. At the time of replacement in 2019, in order to effectively utilize the disaster stockpile that is no longer used and reduce food losses, we donated the stockpile to Second Harvest Japan (a certified NPO), and were thus able to contribute to the activities of the certified NPO.

Going forward, we will continue to work on environmental protection and social contributions through these activities.



Donated disaster stockpile in 2019

Illuminations of the Mosaic Ferris Wheel and the Yokohama Bay Quarter

At the Mosaic Ferris Wheel in Kobe Harborland, illuminations in theme colors and messages are displayed in accordance with various international days and awareness days to disseminate information to local citizens.

In fiscal 2020, every Thursday from April to September, the illuminations were blue and featured a thank you message to show appreciation to the healthcare professionals responding to COVID-19, while on October 1 they were pink for Pink Ribbon Day (breast cancer awareness campaign).

The Mosaic Ferris Wheel is one nighttime scenery that represents the Port of Kobe. Going forward, we will

continue to collaborate in disseminating awareness and other information through the illuminations.

In addition, since June 2020, the Yokohama Bay Quarter has been working to illuminate the LED lighting in the building in blue as a way of expressing thanks and showing its appreciation to healthcare professionals.



Mosaic Ferris Wheel illumination (messages to express appreciation to the healthcare professionals)



Blue LED illumination at Yokohama Bay Quarter

We participate in local cleanup activities

Operating bases of the Company and Group companies nationwide also participated in local cleanup activities voluntarily. We will strive to contribute to the local communities by continuing to participate in these cleaning activities.



Street Cleaning Day at the Head Office



Cleanup activities at Kobe Harborland



Cleanup activities at Fuji Logistics Co., Ltd.



Participating in local blood donation activities

In fiscal 2020, the Osaka Branch Ibaraki No. 1 Office and No. 2 Office, Osaka Dia Building, and the Shinko Osaka Center Building agreed to a request from the Osaka Red Cross Blood Center and participated in blood donation activities in December and March. Going forward, we will continue to contribute to the local community through these activities.



Blood donation activities at the Osaka Branch sales office



Blood donation activities at Osaka Dia Building

Statement Supporting the UN Global Compact



The Group promotes its initiatives for ESG management and the SDGs pursuant to the UN Global Compact’s 10 principles.

Practice of the UN Global Compact’s 10 principles

The Group agreed to adhere to the UN Global Compact (hereinafter “UNGC”) and endorsed approval in May 2014.



The UNGC is a voluntary corporate responsibility initiative for businesses that are aiming for sustainable growth as a responsible member of society.

The UNGC asks companies to voluntarily participate in creating a global framework to take creative leadership.

At the World Economic Forum in Davos, Switzerland in 1999, Kofi Annan, then Secretary-General of the United Nations, proposed that companies should observe the 10 principles in the areas of human rights, labor, the environment and anti-corruption to solve various problems that could occur due to internationalization and the global expansion of businesses. In July 2000, the UNGC was launched at the UN Headquarters in New York. As of July 2021, approximately 13,800 companies and organizations around the world were participating in the UNGC.

Based on its “Code of Conduct,” the Group will strive to practice the UNGC’s 10 principles as a good member of international society.

UNGC’s 10 principles	
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2: Make sure that they are not complicit in human rights abuses.
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4: The elimination of all forms of forced and compulsory labor;
	Principle 5: The effective abolition of child labor; and
	Principle 6: The elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;
	Principle 8: Undertake initiatives to promote greater environmental responsibility; and
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



Global Compact Network Japan’s Web site

<https://www.ungcjin.org/index.html>

Company Profile (As of March 31, 2021)

Company name	Mitsubishi Logistics Corporation	
Head Office	Nihonbashi Dia Building, 19-1, Nihonbashi 1-chome, Chuo-ku, Tokyo 103-8630, Japan	
Establishment	April 15, 1887	
Capital	¥22,393 million	
Revenue (fiscal 2020)	Consolidated: ¥213.7 billion Non-consolidated: ¥151.5 billion	
The number of employees of the Mitsubishi Logistics Group	4,598 (excluding 44 workers on leave to work outside the Group, 1,259 temporary staff and 1,311 employees on loan/dispatched from outside the Group)	
The number of employees of the Company	996 (excluding 106 employees on leave to work for other companies, 172 temporary staff and 633 employees on loan/dispatched from inside and outside the Group)	
Branches	Tokyo, Yokohama, Nagoya, Osaka, Kobe, Fukuoka	
Major Businesses	Logistics	Warehousing; trucking; port and harbor operation; international transportation; marine freight transportation; customs clearance; development, sales, management and administration of logistics information systems; etc.
	Real Estate	Buying, selling, leasing and management of real estate; contracting of construction work, its design and supervision; operation of parking lots; etc.
Companies in the scope of consolidation (as of August 31, 2021)	Consolidated subsidiaries (49 companies) Tohoku Ryoso Transportation Co., Ltd., Sairyo Service Co., Ltd., Dia Pharmaceutical Network Co., Ltd., Tokyo Dia Service Co., Ltd., Dia Systems Corporation, Ryoso Transportation Co., Ltd., Unitrans Ltd., Keihin Naigai Forwarding Co., Ltd., Touroyo Kigyo Co., Ltd., Fuji Logistics Co., Ltd., Tokyo Juki Transport Co., Ltd., SII Logistics Inc., Fuji Logistics Support Co., Ltd., Kinko Service Co., Ltd., Chubu Trade Warehousing Co., Ltd., Meiryu Kigyo Co., Ltd., Ryoyo Transportation Co., Ltd., Kyokuryo Warehouse Co., Ltd., Hanryo Kigyo Co., Ltd., Shinryo Koun Co., Ltd., Naigai Forwarding Co., Ltd., Kyushu Ryoso Transportation Co., Ltd., Monryo Transport Corporation, Hakuryo Koun Co., Ltd., Seiho Kaiun Kaisha, Ltd., Saryo Service Co., Ltd., Mitsubishi Logistics America Corporation, Mitsubishi Warehouse California Corporation, Mitsubishi Logistics Europe B.V., Fuji Logistics Europe B.V., Mitsubishi Logistics China Co., Ltd., Shanghai Qingke Warehouse Management Co., Ltd., Shanghai Linghua Logistics Co., Ltd., Shanghai Linghua Qingsheng Logistics Co., Ltd., Shanghai Lingyun Global Forwarding Co., Ltd., Fuji Logistics (China) Co., Ltd., Fuji Logistics (Shanghai) Co., Ltd., Mitsubishi Logistics Hong Kong Ltd., Fuji Logistics (H.K.) Co., Ltd., Mitsubishi Logistics Thailand Co., Ltd., P.T. Mitsubishi Logistics Indonesia, P.T. DIA-JAYA FORWARDING INDONESIA, Fuji Logistics Malaysia SDN.BHD., Dia Buil-Tech Co., Ltd., Yokohama Dia Building Management Corporation, Chubu Kaihatsu Co., Ltd., Osaka Dia Buil-Tech Co., Ltd., Kobe Dia Maintenance Co., Ltd., T'ACT Co., Ltd.	
	Subsidiaries and Affiliates Accounted for by the Equity Method (3 companies) MY Terminals Holdings, Limited, Kusatsu Soko Co., Ltd., Jupiter Global Limited	

Stock Information (as of March 31, 2021)

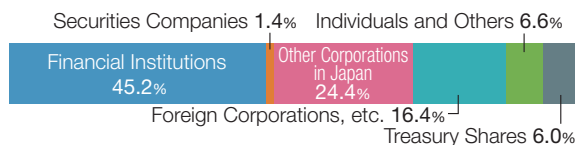
Status of stocks

Authorized shares	220,000,000
Number of shares issued	87,960,739
Number of shareholders	6,323
Stock exchange listing	1st section of the Tokyo Stock Exchange
Securities code	9301
Major shareholders	

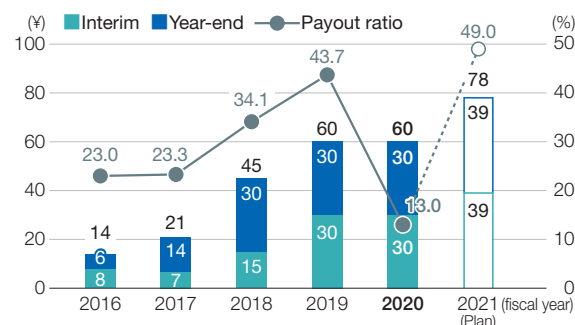
Shareholder's name	Number of shares held (Thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	13,907	16.8
Custody Bank of Japan, Ltd. (trust account)	5,317	6.4
Meiji Yasuda Life Insurance Company	5,153	6.2
MITSUBISHI ESTATE CO., LTD.	3,665	4.4
STATE STREET BANK AND TRUST COMPANY 505001	2,095	2.5
Tokyo Marine & Nichido Fire Insurance Co., Ltd.	2,041	2.5
AGC Inc.	1,657	2.0
MUFG Bank, Ltd.	1,505	1.8
TAKENAKA CORPORATION	1,505	1.8
Kirin Holdings Company, Limited	1,482	1.8

Note: 1 In addition to the above, the Company holds 5,263 thousand shares of treasury shares.
 Note: 2 MUFG BANK, Ltd. have set 750,000 Mitsubishi Logistics' shares as trust funds for retirement benefits for which voting rights are reserved, in addition to the shares stated in the table above.
 Note: 3 The "Shareholding ratio" is calculated after excluding treasury shares (5,263,066 shares).

Classification by types of shareholders



Dividend payouts/Payout ratio



* The Company carried out a reverse stock split at a ratio of 1 share for every 2 shares of common stock, with an effective date of October 1, 2017. Accordingly, the year-end dividend for fiscal 2017 is an amount that takes into account this reverse stock split.

Changes in share price (as of August 31, 2021)



* The Company carried out a reverse stock split at a ratio of 1 share for every 2 shares of common stock, with an effective date of October 1, 2017. Accordingly, the share price and trading volume prior to September 2017 are calculated taking into account this reverse stock split.



Mitsubishi Logistics Corporation

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FAX: +81-3-3278-6694



Extended version

The following are some data related to the Mitsubishi Logistics Integrated Report 2021, which was collected at the end of fiscal 2020.

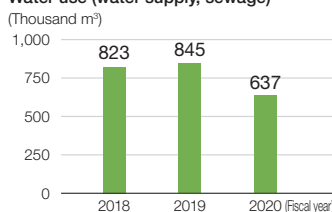
Environmental conservation

Environmental conservation activity data (by business) *Basic unit denominator (figures from Act on Rationalizing Energy Use, etc.) uses figure that have strong correlations with each business.

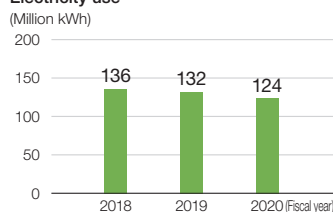
		Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
Warehousing and distribution business	Basic unit denominator	Thousand m ² <Floor area>	1,555	1,578	1,601
	CO ₂ emissions	Thousand t-CO ₂	32.6	27.9	26.8
	CO ₂ emissions basic unit	kg-CO ₂ /m ²	21.0	17.7	16.7
Overland transportation business	Basic unit denominator	Million km <Total transportation distance>	3.9	3.8	3.2
	CO ₂ emissions	Thousand t-CO ₂	3.5	3.4	2.9
	CO ₂ emissions basic unit	kg-CO ₂ /thousand km	898.2	904.7	885.9
Port and Harbor Operation Business	Basic unit denominator	Thousand tons <Handling tons>	55	48	51
	CO ₂ emissions	t-CO ₂	7	6	5
	CO ₂ emissions basic unit	kg-CO ₂ /thousand tons	127.8	124.2	98.9
Real estate business	Basic unit denominator	Thousand m ² <Operational area>	686	681	676
	CO ₂ emissions	Thousand t-CO ₂	37.1	34.2	29.1
	CO ₂ emissions basic unit	kg-CO ₂ /m ²	54.0	50.2	43.0
CO ₂ emissions		Thousand t-CO ₂	73.2	65.5	58.7

Environmental conservation data (by usage, by emission type)

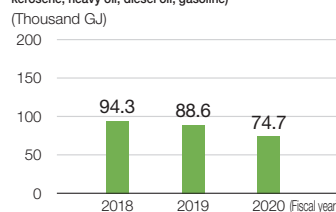
Water use (water supply, sewage)



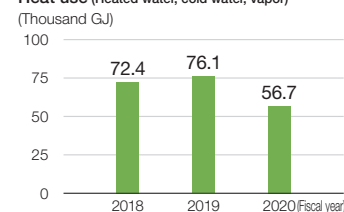
Electricity use



Fuel use (City gas, LP (Liquefied Petroleum) gas, kerosene, heavy oil, diesel oil, gasoline)



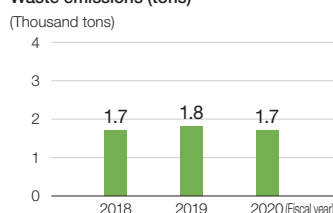
Heat use (Heated water, cold water, vapor)



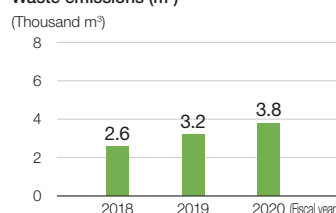
CO₂ emissions



Waste emissions (tons)



Waste emissions (m³)



*Calculation standard

- Volume related to electricity usage, fuel usage, heat usage, CO₂ emissions and basic unit denominator from the warehousing and distribution business, the port and harbor operation business and the real estate business are based on the reported values in the Company's report based on the Act on Rationalizing Energy Use.
- The international transportation business is included in the warehouse and distribution business, given the small number of operating sites.
- Although the overland transportation business is not under the Act on Rationalizing Energy Use, fuel usage, CO₂ emissions and basic unit denominator were calculated for one of the Company's major trucking subsidiaries based on the standard in the Act on Rationalizing Energy Use.
- Business sites for the port and harbor operation business were restricted to three places where the Company is in charge of transportation referenced to the Act on Rationalizing Energy Use.
- For electricity usage and CO₂ emissions, the reported amounts for the Company's subsidiary in the logistics business (the one company under the Act on Rationalizing Energy Use) were added.
- The CO₂ emission volume was calculated based on the electricity, fuel and heat volume used under the standard of the Act on Rationalizing Energy Use.
- For water use, the volume of water used by the Company is indicated. The waste emission shows the volume of waste emitted by part of the Company (excluding the real estate business, etc.) and by some of the Group companies.
- ★ Erroneous figures for the waste emissions (m³) for fiscal 2019 have been corrected.

Calculated leakage amount of fluorocarbons Unit:t-CO₂

Fiscal year	2016	2017	2018	2019	2020
Leakage amount	468	910	605	361	719

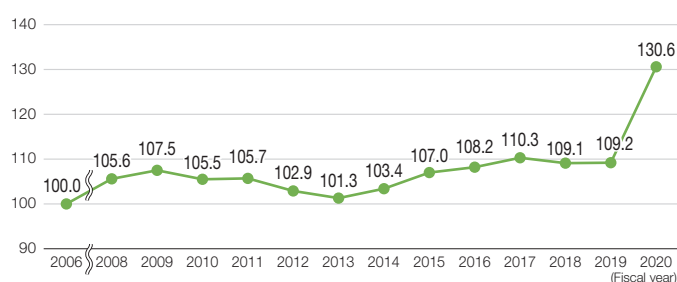
The Company's facilities that have obtained CASBEE Rank A certification or above

Number	Name of facility	Branch	Completion month	CASBEE name, etc.	Rank obtained	Notes
1	Sakurajima Distribution Center No. 3	Osaka	March 2008	CASBEE Osaka	A	Osaka City
2	Tobishima Distribution Center	Nagoya	October 2008	CASBEE construction (new)	A	Institute for Building Environment and Energy Conservation (IBEC)
3	Yokohama Dia Building	Yokohama	December 2009	CASBEE Yokohama	S	
4	Ibaraki Distribution Center No. 3	Osaka	October 2012	CASBEE Osaka Prefecture	A	Osaka Prefecture
5	Daito Distribution Center	Osaka	December 2012	CASBEE Osaka Prefecture	A	Osaka Prefecture
6	Misato Distribution Center No. 2 (Phase 1)	Tokyo	March 2013	CASBEE Saitama Prefecture	A	Saitama Prefecture
7	DIACREST MUSASHI-NAKAHARA	Head Office	October 2013	CASBEE Kawasaki	A	
8	Nihonbashi Dia Building	Head Office	September 2014	CASBEE new construction	S	ERI Co., Ltd.
9	Tobishima Distribution Center (expansion)	Nagoya	September 2015	CASBEE Aichi	A	
10	DIACREST KYODAI-KUMANO	Osaka	February 2017	CASBEE Kyoto	A	Kyoto City
11	Seishin Distribution Center (Phase 1)	Kobe	March 2018	CASBEE Kobe	A	
12	Ibaraki Distribution Center No. 4	Osaka	July 2018	CASBEE Osaka Prefecture	A	Osaka Prefecture
13	DIACREST KOKUJUN-KENTO	Osaka	March 2019	CASBEE Osaka Prefecture	A	Osaka Prefecture, carpark building is Rank B
14	Seishin Distribution Center (Phase 2)	Kobe	November 2019	CASBEE Kobe	A	
15	Minamihonmoku Distribution Center	Yokohama	February 2020	CASBEE Yokohama	A	
16	Meieki Dia Meitetsu Building	Nagoya	June 2020	CASBEE Nagoya	A	
17	Misato Distribution Center No. 2 (Phase 2)	Tokyo	October 2020	CASBEE Saitama	A	

Change of total gas mileage at all operational sites of Ryoso Transportation Co., Ltd. (fiscal 2006 to fiscal 2020) (Unit: km/L)

Fiscal year	2006	2008	2009	2010	2011	2012	2013
Vehicles for business use	2.45 (100.0)	2.59 (105.6)	2.63 (107.5)	2.58 (105.5)	2.59 (105.7)	2.52 (102.9)	2.48 (101.3)
Fiscal year	2014	2015	2016	2017	2018	2019	2020
Vehicles for business use	2.53 (103.4)	2.62 (107.0)	2.65 (108.2)	2.70 (110.3)	2.67 (109.1)	2.67 (109.2)	3.20 (130.6)

Parentheses indicate index numbers setting the mileage for fiscal 2006 as 100.0.



Promotion of CSR

Number of news releases

Unit: case

	Fiscal 2018 achievements	Fiscal 2019 achievements	Fiscal 2020 achievements
Logistics	7	7	8
Real Estate	3	1	4
IR	6	11	22
CSR	2	2	2
Other	7	1	11
Total	25	22	47

Number of persons who participated in awareness surveys aimed at disseminating the corporate philosophy and better understanding of CSR and compliance. Unit: persons

	Fiscal 2018 achievements	Fiscal 2019 achievements	Fiscal 2020 achievements
Awareness surveys concerning CSR and compliance			
In-house	1,517	1,533	1,682
Domestic Group companies	1,882	1,943	1,918
Total	3,399	3,476	3,600

Organizational Governance

Number of persons who participated in check aimed at dissemination of awareness of compliance Unit: persons

	Fiscal 2018 achievements	Fiscal 2019 achievements	Fiscal 2020 achievements
Check on status of compliance with Code of Conduct			
In-house	1,565	1,606	1,682
Domestic Group companies	2,646	2,646	2,647
Overseas Group companies	80	84	75
Total	4,291	4,336	4,404

Respect for Human Rights

Number of persons who participated in human rights awareness course to spread awareness for human rights Unit: persons

	Fiscal 2018 achievements	Fiscal 2019 achievements	Fiscal 2020 achievements
Human rights awareness course	58	49	—*

*Not held due to COVID-19. Education provided separately by methods other than group training sessions.

Fulfillment of Sincere and Fair Business Activities

Number of persons who participated in compliance lecture for prevention of insider trading Unit: persons

	Fiscal 2018 achievements	Fiscal 2019 achievements	Fiscal 2020 achievements
In-house	59	67	88

Number of respondents to information security questionnaire

	Fiscal 2018 achievements	Fiscal 2019 achievements	Fiscal 2020 achievements
Number of questionnaires conducted	Once	Once	Once
Number of respondents	3,431	3,315	3,526

Number of persons who participated in compliance lecture for the Act against Delay in Payment of Subcontract Proceeds, etc. Unit: persons

	Fiscal 2018 achievements	Fiscal 2019 achievements	Fiscal 2020 achievements
In-house	846	854	906
Domestic Group companies	1,033	1,097	1,155
Total	1,879	1,951	2,061

Provision of Safe, High-Quality and Useful Services

Number of persons who participated in training for earthquake measures

	Fiscal 2018 achievements	Fiscal 2019 achievements	Fiscal 2020 achievements
Execution period	February, March 2019	—	—
Place	Tokyo Branch, Yokohama Branch, Kobe Branch	—	—
Number of participants	Total of around 110	—	—

* Not held in fiscal 2019 and fiscal 2020 due to COVID-19. In addition, training for large-scale disaster measure is held every year with mandatory employee participation (see p. 47).

Support/relief goods logistics base facilities

Block	Branch	Facility name	Year/month of construction	Area used for transportation of support/relief goods
Kanto	Tokyo	Aomi Distribution Center No. 1	1997.6	1,000m ²
	Yokohama	Daikoku Warehouse B	1988.1	1,000m ²
		Daikoku Warehouse C	1994.4	1,000m ²
Tokai	Nagoya	Kinjoh Warehouse	1994.5	1,000m ²
		Tobishima Distribution Center	2008.11	1,000m ²
Kinki	Kobe	Honjoh Warehouse	1992.1	1,000m ²
		Sakurajima Distribution Center No. 1	1998.3	1,000m ²
		Rokko Warehouse D	1988.1	1,000m ²
Kyushu	Fukuoka	Rokko Warehouse E	1993.10	1,000m ²
		Chuo Futo Warehouse	1995.10	1,000m ²
		Tosu Distribution Center	2003.4	1,000m ²

GRI Standards reference table

(Lists mainly “Core” options)

General Disclosures

Disclosure number	Disclosure contents	Reference page number	Contents
1. Organizational Profile			
102-1	a. Name of the organization.	P. 53	Company Profile
102-2	a. A description of the organization's activities. b. Primary brands, products and services, including an explanation of any products or services that are banned in certain markets.	P. 8-11	Introduction of Businesses
102-3	a. Location of the organization's headquarters.	P. 53	Company Profile
102-4	a. Number of countries where the organization operates, and the names of countries where it has significant operations.	P. 53	Company Profile
102-5	a. Nature of ownership and legal form.	P. 53	Company Profile
102-6	a. Markets served, including: i. geographic locations where products and services are offered; ii. sectors served; iii. types of customers and beneficiaries.	P. 53	Company Profile
102-7	a. Scale of the organization, including: i. total number of employees; ii. total number of operations; iii. net sales (for private sector organizations) or net revenues (for public sector organizations); iv. total capitalization (for private sector organizations) broken down in terms of debt and equity; v. quantity of products or services provided.	P. 6-7 P. 53	At a Glance Company Profile
102-8	a. Total number of employees by employment contract (permanent and temporary), by gender. b. Total number of employees by employment contract (permanent and temporary), by region. c. Total number of employees by employment type (full-time and part-time), by gender. d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees. e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries). f. An explanation of how the data have been compiled, including any assumptions made.	P. 31 P. 53	Status of employees Company Profile
102-9	a. A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.	P. 8-11	Introduction of Businesses
102-10	a. Significant changes to the organization's size, structure, ownership, or supply chain, including: i. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions; ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations); iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.	P. 42	Opening of Misato Distribution Center No. 2 (Phase 2) in Saitama
102-11	a. Whether and how the organization applies the Precautionary Principle or approach.	P. 20-27 P. 44-48	Organizational Governance Provision of Safe, High-Quality and Useful Services
102-12	a. A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	P. 52	Statement Supporting the UN Global Compact
102-13	a. A list of the main memberships of industry or other associations, and national or international advocacy organizations.	—	—
2. Strategy			
102-14	a. A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	P. 4-5 P. 12-13	Top Message Initiatives for ESG Management and the SDGs
3. Ethics and integrity			
102-16	a. A description of the organization's values, principles, standards, and norms of behavior.	P. 12-19	Initiatives for ESG Management and the SDGs, The MLC2030 Vision, and the Medium-term Management Plan
4. Governance			
102-18	a. Governance structure of the organization, including committees of the highest governance body. b. Committees responsible for decision-making on economic, environmental, and social topics.	P. 20 P. 12, 16, 20	Organizational governance Sustainability Committee

GRI Standards reference table (Lists mainly “Core” options)

Disclosure number	Disclosure contents	Reference page number	Contents
5. Stakeholder engagement			
102-40	a. A list of stakeholder groups engaged by the organization.	—	—
102-41	a. Percentage of total employees covered by collective bargaining agreements.	—	—
102-42	a. The basis for identifying and selecting stakeholders with whom to engage.	P. 12-17	Initiatives for ESG Management and the SDGs
102-43	a. The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	—	—
102-44	a. Key topics and concerns that have been raised through stakeholder engagement, including: <ul style="list-style-type: none"> i. how the organization has responded to those key topics and concerns, including through its reporting; ii. the stakeholder groups that raised each of the key topics and concerns. 	—	—
6. Reporting practice			
102-45	a. A list of all entities included in the organization's consolidated financial statements or equivalent documents. b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	P. 53	Company Profile
102-46	a. An explanation of the process for defining the report content and the topic Boundaries. b. An explanation of how the organization has implemented the Reporting Principles for defining report content.	P. 1	Editorial Policy
102-47	a. A list of the material topics identified in the process for defining report content.	—	—
102-48	a. The effect of any restatements of information given in previous reports, and the reasons for such restatements.	Extended version	Partial amendment to waste emissions (m ³)
102-49	a. Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	—	—
102-50	a. Reporting period for the information provided.	P. 1	Editorial Policy
102-51	a. If applicable, the date of the most recent previous report.	P. 1	Editorial Policy
102-52	a. Reporting cycle.	P. 1	Editorial Policy
102-53	a. The contact point for questions regarding the report or its contents.	P. 1	Editorial Policy
102-54	a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either: <ul style="list-style-type: none"> i. 'This report has been prepared in accordance with the GRI Standards; Core option'; ii. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option.' 	—	—
102-55	a. The GRI content index, which specifies each of the GRI standards used and lists all disclosures included in the report. b. For each disclosure, the content index shall include: <ul style="list-style-type: none"> i. the number of the disclosure (for disclosures covered by the GRI Standards); ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials; iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made. 	—	—
102-56	a. A description of the organization's policy and current practice with regard to seeking external assurance for the report. b. If the report has been externally assured: <ul style="list-style-type: none"> i. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; ii. The relationship between the organization and the assurance provider; iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report. 	—	—

Management Approach

Disclosure number	Disclosure contents	Reference page number	Contents
General requirements for reporting the management approach			
103-1	a. An explanation of why the topic is material. b. The Boundary for the material topic, which includes a description of: <ul style="list-style-type: none"> i. where the impacts occur; ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships. c. Any specific limitation regarding the topic Boundary.	—	—