



SBS GROUP

BUSINESS & CSR REPORT 2021

Integrated Report



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About This Report

Editorial Policy

The SBS Group has published the Business & CSR Report since fiscal 2018 to inform stakeholders interested in the Group's short, medium and long-term value creation efforts by reporting on its business development as a comprehensive logistics group, the basic directions, plans, progress and performance of the CSR management activities that support it, and on future issues. The report is designed to be simple and clear so that it can be easily read even without prior knowledge of the SBS Group.

On the SBS Group website, we disclose comprehensive IR information and general company information in addition to CSR information not listed in this report.
<https://www.sbs-group.co.jp>

For Your Dreams.

The SBS Group commercial (produced in fiscal 2020) expresses the SBS Group's passionate desire to not only connect people's lives and society, but also to connect people's dreams.

Management Philosophy

We provide services to achieve [client](#) satisfaction, to meet [shareholders'](#) expectations, and to be a company caring of its employees.

Long-term prosperity is rooted in paying the necessary attention to people and in the enthusiasm of our [employees](#).

[Social](#) responsibility is essential to corporate growth.

Harmony within the [community](#), efforts to make those around us happy, and [contribution](#) to society far and wide, is crucial.

Highlights of our Management Philosophy Implementation (Fiscal 2020)

Customers	Total Distance Driven 130,844,007 km Consolidated Net Sales 257.1 billion yen
Shareholders	Dividend per Share 35 yen
Employees	Training Conducted All 37 Subjects Actual Training Participants 6,824
Society and People	Number of Business Sites with G-Mark Certification (Certification Rate) 167 business sites (87.9%)
	Logistics Research Grants 6
	Scholarships for Students Receiving Social Care 74
	Investment in the Environment 4,444 million yen
	Environmental Efficiency (CO ₂ emissions per unit of sales) 40.77% (17% improvement over the past five years)
	Quantity of Renewable Energy Delivered 11,017 kWh
	Waste Processing Logistics Handling Volume 9,371 t

Development of Society in Japan and Abroad



Reporting Scope

■ 18 Domestic Consolidated Subsidiaries / SBS Toshiba Logistics Corporation / TL Logi Service Co., Ltd. / SBS Ricoh Logistics System Co., Ltd. / SBS San-Ai Logistics Co., Ltd. / SBS Logicom Co., Ltd. / SBS Logicom Kanto Co., Ltd. / SBS Freight Service Co., Ltd. / SBS Global Network Co., Ltd. / SBS Flec Co., Ltd. / SBS Flecnet Co., Ltd. / SBS Zentsu Co., Ltd. / SBS Sokuhai Support Co., Ltd. / SBS Staff Co., Ltd. / SBS Finance Co., Ltd. / SBS Asset Management Co., Ltd. / L-MAX Co., Ltd. / Marketing Partner, Inc. / SBS Driving School Co., Ltd.

*As Toshiba Logistics Corporation became a consolidated member of the SBS Group in November 2020, only some environmental data is applicable.

■ Public Interest Incorporated Foundation / SBS Kamata Foundation

Reporting Period

Fiscal 2020 (January to December 2021)

Aiming to Achieve Net Sales of 500 Billion Yen and Beyond as a Mega Venture

Growing on the Strength of Logistics × IT



Masahiko Kamata
President, SBS Group

鎌田正彦

Ushering in a paradigm shift in the world of logistics as a mega venture

The SBS Group was founded in 1987, and at the time offered what was considered an innovative service: same-day delivery in the Tokyo metropolitan area. In the years since, the Group has set a number of milestones - sales of 10 billion yen in its first 10 years, 100 billion yen after 20 years, and 200 billion yen after 30 years. By thinking outside the box and continuing to actively take on risks and challenges, we have achieved each of these goals. Even as a series of companies handling the logistics functions of national brands have joined the SBS Group, our indomitable venture spirit has been passed down as the DNA of the SBS Group, and has continued to thrive.

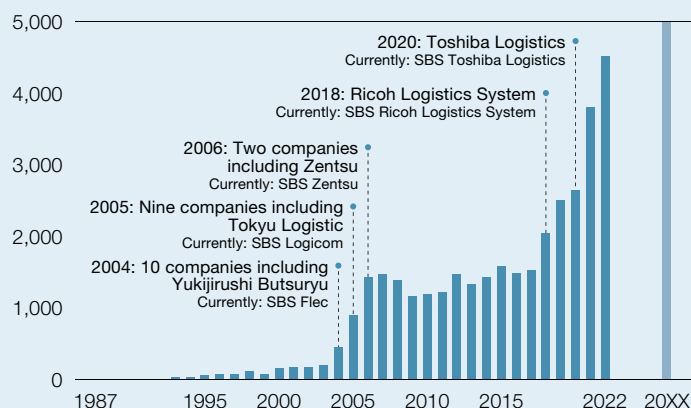
With a wide range of logistics functions spread globally, the ability to propose innovative solutions and as a "mega venture" with an unrivaled sense of speed, the SBS Group will usher in a paradigm shift in the world of logistics.

Responding to changes in the management environment and setting sights on record earnings

For the SBS Group, the management environment in the fiscal year ended December 2020 put that underlying strength to the test. The development of the COVID-19 pandemic put the brakes on global economic activity and brought about a decline in imports and exports. While demand for B-to-B logistics declined as a result, we saw vigorous demand for food and other daily necessities against the backdrop of increased private consumption associated with stay-at-home policies, with the expansion in online sales driving a huge uptick in demand for home delivery. The SBS Group has strived to respond flexibly to environmental changes while

Our Growth History

Sales / Billion Yen



Fiscal 2020 Results

Net Sales **257.1** billion yen

Operating income **10.9** billion yen



Fiscal 2021 Plan

Net Sales **400** billion yen

Operating income **20** billion yen

placing top priority on preventing infections and ensuring safety among customers, business partners and employees.

While earnings in the logistics business were largely flat, with declines in some areas being balanced out by gains elsewhere, increased earnings in the real estate business contributed to net sales of 257.192 billion yen (+0.6% year on year) and operating income of 10.960 billion yen (+7.7% year on year). As a result, the Group achieved recorded consolidated net sales and operating income for the third consecutive year.

Setting sights on reaching the top tier of the logistics industry

In the logistics industry, we expect to see a further expansion of the online shipping (EC) market, the rapid advancement of technological innovations utilizing logistics technology (LT), and structural changes to business models. In anticipation of these developments, the SBS Group will integrate logistics, M&A and logistics facility development, continue to implement its unique business model that has growth with 3PL at its core, proactively invest in LT and IT, and accelerate collaboration with other industries in order to enhance its competitiveness and reach the top tier of the logistics industry.

In fiscal 2021, we will further strengthen our sales activities and focus on tapping into the strong home delivery demand for daily necessities and online shopping. We also expect SBS Toshiba Logistics Corporation, which has been newly added to the SBS Group, to contribute to earnings, and have undertaken the securitization of logistics real estate. Through these actions, we plan to achieve increased sales and profit with net sales of 400 billion yen, operating income of 20 billion yen, ordinary income of 19.5 billion yen and net income attributable to owners of parent of 10.7 billion yen. To make this happen, we will make a concerted Group-wide effort on our business activities and growth strategies.

Non-consecutive growth through M&A activities

M&A will continue to be important to the SBS Group as an approach for achieving non-consecutive growth. Through M&A actions targeting carefully selected companies, we will extend our size and breadth as a corporate group and take measured

steps to produce synergy. Instead of relying on simple restructuring, we will enhance the growth potential of the entire group from a long-term perspective with measures including the reassignment of personnel and reallocation of management resources.

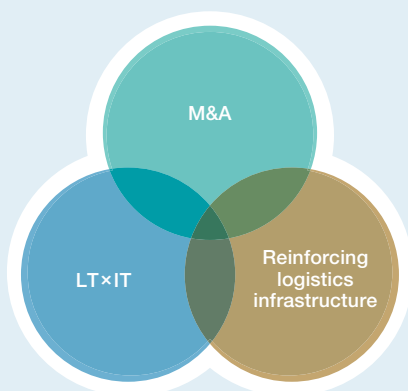
In the fiscal year ended December 2020, the SBS Group's largest M&A activity was the acquisition of shares (66.6%) in Toshiba Logistics Corporation (now known as SBS Toshiba Logistics Corporation). The company uses its global network to provide logistics services for energy-related social infrastructure, semiconductors, IT, home appliances and other freight. One of its strengths is in 4PL. This is an approach to comprehensively handle the logistics operation of an enterprise, improving efficiency and providing support including the formulation of core strategies. Adding the company to the SBS Group strengthened the Group's ability to deliver 4PL proposals to customers around the world. Starting this fiscal year we have also begun implementing a range of measures to promote synergy, including the reciprocal use or rebuilding of logistics facilities, optimum allocation of overseas sites, and integration of mission-critical systems.

At the same time, we are also pursuing "small M&A" activities in parallel, in order to respond to logistics needs in greater detail. Hinomaru K.K., all shares in which were acquired by SBS Flec Co., Ltd., maintains a delivery network in Shikoku with a focus on food logistics in the three temperature zones, and boasts a history of more than six decades. Its motto is to always look for ways to contribute to society, to drive safety and considerately, and to treat everyone with gratitude and a smile. We also acquired 100% of shares in TOYO WAREHOUSE & TRANSPORTATION CO., LTD. The company's strengths lie in warehousing and customers clearance services, and it maintains large warehouses in key locations in Tokyo's bay area. Other additions to the SBS Group include K.U.K. LINE (wholly acquired by SBS Logicom) and Jass Co., Ltd. (wholly acquired by SBS Ricoh Logistics System).

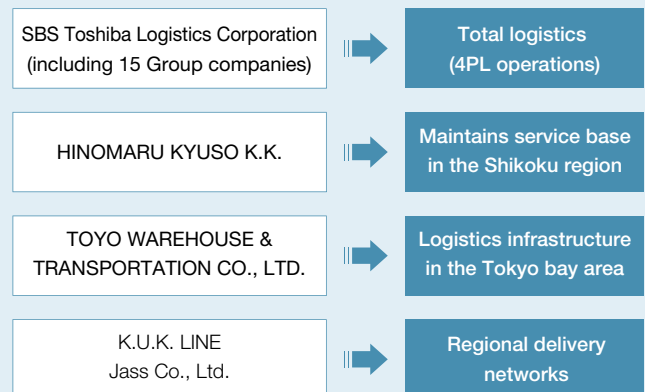
These new members joining has strengthened the delivery network, supply chain support framework and overall brand strength of the SBS Group.

* Made into a subsidiary on April 1, 2021

SBS Group Growth Strategy



M&A activities in Fiscal 2020



Commitment from Top Management / Key Topics

Reforming Logistics in the Field through LT × IT

Logistics technology (LT) has continued to rapidly develop, and is creating the momentum to redefine the roles of logistics and corporate activities. The SBS Group has actively invested in LT as a part of its mission to reform logistics, and based on the expectation that the roles of robotics, AI, RPA and other technologies will expand even more in the future, in April 2020 the information systems departments of SBS Holdings, Inc. and SBS Ricoh Logistics System Co., Ltd. were restructured to develop a framework promoting the strategic introduction of information technology (IT) and LT. We will share, combine and accumulate the skills and expertise possessed by each Group company to pursue reforms to logistics in the field.

The LT × IT field introduction project being promoted under the new structure covers a wide range of areas. A notable example of an effort to improve the efficiency of existing business is the development of delivery systems for the home delivery business. To accommodate the rapidly growing needs of the home delivery business due to the COVID-19 pandemic, next-generation delivery terminals that enable delivery staff to carry out their work smoothly will be developed. We are also introducing robots in our 3PL business sites (both existing and new sites) in stages. In particular, at the Yokohama Kanazawa Logistics Center that will be completed in October 2021, we will introduce large-scale LT equipment with the aim of doubling the processing capacity of existing sites.

We are also eyeing the development of new technologies on multiple fronts. Since December 2019 we have worked under a business alliance with Pyrenee Corporation, which works on the development of AI assistance equipment for drivers, and have been providing support including the loaning out of our driving courses and trial use of prototypes. The SBS Group also continues to operate iGOQ, a vehicle and cargo seeking service, which was developed to match information on cargo that lacks a carrier with information on trucks (vehicles) that are looking for cargo to carry. The service has yielded results, with an increase in registered vehicles and improved matching rates. The SBS Group is also engaged in demonstration testing activities to deliver small parcels by drone in mountainous areas.

Strengthening logistics infrastructure

By the end of December 2020, the total floor area of our logistics facilities exceeded 530,000 tsubo (approximately 1.75 million square meters). We expect floor area to increase every year from here on, and based on current expectations, floor area will surpass 900,000 tsubo (almost 3 million square meters) by 2024. In particular, the addition of SBS Toshiba Logistics to the SBS Group has added 200,000 tsubo (approximately 661,000 square meters) of floor area. In the near future, we will aim to reach the milestone of one million tsubo (3.3 million square meters) of floor area.

In the interim, we will systematically implement the securitization of logistics centers. With regard to the Nagatsuta Logistics Center leased in blocks, its trust beneficiary rights were split into three and transferred in three steps from 2018 to 2020, with the sale completed in March 2020. Sale of the Nanko Logistics Center was also completed in May 2021.

Enhancing delivery networks is an essential part of strengthening logistics infrastructure, and this is being pursued primarily through the reciprocal utilization and improved functioning of Group resources. Our basic approach is to leverage the operational strengths of each Group company to expand even further overall. For example, nationwide delivery operations for the customers served by SBS Sokuhai Support Co., Ltd. mainly in the Tokyo metropolitan area are handled by SBS Ricoh Logistics System Co., Ltd., using its delivery network. In this way, multiple e-commerce companies can entrust the SBS Group with home delivery and same-day delivery needs.

We are also expanding new networks by coordinating with external partners. The YC Delivery Service, a joint delivery network operated with Yomiuri Shimbun, has expanded the delivery area to all 23 wards of Tokyo and now also handles all times of day. Preparations to expand this service to the Tama area are now underway. We also continue to provide support to companies handling domestic logistics infrastructure through the Japan Logistics Future Investment Fund.

Total Floor Area of Logistics Facilities (as of December 31, 2020)

531,000 tsubo (approx. 1.75 million square meters)



Yokohama Kanazawa Logistics Center

Construction of the Yokohama Kanazawa Logistics Center is in response to the growing volume of goods customers have entrusted to SBS Ricoh Logistics System Co., Ltd. We aim to achieve a high-level 3PL service by combining the operational field expertise of SBS Logicom in handling small lots of various items with the cutting-edge LT and system design of SBS Ricoh Logistics System Co., Ltd. The facility features four aboveground floors and one basement level with a total floor area of 53,821.69 m² (16,281.06 tsubo).

CSR management

Despite the many restrictions on business activities imposed from fiscal 2020 onward, the SBS Group's commitment to CSR management has held fast.

In terms of ensuring safety, we are making comprehensive efforts towards the ultimate goal of zero accidents through improvements to operational management, the deployment of operational support equipment, safety education and measures to prevent accidents caused by health issues. Fuel efficiency closely related to safety, and CO₂ emissions are also being called into question in the context of responding to climate change as an emerging global risk. In Sincere Challenge 2030, the medium-to-long-term environmental plan the SBS Group launched in fiscal 2018, reducing CO₂ emissions from our vehicles and facilities is a major theme, and we have made steady progress on this front.

We have also focused on the development of human resources in Japan and abroad. In fiscal 2020, we accepted technical interns from Vietnam for the first time. We are also continuing with efforts to use our capabilities as a logistics company to help solve social issues.

Through the SBS Kamata Foundation, we continue to offer grants for excellent logistics research by university researchers and scholarships to students receiving social care.

In order to improve transparency and speed up decision-making, in December 2020 SBS Holdings decided to transition to a company with an Audit & Supervisory Committee. The move was approved by the General Meeting of Shareholders in March 2021.

With the United Nations' Sustainable Development Goals (SDGs) in mind, we will make logistics more sustainable and develop into a company that continues to respond to social needs.

Number of Business Sites with G-Mark Certification and Certification Rate
(Assessment as business sites with excellent safety in fiscal 2020)

167 business sites **87.9** %

Increasing shareholder dividends by 3 yen

The Company considers the return of profits to shareholders to be one of its most important management priorities. The Company's basic policy on the distribution of profits is, while retaining sufficient internal reserves to develop solid management foundations, maintain continuous dividends, and improve the level of dividends in line with business performance. In light of solid business results in fiscal 2020, the dividend per share was raised 3 yen from the planned amount to 35 yen. We appreciate the ongoing support of our valued shareholders in the future.

Dividend Paid (fiscal 2020)

35 yen (+ 3 yen)

To net sales of 500 billion yen and beyond

Based on our slogan, "For Your Dreams," we are not only committed to championing the success of our customers' businesses, but are also pushing forward so that we continue to represent the "infrastructure of hope" that delivers on the dreams of people around the world. As we proceed along that path, we believe that our next goal of 500 billion in net sales will come into view, and even greater heights thereafter.

We intend to make strong progress together with everyone who is interested in the future of the SBS Group. Looking ahead, we appreciate your confidence in the efforts we are making and thank you for your support.



Acceptance of Technical Interns from Vietnam

SBS Flecnet Co., Ltd. started accepting technical interns from Vietnam in 2020 in accordance with the Technical Intern Training System established by the national government. Over an eleven-month training period, the trainees will acquire expertise in food logistics with the primary aim of contributing to the development of human resources who will lead the economic development of Vietnam. We will also make efforts to promote international mutual understanding through exchanges with local residents. There are 12 technical interns in the first group, and there are plans to implement the training on a regular basis in the future.

Transporting all manner of things safely, securely and in an optimal environment

The SBS Group has organically developed its General Logistics, Property Management and Logistics Support businesses. In the General Logistics Business, we perform the transportation and delivery of raw materials and products, as well as the associated storage, loading, unloading, packaging, distribution processing and information management. This is a third-party logistics (3PL) related business in which we propose logistics reforms to corporate clients and are entrusted with their logistics operations on a comprehensive basis. The 3PL-related business makes full use of the logistics facilities the Group has planned and developed through the Property Management Business. By securitizing facilities as high-utilization properties at the time they are sold, we obtain a gain on sale and recoup our investment. The Logistics Support Business provides the supplementary functions that these businesses require.



General Logistics Business

- Truck Transportation
- Rail Transportation
- Low Temperature Logistics
- Logistics Center Operation
- International Logistics
- Processing in Logistics
- Same-Day Delivery for Corporations
- Home Delivery (for Individuals)
- Company Relocation / Individual Relocation
- On-site Logistics
- 3PL Consulting

Logistics Support Business

- Marketing Business
- Pet Wellness Business
- Insurance and Leasing
- Environmental Business
- Personnel Support

Property Management Business

- Rent Business
- Development Business

SBS Holdings, Inc.

Holding company for the SBS Group

Number of Employees: 276

Number of Business Sites: 1

Renewable Energy Generating Capacity: 1,500 kW

Main Business: Company-wide strategy

(Group strategy functions, corporate governance functions)
Management, other

<https://www.sbs-group.co.jp/>



M&A

Number of Business Sites

716

Number of Vehicles Owned

*Excluding driving school

Trucks and other road vehicles **4,405** vehicles

Forklifts **1,369** vehicles

Number of Employees

23,270

* All figures are the total number of employees and differ from the figures listed in securities reports.

SBS Group Business Overview



SBS Toshiba Logistics Co., Ltd. * Including TL Logi Service Co., Ltd.

A Fourth Party Logistics (4PL) company going beyond the boundaries of the Toshiba Group that proposes and realizes logistics strategies in line with management strategies for a wide range of customers. Working in partnership with SBS Group companies, SBS Toshiba Logistics provides integrated services from logistics engineering (planning and design) to the operation of logistics functions at the implementation stages, both in Japan and overseas. By providing total logistics solutions that are not only high quality but competitive, the company provides powerful support for solving customers' management issues.



Characteristics: International logistics (integrated global logistics), logistics for mass produced goods, logistics for electronic devices, indent logistics / Number of Employees: 2,577 / Number of Business Sites: 76 / Number of Vehicles: trucks and other road vehicles: -, forklifts: - / Certifications: ISO 14001, ISO 9001, ISO/IEC17025, ISO/IEC27001, AEO <https://www.sbs-toshibalogistics.co.jp/>

SBS Ricoh Logistics System Co., Ltd. * Includes SBS San-ai Logistics Co., Ltd.

Managing the supply chains of precision equipment manufacturers played a key part in the establishment of SBS Ricoh Logistics System. With the impressive quality and "KAIZEN" capabilities for which national brands are renowned in our DNA, we support the success of our customers through domestic and overseas third party logistics (3PL). With our outstanding logistics technologies we continue to propose the best methods for a wide range of customers' logistics needs based on procurement, production, sales and venous logistics and a backbone of "recycling-oriented logistics" that integrates them.



Characteristics: Transportation of precision equipment for manufacturers, international logistics, delivery for corporations / Number of Employees: 4,631 / Number of Business Sites: 185 / Number of Vehicles: Trucks and other road vehicles: 457, Forklifts: 521 / Certifications: G-Mark, ISO 14001, ISO 9001, ISO 27001, AEO <https://www.sbs-ricohlogistics.co.jp/>

SBS Logicom Co., Ltd. * Includes SBS Logicom Kanto Co., Ltd.

As a partner company to its customers, SBS Logicom provides total logistics services covering everything from logistics consulting and strategy to planning and operations. With various waves of change sweeping through the logistics industry, SBS Logicom continues to make strides forward as a logistics company meeting the needs of a wide range of customers across various industries and supporting social infrastructure through a focus on warehouse management, cargo handling and distribution processing services, along with logistics centers, truck and rail transportation, special transportation, customs clearance and international transportation, government, corporate and school relocations, and on-site logistics.



Characteristics: Total Logistics Services / Number of Employees: 6,813 / Number of Business Sites: 93 / Number of Vehicles: Trucks and other road vehicles: 990, Forklifts: 531 / Renewable Energy Generating Capacity: 6,812 kW / Certifications: G-Mark, ISO 14001, ISO 27001, Green Management Certification, GPN Certification, Relocation Safety Mark <https://www.sbs-logicom.co.jp/>

SBS Flec Co., Ltd. * Includes SBS FlecNet Co., Ltd.

SBS Flec was founded in 1956 as Yukijirushi Logistics Co., Ltd. It handled food logistics as the logistics subsidiary of the Yukijirushi Group, and has honed its expertise in food distribution technologies and quality control through its nationwide network. Today, SBS Flec provides comprehensive support for food manufacturers from production to the placement of products in stores as one of the few 3PL companies able to handle all three temperature zones, namely dry (room temperature), chilled (refrigerated) and frozen. As a leading company in low temperature logistics, SBS Flec is committed to delivering foods with safety and peace of mind.



Characteristics: Food logistics services in the three temperature zones / Number of Employees: 3,586 / Number of Business Sites: 121 / Number of Vehicles: Trucks and other road vehicles: 688, Forklifts: 215 / Certifications: G-Mark, ISO 14001, ISO 9001 <https://www.sbs-flec.co.jp/>

SBS Sokuhai Support Co., Ltd.

In December 1987, the SBS Group started SBS Sokuhai Support as a same-day delivery business. Revolutionary for its time, this business model is still utilized by many users. More recently, SBS Sokuhai Support has been using the expertise it has developed in the same-day delivery business for the e-commerce home delivery business, which is experiencing rapid growth in demand, and is in the process of expanding its operations to major Japanese cities. The company also combines venous logistics functions to play a part in recycling-oriented logistics.



Characteristics: Same-day delivery and other delivery for corporations, intermediate processing of industrial waste, manufacturing of store fixtures, distribution processing for the apparel industry / Number of Employees: 611 / Number of Business Sites: 84 / Number of Vehicles: Trucks and other road vehicles: 271, Forklifts: 39 / Certifications: G-Mark, ISO 14001, ISO 27001 <https://www.sbs-sokuhaisupport.co.jp/>

SBS Zentsu Co., Ltd.

SBS Zentsu provides total support for the food supply chain by building logistics systems that consolidate pre-cooled and temperature-controlled transportation, joint delivery and food in four temperature zones. In response to increasingly sophisticated and complex logistics needs, SBS Zentsu uses the "creativity" it has cultivated providing operations and services for many years as a powerful tool, overcoming difficulties and issues one after another while continually create new solutions.



Characteristics: Logistics and Delivery of Foods in the Three Temperature Zones / Number of Employees: 3,983 / Number of Business Sites: 101 / Number of Vehicles: Trucks and other road vehicles: 1,570 Forklifts: - / Certifications: G-Mark, ISO 14001, JAS Organic Agricultural Product Subdivider Certification <https://www.sbs-zentsu.co.jp/>



SBS Freight Service Co., Ltd.

Transportation and delivery network covering the Pacific side of eastern Japan to Kansai. SBS Freight Service offers an extensive range of transportation services from three-temperature-zone transportation, special transportation such as shipping for filming locations, marine container drayage transportation, warehousing, storage and distribution processing, and office relocation services. The company is also focusing on distribution center operation in response to expanding e-commerce needs.



Characteristics: Special-purpose Transportation, Marine Container Drayage / Number of Employees: 371 / Number of Business Sites: 21 / Number of Vehicles: Trucks and other road vehicles: 396 Forklifts: 62 / Renewable Energy Generating Capacity: 212 kW / Certifications: G-Mark, ISO14001, ISO9001, Privacy Mark
<https://www.sbs-freight.co.jp/>

SBS Global Network Co., Ltd.

Based on its extensive overseas distribution network that extends from Japan to Asia and the world, SBS Global Network supports supply chains in Japan and abroad. The company conducts analyses of the current status of international logistics being implemented by customers (consulting). It then proposes and implements optimum import and export operations based on cargo characteristics and supply chain strategies.



Characteristics: Total coordination of international logistics / Number of Employees: 163 / Number of Business Sites: 8 / Number of Vehicles: 5 / Certifications: AEO certification (planned)
<https://www.sbs-globalnet.co.jp/>

SBS Asset Management Co., Ltd.

SBS Asset Management is an asset management company responsible for developing the logistics facilities of the SBS Group. Using expert knowledge and know-how regarding finance, real estate and logistics, the company independently develops specialized logistics facilities optimized for 3PL. With a strength in highly functional design informed by an intimate knowledge of logistics in the field, SBS Asset Management handles to increasingly sophisticated logistics while responding to changes in the value chain based on in-depth research. SBS Asset Management operates a total asset management business specializing in everything from land acquisition and leasing to asset securitization.



Characteristics: Asset management business specializing in logistics facilities / Number of Employees: 10 / Number of Business Sites: 1 / Renewable Energy Generating Capacity: 1,500 kW
<https://www.sbs-asset.co.jp/>

SBS Staff Co., Ltd.

SBS Staff operates a worker dispatch business which specializes in the logistics business and are tailored to customer needs. With its unique matching system, the company is able to respond to sudden job openings. Fee-based job placement services are also available.



Characteristics: Temporary staffing / Number of Employees: 177 / Number of Business Sites: 21 / Number of Vehicles: 28 / Certifications: Privacy Mark
<http://www.sbs-staff.co.jp/>

SBS Finance Co., Ltd.

SBS Finance provides a wide range of services from leasing and sales to insurance. As a finance company excelling in the area of logistics, SBS Finance provides a range of functions including the joint purchasing of consumables for logistics businesses.



Characteristics: Leasing and insurance sales, joint purchasing / Number of Employees: 22 / Number of Business Sites: 1 / <https://www.sbs-finance.jp/>

Marketing Partner, Inc.

Providing one-stop service for e-commerce site development and operation.

The company provides e-commerce business support covering the four areas of marketing, analysis, creative and fulfillment.



Characteristics: Premium pet food specialty store, online sales business / Number of Employees: 50 / Number of Business Sites: 1 / Certifications: Privacy Mark
<https://marketing-partner.jp/>

SBS Driving School Co., Ltd.

We operate driving schools with the aim of developing safe drivers in the SBS Group and local community. Students can obtain licenses for regular cars, mid-sized vehicles and motorcycles.



Characteristics: Driving classes / Number of Employees: 43 / Number of Business Sites: 2 / Number of Vehicles: 72 (training vehicles (cars and motorcycles, shuttle cars, etc.)
<https://www.sbs-driving-school.co.jp/>







The SBS Group's Value Creation Process

As a logistics business operator, the SBS Group has worked to effectively utilize and enhance the capital used in its business activities from a comprehensive long-to-medium-term perspective.

The Group will further raise the level of these efforts to continue to create value in the future.

INPUTS

Capital utilized for corporate activities

Capital	Management Approach	Indicators	Change			
			2018	2019	2020	
 Financial Capital	<p>We seek to maintain an equilibrium between active investment activities and ensuring financial health. Accordingly, a target shareholders' equity ratio of 30% has been set. In terms of shareholder return, the Company maintains continuous dividends and makes every effort to raise dividend levels in line with business performance.</p>	Total assets (million yen)	171,796	180,047	254,550	
		Net assets (million yen)	48,173	54,077	68,146	
		Shareholders' equity ratio (%)	23.1	25.1	19.9	
		Net DE ratio (%)	1.44	1.21	1.39	
		Number of shareholders	2,921	2,878	3,911	
 Capital for the Provision of Services	<p>As a group of 3PL companies possessing logistics functions in every direction, the SBS Group is committed to developing its comprehensive logistics infrastructure, including logistics facilities and vehicles, at a scale and quality level that adequately satisfies its need to grow.</p>	Number of business sites	531	655	716	
		Number of warehouses (number of company-owned and leased buildings)	-	386	401	
		Number of vehicles	4,497	4,570	4,405	
		Number of forklifts	1,382	1,436	1,369	
		Investment in facilities and equipment (million yen)	11,607	11,710	11,507	
 Human and Organizational Capital	<p>To secure and develop talented human resources, the SBS Group makes improvements to its personnel systems, provides training and education to all employees, and develops a workplace that offers job fulfillment. The SBS Group also enhances the operational quality of the organization by developing and operating management systems.</p>	Number of employees	19,017	19,379	23,270*	
		Actual training participants	5,095	7,173	6,824	
		Number of companies with ISO 9001 (quality) certification	5	5	6	
		Number of companies with ISO14001 (environmental) certification	7	7	8	
 Intellectual Capital	<p>Based on its ability to operate a wide range of logistics services, the SBS Group further enhances its proposal-making capabilities, expertise and problem-solving abilities.</p>	Number of employees taking eco-driving training (cumulative total)	1,500	1,570	0	
		Group-average fuel efficiency (km/L)	4.93	4.93	5.01	
		Logistics service expertise such as 3PL	-	-	Large number of projects	
 Social Capital	<p>The SBS Group gains an understanding of varied expectations and demands through dialogue with stakeholders, reflects that insight in its corporate activities, and strives to work in harmony with society. We make particular efforts with respect to ensuring safety, the most important social demand for a logistics business operator. We also contribute to society and local communities as a corporate citizen.</p>	Number of business sites with G-mark certification	153	162	167	
		Number of vehicles equipped with driving support equipment	Digital / Analog tachographs	3,554	3,692	3,692
			Dashcams	2,937	3,752	3,752
			Rear-view cameras	3,589	2,407	2,407
		Logistics research grants	9	6	6	
		Scholarships for students receiving social care	34	57	74	
		Compliance awareness survey respondents	4,794	-	-	
 Natural Capital	<p>The SBS Group pursues efforts to continually reduce its environmental impact from a medium-to-long-term perspective, positioning CO₂ emission reductions, the promotion of resource recycling and the preservation of natural resources as key issues.</p>	Number of eco-friendly vehicles introduced (cumulative total)	3,914	3,955	3,955	
		Environmental Efficiency (CO ₂ emissions per unit of sales)	47.77	38.09	40.77	
		Quantity of renewable energy delivered (kWh)	11,017	11,017	11,017	
		Waste processing logistics handling volume (t)	10,943	8,817	9,371	
		Investment in the environment (million yen)	3,854	3,202	4,444	

* All figures are the total number of employees and differ from the figures listed in securities reports.

<h2 style="text-align: center;">Our Businesses</h2>	<p>The SBS Group continues to implement a unique business model that has enabled growth while balancing logistics operations, M&A activities and the development of logistics facilities. At the same time, we enhance competitiveness by actively investing in IT and LT while accelerating collaboration with other industries, and aim to reach the top tier of the logistics industry.</p> <p>Rolling out 3PL in every direction</p> <p>Upgrading the delivery network</p> <p>LT×IT</p> <p>Increasing logistics facility floor area</p> <p>Pursing M&A and synergy</p>
<p>General Logistics Business</p>	
<p>Food Logistics Business</p>	
<p>Property Management Business</p>	
<h2 style="text-align: center;">CSR</h2> <p>Social responsibility</p>	<p>To fulfill our social responsibility as a logistics company, we have set up promotional organizations (Group meetings) to address important themes across four fields, namely environment, safety, social and governance. Through this framework we promote activities that span the Group and work to share information.</p> <p>Consideration of the environment</p> <ul style="list-style-type: none"> Promotion of the medium-to-long-term environmental plan <p>Ensuring safety</p> <ul style="list-style-type: none"> Pursuing zero accidents <p>Social engagement</p> <ul style="list-style-type: none"> Maintaining and improving the quality of transportation and service, developing human resources, ensuring occupational health and safety, making social contributions <p>Sound management</p> <ul style="list-style-type: none"> Enhancing the governance framework and internal control, ensuring thorough compliance, taking risk countermeasures
<p>Environment</p>	
<p>Safety & Social</p>	
<p>Governance</p>	
<h2 style="text-align: center;">FOUNDATION</h2> <p>Foundation of corporate activities</p>	<p>By achieving the Group Management Philosophy and Code of Behavior established based on its founding spirit, the SBS Group maintains a positive relationship with its stakeholders and endeavors to build an effective management structure by enhancing the efficiency, soundness and transparency of its management.</p>
<p>Management Philosophy</p>	
<p>Slogan</p>	
<p>Code of Behavior</p>	

OUTCOMES

Medium-to-long-term value creation and capital adequacy

Financial Capital

Achieve sales of 300 billion yen at an early stage through organic growth



Capital for the Provision of Services

Logistics systems that respond to the evolving needs of society



Human and Organizational Capital

Maximizing the capabilities of each human resource and Group synergy



Intellectual Capital

Accumulating and utilizing the expertise that will support future 3PL/4PL business models



Social Capital

Building trust and cooperative relationships with a wide range of stakeholders



Natural Capital

Roadmap for achieving the 2°C target for climate change



Business Overview and Financial Status

Business Environment

In fiscal 2020 (January 1, 2020 to December 31, 2020), we faced a severe economic environment with declining B-to-B logistics demand in the industry amid restrictions on global economic activity and declining imports and exports due to the spread of COVID-19 infections. At the same time, against the backdrop of increased private consumption due to stay-at-home policies demand for home deliveries continued to expand for food, daily necessities and general online shopping. The SBS Group has taken aggressive action to respond to this demand while making it its top priority to prevent infections and ensure the safety of customers, business partners and employees alike.

In addition, on November 2, 2020 we acquired 66.6% of shares in Toshiba Logistics Corporation, making it a consolidated subsidiary of SBS Holdings. While the company's profits and losses will not be a part of consolidated results until the fiscal year ending December 2021, the acquisition will further enhance the SBS Group's service lineup and strengthen its overseas network, helping the Group develop a framework offering stronger support to the logistics supply chain.

Sales and Profits

Net sales in fiscal 2020 were 257.192 billion yen, an increase of 1.644 billion yen from the previous fiscal year (a 0.6% increase compared with the previous fiscal year). The logistics business accounted for 93.6% of net sales by value, while the property management business and other businesses accounted for 3.6% and 2.7% respectively.

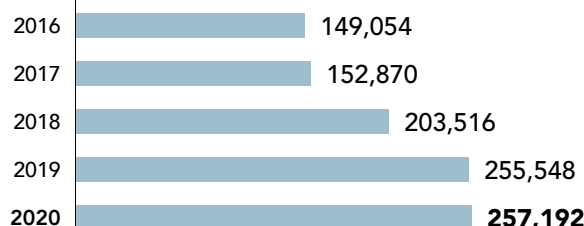
Operating income stood at 10.96 billion yen, rising 0.784 billion yen over the previous fiscal year (a 7.7% increase).

Additionally, net income attributable to owners of parent rose 0.747 billion yen year on year to end at 6.826 billion yen, a 12.3% jump.

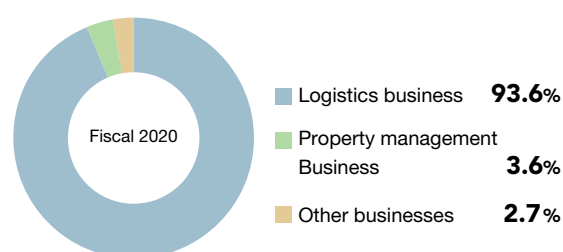
The net sales and each income level achieved new records.



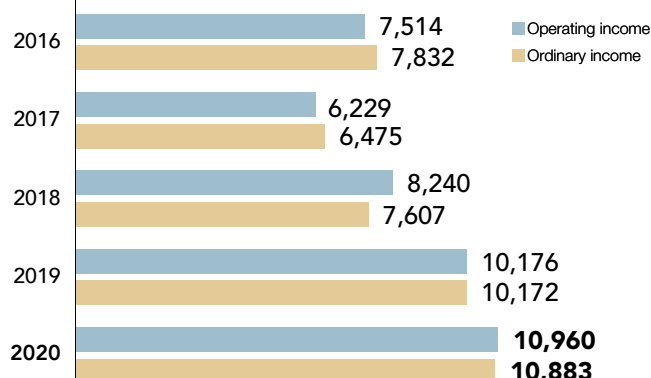
Net Sales (million yen)



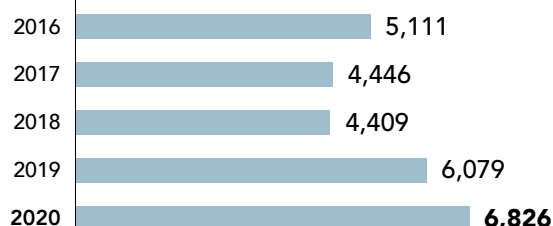
Composition of Net Sales by Business



Operating Income and Ordinary Income (million yen)



Net Income Attributable to Owners of Parent (million yen)



Logistics Business

In the Logistics Business, in addition to expanding transactions with existing customers, we focused on acquiring new customers looking for advanced logistics functions. B-to-B logistics including the office equipment, department store and restaurant industries as well as overseas operations were significantly affected by the COVID-19 pandemic. However, in the same-day delivery business we tapped into to demand for e-commerce, a market that has continued to expand, and growing demand in fields such as logistics for everyday goods and online supermarkets helped to underpin our performance.

As a result, net sales in the Logistics Business rose slightly by 45 million yen (up 0.0%) year on year to 240.818 billion yen, with operating income declining by 287 million yen (down 4.6%) over the same period to 5.99 billion yen.

Property Management Business

In the development business, we pursue an integrated approach to developing large-scale warehouses that meet customers' logistics needs from land acquisition to construction, in order to promote the Group's 3PL business. In the rent business, we generate rental income from Group-owned warehouses, office buildings, residences and other properties. SBS Holdings securitizes logistics real estate to recoup funds for future investment, and income recorded from securitization is included in the property management business.

In terms of the results of logistics real estate securitization in FY2020, we transferred 40% of the Company's trust beneficiary rights in the Nagatsuta Logistics Center (Yokohama, Kanagawa Prefecture), expanding revenue in comparison to the 30% transfer from the same logistics center made in the previous fiscal year. As a result, net sales in the Property Management Business rose 1.546 billion yen (up 19.8%) year on year to 9.349 billion yen, with operating income up 771 million yen (up 20.4%) over the same period to 4.558 billion yen.

Other Businesses

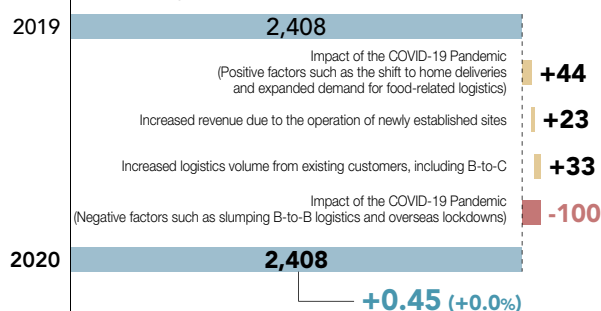
While conditions were severe in the Temporary Staffing Business, as a result of profit growth in the Solar Power Generation Business and Environmental Business, net sales in Other Businesses increased by 52 million yen (up 0.7%) year on year to 7.024 billion yen, with operating income increasing by 68 million yen (up 36.7%) year on year to 254 million yen.

Capital Investment

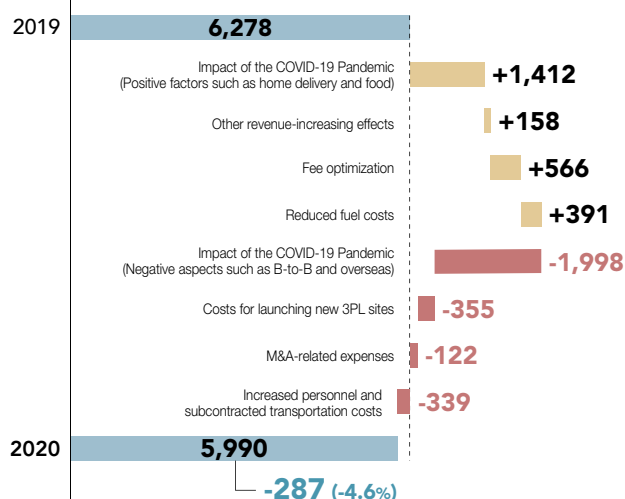
The SBS Group has actively pursued investments in logistics facility development and plans to increase the total floor area of facilities developed in-house by approximately 430,000 square meters (approximately 495,000 square meters when leasing is also included) over a six-year period from 2018 to 2023.

Capital investments made in fiscal 2020 totaled 11.570 billion yen. In the Logistics Business, we made investments of 10.971 billion yen on the acquisition of land for logistics facilities and their construction, routine vehicle upgrades, and so on. In the Property Management Business, total investments of 75 million yen were made in areas such as repairs for lease properties. In Other Businesses, investments of 107 million yen were made in areas such as the purchase of software for in-house use. In fiscal 2020, there were no major disposals or sales of equipment.

Factorial Analysis of the Change in Net Sales in the Logistics Business (100 million yen)



Factorial Analysis of the Change in Operating Income in the Logistics Business (million yen)



Capital Investment

11.5 billion yen

Change in Capital Investment Amount (million yen)

	2016	2017	2018	2019	2020
Total	10,455	9,576	11,607	11,710	11,507
Logistics Business	9,575	8,727	10,770	10,899	10,971
Property Management Business	88	691	502	153	75
Other Businesses	706	60	151	319	107

Business Overview and Financial Status

Assets and Liabilities

Total assets as of the end of fiscal 2020 stood at 254.55 billion yen, an increase of 74.52 billion yen from the end of the previous fiscal year. The increase was mainly due to a rise in trade receivables such as accounts receivable and fixed assets in connection with the new consolidation of Toshiba Logistics Corporation.

Liabilities stood at 186.44 billion yen, an increase of 60.433 billion yen compared with the end of the previous fiscal year. The increase is mainly due to notes and accounts payable-trade in connection with the new consolidation of Toshiba Logistics Corporation and short-term loans payable.

Net assets stood at 68.146 billion yen, an increase of 14.069 billion yen compared with the end of the previous fiscal year. The increase was due to higher retained earnings resulting from the recording of net income attributable to owners of parent and an increase in non-controlling interests.

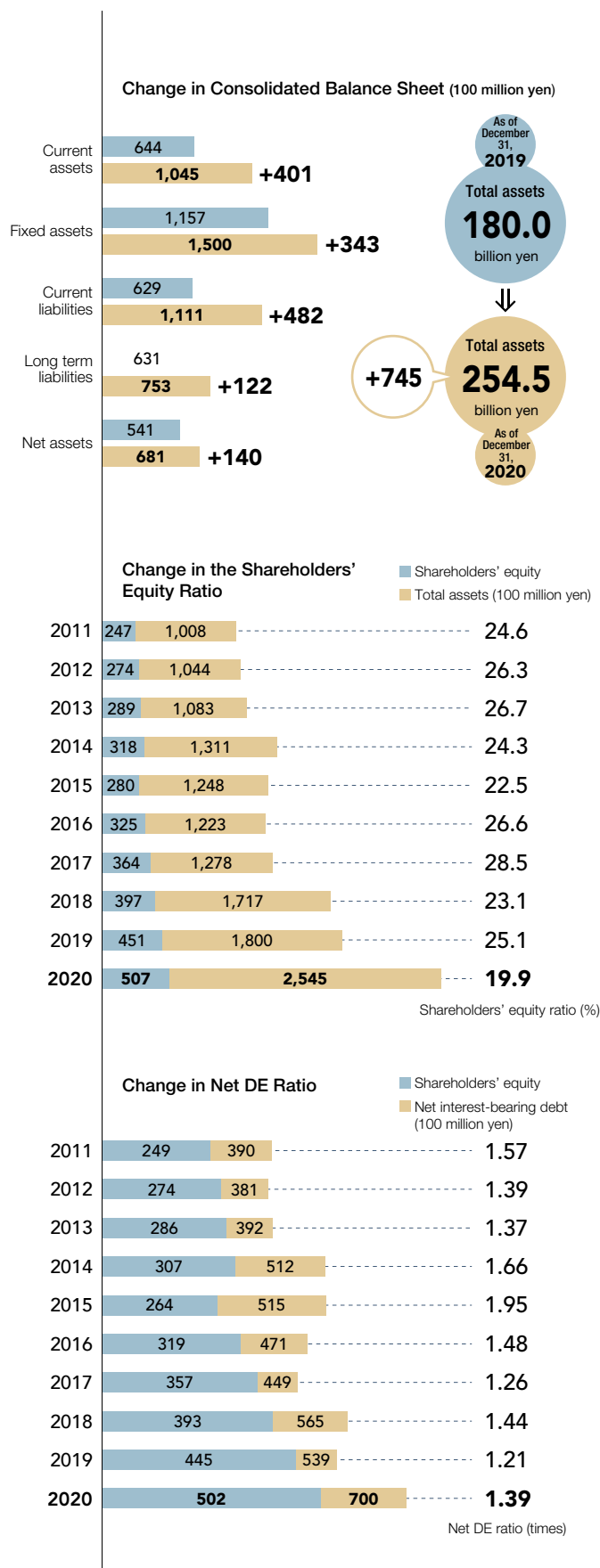
Trends in Finances

Working from a medium-to-long-term perspective, the SBS Group intends to achieve the sustainable growth of its businesses and boost earnings capability and capital efficiency. Additionally, as a part of key business and investment strategies, we will promote the unique business model of pursuing the stable growth of the 3PL business by systematically iterating on a cycle of the in-house development and securitization of logistics facilities. Due to this approach, we have placed an emphasis on maintaining a balance between active investment activities and maintaining financial health, have set a target shareholders' equity ratio of 30%, and position this as a decision-making indicator.

In fiscal 2020 the shareholders' equity ratio was 19.9% (down 5.2% year on year). Moving forward, we will continue to undertake business operation that is mindful of financial health and pursue the optimum balance between investment and returns.

Shareholders' Equity Ratio

19.9%



Net Interest-bearing Debt = Long-term Debt & Short-term Debt + Corporate Bonds - Cash and Deposits

Net De Ratio = Net Interest-bearing Debt ÷ Shareholders' Equity

Cash Flow

As of December 31, 2020, cash and cash equivalents ("cash," hereafter) had increased by 9.041 billion yen to 27.537 billion yen from the end of the previous fiscal year. The main reasons for the changes in each cash flow are as follows.

Cash Flows from Operating Activities

Net cash provided by operating activities was 17.262 billion yen, mainly due to income before income taxes of 11.266 billion yen, depreciation and amortization of 7.017 billion yen and a decrease in inventories of 2.087 billion yen due to the sales of equity in the Nagatsuta Logistics Center, despite a 2.484 billion yen increase in trade receivables associated with sales growth. This marks an increase of 0.389 billion compared with the previous fiscal year, mainly due to rising earnings capabilities.

Cash Flows from Investing Activities

Net cash used in investing activities grew 17.9 billion yen from the previous fiscal year to 30.48 billion yen, in part due to expenditures for the new acquisition of 66.6% of shares in Toshiba Logistics Corporation.

Cash Flows from Financing Activities

In financing activities, net cash increased by 22.726 billion yen, in part due to funds raised through bank loans in connection with the aforementioned share acquisition. Net cash increased significantly, rising 24.81 billion yen compared with the previous fiscal year.



Shareholder Return

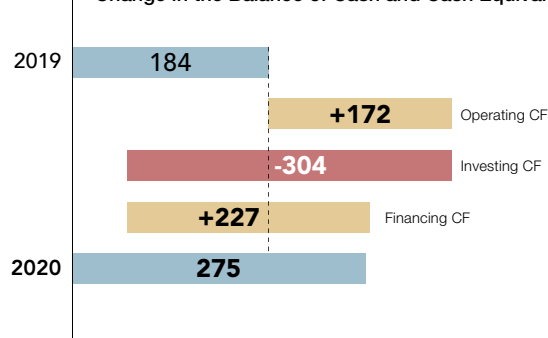
The Company considers the return of profits to shareholders to be one of its most important management priorities. The Company's basic policy on the distribution of profits is, while retaining sufficient internal reserves, to maintain continuous dividends, and improve the level of dividends in line with business performance.

The Company issues once-yearly dividends of surplus funds. In light of the solid financial situation and business results in fiscal 2020, the planned year-end dividend of 32 yen per share was raised by three yen to 35 yen per share.

In this way, we have worked to consistently reinforce shareholder return by effectively increasing per-share dividends 3.5-fold in ten years.



Change in the Balance of Cash and Cash Equivalents (million yen)

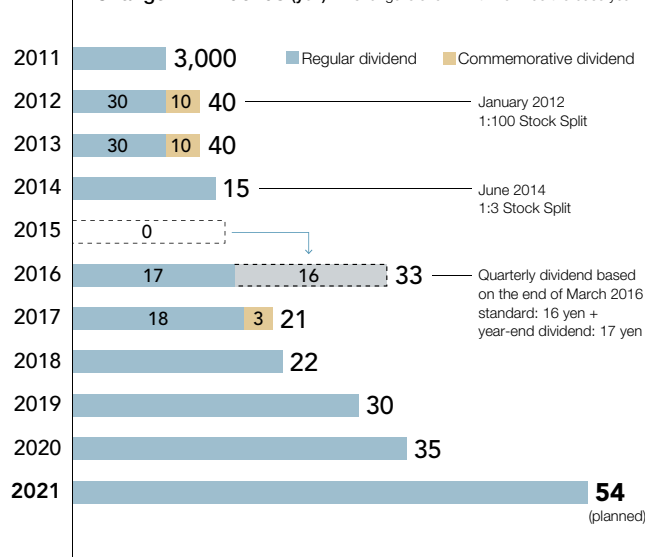


Cash Management System Utilization

The main working capital of the SBS Group is sales cost including vehicle hire, outsourcing expenses and personnel expenses, and operating expenses including selling, general and administrative expenses. Additionally, demand for funds aimed at investment includes routine vehicle upgrades, the acquisition of shares in subsidiaries and affiliate companies, the acquisition of land associated with logistics facilities developed in-house, the costs of construction work, capital investment, and so on.

The SBS Group procures the funds required for the entire Group in a centralized fashion through its holding company. In addition to receiving lines of credit from multiple banks so that working capital can be secured flexibly, the SBS Group also procures long-term funding in a systematic fashion to address the capital demand for the purpose of investment. The procured funds are put to the best and most effective use within the Group through a cash management system. Specifically, this system adjusts funding surpluses and shortages between subsidiaries (cash pooling) and performs payment operations on their behalf.

Change in Dividends (yen) * Change is shown with 2011 as the base year.



Notes

- The dividend for the fiscal year ended December 2016 included a quarterly dividend with a record date of March 31, 2016 in addition to the regular year-end dividend.
- Due to a significant net loss in the fiscal year ended December 2015, unfortunately no dividend was issued.
- The Company conducted a three-for-one share split on June 1, 2014. In commemoration of the Company's listing in the Second Section of the Tokyo Stock Exchange on December 14, 2012 and in the First Section of the Tokyo Stock Exchange on December 16, 2013, the Company paid commemorative dividends of 10.00 yen per share in addition to the year-end dividends of 30.00 yen per share, in total of 40.00 yen for the fiscal years ended December 2012 and December 2013 respectively.
- On January 1, 2012, the Company conducted a 100-for-1 stock split of common stock and adopted a share unit system where 100 shares constitute one unit.

External Environment and Mid-to-Long-Term Management Strategy

The SBS Group formulates and implements management strategy from mid-to-long-term perspectives while keeping close watch on changes to the external environment. Based on the concept of being a "group of 3PL companies possessing logistics functions in every direction," we actively implement M&A activities to strengthen our ability to provide comprehensive proposals, enhance our expertise and improve our problem-solving capabilities. We also work to develop our management infrastructure on an ongoing basis.

[Medium-to-long-term Management Strategies]

The Simultaneous Pursuit of Co-existence, Symbiosis and Synergy in M&A Activities

Through M&A activities, regarded as a pillar of its management strategy, the SBS Group pursues coexistence and symbiosis rather than dominance. We maintain the employment of staff and welcome new human resources into the Group. We also implement measures to enhance Group-wide synergistic effects, including market development, expanded sales channels, and the sharing and enhancement of service provision, knowledge, people and organizational capital.

This approaches also represent the practical implementation of goals 8, 9 and 17 of the Sustainable Development Goals (SDGs).

Further Strengthening of the 3PL Business and Establishment of a Unique Service Model

The SBS Group is employing a range of methods to enhance its strength in the 3PL business. We will proactively consider and implement measures to expand new orders through web marketing and improved sales capabilities, pursue efficiency improvements by enhancing old capabilities, and proceed with M&A activities to raise the level of business and expand the fields in which we operate.

In addition to proposing 3PL including logistics facility development as a unique solution offered by the SBS Group, in the future we will strive to establish a service model that is unique to the SBS Group to help customers solve their logistics related issues by incorporating the introduction of automation technologies, AI-related equipment and other advances.

Logistics Facility Development and Maintaining Financial Health through the Securitization of Existing Facilities

We work to develop logistics facilities in-house in order to promote the expansion of the 3PL* business and higher service levels, and maintain financial health through the systematic securitization of existing facilities.

Promoting selection and concentration of businesses overseas

We clarify which regions and businesses should be advanced and pursue their selection and concentration.

About the 3PL Business

3PL (third-party logistics) is a service where we propose logistics reforms to consignors and are entrusted with their logistics operations on a comprehensive basis. The SBS Group denes logistics services meeting the criteria of direct contracts with consignor companies, medium-to-long-term plans and the joint entrustment of multiple services as 3PL. As part of the 3PL business we are entrusted with and undertake a range of operations arising in the supply chain field on behalf of customers, including transportation, packing, storage, cargo handling and information management.

The SBS Group leverages its strengths in consulting to achieve customers' ideal logistics visions, the development and operation of information systems, the in-house development and provision of logistics centers and outstanding low cost operations to provide valuable 3PL services to customers in every line of business.

The External Environment Surrounding the SBS Group

The SBS Group identifies and analyzes the short-, mid- and long-term impacts due to changes in the external environment, and uses that insight as a basis for formulating management strategy and reviewing strategy in a flexible manner.

Economy

[Domestic]

- Changing consumer behavior due to the COVID-19 pandemic
- Slumping employment or income environment, inbound demand or capital investment sentiment
- Stock market instability
- Impact due to the holding of the 2020 Tokyo Olympics and Paralympics

[World]

- Global economic slowdown due to the COVID-19 pandemic
- Uncertain overseas situations
- Demands to disclose information on awareness of climate change and action

[Developing Management Infrastructure]

Securing the Human Resources to Support the Logistics Business and Facilitating Their Success

To continue to achieve future growth, it will be essential to retain the logistics human resources promoting our core 3PL business, the global human resources driving overseas development and the professional human resources driving logistics facility development and incorporating future technological innovations. At the same time, with the dwindling working population, we see the stable retention of drivers and other management resources that support the foundations of the logistics business as a key management issue.

To that end, we are taking steps to improve personnel systems, hire and cultivate talented human resources, and develop a workplace environment in which each individual employee can enjoy job satisfaction, pride and motivation. In developing the workplace environment, we will also consider the public health risks that have become evident due to the spread of COVID-19.

Continual Promotion of CSR Management

In addition to ensuring work safety and taking measures to prevent traffic accidents, we implement thorough environmental conservation initiatives, including the promotion of eco-driving and measures to reduce the environmental impact attributed to our vehicles and logistics facilities.

Moreover, we pursue the further enhancement of our corporate governance system that includes these initiatives.

Initiatives to address logistics industry-wide issues

We seek out collaboration with strong partners while promoting initiatives that help solve the short-, mid- and long-term issues facing the logistics industry from various angles.

Market

[Basic Trends]

- Diversification of services
- Smaller and more frequent lots
- Demands for stable and flexible transportation capabilities
- Increased competition due to e-commerce business operators developing in-house logistics systems
- Cooperation on logistics
- Supplementary of logistics functions and services
- Alliances with other companies including industry players

[COVID-19]

- Expanded role of logistics in society
- Increased operational constraints
- Remote work demands

[Logistics Technology (LT)]

- IoT, AI, big data, automation
- Telematics
- ETC 2.0

Human Resources and Society

[Human Resources]

- Worsening labor shortages
- Worsening work environments for truck drivers and aging drivers
- Expected increase in foreign workers
- Long-term decline in the working age population

[Society]

- Emergence of the COVID-19 pandemic
- Emerging effects of climate change
- Requirements for appropriate operational management of vehicles and stronger safety measures
- Review of labor laws and regulations
- Demands to adopt working style reforms
- Demands for productivity improvements across Japan
- Changes to human rights awareness and action
- Definitive action on diversity

Ascertaining and Responding to Management Risks

The SBS Group makes every effort to identify and analyze risks that could impact its management results, financial situation or share price, and to respond whenever such risks emerge.

Risk Management Policy and System

The SBS Group has established the SBS Group Risk Management Regulations and endeavors to manage all risk events that could pose threats to management activities. In addition to risks whose effects are immediately apparent, risks we determine need to be addressed from a medium or long-term perspective are also subject to management.

We have also established the SBS Group Risk Management Council, comprising members selected from SBS Group companies, to ensure that risk management is continually implemented on a Group-wide basis. At meetings generally held twice a year, the council separates risks into Group wide risks and risks affecting individual Group companies, monitors the status of measures to deal with each risk, and strives to prevent risks from occurring or minimize the damages that occur in the event of an emergency.

The Risk Management Process

SBS Holdings and each Group company start by identifying the risks to be handled by each department. Next, factors including the likelihood of occurrence, impact and potential for control are carefully examined and analyzed for each risk. We then implement response measures and work to prevent or minimize damages and losses due to risks.

The SBS Group Risk Management Council receives reports from SBS Holdings and Group companies to verify and evaluate the implementation status and effectiveness of the measures taken to address risks. The results of the evaluation are reported to the SBS Group CSR Promotion Committee for approval.

This cycle is repeated annually in an effort to not only ensure that existing risks are being appropriately handled, but to respond quickly to newly emerging risks.

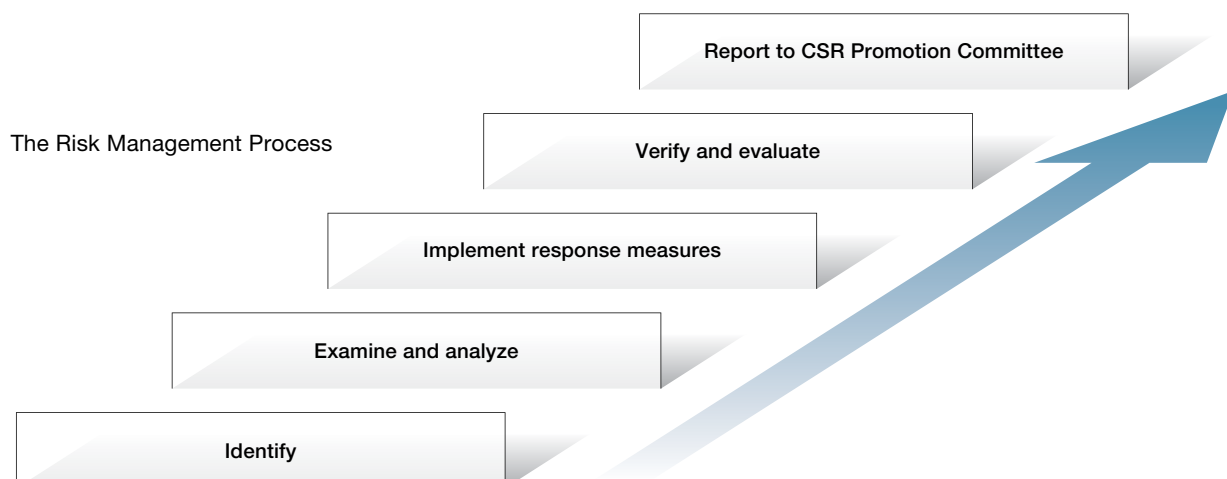
Major Risks to be Addressed

We have currently established 15 categories of risk events that have the potential to affect the SBS Group's short, medium and long-term management results, share price and financial condition. While the risks differ as to whether they are mainly caused by external factors, caused by mistakes or other action by the SBS Group or exhibit both aspects, we manage all of these risks in a comprehensive fashion in the interest of enhancing the soundness and continuity of management.

Additionally, in light of the enormous impact on the global economy and business activities of the SBS Group due to the COVID-19 pandemic, from fiscal 2020 "risks associated with pandemics" has been added as a new risk event.

SBS Group Risk Management Regulations (Key Points)

- **Basic Policy**
In light of the social significance of the SBS Group, on a daily basis its officers and employees shall manage risks by placing the highest priority on safeguarding human life and ensuring safety, and in the event a risk occurs, endeavor to contain the risk, minimize damages and enable a quick recovery.
- **Establishment and Operation of the Risk Management Council**
Monitoring, evaluation and approval of measures to address risks
- **Emergency Risk Response**
Establishment of Business Continuity Plan



Management Status of Major Risks

	Overview 	Effect 	Response Status 
<p>Risks due to changes in economic conditions</p> <p>[Short-term]</p> <p>Likelihood of Occurrence </p> <p>Degree of Impact </p> <p>Potential for Control </p>	<p>The businesses operated by the SBS Group are affected by economic and business trends in Japan and overseas, and by fluctuations in transportation demand among enterprise customers.</p>	<p>In the event of sluggish consumption due to a domestic economic contraction, a fall in import/export volumes triggered by a sharp appreciation of the yen or a serious contraction in an overseas economy, a reduction in the number of orders received or downward pressure on transportation fees could occur.</p>	<ul style="list-style-type: none"> Promotion of business diversification Diversification of risks by expanding business partners Promotion of an enhanced and optimized business portfolio in conjunction with the above measures
<p>Risks due to sharp rises in fuel prices</p> <p>[Short, Medium and Long-Term]</p> <p>Likelihood of Occurrence </p> <p>Degree of Impact </p> <p>Potential for Control </p>	<p>The use of fuels such as light oil and gasoline is essential in the logistics business. But when fuel prices increase due to steep rises in crude oil prices or fluctuating exchange rates, they represent a factor that increases costs.</p>	<p>It may not be possible to change transportation charges to reflect higher-than-expected fuel prices and equivalent increased costs due to sharp rises in global oil prices or the effects of currency exchange markets.</p>	<ul style="list-style-type: none"> Creation of budgets that incorporate fuel price fluctuations (predictions) by keeping close watch on market trends Switching to logistics services with higher fuel efficiency through the adoption of eco-driving practices, the phased introduction of next-generation vehicles, and other measures
<p>Risks associated with a worsening financial environment</p> <p>[Short-term]</p> <p>Likelihood of Occurrence </p> <p>Degree of Impact </p> <p>Potential for Control </p>	<p>In implementing M&A activities as an important growth strategy and developing logistics facilities to promote the 3PL business, we primarily procure funding through loans from financial institutions, and a worsening of the financial environment could be a factor in rising costs.</p>	<p>Difficulties in obtaining funding for strategic investments, or increased interest rates to finance loans could occur. Additionally, these situations could conflict with provisions in the case of debt with financial covenants.</p>	<ul style="list-style-type: none"> Measures including paying down interest-bearing debt through the securitization of logistics facilities and operating cash flow, and securing fixed interest rates
<p>Risks due to M&A activities</p> <p>[Short-term]</p> <p>Likelihood of Occurrence </p> <p>Degree of Impact </p> <p>Potential for Control </p>	<p>When expanding its existing businesses and entering new fields of business, the SBS Group implements M&A activities, capital participation and capital tie-ups as part of its business strategy. There is a risk that these activities might not go as well as initially planned.</p>	<p>Due to unexpected circumstances, the progress of a business plan following an acquisition or tie-up could be significantly delayed compared with initial forecasts.</p>	<ul style="list-style-type: none"> Thorough due diligence conducted in advance Careful arrangements with the top management of the company to be acquired <p><small>* Even in the cases of capital participation or tie-ups, similar action is taken</small></p>
<p>Risks due to the property management business</p> <p>[Short and Medium-term]</p> <p>Likelihood of Occurrence </p> <p>Degree of Impact </p> <p>Potential for Control¹ </p>	<p>The key activities of the SBS Group's Property Management Business are the development of real estate such as logistics facilities, and the provision of that real estate (through sale or leasing) to customers. If we are unable to acquire customers who will use the developed real estate according to our plans, it could be a factor in declining sales and profits. In addition, there may be cases in which the posting of sales and profits is delayed or is disproportionately allocated to certain time periods due to the timing of when an order for a logistics facility is received, the scale and specifications of the project, or the timing for completion or sale.</p>	<p>The impact on sales and profits when customers cannot be acquired as planned could be non-negligible, depending on the investment amount. Additionally, the same would apply if the sales and profits were skewed towards certain time periods or delayed.</p>	<ul style="list-style-type: none"> Development of logistics facilities predicted on securing customers <small>* We begin construction work on facilities after determining tenant consignors and sales destinations, as well as factors such as intended use, specifications, rent and rental period</small> Detailed development schedule management

¹ The assessment was revised due to an improved risk management level, with the likelihood of occurrence reduced by 1 and the potential for control increased by 1.




Ascertaining and Responding to Management Risks

Management Status of Major Risks

	Overview 	Effect 	Response Status 
<p>Risks due to legislative changes</p> <p>[Short and Medium-term]</p> <p>Likelihood of Occurrence ●●</p> <p>Degree of Impact ●●</p> <p>Potential for Control ●●●●</p>	<p>The SBS Group's operation is affected by various laws and regulations, and changes to these laws and regulations in response to changing social conditions. In our core logistics business, for example, various business laws related to logistics apply to cargo vehicle transportation operations, warehousing services and customs brokerage. In the property management business, the Building Standards Act and Financial Instruments and Exchange Act play a part, and in personnel support, the Worker Dispatch Act must be followed.</p>	<p>New cost burdens could be imposed, or changes could be required in business expansion due to systems being revised, strengthened or subjected to a different interpretation based on related laws and regulations changing in line with changing social conditions.</p>	<ul style="list-style-type: none"> Collecting information through industry groups and other organizations Preparations and actions in anticipation of legislative changes
<p>Risks related to natural disasters and other incidents</p> <p>[Short, Medium and Long-Term]</p> <p>Likelihood of Occurrence² ●●●●●</p> <p>Degree of Impact ●●●●</p> <p>Potential for Control ●●</p>	<p>The business activities of the SBS Group revolve around truck-based transportation and the operation of logistics centers, and these operations are susceptible to natural disasters and other incidents. In particular, the SBS Group has situated many logistics sites in the Tokyo metropolitan area to cater to robust logistics demand in that region, and if the Tokyo metropolitan area was affected by such a disaster, it would have a significant impact on the SBS Group.</p>	<p>When an event such as a major disaster occurs, SBS Group operations could be cut off and the Group may be unable to provide some or all of its logistics services, due to damage to consignor companies or Company facilities, disruption or cutting off of transportation networks, and the shutdown of lifelines.</p>	<ul style="list-style-type: none"> Anticipating the state of damage through the formulation of business continuity plans (BCP), and preparing of response measures Regularly conducting drills in preparation for major disasters Ensuring the earthquake resistance of the main buildings used for projects Decentralization of major business sites to the extent possible
<p>Risks associated with pandemics</p> <p>[Short, Medium and Long-Term]</p> <p>Likelihood of Occurrence² ●●●●</p> <p>Degree of Impact ●●●●</p> <p>Potential for Control³ ●●●</p>	<p>When an outbreak of a serious infectious disease occurs, the SBS Group businesses would be forced to take measures not usually implemented to prevent the spread of infections, and if the situation worsened, it could even threaten continued operations.</p>	<p>The outbreak of an infectious disease causes various restrictions on the business activities of the SBS Group. Taking measures to prevent infectious causes higher costs. In addition, if an infected person is confirmed in the SBS Group or shipping consignee, the SBS Group or the shipping consignee could be forced to restrict or shut down operations.</p>	<ul style="list-style-type: none"> Thorough hygiene management for business sites and vehicles Having employees thoroughly implement infection prevention measures consistent with government guidelines (temperature checks when arriving at work, checking health status, washing and disinfecting hands, wearing masks) Taking swift measures to prevent the spread of infections when a person is confirmed to be infected
<p>Risks due to serious incidents</p> <p>[Short-term]</p> <p>Likelihood of Occurrence ●●●</p> <p>Degree of Impact ●●●●</p> <p>Potential for Control ●●●●</p>	<p>As the SBS Group uses public roads to transport customers' products and goods by truck and other vehicles, there is always a risk of traffic accidents.</p>	<p>If a major accident in which many people's lives are lost occurred, the Company could be sued by the victims, suffer a decline in credibility among customers and society, or be subjected to action imposed by authorities, such as being suspended from operating vehicles or conducting business.</p>	<ul style="list-style-type: none"> Continued operation of SBS Group-wide transportation safety management under the Transportation Safety Promotion Meeting Promotion of transportation safety based on the three pillars of education and awareness-raising, accident prevent, and safe driving/operation management
<p>Risks due to system shutdowns</p> <p>[Short and Medium-term]</p> <p>Likelihood of Occurrence ●●●●</p> <p>Degree of Impact ●●●●●</p> <p>Potential for Control ●●●●</p>	<p>The SBS Group utilizes computers and networks for a range of applications from business systems to manage customers' cargo information, inventory control and customs processing to in-house systems that handle accounting, staff, salaries and other operations. There is a risk of these systems failing or operating incorrectly due to malfunction, computer viruses, hacking, natural disasters or other incidents</p>	<p>If any of these systems were to fail due to malfunction, computer viruses, hacking, natural disasters or other incidents, the provision of services to customers and business partners may be interrupted, business processing may be delayed, or operations could be thrown into confusion.</p>	<ul style="list-style-type: none"> Promotion of Group-wide security measures, training and awareness-raising under the Information Security Promotion Meeting Strengthened defenses with AI-based anti-virus tools and next-generation firewalls Enhanced monitoring and checking functions through security operation center (SOC) service Third-party verification

² In light of the growing frequency of natural disasters, the likelihood of occurrence was increased by 1 from the previous year.

³ In light of the circumstances surrounding the COVID-19 pandemic, the likelihood of occurrence and potential for control were each increased by 1.

	Overview 	Effect 	Response Status 
<p>Risks due to the leaking of customer information</p> <p>[Short and Medium-term]</p> <p>Likelihood of Occurrence ●●●</p> <p>Degree of Impact ●●●</p> <p>Potential for Control ●●●●●</p>	<p>The businesses conducted by the SBS Group involve handling large amounts of customer information, including personal information, and there are potential risks of the leaking of customer information or the destruction of data.</p>	<p>If an incident such as the leaking of customer information or destruction of data were to occur, the trust earned from customers could be lost, and the incident could affect the Group's business performance and financial situation.</p>	<ul style="list-style-type: none"> Clearly establishment of the proper management of customer information in corporate ethics regulations Continued implementation of measures ensuring the proper management of customer information and personal information as part of information security management
<p>Risks related to compliance</p> <p>[Short and Medium-term]</p> <p>Likelihood of Occurrence ●</p> <p>Degree of Impact ●●●●●</p> <p>Potential for Control ●●●●●</p>	<p>The SBS Group conducts its business activities based on laws related to the logistics business and a wide range of rules and social norms. Infringements of these requirements in any way could have a serious impact.</p>	<p>In the event of an infringement of related regulations or improper conduct on the part of an officer or employee, the SBS Group could suffer the loss of social credibility, suspension of business from customers, or claims for costly monetary penalties or compensation.</p>	<ul style="list-style-type: none"> Establishment of the SBS Group Code of Behavior and SBS Group Compliance Regulations Conducting awareness-raising activities, monitoring, confirming and investigating compliance violations and driving improvements, primarily through the SBS Group Compliance Meeting in which Group companies take part Distribution of awareness-raising tools and periodically conduct awareness surveys
<p>Risks related to overseas expansion</p> <p>[Short and Medium-term]</p> <p>Likelihood of Occurrence ●●●</p> <p>Degree of Impact ●●</p> <p>Potential for Control ●●●</p>	<p>While the SBS Group has worked to expand its business overseas to ensure continued growth into the future, those businesses are affected by conditions in the countries and regions in which we operate.</p>	<p>There are possibilities of changing economic conditions, recessions, exchange rate fluctuations, political or legislative changes, and social unrest due to terrorism, war or disease, in addition to trouble stemming from or a lack of understanding of the local culture or international standards, and matters in conflict with international norms, standards or guidelines.</p>	<ul style="list-style-type: none"> Ongoing collection and analysis of information concerning the countries and regions in which we operate
<p>Risks related to the acquisition and development of human resources</p> <p>[Medium-term, Long-term]</p> <p>Potential for Control ●●●●●</p> <p>Degree of Impact ●●●●●</p> <p>Potential for Control ●●●●●</p>	<p>The SBS Group recognizes the importance of human resources and focuses on hiring activities, education and training, but there is intense competition to continually secure the necessary human resources, and such efforts may not proceed as planned.</p>	<p>If we are unable to secure human resources in a timely fashion, experience a large exodus of human resources to elsewhere or if the development of human resources does not proceed according to Group plans, our business development, operating results or growth forecasts could be significantly impacted.</p>	<ul style="list-style-type: none"> Proactively hiring talented human resources without drawing distinctions between graduate or mid-career hires Various training for all employees of Group companies based on the basic policy on human resource development Conducting training, supporting skill improvement and career development
<p>Risks associated with climate change</p> <p>[Medium-term, Long-term]</p> <p>Likelihood of Occurrence ●●●●●</p> <p>Degree of Impact ●●●●●</p> <p>Potential for Control ●●●</p>	<p>Due to the advance of climate change, the businesses of the SBS Group could be affected by changes to the environment or systems surrounding the market (transitional risks) or phenomena such as abnormal weather and rising temperatures (physical risks).</p>	<p>The rising price of CO₂ emissions, costs to shift to low-emission technologies, the sharp rise in fuel energy costs and similar developments lead to increased operating expenditures and put pressure on management. In addition, abnormal weather events could damage products and operating assets or reduce production capacity.</p>	<ul style="list-style-type: none"> Promoting systematic business strategies and environmental strategies based on a low-carbon approach Strengthening environmental management systems Stockpiling for emergencies Enhanced disaster response management

* See page 33 for details.

The changing business environment due to COVID-19 and the SBS Group's response

When the COVID-19 coronavirus turned into a pandemic, social and economic activities were profoundly affected in Japan and around the world. Companies were forced to scale back office-based corporate activities, and the flow of people and goods stalled due to travel restrictions. Logistics is highly susceptible to these effects, and the SBS Group is no exception. There was a dramatic fall in demand for the transportation of office equipment and supplies, one of the SBS Group's key activities. In addition to the slow-down of overseas import-export businesses, there was also a slump in logistics demand from industries that actively cater to inbound demand from overseas, such as department stores, hotels and restaurants. While placing top priority on ensuring the safety of workers, we were forced to hold off on launching new sites, leaving a large portion of our plans unfulfilled.

However, logistics demand increased significantly in other areas. There was rapid growth in logistics from online purchases for private consumption as people found innovative ways to enjoy themselves at home while refraining from going out. Demand for home deliveries increased dramatically, at there significant expansion in logistics for retailers dealing primarily in daily necessities, such as supermarkets, drug stores and home improvement centers.

The SBS Group reallocated its human resources and logistics infrastructure in an effort to actively tap into the demand that grew as a result of the spread of COVID-19 infections. M&A activities and the development of logistics facilities, which had already been long underway, greatly helped in responding to this new demand. We also made progress in enhancing our last-mile delivery network. As a result of these initiatives, we managed to adequately cover decreases in demand with increases in other areas, enabling us to continue the trend of increased sales and profits.

⇒ Framework Development

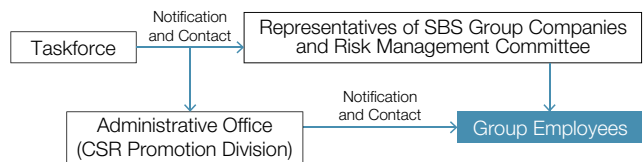
In connection with the emergence of COVID-19, the SBS Group has set up a task force, formulated basic response policies, and made efforts to conduct its business during the COVID-19 pandemic.

Our Changing Response

March 30, 2020 In response to the rise in infections (first wave), the COVID-19 Task Force is launched
 April 3, 2020 Basic COVID-19 Response Policy is formulated
 April 8, 2020 To coincide with the first state of emergency declaration, we begin the introduction and operation of the work system required to operate under the COVID-19 pandemic such as at-home work, distributed work and staggered shifts for sales and administrative department employees.

The taskforce plays a central role in coordinating information

The taskforce mainly comprises members of the Board of Directors of SBS Holdings and the representatives of core SBS Group companies, and is responsible for determining and approving various measures while notifying and maintaining contact with SBS Group companies.



⇒ Measures to Prevent Infections

Based on the "list of reference materials to prevent COVID-19 infections and manage health in the workplace" released by the Ministry of Health, Labour and Welfare, the SBS Group has instituted key measures to prevent infection and provided guidance to employees.

(1) Through implementation of infection prevention measures at workplaces

- Washing and disinfecting of hands
- Wearing of masks, observance of coughing etiquette
- Hygiene management and ventilation (ensuring distancing, regular ventilation, measures in break rooms and changing rooms, disinfecting areas touched by multiple people)
- Health management (checking body temperature and physical condition, creating an environment that makes it easy for employees to report feeling unwell)
- Promoting work from home and staggered shifts (adjusting the percentage of employees coming into work based on the spread of infections)
- Utilizing online meetings, ensuring adequate distancing during face-to-face meetings and discussions
- Ban on non-essential outings and business travel (handled based on the state of infections)
- Ban on non-essential parties and dinners

(2) Private activities

- Moderation in behavior (wearing masks when going out, avoiding dinners and parties, avoiding crowded situations, etc.)
- Vaccinations (encouraging employees to get vaccinated)



Taskforce Notices

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Administrative Office Notices

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Information is also communicated to employees via email and the Group's portal website.

As part of the Group wide policy that places an emphasis on business continuity during the pandemic (maintaining employment, taking measures to prevent infection, ensuring the infrastructure that is essential for continuing with operations, cash flow measures), the Basic COVID-19 Response Policy was formulated and we have been pursuing business activities based on this policy.

The SBS Group Basic COVID-19 Response Policy

- 1 The SBS Group's basic philosophy is to value employees
 - Maintain the employment of staff
 - Pay 100% of salaries during home furlough periods
 - Ensure the health and safety of employees
- 2 Prevent infection clusters from forming within the Group
 - General ban on face-to-face meetings
 - General ban on business travel
 - Requiring employees to report on their physical condition
 - Appropriate measures when a person is infected

- 3 Continue current business operations with a focus on logistics
 - Prompt resumption of operations after an infected person is discovered (flexible support systems, advance preparations such as transferring some operations to other companies in the Group)
 - Maintaining employee motivation (reaffirming the significance of logistics as a part of social infrastructure, providing livelihood security to non-permanent employees)
 - Establishing and maintaining the minimum necessary chain of command and management functions
- 4 Ensure basic infrastructure
 - Ensuring a framework that can maintain the administrative operations that are essential for business continuity
 - Implementing measures in response to the situation (at-home work, distributed work, staggered shifts, etc.)
- 5 Adequate cash flow measures
 - Implementing financial measures at each Group company such as postponing non-essential investments
- 6 Implement specific measures based on the above policy
- 7 Maintain lines of notification and communication within the Group

Based on decisions and approvals from the SBS Group COVID-19 Taskforce, notices and communications related to this policy are issued and communicated by SBS Group company representatives and the Risk Management Committee.

⇒ Definitions Related to COVID-19 and Action to Take in the Event of Infection

The SBS Group formulated guidelines summarizing definitions related to COVID-19 (affected persons, close contacts, persons requiring observation) and action to take in the event of infection based on guidance from the Ministry of Health, Labour and Welfare and local governments, and rolled out the guidelines throughout the Group.

While our basic policy is to always follow the guidance of local health centers, when health centers are under strain and cannot be contacted or when active epidemiological studies have been scaled down, we make preparations to ensure accurate judgment and action, including measures to quickly identify close contacts

and persons requiring observation and have them standby at home, and making sure that PCR tests and antigen testing kits are always available at each location. In addition, while sets for performing initial disinfection when infected persons are discovered have been allocated to each business site, in anticipation of constraints on market supply, sets of disinfectant solution and protective equipment have been stockpiled at four major locations throughout Japan as a part of a system to deliver needed supplies to business locations in each region.

⇒ Situation in the SBS Group Regarding Infections and Other Developments

Standards for announcing infections

When an infection occurs within the Group, the SBS Group considers the need to protect the personal information and privacy of the people affected to prevent prejudice, discrimination and damage to the reputation of business locations, and announces information in the following way.

- 1. When it is determined that a cluster has formed and there is a large impact on society
- 2. When an announcement is deemed necessary as a result of consultation with a customer (shipping consignor, etc.)

Details of announcement: The necessary information regarding the infection person(s) and business locations is announced to the extent that the individual person(s) infected cannot be identified.

Cumulative figures starting from the first infection (as of June 30, 2021)

Infected Persons	Close Contacts	Persons Requiring Observation
149	110	94

Shaping the Future Through the SDGs

The SBS Group is keenly aware of its responsibility as a company handling logistics as a key part of social infrastructure. We also place an importance on the sustainable development goals (SDGs) and their role in providing direction for solutions to the various issues facing the world. Helping to achieve the SDGs is one of the key aspects to our management policy.

The Future Vision the SBS Group is Shaping Through the SDGs

Maximize opportunities for social activities to be helpful

To the extent that is reasonably possible, we will maximize opportunities for logistics systems to contribute to social activities across a wide range of actions, from the transportation of relief supplies to the promotion of recycling.

Build efficient and sustainable logistics systems in Japan and around the world

Making full use of evolving technologies, we will take the convenience, safety and environmental performance of logistics systems - the foundation of social lives and industrial activity - to the next level.

Make opportunities for anyone to demonstrate their individuality and succeed the new normal

To build an inclusive world, we will create direct and indirect opportunities for all kinds of people to demonstrate their individual and pursue their true potential.

Expand partnerships with a diverse range of entities to every corner of society

In each area where the SBS Group operates, it will expand cooperative relationships with a wide range of parties, from governments and financial institutions to research organizations, non-profit groups and individual consumers.



The SBS Group views the SDGs as its vision for creating a better world with all stakeholders towards the year 2030.

Additionally, in the context of the SBS Group's business activities, we have shaped the following 3+1 future vision and are pursuing efforts aimed at its realization.

The 11 SDGs the SBS Group is Currently Tackling

Goal	Targets Towards 2030	Current Initiatives
 <p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	<p>2.1: End hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.</p>	<p>(1) Support for food banks</p>
 <p>Ensure healthy lives and promote well-being for all at all ages</p>	<p>3.6: Halve the number of global deaths and injuries from road traffic accidents. 3.9: Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.</p>	<p>(1) Promotion of transportation safety management (2) Sincere Challenge 2030 (medium-to-long-term environmental plan)</p>
 <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>4.3: Ensure equal access for all women and men to affordable and high-quality technical, vocational and tertiary education, including university. 4.4: Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.</p>	<p>(1) Basic policy on human resource development and education & training plan (2) Scholarship program (foundation) for students receiving social care</p>
 <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p>7.2: Increase substantially the share of renewable energy in the global energy mix. 7.3: Double the global rate of improvement in energy efficiency.</p>	<p>(1) Transmission of renewable energy through solar power generation (2) Sincere Challenge 2030 (medium-to-long-term environmental plan)</p>
 <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors. 8.5: Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. 8.8: Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</p>	<p>(1) Declaration on respect for human rights and elimination of harassment (2) Basic policy on human resource development and education & training plan</p>
 <p>Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation</p>	<p>9.1: Develop high-quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all. 9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.</p>	<p>(1) Reinforcement of logistics infrastructure, enhancement of LT and IT (2) Fostering logistics research (foundation)</p>
 <p>Make cities and human settlements inclusive, safe, resilient, and sustainable</p>	<p>11.2: Provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons. 11.6: Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.</p>	<p>(1) Addressing modal shift (2) Reinforcement of logistics infrastructure, enhancement of LT and IT (3) Risk management (4) Program to foster logistics research (foundation) (5) Sincere Challenge 2030 (medium-to-long-term environmental plan)</p>
 <p>Ensure sustainable consumption and production patterns</p>	<p>12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse.</p>	<p>(1) Sincere Challenge 2030 (medium-to-long-term environmental plan) (2) Expand functions of the venous logistics business</p>
 <p>Take urgent action to combat climate change and its impacts</p>	<p>13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>	<p>(1) Sincere Challenge 2030 (medium-to-long-term environmental plan) (2) Climate change risks and countermeasures</p>
 <p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>	<p>15.8: Introduce measures to prevent the introduction and significantly reduce the impact of invasive alien species on land and water ecosystems, and control or eradicate the priority species.</p>	<p>(1) Cooperation with environmental conservation efforts</p>
 <p>Strengthen the means of implementation and revitalize the global partnership for sustainable development</p>	<p>17.17: Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.</p>	<p>(1) Partnerships associated with business activities and CSR management (2) Support for the social sector</p>



CSR Message

What does it mean to deliver goods?

To deliver goods is to connect goods with people

To connect goods with people

To connect people's lives and connect society

We will continue to deliver goods
to bring stability to people's lives,
and realize a sustainable society.

The SBS Group promotes corporate social responsibility (CSR) and management in an integrated way based on the Group Management Philosophy and Code of Behavior.

We have classified important CSR themes into four fields, namely environment, safety, social and governance. For each of these fields, we have further established important tasks and promotional measures, which we tackle in an ongoing and multi-faceted fashion. As two of these fields, the environment and safety, are regarded as major issues for the Group's core business of logistics, we focus on them with the highest priority.

Promotional organizations (Group meetings) have been set up for each of the four fields to implement activities and share information. Additionally, the CSR Promotion Committee, which oversees these organizations, comprises representatives of SBS Group companies and assumes a pivotal role in coordinating the promotion of CSR activities as a Group-wide organization. The committee's remit includes determining policy and approving specific measures.

Organizational Structure



CSR Management Framework

Fields	Main Issues	Important Tasks	Major Initiatives	Promotion Organization	
				Issue-Specific Group Meetings (managers of the departments responsible at each Group company)	Integrated CSR Meeting (representatives from Group companies)
Environment	Consideration of the environment (reduction of CO ₂ emissions, energy conservation)	[Three pillars of environmental measures] Eco-driving (vehicles) Energy conservation (facilities) Environmental actions (employees)	Sincere Challenge 2030 Eco and safe driving training Introduction of eco-friendly vehicles Modal Shift Introduction of energy-saving lights Creation of renewable energy Environmental actions taken within a 5-meter radius	Environmental Management Promotion Meeting	CSR Promotion Committee
Safety & Social	Ensuring safety (zero accidents)	Transportation safety management Thorough prevention of accidents (education, health management, factor analysis and risk prediction) Enhanced safety measures	Safe driving training Eco and safe driving training Analysis of near-miss accidents Regular health checks, SAS screening tests Introduction of digital tachometers and dash cams Driver contests G-Mark certification Fire prevention measures at logistics facilities	Transportation Safety Promotion Meeting	
	Social engagement	Human resource development Occupational health and safety Quality control Social contribution	United Group training / correspondence courses Counseling services provided by industrial physicians First aid courses / introduction of AEDs Commending social contributions Subsidized projects Support for the social sector	Safety and Health Committee SBS Kamata Foundation	
Governance	Sound management	Internal control Internal reporting hotline Compliance training Risk management Information security measures Business continuity management	Compliance tools General workplace consultation office Auditor hotline / Outside reporting hotline Business continuity planning (BCP) Information security seminars e-Learning Investigations of response to targeted attacks	Compliance Meeting Risk Management Meeting Information Security Promotion Meeting	

Environment

Key Indicators (Fiscal 2020 Results)

Number of employees taking eco-driving and safe-driving training (cumulative total)

1,570

Number of eco-friendly vehicles introduced (cumulative total)

3,955

Modal shift transportation volume

268,219_t

Business sites where energy-saving lighting has been introduced (cumulative total)

51 business sites

Total CO₂ emissions (compared with the previous year)

8.4 % increase

CO₂ emissions per unit of sales (compared with the previous year)

7 % increase



For details about our basic policy on the environment and the structure for promoting environmental initiatives, please check our website.

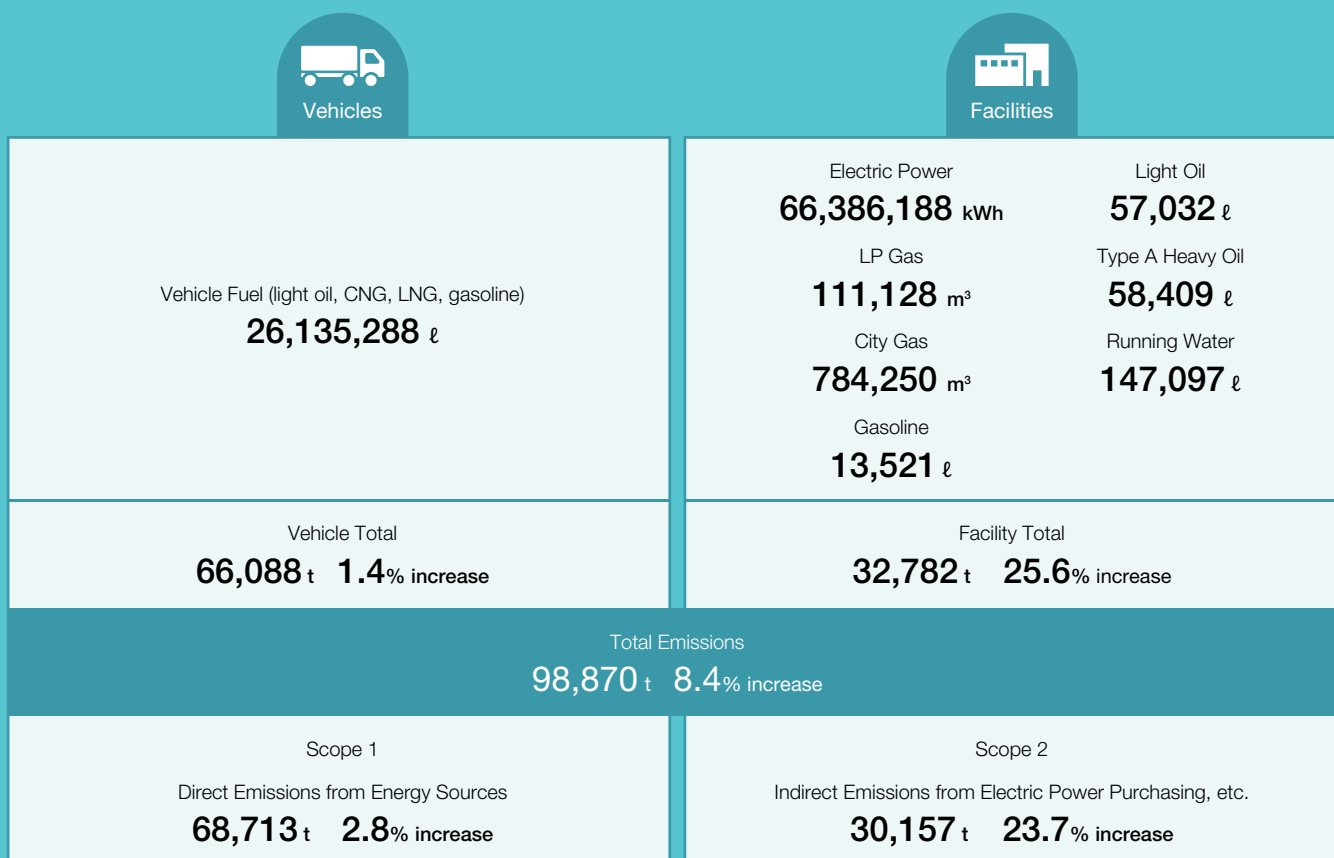
TOP → CSR Initiatives

<https://www.sbs-group.co.jp/sbsh/csr/>

In fiscal 2020, SBS Toshiba Logistics Corporation became a member of the SBS Group. Additionally, even under the COVID-19 pandemic, total CO₂ emissions and usage of major energy sources recorded their highest levels since we began measurements, in part due to the strong performance of the logistics business. On the other hand, CO₂ emissions per unit of sales showed a year-on-year increase of 7.04%. However, due to the timing of Toshiba Logistics Corporation's entry into the SBS Group, its fiscal 2020 sales were not recorded, and due to time constraints not all of its environmental data could be

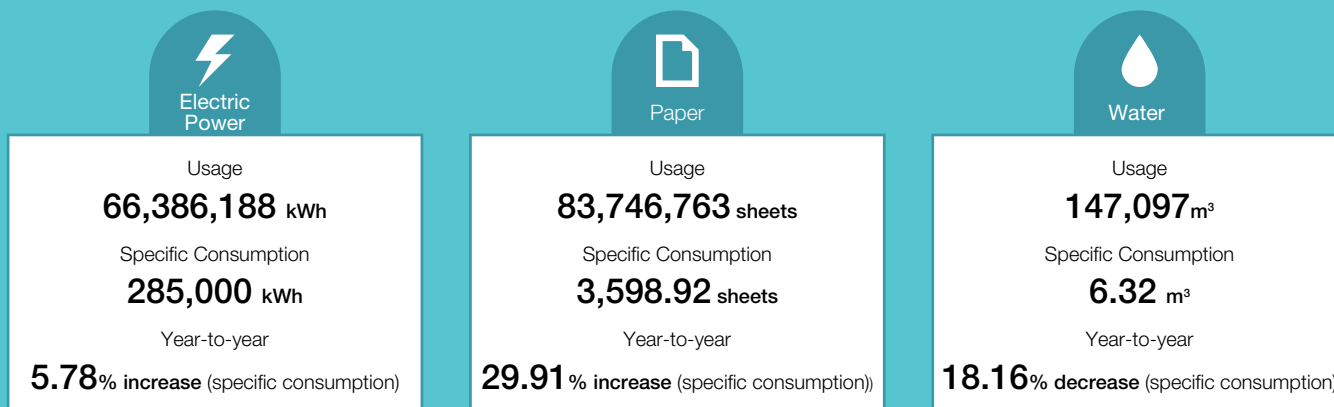
aggregated. For these reasons, we believe it will be possible to accurately assess the environmental performance of the Group following the addition of Toshiba Logistics Corporation starting with the results of the following fiscal year. Even so, since figures have peaked, including the results of the Environmental Action 2020 action plan that is part of the Sincere Challenge 2030 mid-to-long-term environmental plan, we see there is a need to consider and implement new measures in place of our existing ones.

Energy Usage and CO₂ Emissions (Scope 1, Scope 2)



* Increase or decrease is in comparison to the previous year

Usage of Electric Power, Paper and Water (fiscal 2018)



* Specific consumption is per employee (fiscal 2020: 23,270 employees)

The SBS Group started its third mid-to-long-term environmental plan from fiscal 2018. Dubbed “Sincere Challenge 2030,” the plan comprises a

slogan, medium-to-long-term priority issues and a medium-term action plan (Environmental Action 2020). We will work on this plan in a sincere and proactive way.



SBS Group Mid-to-Long-Term Environmental Plan

Plan Name Sincere Challenge 2030

Slogan “We take on the challenge of making an eco-friendly society full of green!”

Priority Issues

Mid-term	Curtailment of CO ₂ emissions (reduction of carbon emissions from vehicles and facilities) Promotion of resource recycling (effective use and recycling of waste) Conservation of natural resources (reduction of use of copying paper and water)
Long-term	Strengthening reduction of CO ₂ emissions from vehicles (formulation and implementation of plan for introduction of next-generation vehicles)

Strengthening Reduction of CO₂ Emissions from Vehicles







If based on Japan’s nationally determined contributions in terms for target energy-derived carbon dioxide emissions in each sector in the Paris Agreement made at the Framework Convention on Climate Change, 2030 energy-derived CO₂ emissions in 2030 will need to be a 26% reduction from 2013 levels (24% reduction from 2005 levels, corresponding to roughly 927,000,000 tons of CO₂), and in the transportation sector, a reduction of 28% from 2013 levels (32% reduction

from 2005 levels), or roughly 163,000,000 tons of CO₂. To achieve these reductions by the year 2030, the SBS Group calculates it will need to replace at least 1,000 medium-sized vehicles with next-generation vehicles (such as electric or hydrogen-powered vehicles). Moving forward, we will pay close attention to national policies and the development trends of automotive manufacturers to formulate solid plans and find the right time to introduce these vehicles.

The SBS Group is implementing Environmental Action 2020 as the action plan of the Sincere Challenge 2030 Mid-to-Long-Term Environmental Plan. The plan sets six aims and 10 environmental actions related to priority issues in the medium term, and defines medium-term goals (currently covering fiscal 2018 to fiscal 2020) to be achieved.

All action targets on reducing CO₂ emissions in fiscal 2020 were unmet. However, we managed to meet our targets on reduction of water usage and fuel efficiency improvements.

Environmental Action 2020

Aim	Action	Goal			Results		Achievement Status
		2018	2019	2020	2019	2020	
 Preventing global warming	Reduction in CO ₂ emissions per unit of sales	At least 3% year-to-year			38.09 tons / 100 million	40.77t tons / 100 million	× 7.04% increase
	Reduction of CO ₂ emissions per distance traveled in vehicles	At least 1% year-to-year			0.49 t/km	0.50 t/km	× 1.18% increase
 Resource conservation [water and forests]	Reduction in water usage per employee	At least 1% year-to-year			7.72 m ³	6.32 m ³	○ 18.16% decrease
	Reduction in PPC paper usage per employee	At least 5% year-to-year	At least 10% year-to-year	At least 15% year-to-year	2,770 sheets	3,598 sheets	× 29.91% increase
 Resource recycling	Visualization of industrial waste product recycling	Sampling	Expansion of applicable business sites	Active promotion	Under consideration		△
 Development of green logistics services	Improved fuel efficiency	At least 1% year-to-year			4.93 ℓ/km	5.01 ℓ/km	○
	Improved eco-friendly vehicle ownership rate	At least 3% year-to-year			92.45%	92.45%	△
	Eco-driving promotion	Development of an evaluation and commendation system	Launch of the evaluation and commendation system	Firm establishment of the evaluation and commendation system	Commendations awarded to 6 business sites	Commendations awarded to 6 business sites	○
Year-to-year increase in EMS introduction rate			2,218 vehicles	2,218 vehicles	△		
 Education	Raising awareness of environmental action (putting up posters, etc.)	Active promotion			Sincere Challenge 2030 posters and "Environmental Actions Taken Within a 5-Meter Radius" posters were displayed.		○
 Social contribution	Support for environmental groups	Providing support to at least one group			One environmental group was supported and provided assistance with its activities.		○

The SBS Group recognizes risks due to climate change as important management challenges. As an enterprise responsible for part of social infrastructure, risks due to climate change are an issue that cannot be ignored. To achieve sustainable management, we believe it is necessary to appropriately ascertain and manage these risks, and to respond and adapt to them as appropriate.

Risks Due to Physical Impact

To the SBS Group, which maintains many business sites around ports and harbors, disasters caused by weather phenomena believed to be affected by global warming, including typhoons of increased severity, storm surges and frequent torrential rains, pose risks to business continuity. To address these risks, we consider site conditions and facility design with flood damage in mind when establishing new logistics sites, and have prepared for emergencies with the creation of the SBS Group Business Continuity Plan, which sets out the measures to be taken in the event of a disaster. Additionally, with rising temperatures in recent years, workers face a significantly heightened risk of heat stroke. To the SBS Group as an employer of large numbers of drivers and warehouse personnel, risks to employee health represent a serious issue. We will take multifaceted measures to deal with these risks, including the installation of additional water supply equipment, the regular stocking of supplies, the provision of goods to help workers cope with the

heat, careful monitoring of high-temperature warning information, and efforts to alert workers to the dangers.

Risks Due to Regulations

The strengthening of regulations based on international agreements such as the United Nations Framework Convention on Climate Change (Paris Agreement) could be a risk that places pressure on management costs. There is a possibility of new regulations and systems (carbon taxes, taxes on fuel and energy consumption, etc.) being advanced. For the SBS Group as a transportation business operator, for example, we may be pressured to upgrade our vehicle fleet to next-generation vehicles and switch to more energy-saving facilities at an early stage. To address these risks, we will pay close attention to national policies while developing steady plans and make preparations so that we can swiftly invest in vehicles and equipment when the time comes.

SBS Group Business Continuity Plan

This is a plan to ensure business continuity in the event of a major disaster and is prepared in according with the SBS Group basic policy on business continuity planning. The plan gives top priority to safeguarding people’s lives.

United Nations Framework Convention on Climate Change

This convention sets out an international framework to prevent the various adverse effects that are caused by global warming, with the ultimate aim of stabilizing the concentration of greenhouse gases in the atmosphere. The Paris Agreement (2015) was adopted as a new international framework that includes greenhouse gas emissions reductions for the year 2020 onwards.

The SBS Group’s Climate Change Risks and Countermeasures

Type	Cause	Details	Effect	Detailed Effects	Countermeasures
Transition	Rising greenhouse gas emissions prices	Strengthening of domestic environmental regulations due to international agreements (carbon taxes, taxes on fuel and energy consumption, emissions trading)	Increased business expenditures (rising costs to comply with laws and regulations, rising insurance premiums)	Pressure on management due to business expenditures / pressure on management due to rising environmental investment costs (higher expenditures due to the decarbonization of vehicles and other equipment) / rising costs and lower revenues associated with stronger CSR procurement on the part of customers	Formulating and executing systematic business strategies (and environmental strategies) based on a low-carbon approach
	Costs to transition to low emissions technologies	Pressure on management due to increased environmental investment costs	Increased time and costs spend adopting and deploying new activities and processes	Higher expenditures due to the decarbonization of vehicles and other equipment / introduction of next-generation vehicles / introduction of energy-saving measures / introduction of other environmental conservation measures / usage and creation of renewable energy	Formulation and execution of systematic business strategies (and environmental strategies)
	Changes in the market environment	Market stoppages or the cutting off of import/export routes due to disasters or conflicts caused by global warming	Sudden and unpredictable fluctuations in energy costs and energy shortages	Pressure on management or reduced production capacity from sharply rising fuel and energy costs and supply shortages causing increased expenditures	Increased installation and upkeep of in-tanks to prepare for emergencies / In addition to the above, supplementary measures such as providing fuel supply services during disasters will be taken
	Damage to reputation due to delays in environmental measures under decarbonization trends against the backdrop of international agreements and other developments	Rise in stakeholder concerns or feedback from negative stakeholders	Damage to public trust arising from breaches of stakeholder trust	Falling share prices / reduced competitiveness / personnel exodus	Enhanced environmental management structure (environmental initiatives, information disclosure, etc.)
	Other impacts due to climate change	Risk of customer difficulties with operations or business continuity from the effects of climate change causing lower revenue for the SBS Group	Changing sales sources and combinations therefore leading to reduced sales	Reduced revenue and lost orders due to worsening financial conditions for customers	Strengthened CSR management and monitoring of market conditions
Physical	Increased severity of abnormal weather phenomena including cyclones and flooding	Increasingly frequent weather-related disasters including typhoons of increasing severity, frequent torrential rain, heavy snowfall and so on	Direct damage to facilities and adverse impact on production capacity and workforce	Compensation for loss of product value due to damage to customer products or flooding, etc. / losses due to direct damage to business assets (business facilities, vehicles, etc.) / accidents suffered by employees while commuting or at work / reduced production capacity due to difficulties securing operational personnel or disruptions to vehicle operations	Strengthening of risk countermeasures (hazard management at sites and the associated responses) and disaster response management
	Rising mean temperatures	Adverse impacts on the health of employees and reduced production capacity due to rising temperatures	Lower sales and rising costs due to the adverse impacts on the workforce (Examples: health, safety and absenteeism)	Workforce reductions due to employee health hazards such as heat stroke / increased installation of air conditioning in warehouses and facility/equipment investments to combat rising truck cabin and body temperatures / compensation for loss of product value for refrigerated or frozen goods / facility investment to maintain quality to prevent accidents involving products	Implementation of measures, including, careful monitoring of related information and warnings to workers / increased installation of air conditionings and water supply equipment, regular stocking of supplies, provision of goods to cope with the heat / facility and equipment investment to curb in-vehicle temperatures

The SBS Group pursues initiatives to deal with major issues concerning environmental conservation, with a focus on measures that relate to vehicles and facilities.

Global Environmental Issues	The SBS Group's Initiatives
Global warming	Energy conservation, the creation of renewable energy, promoting eco driving, introduction of eco-friendly vehicles, modal shift, promotion of eco tires, activity awareness-raising
Air Pollution	Introduction of eco-friendly vehicles, reduction of aging vehicles
Depletion of the ozone layer	Compliance with Act on the Rational Use and Proper Management of Fluorocarbons
Resource recycling	Company-wide 3R promotion (implemented on a trial basis since fiscal 2018), promotion of retread tires, activity awareness-raising
Forest conservation	Use of FSC certification, support for conservation groups, promotion of paperless operations
Water issues	Water conservation, activity awareness-raising

Initiatives Related to Vehicles

The SBS Group is striving to foster a deeper culture of eco-driving through eco-driving (fuel-efficient driving) training (eco and safe-driving training: eco-driving workshops conducted in group settings) and through actual practice (voluntary fuel efficiency management: having drivers ascertain the effects of their own driving by recording supplied fuel, distances driven and fuel efficiency by hand to raise awareness of fuel-efficient driving) in a two-pronged effort.

Initiatives Related to Facilities

The SBS Group is promoting energy savings at its facilities through a range of energy conservation measures including the introduction of energy-saving lighting (LED, electrodeless lamps, etc.), primarily at existing large-scale centers and new centers. Energy-saving lighting has now been introduced at 51 business sites, and the effects of doing so have been visualized. We will continue to actively promote these activities.

Other Initiatives

The SBS Group also supports modal shift. Modal shift refers to social contribution-oriented modes of transportation that not only reduce the impact on the environment but also address the shortage of drivers. In 2015, SBS Logicom Co. Ltd. participated in promoting the modal shift of sales routes for liquor dealers and helped significantly reduce CO₂ emissions as a result. The company received a joint award under the Excellent Green Logistics Commendation Program.

Environmental Actions Taken within a 5-Meter Radius and Awareness-Raising Concerning the Mid-to-Long-Term Environmental Plan

To encourage each and every employee to consider the environment, the SBS Group has adopted the slogan "environmental actions taken within a 5-meter radius." We call on employees to continually put into practice six environmental actions and also endeavor to raise awareness of the Sincere Challenge 2030 mid-to-long-term environmental plan.



Number of Employees Taking Eco-Driving and Safe Driving Training (as of December 31, 2020)

1,570

* In fiscal 2020, in light of the effects of COVID-19, eco-driving training was not conducted.

Number of Business Sites Where Energy-Saving Lighting Has Been Introduced (cumulative total including sites with partial introduction)

51 business sites

* This initiative has helped curb CO₂ emissions by more than 2,200 tons annually.

Modal Shift Transportation Volume (fiscal 2020)

268,219 t
 Railway cargo: 251,661 t
 Ship cargo: 16,558 t

Companies targeted for modal shift

- SBS Toshiba Logistics
- SBS Ricoh Logistics System
- SBS Logicom

Modal shift is to shift the means of transportation for cargo and people, and in cargo transportation, it means the movement of goods by cargo truck is switched to rail or coastal vessel-based transportation. Since attention was drawn to modal shift at the 3rd Conference of the Parties under the United Nations Framework Convention on Climate Change (Kyoto Meeting) in 1997, various countries have pursued initiatives, and efforts have also been promoted by Japan's Ministry of Land, Infrastructure, Transport and Tourism.



Safety & Social

Key Indicators (Fiscal 2020 Results) Safety

Number of Transportation Safety Promotion Meetings Held

4 times

Number of Group Safety Training Sessions Conducted

27 times

Group-Average Fuel Efficiency

5.01 km/l

Number of Business Sites with G-Mark Certification (certification rate)

167 business sites (87.90%)

Number of Serious Accidents

0

For details about our basic policy and promotion system regarding safety, please check our website.

TOP → CSR Initiatives

<https://www.sbs-group.co.jp/sbsh/csr/>

In fiscal 2020, we strengthened our focus on priority areas, including operational management and other measures aimed at business optimization, measures to prevent accidents related to health (measures to deal with sleep apnea syndrome or SAS, preventing overwork, heat stroke, etc.), and specific

operations as part of fire prevention measures. We also launched the eco and safe-driving evaluation and award system as a new measure promoting safe and eco-friendly practices. We are also pleased to report zero serious accidents throughout the SBS Group.

Priority Risks

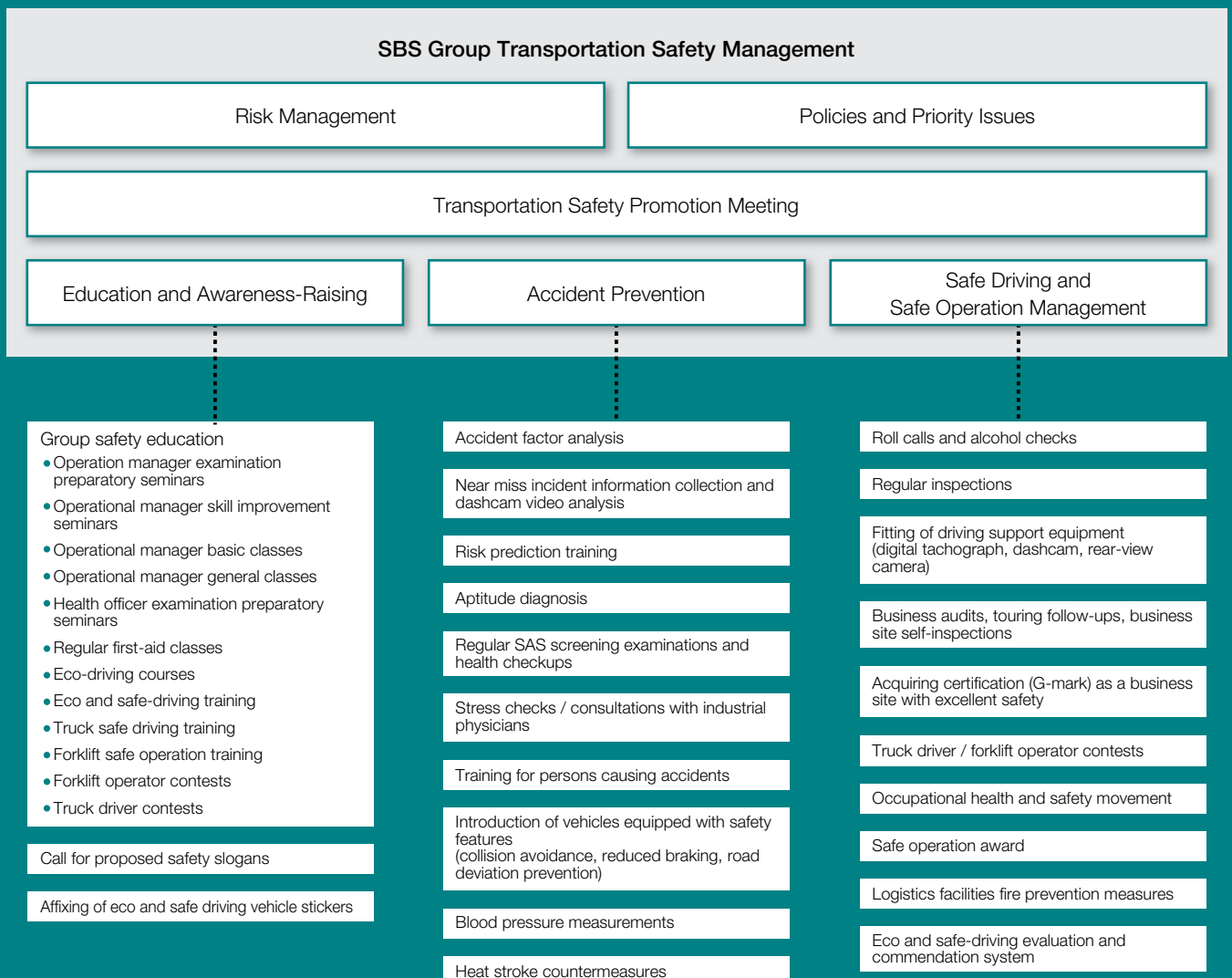
Strengthening employee health management, reducing major accidents, strengthening fire prevention measures at logistics facilities

Priority Issues

Improving fuel efficiency through eco-driving training and enhancing awareness of safe driving

Preventing accidents by conducting safe operational training for trucks and forklifts

Skill improvement initiatives to foster the development of operational managers, health officers and other key personnel



Group Safety Education

With reports of serious accidents attracting the attention of society, operation managers have become increasingly important. The SBS Group focuses on cultivating and improving the skills of operation managers and strives to raise the level of transportation safety management capabilities across the Group. In fiscal 2020, we made further additions to our curriculum for operational managers.



SBS Group Safety Education Curriculum Implementation Status for 2020

Curriculum	Number of Sessions Held	Number of Trainees
Operation manager examination preparatory seminars	10	143
Operational manager skill improvement seminars	-	-
Operational manager basic classes	9	70
Operational manager general classes	6	118
Health officer examination preparatory seminars	1	33
Regular first-aid classes	1	10
Eco-driving courses	-	-
Eco and safe-driving training	-	-
Truck safe driving training	-	-
Forklift safe operation training	-	-
Forklift operator contests	-	-
Truck driver contests	-	-

Driver Health Management

The SBS Group not only takes steps to prevent overwork but also makes thorough efforts to regularly conduct health checkups and perform SAS (sleep apnea syndrome) screenings to prevent accidents attributable to employee health. SAS screening tests not only involve secondary screening but also regular monitoring after testing. Additionally, since there has also been an uptick in accidents related to brain disorders across society, we continually monitor the state of health of drivers by conducting brain MRI scans as necessary in order to ensure safety and peace of mind in our transportation operations.

Meetings

27

Number of Trainees

374

Safety Slogan

Each year the SBS Group accepts proposals from employees for a safety slogan to be used in Group-wide awareness-raising activities to foster pride as professionals with responsibility for safety. The following slogan for fiscal 2021 was selected from 13,962 submissions. This is the result of final voting by Group employees after the Driving Safety Promotion Committee narrowed the entries down to 19 submissions.

Fiscal 2021 SBS Group Safety Slogan

**Safety Depends on Your Care
And Consideration**

Shin Nakano, Nishi-Funabashi Branch, SBS Logicom Co., Ltd.

Affixing of Eco and Safe Driving Vehicle Stickers

Since December 2017, this sticker has been affixed to all SBS Group cargo vehicles. The sticker represents our promise to society that SBS Group vehicles take the environment and safety into consideration. We are conscious of being eco-friendly and safe drivers, and are committed to eco and safe driving.



Employee Health Management

In light of recent rising temperatures, since fiscal 2018 the SBS Group has stepped up measures to combat heat stroke in its warehouses. We have thoroughly investigated information related to incidences of heat stroke and installed additional air conditioning equipment to enable proper temperature management within warehouse facilities. In addition, we actively advise drivers to run air conditioning continuously. As a result, we have managed to halve the number of heat stroke cases compared with the previous year. We will continue to address this issue with the aim of completely eliminating cases of heat stroke among our employees.

Truck Driver / Forklift Operator Contests

We have been holding contests since fiscal 2016 with the aim of having drivers and operators compete over their knowledge of advanced driving skills, inspection technologies and related laws and regulations in order to raise awareness of their social responsibilities as drivers and operators by honing skills through friendly competition and acting as exemplary representatives of their respective workplaces. Each contest will improve the awareness and skills of individual drivers and cultivate a Group identity that pursues safe driving and operation.



The FY2020 Truck Driver Contest and Forklift Operator Contest were postponed due to the COVID-19 pandemic.

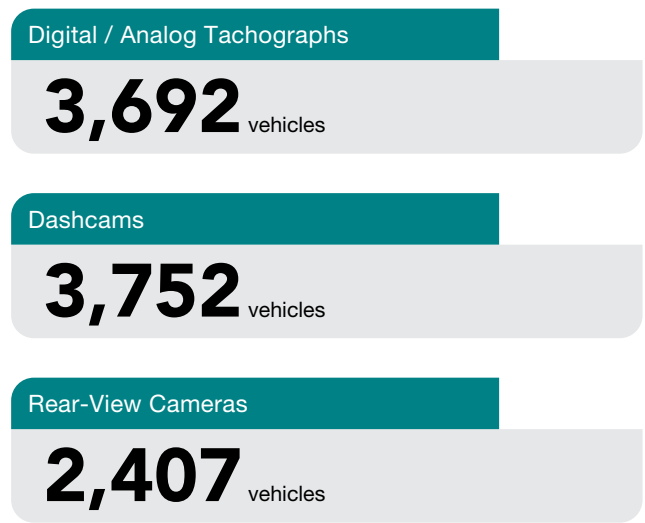
Business Sites Awarded Eco and Safe-Driving Evaluation and Commendations in FY2020

Company Name	Branch Name
SBS San-ai Logistics Co., Ltd.	Kyushu Chuo Branch, Transport and Delivery Section
SBS Logicom Kanto Co., Ltd.	Shinsuna Branch
SBS Freight Service Co., Ltd.	Morioka Office
SBS FlecNet Co., Ltd.	Sapporo Office
SBS Sokuhai Support Co., Ltd.	Yokohama Office
SBS Zentsu Co., Ltd.	Chiba Delivery Section, Kaihin Office

Fitting of Driving Support Equipment

The SBS Group has proceeded to fit its vehicles with digital tachographs (including switch-overs from analog systems). A digital tachograph sounds a warning alarm when a driver exceeds a speed limit or brakes suddenly. We are also steadily equipping vehicles with dashcams. The company monitors these records and makes drivers aware of areas for improvement as necessary. In addition, we have made steady progress in the installation of rear-view cameras, which prevent collision accidents when a vehicle is reversing.

Number of Vehicles Equipped with Driving Support Equipment



Fire Prevention Measures at Logistics Facilities

The SBS Group has created its own fire prevention measures check sheet based on guidelines from the Ministry of Land, Infrastructure, Transport and Tourism and the Fire and Disaster Management Agency. All Group logistics facilities are required to perform periodic checks and report on the results. Criteria have been established for the items to be checked, and when the criteria are not met, facilities are obligated to take corrective action. We strive to raise the level of fire prevention methods by iterating on this cycle of checks and improvements.

Eco and Safe-Driving Evaluation and Commendation System

In fiscal 2019 the SBS Group launched the Eco and Safe-Driving Evaluation and Commendation System with the aim of achieving transportation safety and appropriate business operation by widely disseminating eco and safe-driving awareness and skills among SBS Group companies. The system recognizes those business sites in the Group's six transportation-oriented companies that have exhibited outstanding results in eco and safe-driving. Fuel efficiency improvement rate (compared with the previous year) and the implementation status of safe driving management and safety education have been established as evaluation items. In the system's inaugural year, six business sites received commendations. The SBS Group strives to improve quality in both environmental and safety terms through this system.

The SBS Group undertakes its corporate activities with the involvement of various stakeholders.

The SBS Group regards the customers to whom it provides services, as well as shareholders and investors, the employees who work together with the Group, business partners including suppliers and contractors and the local communities where the Group does business as major stakeholders.

To stakeholders, we commit to putting the customer first,

making appropriate information disclosures, developing a comfortable workplace, cultivating partnerships and contributing to local communities, and we endeavor to reflect these commitments in our corporate activities through wide-ranging dialogue with stakeholders. We have established a Code of Behavior prescribing compliance with laws, manners and morals, environmental conservation and social contribution as a corporate citizen, and strive to coexist with society.

Quality Management System

Each Group company in the SBS Group has established a quality management system and we endeavor to maintain and improve the quality of the transportation and services we provide. In addition to the international ISO9001 standard that indicates systematic requirements for quality management systems, we have also obtained other appropriate certifications including ISO27001 certification for information security management systems, the Privacy Mark related to the protection of personal information, as well as JAS Organic Agricultural Product Subdivider Certification and the Relocation Safety Mark.

* See the CSR data on page 53 - 54 for more information on certification status.

Implementation of Improvement Activities

The SBS Group conducts a wide range of improvement activities and holds an Improvement Contest designed to recognize achievements in those endeavors and share outstanding expertise. For its part, SBS Ricoh Logistics System holds a Global KAIZEN Contest under the themes of KAIZEN and Reform incorporating management issues. Meanwhile at SBS Zentsu, the Home Delivery Division responsible for the delivery of foods at the four temperature ranges holds Improvement Example Presentations to develop a comfortable workplace environment, and has workers compete and learn home delivery customer service skills through the "Customer Service

Master Contest." SBS Flecnet holds Business Improvement Presentations with the aim of providing better services and developing an improved work environment. Each of these initiatives is not only an opportunity to raise awareness of issues and share lessons, but is also positioned as an opportunity to develop a positive corporate culture.

Provision of Information

In addition to disclosing information about the business operations it is entrusted with, the SBS Group earns the trust of stakeholders by providing a range of information with a focus on customers.

The LOGILINK, a logistics-oriented PR publication issued by SBS Logicom for customers, has earned a favorable reception among companies, groups and government organizations as a medium for disseminating useful information to those responsible for and involved with logistics, including case studies of logistics solutions and the latest information. Everything from the expertise and functions of SBS Logicom logistics services to the ingenuity of its staff is introduced in an easily understood format that illustrates SBS Logicom's collective strength as a logistics company.

Respect for Human Rights and Eradicating Power Harassment

To coincide with the enactment of power harassment prevention legislation, the SBS Group established a Declaration on Respect for Human Rights and the Eradication of Harassment. In our management philosophy, we at the SBS Group state the belief that "long-term prosperity is rooted in paying the necessary attention to people and in the enthusiasm of our employees." In keeping with this belief, we will make every effort to respect human rights and prevent harassment.

SBS Group Declaration on Respect for Human Rights and Elimination of Harassment

All people are born equal with dignity and rights, and no one may harm their character.

Based on this basic philosophy, we deepen our understanding of human rights and act in accordance with a respect for human rights.

To maintain a workplace environment in which everyone can thrive, we will eradicate harassment.

To achieve this, we will actively take part in educational and awareness-raising activities, heed compliance information, acquire knowledge and development the ability to take action.

Whenever we suffer or witness harassment, we will consult with or report it to a consultation service and never leave it undressed.

Diversity

The SBS Group ranks the promotion of diversity among its key issues in the medium term and is working on the following issues.

1. Cultivating a workplace environment that considers individual differences to be something of value
2. Conducting diversity & inclusion training and awareness-raising to eliminate prejudice
3. Enhancing organizational strength through the proactive hiring of a diverse range of human resources
4. Establishment and enhancement of support for minorities
5. Development of a workplace environment enabling all employees to maintain a healthy work-life balance

Development of Telework and Work-From-Home Systems

In response to measures addressing the recent COVID-19 pandemic, telework and work-from-home systems were developed for the administrative divisions. Remote work functions that had previously been introduced for a subset of operations were expanded to cover roughly 90% of employees (as a percentage in SBS Holdings). In conjunction with these developments, we will establish new rules (establishment of work-from-home regulations) and revise existing systems (further systemization of administrative functions).

The SBS Group will ensure that new styles of working can take root and work to promote a healthy work-life balance while strengthening business continuity functions.

Human Resource Development

The SBS Group provides wide-ranging education and training to all employees working at Group companies in accordance with the following Basic Policy on Human Resource Development.

1. We will implement human resource development as a part of our management strategy and human resource strategy, and foster human resources able to contribute to the growth and development of the Group
2. We will cultivate human resources through a broad range of education and training, and strive to build up the Group's personnel-based assets
3. We will assist employees in achieving their self-actualization goals through life-long education

The composition of training is systematically organized into tiered training, theme-specific training, specialist training and personal development support, and is designed to help employees improve their skills and develop their careers.

* See the CSR data on pages 53-54 for a breakdown of the curricula.

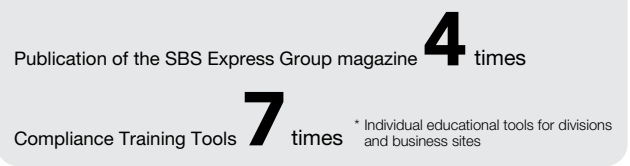
Commended as an Excellent Place of Business for the Employment of People with Disabilities

Food logistics operator SBS Zentsu Co., Ltd. as commended by the governor of Saitama as an Excellent Place of Business for the Employment of People with Disabilities, as part of the 2020 Saitama Awards for Excellent Places of Business for the Employment of Disabled Persons and the Elderly. The company was recognized for introducing flexible working systems based on individual preferences and physical condition, developing wage systems that are not dependent on whether employees have disabilities, and for actively accepting people with disabilities for practical training and outsourced training.

The services provided by the SBS Group are supported through the cooperation of many business partners. We regard our business partners as fellow entities executing business goals in tandem with the SBS Group. Accordingly, we endeavor to fulfill our obligations and develop in step with these business partners, in keeping with laws and ethics.

The SBS Group strives to engage in dialogue as well as disclose and provide information by developing and utilizing various means of communication with stakeholders.

Communication with Employees



Communication with Shareholders and Investors



Media Communication



Website Communication



* Figures in parentheses are for SBS Holdings, Inc.

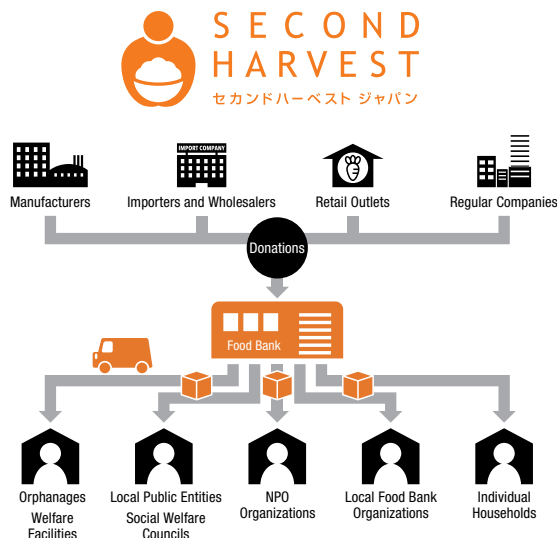
Food Bank Support Through the Provision of SBS Group Resources

The SBS Group began food bank support activities in 2018. A food bank is an activity or organization that collects from corporations and other organizations food that has not yet expired but cannot be sold for various reasons and distributes it to people in need (people in distress).

We support Second Harvest Japan (2HJ), the largest food bank in Japan which is based in Asakusabashi, Tokyo. We were looking for ways to contribute to society through logistics, and 2HJ's needs for logistics support coincided with our capabilities, leading to the conclusion of a support agreement. We provide support in two main ways, firstly providing the temporary transportation of goods between food donors and 2HJ sites, and secondly providing advice and recommendations on warehouse management and vehicle operation.

For the temporary transportation of goods, 2HJ usually uses its own vehicles to pick up donated foodstuffs (at the request of manufacturers, etc.), but when there is no way to secure a vehicle or manpower, such as when there are no available vehicles or drivers (who are all volunteers), an SBS vehicle can be used as an alternative transportation service. On rare occasions when the 2HJ warehouse is full, we receive requests to store supplies and respond as needed.

The food bank support is a very meaningful initiative that not only contributes to strengthening the food lifeline for people in need, but also contributes to the reduction of food loss, which is a recent social problem. In the future, we will continue to work together with 2HJ to create a society where people have a place they can turn to when they encounter difficulties with food.



Food Bank Support Results (Transportation and Storage)

Number of Times Support Was Provided	Main Transportation (Shipping Destinations and Goods Transported) * To 2HJ Saitama Yashio warehouse	Main Storage (including delivery to the 2HJ Saitama Yashio warehouse)
12 times <small>(Since 2018 launch to 2021 present)</small>	Asahikawa (Instant ramen) 780 case	Avocado oil 8,064 pieces
	Ishikari (Fish sausage) 1500 case	Rosti (Potato Dish) 8,347 case
	Shiojiri / Oyama (Fruits and Vegetables) 25 pallets	Granola Bars 10,584 case

The SBS Group's Major Social Contribution Initiatives

Type	Nature of Support and Recipients	Details of Support	Reception / Implementation
Coordination with the Social Sector*	Support for food banks (Certified NPO Organization, Second Harvest Japan)	Transportation support connecting companies that wish to donate food to Second Harvest Japan (2HJ) with 2HJ logistics sites. In addition, advice and proposals on warehouse management and vehicle operation are also provided.	Implemented at the request of 2HJ
	Support for environmental conservation activities (Public Interest Incorporated Foundation, OISCA)	Sponsoring and support activities (participation in forest conservation activities, donations of collected items such as used books, CDs and DVDs)	Collected items are accepted at any time
Contributing to the local community	Social contribution-oriented sales drives (Sumida Ward Welfare Workplace Network <kai>)	We sell sweets and bread made at about 20 welfare workplaces in Sumida Ward (where people with disabilities are involved in the work).	2 to 3 times / year Olinas
	Donation of used stamps (Sumida Ward Council of Social Welfare)	Proceeds (stamps are purchased by a stamp company) are used for social welfare projects in Sumida Ward	Accepted at any time
Others (Collection of used items, etc.)	Collection of toothbrushes <Toothbrush Collection Program> (LION / TerraCycle Japan G.K.)	This initiative collects used toothbrushes and recycles them into new plastic products, such as flower pots. The program aims to reduce plastic waste and promotes the use of recycled resources.	Accepted at any time
	Collection of school backpacks <Randoseru for Life Collection> (NPO, International Consulting Association)	An initiative to send "randoseru" school backpacks to children in Afghanistan who still lack educational opportunities due to the civil war and other factors. This is recognized as supporting the empowerment of girls in their schooling, especially because of the lack of cultural understanding female education. * As the support has spread, the "randoseru" backpacks have become a symbol of education in Afghanistan.	Accepted at any time

* In addition to the activities listed above, individual SBS Group companies also undertake various social contribution activities.

Endowed Course at the University of Tokyo

Together with Yamato Holdings Co., Ltd. and Suzuyo & Co., Ltd., SBS Holdings Co., Ltd. has established the Endowed Research Department for Advanced Logistics Science at the Research Center for Advanced Science and Technology, the University of Tokyo, and from April 2020, began offering

lectures for graduate students of the university's School of Engineering. The course aims to develop high-level logistics human resources who can use advanced science and technology to transform logistics, to solve issues faced by logistics companies, and to contribute to the development of the Japanese economy.

SBS Kamata Foundation

The SBS Kamata Foundation is a support foundation that provides grants for excellent logistics research and offers scholarships to students receiving social care.

SBS Kamata Foundation Website (<https://www.sbs-kamatazaidan.or.jp/>)



Logistics Research Grants

The foundation conducts aid activities with the aim of supporting academic research into logistics, which is part of the social infrastructure, and contributing to the development of the industry as a whole and the betterment of people's lives, for instance by using the fruits of research to improve logistics efficiency and prevent accidents.

Applicable Research: (1) academic research and (2) the holding of research workshops, symposiums, seminars, etc. that contribute to the promotion or development of logistics are eligible.

* Examples of the themes addressed : improving logistics efficiency, improving safety in cargo transportation and reducing the impact on the global environment (reducing CO₂ emissions) through better logistics systems
Grant Amounts: Total of 3,000,000 yen, up to 500,000 yen per individual grant.

Grants Issued in Fiscal 2020

6

Scholarships for Students Receiving Social Care

This project provides scholarship funding to motivated and talented students and other persons to prevent them from abandoning education for economic reasons, with the aim of contributing to equal opportunity in education and the development of human resources, while helping enhance education and welfare.

Application Requirements: Students who are generally at least 18 years old and have been accepted for enrollment into higher education, who are children residing in a child welfare home or living in a foster home in the Kanto region, and who plan to advance to university, junior college, a vocational school or similar

Scholarship Amounts: 300,000 yen per student (as a higher education allowance)

Number of Scholarship Recipients in Fiscal 2020

74

Results of Issued Grants and Awarded Scholarships

	2015	2016	2017	2018	2019	2020
Logistics research grants	6	7	7	9	6	6
Number of scholarships granted (number of recipients)	-	-	30	34	57	74

Results of Logistics Research Adopted in Fiscal 2020

Name of Affiliate Organization	Position	Name	Research Subject	Grant Amount (thousand yen)
Organization for the Advancement of Research and Development, Kokugakuin University	Associate Professor	Hajime Daimon	Predictions of the logistics workforce shortages in light of changing consumer purchasing behavior and research into response measures to ensure last-mile delivery	500
Nihon University College of Commerce	Associate Professor	Takuya Akikawa	Last Mile Logistics Costs and Value	500
Faculty of Commerce, Waseda University	Professor	Naoshi Taguchi	Research into the spread of incoterms in the Japanese logistics industry	500
Academic Research Institute, Tokyo University of Marine Science and Technology	Associate Professor	Toshimasa Asou	Forklift operator work measurement system	500
The Kyoto College of Graduate Studies for Informatics	Assistant Professor	Xi Chen	Research into digital centralized management of logistics industry in the apparel industry in anticipation of the post-COVID era	100
Planning and Management Science, Institute of Liberal Arts and Sciences, Toyohashi University of Technology	Professor	Kazuko Sakamoto	Research into the application of UX design for the logistics industry	500

Governance

Key Indicators (Fiscal 2020 Results)

Outside Directors

5
(out of 13 directors)

Board of Directors meeting attendance rate by outside directors

All directors: **99.25**% Outside Directors **98**%

Assessment of Internal Control Related to Financial Reporting for Fiscal 2019

Valid

See the SBS Group website for details about corporate governance. The website includes the SBS Holdings Corporate Governance Guidelines, which summarize the SBS Group's basic framework and approach regarding corporate governance, as well as the Report on Corporate Governance submitted to the Tokyo Stock Exchange.

TOP → Investor Relations > Corporate Governance
<https://www.sbs-group.co.jp/sbsh/ir/governance/>

 SBS GROUP

Basic Approach

As the holding company of the SBS Group, SBS Holdings ("the Company") ensures the efficiency, soundness and transparency of overall SBS Group management. Additionally, to continually enhance corporate value and become a company that earns the trust of society, the Company endeavors to build a Group-wide corporate governance system with compliance and risk management forming key pillars of management.

SBS Holdings has also established Corporate Governance Guidelines, which aim to help achieve sustainable growth for the SBS Group and enhance its corporate value in the mid- to long-term.

Corporate Governance System

SBS Holdings is a company with an Audit & Supervisory Committee and has established a General Meeting of Shareholders, Board of Directors, Audit & Supervisory Committee and Accounting Auditor as corporate bodies.

The Company's Board of Directors comprises 13 members, five of whom are outside directors. As a decision-making body, the Board of Directors decides on matters required by law, matters set forth in the Articles of Incorporation, management policy and important matters related to management. The board also monitors and supervises directors in the performance of their duties. The Board of Directors meets at least once a month and on an extraordinary basis when necessary, operating under a structure that enables swift and effective decision making on the part of directors. In addition, some directors with the exception of outside directors serve concurrent roles as directors of the Group's major subsidiaries, in order to enable the deliberation of important matters concerning subsidiaries and facilitate smooth communications within the SBS Group through their attendance at Board of Directors meetings.

The Audit & Supervisory Committee is made up of three directors who are Audit & Supervisory Committee members, who of whom are outside directors. The Audit & Supervisory Com-

mittee meets at least once a month and on an extraordinary basis when necessary, and fulfills the role of auditing and supervising the execution of duties by members of the Board of Directors other than Audit & Supervisory Committee members and matters of legality. The Audit & Supervisory Committee members, primarily its chairperson Yasuhiro Yamashita, also attend Board of Directors meetings and other key internal meetings where they provide advice as necessary.

There are two reasons why the Company has adopted this current structure: (1) to ensure the swift decision making and the flexibility of decision-making bodies as the greatest management strengths of SBS Holdings and the SBS Group; and (2) to firmly maintain sound management through the objective and neutral monitoring of management.

Transition to a Company with an Audit & Supervisory Committee

At the Board of Directors meeting held on December 11, 2020, the Board resolved to shift to the structure of a company with an Audit & Supervisory Committee. The resolution was approved at the 35th Ordinary General Meeting of Shareholders held on March 25, 2021. The purpose of the shift to this structure is twofold, as described below.

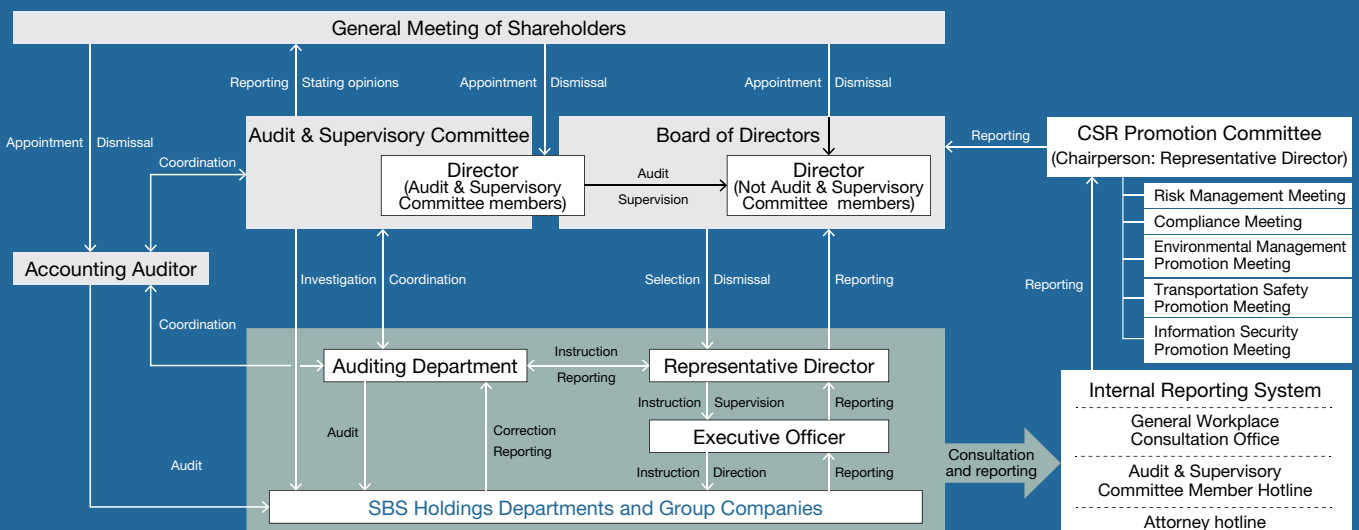
(1) Enhancing management transparency

Audit & Supervisory Committee members responsible for auditing and otherwise overseeing directors in the execution of their duties having voting rights on the Board of Directors enhances its monitoring function and further improves management transparency.

(2) Speeding up decision making

The provisions of the Articles of Incorporation make it possible to delegate decisions regarding the execution of important business to directors, and directors can make decisions on the execution of business without requiring resolution by the Board of Directors, which is designed to further improve the flexibility of management decisions.

Organizational Chart of Corporate Governance



Board of Directors



Masahiko Kamata

President, Representative Director and CEO
Number of Shares Held: 14,388,400

Mr. Kamata has served as the Company's president and representative director since March 1988, and as CEO since March 2004. He also serves as representative director of SBS Group companies, including SBS Logicom Co., Ltd. and SBS Sokuhai Support Co., Ltd., and as a director of SBS Flec Co., Ltd., SBS Zentsu Co., Ltd., SBS Ricoh Logistics Co., Ltd. and SBS Toshiba Logistics Co., Ltd. Additionally, he assumed the post as director of the SBS Kamata Foundation in July 2013.



Katsuhisa Wakamatsu

Director
Number of Shares Held: -

After working as head of the Production Management Center at Ricoh Company, Ltd., in October 2011 he became a director and executive officer of Ricoh Logistics System Co. Ltd. (now SBS Ricoh Logistics System Co., Ltd.) as Representative Director, President and Chief Executive Officer of Ricoh Logistics in October 2013. He has also served as a director of SBS Holdings since March 2019.



Kenichi Iriyama

Director and Senior Executive Officer
Number of Shares Held: 144,000

After working at the Long-Term Credit Bank of Japan (now Shinsei Bank, Limited), he took on the post as general manager of the Corporate Planning Office of SBS Co., Ltd. (now SBS Holdings Co., Ltd.) from June 2002. He has served as general manager of the SBS Holdings Director Administration Department and as a managing executive officer, and took on his current post as senior executive officer from March 2019. He also serves as President and Representative Director of SBS Asset Management Co., Ltd., and as a director of SBS Flec Co., Ltd., SBS Logicom Co., Ltd., SBS Zentsu Co., Ltd. and Marketing Partner, Inc.



Gen Kato

Director
Number of Shares Held: -

After working as general manager of the Logistics and Production Division of Kirin Business System Co., Ltd., as director and East Japan Branch president of Kirin Logistics Co., Ltd., president and representative director of Kirin Group Logistics Co., Ltd. and executive officer of Kirin Brewery Co., Ltd. from December 2019 he became vice president and executive officer of SBS Flec Co., Ltd., and since March 2020 has served as representative director, president and executive officer of SBS Flex Co., Ltd. and as a director of SBS Holdings.



Masato Taiji

Director, Managing Executive Officer
Number of Shares Held: 13,100

He has served as General Manager of the Human Resources Division of Tokyu Logistics Co., Ltd. and TL LOGICOM Co., Ltd., both of which are currently SBS Logicom Co., Ltd., and has been a director of SBS Holdings since March 2017. Since March 2019 he has also served as a managing executive officer.



Hiroaki Sato

Director
Number of Shares Held: -

After working as manager of the Toshiba Corporation Fuchu Office and president of Toshiba International Corporation in the U.S., he assumed the post of representative director and president of Toshiba Logistics Co., Ltd. (now SBS Toshiba Logistics Co., Ltd.) in June 2017. He has also served as a director of SBS Holdings since March 2021.



Yasuhito Tanaka

Director, Executive Officer
Number of Shares Held: -

After working at The Sumitomo Bank, Ltd. (now Sumitomo Mitsui Banking Corporation Group), he assumed the post of Assistant General Manager of the Corporate Planning Office of SBS Holdings in November 2010. He has served as an executive officer (General Manager of Corporate Planning Dept.) since December 2018 and as a director since March 2021. He also serves as a director of SBS Asset Management Co., Ltd., L-MAX Co., Ltd., SBS Ricoh Logistics Co., Ltd. and SBS Toshiba Logistics Co., Ltd.

Supervisory Committee



Jiro Iwasaki

Outside Directors
Number of Shares Held: 200

Mr. Iwasaki serves as a director and senior executive officer at TDK Corporation and as a director and managing executive officer at JVCKenwood Corporation (General Manager of Corporate Strategy). He has served as an outside audit & supervisory board member and now outside director of GCA Corporation, and also serves as an outside director of Renesas Electronics Corporation. At SBS Holdings, he was appointed outside audit & supervisory board member from March 2011, and has served as an outside director since March 2015.



Yasuhiro Yamashita

Director (Full-time Audit & Supervisory Committee Member)
Number of Shares Held: 24,500

After working as general manager of the Finance Division of The Daiei, Inc., he has worked as manager of the Finance Department, executive officer and audit & supervisory board member of SBS Co., Ltd. (now SBS Holdings Co., Ltd.). While serving as audit & supervisory board member for major SBS Group companies, in March 2021 he assumed the post of SBS Holdings director (Audit & Supervisory Committee member).



Tetsuya Sekimoto

Outside Directors
Number of Shares Held: -

In April 1991 Mr. Sekimoto established Sakurasogo Law Offices (now Del Sole Sakura Law Office). In November 2012 he assumed the post of representative director of Del Sole Consulting Corporation. He serves as an audit & supervisory board member of Koyo Chemical K.K., outside audit & supervisory board member of Premium Value Bank K.K., and as an outside director of Mitsumi Electric Co., Ltd., Samantha Thavasa Japan Limited and IBJ Inc. He has served as an outside director of SBS Holdings since March 2014.



Masato Matsumoto

Outside Director (Audit & Supervisory Committee Member)
Number of Shares Held: -

Mr. Matsumoto has been engaged in management at KOKUSAI Securities Co., Ltd., Mitsubishi Securities Co., Ltd. (now Mitsubishi UFJ Securities Holdings Co., Ltd.), Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Mitsubishi UFJ Financial Group, Inc. and MUS Business Service Co., Ltd. Since March 2019, he has served as an outside audit & supervisory board member of SBS Holdings, and as an outside director (Audit & Supervisory Committee member) since March 2021.



Shuichi Hoshi

Outside Directors
Number of Shares Held: 2,000

After working as general manager and executive officer of the Food Products Marketing & Distribution Department of Itochu Corporation and as President and Representative Director of Itochu-Shokuhin Co. Ltd., Mr. Hoshi assumed the role of outside director of SBS Holdings from March 2019. Since June 2020 he has also served as an outside director of Morinaga & Company, Ltd.



Sachie Tsuji

Outside Director (Audit & Supervisory Board Member)
Number of Shares Held: -

As a certified public accounting, Ms. Tsuji has served as a representative director of SPLUS Corporation, director of Tsuji Sachie Public Accounting Office, Director of the Association of Certified Fraud Examiners, and as an outside audit & supervisory board member of C'BON COSMETICS Co.,Ltd. Since March 2021, she has served as an outside director (Audit & Supervisory Committee member) of SBS Holdings.

Male / Female Ratio

Male: **12** Female: **1** (Male: 92%, Female: 8%)

For more detailed information on the biographies of each director, please refer to the "Company Officers" section in SBS Holdings' securities report.

Appointment of Directors

As directors of SBS Holdings, the President nominates individuals who possess a vast array of knowledge and expertise concerning SBS Group management, financial strategy, risk management and legal compliance, are of outstanding character, and who possess the knowledge, experience and skills to fulfill their responsibilities. After seeking feedback from outside directors, the Board of Directors is consulting on draft nominations, which are then approved by the General Meeting of Shareholders.

In addition, in the appointment of the representative directors of Group companies and other top management, the president nominates individuals of outstanding character who possess the knowledge, experience and skills to fulfill their responsibilities. After receiving approval by the SBS Holdings Board of Directors, the nominations are approved by the General Meeting of Shareholders of the Group company concerned.

Also note that SBS Holdings lists the individual reasons for nomination for all candidate directors in the Convocation Notice for the General Meeting of Shareholders.

Number of Board of Directors Meetings and Status of Attendance

Meetings		16
Attendance Rate (%)	All Directors (13 members)	99.25%
	Outside Directors (5)	98%

Outside Directors

SBS Holdings has been working to expand its ranks of outside officers to bolster management supervisory functions. These efforts are also expected to achieve highly independent and transparent monitoring functions and play a part in the formation of new ideas and principles that are not beholden to customary practices. Standards on the independence of outside directors are set forth in the Corporate Governance Guidelines to prevent conflicts of interest with regular shareholders.

To encourage lively discussions at Board of Directors meetings, meeting materials are sent to members in advance, and at the request of outside directors, the departments raising agenda items may provide prior briefings to outside directors on the matters to be discussed, as part of efforts to minimize information disparities with internal directors. In addition, one member of staff is appointed to assist the duties of outside audit & supervisory board members, and the Auditing Department, the internal auditing organization of the Company, also provides assistance as needed.

Restrictions on Concurrent Positions Held by Company Directors

An internal director of SBS Holdings shall only serve concurrently as an officer at another publicly listed company when there are clear reasons for doing so, such as helping to strengthen the business relationship with that company, and the officer concerned shall focus on their duties at SBS Holdings as much as possible. In addition, the number of such concurrent positions held shall be kept to a reasonable amount, and as well as focusing on their duties at SBS Holdings as much as possible, such officers are required to disclose business reports on the status of their concurrent responsibilities on a yearly basis.

Appointment of Outside Directors

Name	Audit & Supervisory Committee Members	Independent Officer	Reason for Appointment	Concurrent Posts
Jiro Iwasaki		○	Jiro Iwasaki brings a wealth of experience and broad insight concerning management from many years as a company officer, and was appointed on the expectation that his experience and knowledge as an outside officer can be reflected in the management of SBS Holdings.	Outside director (full-time audit & supervisory committee member) of GCA Corporation Outside director of Renesas Electronics Corporation
Tetsuya Sekimoto		○	Tetsuya Sekimoto possesses extensive experience and expert knowledge as an attorney as well as experience and knowledge as an outside officer, and was appointed on the expectation that these experience and knowledge can be utilized for the compliance management of SBS Holdings.	Outside director of IBJ Inc.
Shuichi Hoshi		○	Shuichi Hoshi worked for many years as the head of the food logistics department for a general trading company and was appointed on the expectation that the business experience he accumulated there and managerial acumen he has cultivated as a company officer can be utilized as a director of SBS Holdings.	Director of Itochu-Shokuhin Co. Ltd. Outside director of Morinaga & Company, Ltd.
Masato Matsumoto	○		Masato Matsumoto possesses extensive experience as a corporate manager at a financial institution along with considerable knowledge regarding finance and accounting. He was appointed on the expectation that his broad knowledge in these areas can be reflected in the auditing of SBS Holdings.	Outside director of Sundrug Co., Ltd.
Sachie Tsuji	○	○	Sachie Tsuji possesses many years of experience working on internal control, internal auditing and compliance in addition to her specialized knowledge and experience as a certified public accountant, and was appointed on the expectation that her specialized knowledge in these areas can be reflected in the auditing of SBS Holdings.	Representative director of SPLUS Corporation Director of Tsuji Sachie Public Accounting Office Director of the Association of Certified Fraud Examiners Outside audit & supervisory board member of C'BON COSMETICS Co.,Ltd.

Effectiveness of the Board of Directors

Since fiscal 2016, SBS Holdings has conducted questionnaires to self-evaluate the effectiveness of the Board of Directors. The same questions have been kept since the first questionnaire to enable comparative verification through fixed-point observation.

While the average evaluation score across all questions in the questionnaire was 4.17, a 0.07-point decline from the 4.24 score of the previous year, our general conclusion is that the board of directors is functioning at a generally satisfactory level.

The Board of Directors exchanged opinions regarding the questionnaire results and feedback submitted, shared issues for the future and discussed matters including the roles of various initiatives. In order to further enhance the effectiveness of the Board of Directors in light of the latest evaluation results, the SBS Holdings Board of Directors will carry out the initiatives deemed necessary following extensive discussions and strive to make continual improvements.

Format of the Survey

(each question graded on a five-point scale)

- (1) Composition of the Board of Directors (two questions)
 - (2) Operation of the Board of Directors (five questions)
 - (3) Matters taken up by the Board of Directors (eight questions)
 - (4) Systems supporting the Board of Directors (four questions)
- 19 questions in total

* The survey included a space for respondents to supplement their assessments and describe other opinions.

Operation of the Audit & Supervisory Committee

The Audit & Supervisory Committee members of SBS Holdings attend important internal meetings and are able to provide advice as necessary. They are also given the right to freely view the minutes of various meetings and other documents.

To facilitate the smooth operation of the Audit & Supervisory Committee, the company has assigned one individual as a full-time staff member of the Board to assist with its duties, and the Company's Auditing Department also assists with tasks as needed. Matters concerning authority of personnel matters such as the appointment or transfer of Audit & Supervisory Committee staff are decided after obtaining consent from the Audit & Supervisory Committee in advance.

Audit & Supervisory Committee members, the SBS Holdings Auditing Department and the accounting auditor appointed by SBS Holdings coordinate with the internal control departments of SBS Holdings and SBS Group companies to formulate and execute auditing plans and to report the results to the Board of Directors.

Board of Directors Meetings Held

16

Average Score Obtained in the Evaluation of the Effectiveness of the Board of Directors

4.24 points → 4.17 points * five-point scale

Improving the Skills of Directors

To ensure that directors fulfill their expected roles, the Company describes their obligations and responsibilities as directors when they assume their posts. In conjunction with this, outside directors receive briefings on the management policy of the SBS Group and other matters related to its business activities.

As ongoing training for directors, SBS Holdings invites outside instructions to conduct training sessions around twice a year, and also provides the necessary support for directors to improve themselves.

Status of Accounting Audits

The Company's accounting audits are handled by Ernst & Young ShinNihon LLC. This auditing firm has been selected based on a comprehensive evaluation, including that it possesses a certain size and global network enabling effective auditing consistent with the Company's business activities, that it has developed review systems, as well as its auditing track record.

Two certified public accountants carried out the auditing work for fiscal 2020, designated limited liability partners and managing partners Yoichi Tsukimoto and Katsuya Ishida. They were assisted by eight certified public accountings and 16 other personnel.

Note that the Company has been continually audited by the same auditing organization for 20 years.

Officer Remuneration

To coincide with the shift to a company with an Audit & Supervisory Committee, the Company resolved a policy at a Board of Directors meeting concerning decisions related to the amount and calculation methods of remuneration for directors (excluding directors who are Audit & Supervisory Committee members).

With the aim of incentivizing sustained growth and enhanced corporate value, in accordance with the Internal Regulations on Director Remuneration the remuneration of the Company's executive directors comprises base remuneration determined on a positional basis, and performance remuneration linked to the Company's business results. As the subsidiaries concerned conduct the performance evaluations of directors who concurrently service as the representative directors of subsidiaries, the remuneration of those directors at SBS Holdings comprises only the base remuneration, pursuant to the Internal Regulations on Director Remuneration. The remuneration of outside directors (excluding directors who are Audit & Supervisory Committee members) comprises only base remuneration, pursuant to the Internal Regulations on Director Remuneration.

To better link with Company business performance with remuneration and to enhance objectivity and transparency, performance remuneration uses consolidated operating income as a measure for evaluation. Amounts for performance compensation are calculated by taking the sum of quantitative points based on the achievement of consolidated operating income targets and qualitative points that assess each officer's required roles, functions, responsibilities and achievements, and multiplying it by a base amount determined for each officer.

The remuneration of directors (excluding directors who are Audit & Supervisory Committee members) is determined by the President, having been entrusted to do so by the Board of

Directors, by formulating remuneration plans for each director in accordance with internal regulations and seeking feedback from directors who are Audit & Supervisory Committee members and outside directors. Directors who are Audit & Supervisory Committee members discuss and determine their own remuneration.

Upper limits on the total remuneration of the directors of SBS Holdings were approved by the 35th General Meeting of Shareholders held on March 25, 2021. Remuneration for directors who are not Audit & Supervisory Committee members is limited to 200 million yen annually (of which up to 40 million yen is allocated to outside directors), and remuneration for directors who are Audit & Supervisory Committee member is limited to 50 million yen annually.

Corporate Governance Code

SBS Holdings values and respects the basic principles expressed in the Corporate Governance Code established and published by the Tokyo Stock Exchange, Inc. in conjunction with the Financial Services Agency. In the Corporate Governance Report of SBS Holdings, we report on the state of disclosure based on each of the principles of the Corporate Governance Code, and clearly state our views on the fact that the Company has not implemented some of the principles set forth in the Code.

Consolidated Operating Income Associated With Performance-Linked Remuneration in the Fiscal Year Under Review

Target: **7,895** million yen

Results: **7,655** million yen * Excluding gains from the sale of real estate

Remuneration for Each Officer Category (Fiscal 2020 Results*)

Officer Category	Total Amount of Remuneration, etc. (million yen)	Total Amount of Remuneration, etc. by Type (million yen)		Number of Eligible Officers
		Base Compensation	Performance Compensation	
Directors (excluding outside directors)	79	69	10	6
Audit & Supervisory Committee Members (excluding outside Audit & Supervisory Committee Members)	25	25	-	2
Outside Officers	30	30	-	5

* This includes the remuneration, etc. of one director who stepped down at the end of the 34th General Meeting of Shareholders held on March 26, 2020 (excluding outside directors) related to the term of their appointment during the fiscal year under review.

Management

The SBS Group has established the SBS Group Code of Behavior and SBS Group Compliance Regulations, and is committed to developing and promoting its compliance systems. Playing a central role in this effort is the SBS Group Compliance Meeting, which comprises members appointed from SBS Group companies. In addition to playing a pivotal role in awareness-raising activities, the Compliance Meeting also monitors, confirms and investigates compliance violations and drives improvements. In addition, by distributing a range of awareness-raising materials including the SBS Group Compliance Manual to all Group employees and thoroughly ensuring the observance of compliance requirements, the SBS Group makes every effort to promote fair and ethical behavior and activities.

Awareness-raising materials distributed to all employees

- Compliance Card
- Compliance Manual
- Compliance Rulebook

Initiatives to Increase Awareness

The SBS Group tries to increase awareness of compliance by providing regular training and disseminating information to employees. In tiered training, we provide instruction on compliance in a broad sense, while in specialist training, we provide guidance to managers under the theme of harassment. We also regularly distribute educational materials to the persons in charge and conduct follow-ups to ensure they can provide on-site guidance. "Compliance Newsletter" is issued to all employees to communicate compliance-related paradigms and news, and we also produce original compliance training videos to be screened during training and on-site.

Establishment of Consultation and Internal Reporting Hotlines

The SBS Group has established and operates hotlines through which all employees working in the SBS Group can seek consultation or make reports when they become aware of an issue with the workplace environment or business operations, or of conduct that violates laws, internal regulations or corporate ethics. There are three types of hotline, the "General Workplace Consultation Office (staffed by compliance personnel), the Auditor Hotline (staffed by Audit & Supervisory Committee members) and the Outside Reporting Hotline (staffed by attorneys). The General Workplace Consultation Office allows an employee to select the contact details (direct dial) of the consultant (male or female) they will speak to.

Compliance Awareness Survey

The SBS Group periodically conducts compliance awareness surveys to ascertain the extent of compliance awareness among employees and to monitor changes in the environment surrounding employees. The survey results are used to roll out new measures, and when issues come to light in the consultation or reporting hotlines, corrective measures are implemented.

Number of Times the Compliance Meeting Was Convened

2

Number of Compliance-Related Training Sessions

10

* Tiered training + specialist training (harassment)

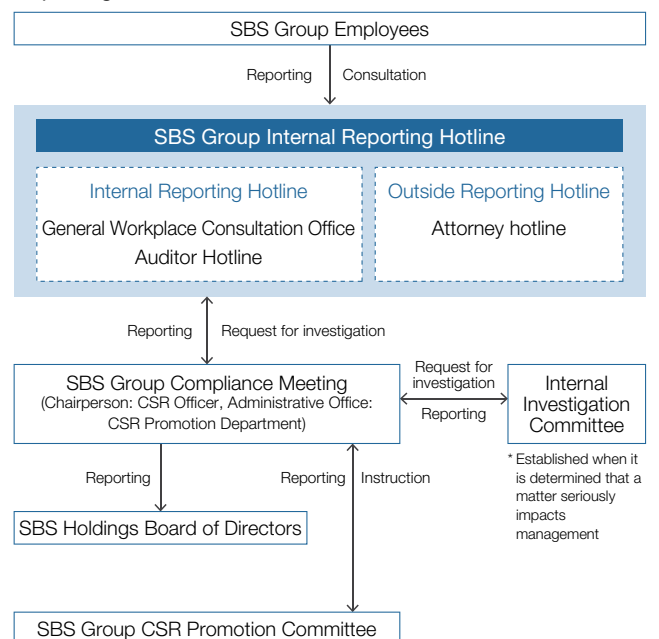
Number of Consultations Fielded by Compliance Consultation Hotlines

154



"General Workplace Consultation Office Counseling room for all workplace concerns" posters

Reporting and Consultation Flow



Crisis Management Framework

With the SBS Group Risk Management Meeting playing a central role, information is shared on crisis management matters under the jurisdiction of each meeting body. When a determination is made that a crisis has occurred, a company-wide response is initiated in accordance with the Crisis Management Manual.

Main Crisis Matters

- Information Security Promotion Meeting
Major security incidents, cyber-attacks, system failures
- Transportation Safety Promotion Meeting
Vehicle and industrial accidents that involve human life
- Compliance Meeting
Corporate scandals such as inappropriate labor management, fraudulent accounting or inadequate information management
- Disaster Response Management (Business Continuity Plan)
Natural disasters such as major earthquakes



BCP and BCM

The SBS Group recognizes that in the interest of safeguarding people's lives, it has a social responsibility to continue to perform business activities with a focus on logistics as a part of social infrastructure in the event of a major disaster, and has formulated a business continuity plan (BCP) accordingly. The BCP clearly stipulates matters such as conditions for countermeasures, advance preparation, initial response and restoration efforts. We also focus on business continuity management (BCM), to ensure that the BCP we have formulated functions properly.

Emergency Response Drills

The SBS Group periodically conducts emergency response drills to prepare for major disasters and other emergencies. The drills focus on setting up an emergency headquarters and alternate sites during an emergency, coordinating information such as the state of damage and safety at each Group company and site, and sharing all related information. The specific scenario is changed for each drill.

Development of an Intra-Group Emergency Contact Network

An emergency contact structure and emergency contact network is maintained and managed to confirm the safety of employees and share site damage reports as quickly as possible in the event of an emergency, facilitating business continuity.

Developing Site Information and Sharing Hazard Risks

As part of BCM initiatives, site information including hazard risks* is centrally managed and shared throughout the Group. Sharing information allows the SBS Group to standardize the measures taken to address issues and facilitates coordination with nearby business sites.

* Government-issued hazard maps are used.

Ensuring Driver Safety

To ensure driver safety, all Group-operated vehicles are provided with emergency supplies (water, emergency toilets, thermal sheets for protection against cold). Additionally, mutual acceptance arrangements have been made so that certain locations can be used as driver evacuation locations during an emergency.

Dedicated Disaster Information Portal Site for Employees

The SBS Group has set up the SBS Group Disaster Information Portal Site as a dedicated site for employees to share business continuity-related information such as the state of damage in the Group in the event of an emergency. At regular times the site provides useful disaster prevention information.

Certified by the Tokyo Metropolitan Government as a Company Discouraging the Simultaneous Return Home of Employees during a Disaster

In December 2018, SBS Holdings, Inc. was certified by the Tokyo Metropolitan Government as a Company Discouraging the Simultaneous Return Home of Employees during a Disaster. The certification recognizes the steps taken by SBS Holdings to stockpile food and supplies for a disaster and the status of various facilities and intra-Group coordination allowing employees to take refuge in the offices. Going forward, SBS Holdings will continue to pursue these initiatives as a certified company.

SBS Holdings is also part of disaster prevention cooperative agreements with Sumida-ku and non-governmental organizations.



The SBS Group recognizes that appropriately protecting and managing all kinds of information on customers and other stakeholders is an important social responsibility. Based on this belief, we have established an information security policy and various standards, and have established an effective management structure to deal with various information risks.

Information Security Policy

We have established the SBS Group Basic Policy on Information Security and declared a Group-wide commitment to tackling information security.

SBS Group Basic Policy on Information Security

1. We will observe laws, government-issued guidelines and other norms related to information security.
2. We will clarify responsibilities related to information security and establish systems to implement information security measures.
3. We will identify information security risks and take appropriate personal, organizational, technical and physical measures.
4. We will conduct training and raise awareness concerning information security, and ensure that all employees are able to carry out their work with an awareness of information security.
5. We will carry out inspections of our information security-related management systems and initiatives, and conduct ongoing reviews and make continual improvements.

Information Security Management

The SBS Group has established the SBS Group Information Security Policy. In accordance with the policy we strive to firmly maintain security levels, with the Information Security Promotion Meeting playing a central role in monitoring the status of security measures on a Group-wide basis while promoting education and awareness-raising related to information security.

Protection from Threats

We have installed anti-virus tools that use artificial intelligence (AI) to prepare against unknown threats. We have also put in place next-generation firewalls in an effort to reinforce defenses against attacks from the inside and outside alike.

Responding to Vulnerabilities

By introducing a security operation center (SOC) service, we have enhanced monitoring and checking functions. We also perform inspections of public server vulnerabilities and perform vulnerability tests on the necessary servers in an effort to maintain safety.

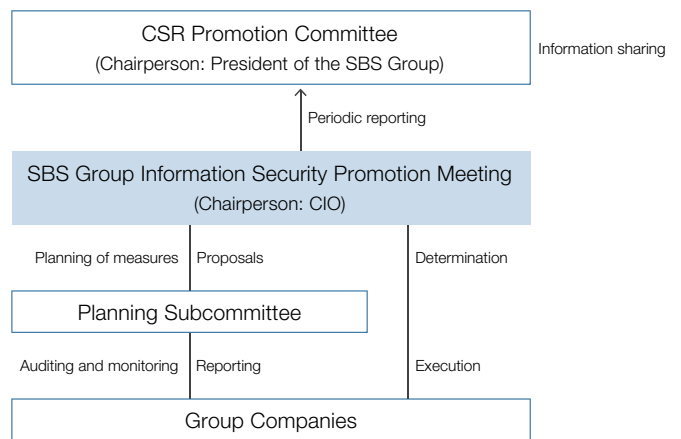
Third-Party Verification

We periodically commission management reviews by specialist information security firms to improve the level and quality of our information security management.

Information Security Governance

The SBS Group has established an information security governance framework through which it strives to maintain a standard Group-wide infrastructure and share information. We have also set up internal systems enabling us to effectively respond to security incidents and issues. Incident response organizations not only respond when an incident occurs, but also plan and implement prevention, education and awareness-raising efforts during normal times to control security management across the Group.

SBS Group Information Security Governance



* Formulation and promotion of information security infrastructure within the Group / disseminating the latest security information throughout the Group / Measures to quickly establish control when an incident occurs / education and awareness-raising / development of information security policies and standards for various measures

Education and Awareness-Raising

• Seminars
We offer purpose-built curricula for information security personnel at various organizational levels and Group companies.

Employees Undergoing Training in Fiscal 2020

159

• e-Learning
We conduct regular awareness-raising activities, including requiring employees across the Group to undergo e-learning training once a year.

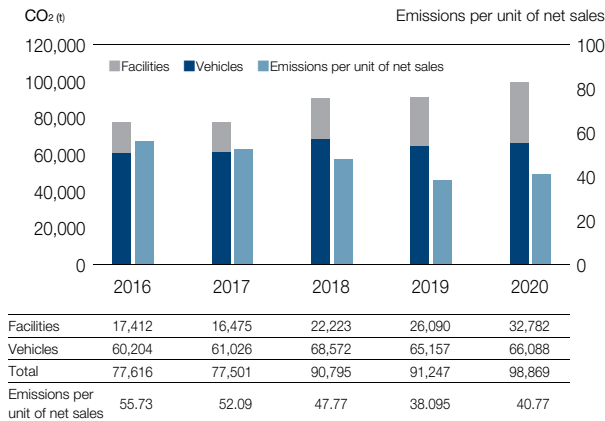
Employees Undergoing Training in Fiscal 2020

5,058

• Investigating Actual Conditions Using Simulated Emails of Targeted Attacks
Follow-ups (targeted training, etc.) will be conducted based on the results in an effort to raise literacy levels regarding these threats.

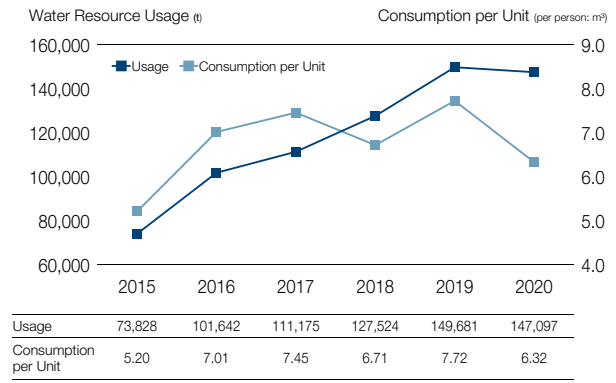
CSR Data

CO₂ Emissions

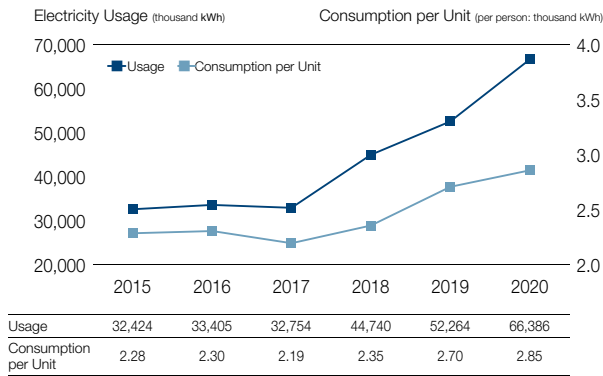


* Emissions per unit of net sales are figures for every 100 million yen in sales

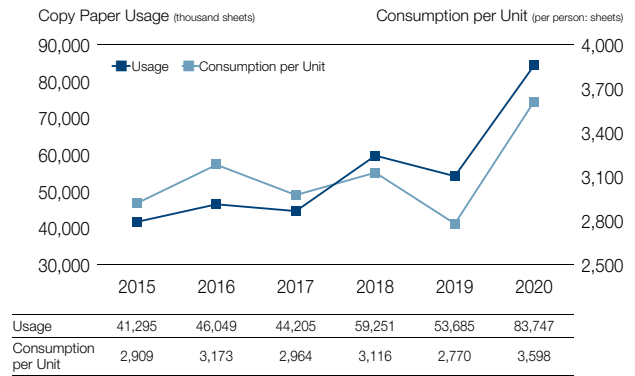
Water Usage



Power Consumption



Copy Paper Usage



Status of Environmental Certifications Acquired (as of the end of fiscal 2020)

Certification	Company Name (number of business sites with certification)
ISO14001 (environmental management systems)	SBS Toshiba Logistics, SBS Ricoh Logistics, SBS San-Ai Logistics, SBS Logicom SBS Flec, SBS Freight Service, SBS Zentsu, SBS Sokuhai Support
Green Management Certification	SBS Logicom
GPN Certification (Green Purchasing Network)	SBS Logicom * Certified as a delivery service for the Eco Product Net

Investment in the Environment

(Unit: million yen)

Investment	Details	2015	2016	2017	2018	2019	2020
Vehicle-related investments	CNG vehicles, LPG vehicles, hybrid vehicles, vehicles that meet heavy vehicle fuel efficiency standards, etc.	2,830	3,250	3,616	3,791	3,055	4,379
	Improved fuel efficiency (eco and safe-driving training, etc.)	2	2	1		1	19
Investments related to improved energy savings at facilities	Demand monitoring and energy-efficient lighting, etc.	72	9	35		131	26
Investments in global environmental conservation	Solar power generation, etc.	223	0	13		6	6
Environmental management	Environmental management registration and management activities, etc.	3	8	6		3	4
Environmental communication	Internal and external awareness-raising, creation of reporting materials, etc.	5	5	6		6	10
Total		3,135	3,274	3,677		3,202	4,444

Quantity of Renewable Energy Delivered (as of the end of fiscal 2020)

Facility Name	Power Generating Capacity (kW)	Facility Name	Power Generating Capacity (kW)
Noda Yoshiharu Logistics Center	514	Takasaki Sales Office	161
Shibayama Solar Power Plant	2,826	Odawara Sales Branch	210
Kawagoe Logistics Center	830	Nagatsuta Logistics Center	935
Nishinohon Logistics Center (Kyotanabe)	617	Toyohashi Logistics Center	221
Shibayama No. 2 Solar Power Plant	710	Shin-Sugita Logistics Center	1,072
Kimitsu Branch	268	Shin-Tokorozawa Logistics Facility	940
Yoshikawa Branch	223	Nanko Logistics Center	1,490
		Total	11,017

SBS Sokuhai Support Waste Processing Logistics Handling Volume (fiscal 2020)

Item Name	Amount Handled within the SBS Group (t)
Waste plastics	519
Recycled plastics	7
Scrap metal	32
Waste wood	69
Paper and other waste	10
Total	637

G-Mark Certification Status (as of the end of fiscal 2020)

Company Name	Number of Newly Certified Business Sites	Number of Business Sites with Existing Certification	Total Number of G-Mark-Certified Business Sites	Number of G-Mark-Eligible Business Sites	G-Mark Certification Rate
SBS Ricoh Logistics	-	21	21	24	87.50%
SBS Logicom	-	34	34	36	94.40%
SBS Freight Service	-	14	14	14	100%
SBS Flecnet	1	23	23	25	92.00%
SBS Zentsu	6	61	67	81	82.70%
SBS Sokuhai Support	-	8	8	10	80%
SBS Group Total	7	161	167	190	87.90%

* Certification rate of nationwide truck transportation business sites: 31.3% (figure as of December 14, 2020) from the website of the Japan Trucking Association)

* 2: Applicable business sites includes newly established business sites (business sites under three years old that do not meet the requirements for G-mark application).

Status of Human Resource Development Initiatives: SBS Group Training Results (as of the end of fiscal 2020)

(Unit: number of employees)

Tiered Training	Theme-Specific Training	Specialist Theme Training	Support for Self-Improvement
Departmental Manager Training -	Open Seminars -	Harassment Training (for Managers and Supervisors) -	Correspondence Courses 224
Basic Training for Managers S2 (Formerly Advanced Manager Training) 37	Training for Mid-Career Hires 74	Eco and Safe-driving Training -	e-Learning 12
Basic Training for Managers S1 (Formerly Basic Training for Managers) 35	Mid-Career Hire Follow-up Training -	Safe Driving Training Sessions (Truck) -	TOEIC Test 1
Basic Training for Supervisors S2 (Formerly Advanced Training for Supervisors) 18	On-site Leader Development Training S1 (Formerly OJT Leader Development Training) 19	Safe Operation Training Sessions (Forklift) -	Business Career Certification -
Basic Training for Supervisors S1 (Formerly Basic Training for Supervisors) 97	Site Manager Development Training S1 37	Truck Driver Contests -	
Mid-Career Employees -	Site Manager Development Training S -	Forklift Operator Contests -	
Third-Year Employees -	English Skills Improvement (Group Training) -	Operation Manager Examination Preparation 143	
One-And-A-Half-Year Training for New Employees 55	English Skills Improvement (e-Learning) -	Operational Manager Basic Classes 70	
Follow-Up Training for New Employees -	Business Career Certification Exam Preparation -	Operational Manager General Classes 118	
New Employee Training 88		First-Aid Classes 10	
		Health Officer Examination Preparation 33	
		Information Security (Group Training) 159	
		Information Security (e-Learning) 5058	
		Information Security (e-Learning 2) 536	

All 37 Subjects
Actual Participants: 6,824

* "-" denotes activities cancelled due to the COVID-19 pandemic

Status of Quality-Related Certifications Acquired

(as of the end of fiscal 2020)

* Jointly with the International Electrotechnical Commission (IEC)

Certification	Company Name (number of business sites with certification)
ISO9001	SBS Toshiba Logistics, SBS Flec, SBS Flecnet SBS Freight Service, SBS Zentsu, SBS San-ai Logistics
ISO27001	SBS Ricoh Logistics, SBS San-ai Logistics SBS Logicom, SBS Sokuhai Support
ISO/IEC27001*	SBS Toshiba Logistics
ISO/IEC17025*	SBS Toshiba Logistics
Privacy Mark	SBS Freight Service, SBS Staff, Marketing Partner SBS Logicom
JAS Organic Agricultural Product Subdivider Certification	SBS Zentsu
Relocation Safety Mark	SBS Logicom

ISO 9001 (Quality Management Systems), ISO 27001 (Information Management Systems), ISO/IEC 17025 (Testing and Calibration Organization Management Systems)

Number of Consultations Fielded by the Consultation Hotline*

(as of the end of fiscal 2020)

Details of Consultations	Number of Consultations
Consultations regarding laws, regulations and internal rules	71
Consultations regarding interpersonal relationships in the workplace	70
Others	13
Total	154

* Total consultations fielded by hotlines set up inside and outside the company from which employees are able to seek direct consultation

Financial Data

Period		26th fiscal period	27th fiscal period	28th fiscal period	29th fiscal period
Year of Financial Results		FY2011	FY2012	FY2013	FY2014
Net sales	million yen	121,148	127,935	132,205	141,535
Ordinary income	million yen	1,633	2,746	3,779	3,648
Net income attributable to owners of parent	million yen	2,502	1,626	1,549	2,725
Comprehensive income	million yen	2,605	1,788	1,817	3,702
Net assets	million yen	25,137	27,780	29,218	35,091
Total assets	million yen	100,819	104,496	108,354	131,120
Net assets per share	yen	667.70	716.61	742.68	811.23
Net income per share	yen	67.81	43.56	40.26	69.77
Diluted net income per share	yen	-	-	40.09	69.65
Shareholders' equity ratio	%	24.6	26.3	26.7	24.3
Return on equity	%	10.6	6.2	5.5	9.0
Stock price to earnings ratio	times	3.2	7.7	13.0	14.4
Cash flows from operating activities	million yen	3,728	7,329	6,257	6,603
Cash flows from investing activities	million yen	-3,765	-5,520	-6,214	-15,101
Cash flows from financing activities	million yen	1,867	-829	80	8,893
Balance of cash and cash equivalents	million yen	9,212	10,175	10,306	11,037
Number of employees (additionally, average number of temporary employees)		4,624 (7,756)	4,645 (7,999)	4,662 (7,906)	5,572 (8,512)
Consolidated subsidiaries					
Capital investment	million yen				

Notes

Net sales do not include consumption taxes.

Diluted net income per share in the 26th and 27th fiscal periods is not listed as there are no potential shares that have a dilutive effect.

Diluted net income per share in the 30th fiscal period is not listed because of a net loss in that period despite there being potential shares that have a dilutive effect.

Diluted net income per share for the 31st to 35th fiscal periods is not listed as there are no potential shares that have a dilutive effect.

For the 31st fiscal period, figures after retrospective application are listed due to the early application of "Current Handling of Accounting for Foreign Subsidiaries in the Preparation of Consolidated Financial Statements" (Practical Report No. 18, March 29, 2017) and "Current Handling of Accounting for Equity Method Affiliates" (Practical Report No. 24, March 29, 2017) from the 32nd fiscal period onwards.

"Partial amendments to the Accounting Standards for Tax Effect Accounting, etc." (Accounting Standards Board of Japan Statement No. 28, February 26, 2018) has been applied since the beginning of the 34th fiscal period, and for the 33rd fiscal period figures after retrospective application are listed.

The number of employees indicates the number of full-time employees.

30th fiscal period	31st fiscal period	32nd fiscal period	33rd fiscal period	34th fiscal period	35th fiscal period
FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
157,996	149,054	152,870	203,516	255,548	257,192
5,772	7,832	6,475	7,607	10,172	10,883
-3,815	5,111	4,446	4,409	6,079	6,826
-4,693	5,346	4,702	4,494	6,923	7,181
29,947	34,533	38,510	48,173	54,077	68,146
124,817	122,330	127,802	171,796	180,047	254,550
706.32	818.55	916.50	1,001.05	1,136.22	1,277.92
-96.84	128.69	111.94	111.01	153.06	171.88
-	-	-	-	-	-
22.5	26.6	28.5	23.1	25.1	19.9
-12.7	16.9	12.9	11.6	14.3	14.2
-9.8	6.3	10.1	12.8	12.4	15.2
7,728	12,201	11,671	12,398	16,872	17,262
-7,081	-10,043	-8,127	-22,433	-12,579	-30,480
-2,685	-1,733	-1,420	14,815	-2,084	22,726
8,984	9,383	11,534	16,303	18,495	27,537
5,555 (8,636)	5,189 (8,652)	5,515 (8,911)	6,979 (10,575)	7,124 (10,674)	9,742 (12,098)
					28
					11,507

Contact for Inquiries

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 4-1-3 Taihei, Sumida-ku, Tokyo 130-0012, Japan
 Tel: +81-3-3829-2367 Fax: +81-3-3829-2822
<https://www.sbs-group.co.jp>

Corporate Profile and Stock Information

Corporate Profile

* As of December 31, 2020

Company Name	SBS Holdings, Inc.
Representative Director	Masahiko Kamata
Founded	December 16, 1987
Paid-in Capital	3,920.75 million yen
Net Sales	257.1 billion yen (consolidated) * For the year ended December 31, 2020
Head Office	4-1-3 Taihei, Sumida-ku, Tokyo 130-0012, Japan Tel: +81-3-3829-2222 (main switchboard) Fax: +81-3-3829-2822
Lines of Business	Logistics business, property management business, marketing business, human resources business, etc.
Listed Exchange	Tokyo Stock Exchange 1st Section (Securities Code: 2384)

Officers

* As of March 25, 2021

Representative Director	Masahiko Kamata
Director	Kenichi Iriyama
Director	Masato Taiji
Director	Yasuhiro Tanaka
Director	Katsuhisa Wakamatsu
Director	Gen Kato
Director	Hiroaki Sato
Outside Director	Jiro Iwasaki
Outside Directors	Tetsuya Sekimoto
Outside Directors	Shuichi Hoshi
Director (Full-time Audit & Supervisory Committee Member)	Yasuhiro Yamashita
Outside Director (Audit & Supervisory Committee Member)	Masato Matsumoto
Outside Director (Audit & Supervisory Committee Member)	Sachie Tsuji

Stock Information

Number of shares authorized	154,705,200 shares
Number of shares issued	39,718,200 shares Including 2,590 fractional shares
Unit stock system	Yes (100 shares)
Number of shareholders	3,911

Consolidated Subsidiaries

SBS Toshiba Logistics Corporation
TL Logi Service Co., Ltd.
Toshiba Logistics (Shanghai) Co., Ltd.
Toshiba Logistics (Hangzhou) Co., Ltd.
Toshiba Logistics (Dalian) Co., Ltd.
Toshiba Logistics Hong Kong Co., Ltd.
Toshiba Logistics Thailand Co., Ltd.
Toshiba Logistics Vietnam Co., Ltd.
Toshiba Logistics America, Inc.
Toshiba Logistics Europe GmbH
SBS Ricoh Logistics System Co., Ltd.
SBS San-Ai Logistics co., Ltd.
RICOH LOGISTICS CORPORATION
RICOH INTERNATIONAL LOGISTICS (H.K) Ltd
RICOH INTERNATIONAL FREIGHT FORWARDING (SHENZHEN) CO., LTD.
SBS Logicom Co., Ltd.
SBS Freight Service Co., Ltd.
SBS Global Network Co., Ltd.
SBS Logicom Kanto Co., Ltd.
SBS Flec Co., Ltd.
SBS Flecnet Co., Ltd.
SBS Zentsu Co., Ltd.
SBS Sokuhai Support Co., Ltd.
SBS Staff Co., Ltd.
SBS Finance Co., Ltd.
SBS Asset Management Co., Ltd.
LMAX Co., Ltd.
Marketing Partner, Inc.

Key Challenges

This report is structured around the key challenges that have a significant impact on the SBS Group's ability to create value in the short-, mid- and long-term.

1 Changes to the structure of the logistics market

We analyze rapid changes to the structure of the logistics market, which facilitates a strategic response

2 M&A and group synergy

M&A activities as the core of our growth strategy, and the processes to maximize those effects

3 3PL

Strengthening the expanding services to comprehensively handle and optimize corporate logistics operations

7 Human Resources

Securing and developing a diverse range of human resources supporting the growth of the SBS Group and Japanese logistics

8 Working styles and productivity

Taking on the challenge of new working styles and pursuing ongoing improvements to business productivity

9 Energy and climate change

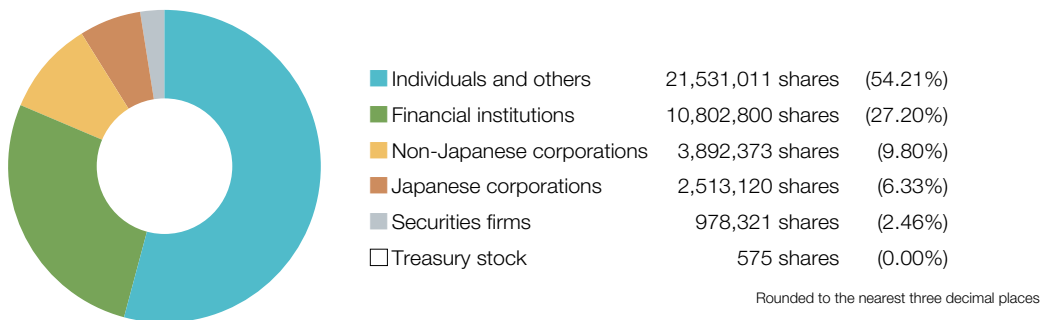
Addressing the energy demand-supply gap and climate change risks from a long-term perspective

Major Shareholders

Name	Number of Shares Held	Shareholding Ratio (%)
Masahiko Kamata	14,388,400	36.22%
Custody Bank of Japan, Ltd. (Trust account)	5,156,200	12.98%
The Master Trust Bank of Japan, Ltd. (trust account)	1,575,700	3.96%
SBS Holdings Employee Share Ownership Association	1,354,100	3.40%
SMBC TRUST BANK Designated Securities Trust	1,200,000	3.02%
Sumitomo Mitsui Trust Bank, Limited (Trust Account A-13)	1,000,000	2.51%
TOBU Properties Co., Ltd.	986,000	2.48%
Junichi Ouchi	800,000	2.01%
Masaru Wasami	576,700	1.45%
Hiroshi Date	449,800	1.13%

* The ratio of shares held against the number of shares issued is truncated after the third decimal place.

Distribution of Shares by Shareholder Type (number of shares issued: 39,718,200 shares)



<p>4 Logistics Facility Development</p> <p>Systematic expansion of floor space as a core of increasing logistics infrastructure and the foundation of 3PL</p>	<p>5 Technology</p> <p>Strategically utilizing LT* and IT to link value creation with improved competitiveness</p> <p>* Logistics Technology</p>	<p>6 Quality and safety</p> <p>Ensuring the quality and safety of transportation and service that form the basis of our business activities</p>
<p>10 Crisis management</p> <p>Preparedness for natural disasters and other crises for management</p>	<p>11 Relationship with society</p> <p>Coexistence rooted in dialogue with a diverse range of stakeholders</p>	<p>12 Governance</p> <p>Ensuring corporate governance systems that represent the basis of value creation</p>

Contact for Inquiries

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