



# **INNOVATE** **LOGISTICS**

**SBS GROUP**  
**INTEGRATED**  
**REPORT**  
**2024**

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#### Editorial Policy

The SBS Group publishes an integrated report each year for stakeholders interested in the Group's creation of value in the short-, mid- and long-term. The report is structured around our management philosophy and management vision, reporting on the progress of our business activities and sustainability management initiatives. To ensure the accuracy and reliability of information, 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 sustainability information (to be expanded to systematic content starting this fiscal year) not listed in this report.

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

#### Reporting Process

This report is structured around the topics that have a significant impact on the SBS Group's ability to create value in the short-, mid- and long-term. The identification and weighting of these topics is conducted carefully in light of environmental changes as the starting point in the annual reporting cycle, and serves as the basis for the information reported. After being combined organically with related information, the prepared report undergoes review by management and is then provided to stakeholders in printed and electronic form.

#### Reporting Scope

##### ■20 Domestic Subsidiaries

SBS Toshiba Logistics Corporation / TL Logi Service Co., Ltd. / SBS Ricoh Logistics System Co., Ltd. / SBS San-Ai Logistics Co., Ltd. / SBS Global Network Co., Ltd. / SBS Logicom Co., Ltd. / SBS Freight Service Co., Ltd. / SBS Logicom Kanto Co., Ltd. / K.U.K. LINE Co., Ltd. / SBS Flec Co., Ltd. / SBS Flecnet Co., Ltd. / Hinomaru Kyuso Co., Ltd. / SBS Sokuhai Support Co., Ltd. / SBS Zentsu Co., Ltd. / SBS Furukawa Logistics Co., Ltd. / SBS Staff Co., Ltd. / SBS Finance Co., Ltd. / Marketing Partner, Inc. / SBS Asset Management Co., Ltd. / SBS Driving School Co., Ltd.

##### ■Public Interest Incorporated Foundation

SBS Kamata Foundation

#### Reporting Period

Fiscal 2023 (January to December 2023)



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## Topics in the Integrated Report

Changes to the structure of the logistics market	We analyze rapid changes to the structure of the logistics market, so that a strategic response can be facilitated
M&A and group synergy	M&A activities as the core of our growth strategy, and the processes to maximize those effects
3PL	Strengthening the expanding services to comprehensively handle and optimize corporate logistics operations
Logistics facility development	Systematic expansion of floor space as a core of increasing logistics infrastructure and the foundation of 3PL
Technology	Strategically utilizing LT* and IT to link value creation with improved competitiveness <small>* Logistics Technology</small>
Quality and safety	Ensuring the quality and safety of transportation and service that form the basis of our business activities
Human resources	Securing and developing a diverse range of human resources supporting the growth of the SBS Group, and by extension the development of Japanese logistics
Working styles and productivity	Developing environments providing new working styles and pursuing ongoing improvements to business productivity
Energy and climate change	Strategically addressing the energy demand-supply gap and climate change risks from a long-term perspective
Crisis Management	Enhanced preparedness for natural disasters and other crises for management
Relationship with society	Coexistence rooted in dialogue with a diverse range of stakeholders
Governance	Improving and evolving corporate governance systems that represent the basis of value creation







# *For Your Dreams.*

The SBS Group has continued to pursue its dreams.

Having sustainably grown to what it is today after starting out with a single truck over three decades ago, we have steadily added new members to the Group through strategic acquisitions, and worked with professionals at many logistics companies that share our dream. In doing so, we have honed our unique expertise and the diversity of our services.

As an unmatched logistics mega-venture that never forgets its founding aspirations, the SBS Group will continue to evolve.

## PHILOSOPHY & VISION

### A Mega Venture Growing on the Strength of Logistics × IT

Aiming to solidify our top-tier position in the industry and respond to all manner of customer needs while becoming a trusted company that coexists with society

## VISION

1. Contributing to customer value creation through the provision of services
2. Emphasizing ESG as a provider of social infrastructure to contribute to all stakeholders
3. Ongoing and performance-linked return of profits

## 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, are crucial.

SBS Group Business Overview

**Transporting all manner of things  
safely, securely, in an optimal  
environment, and by more  
sustainable means.**



**General Logistics Business**

Truck transportation / rail transportation / low temperature logistics / logistics center operation / international logistics / distribution processing / same-day delivery for corporations / home delivery (for individuals) / company relocation and 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



## Highlights of our Management Philosophy Implementation (Fiscal 2023)

### Customers

Total Distance Driven **131,266,359** km

Consolidated Net Sales **431.9** billion yen

### Shareholders

ROE **13.4** %

ROA **6.6** %

Dividend per Share **65** yen

### Employees

Training Conducted **66** Subjects

Actual Training Participants **11,693**

### Society and the Environment

Number of Business Sites with G-Mark Certification (Certification Rate) **189** business sites (93.1 %)

Logistics Research Grants **5**

Scholarships for Students Receiving Social Care **50**

Investment in the Environment **2,046** million yen

Environmental Efficiency (CO<sub>2</sub> emissions per unit of sales) **26.625** t (46% improvement over the past five years)

Modal Shift Transportation Volume **311,014** t

Renewable Energy Generating Capacity **19,987** kW

### Sustainable Development

**SUSTAINABLE DEVELOPMENT GOALS**





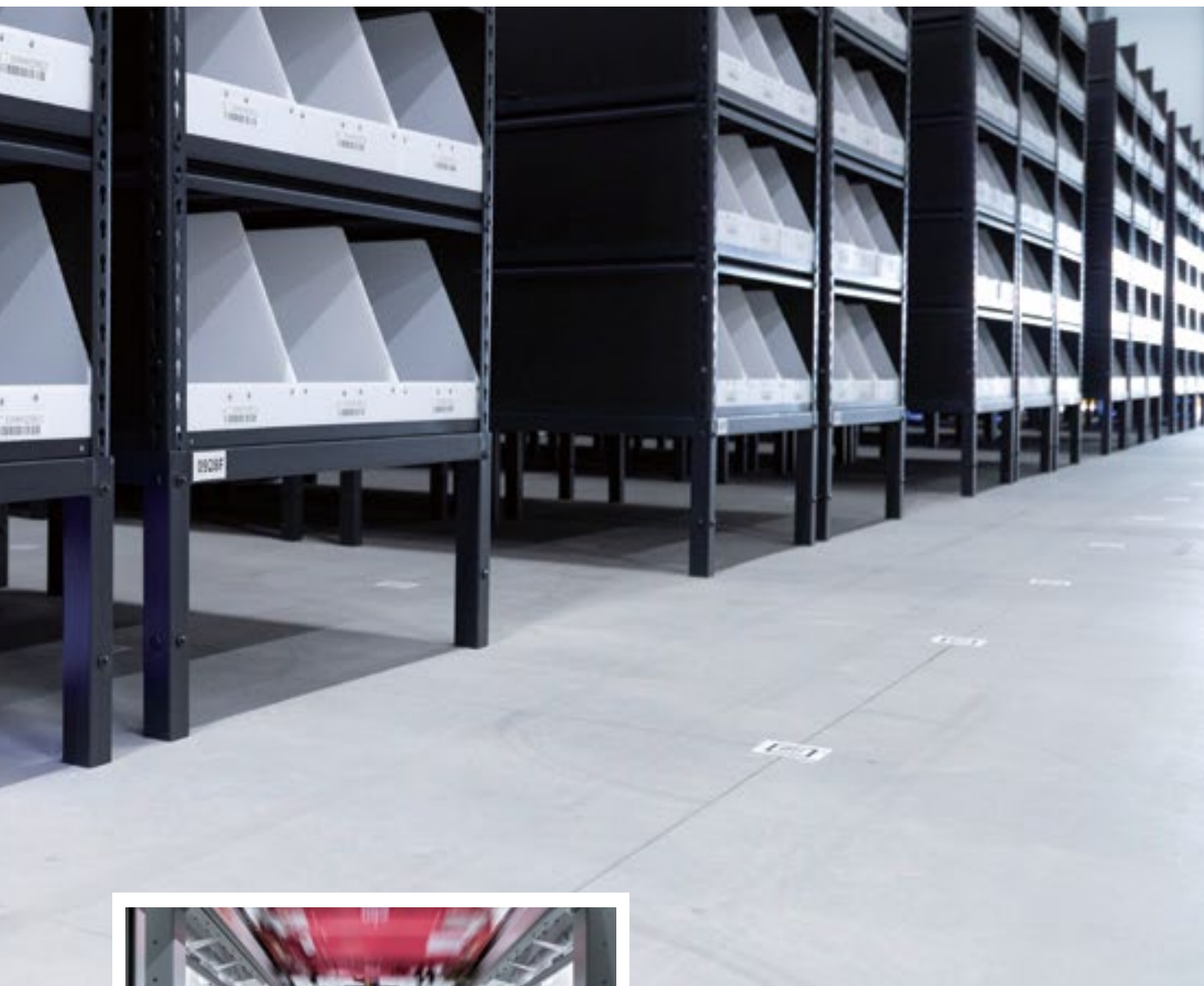
# Transforming logistics with LT

## Making our cutting-edge LT lab the starting point for Groupwide LT efforts

The SBS Group has actively introduced logistics technologies (LT) including robot solutions to reflect its awareness of the need to improve logistics productivity as a social challenge amid labor shortages that continue to worsen.

The LT Lab, which was established in December 2022, has several aims. First is the sharing of knowledge accumulated by each Group company and the exploration of new possibilities that emerge as a result. Second is our key mission of staying abreast of cutting-edge LTs as they continue to evolve, conducting evaluation and testing, and quickly integrating effective LTs and achieving stable operation. This serves as the starting point for developing a series of logistics facilities that will pioneer the future.





Number of sites where robot solutions  
have been introduced

12

At the LT Lab (located in Koshigaya, Saitama Prefecture), we provide limited open tours (free of charge, reservation only) to share knowledge about LTs with stakeholders from various positions across a wide range of industries. In addition to receiving explanations from LT professionals at the SBS Group, participants also get to see several kinds of state-of-the-art material handling equipment in actual operation. We also hold sessions to answer various questions from participants.



# Putting modal shift into practice

## The steady implementation of modal shift

The SBS Group sees modal shift (shifting the means of transportation) as an effective approach to the development of low-carbon logistics and as a way to address the “2024 problem” of logistics labor shortages, and has been steadily pursuing efforts in this area.

In April 2023, SBS Toshiba Logistics began utilizing its newly produced 31-foot wing containers to transport products manufactured at the Toshiba Elevator and Building Systems Fuchu Factory (Fuchu, Tokyo) by rail between Tokyo and Osaka. SBS Toshiba Logistics and Toshiba Elevator and Building Systems are promoting environmentally friendly transportation including by rail and sea, with the aim of achieving a modal shift rate of 50%. The 31-foot containers are also utilized for the rail-based modal shift\* of lighting equipment produced by Toshiba Lighting & Technology Corporation.

\*In the Fiscal 2023 Awards for Excellent Business Entities Working on Modal Shift, this initiative was recognized in the New Development category. See page 59 for details.





The 31-foot containers are an effective way to achieve modal shift for the cargo that was previously transported by truck without further modifications. By adopting the wing specifications, forklifts can load cargo from both sides, improving transportation efficiency.

Modal Shift Transportation Volume  
(fiscal 2021 to fiscal 2023)

**882,413<sub>t</sub>**

SBS Logicom and FURANO Express began operating newly-designed 12-foot refrigerated containers in September 2023. The containers are equipped with thermal insulation to keep cargo cool (or warm), and are ideal for transporting goods whose temperatures need to be maintained. SBS Logicom and FURANO Express are committed to improving the quality of transportation between Honshu and Hokkaido while helping to solve social issues.



## Full Year from **January** | SBS Group

### Redesign of the corporate website and establishment of a new global website

The corporate websites of SBS Holdings, SBS Logicom and SBS Ricoh Logistics were redesigned. In addition, the global website for the SBS Group was newly established.



## **April** and **September** | SBS Group

### Completion of two logistics centers developed in-house as first for the Chubu and Shinetsu areas

In April SBS Ricoh Logistics opened Logistics Center Ichinomiya in Ichinomiya-shi, Aichi Prefecture, followed by SBS Toshiba Logistics opening the Kashiwazaki Warehouse in Kashiwazaki-shi, Niigata Prefecture, in September. These marked the first facilities developed in-house in the Chubu and Shinetsu areas, respectively.



Logistics Center Ichinomiya



Kashiwazaki Warehouse

## **June** | SBS Zentsu and SBS Ricoh Logistics

### Acquisition of a two-star rating under a certification system for pleasant workplace development

SBS Zentsu and SBS Ricoh Logistics both earned two-star ratings under the Certification System for Pleasant Workplace Development, an initiative created by the Ministry of Land, Infrastructure, Transport and Tourism to address the shortages of drivers among automotive transportation business operators.



## **March** | SBS Holdings

### Conclusions of a positive impact finance agreement

SBS Holdings entered into a loan agreement totaling 35 billion yen for positive impact finance (a type of investment loan for operating companies that does not limit the use of funds) with MUFG Bank and Mizuho Bank as arrangers. This marks the first instance of syndicated loan-type positive impact finance in the logistics industry.



## **September** and **October**

### | SBS Holdings

### Athletes supported by SBS Holdings finding success in their respective fields

Ryo Hisatsune, a professional golfer affiliated with SBS Holdings, won Cazoo Open de France, a tournament on the European men's golf tour. Meanwhile Viamaterras Miyazaki, which receives career support that utilizes a corporate version of the hometown tax system, won Division 2 of the Nadeshiko League for women's soccer, earning promotion to Division 1.



Professional golfer Ryo Hisatsune

Viamaterras Miyazaki



# September and November

| SBS Group

## Adopting EVs to meet sustainability targets

In September, SBS Ricoh Logistics held a delivery ceremony for the first F1VAN, a next-generation electric vehicle. In November, SBS Sokuhai Support took delivery of 13 of the vehicles. We are accelerating the adoption of EVs to meet our target for reducing CO<sub>2</sub> emissions in last mile delivery services.

<Related information> Page 56



# October

| SBS Group

## Proactive efforts to attract customers to the e-commerce (EC) business

The SBS Group announced that EC Noda Seto Logistics Center, the first site in the EC Platform Business, will open in 2024. The SBS Group also exhibited at trade shows throughout the year. We have accelerated efforts to expand the EC logistics business in the SBS Group.



# October

| SBS Logicom

## Merger of SBS Logicom and Toyo Warehouse & Transportation

Toyo Warehouse & Transportation Co., Ltd., which joined the SBS Group in January 2021, completed a merger with SBS Logicom. By integrating the management of the two companies, which operate in similar fields, maintain warehouses that are close to one another and are considered highly compatible, we aim to further demonstrate synergies.

# November

| SBS Toshiba Logistics

## Speaking slots at Logistics Improvement Forum 2023 and a promotional seminar for the White Logistics movement

Cases were presented in a talk titled "Value Co-creation with Customers Through DFL Thinking Combined with Updated Package Designs: Reducing Costs, Improving Work Efficiency and Pursuing Sustainability for Industrial Electron Tubes." Insight into the process that led to a 65% reduction in material expenses, 30% drop in person-hours, 100% elimination of plastic (plastic free) and a 25% cut in CO<sub>2</sub> emissions was shared.

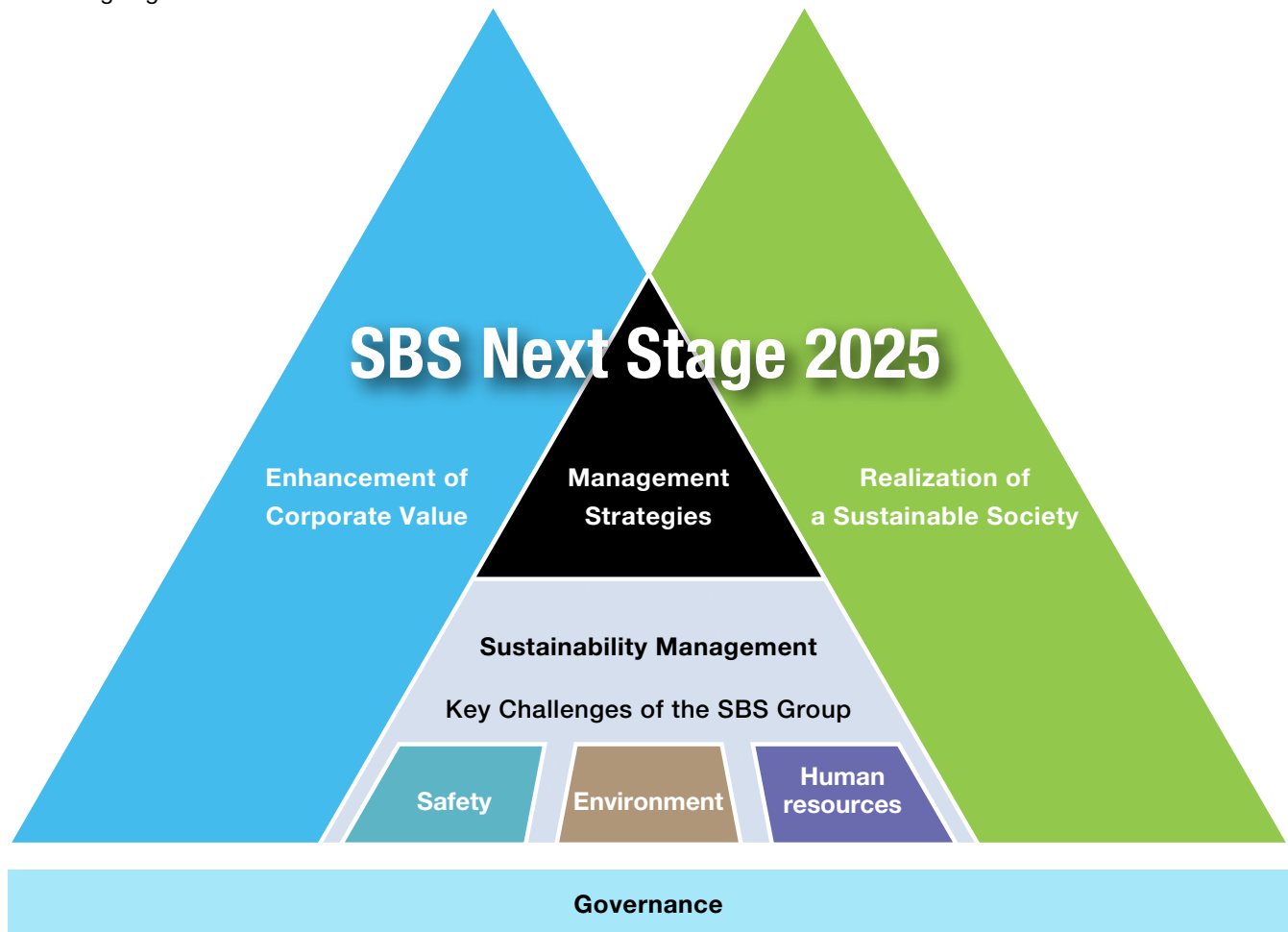


## Video introducing the SBS Group

The process showing the SBS Group's growth from its founding to the present day was summarized in a video.



From the perspective of integrating management strategy with sustainability, we have identified Safety, Environment and Human Resources as the key challenges of the SBS Group, and have been pursuing highly strategic initiatives on an ongoing basis.



Key challenges (materiality) in sustainability management represent “importance for the sustainability of our own business model.” Demonstrating this practice (of identifying key challenges, pursuing initiatives to address them and engaging in disclosures) offers extremely useful insight to stakeholders in examining the mid- and long-term sustainability of a company. On the following page, the SBS Group has summarized the challenges that impact it (from the perspectives of risks and opportunities) in carrying out business activities based on its value as a corporation (management philosophy) and business model.

Note that we will reassess these key challenges in terms of their ratings of importance to stakeholders (investor ratings, assessment body metrics, etc.) and their ratings of importance in the Group (priority matters for business strategy, actual initiatives, etc.) and continue to review material matters.

It has become even more important for companies to strike a balance between achieving a sustainable society by solving social issues and continually improving corporate value. In light of this, the SBS Group has established a Sustainability Policy (see page 49) with the aim of presenting the values emphasized by the Group and the targets it will tackle to achieve them.

In addition, in the Group’s medium-term management plan SBS Next Stage 2025, we have declared improved governance supporting sustainability management and strengthened action on key challenges (materiality) as priority measures in an effort to integrate our management strategy with sustainability.



## Safety

**To advance logistics as a business that supports social infrastructure, safety initiatives aimed at zero accidents are our highest priority.**

Key material issues: Vehicle accidents, occupational accidents, facility fires, cyber attacks, natural disasters

Key initiatives: Promotion of safety education and training initiatives, reduced rate of accidents involving business vehicles

Major KPIs: Accident rate per vehicle / occupational accident rate per employee

Major risks: Loss of credibility, interference with business activities, occupational accidents, impact on funding

Major opportunities: Increased trust, improved external reputation, new business opportunities

## Environment

**To coexist with society and continue to be a company that is trusted by society, taking action on environmental issues, a global challenge, is a matter of essential importance.**

Key material issues: Climate change, carbon reduction, resource recycling, air pollution, environmental conservation, regulatory compliance, improved fuel efficiency

Key initiatives: Reducing CO<sub>2</sub> emissions, reducing NOx and PM values in exhaust gases, reducing water usage, initiatives to create renewable energy, initiatives to introduce next-generation vehicles

Major KPIs: Scope 1 and Scope 2 CO<sub>2</sub> emission reduction rate per unit of net sales, introduction of next-generation vehicles, NOx and PM values in exhaust gases (kg), improved logistics efficiency through the utilization of logistics DX (LTxIT)

Major risks: Growing costs of compliance, loss of social reputation, stoppage of business activities, impact on funding

Major opportunities: Curbed costs due to fuel improvements, differentiation through innovativeness

## Human resources

**Human resources are tasked with carrying out business activities, including safety and environmental initiatives.**

The development of human resources is an important factor in boosting competitiveness.

Key material issues: Securing and retention of human resources, human resource development, workstyle innovation, health and productivity management, diversity

Key initiatives: Initiatives to improve employee skills and support their career development, initiatives aimed at enhancing employee work-life balance, initiative to develop an environment promoting the active participation of women

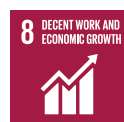
Major KPIs: Percentage of managerial positions filled by women, consideration and implementation of improvements to systems supporting the active participation of women, annual leave usage rate, childcare leave usage rate by eligible male employees

Major risks: Decline in competitiveness, lost business opportunities

Major opportunities: New value creation due to workforce diversity, promotion of innovation, new business opportunities

### Related SDGs

For the major KPIs for materiality, the SBS Group has identified the following KPIs that have a particularly strong association with multiple of the 17 goals and 169 targets that make up the SDGs goals and targets, and pursues initiatives in relation to them.









### Assessing Materiality

Regarding the assessment of materiality, we will reassess these key challenges in terms of their ratings of importance to stakeholders (investor ratings, assessment body metrics, etc.) and their ratings of importance in the Group (priority matters for business strategy, actual initiatives, etc.) and continue to review material matters.

The SBS Group sees capital that will support its business activities as a “3PL corporate group possessing omnidirectional logistics functions” from a broad perspective. We promote our business activities and ESG in an integrated fashion and work to strengthen our foundations for future growth.

## INPUTS

Capital utilized for corporate activities

Capital	Management Approach
 <p><b>Financial Capital</b></p>	<p>We seek to maintain an equilibrium between active investment 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>
 <p><b>Capital for the Provision of Services</b></p>	<p>We are committed to developing comprehensive logistics infrastructure including logistics facilities, vehicles, equipment, information systems and service sites, at a scale and quality level that adequately satisfies our need to grow.</p>
 <p><b>Human and Organizational Capital</b></p>	<p>Under our basic strategy on human capital management, we will help employees improve their skills, support their career development, enhance work-life balance and improve our diversity and inclusion efforts. At the same time, we will build and operate mechanisms designed to enhance the quality and productivity of operations.</p>
 <p><b>Intellectual Capital</b></p>	<p>We will further enhance our wide-ranging logistics service operational capabilities while systematically accumulating, sharing and developing knowledge leading to solutions to customer issues.</p>
 <p><b>Social Capital</b></p>	<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>
 <p><b>Natural Capital</b></p>	<p>The SBS Group pursues efforts to continually reduce its environmental impact from a medium-to-long-term perspective, positioning CO<sub>2</sub> emission reductions, the promotion of resource recycling and the preservation of natural resources as key issues.</p>

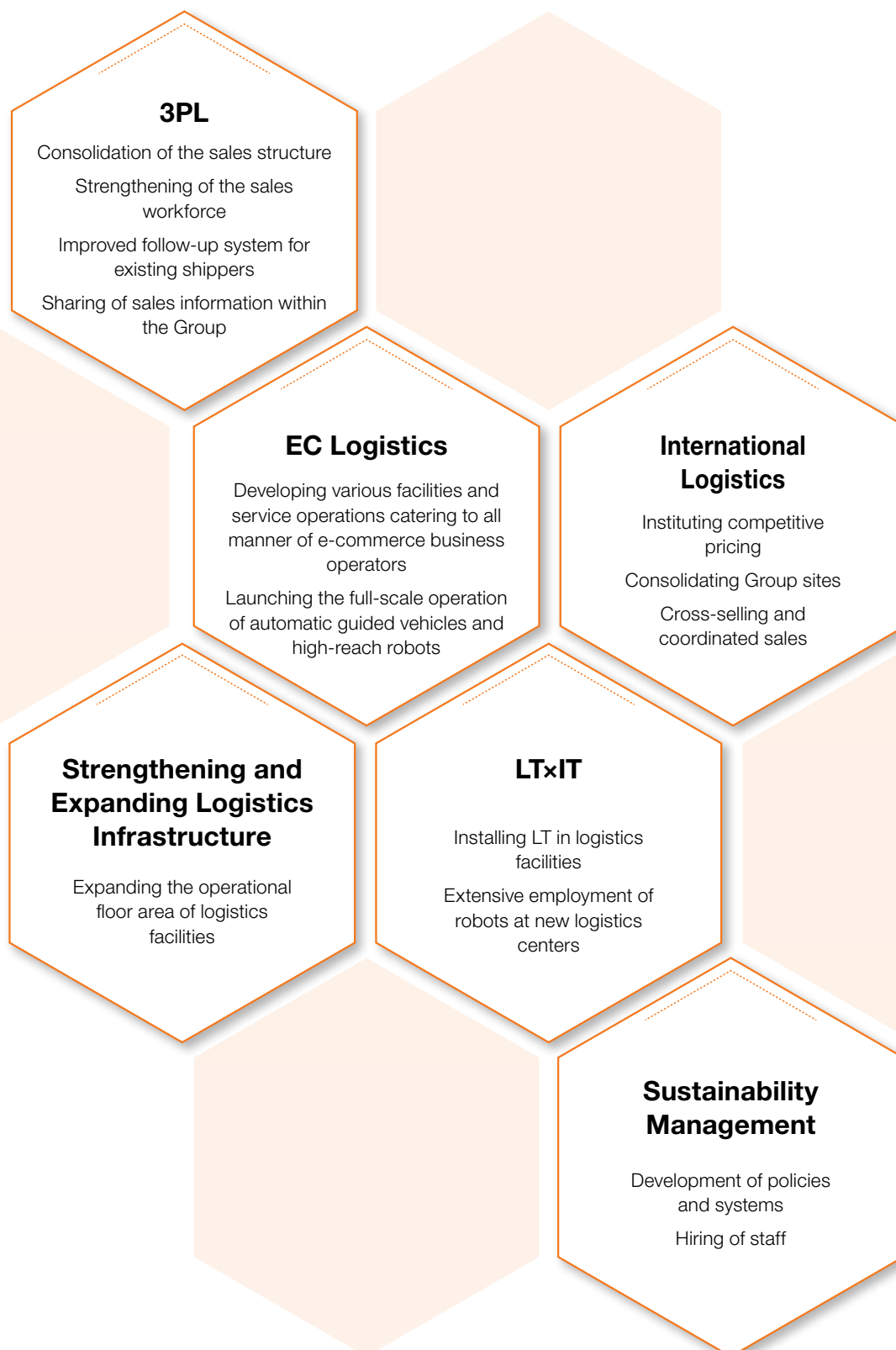
Indicators	Change				
	2019	2020	2021	2022	2023
Total assets (million yen)	180,047	254,550	277,197	296,898	<b>301,317</b>
Net assets (million yen)	54,077	68,146	80,707	92,172	<b>102,592</b>
Shareholders' equity ratio (%)	25.1	19.9	21.9	23.7	<b>26.4</b>
Net DE ratio (times)	1.26	1.44	1.23	1.01	<b>0.90</b>
Number of shareholders	2,878	3,664	4,501	4,247	<b>4,804</b>
Number of business sites	655	716	674	678	<b>707</b>
Number of warehouses (number of company-owned and leased buildings)	386	401	412	504	<b>575</b>
Number of vehicles	4,570	4,405	4,884	5,080	<b>5,165</b>
Number of forklifts	1,436	1,369	1,488	2,154	<b>2,278</b>
Investment in facilities and equipment (million yen)	11,710	11,507	14,501	17,859	<b>10,952</b>
Number of employees*	19,379	23,270	23,950	23,773	<b>23,944</b>
Actual training participants	7,173	6,824	8,966	10,658	<b>11,693</b>
Number of companies with ISO 9001 (quality) certification	5	6	7	7	<b>7</b>
Number of companies with ISO14001 (environmental) certification	7	8	9	9	<b>9</b>
Number of companies with ISO 27001 (information security) certification	4	5	5	5	<b>5</b>
Group-average fuel efficiency (km/L)	4.93	5.01	5.03	5.05	<b>5.05</b>
Number of employees taking eco-driving training (cumulative total)	1,570	1,570	1,617	1,662	<b>1,697</b>
Awards and commendations	2	4	7	8	<b>5</b>
Number of business sites with G-mark certification	162	167	169	177	<b>189</b>
Accident rate (annual accident rate per vehicle) (%)		0.84	0.85	0.98	<b>0.81</b>
Logistics research grants	6	6	4	7	<b>5</b>
Scholarships for students receiving social care	57	74	76	86	<b>50</b>
Food bank support expenses (million yen)		2.23	2.41	2.92	<b>1.36</b>
Environmental efficiency (CO <sub>2</sub> emissions per unit of sales) (tons/100 million yen)	38.09	40.77	28.23	26.76	<b>26.63</b>
Quantity of renewable energy delivered (kWh)	11,017	11,017	11,146	12,734	<b>19,987</b>
Waste processing logistics handling volume (t)	8,817	9,371	7,579	9,195	<b>10,160</b>
Investment in the environment (million yen)	3,202	4,444	3,581	1,972	<b>2,046</b>

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



## PHILOSOPHY & VISION

Rolling out priority measures in SBS Next Stage 2025



# OUTCOMES

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



## Financial Capital

Achieve net sales of 500 billion yen at an early stage and look further ahead



## 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 technologies and 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



## Challenge-oriented DNA

The DNA of the SBS Group lies in taking on new challenges. Having grown with an unwavering venture spirit since it was founded in 1987, the SBS Group has expanded in size as a group of companies taking on challenges together while steadily welcoming companies handling the logistics functions of national

brands. In 2023, we defined our purpose as “a mega venture growing on the strength of logistics technology (LT) × IT.”

As a corporate group with a wide range of logistics functions spread globally, the ability to propose innovative solutions and an unrivaled sense of speed, we are pioneering the future of logistics.

We are making progress towards net sales of one trillion yen as a mega venture paving the way for the future of logistics.

鎌田正彦

**Masahiko Kamata,**  
President, SBS Group





## Positioning the fiscal year ended December 31, 2023 as a plateau phase

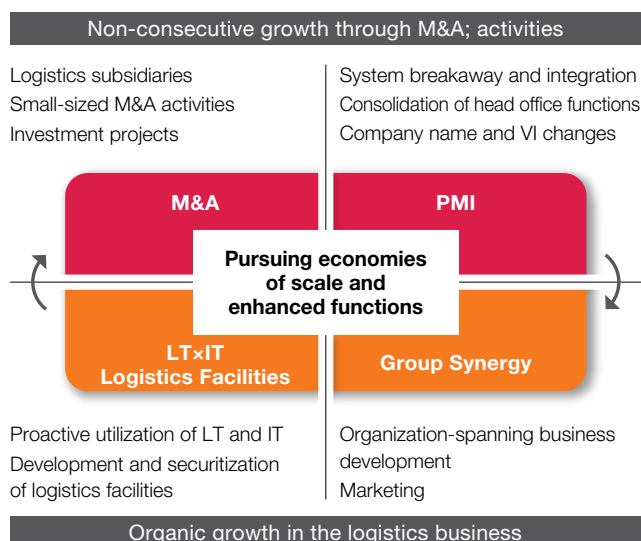
Looking at the SBS Group's consolidated results for fiscal 2023, net sales were 431.9 billion yen, while operating income and ordinary income amounted to 19.7 billion yen, with net income attributable to owners of parent totaling 10 billion yen. These results represent a decline in both net sales and profits.

There are multiple factors at play in these results. While economic activity has become increasingly normalized thanks to the relaxing of pandemic-related restrictions on activities, sharply rising utilities expenses and increases in the prices of resources and daily necessities have persisted, coupled with an ongoing sense of uncertainty about future economic conditions. For the logistics industry, domestically the slumping semiconductor market, soaring prices of goods due to the depreciating yen and the associated restraint on buying have had a major impact, while overseas the decline in shipping container freight rates has weighed heavily on market conditions. We do not expect these conditions to be fully eliminated in fiscal 2024 either.

However, even during fiscal 2023, which we considered a plateau year, we made steady progress with preparations for future growth. There were achievements on the sales front, including the securing of major projects. We must anticipate that the challenging conditions will continue in fiscal 2024, but the SBS Group will continue to press ahead with initiatives from a mid- to long-term perspective.



### SBS Group Growth Strategy



## SBS Next Stage 2025

In the SBS Group three-year management plan: SBS Next Stage 2025, the Group has declared priority measures and numerical targets to be met by fiscal 2025.

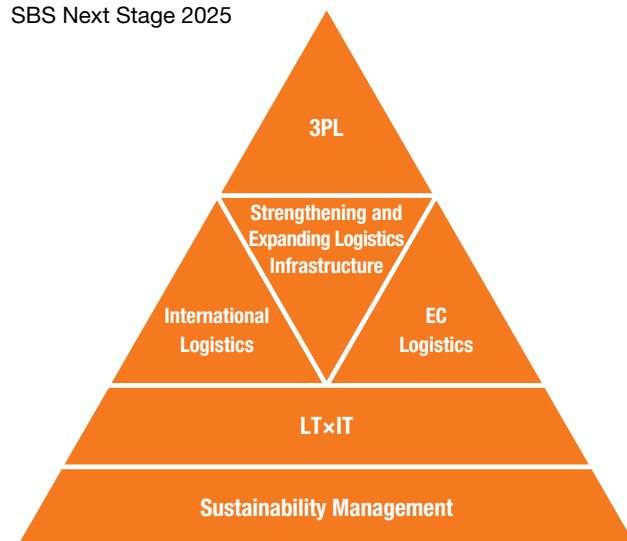
The four priority measures implement growth strategies formulated from a long-term perspective in concrete terms, and sustainability management serves as the basis for them.

In the fiscal year ending December 31, 2024, which is the second year of the plan, we will continue to drive each of these measures. While working to achieve our targets through organic growth, we will also firmly seize opportunities for important acquisitions.

### Fiscal 2023 Results (Consolidated)

Net sales	<b>431.9</b> billion yen	(-5.2%)
Operating income	<b>19.7</b> billion yen	(-9.7%)
Ordinary income	<b>19.7</b> billion yen	(-7.7%)
Net income attributable to owners of paren	<b>10.0</b> billion yen	(-14.3%)
EPS (Net income per share)	<b>253.20</b> yen	(-14.3%)
Dividend per Share	<b>65</b> yen	(+4 yen)

### Priority Measures in SBS Next Stage 2025

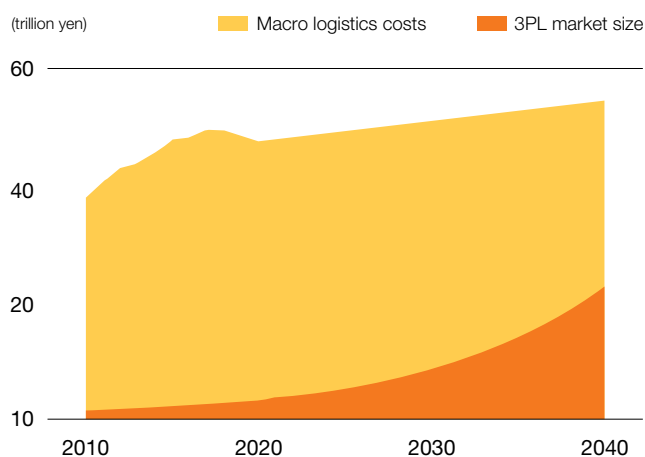


## 3PL

Under third-party logistics (3PL), which the SBS Group positions as a priority business field, unique business models that integrate the development of logistics facilities produce strong competitiveness and growth potential. We have continued to welcome logistics companies with new expertise and resources into the SBS Group while strengthening our sales and development structure Groupwide. This has enabled us to promote an expansion of new 3PL contracts while simultaneously offering greater depth to the 3PL business for our existing customers. Looking at achievements in the fiscal year ended December 31, 2023, one of our Group companies that has been handling manufacturer logistics secured two new orders for drug store services. We have also focused on expanding orders for high value-added 3PL (4PL) by proposing logistics strategies and providing new schemes from a management perspective.

These strategic approaches are based on our analysis of the market. Many shippers are showing a growing tendency to outsource their logistics functions due to raising personnel and fuel costs and stricter regulations on working hours. At the same time, there is a tendency for shippers to demand high-level expertise and advanced systems. The SBS Group is positioned to address these needs from the customer perspective, leveraging its extensive track record in 3PL, long-standing readiness for the "2024 problem" of labor shortages in logistics, and its ability to propose and operate LT and IT solutions. It is estimated that the size of the 3PL market has grown at a compound annual growth rate (CAGR) of 8.4% from 2010 to 2022, and this rate of growth is expected to increase even more in the future. We will steadily and vigorously capture this growing

### Predicted expansion of the 3PL market



\* Created by SBS Holdings based on data from the JILS "FY2022 Logistics Costs Research Report" and LOGI-BIZ "3PL Whitepaper" (September 2023 Edition).

demand, generating net sales of 256 billion yen in fiscal 2025, and growing this figure from 700 billion to 1 trillion yen in the mid- to long-term.

## Logistics infrastructure

A key to the growth of the SBS Group lies in the reinforcement of logistics infrastructure. On numerous occasions, we have experienced outcomes where setting up logistics facilities has attracted the interest of customers, leading to the securing of contracts for 3PL services.

As a result of the initiative we have pursued to date, as of the end of 2023 the total logistics facility floor area operated by the SBS Group had risen to 970,000 tsubo (approximately 3.2 million square meters). With Building A of the Noda Seto Logistics Center entering operation in February 2024, this figure topped 1 million tsubo (approximately 3.3 million square meters). In our floor area expansion plan, we already have our sights set on more than 1.2 million tsubo (almost 4 million square meters).

It is vital for a logistics facility to incorporate the quality, functionality and flexibility that meet the requirements of a shipper, while keeping rental charges low. That is why the SBS Group has refined its own logistics facility development model. We purchase land that features high price competitiveness, and engage in sales, planning and development in parallel. Once a facility achieves full occupancy, we transfer trust beneficiary interest in the value-added facility and enter into a leaseback agreement with favorable terms. This approach improves the concreteness of 3PL services proposed to customers while reducing rent paid over the long term. It also allows us to provide the buyers of the facilities with excellent investment property.

This unique model makes it possible to earn profits from securitization while preparing to develop subsequent logistics facilities without inflating balance sheets. Together with the increasing size of the logistics business, our ability to generate cash flow also expands.

As we grow in size, we are also working to develop greater added value through parallel approaches including the design of next-generation general-purpose warehouses and the combined installation of solar power generating facilities.

### 3PL net sales results and targets

Fiscal 2023 result

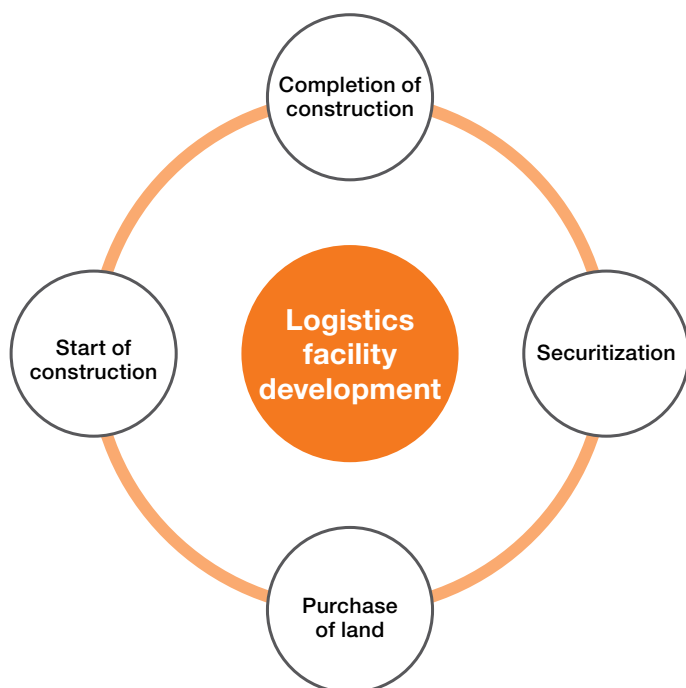
**237.9** billion yen

Fiscal 2025 target

**256.0** billion yen

## Cycle of logistics facility development and securitization

Under 3PL in the SBS Group, unique business models that integrate the development of logistics facilities produce strong competitiveness and growth potential.



Real estate securitized or to be securitized in fiscal 2024

Shin-Sugita Logistics Center (securitization in January 2024)

\* above photo

Total floor area: 12,000 tsubo

Fukagawa Warehouse

(scheduled for securitization in December 2024)

Total floor area: 1,400 tsubo

## Change in the ability to generate cash flow

(billion yen)

Operating CF (in real terms)

Logistics facility investment and recovery

M&A/LT&IT/other

	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
	+12.3	+18.0	+19.2	+32.7	+34.4	+25.8
Cash in						
Business growth and investment recovery	+6.9	+12.6	+12.0	+17.9	+19.8	+13.9
	+5.4	+5.4	+7.2	+14.8	+14.6	+11.9
Cash out						
Investment for growth	-6.4	-6.9	-7.1	-9.5	-16.6	-12.8
	-15.9	-6.8	-25.3	-18.1	-11.3	-9.0
	-22.3	-13.7	-32.4	-27.6	-27.9	-21.9

\* Free cash flow is classified as either "operating CF (actual)," "logistics facility investment and recovery" or "M&A/LT&IT/other."

## EC logistics

Electronic commerce (EC) logistics is another area of future business growth on which the SBS Group places a focus. As it evolves on a daily basis, EC requires efficient and flexible logistics. Starting fiscal 2023, the SBS Group launched the EC1000 project. By the fiscal year ending December 31, 2030, our plan is to develop EC logistics into a business generating over 100 billion yen in net sales.

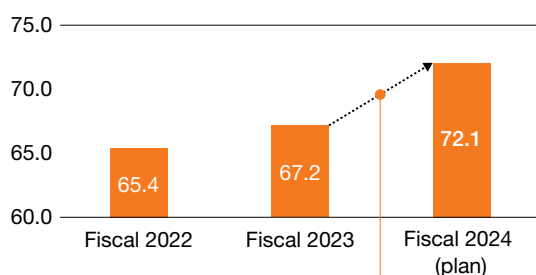
At the core of this effort is EC Logistics Omakase-Kun, a one-stop service platform providing the optimal solutions for EC logistics. We will also provide total support for EC operators, from logistics center operation to final (last-mile) delivery. We will make full use of LT to provide robust logistics services at a low cost.

At the Noda Seto Logistics Center which opened in February 2024, the Noda Seto Logistics Center Branch Office serving as the first EC Logistics Omakase-Kun site also began operating in February.

In addition to setting up a fully-equipped photography studio to enable the comprehensive outsourcing of product information management services (photography, measurement and copyrighting for EC), the center offers a range of facilities and service options that fit all kinds of EC business operators to meet their needs, including a temperature-controlled warehouse with three temperature zones and support for a wide range of temperature requirements. Automation and improved efficiency has been pursued through innovations such as automatic guided vehicles (AGVs). This is a shared use center capable of utilizing logistics robots and material handling so that multiple EC business operators can occupy a single floor (roughly 10,000 tsubo, or about 33,000 square meters). We have fielded many inquiries about the center and are seeing a strong response.

Trend in EC logistics sales and EC logistics plan

(billion yen)



Opening of new sites and increase in delivery demand expected

**+7.3%**

## International logistics

The SBS Group places an emphasis on international logistics to support the global business activities of its customers.

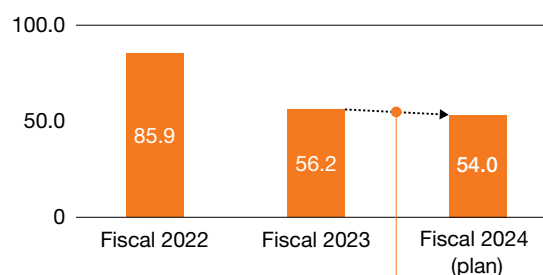
International logistics is highly susceptible to global events, and in the fiscal year ended December 31, 2023, "special demand" driven by the COVID-19 pandemic ended and global tensions rose, combining to force a significant 33% year-on-year decrease in net sales. We do not expect conditions to rapidly recover this fiscal year either.

Despite these challenging conditions, we are steadily rolling out measures in anticipation of the future. As one of those endeavors we have launched the joint purchases of forwarding services. Previously each Group company would negotiate with shipping companies over freight charges on its own, but now we are doing so on a Groupwide basis. As a result, we are phasing in competitive pricing. We have also made progress consolidating the sites of multiple Group companies located within the same region, promoting a trend of collaboration on a per-site basis. Additionally, particularly in response to inquiries from domestic companies, we have also promoted activities to secure overseas logistics contracts. We are committed to living up to expectations with "Japanese quality."

This fiscal year, we are implementing two major actions with an eye to the future. The first is we refer to as the "International Logistics Strategy Project." This is an effort to strengthen reciprocal resource utilization and sales capabilities through collaboration between the three Group companies with local subsidiaries overseas (SBS Toshiba Logistics, SBS Ricoh Logistics and SBS Furukawa Logistics). The second action involves bolstering logistics in overseas locations and rebuilding our global supply chain management (SCM). We have started to consider the overseas rollout of our domestic growth strategy, which is based around acquisitions, logistics facility development and 3PL.

Trend in international logistics sales and international logistics plan

(billion yen)



In fiscal 2023, sales declined by 35% year on year, reflecting a sharp drop in marine shipping container freight rates, among other factors.

Conditions are not expected to rapidly recover in fiscal 2024, and another slight decline is projected.

**-4%**



## LT×IT

With its LT×IT approach, the SBS Group is evolving its business activities in every aspect.

That evolution is especially prominent at our logistics facilities. By the end of December 2023, we have 12 kinds of robots into operation at 12 sites. Until now, we have mainly used the robots for goods-to-person (GTP), sorting and conveyance applications, but we also have robots designed for packing goods, and have plans to further expand the scope of their use going forward. At the Ichinomiya Logistics Center, which was completed in April 2023, AGVs play a significant role, and we have employed autonomous guided forklifts (AGF) at the Noda Seto Logistics Center that opened in February this year. GTP robots and other robots are also playing a significant role in activities for EC logistics. We are also considering even newer LTs based on the products handled by our customers.

In proactively utilizing LT to develop low cost operations, the LT Lab, the SBS Group's facility for verifying the introduction and operation of cutting-edge LT including robotics and AI, is expected to play an increasingly important role. We conduct open tours of the LT Lab to share and conceptualize our vision for the future of logistics with people from various industries.

Driving this trend leading to business improvement and creation is the LT Planning Department at SBS Holdings. Engineers with expert knowledge explore technical aspects and also handle new project proposals.

Through these activities we promote the adoption of practical technologies to achieve operations with higher levels of quality and efficiency.

### LT adoption status (as of December 31, 2023)

**12** kinds of robots in operation across

**12** sites

### Noda Seto Logistics Center Building A

The Noda Seto Logistics Center Branch Office, which has been established inside this facility, offers functions and service operations that meet the needs of customers operating all manner of EC businesses.



### Sustainability management

The SBS Group pursues the achievement of a sustainable society by solving social issues and the continual improvement of corporate value in an integrated fashion. This is the SBS Group's approach to sustainability management.

The fiscal year ended December 31, 2023 was a year we spent developing systems to serve as the basis for sustainability management. In one fell swoop we established a sustainability policy, set up the Sustainability Promotion Committee, identified key challenges, designated KPIs, initiated information disclosures based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and joined the United Nations Global Compact. A by-product of these efforts was the conclusion of a loan agreement totaling 35 billion yen for positive impact finance with MUFG Bank and Mizuho Bank as arrangers.

On the environment side, after two years of joint trial operation with manufacturers, we began using a 1-ton-class next-generation commercial electric van to address climate change risk. By the end of December 2023 we had introduced 26 of the vehicles, with plans to introduce around 40 vehicles, mainly for sales purposes, by December 2024. We also have our sights set on developing 1.5-ton and 4-ton electric vehicles. At the same time, we are also closely watching trends related to a wide range of power sources including hydrogen, and have a flexible approach to their adoption.

In terms of human capital, in conjunction with the establishment of a human rights policy and diversity policy (June 2023), we

conducted mixed training session across multiple Group companies and have promoted individuals to strategic departments. The training is designed to cultivate next-generation managers and young leaders, while the promotions aim to find the right personnel for EC Logistics, the newly established strategic department, focusing on ensuring they are placed in the most suitable roles. Looking back, we can conclude that these activities have raised the level of our human capital and led to the strengths of each Group company spreading throughout the organization. We intend to apply these insights in future human capital development efforts.

To address the so-called "2024 problem" of labor shortages in logistics, the SBS Group has long been thoroughly enforcing overtime management and has completed preparations to respond to the situation. When the impact on partner companies is also taken into account, improving the benefits offered to drivers will be crucial.

I believe that developing a workplace where all Group employees can embrace their dreams and work with vigor is at the heart of sustainability management, and I will pour my energies into achieving this as a manager.

#### Plans for EV adoption (by the end of December 2024)

**40** vehicles



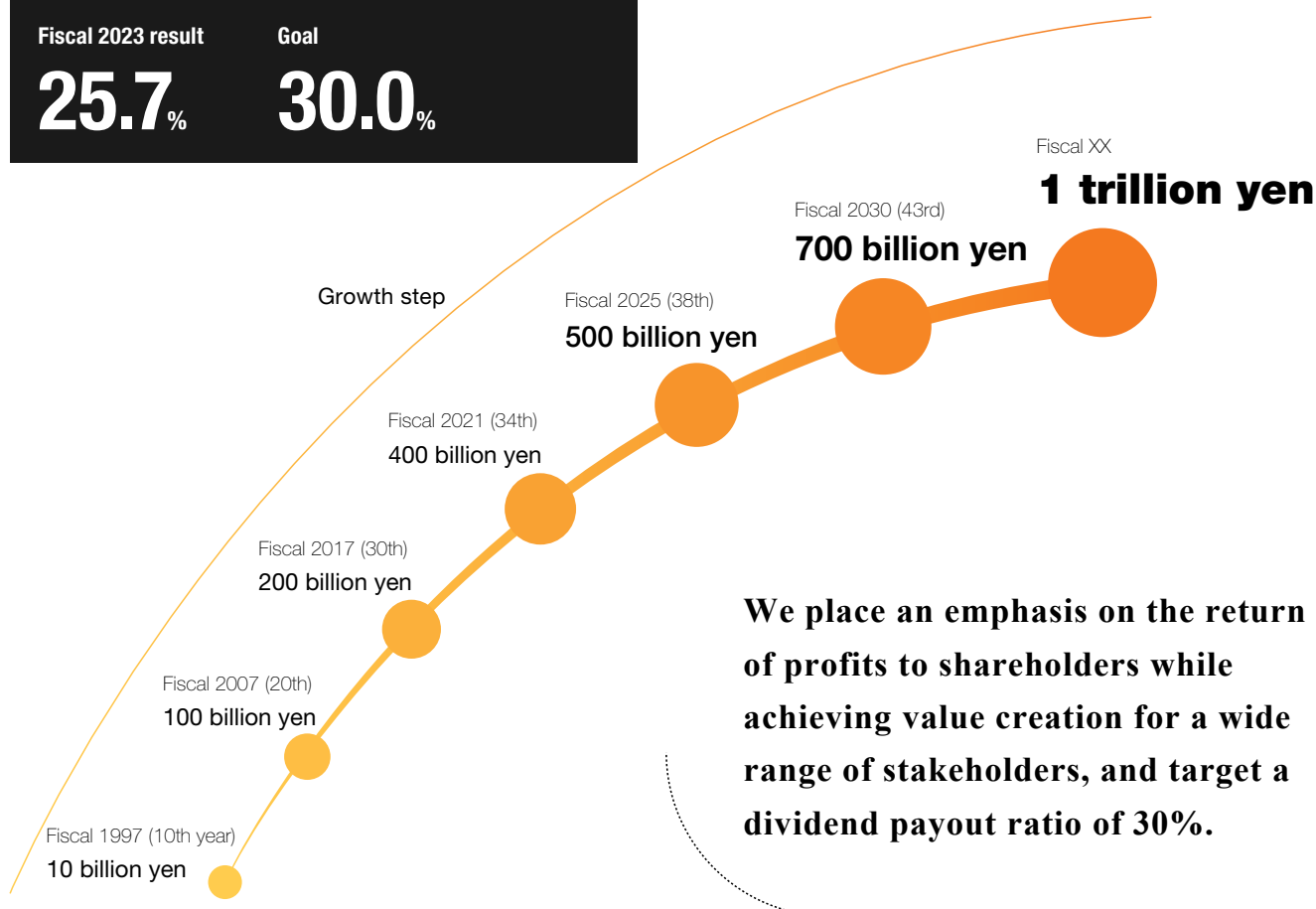
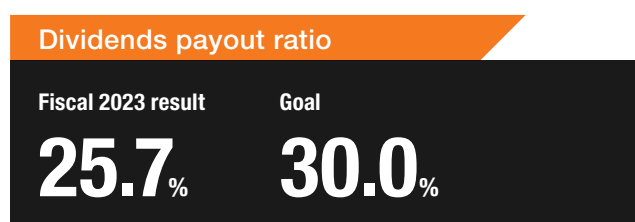
Commercial next-generation electric vans

## Shareholder return

The SBS Group places an emphasis on the return of profits to shareholders while achieving value creation for a wide range of stakeholders, and even clearly states this in its three-year management plan that was revised in 2023. We seek to balance shareholder return with the retention of sufficient internal reserves to build a more robust management base, while endeavoring to issue stable dividends and improving the level of dividends in light of business performance.

In the fiscal year ended December 31, 2023, we issued dividends of 65 yen per share, an increase of 4 yen per share as planned. For the fiscal year ending December 31, 2024, we plan to issue a dividend of 70 yen per share.

Our efforts have culminated in a dividend payout ratio of 25.7%. In the near future we hope to reach the 30% mark. This target level also takes into account a balance with internal reserves which fund our M&A activities.



## Aiming for 1 trillion yen in net sales.

The SBS Group aims to achieve net sales of 700 billion yen by fiscal 2030, and has its sights set on reaching the 1 trillion yen mark beyond that. In conjunction with these efforts, we will first aim to achieve an operating income margin of 5%, and then work to raise this to 8% in the long term.

I believe these targets can be achieved as a matter of course, provided that the employees of the SBS Group realize that the job of logistics is both a critical part of social infrastructure and an infrastructure business of hope that delivers dreams to people around the world, and take on these challenges with a sense of responsibility. To that end, we will work to further enrich the key aspects of the SBS Group's corporate culture, namely an environment that enables employees to continually take on challenges without fear of failure, a dynamic and friendly organization, and an open culture that embraces differing ideas and views, aiming to become a Group where all employees can realize their full potential.

We are deeply grateful to all the stakeholders who have shown an interest in the future the SBS Group is trying to realize over the mid- to long-term and the process it is implementing to do so. Going forward, we will continue to maintain our broad view of Japan and the world beyond, expanding our dialogue and cooperation with diverse individuals.

**We place an emphasis on the return of profits to shareholders while achieving value creation for a wide range of stakeholders, and target a dividend payout ratio of 30%.**



## Key Elements of the Three-Year Management Plan (FY2023 to FY2025)

### Enhance the overall strength of the Group (group platform strategy and unique strategies of each company)

- Continue to strengthen and deepen B-to-B businesses, particularly in 3PL
- Accelerate EC logistics (build hybrid EC platforms)
- Establish a Group-wide system of cooperation for international logistics businesses and tap into growth in global markets

### Develop and expand logistics business infrastructure

- Strengthen the Group's logistics infrastructure, including in logistics facilities and distribution networks, EC logistics functions and the international logistics network
- Secure and develop human resources that will play an integral part in business activities
- Enhance and expand management resources through M&A activities

### Improve/differentiate operational productivity through LT×IT

- Further rationalize logistics sites through the use of labor-saving technology and develop a robust operational structure to cope with labor shortages
- Establish a competitive advantage by developing more sophisticated logistics through the use of logistics data
- Pursue low costs in indirect operations by improving the operational efficiency of administrative departments

### Strengthen the foundations of sustainability management and human capital initiatives

- Strengthen governance supporting sustainability management and tackle key issues
- Improve corporate value by strengthening human resource and organizational capabilities within the Group

## Quantitative Plan

As FY2025 targets for the SBS Group, we plan to achieve consolidated net sales of 500 billion yen, operating income of 27.5 billion yen (with an operating income margin of 5.5%), and a shareholders' equity ratio of 30%. We plan FY2024, in which environmental changes to overseas markets are seen as having a major impact, to be a step toward those goals.

We will pursue a shift in the focus of management from an emphasis on quantitative metrics such as net sales and operating income to a balance between quantity and quality.

We will revise our earnings structure by positioning operating income margin as a KPI. We will also position the property management business as a stable earnings base while achieving sustainable growth in the logistics business.

Also note that the target values in the plan exclude the impact of M&A activities. If new M&A actions are implemented in the future, the target values will also change accordingly.

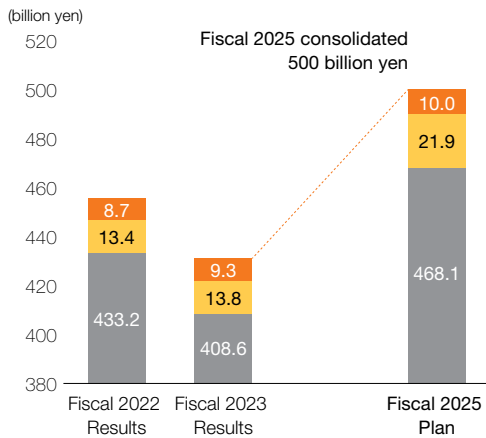
**We will take solid steps towards achieving consolidated net sales of 500 billion yen.**

## Numerical Plan for FY2025

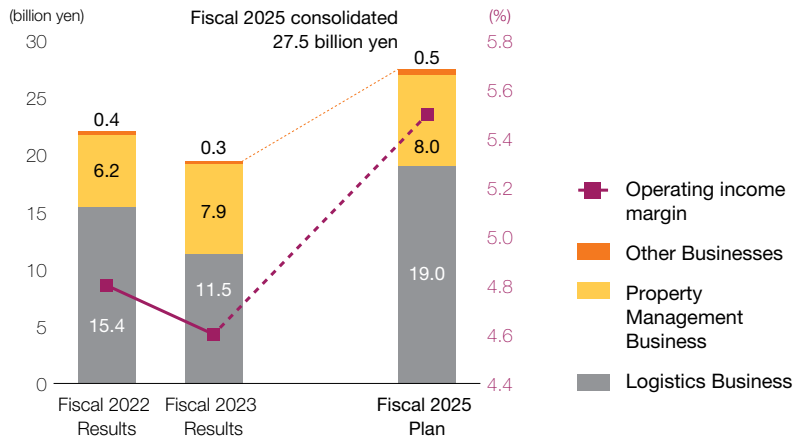
	Fiscal 2022 Results	Fiscal 2023 Plan	Fiscal 2023 Results	Fiscal 2024 Forecast	Fiscal 2025 Plan
	(billion yen)				
Net sales	455.4	457.0	431.9	450.0	500.0
(Year-on-year growth rate)	(12.9%)	(0.3%)	(-5.2%)	(4.2%)	(CAGR 4.5%)
Logistics Business	433.2	433.5	408.6	424.8	468.1
Property Management Business	13.4	14.3	13.8	15.1	21.9
Other Businesses	8.7	9.2	9.3	10.0	10.0
Operating income	21.8	22.8	19.7	21.0	27.5
(Operating income margin)	(4.8%)	(5.0%)	(4.6%)	(4.7%)	(5.5%)
Logistics Business	15.4	15.5	11.5	13.0	19.0
Property Management Business	6.2	7.5	7.9	7.9	8.0
Other Businesses	0.4	0.3	0.3	0.4	0.5
Shareholders' Equity Ratio	23.7%	25.5%	26.4%	-	30.0%

## Net Sales and Operating Income

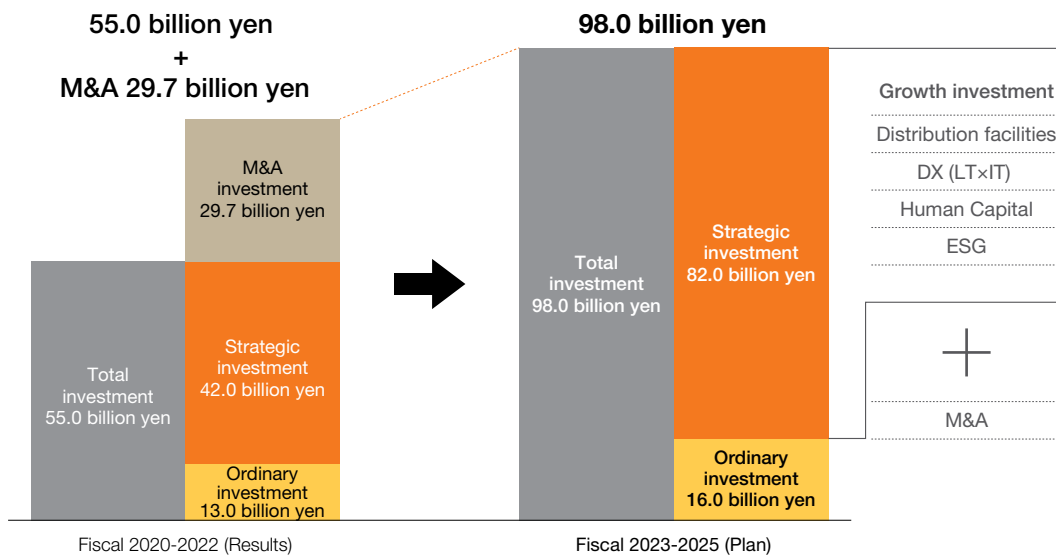
### Net sales



### Operating income



## Investment



## Growth Strategies for Major Group Companies

### SBS Toshiba Logistics

- Logistics proposals in the upstream processes of manufacturer SCM (4PL)
- New sales utilizing platforms for home appliances, semiconductors, ultra-heavy goods, medical devices and so on
- Revisions to HR and benefit systems, introduction of DX for business processes

### SBS Ricoh Logistics

- Aim to be a leading company driving the SBS Group
- Pursue a targeted strategy of narrowing down new industries and areas to challenge based on strengths in precision equipment and e-commerce logistics for office supplies, and secure new projects as a result

### SBS Logicom

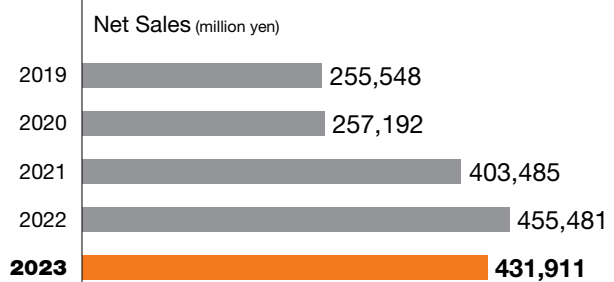
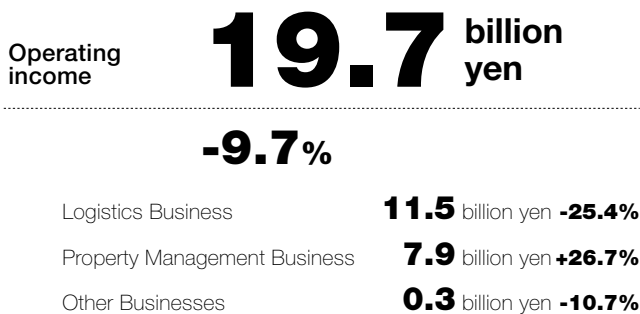
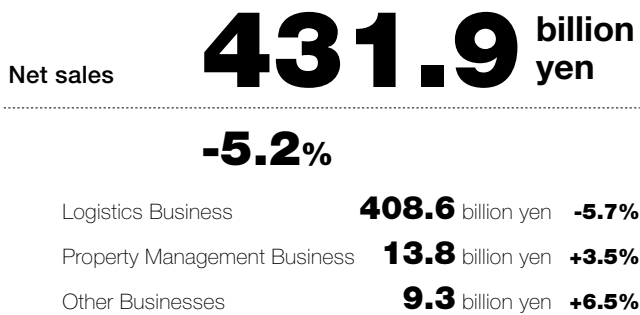
- Play a hub-like role between Group companies as the SBS Group's "mood maker"
- Secure human resources to support business development, restructure the management base
- Improve asset efficiency by increasing logistics facility floor area and optimizing unused space

## Sales and Profits

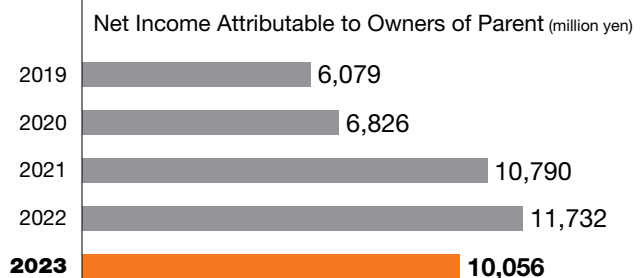
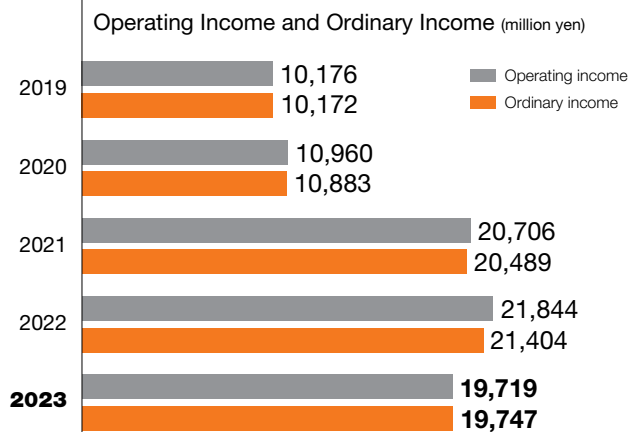
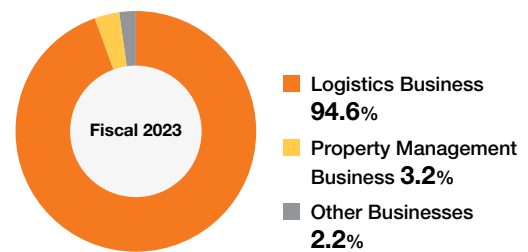
Net sales in FY2023 were 431.911 billion yen, a decrease of 23.569 billion yen from the previous fiscal year (a 5.2% decrease compared with the previous fiscal year). The logistics business accounted for 94.6% of net sales by value, while the property management business and other businesses accounted for 3.2% and 2.2% respectively.

Operating income stood at 19.719 billion yen, decreasing 2.124 billion yen over the previous fiscal year (a 9.7% decrease).

Additionally, net income attributable to owners of parent decreased 1.675 billion yen year on year to end at 10.056 billion yen, a 14.3% decrease.



Composition of Net Sales by Business





## Logistics Business

In our mainstay logistics business, we acquired new customers seeking advanced logistics functions in addition to expanding business with existing customers, and focused on capturing demand for e-commerce logistics. However, due to the effects of falling freight rates and reduced logistics volume for overseas businesses in the area of B to B logistics, and lower handling volume for home appliances, semiconductors and other goods, net sales in the logistics business in FY2023 declined by 24.610 billion yen (5.7%) from the previous fiscal year to 408.684 billion yen, while operating income fell 3.922 billion yen (25.4%) over the same period to 11.501 billion yen.

## Property Management Business

The property management business comprises the development business and rent business. In the development business, we pursue an integrated approach to developing large-scale logistics facilities that meet customers' logistics needs from land acquisition to construction, in order to promote the Group's 3PL and 4PL businesses. In the rent business, we generate rental income from Group-owned logistics facilities, 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.

Looking at the property management business in FY2023, in the first quarter trust beneficiary rights in the Yokohama Kanazawa Logistics Center (Yokohama, Kanagawa Prefecture) were partially transferred, and the Higashi-Ogishima Warehouse (Kawasaki, Kanagawa Prefecture) was transferred. As a result, net sales increased 475 million yen (3.5%) from the previous fiscal year to 13.899 billion yen, while operating income jumped 1.679 billion yen (26.7%) to 7.962 billion yen.

## Other Businesses

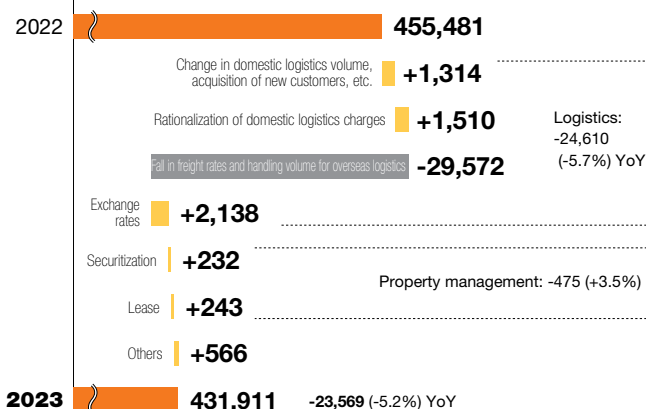
The main other businesses are a worker dispatch business, marketing business, solar power generation business and environmental business. Net sales in the other businesses in FY2023 increased 566 million yen (6.5%) year on year to 9.328 billion yen, with operating income declining 42 million yen (10.7%) over the same period to 359 million yen.

## Capital Investment

Capital investments made in FY2023 totaled 10.952 billion yen. In the logistics business, we made investments of 9.394 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 50 million yen were made in areas such as repairs for lease properties. In other businesses, we made investments of 516 million yen to install extra solar power generating equipment and in other areas. In terms of company-wide assets, investments totaling 991 million yen were made in areas such as the purchase of software for in-house use and interior construction at the head office.

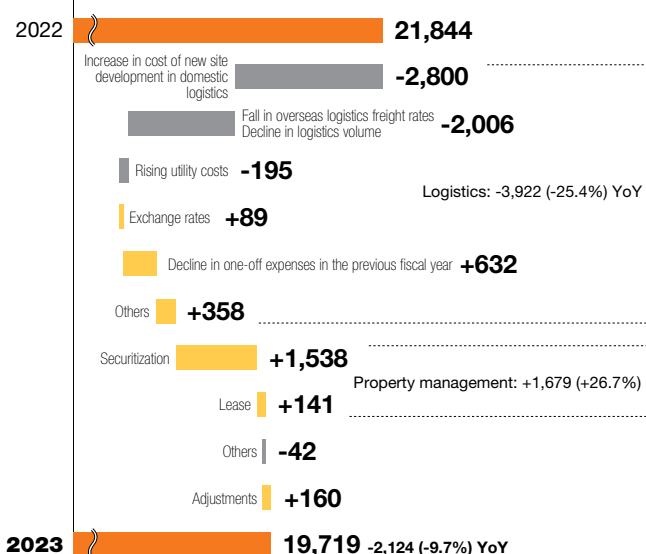
### Factorial Analysis of the Change in Net Sales (by Segment)

(million yen)



### Factorial Analysis of the Change in Operating Income (by Segment)

(million yen)



### Change in Capital Investment Amount (million yen)

	2019	2020	2021	2022	2023
Total	11,710	11,507	14,501	17,859	10,952
Logistics Business	10,899	10,971	12,544	15,183	9,394
Property Management Business	153	75	145	913	50
Other Businesses	319	107	128	53	516
Company Assets	338	353	1,682	1,709	991

\* Amount of purchases of software for in-house use was previously included under "Other Businesses" but has been included under "Company Assets" from FY2021.

## Capital Investment

**10.9** billion yen

## Assets and Liabilities

Total assets as of the end of FY2023 stood at 301.317 billion yen, an increase of 4.419 billion yen from the end of the previous fiscal year. This was mainly due to an increase in current assets such as inventories.

Liabilities stood at 198.724 billion yen, a decrease of 6.001 billion yen compared with the end of the previous fiscal year. This mainly reflects a decline in accounts payable and short-term loans payable.

Net assets stood at 102.592 billion yen, an increase of 10.420 billion yen compared with the end of the previous fiscal year. The increase was mainly due to higher retained earnings resulting from the recording of net income attributable to owners of parent.

## 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 and 4PL businesses by systematically iterating on a cycle of the in-house development and securitization of logistics facilities. Aiming to firmly maintain financial soundness while enhancing earnings capabilities through active investment, we have set an operating margin of 5.5% and shareholders' equity ratio of 30% as mid-term targets, and use these as metrics to inform decision making.

In FY2023 we achieved an operating margin of 4.6% (down 0.2% from the previous fiscal year) and a shareholders' equity ratio of 26.4% (up 2.7%). We will continue to pursue business management with an awareness of improved profitability and financial soundness, achieving the optimum balance between investment and return.

### Shareholders' Equity Ratio

**26.4%**

## Cash Flow

As of December 31, 2023, cash and cash equivalents ("cash," hereafter) had decreased by 3.007 billion yen from the end of the previous fiscal year, to 29.660 billion yen. 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 14.113 billion yen. Cash inflow declined by 8.294 billion yen from the inflow of 22.407 billion yen in the previous fiscal year, reflecting a decline in profits and other factors.

### Cash Flows from Investing Activities

Net cash used in investing activities was 10.184 billion yen. Cash outflow contracted by 5.711 billion yen from 15.895 billion yen in the previous fiscal year, reflecting a decline in outlays for the acquisition of fixed assets, among other factors.

### Cash Flows from Financing Activities

Net cash used in financing activities was 7.647 billion yen. Cash outflows increased by 8.137 billion yen compared with cash inflows of 489 million yen in the previous fiscal year, chiefly reflecting outlays for the repayment of short-term loans.

### Balance of Cash and Cash Equivalents as of December 31, 2023

**29.6** billion yen

## Shareholder Return

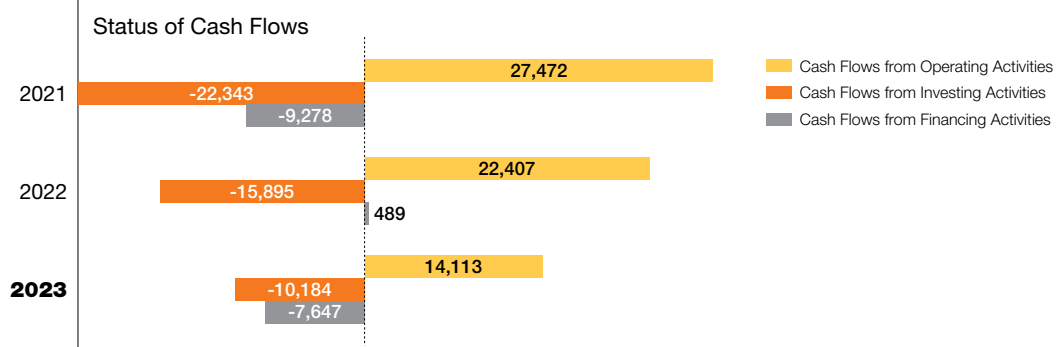
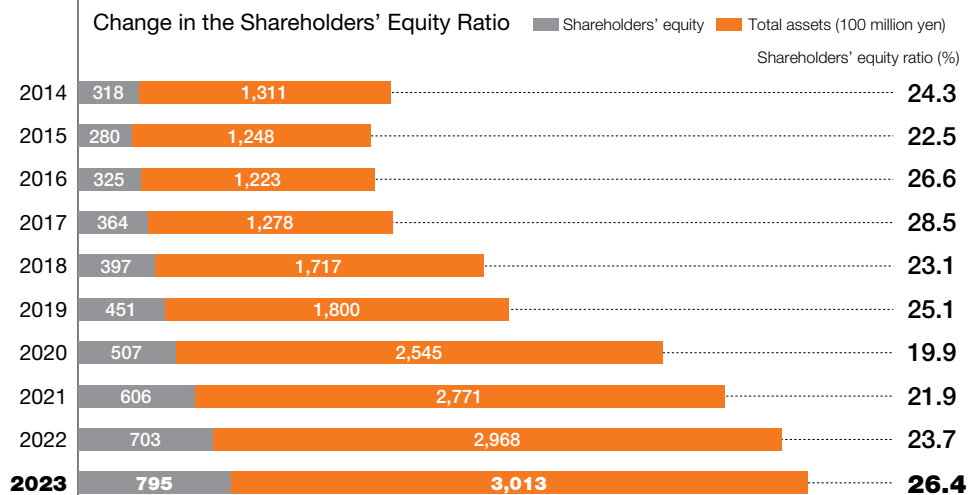
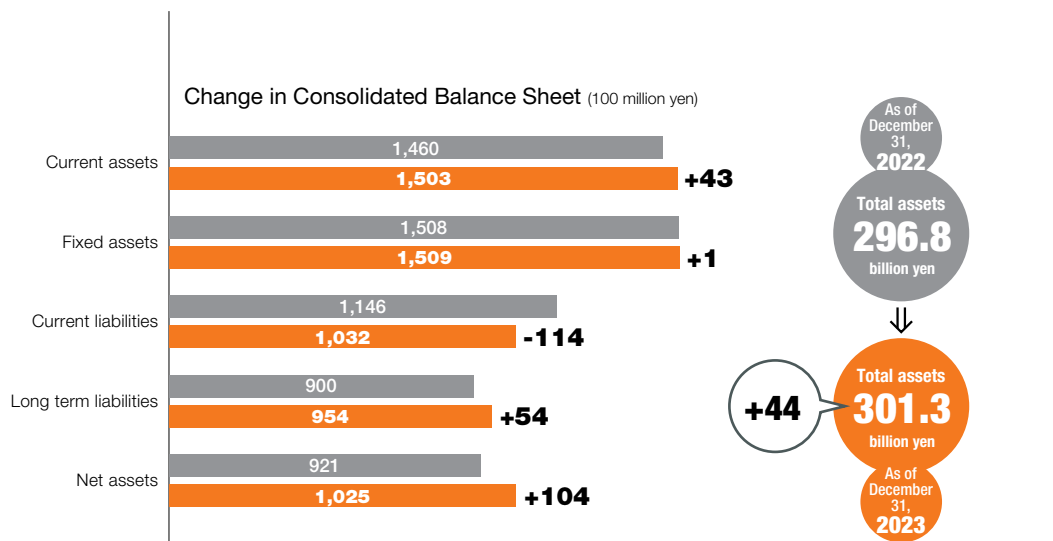
The Company considers the return of profits to shareholders to be one of its most important management priorities. The Company's basic policy on the distribution of profits is, while retaining sufficient internal reserves for the establishment of a more robust management foundation, to pay stable dividends, and improve the level of dividends in line with business performance.

In addition, the Company follows a basic policy of distributing surplus funds as dividends once a year. In accordance with the relevant provisions of the Companies Act, the Company's articles of incorporation stipulate that the Board of Directors may, in addition to other matters, decide by resolution to distribute surplus funds as dividends.

Based on the basic policy described above, the Company decided to issue a year-end dividend of 65 yen per common share, having comprehensively taken into account its business performance in FY2023, the Company's financial status, and other factors. This represents an increase of 4 yen per share compared with the previous fiscal year.

### Year-End Dividend Per Common Share

**65** yen



#### Change in Dividends

	For the year ended December 31, 2018	For the year ended December 31, 2019	For the year ended December 31, 2020	For the year ended December 31, 2021	For the year ended December 31, 2022	For the year ended December 31, 2023	For the year ending December 31, 2024 (forecast)
Dividend per share (yen)	22	30	35	55	61	65	70
Net income per share (yen)	111.01	153.06	171.88	271.67	295.39	253.20	264.37
Net assets per share (yen)	1,001.05	1,136.22	1,277.92	1,527.58	1,772.04	2,003.63	-
Payout ratio (%)	19.8	19.6	20.4	20.2	20.7	25.7	26.5
Ratio of dividends to net assets (%)	2.3	2.8	2.9	3.9	3.7	3.4	-



The SBS Group emphasizes 3PL that comprehensively supports corporate logistics and is further enhancing its strengths in this area.

We are also tackling 4PL, which helps solve management issues from a strategic and organization-wide perspective.

### 3PL is positioned at the core of our management strategy

3PL (third-party logistics), which the SBS Group positions at the core of its management strategy, is a service where we propose logistics reforms to consignors and are entrusted with their logistics operations on a comprehensive basis. To achieve the ideal form of logistics envisaged by customers, we plan and operate a range of operations arising in the supply chain on behalf of customers, including transportation, packing, storage, cargo handling and information management.

The SBS Group defines 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. We consistently work to maximize the benefits of 3PL. Based on the low-cost operations the Group has honed, we flexibly combine various elements including consulting, information systems and logistics centers to provide valuable 3PL services to customers in various industries and lines of business.

The SBS Group defines 4PL as logistics services that provide greater added value than are available with 3PL, and involve proposing and realizing logistics strategies that reflect customer management strategies (and solve management issues). The Group has been building up a track record of achievements using this approach. From a medium-to-long-term perspective, we conceptualize measures aimed at optimization of the entire supply chain, and promote those measures together with customers.

#### Strengths of the SBS Group's 3PL

##### Proposal Capabilities

- Proposals to transform logistics through overall optimization
- Proposals that emphasize data analysis
- Proposals that reflect familiarity with logistics in the field

##### Informational Capabilities

- Proposals covering everything from information system development to operation
- Unique development center management system

##### Development Capabilities

- Ability to develop and provide our own logistics centers
- Ability to maximize cost reductions with optimum facilities

##### Operational Capabilities

- Well refined low-cost operation
- Sites that advance efficiency and quality through improvement activities

## Rollout of 3PL in Each Region

The SBS Group, which is a collection of logistics business operators with a diverse range of strengths, is rolling out 3PL in a multi-faceted way.

SBS Logicom, a logistics company affiliated with multiple electric railway companies in the past, provides 3PL services to customers across various industries including manufacturers, retail chains and e-commerce businesses, and is involved with a wide range of operations from integrated international transportation to logistics center operation and store deliveries. The company also has a track record of accepting contracts to strengthen logistics functions as a business continuity planning (BCP) initiative.

SBS Flec, which provides food logistics at the three temperature zones (refrigerated, frozen and room temperature), provides Food 3PL services that offer one-stop logistics management services from food production sites to customers. The Company responds to the need for food safety and security, taking action by expanding trading zones, as well as streamlining and reducing the costs of logistics.

SBS Ricoh Logistics System, which boasts a track record as a logistics subsidiary for a precision equipment manufacturer, provides 3PL services that make full use of its technologies, expertise and business infrastructure. In addition to logistics for precision equipment, the company supports a wide range of customers spanning everything from electrical component and machinery component logistics that require high levels of expertise to procurement and production logistics catering to the needs of factories, logistics for mass retailers supporting increasingly complex delivery services and office e-commerce logistics, as well as logistics for cosmetics and quasi-drugs.

SBS Toshiba Logistics, which has built up experience in providing solutions from a management perspective as a subsidiary allotted logistics functions for an electric appliance manufacturer, is directly

involved with 4PL-based operations while also being tasked with sharing its expertise with other SBS Group companies.

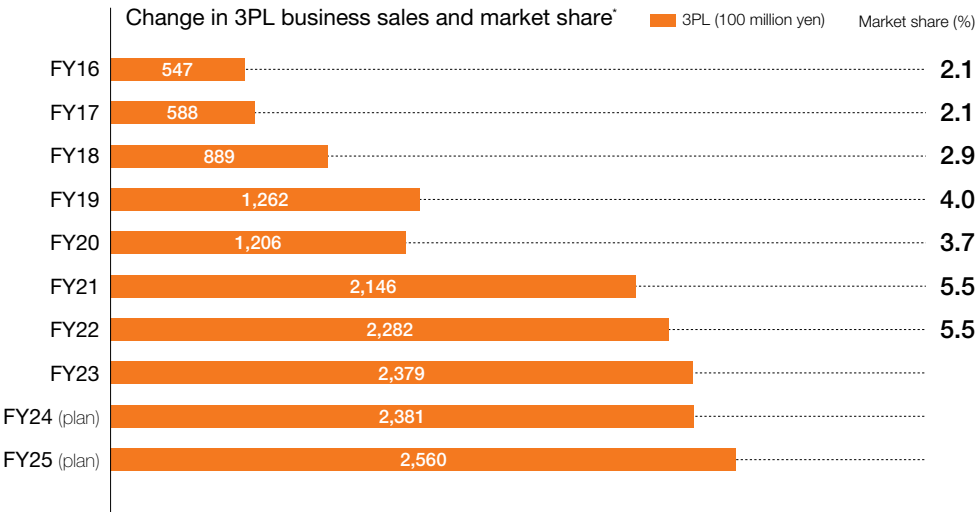
## As a Key Activity of the Medium-term Management Plan

Under Next Stage 2025, the SBS Group's Three-Year Management Plan, 3PL is at the top of the list under Priority Measures 1 (Enhance the overall strength of the Group). The Group plans to further strengthen and deepen B-to-B businesses, particularly in 3PL. To secure new contracts, we will roll out sales activities targeting customers' entire supply chains, developing uncontracted areas with a broad perspective.

For existing customers, we are working to spread contracted areas to peripheral domains utilizing our logistics platform in addition to proposing improvements based on their needs. In addition, to expand orders for 4PL services, we focus on developing human resources with high-level knowledge.

### Providing Solutions to Chain Stores

SBS Ricoh Logistics provides services to operate consolidated logistics centers on behalf of customers as a logistics solution for the operators of chain stores including convenience stores, supermarkets, drug stores and home improvement centers. We use logistics facilities of the SBS Group and some space at logistics facilities leased and managed by SBS Ricoh Logistics to implement this solution as consolidated logistics centers exclusively for customers. The services include a series of in-warehouse operations from the receipt of goods sent to the logistics centers to inspection, temporary storage, picking and sorting, as well as operations to dispatch the goods to stores.



\* Market share: Created by SBS Holdings based on data from the September 2023 edition of the 3PL Whitepaper published monthly by LOGI-BIZ

## Ongoing Improvements to 3PL Infrastructure

To deliver the benefits of 3PL services to as many customers as possible, the SBS Group is systematically developing its business infrastructure.

Logistics facilities are the most important element as infrastructure supporting 3PL. The SBS Group has set 1 million tsubo (around 3.3 million square meters) in operational floor area across its logistics facilities as one of its targets. As of the end of 2023, this figure stood at 968,000 tsubo (approx. 3.17 million square meters), and the target was reached with the completion of the Noda Seto Logistics Center Building A in February 2024.

We regard this as a waypoint, and if facilities in the planning stages are included, operating floor area has already exceeded 1.2 million tsubo (almost 4 million square meters).

Improving the efficiency of logistics through 3PL is accelerated by the development of logistics technologies (LT). Through proactive investment in IT and LT, the SBS Group is making progress in updating and redesigning the entire logistics systems it operates. Through the introduction of the latest technologies including robots and AI systems, logistics facilities are the basis for a new generation of 3PL services.

We are concentrating on increasing and updating our operating vehicles, innovating our management techniques, developing and reorganizing 3PL-related organizations and continually investing in the

development of human resources responsible for implementing 3PL. In addition, as a mechanism supporting 3PL from a finance perspective, we have established a cycle of logistics facility development-centric investment and recovery, and a cash management system that ensures flexible working capital, as part of a series of improvements connected with business growth and environmental changes.

### Operating floor area at logistics facilities

(existing facilities + facilities in the planning stages, as of February 2024)

**1,214,500** tsubo (4.01 million square meters)

### Cash Management System Utilization

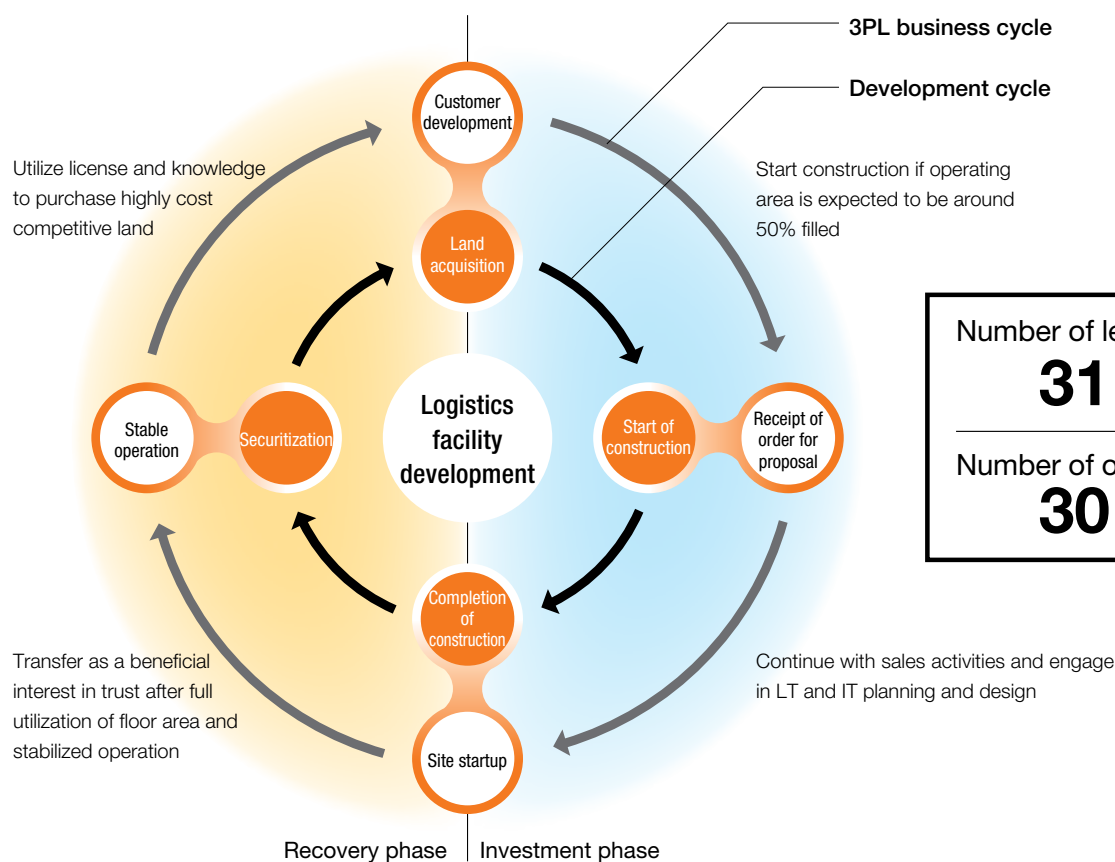
The main working capital of the SBS Group is sales cost including vehicle hire, outsourcing expenses and personnel expenses, and operating expenses including selling, general and administrative expenses. Additionally, demand for funds aimed at investment includes routine vehicle upgrades, the acquisition 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.

### Plans for Increased Logistics Facility Floor Area (as of December 31, 2023)

Name	Location	Timing of Operation (Consolidated)	Type	Total Floor Area / Tsubo	Operating Companies
<b>Operational Area as of December 31, 2022</b>				<b>813,100</b>	
Tohoku Low Temperature Data Center	Miyagi	February 2023	Lease	3,400	SBS Flec
Maruoka Sales Office	Fukui	March 2023	Lease	1,300	SBS Ricoh Logistics
Logistics Center Ichinomiya	Aichi	April 2023	In-house	17,400	SBS Ricoh Logistics
Osaka Suminoe Logistics Center	Osaka	April 2023	Lease of entire building	5,700	SBS Toshiba Logistics
Kashiwazaki Warehouse	Niigata	October 2023	In-house	600	SBS Toshiba Logistics
2023: Change in Japan	Nationwide	2023	Lease	51,700	SBS Group
Consolidation of overseas sites	Overseas	2023	Lease	75,000	SBS Group
<b>Operational Area as of December 31, 2023</b>				<b>968,200</b>	
Building A, Seto, Noda	Chiba	February 2024	In-house	43,800	SBS Asset Management
Ichinomiya Center	Aichi	February 2024	Lease	2,600	SBS Flec
Atsugi Center (provisional name)	Kanagawa	September 2024	Lease of entire building	4,300	SBS Flec
Small-scale increase in floor area	Saitama and Okayama	In fiscal 2024	Lease	6,100	SBS Toshiba Logistics
Mie Warehouse	Mie	April 2024	In-house	600	SBS Toshiba Logistics
Yokohama Fukuura Logistics Center (provisional name)	Kanagawa	August 2024	Lease of entire building	18,000	SBS Ricoh Logistics
Thailand Land	Thailand	Planned	In-house	8,000	SBS Toshiba Logistics
Tomisato Development Project	Chiba	August 2024 (scheduled to start construction)	In-house	30,000	SBS Asset Management
Building B, Seto, Noda	Chiba	Planned	In-house	39,500	SBS Asset Management
Tokorozawa Land A	Saitama	Planned	In-house	7,000	SBS Logicom
Tokorozawa Land B	Saitama	Planned	In-house	4,000	SBS Sokuhai Support
Yokoshibahikarimachi Land	Chiba	Planned	In-house	60,000	SBS Logicom
Kasumigaura-shi Land	Ibaraki	Planned	In-house	20,000	SBS Logicom
Yashio Land	Saitama	Planned	In-house	2,400	LMAX
<b>Plans for Increased Floor Area from January 2024 Onward</b>				<b>246,300</b>	
<b>Total Operational Area (existing + planned facilities)</b>				<b>1,214,500 tsubo</b>	<b>(4.01 million square meters)</b>

\* Rounded to the nearest 100 tsubo (approx. 330 square meters)

## SBS' Unique Logistics Facility Development Model



## Logistics Center Ichinomiya

The Logistic Center Ichinomiya that opened in April 2023 is the SBS Group's first in-house logistics center in the Chubu area. With excellent transportation access at a distance of about 4 km from the Meishin Expressway Ichinomiya Interchange, operations previously undertaken at multiple logistics centers in the surrounding area have been consolidated, and new customer businesses will also be handled here. Aimed at utilization for the EC logistics business, logistics technology (LT) equipment such as automatic guided vehicles has been installed at full scale. In addition to the pursuit of automation and labor saving, rooftop solar has been installed to partially cover power consumption.





Uncertainty in the management environment for logistics business operators has increased due to a fluctuating international climate, trends associated with the global environment, and other factors.

The SBS Group takes a broad view in identifying risks to watch out for, analyzes the nature and impact of these risks and endeavors to manage them effectively.

### 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 should 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

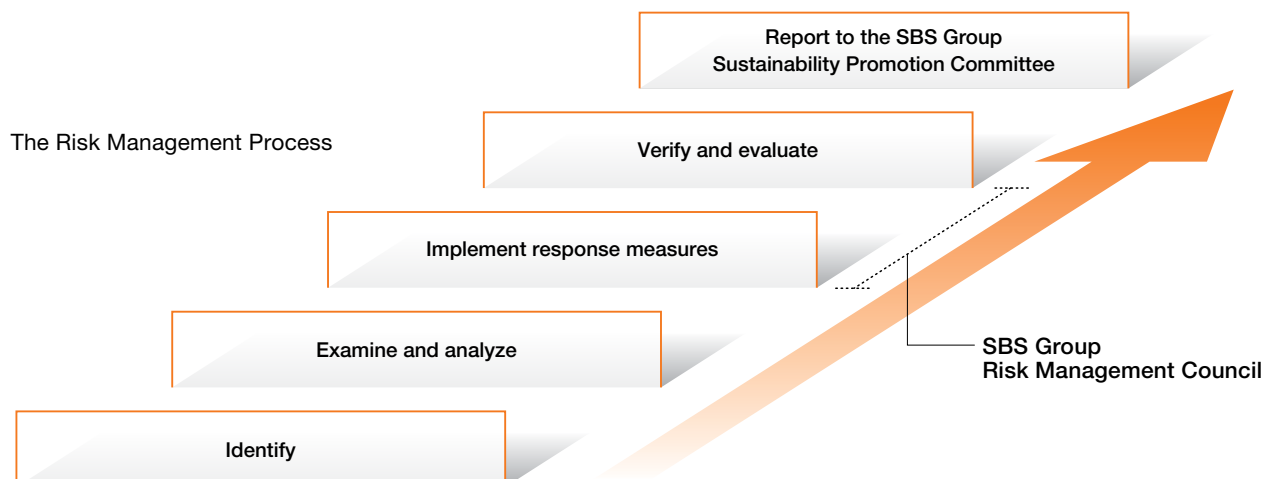
SBS Holdings and each Group company start by identifying the risks to be handled by each department. Next, factors including the likelihood of occurrence, impact and potential for control are carefully examined and analyzed for each risk. We then implement response measures and work to prevent or minimize 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 Sustainability 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 response 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 in terms of whether they are caused by external factors, internal factors or a combination of both, we manage all of these risks in a comprehensive fashion in the interest of enhancing the soundness and continuity of management.

#### 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

Risk 	Overview 	Effect 	Response Status 
<b>Risks due to changes in economic conditions</b> [Short-term] Likelihood of occurrence ●●●●● Degree of impact ●●● Potential for control ●●●	<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>	<p>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  Streamlining sales activities and operations through intra-Group coordination</p>
<b>Risks due to sharp rises in fuel prices</b> [Short, Medium and Long-term] Likelihood of occurrence ●●●●● Degree of impact ●●● Potential for control ●●●	<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>	<p>Creation of budgets that incorporate fuel price fluctuations (predictions) by keeping close watch on market trends  Group joint purchasing  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>
<b>Risks due to a worsening financial environment</b> [Short and Medium-term] Likelihood of occurrence ●●●●● Degree of impact ●●●●● Potential for control ●●	<p>In implementing M&amp;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. In addition, depending on the degree to which the environment deteriorates, some of the financial covenants attached to loans could be violated.</p>	<p>Paying down interest-bearing debt through the securitization of logistics facilities and operating cash flow  Smart arrangements in securing funds (fixing of interest rates, etc.)  Diversification of funding methods</p>
<b>Risks due to M&amp;A activities</b> [Short and Medium-term] Likelihood of occurrence ●●●●● Degree of impact ●●● Potential for control ●●●●●	<p>When expanding its existing businesses and entering new fields of business, the SBS Group implements M&amp;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>	<p>Thorough due diligence conducted in advance  Careful arrangements with the top management of the company to be acquired  Systematic implementation of post-merger integration (PMI)  * Even in the cases of capital participation or tie-ups, similar action is taken</p>
<b>Risks due to the real estate business</b> [Short and Medium-term] Likelihood of occurrence ●● Degree of impact ●●●●● Potential for control ●●●●●	<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 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>	<p>Development of logistics facilities predicted on securing customers  * 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  Detailed development schedule management  Preparation of schemes to securitize developed logistics facilities</p>

## Management Status of Major Risks

Risk 	Overview 	Effect 	Response Status 
<b>Risks due to legislative changes</b> [Short and Medium-term] Likelihood of occurrence ●● Degree of impact <sup>*1</sup> ●●●● Potential for control <sup>*1</sup> ●●●●●●	<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>	<p>Collecting information through industry groups and other organizations  Preparations and measures (including support for business partners and affiliate companies) in anticipation of legislative changes</p>
<b>Risks due to natural disasters and other incidents</b> [Short, Medium and Long-term] Likelihood of occurrence ●●●●●● Degree of impact ●●●●● Potential for control ●●	<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, anthropogenic 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>	<p>Anticipating the state of damage and preparing response measures through the formulation of business continuity plans (BCP)  Periodic implementation of training to prepare for major disasters and other incidents  Ensuring the earthquake resistance of the main buildings used for projects  Decentralization of major business sites to the extent possible</p>
<b>Risks due to pandemics</b> [Short and Medium-term] Likelihood of occurrence ●●●●● Degree of impact ●●●●● Potential for control ●●●	<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 infections causes higher costs.</p>	<p>Thorough hygiene management for business sites and vehicles  Thoroughly ensuring that employees take steps to prevent and stop the spread of infection based on national government guidelines</p>
<b>Risks due to serious incidents</b> [Short-term] Likelihood of occurrence ●●●● Degree of impact ●●●●● Potential for control ●●●●●	<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>	<p>Continued operation of SBS Group-wide transportation safety management under the SBS Group Transportation Safety Promotion Meeting  Promotion of transportation safety based on the three pillars of education and awareness-raising, accident prevention, and safe driving/operation management</p>
<b>Risks due to system shutdowns</b> [Short and Medium-term] Likelihood of occurrence ●●●●● Degree of impact ●●●●●● Potential for control ●●●●●	<p>The SBS Group utilizes computers and networks for a range of applications from business systems to manage customers' cargo information, warehouse 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, cyberattack, natural disasters or other incidents.</p>	<p>If any of these systems were to fail due to malfunction, computer viruses, cyberattack, 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. There is also a risk of causing unintentional damage to a third party.</p>	<p>Promotion of Group-wide security measures, training and awareness-raising under the SBS Group CSIRT 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</p>

\*1. In light of the importance of the 2024 problem in the logistics industry and the SBS Group's response, the degree of the impact and potential for control were both raised by 1.



### Risks due to the leaking of customer information

[Short and Medium-term]

Likelihood of occurrence	● ● ●
Degree of impact	● ● ●
Potential for control	● ● ● ● ●

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.

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.

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

### Risks due to compliance issues

[Short and Medium-term]

Likelihood of occurrence	●
Degree of impact	● ● ● ● ●
Potential for control	● ● ● ● ●

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.

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.

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

### Risks due to overseas expansion

[Short and Medium-term]

Likelihood of occurrence	● ● ● ● ●
Degree of impact	● ● ●
Potential for control	● ● ●

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.

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 a lack of understanding of the local culture or international standards, and matters in conflict with international norms, standards or guidelines.

Ongoing collection and analysis of information concerning the countries and regions in which we operate  
Ensuring alternate means during an emergency

### Risks due to the acquisition and development of human resources

[Medium-term, Long-term]

Likelihood of occurrence	● ● ● ● ●
Degree of impact	● ● ● ● ●
Potential for control	● ● ● ●

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.

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.

Proactively hiring talented human resources without drawing distinctions between graduate or mid-career hires  
By conducting various training for all employees of Group companies based on the basic policy on human resource development, supporting skill improvement and career development  
Promotion of diversity and the development of a comfortable workplace  
Phased improvements to employee benefits

### Risks due to climate change

[Medium-term, Long-term]

Likelihood of occurrence	● ● ● ● ●
Degree of impact	● ● ● ● ●
Potential for control	● ● ●

\* See page 41-44 for details.

Because of climate change, stepped up restrictions on CO<sub>2</sub> emissions may be pursued based on international agreements, and carbon pricing may be introduced. Other incidents may also occur, including flooding damage to business sites in coastal areas due to rising sea levels, disruption or interruption of transportation networks due to wind damage, water damage or heavy snowfall, impacts due to supply outages for lifelines such as electricity and water, and health hazards to employees due to abnormal weather (heat stroke, etc.).

Changes in the environment surrounding the markets or systems will produce factors that increase business expenditures, such as higher prices for CO<sub>2</sub> emissions and costs to transition to low-emission technologies. In addition, physical impacts may cause damage to business assets or reduce operational capacity.

Promoting systematic business strategies and environmental strategies based on a low-carbon approach  
Strengthening environmental management systems  
Stockpiling for emergencies  
Enhanced disaster response management



Responding to global climate change is one of the Sustainable Development Goals (SDGs), and since the Paris Agreement took effect on November 2016, efforts have been underway around the world. Japan is no exception. In October 2020, the government declared that Japan would achieve carbon neutrality by the year 2050, making action on climate change even more important. Based on the recognition that action on the issue of climate change is an important challenge both for corporate value and the development of a sustainable society, the SBS Group announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in December 2022, and has been promoting its climate response actions in accordance with the recommendations, as detailed below.

#### Sustainability Promotion Structure



#### Governance Structure for Climate-related Issues

The SBS Group has established the Sustainability Promotion Committee as its axis of sustainability management. The committee, which is also an advisory body to the Board of Directors, convenes once a month, engages in the drafting of sustainability strategies and action policies, monitors KPIs and the status of coordination in activities within the Group, and refers matters requiring a decision to the Board of Directors.

The representative director of SBS Holdings chairs the committee, whose members comprise SBS Holdings directors and executive officer, as well as the representative directors of SBS Group companies. In addition, the Sustainability Promotion Department serves as the administrative body for the committee. We have established five meeting bodies as subordinate bodies under the committee, namely the Risk Management Meeting, Compliance Meeting, Environmental Management Promotion Meeting, Transportation Safety Promotion Meeting and CSIRT Meeting. These meeting bodies draft and implement measures in their respective areas of responsibility based on the action policy set by the committee. The Sustainability Promotion Department performs administrative duties for the Risk Management Meeting, Compliance Meeting and Environmental Management Promotion Meeting, while the Logistics Quality Control Department and IT Planning Department do the same for the Transportation Safety Promotion Meeting and CSIRT Meeting, respectively. Under this structure, the SBS Group plans, determines and implements its response to ESG issues, including the issue of climate change.

#### Risk Assessment and Strategy

**[Risk assessment]** The Sustainability Promotion Committee checks and assesses the implementation status of environmental activities within the SBS Group. On environmental matters, the



Process for Identifying Risks and Opportunities Associated with Climate Change



committee checks and assesses the status of target achievement for things such as CO<sub>2</sub> emission reduction status and violations of environmental laws. In addition, the Environmental Management Promotion Meeting assesses risks and opportunities related to climate change, deliberates and assesses the need for changes or improvements to important matters concerning the promotion of environmental management such as the formulation and monitoring of major environmental KPIs and medium- to long-term targets, and undergoes review for approval by the representative director of SBS Holdings, who chairs the Sustainability Promotion Committee.

**[Strategy]** The SBS Group handles management risks in a comprehensive manner (see page 37). 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. We view climate change risks as the most important of these risks, and as detailed in "Climate Change Scenario Analysis" below, we perform analyses of climate change scenarios to ascertain the impact of climate change-related risks and opportunities. In addition, we have made it a condition that directors put in charge of sustainability matters including climate-related issues have made work experience in the field of sustainability including climate change issues, and possess the ability to develop proposals and provide briefings at SBS Group Sustainability Promotion Committee meetings and Board of Directors meetings.

Scenario Analysis

Based on the recognition that risks and opportunities associated with climate change have a significant bearing on the business strategy of the SBS Group, under a promotion structure led by the Sustainability Promotion Committee we undertook the identification and materiality analysis of climate-related risks and opportunities through the following process using 1.5°C and 4°C scenarios.

**[1.5°C scenario]** This scenario envisages rising costs due to strengthened regulations including the introduction of carbon tax, and the risk of rising prices for energy sources.

To achieve "Sincere Challenge 2030," the Group is working on a number of initiatives as priority challenges, including the introduction of next-generation vehicles, the procurement of electricity from renewable energy sources, the increased installation of solar power generating equipment, and improvements to the in-house utilization rate for renewable energy.

**[4°C scenario]** In anticipation of even higher physical risks due to the increasing severity of natural disasters, we will consider the promotion of disaster preparedness-related investments, including BCP measures that include climate disasters (management of hazard information for each site, risk information analysis and detection, etc.). In addition, since the logistics business involves manual work performed outdoors and in facilities, lost productivity and employee health hazards due to rising air temperatures are a concern.

We will pursue efforts to improve workplace environments and introduce DX for labor saving and efficiency improvements.

Metrics and Targets

Since FY2018 the SBS Group has been working on Sincere Challenge 2030, its mid-to-long-term environmental plan. The plan comprises a slogan, medium-to-long-term priority issues and a medium-term action plan (Environmental Action 2023), and is being pursued in a sincere and proactive manner.

[Reference scenarios]

- 1.5°C scenario: SSP1-1.9 and RCP2.6
- 4°C scenario: SSP5-8.5 and RCP8.5
- Other reference: IEA "Net Zero Emissions by 2050 Scenario"

## Results of scenario analysis

Category	Category	Expected risks and opportunities
Transition risks	Policy and regulations	Risk of increased business expenditures due to taxation proportional to energy consumption (greenhouse gas emissions) through the full-scale introduction of carbon taxing in connection with strengthened domestic environmental regulations
	Technology market risks	Risk that the costs of carbon reduction measures will rise Risk that funding will be procured on less competitive terms than other companies due to an inability to utilize green financing, etc.
	Reputational risks	Risk that corporate reputation will deteriorate (leading to reduced access to capital and deterioration of corporate competitiveness) due to delays in disclosing environmental information and implementing environmental activities, including in relation to climate change
Physical risks	Acute	Risks of employee harm, delayed business recovery, stoppage of business activities or shutdown of services due to climate disasters such as torrential rain, flooding and typhoons, and possibility of an impact on earnings Risk of rising costs associated with damage to company assets due to climate disasters
	Chronic	Risk of adverse impact on employee health and reduced productivity due to rise in average temperatures
Opportunities	Energy sources	Opportunity to reduce CO <sub>2</sub> emissions and decrease fuel costs with the introduction of next-generation vehicles Opportunity to reduce CO <sub>2</sub> emissions by using renewable energy
	Market	Opportunity to reduce funding costs by utilizing green finance as a result of ensuring environmental advantages
	Resilience	Opportunity to reduce electric power procurement costs and secure a power supply for emergencies with the in-house use of solar power generation

## Defining Major Financial or Strategic Impacts When Identifying and Assessing Climate-related Risks

With regard to major financial or strategic impacts when identifying and assessing climate-related risks and opportunities, members of the SBS Group Sustainability Promotion Committee, chaired by the Representative Director, comprehensively deliberate over financial matters that could have some degree of impact on sales, including perspectives such as funding resources, human resources, the size of financial statements and the business plans of each operating division. After determining which risks and opportunity could have a significant financial impact, approval is finally sought from the Board of Directors. Note that the size of a major financial or strategic impact on business is defined based on a risk or opportunity having a certain degree of impact on sales or costs, etc., and the likelihood of the risk or opportunity materializing.

## Major financial impacts (expectations based on hypotheticals as of 2030)

Risks and opportunities	Type	Period	Likelihood of occurrence
Risk 1 Risk of increased business expenditures due to taxation proportional to energy consumption (greenhouse gas emissions) through the full-scale introduction of carbon taxing in connection with strengthened domestic environmental regulations	Policy and regulations	Long-term	High
Risk 2 Risk that corporate reputation will deteriorate due to delays in disclosing environmental information and implementing environmental activities, including in relation to climate change	Reputation	Mid-term	High
Risk 3 Risk of adverse impact on employee health and reduced productivity due to rise in average temperatures	Chronic physical risks	Mid-term	High
Opportunity 1 Opportunity to reduce CO <sub>2</sub> emissions and decrease fuel costs with the introduction of next-generation vehicles	Decrease in expenses	Mid-term	Almost certain
Opportunity 2 Opportunity to reduce CO <sub>2</sub> emissions by using renewable energy	Low-emission energy	Long-term	Very high



Measures Addressing the Expected Risks and Opportunities	Time of occurrence			1.5°C scenario		Overall evaluation	4°C scenario		Overall evaluation
	Short term to 2025	Medium term from 2026 to 2030	Long term from 2031 and beyond	Degree of impact	Likelihood of occurrence	15 > ●	Degree of impact	Likelihood of occurrence	15 > ●
<ul style="list-style-type: none"> <li>Set CO<sub>2</sub> emission reduction targets, and promote initiatives to reduce emissions (introduction of next-generation vehicles, procurement of green electric power, creation and improved in-house use of renewable energy)</li> <li>Visualize financial impact through the introduction of internal carbon pricing (ICP)</li> </ul>		●		5	5	●	2	2	
Utilize subsidies when introduction next-generation vehicles, reduce costs of introduction by cooperating with alliances, and introduce vehicles systematically in light of market trends and other factors		●		4	5	●	1	2	
Strengthen the continuity of sustainability (develop systems that take the environment, society and corporate governance into account)		●		5	4	●	2	2	
Strengthen appropriate disclosure systems for climate change issues and sustainability information	●			5	5	●	2	2	
Strengthen BCP measures against natural disasters (1. decentralization of sites, 2. installation of solar power generation and storage batteries, etc., 3. relocation to low-risk areas, etc.)	●			4	4	●	5	5	●
Strengthen and reinforce facilities based on hazard information	●			4	4	●	5	5	●
<ul style="list-style-type: none"> <li>Take measures to keep workers cool such as upgrading air conditioning equipment, using tools that provide cooling during outdoor work, or wearing fan-equipped attire</li> <li>Promote logistics operations (1. promoting automation, labor saving or unattended operations, 2. providing a comfortable work environment)</li> </ul>	●			2	2		4	4	●
Introduce next-generation vehicles (EVs, hydrogen-powered vehicles, etc.)	●			4	5	●	2	3	
Procure renewable energy-derived electric power and promote the in-house use of solar power generation		●		4	4	●	2	3	
Accelerate funding related to green projects such as green bonds		●		5	4	●	2	2	
Reduce electricity procurement costs and secure a power supply during emergencies with the introduction of renewable energy		●		4	4	●	3	2	

Financial impact (on an annual monetary basis)	Countermeasures	Details of Risks (Basis for Calculation of Financial Impact)
Relatively high 1.5°C scenario: increase of approximately 1.9 billion yen 4°C scenario: increase of approximately 1.2 billion yen *Provisional calculation based on FY2023 emissions	Responding to priority issues based on the Mid-to-Long-Term Environmental Plan <ul style="list-style-type: none"> <li>Introduction of next-generation vehicles</li> <li>Introduction of electric power derived from renewable energy</li> <li>Ongoing upgrades to solar power generating equipment and improved in-house utilization rate</li> </ul>	<b>Forecast carbon tax prices (2030)</b> <ul style="list-style-type: none"> <li>1.5°C scenario: 140 dollars/t-CO<sub>2</sub> = 18,578 yen/t-CO<sub>2</sub></li> <li>4°C scenario: 90 dollars/t-CO<sub>2</sub> = 11,943 yen/t-CO<sub>2</sub></li> </ul> * Prices of 2030 carbon taxes according to each scenario for developed countries including Japan are quoted from "World Energy Outlook 2022" (based on an exchange rate of 1 USD = 132.70 JPY; see mid price from December 30, 2022) ★ Tax burden = CO <sub>2</sub> emissions × tax price × years of impact
High Reduction of 14.1 billion yen *Provisional calculation based on market capitalization as of the end of FY2023	Setting of appropriately metrics and targets for climate change issues and sustainability information, and improvements to timely disclosure systems	<b>Stock investment reduction rate: approx. 14%</b> (1) 65.3% (sustainable investments as a percentage of total assets under management) (2) 20.9% (stock investments as a percentage of the sustainable investment percentage) (3) Sustainable stock investments as a percentage of total assets under management) (1) × (2) = 13.6% ≒ 14% *The investment ratios of (1) and (2) quote data from "Whitepaper on Sustainable Investment in Japan 2023" ★ Market capitalization × (3) = decrease in stock value
High Reduction of 4.7 billion yen *Provisional calculation based on FY2023 net sales	Improvements (air conditioning, nature of tasks) to the work environments of field personnel (drivers, on-premises workers)	<b>Rate of decline in labor productivity: 1.10% (on-premises workers, drivers)</b> Under the RCP8.5 scenario which assumes a severe temperature rise, average temperatures are expected to rise by 1.5°C by 2030, which indicates a 1.10% decline in productivity. *Citing Climate Impact Explorer productivity projects based on the RCP8.5 standard ★ Net sales in the transportation segment (logistics segment) × rate of labor productivity decline
Relatively high <ul style="list-style-type: none"> <li>Cost reduction of approximately 66%</li> <li>Reduction of CO<sub>2</sub> emissions by between one- and two-thirds</li> </ul>	Introduction of next-generation vehicles	<b>Reduction rate in fuel costs: 66%</b> Based on the mileage performance and unit prices of fuel for EVs and light oil, the amount needed to drive 1 km is determined to calculate the percentage difference. *1. Based on mileage performance figures for small- and medium-sized vehicles published by manufacturers and fuel unit prices published by the industry and government *2. Costs and CO <sub>2</sub> emission reduction impact vary depending on daytime and nighttime charging
Relatively high The cost impact varies depending on the method of electricity procurement	Procure renewable energy-derived electric power and promote the in-house use of solar power generation	<b>Reduce Scope 2 emissions</b> <ul style="list-style-type: none"> <li>Strengthening of renewable energy creation and improved in-house utilization rate</li> <li>Procurement of electric power derived from renewable energy (including PPA introduction)</li> </ul>



# The Future Vision

the SBS Group is Shaping Through the SDGs

The SBS Group views the SDGs as its vision for creating a sustainable world with all stakeholders towards the year 2030. The Group has also developed four future visions to supplement and reinforce its growth strategies and is working to achieve them.

## **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.

## **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 resource recycling.

## **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 individuality 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, we will expand cooperative relationships with a wide range of parties, from governments and financial institutions to research organizations, non-profit groups, and individual consumers.











## Main issues

Build efficient and sustainable logistics systems in Japan and around the world	<b>Ensuring safety</b> The SBS Group will pursue improvements to safety and contribute to the reduction of traffic accidents in society.	 
	<b>Consideration of the environment</b> The SBS Group will promote the improved efficiency and introduction of clean sources in its energy uses, contributing to reduced carbon utilization.	 
	<b>Providing new value through total logistics solutions</b> The SBS Group pursues improved efficiency in logistics as a part of social infrastructure, helping to make cities and towns more livable by contributing to improved lifestyle convenience, reduced environmental impact and other advancements.	    
Maximize opportunities for social activities to be helpful	<b>Contributing to local communities</b> The SBS Group contributes to local communities in various ways primarily through its business activities.	     
Make opportunities for anyone to demonstrate their individuality and succeed the new normal	<b>Respect for human rights and diversity</b> The SBS Group respects human rights and diversity in every aspect of its business activities. In addition, we do not tolerate harassment or discriminatory behavior in any form.	  
Expand partnerships with a diverse range of entities to every corner of society	<b>Partnerships aimed at co-creation</b> The SBS Group will create value in its cooperative relationships with stakeholders.	
<b>Building governance that supports sustainability management</b> The SBS Group will aim to develop responsible governance that contributes to sustainability management.		     

The SBS Group is keenly aware of its responsibility and possibility as a company handling logistics as a key part of social infrastructure. We also place an importance on the sustainable development goals (SDGs) 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 SBS Group's Initiatives to Address the SDGs

	<p>Donating to international cooperative activities through the collection of used and unused stamps Running of fair trade sales events</p>		<p>Support for food banks</p>
	<p>Transportation safety management / Driver contests / KAIZEN activities / Advancement of 5S</p> <p>Promotion of various initiatives to ensure safety            ① Implementation of a safety training curriculum ② Improved accident rate</p> <p>Reduction of air pollution due to exhaust gases Events to sell bread out of welfare workplaces</p>		
	<p>Scholarship Program (SBS Kamata Foundation) for students receiving social care Holding of SDGs roundtable discussions involving university students</p>		
	<p>Career advancement training for women / Certification as an Eruboshi company</p> <p>Developing an environment enabling employees to flexibly balance live events with work            ① Strengthen activities that promote the active participation of women and develop environments that champion the success of women ② Promote women's career advancement ③ Promote the appointment of women to managerial positions</p> <p>Launch of a DEI promotion project (provisional name)</p>		
	<p>Introduction of power derived from renewable energy / Promoting the introduction of energy-saving lights / Eco and safe driving training</p> <p>Improved energy efficiency and the expansion of renewable energy            ① Improved vehicle fuel efficiency ② Installation of solar power generation equipment</p> <p>Promoting the introduction of next-generation vehicles</p>		
	<p>General Workplace Consultation Office / Certification System for Pleasant Workplace Development / Certification as a Kurumin company / Various commendation systems</p> <p>Support for employee skills and career development            ① Job class-specific training ② Specialized theme-specific training ③ Division-specific training</p> <p>Improve employees' work-life balance            ① Ratio of childcare leave taken by male employees ② Annual paid leave acquisition rate</p> <p>Achieving productive employment and fulfilling, dignified work (decent work)</p>		
	<p>Fostering logistics research (SBS Kamata Foundation)</p> <p>Expanding and strengthening logistics functions as social infrastructure            ① Promotion of improved logistics efficiency through a strengthened 3PL business            ② Development of last-mile transportation systems (providing access to sustainable transportation systems)            ③ Automation and improved efficiency through the introduction of logistics DX and LT</p>		

	<b>Human Rights Policy</b> <b>Diversity Policy</b> <b>Diversity Promotion Seminar</b> <b>Declaration on Respect for Human Rights and Elimination of Harassment</b>		<b>Business continuity plan</b> <b>Detection of risk information</b> <b>Network of sustainable logistics sites</b>
	<b>Recycling waste</b> <b>Promotion of the Sincere Challenge 2030, medium-to-long-term environmental plan</b> <ol style="list-style-type: none"> <li>1 Reduction of water consumption</li> <li>2 Reduction of waste through the development of recyclable eco-friendly packaging</li> <li>3 Running of clean-up activities in various regions</li> </ol>		
	<b>Introduction of power derived from renewable energy / Eco and safe driving training / Promoting the introduction of energy-saving lights / Modal shift</b> <b>Promotion of the Sincere Challenge 2030 medium-to-long-term environmental plan</b> <ol style="list-style-type: none"> <li>1 Reduction of CO<sub>2</sub> emissions</li> </ol> <b>Promoting the introduction of next-generation vehicles</b>		
	<b>Corporate forest activities</b> <b>Supporting groups engaged in forest preservation activities</b> <b>Supporting children's forest preservation activities and environmental education through the collection of used books</b>		<b>Compliance training for management personnel</b> <b>Audit &amp; Supervisory Committee Member Hotline</b> <b>Attorney Hotline</b> <b>Support for the employment of refugees</b>
	<b>Partnerships associated with business activities and sustainability management</b> <b>Support for the social sector</b> <b>Coordination and collaboration with various stakeholders through membership in Global Compact Network Japan (GCNJ)</b> <b>Improved added value throughout the supply chain through a partnership building declaration</b>		

SBS Group	Group Companies	SBS Ricoh Logistics
<div data-bbox="204 1529 480 1619">    </div> <p><b>Production and utilization of renewable energy</b></p> <p>In addition to two power plants, we have installed solar power generating equipment at our logistics centers, branches and sales offices, developing our power generating capacity as a group. This further expanded with the February 2024 completion of the Noda Seto Logistics Center (Building A), which is equipped with mega solar facilities.</p>  <p>Installation of 8,200 rooftop solar panels</p>	<div data-bbox="627 1529 989 1619">     </div> <p><b>Employment of foreign technical interns</b></p> <p>Technical interns have been learning everything from basic logistics knowledge and skills at our business sites to Japanese language, Japanese culture and workplace safety with great enthusiasm and surprising speed. The acceptance of technical interns has allowed us to directly experience different approaches from our own and been a valuable opportunity to deepen our understanding of diversity and acceptance.</p>  <p>Technical interns from Vietnam</p>	<div data-bbox="1137 1529 1414 1619">    </div> <p><b>Corporate forest activities</b></p> <p>Based on the concept of "forest development and human development," we have continued to engage in corporate forest activities (the forest cycle) since 2011. These activities have three aims, to preserve the greenhouse gas absorption capabilities of forests, to conserve biodiversity, and to cultivate people who understand the importance of environmental conservation, including the forest cycle. Going forward, we will continue with activities focused on the forest cycle and human development with the aim of contributing to the SDGs.</p>  <p>Corporate forest managed by the SBS Ricoh Logistics Group (Mount Ontake)</p>

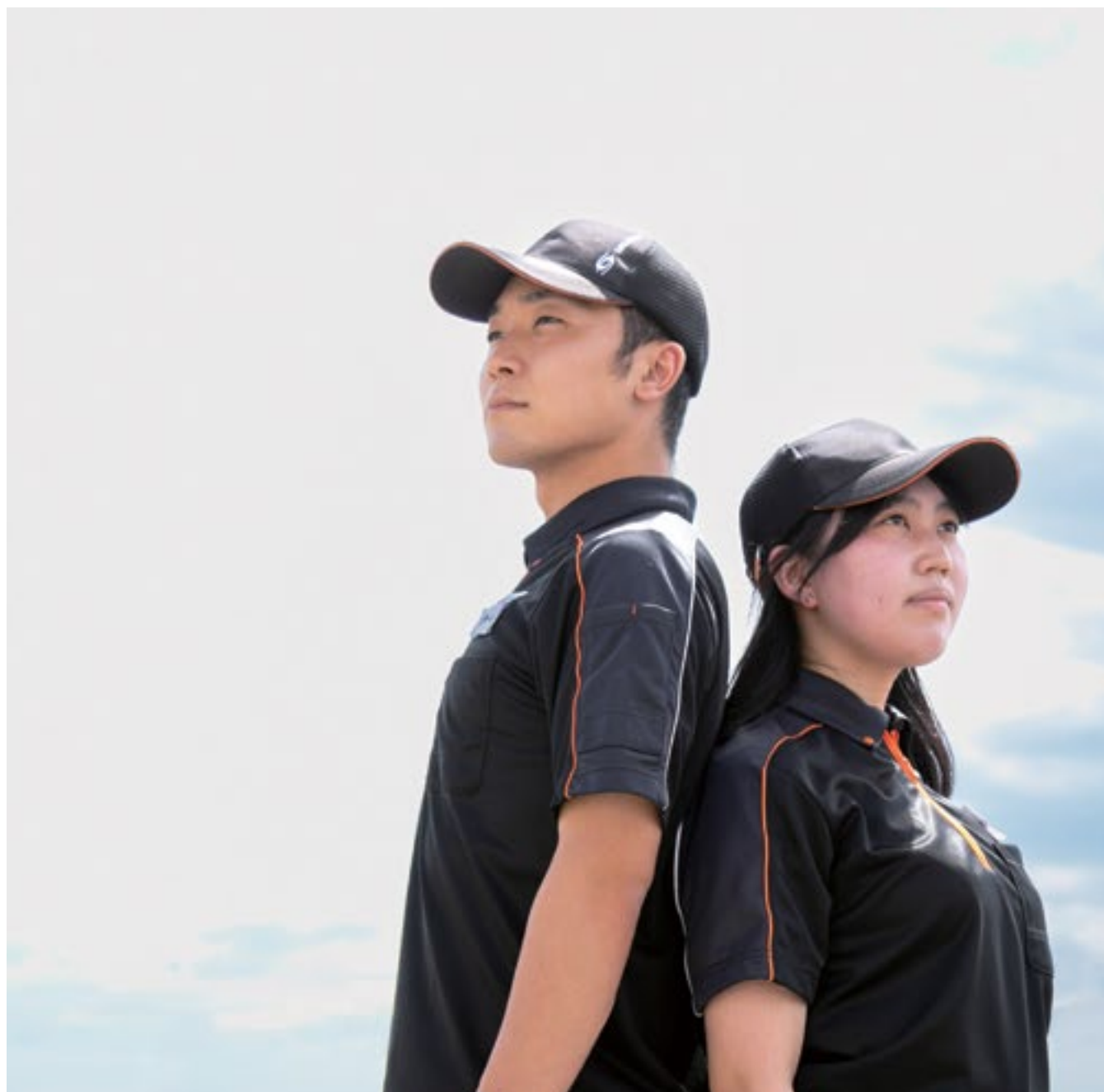


## SBS Group Sustainability Policy

The SBS Group has been working to achieve sustainable growth and solve social issues, but the environment surrounding companies has changed significantly, making it increasingly important for companies to strike a balance between achieving a sustainable society by solving social issues and continually improving corporate value. In light of this, we have developed systems related to sustainability as detailed below.

In January 2023, the SBS Group established the following sustainability policy. The aim is to demonstrate the values and goals that employees emphasize in implementing sustainability management while appropriately disclosing our policy to stakeholders.

Befitting a company that makes its living from logistics, “connections” are a central theme of the policy. The theme of three “connections,” with people, society, and the earth, is common among key challenges. The details are also consistent with the United Nations Global Compact, which the SBS Group supports.



## Basic Principles

In the spirit of our management philosophy of “respecting people and fulfilling its social responsibility,” the SBS Group aims to contribute to the stability of people's lives and the realization of a sustainable society through logistics, which is social infrastructure. To achieve this, under the following policy, we will actively promote sustainable initiatives by having all employees of our group recognize themselves as members of the international community.

## Basic Policies

### (1) We value people's connections and people's thoughts

- We protect and respect human rights and diverse sets of values in all of our corporate activities.
- We foster a corporate culture in which a diverse range of human resources can accept and cooperate with one another, and provide an environment that allows employees to work safely and in good health.
- We provide timely and appropriate training and cultivate human resources who can contribute to society through value creation.

### (2) We connect with society and meet society's expectations

- We observe laws, regulations and international rules, conduct business with fairness and integrity, and work to thoroughly prevent corruption.
- We respect social rules, develop mutual trust with local communities and contribute to society through our business activities.
- We engage in appropriate information disclosures and responsible dialogue with stakeholders, making earnest efforts to meet the requirements and expectations of all stakeholders.

### (3) We connect with the earth and consider its future

- We consider thorough environmental management to be a key challenge, pursue a reduced environmental impact in all of our business activities, and do our best to preserve the global environment.
- We are continually aware of the risks of climate change, and drive efforts to reduce greenhouse gas emissions to create a decarbonized society.

## ► Participation in the United Nations Global Compact

In January 2023, the SBS Group expressed its support for the United Nations Global Compact. The United Nations Global Compact sets out ten principles concerning human rights, labor, the environment and anti-corruption. The SBS Group respects these principles in all of its entire corporate activities. Details of the ten principles are listed on the SBS Holdings website.

### The Ten Principles in Four Areas of the United Nations Global Compact

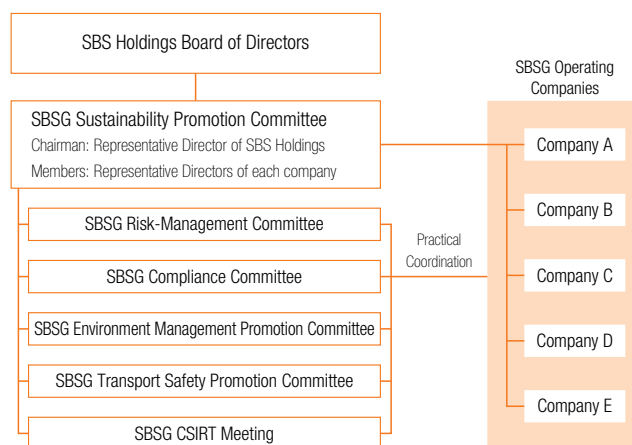
Human rights
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: Make sure that they are not complicit in human rights abuses.
Labor
Principle 3: Uphold the freedom of association and the effective recognition of the right to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

## ► SBS Group Sustainability Promotion Committee

In January 2023, the SBS Group established the Sustainability Promotion Committee to develop and strengthen a management system consistent with its sustainability policy, to put sustainability management into practice on a Groupwide basis, and to balance the achievement of a sustainable society with the ongoing enhancement of corporate value.

The committee is positioned as an advisory body to the Board of Directors and will formulate sustainability strategies and action policies for the entire Group, while monitoring KPIs and the status of coordination in activities within the Group. The committee is chaired by the representative director of SBS Holdings, and its members comprise SBS Holdings directors and executive officers, as well as the representative directors of SBS Group companies.

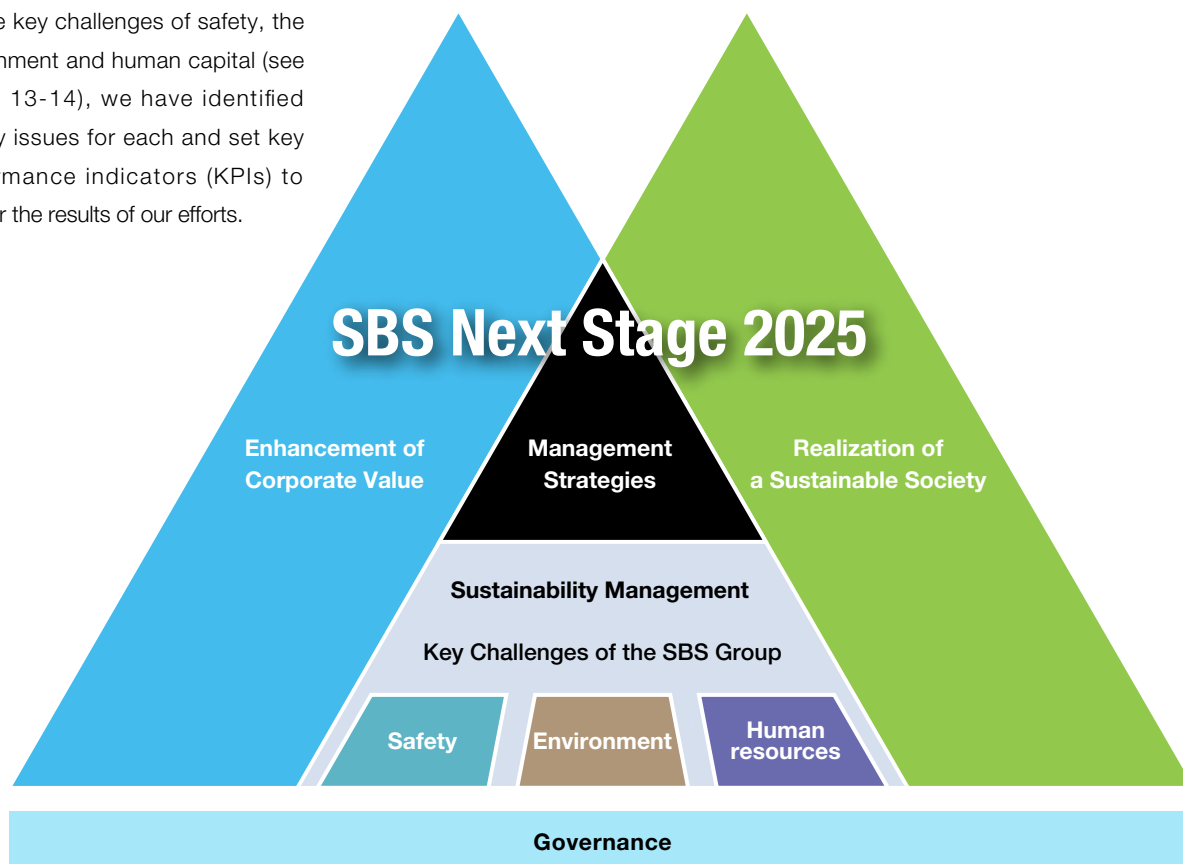
### SBS Group (SBSG) Sustainability Promotion Structure



\* The members of the above meetings are composed of the general managers of administrative divisions, related divisions, and persons in charge

## Concrete Action on Key Challenges

For the key challenges of safety, the environment and human capital (see pages 13-14), we have identified priority issues for each and set key performance indicators (KPIs) to monitor the results of our efforts.



### Main Priority Issues

- Vehicle accidents • Occupational accidents
- Facility fires • Cyber attacks
- Natural catastrophes

### Major Risks

- Loss of trust
- Interference with business activities
- Industrial accidents • Impact on funding

### Main Opportunities

- Enhancement of credibility
- Improved external recognition
- New business opportunities

### Main Targets

Reduction of accident rate per vehicle

**0.81%** (Fiscal 2023 result)

**0.65%** (Fiscal 2024 target)

**0.50%** (Fiscal 2025 target)

### Main Priority Issues

- Climate change • Carbon reduction
- Recycling of resources • Air pollution
- Environmental protection • Regulation compliance • Improvement of fuel consumption

### Major Risks

- Increased response costs • Loss of social reputation • Suspension of business activities
- Impact on funding

### Main Opportunities

- Cost control from improved fuel efficiency
- Differentiation through innovativeness

### Main Targets

Reduction in CO<sub>2</sub> emissions per unit of sales

**Reduction of at least 3%** year to year

Improved vehicle fuel efficiency

**Improvement of at least 1%** year to year

Reduction of NO<sub>x</sub> and PM emissions in exhaust gases

**Reduction of at least 1%** year to year

Reduction in water usage per employee

**Reduction of at least 1%** year to year

### Main Priority Issues

- Securing and retaining human capital
- Human capital development
- Workstyle reforms • Health and productivity management • Diversity

### Major Risks

- Decline of competitiveness
- Lost business opportunities

### Main Opportunities

- New value creation due to workforce diversity
- Promoting innovation
- New business opportunities

### Main Targets

Ratio of females in managerial positions

**5.3%** (Fiscal 2023 result)

**7.0%** (Fiscal 2024 target)

**8.0%** (Fiscal 2025 target)

Consideration and implementation of improvements to systems supporting the active participation of women

**DEI promotion project**  
(provisional name)

Annual paid leave acquisition rate

**55.7%** (Fiscal 2023 result)

Ratio of childcare leave taken by male employees

**20.9%** (Fiscal 2023 result)

## Integration of Management Plan and Sustainability Plan

We have incorporated “strengthening the foundations of sustainability management” and “human capital initiatives” as priority measures in our three-year medium-term management plan and have also set them as areas of focus based on materiality (safety, the environment, human capital).

### Building a system aimed at balancing the creation of a sustainable society with the enhancement of corporate value

- Enhancing governance that supports sustainability management
- Initiatives tackling material issues (materiality) in the three areas of safety, the environment and human capital

Safety	Environment	Environment
Provision of safe and secure logistics services with the aim of zero serious accidents <ul style="list-style-type: none"> <li>• Promotion of transportation safety management</li> <li>• Steady implementation of a safety education curriculum</li> </ul>	Development of environmentally friendly logistics facilities, transportation and delivery systems <ul style="list-style-type: none"> <li>• Introduction of next-generation vehicles, initiatives to improve fuel efficiency</li> <li>• Provision of streamlined logistics facilities utilizing LT and IT</li> <li>• Reduction of greenhouse gas emissions</li> </ul>	Improving human resource and organizational capabilities to enhance the overall strength of the Group

### Relationship between the Medium-Term Management Plan and Medium-to-Long-Term Environmental Plan

The Medium-to-Long-Term Environmental Plan is coordinated as an indicator of priority items in the Medium-Term Management Plan.

## The SBS Group's Three-Year Management Plan

# SBS Next Stage 2025





Through CSR that leverages our strengths as a logistics provider, we will contribute to the stability of daily life and a sustainable society.

# CSR Message

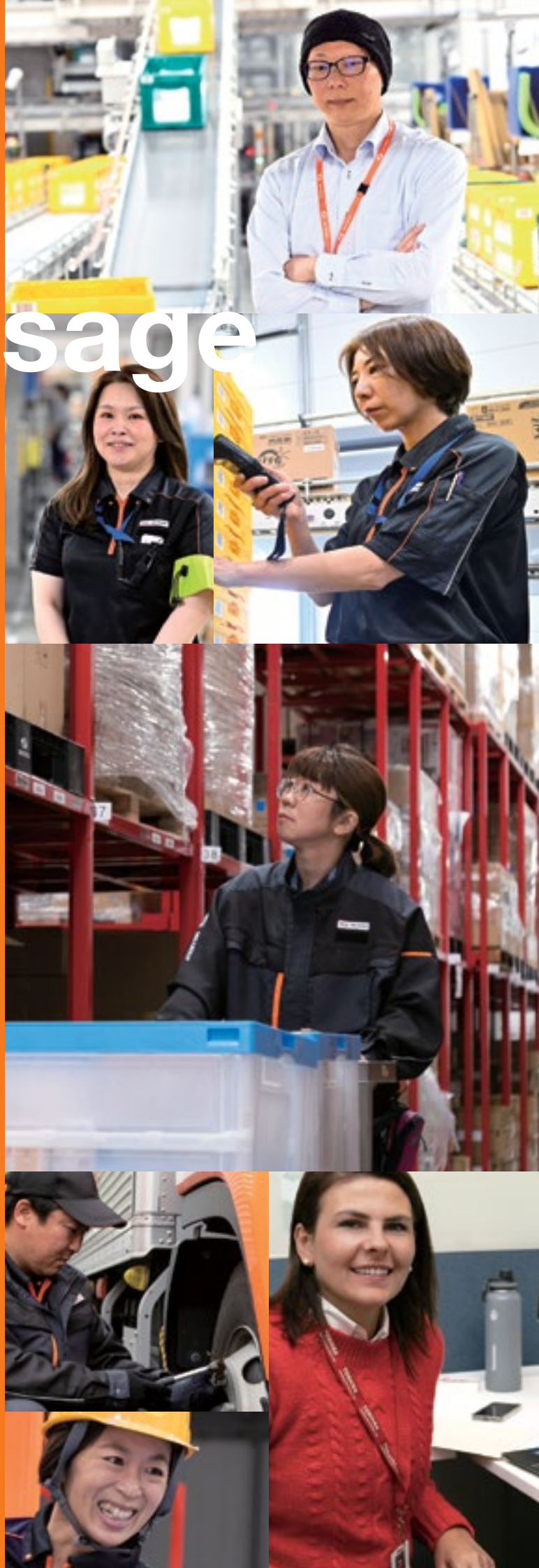
What does it mean to deliver goods?

To deliver goods is to connect goods with people

To connect goods with people is to link people's lives together, and to connect society

We will continue to deliver goods

To bring stability to people's lives and realize a sustainable society



# TOPICS

The latest CSR topics (CSR news) are listed on the SBS Group website.

TOP→Sustainability: <https://www.sbs-group.co.jp/sbshlds/csr/>

<b>SBS Holdings</b>	<ul style="list-style-type: none"> <li>SBS affiliated golfer Ryo Hisatsune visits SBS Holdings to report on his European Tour victory!</li> <li>Exhibited at the inaugural Store and EC DXPO Fukuoka 2023</li> <li>SBS Group 2023 topics</li> </ul>
<b>SBS Toshiba Logistics</b>	<ul style="list-style-type: none"> <li>Developed proprietary towing cart enabling improved transport efficiency</li> <li>Promotion of modal shift in the transportation of elevator products</li> <li>Two sites presented improvement case studies at All Japan Logistics Improvement Case Study Presentation Conference 2023</li> <li>Published case study of DFL (packaging design) on website</li> <li>Received Best Logistics Improvement Prize at All Japan Logistics Improvement Case Study Presentation Conference 2023</li> <li>Received Sustainable Activities Award and Special Awards at the 24th Logistics Environment Awards</li> <li>Received Bronze certification for FY2023 under Outstanding Logistics Site Improvement Recognition System</li> <li>Awarded at the Japan Packaging Contest for the 21st consecutive year</li> <li>Held completion ceremony for Kashiwazaki Warehouse, the first SBS Toshiba Logistics warehouse in the Shinetsu area</li> <li>Recognized in the New Development category at the Fiscal 2023 Awards for Excellent Business Entities Working on Modal Shift</li> <li>Packaging and Equipment Technology Group gave talk at seminar hosted by the Japan Institute of Logistics Systems and Ministry of Land, Infrastructure, Transport and Tourism</li> </ul>
<b>SBS Ricoh Logistics</b>	<ul style="list-style-type: none"> <li>Redesigned the corporate website</li> <li>Earned "2 stars" under certification system for pleasant workplace development</li> <li>Atsugi Baseball Club held classes for infants and early elementary school students</li> </ul>
<b>SBS Logicom</b>	<ul style="list-style-type: none"> <li>Redesigned the corporate website</li> <li>K2 Corporate Partners, Ltd. joined the Group</li> <li>Exhibited at 2023 JAPAN IT WEEK Kansai</li> <li>Published issue 10 of the LOGILINK logistics PR magazine</li> <li>Introduced EC Logistics Omakase-Kun at Asia Seamless Logistics Forum 2023</li> <li>Exhibited at E-commerce Fair Osaka 2023</li> <li>Launched a special page for the Noda Seto Logistics Center (provisional name)</li> <li>Published logistics services and case studies section on the website</li> <li>Published notice about the launch of newly designed 12-foot refrigerated container operations</li> <li>Merger of SBS Logicom and Toyo Warehouse &amp; Transportation</li> </ul>
<b>SBS Flec</b>	<ul style="list-style-type: none"> <li>Opened large-scale three-temperature-zone data center in Miyagino-ku, Sendai</li> </ul>
<b>SBS Zentsu</b>	<ul style="list-style-type: none"> <li>Held the 9th Home Delivery Division drivers contest</li> <li>Held the 8th Trunk-route Transport Division driver contest</li> <li>Earned "2 stars" under certification system for pleasant workplace development</li> <li>Held 5th Home Delivery Division Customer Service Expert Contest</li> <li>Published notice regarding signing of memorandum of understanding for the LOGI FLAG TECH Tokorozawa I rental refrigerated automated warehouse</li> </ul>
<b>SBS Sokuhai Support</b>	<ul style="list-style-type: none"> <li>Held 7th Home Delivery Division improvement case study presentation</li> <li>Launched operational support for an electronic manifest system</li> </ul>
<b>Marketing Partner</b>	<ul style="list-style-type: none"> <li>Held the 3rd Sales Driver Customer Service Manners Contest</li> <li>Newly released "Therapeutic Powdered Food for Liver Care for premium cat food specialty store and online store Tama-no-Onedari (tama)</li> <li>Exhibited at Interpets 2023 (March 30 to April 2 at Tokyo Big Sight)</li> <li>Newly released bite-sized dog gummies: "Three Flavors of Fruit Konjac Gummies"</li> <li>[New Release] POCHI Therapeutic Dog Food for Liver Care - Fresh Chicken</li> <li>Premium dog food brand POCHI (保緒) became first Japanese pet food maker to open at store at Tmall Global</li> <li>Published page introducing outdoor signage advertising</li> <li>Newly released POCHI low-phosphorous senior milk</li> <li>Newly released Bon Appetit wet food</li> <li>Began accepting submissions for "Thank You Letter Contest"</li> <li>[tama Original] Newly released Cat Probiotic Sprinkle - Lean Meat Venison</li> </ul>
<b>SBS Driving School</b>	<ul style="list-style-type: none"> <li>Held the 9th Keiyo Festa 2023</li> </ul>



## Major Indicators (Fiscal 2023 Results)

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

**1,697**

Modal Shift Transportation Volume

**311,014<sub>t</sub>**

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

**122** business sites

Total CO<sub>2</sub> emissions (compared with  
the previous year)

**2.2** % decrease

CO<sub>2</sub> emissions per unit of sales  
(compared with the previous year)

**0.51** % decrease

# ENVIRONMENT

## Review of Initiatives

The SBS Group has made disclosures regarding "SBS Group Decarbonization Initiatives," including GHG reduction targets for 2030 and 2050. The main reduction efforts involve the introduction of next-generation vehicles and securing renewable energy-derived power sources for facilities. In terms of vehicles, we faced issues with the lack of commercial models on the market that are mid-sized and higher, which represent the core of our operations, but we have made steady progress on initiatives by focusing on our current capabilities, such as promoting the internal use of renewable energy created within the Group, and ensuring environmental value.

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

[TOP → Sustainability](#)

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

## CO<sub>2</sub> Emissions and Energy Use

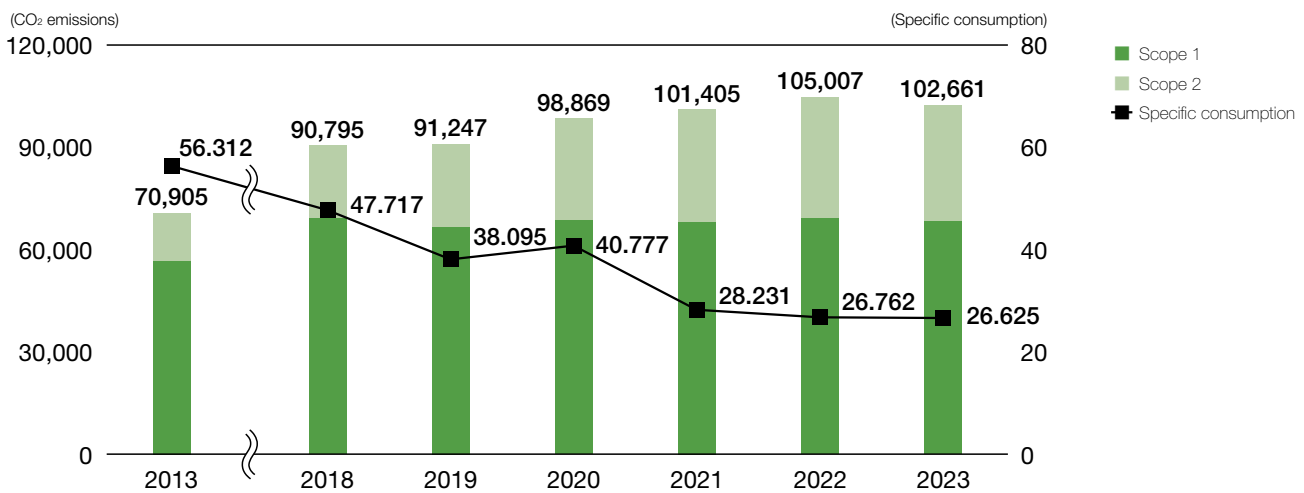
The SBS Group has been actively working to improve the efficiency of its energy use while reducing its CO<sub>2</sub> emissions.

### Fiscal 2023 Results

The SBS Group pursues initiatives under a mid- to long-term decarbonization strategies that are focused on two points: vehicles and facilities. In fiscal 2023, we introduced 30 electric vehicles, and completed construction of Building A at the Group's flagship Noda Seto Logistics Center. The center is equipped with 4.7 MW solar power generation facilities and began operating an eco-friendly center consuming 1.5 MW of that output in fiscal 2024.

In terms of CO<sub>2</sub> emissions, sluggish growth in net sales for our core logistics business had an impact, with CO<sub>2</sub> emissions per unit of sales only recording a slight decrease.

#### Trend in CO<sub>2</sub> Emissions and Per-unit Emissions (CO<sub>2</sub> Emissions per Unit of Sales)



#### GHG Protocol Emissions (Scope 1, 2 and 3)

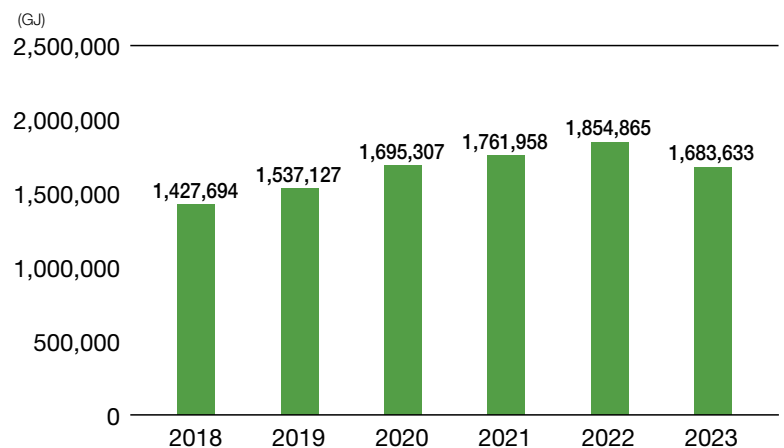
Scope 1	68,524 t
Scope 2	34,137 t
Scope 3* Category 1 (Purchased products and services)	772,240 t
Category 3 (Fuel- and energy-related activities not included in Scope 1 or Scope 2)	20,616 t
Category 5 (Waste generated in operation)	2,338 t

\* Refer to "Scope 3 Calculation" for calculation conditions and other details

#### Energy Consumption (by Type)

Electric power	77,937,816 kwh
Water	123,002 m <sup>3</sup>
Copy paper	81,798,772 sheets
Kerosene	57,558 ℓ
Facility LPG	2,215 m <sup>3</sup>
Forklift LPG	63,838 m <sup>3</sup>
City gas	7,582 m <sup>3</sup>
Type A heavy oil	29,127 ℓ
Forklift gasoline	7,582 ℓ
Forklift diesel	114,353 ℓ
Vehicle fuel	26,210,561 ℓ

#### Trend in Energy Consumption (Calorific Value)





# The SBS Group's Decarbonization Efforts

With the worldwide trend toward carbon neutrality picking up speed, in 2015 the Paris Agreement was adopted, and in 2020 Japan announced its 2030 reduction target (46% \*including industry-specific targets) and declared it would go carbon neutral by 2050. This climate has emphasized the need for corporate efforts to reduce emissions.

The SBS Group operates a comprehensive logistics business and uses a large number of vehicles to transport cargo. We recognize that decarbonization initiatives are part of our responsibility as a corporate group handling logistics that represents part of social infrastructure.

## The SBS Group's Decarbonization Plan

In anticipation of achieving carbon neutrality by 2050, the SBS Group will aim to drastically reduce Scope 1 and 2 emissions with the year 2030 as a target, focusing on the following two points.

### [Vehicles]

Reduction of greenhouse gas (GHG) emissions \*1

(Introduction of EVs and other next-generation vehicles, introduction of other technologies, eco driving)

### [Facilities]

Promotion of renewable energy-derived power sources \*2

(Promotion of measures including the procurement of green electricity, increased creation of renewable energy through solar power generation and higher on-site utilization rates, and introduction of energy-saving lighting)

\*1 According to manufacturer development trends

\*2 According to energy mix in the Sixth Basic Energy Plan

## Reduction Targets

Target Scope	Emission reduction targets
Scope 1 and 2	2030: We will aim to reduce our CO <sub>2</sub> emissions by 35% (compared with fiscal 2013 levels). <sup>*3</sup> 2050: Endeavor to achieve carbon neutrality
Scope 3	Work to reduce emissions in the supply chain.

\*3 Based on "Transportation Sector: -35%," Japan's industry-specific reduction target

## Striving to Achieve Our Targets

### Note 1: Introduction of eco-friendly vehicles

For us at the SBS Group, introducing new vehicles is an extremely important business investment. 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.

### Note 2: Carbon offset

Reductions include the creation of renewable energy and credit-based offsets.

### Note 3: Reduction targets

- (1) While the base year for Scope 1 and 2 reduction targets for 2030 is set according to Japan's Paris Agreement-based GHG Reduction Target Base Year, in anticipation of SBT certification in the future, we plan to pursue initiatives consistent with this certification.
- (2) If there are changes to Japan's reduction levels or the above conditions, we may change our emission reduction targets.







# Mid-to-Long-Term Environmental Plan



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

### Environmental Action 2023

Aim	Action	Goal			Results		Achievement Status
		2024	2025	2026	2022	2023	
 Preventing global warming	Reduction in CO <sub>2</sub> emissions per unit of sales	At least 3% year-to-year			26.76 tons/100 million yen	26.63 tons/100 million yen	△ 0.51% decrease
	Reduction of CO <sub>2</sub> emissions per distance traveled in vehicles	At least 1% year-to-year			0.51 kg/km	0.5 1kg/km	△ 0.01% increase
 Resource conservation [water and forests]	Reduction in water usage per employee	At least 1% year-to-year			7.16 m <sup>3</sup>	5.14 m <sup>3</sup>	○ 28.25% decrease
	Reduction in PPC paper usage per employee	At least 1% year-to-year			3,627 sheets	3,416 sheets	○ 5.81% decrease
 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			5.05 km/ℓ	5.05 km/ℓ	△ No change
	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 4 business sites	○
		Year-to-year increase in EMS introduction rate			Completed introduction of cargo 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.		○

# Toward the Decarbonization of Logistics

## Increasing the Efficiency of Logistics

The 3PL-based logistics reforms the SBS Group is proposing for a wide range of situations will not only drive improved efficiency in customer operations and the business overall but also have significant potential to reduce CO<sub>2</sub> emissions. The SBS Group has made concerted efforts to design and operate logistics as part of social infrastructure that is also outstanding from a sustainability perspective. As the foundation of those efforts, we are continually working to reduce the environmental impact of the resources under our control, both in physical and operational terms.

## Initiatives Related to Vehicles

Vehicles are the basic units of logistics systems, and to operate them with a low environmental impact, we have pursued phased updates while ensuring that appropriate driving attitudes and technologies take root among drivers.

### ■ Eco-driving

The SBS Group is striving to foster a deeper culture of eco-driving (fuel-efficient driving) through eco-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.

### ■ Introduction of next-generation vehicles

We are implementing a plan to replace roughly 1,000 vehicles with EV equivalents by 2030, focusing on light and medium-sized vehicles. In 2023, 23 compact vehicles and three 2-ton vehicles were in practical operation. While operations for electric cargo vehicles are extremely limited at the moment, we will continue to monitor manufacturer trends and plan to steadily increase the number of electric vehicles introduced.



## Initiatives Related to Facilities

To achieve low carbon operations at warehouses and other logistics facilities, we will pursue the dual initiatives of energy savings and energy creation.

### ■ Introduction of power-saving lighting

The SBS Group is promoting reduced power usage at its facilities through various electricity-saving measures.

The introduction of energy saving lighting (LEDs, etc.) has been actively rolled out as a central part of these efforts, and as of the end of 2023 the lighting had been installed at 122 locations (SBS Group-operated business locations). This has led to electricity savings of more than 50% (based on SBS Group research), and has had the effect of reducing CO<sub>2</sub> emissions by more than 3,000 tons (compared with the use of conventional fluorescent and high ceiling-mounted lighting).

### ■ Creation of renewable energy

The SBS Group maintains solar power generating equipment (total generating capacity of approx. 20 megawatts, including facilities scheduled to come online in the future) at 17 locations (facility rooftops and dedicated installations), contributing to the creation of renewable energy. Although on-site use still only accounts for a small amount of total generation, we plan to shift to the use of renewable energy-derived power as we head to 2030.

## Modal Shift\*

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 participated in promoting the modal shift of sales routes for liquor dealers and helped significantly reduce CO<sub>2</sub> emissions as a result. The company received a joint award under the Excellent Green Logistics Commendation Program.

### Companies targeted for modal shift

SBS Toshiba Logistics | SBS Ricoh Logistics  
SBS Logicom | SBS Furukawa Logistics

\* What is Modal Shift?

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.

### ■ Achieving a modal shift to rail transportation for lighting equipment

SBS Toshiba Logistics and Japan Freight Railway Company

Solar power  
generating  
equipment

**17** locations

(in-house utilization at  
three locations)

Total power  
generating capacity

**Approx.  
20** megawatts

(as of February 2024)

Number of employees  
taking eco-driving and  
safe-driving training

**1,697**

(as of December 31, 2023)

Number of business sites  
where energy-saving  
lighting has been  
introduced

**122** business  
sites

(cumulative total including sites  
with partial introduction)

Modal Shift  
Transportation Volume

**311,014** t

Railway cargo: 288,440 t

Ship cargo: 22,574 t

(FY2023)

collaborated to secure a 31-foot container service to replace 10-ton trucks that had been operating almost daily. The warehouse internal work schedule was significantly revised to align with the new transportation schedule, and contracted transportation was arranged to transport the goods to the freight terminal. We also asked for understanding on the part of customers for later arrival times compared with previous services, and reached agreements with related companies on transportation CO<sub>2</sub> emission reduction activities. As a result, the percentage of the product transported by rail expanded from its previous limit of around 60% to more than 90%.

### Assessment of CO<sub>2</sub> Reductions

SBS Logicom provides a service where dedicated staff diagnose CO<sub>2</sub> reduction effects based on customer choices. In addition to supply chain stabilization, we conduct assessments from a carbon footprint perspective, proposing a role of logistics that is optimum for each customer.

### Preventing Air Pollution

Harmful air pollutants emitted from vehicles are continually measured and managed. In recent years we have continued to update our vehicles and these emissions have been decreasing with each year.

Usage / Fiscal Year	2020	2021	2022	2023
Nox (unit: kg)	138,977	104,815	63,044	64,762
Year-on-year decline (%)	-1.49%	-24.58%	-39.85%	2.73%
PM (unit: kg)	3,458	2,587	1,600	1,681
Year-on-year decline (%)	-7.27%	-25.19%	-38.15%	5.06%

**At the 24th Logistics Environment Awards, we received both a Sustainable Activities Award and Special Awards (SBS Toshiba Logistics)**

In the 24th Logistics Environment Award\* held in July 2023, SBS Toshiba Logistics received one Sustainable Activity Award, which is given for examples of outstanding improvements that contribute to sustainable society, and two Special Awards given to business operators contributing to the sound development of logistics for environmental conservation.

#### [Sustainable Activity Award]

##### Sustainable Packaging Initiative Based on Design for Logistics (DFL; Logistics-oriented Product and Packaging Design) Approach for Industrial Use Magnetrons

There were multiple issues associated with the environmental impact of packaging for industrial-use magnetrons, which are precision devices. These included high packaging material costs, increased time for labor, the use of plastic cushioning materials, and higher CO<sub>2</sub> emissions for transportation. Based on the DFL approach, the packaging design was fundamentally reworked. More compact and lighter all-cardboard boxes were developed, reducing packaging material costs by 65% and shortening work hours by 30%. In particular, abolishing the use of plastic cushioning materials not only reduced plastic consumption but significantly contributed to lowering the environmental impact by cutting CO<sub>2</sub> emissions by 25%.

In addition, to prevent the filament wires inside the products from breaking, design verification work was carried out through strength analysis simulations of the packaging materials, properties and shapes. By focusing on drop test verification using actual samples, product quality was ensured during transportation and handling.

### TOPICS ► Eco-friendly Flagship Center

The Noda Seto Logistics Center that was completed in February 2024 is an eco-friendly center equipped with solar power generating facilities for on-site consumption that cover day-time electric power needs with renewable energy (1.5 MW of total 4.7 MW generating capacity is used) and facilities to utilize well water (primarily to supply irrigation water for landscaping). Under the CASBEE building rating system\* which evaluates the comprehensive environmental performance of buildings, the center has achieved Rank A (very good).



#### \* CASBEE Certification

Comprehensive Assessment System for Built Environment Efficiency. CASBEE is a system to comprehensively assess the environmental performance of buildings that was developed in April 2001 by a research committee on comprehensive environmental assessment for buildings established as a joint project by industry, academia and government with support from the Ministry of Land, Infrastructure, Transport and Tourism. The system objectively assesses various environmental aspects of buildings, including energy savings, measures to reduce CO<sub>2</sub> emissions, improved insulation for improved comfort in residential environments, and biodiversity considerations.



\* The Logistics Environment Award is a commendation system that has been implemented by the Japan Association for Logistics and Transport since 2000 with the aim of promoting environmental conservation and raising environmental awareness in the logistics industry.

#### [Special Awards]

##### 1. Adopting 100% recycled cushioning materials for lithium-ion batteries and maximizing storage efficiency

###### Initiatives

We revised the packaging used with lithium-ion batteries intended for export, switching from the existing virgin plastic cushioning materials to 100% recycled material (polystyrene foam) that complies with European and US packaging waste regulations (requiring that packaging be free of specific hazardous materials).

We also took the opportunity to improve storage efficiency. As a result, the number of items that can be loaded in a 20-foot shipping container was increased by 25%, leading to a 20% transportation CO<sub>2</sub> reduction and contributing to a reduced environmental impact.

##### 2. Reducing transportation CO<sub>2</sub> emissions through improvements to the long-distance transportation process from multiple sites

Targeting the process of transporting goods from the Keihin area and surrounding districts to Hokkaido, we consolidated modes of transportation to sea and rail and increased loading efficiency. As a result, we reduced CO<sub>2</sub> emissions associated with transportation and alleviated driver workload.



#### Major Indicators (Fiscal 2023 Results)

Group-Average Fuel Efficiency

**5.05** km/ℓ

Number of Group Safety Training Sessions Conducted

**88**

Number of Transportation Safety Promotion Meetings Held

**4** times

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

**189** business sites (93.1%)

Serious Accident

**3**

Accident Rate (accident rate per vehicle)

**0.81** % (0.98% in FY 2022)

\* In January 2023, the SBS Group officially identified material issues as part of efforts to strengthen sustainability. One of these material issues we identified was safety. Safety has long been a focus, and has again been cast as our top priority. To coincide with this, a KPI related to safety (accident rate per vehicle) was newly set.

# SAFETY

#### Review of Initiatives

While the accident rate was reduced in fiscal 2023, three serious accidents occurred. We will aim to reduce the accident rate and eliminate serious accidents by taking further action.

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

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

#### Accident Rate per Vehicle

2021	2022	2023
0.85%	0.98%	0.81%

  
**2025 target**  
**0.50%**

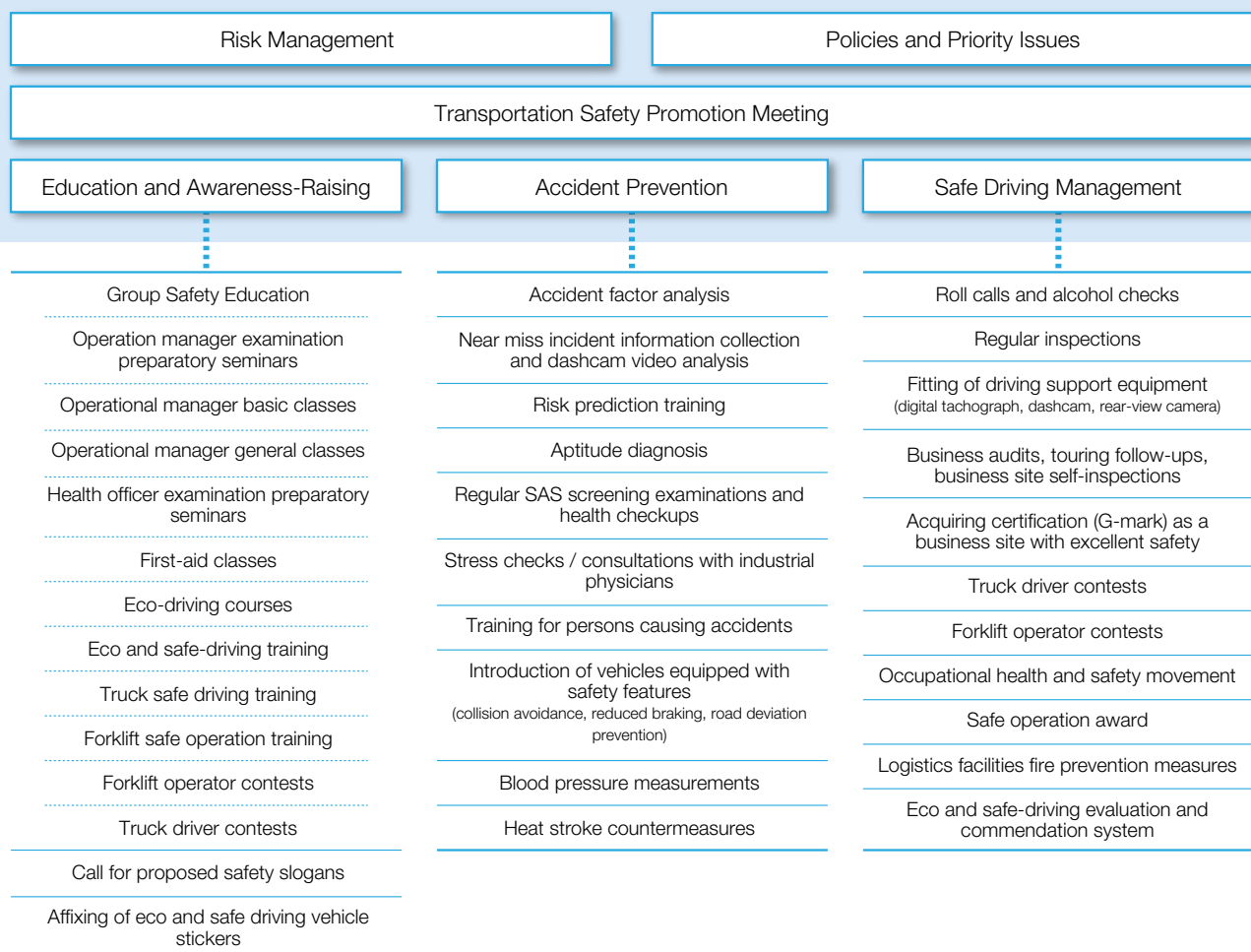
#### Operating Policy

Steady promotion of transportation safety management

#### Priority Issues

- Reducing accidents (vehicle accidents, occupational accidents)
- Strengthening measures to prevent fire at logistics facilities (establishment of a fire prevention council)
- Strengthening measures to manage employee health (improved SAS measures)
- Improvement of fuel consumption

### SBS Group Transportation Safety Management



# Education and Awareness-Raising, Accident Prevention

## Transportation Safety Promotion Meeting

The SBS Group convenes quarterly transportation safety promotion meetings chiefly involving its 11 transportation-oriented Group companies. The meetings are mainly designed to share various information and initiatives related to transportation safety, including operational management tasks, the rollout of various operational measures aimed at business optimization, detailed analysis of vehicle and occupational accidents, and specific operations to prevent health-related accidents.

## Group Safety Education

Regular determinations made by operational managers are extremely important in minimizing the risks of serious accidents and other risks. 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.

### SBS Group Safety Education Curriculum Implementation Status for Fiscal 2023

Curriculum	Number of Sessions Held	Number of Trainees
Operation manager examination preparatory seminars	11	217
General and basic classes for operation managers	17	176
Health officer examination preparatory seminars	1	20
First-aid classes	4	68
Safe driving workshop (on-site course)	45	746
Eco and safe driving training	3	35
Truck safe driving training	1	16
Forklift safe operation training	4	61
Truck driver contests	1	205
Forklift operator contests	1	22

Number of training curriculum sessions held

**88**

Number of employees attending training under the curriculum

**1,566**



## Standardization of Operational Management

The SBS Group, which is made up of multiple logistics companies, has prepared an operational management manual (in booklet and DVD form) that is common to the Group and makes efforts to standardize the knowledge and business operations of operational managers, maintenance managers and crew.

## 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. For fiscal 2024, one entry each was selected for the traffic safety slogan and business site safety slogan.

### Fiscal 2024 Traffic Safety Slogan

**A Dual Approach to Safe Driving: The Willingness to Give Way and Risk Prediction**

Masahiro Morita, SBS Sokuhai Support Co., Ltd.

### Fiscal 2024 Business Site Safety Slogan

**The Real Dangers are Familiarity, Complacency and Failure to Confirm**

Hayato Nishimura, SBS Flecnet 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.



## 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 in recent years, 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.

## 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 reduce incidences of heat stroke. We will continue to address this issue with the aim of completely eliminating cases of heat stroke among our employees.

# Safe Driving Management

## Expanding 5S Activities

The SBS Group began the expansion of 5S activities as part of health and safety management. By creating safe environments, pursuing improvement and standardization, and fostering a better workplace culture, we aim to further improve safety and the human resource development environment.

## 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, and hone skills through friendly competition. In addition, the contests aim to raise awareness of their social responsibilities as drivers and operators by 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.



## Raising Awareness of Accident Prevention and Safety

The SBS Group creates and displays various posters as part of efforts to prevent vehicles and occupational accidents, and to raise awareness about safety.



## Fitting of Driving Support Equipment

All cargo vehicles operated by the SBS Group are fitted with digital tachographs. These devices not only ensure compliance with speed limits but also record, evaluate and analyze a wide range of information including sudden accelerations and decelerations, the opening and closing of doors, and idling information. This is used to prevent accidents, improve mileage and raise awareness about safe driving. In addition, all vehicles are equipped with dash cams, and we make every effort to improve safe driving habits by monitoring driving conditions. New vehicles are also equipped with rear cameras and collision avoidance support systems to prevent collisions when reversing. Going forward, the SBS Group will continue to enhance support for the safety of crew members.

## Fire Prevention Measures at Logistics Facilities

In fiscal 2023, the SBS Group Fire Prevention Council was established. The aim of the council is to conduct inspections to diagnose site risks while sharing issues and improving the overall fire prevention measures. 30 sites were inspected in fiscal 2023. We will gradually expand the scope of inspections going forward.

## Eco and Safe-Driving Evaluation and Commendation System

We implement an 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 awards commendations to business sites that have achieved excellent results in eco and safe-driving (based on evaluation items including fuel efficiency improvement rate compared with the previous year, and the implementation status of safe driving management and safety education). The SBS Group strives to improve quality in both environmental and safety terms through this system.

## Business Sites Awarded Eco and Safe-Driving Evaluation and Commendations in FY2023

Gunma Sales Office, Kanto Branch, SBS San-Ai Logistics

Hachinohe Office, SBS Freight Service

Oita Office, SBS Flecnet

Kurashiki East Sales Office, Okayama Delivery Section,  
No. 4 Delivery Department, SBS Zentsu



## Major Indicators (Fiscal 2023 Results)

Promoting the appointment of women to managerial positions (percentage of women in all managerial positions)

**5.3** % (Six major companies)

Percentage of eligible male employees taking childcare leave

**20.9** %

Annual paid leave acquisition rate

**55.7** %

Food bank support results

**1,359** thousand yen

SBS Kamata Foundation  
Logistics Research Grants

**5**

Scholarship assistance

**50** students

# SOCIAL



## Review of Initiatives

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, 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.

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

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# Engagement with Society and Stakeholders

## 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.

## 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.

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

## Communication with Employees

### Publication of the SBS Express Group magazine

**1** printed publication,  
**110** online publications

## Communication with the Media

### Number of press releases

**103** press releases  
(33 of which were IR news releases)

## Web Information

**3**

## Communication with Shareholders and Investors (FY2023 1Q-4Q)

### Total Financial Results Briefing Attendees

Interim: **59** attendees,  
year-end: **72** attendees, total: **131** attendees

### Small Meetings

**4** times **30**

\* Responses to Investors and Analysts 115/year

## Website Communication

### Number of Visitors \* Figures in parentheses are for SBS Holdings

**1,239,946** (297,853)

## Page Views

**4,131,901** PV (1,035,283 PV)

## Publication of SBS Flec's company name by the Japan Fair Trade Commission

SBS Flec Co., Ltd. (President and Representative Director: Gen Kato), a subsidiary of the SBS Group, was named on March 15, 2024 in an announcement by the Japan Fair Trade Commission regarding the publication of the names of business operators given the results of an investigation into the smooth passing on of prices corresponding to increased costs in relation to the "abuse of a superior bargaining position" under the Antimonopoly Act. The company name of SBS Flec was published pursuant to Article 43 of the Antimonopoly Act as a business operator whose actions were deemed to constitute "leaving transaction prices unchanged without explicitly discussing the need to reflect rising costs such as labor expenses, raw materials prices and energy costs during price negotiations." (This publication does not imply that SBS Flec has or may have violated the Antimonopoly Act or Subcontract Act.)

SBS Holdings and the SBS Group strive to build equal and fair trading relationships with all of its partners, ensuring mutual development with partners sharing the same business purpose. However, we take this matter seriously, and will make every effort to explicitly discuss the need to reflect rising costs such as labor expenses, raw materials prices and energy costs, and further develop relationships of trust with business partners.



The following Group companies have expressed a "Partnership Building Declaration" in which they actively commit to engaging in fair transactions.

SBS Holdings Inc. / SBS Toshiba Logistics Co., Ltd. / TL Logi Service Co., Ltd. / SBS Ricoh Logistics System Co., Ltd. / SBS San-Ai Logistics Co., Ltd. / SBS Global Network Co., Ltd. / SBS Logicom Co., Ltd. / SBS Freight Service Co., Ltd. / SBS Logicom Kanto Co., Ltd. / KYOKUSHIN TRANSPORT CORPORATION/ SBS Flec Co., Ltd. / SBS Flecnet Co., Ltd. / Hinomaru Kyuso Co., Ltd. / SBS Zentsu Co., Ltd. / SBS Soku-hai Support Co., Ltd. / SBS Furukawa Logistics Corp.

# The SBS Group's Human Resources Strategy

Based on its philosophy that “long-term prosperity is rooted in paying the necessary attention to people,” the SBS Group regards human capital as its most important resource in corporate value creation. In keeping with this approach, we will promote understanding towards diversity, initiatives to eradicate harassment and workstyle innovation in an integrated fashion with respect for human rights as the basis, striving to cultivate human resources and maximize their ability to create value.



## Materiality: Human Capital

We have identified human capital as a material issue and positioned it at the core of our sustainability management strategy. We will focus on securing and cultivating talented human capital and improving productivity in an effort to enhance corporate competitiveness.

### Initiatives on Respect for Human Rights

In the SBS Group Human Rights Policy, the SBS Group has set forth initiatives regarding respect for human rights in its business activities. We have also laid out a Declaration on Respect for Human Rights and Elimination of Harassment, and promote understanding and thorough compliance on the part of employees with regard to respect for human rights and harassment prevention.

## Diversity and Inclusion

The SBS Group has established the SBS Group Diversity Policy, positioning diversity and inclusion as an important management strategy. Through three action plans, we are driving the development of an environment in which anyone can work with enthusiasm and demonstrate their capabilities.

### [Action Plans]

- Respect the individuality of a diverse range of employees
- Help employees let their individuality shine brighter
- Endeavor to foster an organizational culture that utilizes the diversity of employees

### Support for women's participation and advancement (target: 6 main companies)

#### (1) Promote the appointment of women to managerial positions

	2022 Result	2023 Result	2024 Target	2025 Target
Percentage of women in all managerial positions	4.6%	5.3%	7.0%	8.0%

#### (2) Promoting women's career advancement (training attendees)

	2022 Result	2023 Result	2024 Target	2025 Target
Empowerment seminars	140	Not held	150	150
Career design training	56	Not held	100	100

#### (3) Enhancement of systems supporting the success of women (promoting the development of a comfortable workplace environment)

2023 (systems at each company)	2024 (systems at each company)	2025 (Group systems)
Consideration of telecommuting systems	Introduction of telecommuting	New system
Consideration of flextime systems	Introduction of flextime system	
Consideration of half day-off systems	Introduction of half day-off system	
Consideration of hourly time-off systems	Introduction of hourly time-off system	

### Promoting Diversity

Promotion of diversity awareness-raising (training attendees)

2022 Result	2023 Result	2024 Target	2025 Target
150	280	500	500



## Creating Comfortable Workplace Environment

The SBS is committed to developing a workplace in which anyone can work with peace of mind and demonstrate their capabilities based on the promotion of diversity and workstyle reforms. As a part of these efforts, measures addressing the COVID-19 pandemic provided the opportunity to develop telework and work-from-home systems for the administrative divisions. Going forward we will continue to help employees balance work and home life so that we can provide diverse and flexible working styles based on changing circumstances.

## Education and Awareness Raising for Human Resource Development

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

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 ESG data on page 86 for a breakdown of the curricula.

## Human Capital Management

In its three-year medium-term management plan SBS Next Stage 2025, the SBS Group aims to enhance corporate value and competitiveness by bolstering human resource and organizational capabilities within the Group, and as shown on the right, has established a basic strategy regarding human capital management. We will invest in the human resources of the future and develop the infrastructure for disclosing related information based on this basic strategy.

## Certifications

The SBS Group is committed to developing a comfortable workplace in which anyone can work with peace of mind.



SBS Holdings joined the Human Capital Management Consortium (December 15, 2022), which the Financial Services Agency and Ministry of Economy, Trade and Industry participate as observers, in an effort to gain deeper insight into human capital management by sharing information and exchanging opinions with the consortium's member companies, further accelerate investments in human capital representing the next generation of the SBS Group, and achieve sustainable growth alongside enhanced corporate value.



## Developing a Pleasant Workplace (target: 6 main companies)

### (1) Percentage of eligible male employees taking childcare leave

2022 Result	2023 Result	2024 Target	2025 Target
16.7%	20.9%	Increase year on year	Increase year on year

### (2) Ratio of taking annual paid leave

2022 Result	2023 Result	2024 Target	2025 Target
53.5%	55.7%	Increase year on year	Increase year on year

### 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 capital
3. We will assist employees in achieving their self-actualization goals through life-long education

### Basic Strategy on Human Capital Management

- 1: Support employee skills and career development
  - Formulate a flexible human capital portfolio based on business strategy and secure the appropriate talent
  - Develop various personnel systems that will become the Group standard (framework)
  - Conduct various training (tiered, specialized themes, departmental) and run a next-generation leader development program
- 2: Improve employees' work-life balance
  - Develop welfare systems that will become the Group standard (framework)
  - Improve figures with statutory disclosure requirements, namely eligible male employee childcare leave usage and annual paid leave usage rates
- 3: Develop an environment enabling employees to flexibly balance life events with work
  - Strengthen activities that promote the active participation of women and develop environments that champion the success of women
- 4: Achieve productive employment and fulfilling, dignified work (decent work)
  - Improve employee engagement and ensure that the statutory employment rate for people with disabilities is met
- 5: Reorganize and build human resource contracting operations toward Group-wide optimization and improve the level of services
  - Develop mechanisms to improve operational quality and productivity (KPI setting) and achieve stable operation



## Social Contribution Activities

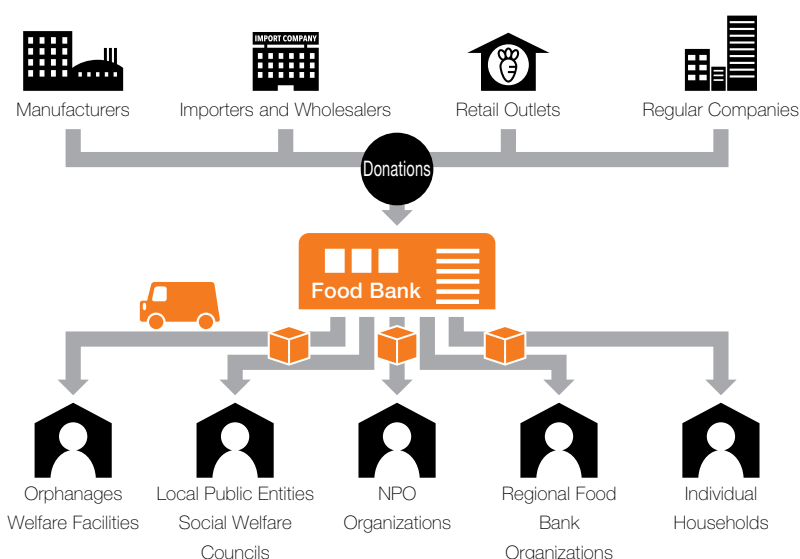
### Food Bank Support Through the Provision of SBS Group Resources

The SBS Group began food bank support activities in 2018. A food bank is an activity or organization that collects from corporates 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 Certified NPO Organization Second Harvest Japan (2HJ), the largest food bank in Japan which is based in Asakusabashi, Taito-ku, 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)

							Thousand yen
2018	2019	2020	2021	2022	2023	Total	
470	540	2,220	2,412	2,924	1,359	9,925	

### 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 <kaib>)	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 flowerpots. The aim of the initiative is to reduce plastic waste and promote the utilization of recycled resources	Accepted at any time
	Collection of school backpacks <Randoseru for Life Collection> (NPO, International Consulting Association)	This is 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. In April 2020, we began offering courses designed to cultivate human resources who can use advanced science and technology to transform logistics, with the aim of solving issues faced by logistics companies and contributing 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.

### Amount of Donations

					Thousand yen
2019	2020	2021	2022	2023	Total
10,000	10,000	10,000	10,000	10,000	50,000



Executive Officer Satoshi Akuzawa (pictured center), who spoke at the commemorative symposium



### 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.

### Grants Issued in Fiscal 2023

5

### 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 CO<sub>2</sub> emissions) through better logistics systems  
Grant Amounts: Total of 3,000,000 yen, up to 500,000 yen per individual grant.

### 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.

### Number of Scholarship Recipients in Fiscal 2023

51

### 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)

### Results of Issued Grants and Awarded Scholarships

		2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Logistics research grants	Number of projects	6	7	7	9	6	6	4	7	5	57
	Grant amount	2,994	3,374	3,300	4,499	2,995	2,600	2,000	3,434	2,000	27,196
Number of scholarships granted	Number of participants	-	-	30	34	57	74	76	86	51	408
	Grant amount	-	-	9,000	10,200	16,800	21,000	22,800	25,800	15,300	120,900

\* Amounts are units of a thousand yen

### Results of Logistics Research Adopted in Fiscal 2023

Name of Affiliate Organization	Position	Name	Research Subject	Grant Amount (thousand yen)
National Defense Academy Mechanical Systems Engineering, School of Systems Engineering	Professor	Hideo Kawahara	Damage to cargo and quality control issues due to environmental changes in frozen and refrigerated containers from human error	500
Fukui University of Technology Department of Management and Information Sciences, Faculty of Environmental and Information Sciences	Associate professor	Tomonori Kondo	Determination of continuous operational methods for container round use and analysis of the positions of inland depots	500
Okayama Prefectural University Department of Systems Engineering, Faculty of Computer Science and Systems Engineering	Professor	Akira Tsumaya	Analysis of behavior to deal with disruptions in multi-tier supply chains that adopt production schedule notification systems, and research into methods to support the formulation of countermeasures	500
Daito Bunka University Faculty of Business Administration, Department of Business Administration	Associate professor	Masato Shimizu	Research on the emergency delivery of fuel to multiple business operators during a large-scale disaster	500
Shukutoku University School of Community Studies, Department of Community Studies	Associate professor	Toshihiro Watanabe	Research into transportation issues regarding the development of a sustainable milk supply chain	500

## Major Indicators (Fiscal 2023 Results)

### Outside Directors

**4** (out of 11 directors)

### Board of Directors meeting attendance rate by outside directors

All Directors: **98.1** % Outside Directors: **96.4** %

### Audit & Supervisory Committee meeting attendance rate

**100** %

### Assessment of Internal Control Related to Financial Reporting for Fiscal 2023

**Valid**

#### Number of Board of Directors Meetings and Status of Attendance (FY2023)

Meetings		14
Attendance Rate (%)	All Directors (11 members)	98.1%
	Outside Directors (4)	96.4%

#### Number of Audit & Supervisory Committee Meetings and Status of Attendance (FY2023)

Meetings	14
Attendance Rate (%)	100%

# GOVERNANCE

## 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 promotes compliance and risk management Group-wide.

See the SBS Group website for details about corporate governance. Systematic disclosure information including the following materials is posted on the website.

- The SBS Holdings Corporate Governance Guidelines, which summarize the basic framework and approaches concerning corporate governance at SBS Holdings
- The Corporate Governance Report submitted to Tokyo Stock Exchange, Inc.
- Internal Control Reports on the effectiveness of internal controls with regard to financial reporting

TOP → Sustainability → Corporate governance  
<https://www.sbs-group.co.jp/sbshlds/csr/governance/>

## 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.

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.

### General Meeting of Shareholders

The Company regards those shareholders listed or registered in the final shareholders' register as of December 31 of each year to be the shareholders entitled to exercise their rights at the Ordinary General Meeting of Shareholders in that fiscal year. The Ordinary General Meeting of Shareholders is convened within three months of the day following the last day of each fiscal year. In addition, extraordinary general meetings of shareholders are convened whenever necessary. The General Meeting of Shareholders is convened and chaired by the President and Representative Director. Resolutions made as decision-making mechanisms at the General Meeting of Shareholders are carried out based on a majority of the voting rights of shareholders who are present and entitled to exercise their rights, except when otherwise provided for by law or the Articles of Incorporation.

### Board of Directors

The Company's Board of Directors comprises eleven members, four of whom are outside directors. Except when otherwise provided for by law, the Representative Director and President shall convene and chair meetings of the Board of Directors, but an Audit & Supervisory Committee member appointed by the Audit & Supervisory Committee may also convene Board of Directors meetings. 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. Resolutions of the Board of Directors are passed when a majority of directors eligible to take part in votes are present, based on a majority of the votes of those directors in attendance.

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. An executive officer system has been introduced to speed up decisions on management strategy and further enhance systems for the execution of business.

### Audit & Supervisory Committee

The Audit & Supervisory Committee is made up of three directors who are Audit & Supervisory Committee members, two of whom are outside directors. The Audit & Supervisory Committee 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 Takashi Endo, also attend Board of Directors meetings and other key internal meetings where they provide advice as necessary.

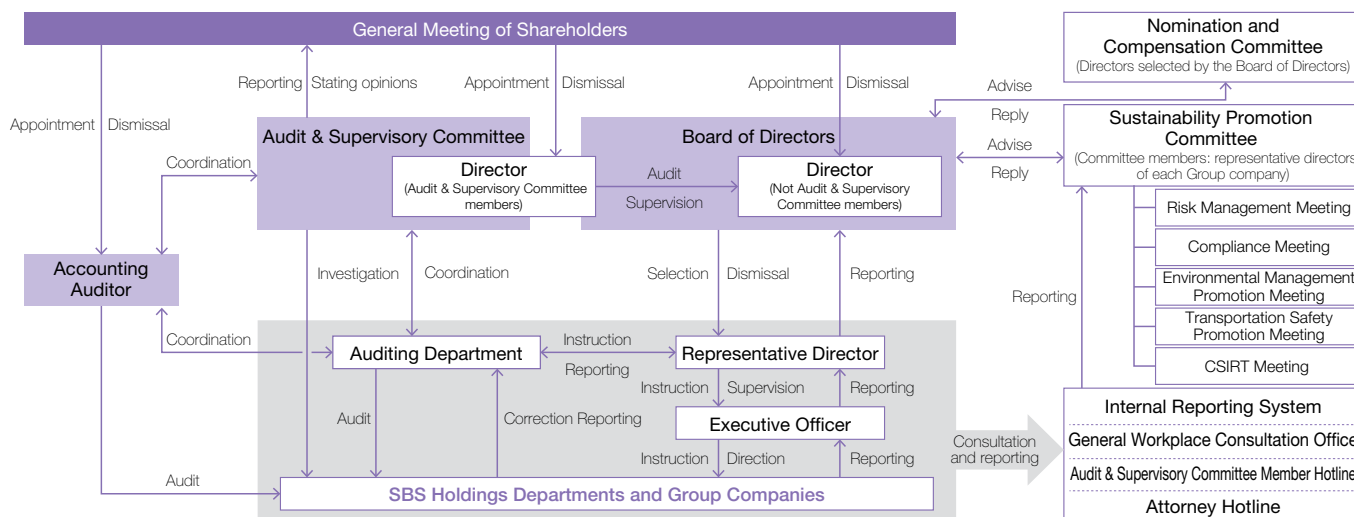
### Nomination and Compensation Committee

The Nomination and Compensation Committee is made up of three directors, two of whom are independent outside directors. The committee meets at least once a year and on an ad-hoc basis whenever necessary, and works to strengthen the fairness, transparency and objectivity of procedures concerning the nomination and compensation, etc. of directors and Audit & Supervisory Committee members. Outside director Jiro Iwasaki serves as chairperson of the committee.

### Accounting Auditor

The accounting auditor retained by the Company is selected by a resolution of the General Meeting of Shareholders. The term of appointment of the Accounting Auditor shall expire at the end of the Ordinary General Meeting of Shareholders that is the final such meeting within the fiscal year ending within one year of the Accounting Auditor's appointment. Compensation and other matters concerning the Accounting Auditor shall be designated by the Representative Director with the consent of the Audit & Supervisory Committee.

## Organizational Chart of Corporate Governance





# List of Directors, Executive Officers

## Board of Directors



### Masahiko Kamata

President, Representative Director and CEO

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., SBS Sokuhai Support Co., Ltd., and SBS Toshiba Logistics Co., Ltd., and as a director of SBS Flec Co., Ltd., SBS Zentsu Co., Ltd., and SBS Ricoh Logistics System Co., Ltd. Since July 2013, he has also served as director of the SBS Kamata Foundation.



### Shuichi Hoshi

Director and Senior Executive Officer (In charge of Sustainability Promotion Department)

After heading the Food Products Marketing & Distribution Department and working as an executive officer at ITOCHU Corporation, he was President and Representative Director of Itochu-Shokuhin Co. Ltd. From March 2019 he served as an Outside Director of SBS Holdings, and since July 2023 has been appointed Director and Senior Managing Executive Officer. In March 2024 he became Representative Director, Chairperson and CEO of SBS Flec Co., Ltd., and in the same month was appointed a director of SBS Zentsu Co., Ltd.



### Masato Taiji

Director, Managing Executive Officer (Personnel and general affairs supervisor)

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. He has also served as Managing Executive Officer (in charge of personnel and general affairs) since March 2019, and as a director of SBS Logicom Co., Ltd. since March 2022.



### Yasuhito Tanaka

Director, Managing Executive Officer (Corporate planning, business oversight)

After working at The Sumitomo Bank, Ltd. (now Sumitomo Mitsui Banking Corporation), he assumed the post of Assistant General Manager of the Corporate Planning Department of SBS Holdings in November 2010. He served as an Executive Officer of SBS Holdings from December 2018, then as a Director from March 2021, and was appointed Managing Executive Officer in March 2024. 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.

## Audit & Supervisory Committee



### Takashi Endo

Director (Full-time Audit & Supervisory Committee Member)

After working at the Long-Term Credit Bank of Japan (now SBI Shinsei Bank, Limited) for 30 years, he took on the post of General Manager of the Corporate Planning Department, Executive Officer and General Manager of Finance at the Company, and served as Representative Director of Japan Logistics Future Fund (now Japan Logistics Future Investment). From March 2022, he has served as a Director (Audit & Supervisory Committee member) of the Company. He also holds concurrent positions as an Audit & Supervisory Board member of SBS Holdings and five Group companies.



### Masato Matsumoto

Outside Director (Audit & Supervisory Committee Member)

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. He also serves as an outside director of Sundrug Co., Ltd.



### Sachie Tsuji

Outside Director (Audit & Supervisory Committee Member)

As a certified public accounting, Ms. Tsuji has served as a representative director of Bizsuppli Corporation, director of Tsuji Sachie Public Accounting Office, and Director of the Association of Certified Fraud Examiners. From March 2021, she has served as an Outside Director (Audit & Supervisory Committee member) of the Company. She also serves as an outside Audit & Supervisory Board member at Shindengen Electric Manufacturing Co., Ltd. and Otsuka Holdings Co., Ltd.



### Natsuki Gomi

Director, Executive Officer  
(Financial supervisor)

After working at the Long-Term Credit Bank of Japan (now SBI Shinsei Bank, Limited), Rakuten Group, Inc. (Executive Officer) and The Nomura Trust and Banking Co., Ltd. (Senior Corporate Managing Director), in July 2021 he took on the post as advisor to SBS Holdings and served as an Executive Officer of the Company starting in October 2021. In March 2023 he assumed the post as a Director of SBS Holdings, and concurrently serves as a director of SBS Asset Management and L-MAX Co., Ltd.



### Katsuhisa Wakamatsu

Director, Executive Officer  
(In charge of Group Business Strategy Department and E-Commerce Business Promotion Department)

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.) and became Representative Director, President and Chief Executive Officer in October 2013. He has served as a Director of SBS Holdings since March 2019, and as an Executive Officer (in charge of the Business Strategy Division) since March 2023. He also holds a concurrent post as a director of SBS Toshiba Logistics Corporation.



### Jiro Iwasaki

Outside Director

Mr. Iwasaki serves as a Director and Senior Executive Officer at TDK Corporation and as a Director and Managing Executive Officer at JVC Kenwood 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.



### Yoshinobu Kosugi

Outside Director

After holding important posts at Nippon Television Network Corporation (now Nippon Television Holdings, Inc.), he assumed the post of representative director. Since June 2022 he has served as an advisor to Nippon Television Network Corporation. He accepted the position of an Outside Director of SBS Holdings in March 2023. He also serves as Outside Auditor at The Yomiuri Shimbun Holdings and as Outside Director at Resorttrust, Inc.

#### Male / Female Ratio of Directors

Male: **10** Female: **1**  
(Male: 91%, Female: 9%)

Other Executive Officers	Hajime Kato	Executive Officer (Representative Director and Executive Officer of SBS Flec Co., Ltd.)
	Yasushi Kanazawa	Executive Officer (Representative Director and Executive Officer of SBS Toshiba Logistics Corporation)
	Yasuhiko Ueda	Executive Officer (Representative Director of SBS Asset Management Co., Ltd.)
	Kimihiro Sato	Executive Officer (Chairperson & CEO of SBS Toshiba Logistics Corporation)
	Satoshi Akuzawa	Executive Officer (responsible for Information & Logistics Technologies, General Manager of IT Solution Division and General Manager of Information Communication System Division 1)

Name	Position	Outside	Nomination and Compensation Committee	Expertise and experience the candidates for Directors have							Overseas
				Corporate management	Sales and marketing	Accounting and finance	Legal affairs and risk management	Personnel affairs and human resource development	IT and LT	ESG and sustainability	
Masahiko Kamata	Representative Director		●	●	●	●	●			●	
Shuichi Hoshi	Director			●	●		●			●	●
Masato Taiji	Director			●			●	●		●	
Yasuhito Tanaka	Director			●	●	●			●	●	●
Natsuki Gomi	Director			●		●	●		●	●	
Katsuhisa Wakamatsu	Director			●	●				●	●	
Jiro Iwasaki	Director	●	●	●			●	●			●
Yoshinobu Kosugi	Director	●	●	●	●						
Takashi Endo	Full-time Audit & Supervisory Committee Member			●		●	●				●
Masato Matsumoto	Audit & Supervisory Committee Member	●		●	●	●					
Sachie Tsuji	Audit & Supervisory Committee Member	●		●		●	●				

\* The Representative Director and members of the Nomination and Compensation Committee are determined by the Board of Directors following the conclusion of the General Meeting of Shareholders.  
\* The above table indicates the areas of expertise of each Director in light of their experience, etc. and is not an exhaustive list of all the expertise each Director can offer.

# Ensuring Effectiveness

## Appointment of Directors

Giving due regard to a report from the Nomination and Compensation Committee in response to a consultation from the Board of Directors, 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, as directors of SBS Holdings. The draft nominations are then submitted to the Board of Directors for approval 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.

## 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. The status of these concurrent positions is disclosed in business reports on an annual basis.

## Outside Directors

To bolster management supervisory functions, SBS Holdings has appointed four outside officers. 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 Appendix 1 of 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 Audit & Supervisory Committee members, and the Auditing Department, the internal auditing organization of the Company, also provides assistance as needed.

## Balance of Knowledge, Experience and Abilities on the Board of Directors Overall, and Approach to the Board's Diversity and Size

When appointing candidates for director, in addition to the perspective of strengthening management oversight functions, a balance between the number of people in supervisory and executive roles is also considered. In addition, to effectively fulfill the role and purpose of the Board of Directors, the board is made up of personnel who possess experience and knowledge of priority issues related to business management.

When appointing candidates for outside director, people with management experience at companies from other industries are considered, not limited to those from the logistics industry which constitutes the core business of the SBS Group, and candidates are appointed with diversity in mind, including those with expert knowledge related to law and accounting audits.

Candidates for internal director are selected from among those with diverse insight and expertise regarding SBS Group management, financial strategy, risk management and compliance.

Since fiscal 2023, we have disclosed a so-called skill matrix that lists the expertise and experience of each director including Audit & Supervisory Committee members (see page 74).

## Appointment of Outside Directors

Name	Audit & Supervisory Committee Member	Independent Officer	Reason for Appointment	Concurrent Posts
Jiro Iwasaki		●	Jiro Iwasaki brings a wealth of experience and broad insight concerning management for 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 of Renesas Electronics Corporation
Yoshinobu Kosugi		●	Yoshinobu Kosugi has been involved with management as a corporate officer for many years and was appointed on the expectation that the use of his experience and management skills as a director will contribute to decision making in the Board of Directors.	Outside auditor of The Yomiuri Shimbun Holdings Advisor at Nippon Television Holdings Inc. Outside director of Resorttrust, Inc.
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 Bizsuppli Corporation Director of Tsuji Sachie Public Accounting Office Director of the Association of Certified Fraud Examiners Outside audit & supervisory board member at Shindengen Electric Manufacturing Co., Ltd. Outside auditor of Otsuka Holdings Co., Ltd.

## 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.

## Officer Remuneration

To coincide with the shift to a company with an Audit & Supervisory Committee, the Company resolved a policy at the 35th General Meeting of Shareholders held on March 25, 2021, 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. The ratio of performance remuneration to total remuneration is set at around 15%. As the subsidiaries concerned conduct the performance evaluations of directors who concurrently serve 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 target consolidated operating income (excluding gain on the sale of real estate) related to performance compensation in the fiscal year under review was 15,000 million yen (excluding gain on the sale of real estate), and the Company posted 16,595 million yen, achieving this target.

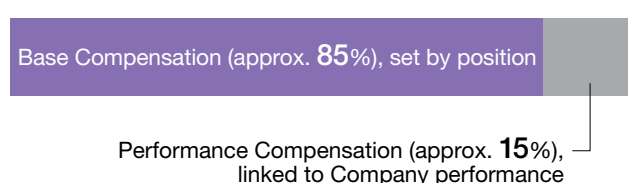
To enhance the fairness, transparency and objectivity of procedures for director nomination and compensation, SBS Holdings established the Nomination and Compensation Committee by resolution of the Board of Directors meeting held on December 14, 2022. As a result, from fiscal 2023 the compensation of each director (except for directors who are Audit & Supervisory Committee members) is determined by the President with the discretion of the Board of Directors, having given due regard to the details of a report from the Nomination and Compensation Committee in response to consultation from the Board of Directors. In addition, the compensation of directors who are Audit & Supervisory Committee members is determined by discussion between all such directors, giving due regard to the details of a report from the Nomination and Compensation Committee in response to consultation from the Board of Directors. If all directors who are Audit & Supervisory Committee members reach an agreement, the compensation will be determined by a meeting of the Audit & Supervisory Committee.

Upper limits on the total remuneration of the directors of SBS Holdings were approved by the 35th General Meeting of Shareholders. 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.

Number of independent officers among outside directors

**4** (out of 4)

### Composition of Director Remuneration



Consolidated Operating Income Associated with Performance-Linked Remuneration in the Fiscal Year under Review

Target: **15,000** million yen

Results: **16,595** million yen

\* Excluding gains from the sale of real estate

### Remuneration for Each Officer Category (Fiscal 2023 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 who are not Audit & Supervisory Committee members (of which, those who are outside directors)	116 (17)	102 (17)	14 (-)	11 (4)
Directors who are Audit & Supervisory Committee members (of which, those who are outside directors)	28 (12)	28 (12)	- (-)	3 (2)

\* Directors (excluding outside directors) include three directors fulfilling concurrent roles as the representative directors of subsidiaries, and as the performance evaluations of those three directors are carried out by the subsidiaries in question, they are only paid base compensation as remuneration from SBS Holdings.



# Ensuring Effectiveness

## Effectiveness of the Board of Directors

SBS Holdings has conducted anonymous questionnaires to self-evaluate the effectiveness of the Board of Directors annually since 2017.

The questionnaires, which are filled out anonymously by all directors (11 in total) including Audit & Supervisory Committee members, have a format where directors answer 22 questions in the following four sections on a five-point scale, and are also able to provide supplementary explanations and feedback in comment fields for each question and in a free text field at the end of the questionnaire.

With the aim of enabling comparative verification through fixed point observation, including gauging the impact that changes of directors and Audit & Supervisory Committee members have on the evaluation, the same questions were used from 2017 when the questionnaires were first introduced until 2021. In 2022, in light of SBS Holdings' transition to a company with an Audit & Supervisory Committee and the market segment change in the Tokyo Stock Exchange, the questionnaire was revised, including the addition of questions and adjustments to expressions. However, since the revisions were minor in nature, as with previous years comparative verification through evaluation points continued to be used as the method of evaluation.

The average evaluation score across all questions was 4.06 (marking a slight increase of 0.01 points from the previous year's result of 4.05). These evaluation results suggest that the Board of Directors is largely functioning with adequate effectiveness.

The Board of Directors exchanged opinions regarding the questionnaire results and feedback submitted, shared issues for the future and discussed 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 (three questions)
  - ② Operation of the Board of Directors (five questions)
  - ③ Matters taken up by the Board of Directors (ten questions)
  - ④ Systems supporting the Board of Directors (four questions)
- 22 questions in total

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

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

**4.06** points (5-point scale)

## Operation of the Audit & Supervisory Committee

The Audit & Supervisory Committee of SBS Holdings is made up of one full-time member and two part-time members. In addition to convening regular meetings of the Audit & Supervisory Committee at least once a month, ad hoc meetings are also convened as needed. Through consultation and exchanges of opinions between members, the committee ascertains directors' status of compliance with laws, regulations and internal rules, and endeavors to develop an environment in which operational and accounting audits are conducted effectively.

The Audit & Supervisory Committee members of SBS Holdings appropriately audit management through auditing procedures such as attending important internal meetings, viewing key documents and posing questions to officers and employees.

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.

### Audit & Supervisory Committee Activities (FY2023)

Name	Meetings	Attendances	Attendance rate
Takashi Endo	14	14	100%
Masato Matsumoto	14	14	100%
Sachie Tsuji	14	14	100%

## 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. Note that the Company has been continually audited by the same auditing organization for 23 years. Two certified public accountants carried out the auditing work for fiscal 2023, designated limited liability partners and managing partners Yoichi Tsukimoto and Masahiko Nagasaki.

They were assisted by 8 certified public accountants and 19 other personnel.

Compensation for the auditing work is determined based on the details of the auditing plans presented by the auditing firm, by way of producing an estimate of the valid number of days spent engaging in the auditing work.

## Internal Control

SBS Holdings has established and operates internal control over financial reporting in compliance with the basic framework set forth in On the Setting of the Standards and Practice Standards for Management Assessment and Audit Concerning Internal Control Over Financial Reporting (Council Opinions), and issues annual reports. The most recent assessment of internal control over financial reporting was conducted with a reference date of December 31, 2023. The scope of assessment is determined based on the importance of the impact on the reliability of financial reporting, and covers SBS Holdings, 19 consolidated subsidiaries, and one equity method affiliate.

The Internal Control Report, including past editions, is available on the SBS Holdings website.

TOP → Sustainability → Corporate governance  
<https://www.sbs-group.co.jp/sbshlds/csr/governance/>

# Maintaining Constructive Ties with Shareholders and Stakeholders

## Ensuring Shareholder Rights

The Corporate Governance Guidelines of SBS Holdings state that in light of the importance of shareholder rights, the Company shall endeavor to enhance management transparency through the proactive disclosure of information and develop an appropriate environment in which the rights of all shareholders are ensured. As a part of these efforts, the Company reports to the Board of Directors on the status of approval or rejection of the Company's proposals submitted to the General Meeting of Shareholders, and if more than 20% of votes are cast in opposition to a Company proposal, the Company considers action, including dialogue with shareholders, as necessary.

## Reinvigorating the General Meeting of Shareholders and Facilitating the Exercising of Voting Rights

The Company places an emphasis on constructive dialogue with shareholders and endeavors to develop an appropriate environment regarding the exercising of rights by shareholders at the General Meeting of Shareholders. In addition, the Company recognizes that the exercising of shareholder voting rights at the General Meeting of Shareholders is one of the important rights of shareholders and makes every effort to provide appropriate information that will aid in decisions concerning the exercising of voting rights in a timely and appropriate fashion.

To ensure that as many shareholders as possible can attend general meetings of shareholders and exercise their voting rights, the Company sets the dates on which such meetings are convened so as not to overlap with days on which many such meetings are held by other companies.

To give shareholders an ample period of time to consider the proposals put forth at a general meeting of shareholders, the Company endeavors to send out the Convocation Notice for the General Meeting of Shareholders earlier than required by law. The Convocation Notice for the General Meeting of Shareholders is posted to the website of SBS Holdings, the Tokyo Stock Exchange, and Electronic Voting Platform without delay following a resolution by the Board of Directors to convene a General Meeting of Shareholders.

Shareholders can choose the manner in which they exercise their voting rights, either in writing, or via the Internet by accessing a Company-designated website for exercising voting rights from a PC, smartphone or mobile phone.

## Handling of Cross-Shareholdings

The Company holds stocks in another company only when it determines doing so to be important in building a cooperative relationship with a partner company for the sustainable growth of SBS Holdings and the SBS Group into the future, and when there is significance in maintaining cross-shareholdings from the perspective of enhancing the corporate value of the Company and the Group.

For major cross-shareholdings, the Company annually verifies the benefits gained by maintaining or strengthening business relationships for each individual stock, and when it determines that "continuing to hold stock in a certain company will have

minimal contribution to the enhanced corporate value of SBS Holdings and the SBS Group in the medium and long term," the stock in such a company is sold following approval by the Board of Directors, while taking into account the business performance of the Company and the Group, the impact on the stock market, and other factors.

Regarding the exercising of voting rights, as a general rule the Company makes individual determinations regarding the management policies, business strategies and other information about the companies in which it holds stock, judges whether the details of proposals to be voted on by shareholders contribute to the improved corporate value of that company, SBS Holdings and the SBS Group, and decides whether to approve or reject proposals on that basis.

## Takeover Defense Measures

The basic policy of the Company is to not employ so-called "takeover defense measures." When shares in the Company are subjected to a tender offer, the Board of Directors will clearly explain its position to shareholders and ensure that the appropriate procedures are followed.

## Overview of the 38th Ordinary General Meeting of Shareholders

### Date and Time

Wednesday, March 27, 2024 at 10 a.m.

### Location

The Company's meeting room, 37F, Sumitomo Fudosan Shinjuku Grand Tower, 8-17-1 Nishishinjuku, Shinjuku-ku, Tokyo

### Matters Reported

1. The Business Report and Consolidated Financial Statements for the Company's 38th Fiscal Year (January 1, 2023 - December 31, 2023) and results of audits by the Accounting Auditor and the Audit & Supervisory Committee of the Consolidated Financial Statements
2. Reports on the Financial Statements for the 38th Fiscal Year (from January 1, 2023 to December 31, 2023)

### Proposals for Resolution and the Results

#### Proposal 1: Election of Eight (8) Directors Not Serving as Audit & Supervisory Committee Members

In line with the proposal, Masahiko Kamata, Shuichi Hoshi, Masato Taiji, Yasuhito Tanaka, Natsuki Gomi, Katsuhisa Wakamatsu, Jiro Iwasaki and Yoshinobu Kosugi were each nominated as directors who are not Audit & Supervisory Committee members, and each accepted their nominations. Note that both Jiro Iwasaki and Yoshinobu Kosugi are outside directors.

#### Proposal 2: Election of One (1) Substitute Director Serving as Audit & Supervisory Committee Member

In line with this proposal, Tomoyuki Suzuki was appointed as a substitute Director Serving as an Audit & Supervisory Committee member.

The Convocation Notice for the General Meeting of Shareholders and the Extraordinary Report (including "The Number of Voting Rights for Approval, Disapproval and Abstention in the Matters Resolved, the Requirements for Adoption of the Matters Resolved, and the Results of the Resolutions") can be viewed on the SBS Holdings website.

TOP → Shareholder/Investor Information → General meeting of shareholders  
<https://www.sbs-group.co.jp/sbshlds/ir/meeting/>

## Capital and Dividend Policies

The Company strives to improve corporate value and shareholder value through the sustainable growth of SBS Holdings and the SBS Group. To maintain financial health that can withstand strategic investments made for growth, we target a shareholders' equity ratio of 30% or higher and do our utmost to achieve this.

The Company considers shareholder return to be one of its most important management issues. The Company's basic policy is to continuously maintain dividend levels and endeavor to raise dividend levels based on business performance while retaining sufficient internal reserves to build a solid management base.

### Shareholders' Equity Ratio

**26.4%**

### Dividend per share (FY2023)

**65** yen

## Disclosures

In addition to making appropriate disclosures in accordance with law, the Company makes disclosures when it has formulated plans concerning the management foundations, business strategies and other action needed to ensure future growth in order to achieve improved corporate value in the medium and long term.

We have been making information disclosures in English to the extent reasonable to gain corporate recognition from shareholders, investors and other stakeholders in Japan and overseas, and to contribute to enhancing corporate value to a global level through dialogue with stakeholders including shareholders and investors.

As the points of contact in promoting dialogue with shareholders and investors, the Company has appointed an officer in charge of IR and designated the IR and Corporation Communications Department. Primarily the General Manager of the IR and Corporate Communications Department handles individual dialogue with shareholders and investors, with the President and officer in charge of IR also taking part as appropriate.

## Collaboration With Stakeholders Other Than Shareholders

Seeking enhanced corporate value in the medium and long term on keeping with the SBS Group Code of Behavior, SBS Holdings and the SBS Group make every effort to respect stakeholders, clarify the purpose of the Company and the Group to them, and maintain positive relationships.

In addition, the Board of Directors of SBS Holdings takes responsibility for periodically evaluating whether the SBS Group Code of Behavior is being broadly put into practice.

The Company has established the SBS Group Sustainability Promotion Committee as a joint effort of SBS Holdings and the SBS Group to promote action on the issues surrounding sustainability. Meeting bodies operated under the committee decide on and implement action policies to deal with various issues.

(See "For a Sustainable World" on page 49)

## Responding to the Corporate Governance Code

The Company places an importance on the Corporate Governance Code (formulated and published by Tokyo Stock Exchange, Inc. in cooperation with the Financial Services Agency) as a document that summarizes the key principles contributing to the sustainable growth and medium-to-long term improvement in corporate value of publicly listed companies. The Company has also embraced the "comply or explain" stance required by the code.

In its corporate governance report, SBS Holdings reports on its disclosure status according to the principles of the Corporate Governance Code, and for those supplemental principles which have not been immediately addressed in their entirety, the Company explains the reasons and describes its outlook for the future.

- Measures for substantial shareholders' attendance at meetings of shareholders (Supplementary Principle 1-2-5)
- Oversight of plans for successors for CEO, etc. (Supplementary Principle 4-1-3)
- Procedures for appointment or removal of representative director (Supplementary Principles 4-3-2, 4-3-3)
- Coordination between independent outside directors and top management, such as the appointment of a lead independent outside director (Supplementary Principle 4-8-2)

The Corporate Governance Report submitted to Tokyo Stock Exchange, Inc. is posted on the SBS Holdings website.

[TOP](#) → [Sustainability](#) → [Corporate governance](#)

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

# Compliance

## Management

The SBS Group has established the SBS Group Code of Behavior and SBS Group Compliance Regulations and is committed to developing its compliance systems and promoting compliance. 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. Awareness-raising tools (compliance cards, compliance manuals, compliance rulebooks) are also distributed among all Group employees in an effort to promote fair and ethical conduct and activities through shared awareness and knowledge.

## 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 focused on compliance in a broad sense, while in training for specialized themes, 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. We publish a Compliance Bulletin for all employees to communicate information such as basic approaches and specific cases that can serve as a reference. We also make use of an original compliance educational video.

## 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 utilized extensively to determine the effectiveness of the measures that were carried out, identify issues, and consider next steps.

Number of times the Compliance Meeting was convened

2

Number of Compliance-Related Training Sessions

18 times

\* Tiered training + specialist training (harassment)

Number of Consultations Fielded by Compliance Consultation Hotlines

291

## Internal Reporting System and Protection of Those Who Make Reports

Based on the SBS Group Internal Reporting Regulations, 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.

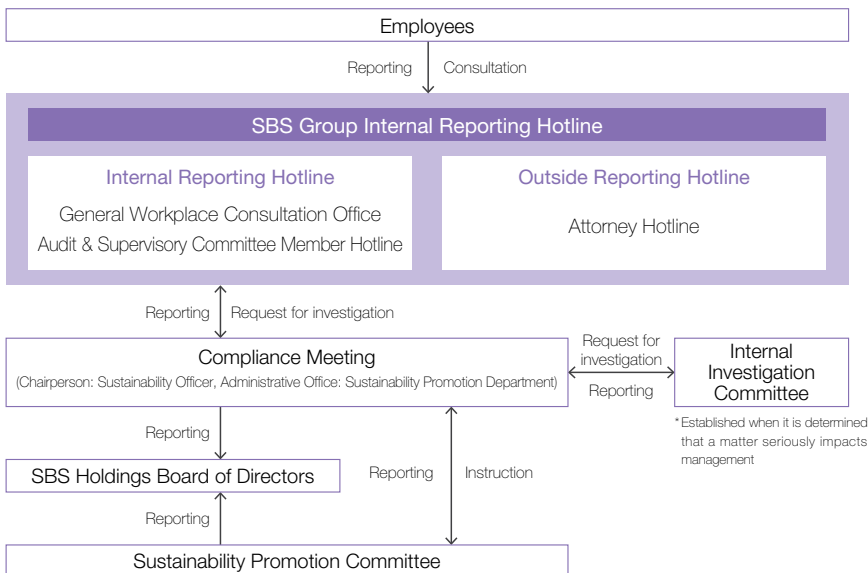
There are three hotlines, the General Workplace Consultation Office fielded by the administrative office of the Compliance Meeting, the Audit & Supervisory Committee Member Hotline fielded by full-time Audit & Supervisory Committee members, and the Attorney hotline fielded by consulting attorneys. The General Workplace Consultation Office allows a choice of contact details (direct dial) for consultation staff (male or female) at the discretion of the person seeking consultation.

The consultations and reports received by each hotline are reported to the Board of Directors by the administrative officer of the SBS Group Sustainability Promotion Committee. After conducting an objective investigation and verifying the facts of a case, the response is discussed with the relevant departments of SBS Holdings and the SBS Group.

A system to take appropriate action when a matter of concern with serious implications has been ascertained or reported has been put into place. This includes the establishment of an Internal Investigation Committee chaired by the chairperson of the SBS Group Compliance Meeting, which investigates the facts, makes recommendations, and proposes to the Audit & Supervisory Committee that an extraordinary meeting of the Board of Directors be convened.

As part of protections for those who make reports, the regulations stipulate a ban on searching for or retaliating against those who make reports, and systems are in place to prevent the disadvantageous treatment of those making reports, such as by thoroughly ensuring confidentiality through the designation of a person responsible in accordance with the Whistleblower Protection Act.

### Reporting and Consultation Flow





# Crisis Management

## 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, namely the Transportation Safety Promotion Meeting, Compliance Meeting and Information Security Promotion Meeting. When a determination is made that a crisis has occurred, a company-wide response is initiated in accordance with the Crisis Management Manual. Note that the response when a COVID-19 infection has occurred is carried out based on procedures set forth in SBS Group guidelines.

### Main Crisis Matters

- **CSIRT 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 has also entered into a disaster prevention and cooperation agreement with Sumida Ward and takes part in regional disaster prevention.



## Formulation of a Crisis Management PR Manual

The SBS Group redeveloped procedures and systems for crisis management PR in 2023. The procedures and systems clarify a series of actions to take when a potential crisis occurs in the course of business, such as a legal violation, natural disaster or major accident. Those actions range from detection and the establishment

of a task force to information disclosures and responding after the crisis. This is designed to prepare against crises, and to quickly discover a risk should it materialize so that the spread of damage can be prevented. This initiative was designed to capitalize as a Group on the lessons learned from a warehouse fire that broke out in 2022.

# Information Security

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 and cyber-security 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 maintain and improve security levels, with the CSIRT 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

To deal with high-level threats, we have installed an antivirus tool that employs artificial intelligence (AI). We have also installed a next-generation firewall that strengthens our defenses, not only against attacks from the outset, but also in the event of an attack from the inside.

### 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.

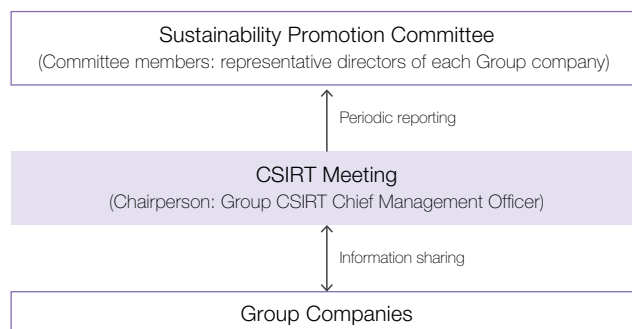
### Third-Party Verification

We periodically submit to management reviews performed by a dedicated information security company, leading to the implementation of effective improvement measures.

## 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. In addition, to ensure that we can effectively respond to security incidents, we have put in place a CSIRT structure (Group CSIRT, CSIRT at each company), positioning ourselves to swiftly restore systems in the event of an incident and ensure thorough prevention after the fact. CSIRT not only responds when an incident occurs, but also plans and implements prevention, education and awareness-raising efforts during normal times to control security management across the Group.

### SBS Group Information Security Governance



## Education and Awareness-Raising

### Seminars

We offer purpose-built curricula for employees at various levels and for information security personnel of Group companies.

### 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 2023

Seminars **440** e-Learning **7,248**

Period		29th fiscal period	30th fiscal period	31st fiscal period	32nd fiscal period
Year of Financial Results		FY2014	FY2015	FY2016	FY2017
Net sales	Million yen	141,535	157,996	149,054	152,870
Ordinary income	Million yen	3,648	5,772	7,832	6,475
Net income attributable to owners of parent	Million yen	2,725	-3,815	5,111	4,446
Comprehensive income	Million yen	3,702	-4,693	5,346	4,702
Net assets	Million yen	35,091	29,947	34,533	38,510
Total assets	Million yen	131,120	124,817	122,330	127,802
Net assets per share	Yen	811.23	706.32	818.55	916.50
Net income per share	Yen	69.77	-96.84	128.69	111.94
Shareholders' Equity Ratio	%	24.3	22.5	26.6	28.5
Return on equity (ROE)	%	9.0	-12.7	16.9	12.9
Stock price to earnings ratio (PER)	Times	14.4	-9.8	6.3	10.1
Cash Flows from Operating Activities	Million yen	6,603	7,728	12,201	11,671
Cash Flows from Investing Activities	Million yen	-15,101	-7,081	-10,043	-8,127
Cash Flows from Financing Activities	Million yen	8,893	-2,685	-1,733	-1,420
Balance of cash and cash equivalents	Million yen	11,037	8,984	9,383	11,534
Number of employees (additionally, average number of temporary employees)		5,572 (8,512)	5,555 (8,636)	5,189 (8,652)	5,515 (8,911)
Consolidated subsidiaries		27	23	17	16
Capital Investment	Million yen	15,988	11,142	10,455	9,576

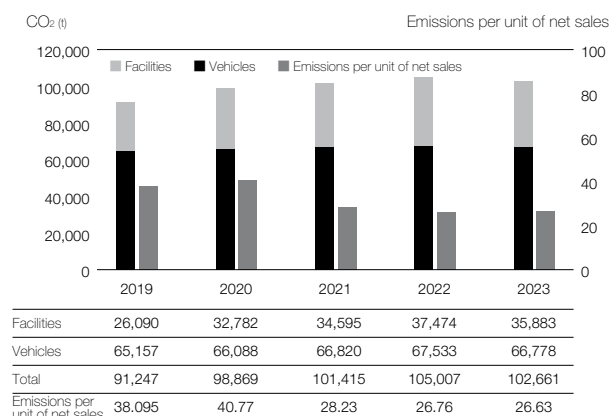
## Notes

1. As "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (Practical Report No. 30, March 26, 2015) has been applied since the 30th fiscal period, for the 29th fiscal period figures after retrospective application are listed.
2. 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.
3. "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.
4. "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan Statement No. 29, March 31, 2020) has been applied since the beginning of the 37th fiscal period, and for the 37th fiscal period figures after retrospective application are listed.
5. The number of employees indicates the number of full-time employees.

33rd fiscal period	34th fiscal period	35th fiscal period	36th fiscal period	37th fiscal period	38th fiscal period
FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
203,516	255,548	257,192	403,485	455,481	431,911
7,607	10,172	10,883	20,489	21,404	19,747
4,409	6,079	6,826	10,790	11,732	10,056
4,494	6,923	7,181	13,936	14,189	13,439
48,173	54,077	68,146	80,707	92,172	102,592
171,796	180,047	254,550	277,197	296,898	301,317
1,001.05	1,136.22	1,277.92	1,527.58	1,772.04	2,003.63
111.01	153.06	171.88	271.67	295.39	253.20
23.1	25.1	19.9	21.9	23.7	26.4
11.6	14.3	14.2	19.4	17.9	13.4
12.8	12.4	15.2	12.0	9.4	9.7
12,398	16,872	17,262	27,472	22,407	14,113
-22,433	-12,579	-30,480	-22,343	-15,895	-10,184
14,815	-2,084	22,726	-9,278	489	-7,647
16,303	18,495	27,537	23,795	32,668	29,660
6,979 (10,575)	7,124 (10,674)	9,742 (12,098)	10,689 (12,805)	10,859 (11,970)	10,903 (12,057)
25	24	28	33	41	40
11,607	11,710	11,507	14,501	17,859	10,952

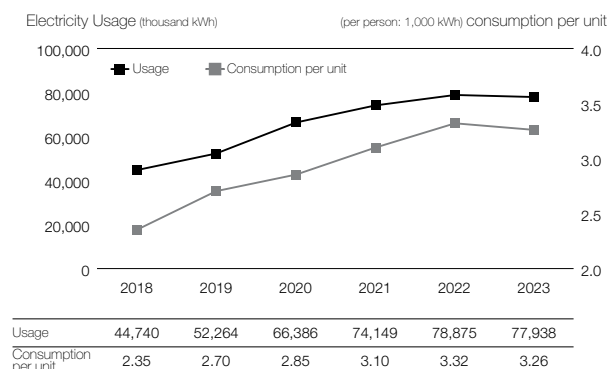


## CO<sub>2</sub> Emissions



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

## Power Consumption



\* Calculations are made in accordance with "Joint Guidelines on Methods for Calculating CO<sub>2</sub> Emissions in the Logistics Field, Version 3.1" provided by the Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry.

\* As the majority of CO<sub>2</sub> emissions are produced by the operation of vehicles, emissions are influenced by the activity level and efficiency of the SBS Group's overall business activities. For this reason, net sales, an indicator reflecting the activity level of the company overall, is used as the denominator. However, environmental impacts including water, electricity and copy paper mainly occur within offices and facilities, and therefore, there is significant room for reduction through employees' environmental conservation efforts. For this reason, these figures are calculated on a per-person basis.

## Status of Environmental Certifications Acquired (as of the end of fiscal 2023)

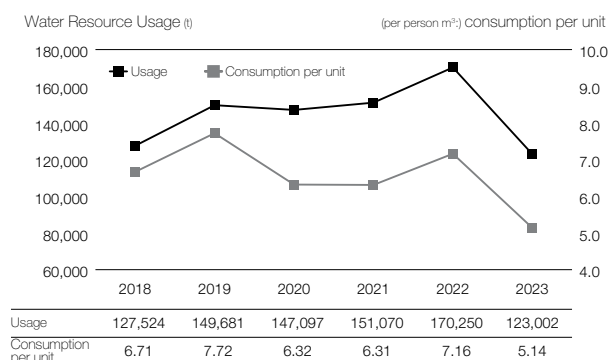
Certification	Company Name
ISO14001 (environmental management systems)	SBS Toshiba Logistics, SBS Ricoh Logistics, SBS San-ai Logistics, SBS Logicom, SBS Flec, SBS Freight Service, SBS Sokuhai Support, SBS Furukawa Logistics
Green Management Certification	SBS Logicom
GPN Certification (Green Purchasing Network)	SBS Logicom * Certified as a delivery service for the Eco Product Net

## Status of Quality-Related Certifications Acquired (as of the end of fiscal 2023)

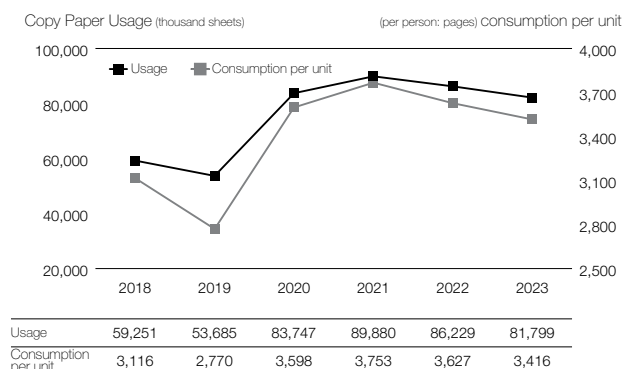
Certification	Company Name
ISO9001 (Quality Management Systems)	SBS Toshiba Logistics, SBS Flec, SBS Flectnet, SBS Freight Service, SBS San-ai Logistics, SBS Furukawa Logistics
ISO27001 (Information Security Management Systems)	SBS Ricoh Logistics, SBS San-ai Logistics, SBS Logicom, SBS Sokuhai Support
ISO/IEC27001*	SBS Toshiba Logistics
ISO/IEC17025 (Testing and Calibration Organization Management Systems)	SBS Toshiba Logistics
Privacy Mark	SBS Freight Service, SBS Staff, Marketing Partner
JAS Organic Agricultural Product Subdivider Certification	SBS Zentsu
Relocation Safety Mark	SBS Logicom

\* Jointly with the International Electrotechnical Commission (IEC)

## Water Usage



## Copy Paper Usage



## Number of Consultations Fielded by Compliance Consultation Hotlines (FY2023)\*

Details of Consultations	Number of projects
Consultations regarding labor and business operations	138
Consultations regarding interpersonal relationships in the workplace	129
Others	24
Total	291

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

### Renewable Energy Generating Capacity (as of the end of fiscal 2023)

Facility Name	Generating Capacity (kW)	Facility Name	Generating Capacity (kW)
Noda Yoshiharu Logistics Center	514	Toyohashi Logistics Center	221
Shibayama No. 1 Power Plant	2,826	Shin-Sugita Logistics Center	1,109
Kawagoe Logistics Center	803	Tokorozawa Logistics Center	973
Nishinihon Logistics Center (Kytanabe)	617	Nanko Logistics Center	1,488
Shibayama No. 2 Power Plant	710	Yokohama Kanazawa Logistics Center	1,523
Odawara Sales Branch	210	Daito Warehouse	129
Takasaki Sales Office	161	Logistics Center Ichinomiya	1,601
Kimitsu Branch	268	Noda Seto Logistics Center	5,676
Yoshikawa Branch	223	Total	19,987
Nagatsuta Logistics Center	935		

### SBS Sokuhai Support waste processing volume

Item Name	Amount handled (t)
Waste plastics	6,838
Recycled plastics	14
Scrap metal	1,625
Waste wood	964
Paper and other waste	719
Total	10,160

### G-Mark Certification Status (as of the end of fiscal 2023)

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 G (including RLJS)	1	26	27	27	100.0%
SBS Logicom (including LGCK)	1	36	37	37	100.0%
SBS Freight Service	0	14	14	14	100.0%
SBS Flecnet	0	22	22	26	84.6%
SBS Sokuhai Support	0	8	8	10	80.0%
SBS Zentsu	5	76	81	89	91.0%
SBS Group Total	7	182	189	203	93.1%

\*1 Certification rate of nationwide truck transportation business sites: 33.6% (figure as of December 15, 2023 \*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 2023)

Category	Details	Number of Courses	Number of Trainees
Next-generation development training	• Next-generation manager development program • Next-generation young leader program • Program to advance the participation of female managers, etc.	5	152
Job class-specific training	• Departmental manager training • Manager training • Supervisor training • Mid-level employee training • New employee training, etc.	35	1,287
Field-specific training	• Site manager development training • OJT induction training • Business career certification exam preparation workshop, etc.	8	167
Specialized theme-specific training	• Eco and safe-driving training • Operation manager training • Information security training, etc.	13	9,254
Self-development training	• Correspondence courses • e-Learning, etc.	4	833
Total		65	11,693

### Investment in the Environment

(Unit: million yen)

Investment	Details	2018	2019	2020	2021	2022	2023
Vehicle-related investments	CNG vehicles, LPG vehicles, hybrid vehicles, vehicles that meet heavy vehicle fuel efficiency standards, etc.	3,791	3,055	4,379	3,514	1,880	1,870
	Improved fuel efficiency (eco and safe-driving training, etc.)	3	1	19	8	0	4
Investments related to improved energy savings at facilities	Demand monitoring and energy-efficient lighting, etc.	45	131	26	14	39	141
Investments in global environmental conservation	Solar power generation, etc.	6	6	6	29	34	11
Environmental management	Environmental management registration and management activities, etc.	3	3	4	8	9	6
Environmental communication	Internal and external awareness-raising, creation of reporting materials, etc.	6	6	10	8	10	13
Total		3,854	3,202	4,444	3,581	1,972	2,046

\* While referencing the Environmental Accounting Guidelines (2005 edition) of the Ministry of the Environment, classifications are made in light of the SBS Group's business characteristics as a comprehensive logistics business operator.

\* "Investments in global environmental conservation" are expenditures for the installation, operation, maintenance and upkeep of renewable energy-derived power generating equipment operated by the Company at its facilities. To date, all such facilities employ solar power generation.

## SBS Group Code of Behavior

### 1. Fair and Transparent Corporate Activities

- We will engage in fair and transparent corporate activities in accordance with laws, regulations and the common sense of society.
- We will take a resolute stance against antisocial activities and forces.

### 2. Promotion of Corporate Governance

- We will actively disclose information to shareholders and society, and enhance management transparency.
- We will respond seriously to proposals regarding management improvements and similar matters, and strive to achieve open management with respect to shareholders and society.

### 3. Ensuring Safety

- We regard being safe with zero accidents as our most important mission, and will make every effort to ensure safety with an awareness of our social responsibility and role.
- We will observe rules, remain faithful to basic requirements, enhance knowledge, techniques and skills, and strive to cultivate a culture that requires safety as essential.

### 4. Social Contribution and Consideration of the Environment

- With an awareness of our responsibilities as a good corporate citizen, we will actively contribute to society through our corporate activities.
- As a good citizen of the Earth, we will pay attention to environmental issues and pass on a healthy global environment to those who come after us.

### 5. Customer-First Principle

- We will adopt a customer-first perspective and always act in good faith by considering the customer's viewpoint.
- We will take on the challenge of unremitting innovation in our thoughts and actions, and provide customers with services that meet their expectations.

### 6. Compliance with Laws and Regulations

- We will observe all laws, and act in good faith so as not to warrant criticism from customers in light of social norms.
- We will responsibly fulfill our duties as members of a corporation, and properly observe the regulations, rules and manners to be followed in executing operations.

### 7. Development of a Fulfilling Workplace

- We will cultivate a civil, free and open corporate culture with mutual respect for creativity and independence.
- We will place importance on mutual cooperation and workplace communication to ensure a safe and pleasant workplace environment.

## SBS Group Environmental Policy

### [Basic Principles]

The SBS Group regards consideration for the environment to be an important management issue. The Group promotes initiatives to reduce the environmental impact associated with its business and improve the environment through its business activities, and endeavors to preserve the environment as a good corporate citizen.

### [Basic Policies]

In carrying out various business activities in Japan and overseas, the SBS Group works with Group companies and strives to realize its basic principles in accordance with the following policies.

1. We will observe environmental laws and regulations in Japan and overseas.
2. We will give due consideration to the maintenance and preservation of the natural environment.
3. We recognize the finite nature of resources and energy and will endeavor to utilize them effectively.
4. We will put in place systems to promote environmental conservation and actively pursue education and awareness-raising activities.
5. We will disseminate these basic principles and basic policies among everyone working in the SBS Group and broadly disclose the outcomes of related initiatives.

## SBS Group Human Rights Policy

### [Basic Policies]

Based on the principles set forth in its Management Philosophy and the SBS Group Sustainability Policy, the SBS Group has established the SBS Group Human Rights Policy as its highest level policy regarding human rights, and will drive human rights initiatives in keeping with the policy.

### [Basic Approach]

The SBS Group upholds the United Nations Guiding Principles on Business and Human Rights as a basic principle, supports and respects international norms on human rights including the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Children's Rights and Business Principles and the UN Global Compact, and advances business operations in accordance with these principles.

### [Scope of Application]

The Human Rights Policy applies to all officers and employees of the SBS Group.

We also expect our business partners and other related parties to understand and support the policy.

#### **[Human Rights Due Diligence]**

The SBS Group strives to practice appropriate human rights due diligence to identify, assess, prevent and mitigate negative impacts on human rights related to its business activities. If it is found that the business activities of the SBS Group have caused or contributed to a negative impact on human rights, the Group will take measures to correct and remedy the situation through appropriate means.

#### **[Remedial, Corrective and Preventive Action]**

When the SBS Group determines that various standards regarding human rights have not been appropriately adhered to, it will take appropriate remedial action with regard to the people who have been impacted in accordance with the UN Guiding Principles, identify the cause of the issue, and implement effective improvement measures. In addition, as services to deal with consultation regarding human rights and other matters, the Group will put in place systems to field consultations from customers and other stakeholders by telephone or the website, etc. and from employees through internal and external reporting hotlines, ensuring that human rights issues are dealt with in a responsible manner. In addition, the Group will take adequate precautions to safeguard anonymity and confidentiality to ensure that those who seek consultation through these services do not suffer disadvantageous treatment.

#### **[Education and Awareness-Raising]**

The SBS Group provides appropriate education and awareness-raising to officers and employees to ensure that this policy is well understood and effectively implemented.

#### **[Person in Charge]**

The SBS Group will specify an officer responsible for the implementation of this policy and supervise its implementation.

#### **[Dialogue and Consultation with Stakeholders]**

The SBS Group will engage in sincere dialogue and consultation with related stakeholders regarding measures to deal with negative impacts on human rights, and endeavor to make improvements.

#### **[Information Disclosure]**

The SBS Group will disclose information on the progress and results of initiatives on respect for human rights through its website and reports, and endeavor to gain the understanding of stakeholders.

#### **[Revisions to the Human Rights Policy]**

The SBS Group understands that respect for human rights will be increasingly important in the future and that the issues to be addressed will change depending on social changes, business trends and other factors. Accordingly, the Group will periodically consider the need to review the policy and make revisions as needed.

### **SBS Group Diversity Policy**

#### **[Basic Policies]**

The SBS Group regards a workplace in which each employee can utilize their individuality and take on the challenge of creating new value with passion and enthusiasm as ideal, and recognizes its corporate responsibility to build such an environment. Given that employees utilizing their diversity and demonstrating their individual capabilities is a source of new value creation, the Group regards Diversity & Inclusion as one of its key management strategies. The Group has established the SBS Group Diversity Policy and will aim to sustainably increase corporate value.

#### **[Action Plans]**

- (1) The SBS Group respects the individuality of a diverse range of employees.
  - The SBS Group respects employee diversity (in terms of gender, age, disabilities, nationality, academic history, type of employment, values, sexual orientation, gender identity, and so on).
  - The SBS Group hires, develops and promotes a diverse range of human resources irrespective of race, religion, nationality, gender, sexual orientation, disability or other attributes.
- (2) The SBS Group helps employees let their individuality shine brighter.
  - The SBS Group provides employee training to ensure that all employees understand the importance of diversity, and can respect and accept one another's individuality.
  - The SBS Group also supports skill and career development so that employees can demonstrate their abilities and individuality.
- (3) The SBS Group endeavors to foster an organizational culture that utilizes the diversity of employees.
  - The SBS Group is committed to developing a workplace in which people accept one another's individuality and differences, respect others as equals, and in which anyone can share their opinions and act with peace of mind.
  - The SBS Group promotes the establishment of flexible and diverse working styles so that all employees can enjoy a healthy work-life balance.

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

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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 develop 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 unaddressed.

The SBS Group does not tolerate any form of harassment or discrimination on the basis of differences between people including gender, age, nationality, race, ethnicity, religion, social status, disability, SOGI (sexual orientation or gender identity), values or lifestyle.



\* Based on the applicable reporting scope and target period

\* Ministry of the Environment database: Emission intensity database for calculating greenhouse gas emissions, etc. by organizations through the supply chain (Ver. 3.4)

## Scope 1

Calculated by multiplying the usage of fuel, gas, etc. by the relevant emission factors in the Ministry of the Environment's Greenhouse Gas Emissions Calculating and Reporting Manual (Ver. 5.0) - List of Calculation Methods and Emission Coefficients in the Calculation, Reporting, and Publication System

## Scope 2

Calculated by multiplying electricity usage by the relevant emission factors announced by the Ministry of the Environment and Ministry of Economy, Trade and Industry in "Emission Factors by Electricity Utility (for Calculation of Greenhouse Gas Emissions by Specific Emitters) FY2022 Results - December 22, 2023" \* The national average emission factor for the corresponding year is used as the emission factor for sites whose supplying electricity utility is unclear.

## Scope 3

### Category 1: Purchased goods and services

Definition	Service purchases in the SBS Group's main business (logistics) is calculated and limited to the following aggregation scope. * Consigned forwarding services purchased in the reporting year * Group companies which do not employ consigned forwarding are outside the aggregation scope of this category
Calculation method	Consigned forwarding costs are set as the amount of activity, which is multiplied by the emission factors in the Ministry of the Environment database 5: Input-Output Table to calculate emissions.
Amount of activity	Total amount of consigned forwarding expenses in the reporting year paid by the relevant companies (unit: 100 million yen)
Emission factor	[Row code: 712201] Road cargo transportation (excluding private transportation): 3.93 t-CO <sub>2</sub> equivalent / million yen

### Category 3: Fuel- and energy-related activities not included in Scope 1 or Scope 2

Definition	This covers upstream emissions (resource extraction, production and transportation) for fuel purchased by the company in the reporting year, and upstream emissions (resource extraction, production and transportation) in the manufacturing process for electricity and heat (steam, heated water or cold water) the company has purchased.
Calculation method	Energy usage aggregated in the calculation of Scope 1 and Scope 2 emissions is used as the amount of activity and multiplied by the emission factors in the Ministry of the Environment database 5: Input-Output Table and database 7: Electricity and Heat to calculate emissions for each type of energy.
Amount of activity	Energy usage is treated as the amount of activity. a. Electricity (kWh)      b. Municipal gas (thousand m <sup>3</sup> )      c. Gasoline, diesel and heavy oil A (kl) d. LP gas (kl) * LP gas conversion factor: 4.192 l/m <sup>3</sup> (kl / thousand m <sup>3</sup> )
Emission factor	Ministry of the Environment database 7: Electricity and Heat is used. a. Electricity 0.0682 (kg-CO <sub>2</sub> equivalent / kWh) uses the quantity-based emission factors from the Ministry of the Environment database 5: Input-Output Table. b. Municipal gas [Column Code: 512101] Municipal gas 0.497 t-CO <sub>2</sub> equivalent / thousand m <sup>3</sup> c. Gasoline, diesel, heavy oil A [Column Code: 211101] Petroleum products 0.573 t-CO <sub>2</sub> equivalent / kl d. LP gas [Column Code: 211101] Petroleum products 0.573 t-CO <sub>2</sub> equivalent / kl

### Category 5: Waste generated in operation

Definition	This covers emissions related to the disposal and treatment of waste generated from the company's business activities (excluding valuable materials) outside the company. • Emissions related to the transportation of waste can arbitrarily be included in Category 5, but will be excluded. • General business waste will be excluded. * Valuable materials (items that collection contractors will pay for) are excluded from the category
Calculation method	Weight by waste type and disposal method (whether recycled or not) is used as the amount of activity. Each type is multiplied by the emission factor in Ministry of the Environment database 9: Waste [by Type] to calculate emissions. * If it is clear that the waste is being recycled, multiply by the emission factor in 8: Waste [by Type and Disposal Method].
Amount of activity	Weights by waste type and disposal method are used for the amount of activity. a. Waste oil (t)      b. Waste plastic (t)      c. Waste paper (t)      d. Waste wood (t)      e. Waste metal (t) f. Waste glass (t)      g. Sludge (t)      h. Animal and plant residue (t)
Emission factor	Emission factors in Ministry of the Environment database 9: Waste [by Type] are used. <When recycling is uncertain or is not being carried out> a. Waste oil 1.7815 (t-CO <sub>2</sub> equivalent/t)      b. Waste plastic 0.7927 (t-CO <sub>2</sub> equivalent/t) c. Waste paper 0.1082 (t-CO <sub>2</sub> equivalent/t)      d. Waste wood 0.0972 (t-CO <sub>2</sub> equivalent/t) e. Waste metal 0.0015 (t-CO <sub>2</sub> equivalent/t)      f. Waste glass 0.0117 (t-CO <sub>2</sub> equivalent/t) g. Sludge 0.1722 (t-CO <sub>2</sub> equivalent/t)      h. Animal and plant residue 0.0728 (t-CO <sub>2</sub> equivalent/t)

## Energy Consumption (Calorific Value)

• Electricity is calculated using energy conversion factors of 8.64 GJ / 1,000 kWh for electricity purchased from electric utilities, and 3.6 GJ / 1,000 kWh for solar power generation

• Calculated by multiplying fuel and gas, etc. by the relevant emission factors in the Ministry of the Environment's Greenhouse Gas Emissions Calculating and Reporting Manual (Ver. 5.0) - List of Calculation Methods and Emission Coefficients in the Calculation, Reporting, and Publication System \* Municipal gas is calculated using 45 GJ / 1,000 m<sup>3</sup>

## Corporate Profile

\* As of July 1, 2024

Company Name	SBS Holdings, Inc.
Representative Director	Masahiko Kamata
Founded	December 16, 1987
Paid-in Capital	3,920 million yen
Net sales	431.911 billion yen (consolidated) * For the year ended December 31, 2023
Location	Sumitomo Fudosan Shinjuku Grand Tower 25F, 8-17-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo, 160-6125, Japan Tel: 03-6772-8200 (main switchboard)
Lines of Business	Logistics business, property management business, marketing business, human resources business, etc.
Fiscal Year	January 1 to December 31

## Officers

\* Only directors listed, as of July 1, 2024

Representative Director	Masahiko Kamata
Director	Shuichi Hoshi
Director	Masato Taiji
Director	Yasuhito Tanaka
Director	Natsuki Gomi
Director	Katsuhisa Wakamatsu
Outside Directors	Jiro Iwasaki
Outside Directors	Yoshinobu Kosugi
Full-time Audit & Supervisory Committee Member	Takashi Endo
Audit & Supervisory Committee Member	Masato Matsumoto
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 10,200 fractional shares
Unit stock system	Yes (100 shares)
Securities code	2384
Listed exchange	Tokyo Stock Exchange Prime Market

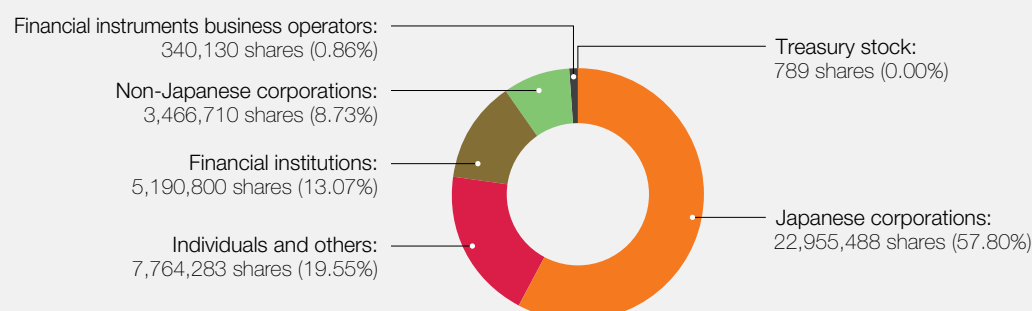
## Major Shareholders

\* As of December 31, 2023

Shareholder Name	Number of Shares Held	Shareholding Ratio
Kamata Kikaku Co., Ltd.	19,888,400	50.07%
The Master Trust Bank of Japan, Ltd. (trust account)	2,464,100	6.20%
Custody Bank of Japan, Ltd. (trust account)	2,195,600	5.52%
SBS Holdings Employee Share Ownership Association	1,200,800	3.02%
Masaru Wasami	1,078,600	2.71%
TOBU Properties Co., Ltd.	1,001,000	2.52%
Government of Norway	655,409	1.65%
Junichi Ouchi	601,400	1.51%
Bansei Research Institute Co., Ltd.	410,000	1.03%
Ueda Yagi Tanshi Co., Ltd.	366,200	0.92%

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

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



**Contact for Inquiries**

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