



SUMITOMO  
WAREHOUSE

SUMITOMO WAREHOUSE

# INTEGRATED REPORT 2024



## Sumitomo's Business Philosophy

Ever since the founding of Sumitomo Warehouse in 1899, we have carried out business according to the principles of Sumitomo's Business Philosophy. These principles call for integrity, sound management, and not pursuing immoral business. These words warn us not to chase immediate speculative profit to the detriment of society, or else we will lose all trust held in us. They also reflect our management philosophy of contributing to society through our business. Sumitomo's Business Philosophy forms the foundation of our business operations. It has been passed down unwaveringly through the generations since long before Japan and other countries around the world had begun to recognize the importance of a company's philosophy towards responsibility and contribution to society. We will continue to work based on the principles outlined in this philosophy.

The Sumitomo business philosophy can be stated as, "Benefit self and others, private and public interests are one and the same." In keeping with these core values, the Sumitomo Warehouse Group will strive to make contributions to our customers and society while also seeking steady growth by providing excellent service under all conditions, centered around the logistics business. Our Corporate Philosophy encapsulates this enduring mission, which we will fulfill no matter what economic and social changes we meet.




The Aporisms of Monjuin (Monjuin Shiigaki), an instructional missive of proper business values and practices written by Masatomo (Monjuin), the founder of the Sumitomo family business, for his family members.

Photograph: Sumitomo Historical Archives

## Corporate Philosophy

"We will provide earnest and timeless support for logistics functions as the social infrastructure, which is needed by all, while also working to create new services sought after by our customers and society."

## Information Disclosure System

	Financial information	Non-financial information
Dialogue	<ul style="list-style-type: none"><li>Financial results briefings</li><li>Individual meetings with institutional investors and analysts</li><li>General Meeting of Shareholders</li></ul>	<ul style="list-style-type: none"><li>SR meetings</li></ul>
Reports	<div><div>Integrated Report</div><div><ul style="list-style-type: none"><li>Financial statement report*</li><li>Annual securities report*</li><li>Material for financial results briefings/ Materials on Medium-Term Business Plan</li><li>Report (To Our Shareholders)</li></ul></div><div></div><div><ul style="list-style-type: none"><li>Corporate Governance Report*</li></ul></div></div>	
Web	<ul style="list-style-type: none"><li>Information for shareholders and investors <a href="https://www.sumitomo-soko.co.jp/English/ir/index.html">https://www.sumitomo-soko.co.jp/English/ir/index.html</a></li></ul>	<ul style="list-style-type: none"><li>Sustainability Information <a href="https://www.sumitomo-soko.co.jp/English/sustainability/index.html">https://www.sumitomo-soko.co.jp/English/sustainability/index.html</a></li></ul>

\*Statutory and regulatory disclosure documents

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## Editorial Policy

The Sumitomo Warehouse Group publishes an Integrated Report as a tool for communicating information on business strategy and ESG management as a single unit. It reports on value creation, medium-term business targets, performance and strategies of each business segment, policies, and initiatives related to sustainability, data, etc. in an integrated manner.

In compiling this report, we referred to the International Integrated Reporting Framework of the International Financial Reporting Standards (IFRS) Foundation and the Guidance for Collaborative Value Creation 2.0 of the Ministry of Economy, Trade and Industry.



### ■ Notes on the forecast

This report contains not only past and present facts, but also forecasts, predictions, and plans for the future of the Sumitomo Warehouse Group. These are assumptions and judgments based on information available at the present time and may be affected by various factors, such as changes in the business environment in the future.

### ■ Reported period

In principle, FY2023 (April 2023 to March 2024).  
If the reported period differs, it is stated individually.

### ■ Published

November 2024

### ■ Reported organization

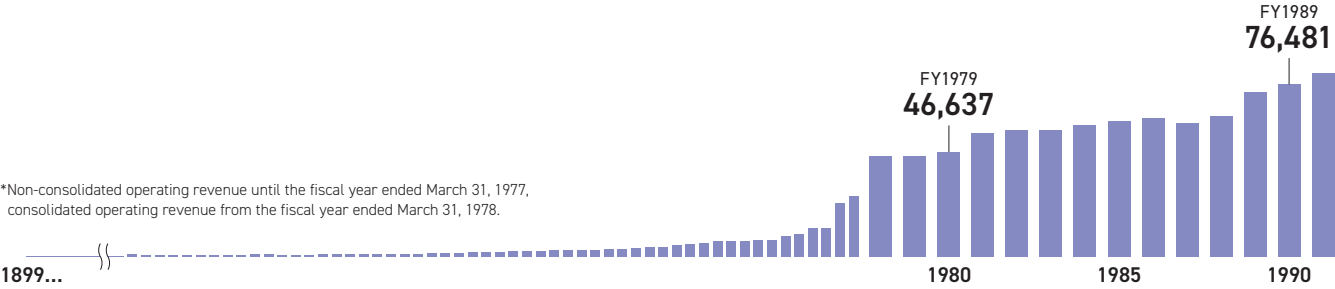
In principle, this report covers Sumitomo Warehouse and its consolidated subsidiaries for accounting purposes.

History of Value Creation

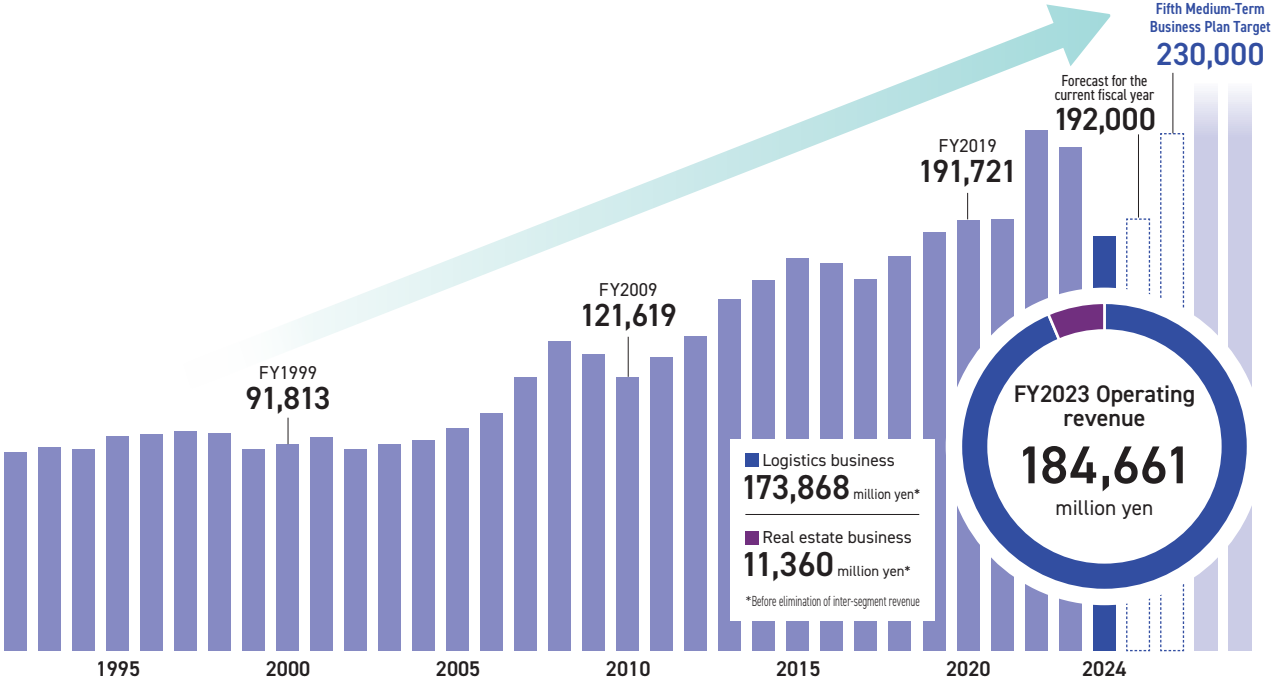
The Sumitomo Warehouse Group has developed business globally with the logistics business, which started with warehousing, and the real estate business, which focuses on the redevelopment of logistics business sites, as its core businesses, and celebrated its 125th anniversary in 2024.

We will continue to strive to create value with the aim of achieving sustainable development.

Changes in operating revenue (million yen)



\*Non-consolidated operating revenue until the fiscal year ended March 31, 1977, consolidated operating revenue from the fiscal year ended March 31, 1978.



Economic and social situations

- |   |  |  |  |  |  |   |  |
|---|--|--|--|--|--|---|--|
| <b>1945</b> <ul style="list-style-type: none"><li>End of the war</li><li>GHQ's order to dissolve "zaibatsu" conglomerates</li></ul>                 | <b>1964</b> <ul style="list-style-type: none"><li>Tokyo Olympics and Paralympics</li></ul>   | <b>1980</b> <ul style="list-style-type: none"><li>Iran-Iraq War</li></ul>  | <b>1991</b> <ul style="list-style-type: none"><li>Collapse of the bubble economy followed by a serious recession</li></ul> | <b>2001</b> <ul style="list-style-type: none"><li>Birth of the three megabanks</li><li>Simultaneous terrorist attacks in the United States</li></ul> | <b>2010</b> <ul style="list-style-type: none"><li>Economic crisis in Greece</li><li>China becomes the second largest economy in terms of GDP in the world.</li></ul> | <b>2011</b> <ul style="list-style-type: none"><li>Great East Japan Earthquake</li></ul> | <b>2020</b> <ul style="list-style-type: none"><li>Spread of COVID-19 infection</li></ul>   |
| <b>1950</b> <ul style="list-style-type: none"><li>Special procurement from the Korean War</li><li>Progress in economic recovery</li></ul>           | <b>1970</b> <ul style="list-style-type: none"><li>Osaka Expo</li></ul>   | <b>1985</b> <ul style="list-style-type: none"><li>Plaza Accord, rapid appreciation of the yen</li><li>Monetary easing implemented by the Bank of Japan</li></ul> | <b>1995</b> <ul style="list-style-type: none"><li>Great Hanshin-Awaji Earthquake</li></ul>                                 | <b>2008</b> <ul style="list-style-type: none"><li>Bankruptcy of Lehman Brothers</li></ul>  |  |   | <b>2021</b> <ul style="list-style-type: none"><li>Tokyo Olympics and Paralympics</li></ul> |
| <b>1955</b> <ul style="list-style-type: none"><li>Towards the high economic growth period</li><li>Export promotion / trade liberalization</li></ul> | <b>1973</b> <ul style="list-style-type: none"><li>First oil crisis</li><li>Transition to a floating exchange rate system</li></ul> |  | <b>1997</b> <ul style="list-style-type: none"><li>Major financial system reform (Japanese Big Bang)</li></ul>              |  |  |   |  |
|   | <b>1979</b> <ul style="list-style-type: none"><li>Second oil crisis</li></ul>  |  |  |  |  |   |  |

1890s-1950s 1960s-1970s 1980s 1990s 2000s 2010s 2020s

History of Sumitomo Warehouse

- 1899**
  - Started warehousing business under the trade name of Sumitomo Warehouse as a private business of the Sumitomo family
  - Established head office in Osaka and branch office in Kobe
- 1917**
  - Full-scale launch of harbor transportation operations
- 1919**
  - Established Tokyo branch office
- 1921**
  - Reorganized as warehouse division of Sumitomo Limited Partnership Corporation
- 1923**
  - Incorporated as The Sumitomo Warehouse Co., Ltd.
- 1948**
  - Established The Izumi Express Co., Ltd. for the purpose of cargo vehicle transportation business
- 1949**
  - Established Yokohama branch office
- 1950**
  - Listed on the Tokyo Stock Exchange and Osaka Securities Exchange



Ridge-end tile with the Sumitomo Logo from Tomishima Warehouse in 1900

- 1968**
  - Entered the shipping container terminal business in Kobe and Tokyo
  - Subsequently expanding container terminal business at other major ports in Japan
- 1970**
  - Established Nagoya branch office
- 1971**
  - Constructed the Higashi Osaka Logistics Center in Osaka that uses ramps (sloping roads)
- 1972**
  - Established representative office in San Francisco, USA
  - Subsequently expanded overseas operations
- 1974**
  - Launched real estate leasing business with the construction and leasing of the Kawaguchi Sumiso Building in Osaka
  - Subsequently expanded real estate leasing business
- 1978**
  - Established representative office in Germany
  - Subsequently expanded international transportation business



Honmoku Container Terminal

- 1982**
  - Established Sumitomo Warehouse (Deutschland) GmbH (currently Sumitomo Warehouse (Europe) GmbH), a wholly owned subsidiary in Germany
- 1985**
  - Established Sumitomo Warehouse (U.S.A.), Inc., a wholly owned subsidiary
  - Acquired airfreight agent license from the International Air Transport Association
- 1988**
  - Constructed and leased the Tokyo Sumitomo Twin Buildings high rise office buildings
  - Established Sumitomo Warehouse (Singapore) Pte. Ltd., a wholly owned subsidiary
  - Established Sumiso (Malaysia) Sdn. Bhd.
- 1989**
  - Established Rojana Distribution Center Co., Ltd. in Thailand
  - Established Sumiso (Taiwan) Co., Ltd.



Tokyo Sumitomo Twin Buildings

- 1992**
  - Launched international airfreight consolidation after licensed by the Government of Japan
- 1993**
  - Established Sumitomo Warehouse (Hong Kong) Ltd., a wholly owned subsidiary
  - Established Sumitomo Warehouse (Shanghai) Ltd., a wholly owned subsidiary
- 1996**
  - Constructed a seismic isolation trunk room warehouse in Tokyo
- 1998**
  - Built a warehouse with cold storage function in Kobe to start handling temperature-sensitive cargo
  - Constructed the Hanyu Archives No.1 in Saitama
- 1999**
  - Acquired ISO 9002 certification for airfreight operations, then ISO 9001 in 2002



Heiwajima Archives

- 2000**
  - Opened a contemporary art gallery, Contemporary Art Space Osaka (CASO)
- 2001**
  - Constructed and leased a commercial building, T-PLATZ, in Yokohama
  - Established Sumitomo Warehouse (Shenzhen) Ltd. in Shenzhen, China
- 2003**
  - Established Shanghai Sumiso International Logistics Co., Ltd., in Shanghai, China
  - Established Sumiso International Logistics (Qingdao) Co., Ltd. in Qingdao, China
- 2004**
  - Established Vantec Sumiso Logistics (Wuhan) Co., Ltd. in Wuhan, China
- 2005**
  - Established Sumiso International Logistics (Guangzhou) Co., Ltd. in Guangzhou, China
- 2006**
  - Acquired ISTAR Corporation to add it in Sumitomo Warehouse Group
  - Acquired ENSHU TRUCK CO., LTD. to add it in Sumitomo Warehouse Group
  - Established Sumitomo Warehouse (China) Ltd. in Shanghai, China
- Sumitomo Warehouse (China) Ltd.**



Sumitomo Warehouse (China) Ltd.

- 2007**
  - Established Rabigh Petrochemical Logistics LLC in Dammam, Saudi Arabia
  - Acquired ISO27001 certification covering archives business in Tokyo and Yokohama
  - Thereafter acquired the same certifications covering other archives business bases in Kanto, Kansai, Chubu District
- 2011**
  - Acquired Westwood Shipping Lines, Inc. to add it in Sumitomo Warehouse Group
- 2012**
  - Established Sumiso (Vietnam) Co., Ltd. (currently Sumitomo Warehouse (Vietnam) Co., Ltd.) in Ho Chi Minh City, Vietnam
  - Established Shanghai Jinjiang-Sumiso International Logistics Co., Ltd. in Shanghai, China
  - Constructed the Hanyu Archives No.2 in Saitama
- 2013**
  - Launched warehousing of Rabigh Petrochemical Logistics LLC in Saudi Arabia
  - Joined the "Osaka Hikari-no-Mori Project"
- 2014**
  - Built a warehouse of Shanghai Jinjiang-Sumiso International Logistics Co., Ltd.
  - Built a warehouse in the Nanko District, the Port of Osaka
  - Established Hanoi Branch Office of Sumiso (Vietnam) Co., Ltd. (currently Sumitomo Warehouse (Vietnam) Co., Ltd.)
- 2016**
  - Established Chiba Logistics Center in Wakaba-ku, Chiba
  - Established PT. Sumiso Logistics Indonesia in Jakarta, Indonesia

- 2014**
  - Established Chicago Branch Office of Sumitomo Warehouse (U.S.A.), Inc.
  - Constructed and leased an office building, Yodoyabashi Mid-Cube, in Osaka



Yodoyabashi Mid-Cube

- 2017**
  - Acquired Wakasu Co., Ltd. to add it in Sumitomo Warehouse Group
  - Established New York Branch Office of Sumitomo Warehouse (U.S.A.), Inc.
- 2018**
  - Constructed a new warehouse (4th period) in Ayutthaya, Thailand
  - Constructed a new warehouse (2nd period) in Laem Chabang, Thailand
- 2019**
  - Constructed a new warehouse in Minamihonmoku, Yokohama
  - Constructed a new warehouse of Sumitomo Warehouse (Singapore) Pte Ltd in Tuas, Singapore
- 2020**
  - Constructed a new warehouse for archives in Inuyama, Aichi
- 2021**
  - Constructed a new warehouse in Kobe Port Island, Hyogo
- 2022**
  - Transferred Westwood Shipping Lines, Inc. and four vessels to the Swire Shipping Group
  - Established Shenzhen Branch Office of Sumiso International Logistics (Guangzhou) Co., Ltd.
  - Established Houston Branch Office of Sumitomo Warehouse (U.S.A.), Inc.



At a Glance

Combining the know-how gained in domestic and global logistics, Sumitomo Warehouse has built a strong global network. We will further enhance and strengthen the functions of our domestic logistics bases, and expand our logistics bases around the world, in order to offer the best logistics solutions to meet our customers' trust.

Business overview

Logistics business

Real estate business

Warehousing

We provide a wide range of logistics services, including warehousing, warehouse-in/out, value-added services, document storage, and trunk room services for a diverse range of cargo, from raw materials to consumer goods.



Harbor transportation

As a leader in harbor transportation that supports international marine transportation, we provide logistics services at ports, including loading, unloading, and cargo handling.



International transportation

We provide global logistics services by combining sea, land, and air transportation and making full use of our network that extends around the world.



Land transportation, etc.

We provide a variety of land transportation services, including transportation by large truck and small-lot delivery, to meet the needs of our customers.



Real estate business

We own office buildings, commercial facilities, and other properties with a total floor area of over 380,000 m², primarily in the Tokyo metropolitan area and in Osaka, and provide leasing services. In addition, we are also committed to urban development that will lead to the revitalization of the local community, such as the redevelopment of the Minamihorie district in the Osaka Namba area.



Financial results (as of the end of March 2024)

Operating revenue

184.66 billion yen

Real estate business

6.1%

Land transportation, etc.

33.2%

Warehousing

17.0%

Harbor transportation

16.4%

International transportation

27.4%

Operating profit

13.19 billion yen

Real estate business

28.5%

Logistics business

71.5%

ROE

5.3%

Equity-to-asset ratio

58.4%

Overseas sales ratio

15.2%

What is SUMITOMO WAREHOUSE?

Strategy

Results of Value Creation

Foundations that Support Value Creation

Financial and Corporate Data

Business data supporting revenue growth (as of the end of March 2024)

Consolidated number of employees

4,463

Logistics business

4,229

Real estate business

54

Corporate

180

Regions where business has been launched

14 countries

Number of bases of business in Japan and overseas

264

Warehouse space for storage (in Japan)

852,000 m²

Warehouse space (overseas)

272,000 m²

Leased real estate space

294,000 m²

Number of trucks

1,344

05

SUMITOMO WAREHOUSE INTEGRATED REPORT 2024

06

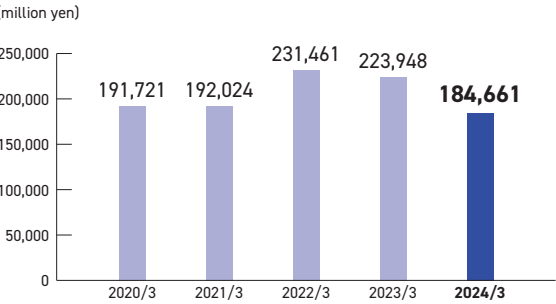
SUMITOMO WAREHOUSE INTEGRATED REPORT 2024

# Financial and Non-Financial Highlights

## Financial information

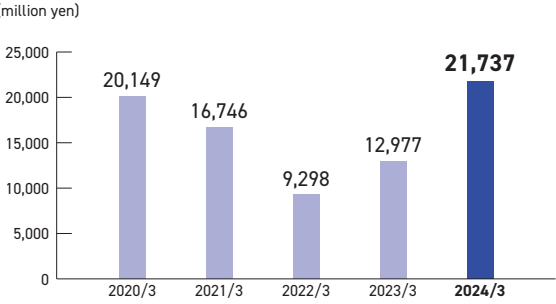
As a result of examining the optimal business portfolio for the Group, in order to concentrate management resources on the core businesses, the logistics business and the real estate business, in June 2022, the Company transferred the shares in its U.S. shipping subsidiary, Westwood Shipping Lines, Inc. and other assets, and as a result, operating revenue and operating profit for the fiscal year ended March 31, 2024 decreased significantly compared to the fiscal year ended March 31, 2023.

### Operating revenue



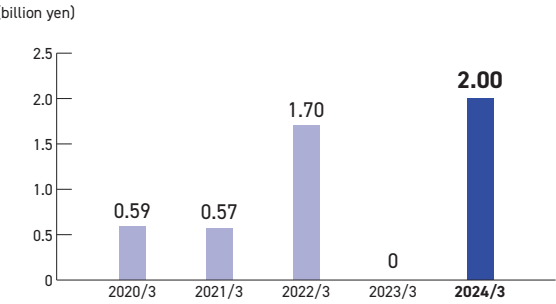
In addition to the transfer of shares in the shipping subsidiary, operating revenue for the fiscal year ended March 31, 2024 was 184,661 million yen (down 17.5% year-on-year) due to a decrease in international transportation income caused by the decline in the market price for marine transportation, which had been rising sharply.

### Capital expenditures



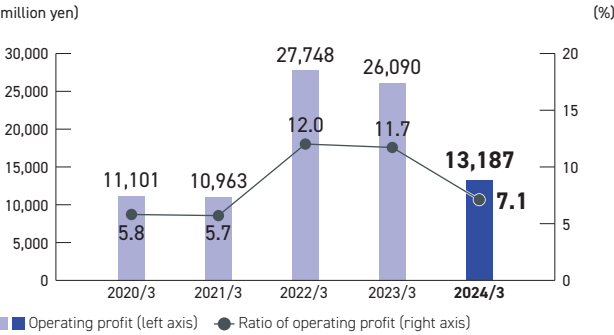
Capital expenditures for the fiscal year ended March 31, 2024 was 21,737 million yen mainly due to the acquisition of office buildings for lease by the Company and the construction of a warehouse building by Enshu Truck Co., Ltd.

### Proceeds from sale of cross-shareholdings



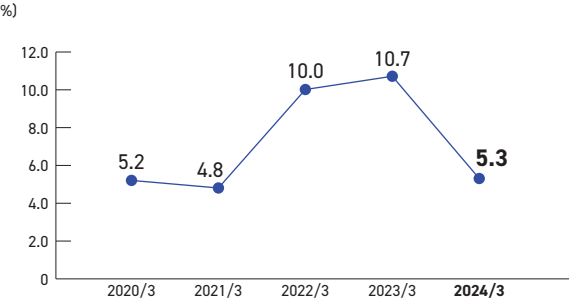
In the Fifth Medium-Term Business Plan, which covers the three-year period from FY2023 to FY2025, formulated in March 2023, the Company aims to reduce approximately 6 billion yen. The progress rate for the target in FY2023 is approximately 33%, and we will continue to proceed with the sale of cross-shareholdings.

### Operating profit/Ratio of operating profit



Operating profit was 13,187 million yen (down 49.5% year-on-year) for the fiscal year ended March 31, 2024, due to the transfer of shares in the shipping subsidiary and other assets, as well as an increase in personnel expenses, etc.

### ROE

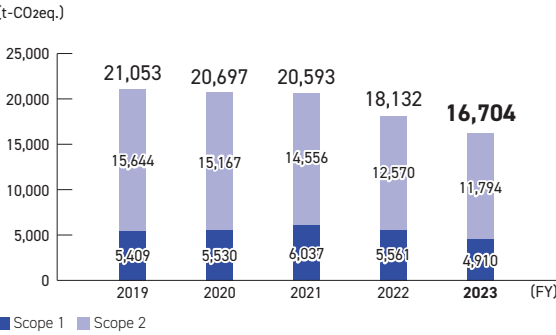


In the fiscal years ended March 31, 2022 and March 31, 2023, ROE was in the 10% range each year mainly due to the sharp rise in the market price for marine transportation and the recovery of cargo movements, but in the fiscal year ended March 31, 2024, ROE was 5.3% mainly due to the transfer of shares in the shipping subsidiary and other assets.

## Non-financial information

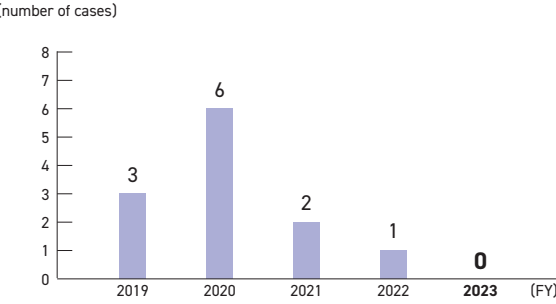
In the Fifth Medium-Term Business Plan (plan period: FY2023 to FY2025), we have set out to promote ESG management. We are promoting measures in the areas of environment (E), society (S), and governance (G), including initiatives to reduce environmental impact and address climate change, strengthening investment in “people,” and reducing cross-shareholdings.

### Greenhouse gas emissions (Sumitomo Warehouse non-consolidated)



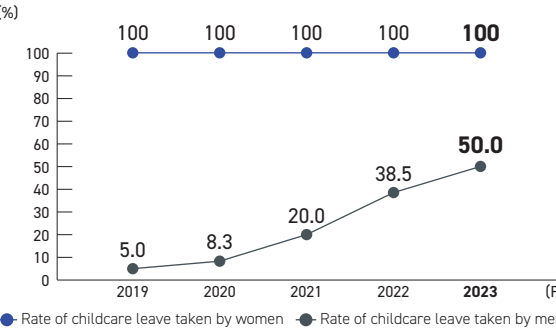
The Company announced in the Fifth Medium-Term Business Plan formulated in March 2023 that it would reduce greenhouse gas emissions (Scopes 1 and 2) by 50% by FY2030 (compared to FY2018). In FY2023, we achieved a reduction of approximately 27% from the base year of FY2018, and we will continue to steadily work to reduce emissions.

### Number of occupational accidents (Sumitomo Warehouse non-consolidated)



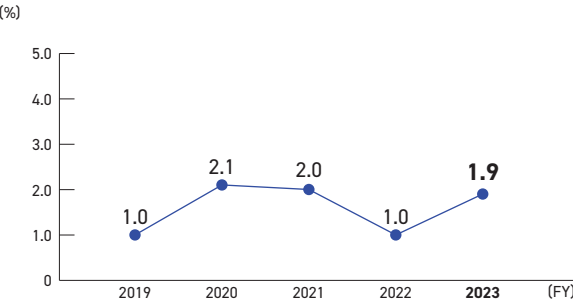
At each workplace, we hold daily meetings before work begins to share information and remind people to be careful so that cargo handling operation can be carried out safely. In addition, we have been thoroughly informing people about how to prevent accidents, and as a result, the number of occupational accidents has continued to decrease. We will continue these initiatives with the goal of eliminating occupational accidents.

### Rate of childcare leave taken by sex (Sumitomo Warehouse non-consolidated)



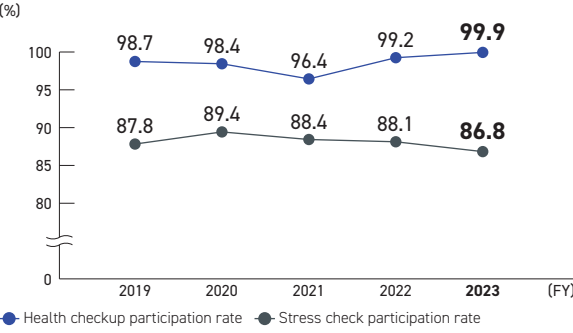
In addition to the fact that individual awareness of the childcare leave system and confirmation of intentions has led to a better understanding of the system among employees, the establishment of postnatal childcare leave for fathers has also had the effect of increasing the rate of childcare leave taken by male employees each year. We will continue to promote initiatives to encourage male employees to take childcare leave.

### Percentage of female employees in management positions (Sumitomo Warehouse non-consolidated)



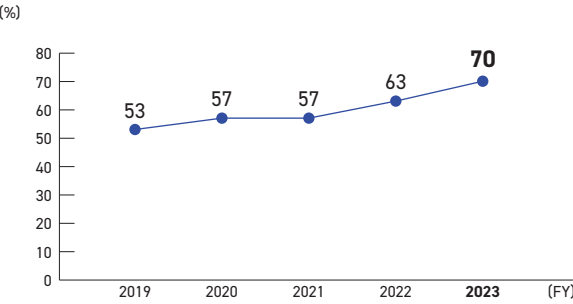
Although the proportion of young women in the career-track positions is high, we are actively promoting the recruitment of female career-track employees, including mid-career hires, and are working to develop young and medium-level employees, based on a policy of actively promoting female employees to management positions.

### Health checkup participation rate and stress check participation rate (Sumitomo Warehouse non-consolidated)



For health checkups, we are taking measures to encourage those who have not yet received a checkup, such as by setting up opportunities to have checkups at medical institutions in addition to mobile health checkups. Stress checks are recommended multiple times during the check period to those who have not yet been examined. We will continue to work to maintain a high rate of participation in both the health checkups and the stress checks.

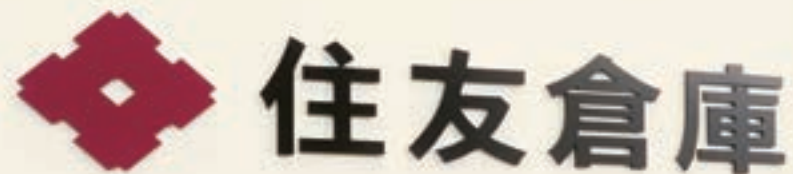
### The rate of annual paid leave taken (Sumitomo Warehouse non-consolidated)



We have worked to improve the rate of annual paid leave taken by utilizing a system for the planned granting of annual paid leave. As a result, the rate of annual paid leave taken for FY 2023 was 70%, and the rate has improved regardless of job type or tier.



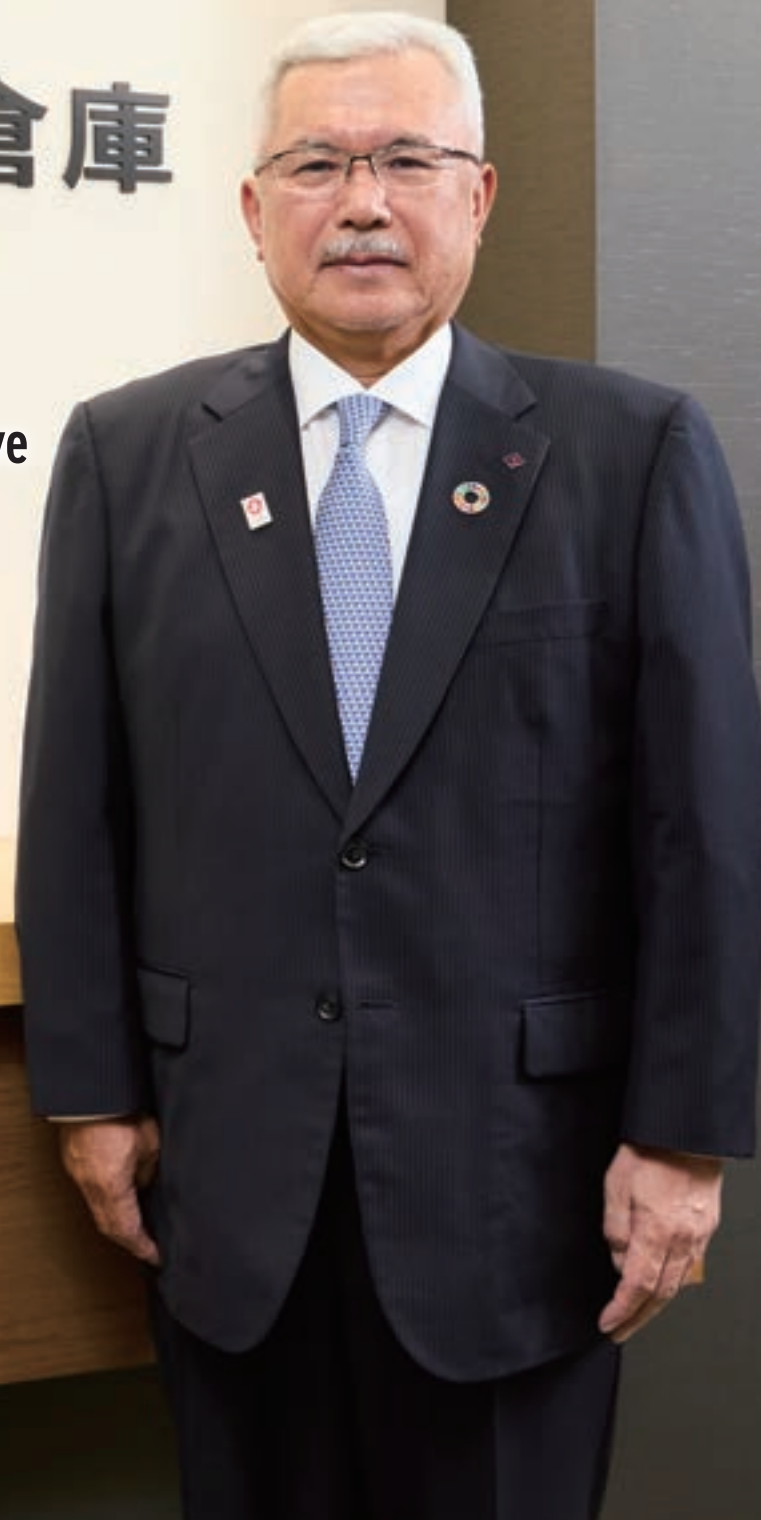
## Message from the Chairman



**Aiming for stable,  
sustainable growth while  
also keeping the perspective  
of contributing to society,  
rather than pursuing  
immediate profits.**

Representative Director and  
Chairman of the Board

**Takanori Ono**



### Sumitomo's Business Philosophy, which has been continually embodied

As the Company is a member of the Sumitomo Group, we have Sumitomo's Business Philosophy as the backbone of management. Its history can be traced back to the Aphorisms of Monjuin (Monjuin Shiigaki) left by Masatomo Sumitomo, the founder of the Sumitomo family business,

in the Kanei era of the 17th century. This text provides guidance on how a merchant should conduct business in a simple manner, and in the preamble, he emphasizes that a person aspiring to be a merchant should first cultivate honesty and integrity. To this day, this idea has been expressed with the phrase "Banji Nissei." In the Meiji era, the teachings of the founder Masatomo were passed down as the Rules Governing the House of Sumitomo, which

stipulated "sound management," and "not pursuing immoral business," namely the importance of placing more value on trust than on immediate profit. We, the employees of the Sumitomo Group, are taught Sumitomo's Business Philosophy from the time we join the company, and we put it into practice in our business and pass it on to the next generation.

I myself have continued to explain Sumitomo's Business Philosophy to employees whenever possible, and have been thoroughly committed to valuing trust, earning a reasonable profit from business, and contributing to society. When we sold a shipping subsidiary in the past, I believe we were able to make the decision because we were confident that it would be positive not only for the Company but also for all stakeholders, including the employees of the subsidiary, customers, business partners, and local society. I have made many other decisions as well, but I have always made them based on Sumitomo's Business Philosophy.

### "Connecting people" is important from a long-term perspective

Currently, the environment of the logistics industry is changing greatly. Against this changing backdrop, in 2020, we formulated the Group's long-term vision "Moving Forward to 2030," and we have defined four missions to accomplish over the next ten years until 2030; "Connecting things," "Connecting the world," "Connecting people," and "Connecting times."

As a logistics company, we provide value to customers and society by "connecting things", and we also want to "connect the world." At the same time, we believe that this means valuing people and "connecting people." Beyond the times, we will continue to put into practice Sumitomo's Business Philosophy that I have just mentioned, and in the real estate business, we will create new value through the redevelopment of logistics sites and so on, and we will carry out "connecting times."

In particular, a business is only possible with people, so I want to take care of "connecting people" not only by investing in human resource development, but also by improving the working environment, such as wages and the workplace environment, and by strengthening the human connections among employees. And, going forward, I think it is important that the Company continues to be a company that is loved by its employees and various other stakeholders.

### Expectations for the new President Nagata and the new system

Since joining the Company, I have always been at the forefront of logistics, including working on-site operations at the Kobe Port and serving at overseas bases for 12 years. The overseas market is an important growth area for the Group in the future. In this regard, when I was transferred

from Sumitomo Warehouse (Europe) GmbH in Belgium, the person who came to replace me was the new President Nagata. I believe that the new President Nagata has a wealth of experience in the international transportation division both in Japan and overseas, and has enough insight to contribute to the development of the Group. These matters were discussed by the Nomination Committee and the Board of Directors when selecting my successor. I hope that the new President Nagata will demonstrate his management skills to the fullest extent and oversee all aspects of management.

As the Chairman, I would like to contribute to the further growth of the Group, focusing on the overseas business development that had a period when it could not move as it wanted due to the COVID-19 pandemic. At the same time, I am dedicated to making every effort to ensure that the entire logistics industry will prosper through our industry activities.

### Developing new services with an entrepreneurial spirit

The logistics business does not involve the production of goods, and its main focus is to provide support to customers. For this reason, it is essential to develop new services and make customers happy. While working at overseas sites or in sales, I listened to the voices of our customers and developed many logistics services that solved their business problems. Sumitomo's Business Philosophy also teaches us to quickly grasp changes in the times and to tackle new business with an entrepreneurial spirit. I want all of our employees to create new value by thinking from the perspective of our customers about what kind of service we can provide to be of help to them.

Also, as I always say, the departments that generate profits in a business are the on-site and sales. I want to pass on the value that breaking a sweat and working hard is important to the next generation.

The Company has a history of 125 years, so we must always question the current situation and continue to make improvements to see if there are any points that need to be changed. While retaining the positive aspects of the Company, such as its emphasis on valuing its employees, it is also necessary to change the nature of the Company so that people of all generations can work comfortably. In doing so, I want to achieve stable and sustainable growth by taking the time to carefully foster our people.



# Message from the President

## Grasp environmental changes and work on reforms with a sense of urgency.

Representative Director and President  
**Akihito Nagata**



### Retain positive things as they are, and proceed with reform with a sense of urgency where changes are needed

My name is Akihito Nagata, and I assumed the position of President on June 27, 2024.

Even in the logistics industry, which had been relatively calm up to this point, we have recently been hearing more

and more about acquisitions between domestic business operators, and the pace of change is accelerating. There has also been a succession of entries from different industries, and we are beginning to see attempts to overturn the conventional logistics business model from its foundations. For the Group, we are renewing ourselves, retaining the good things that have been passed down over the years, while also viewing these changes in the environment

positively and making reforms with a sense of urgency where changes are needed.

After my experience working in the Company's international division, including overseas assignments, I served as the General Manager of the Information Systems Department and the General Manager of the Business Promotion Department, which is in charge of management planning, etc., and then assumed the positions of Managing Executive Officer in 2020, Director and Managing Executive Officer in 2021, and Representative Director and Managing Executive Officer in 2023.

During the tenure of former President Ono (currently Chairman), the Company achieved record profits and worked to expand the overseas business, resulting in approximately 1.5 times in overseas sales of the logistics business. I myself worked on international transportation-related matters after joining the Company, and I also served as the General Manager of the Overseas Business Department, so I feel that I was handed the baton with the expectation that I would further develop the overseas business.

On the other hand, I also heard from Ono that he would like me to proceed with reforming the Company's internal culture. I also recognize that this is one of the keys to the sustainable growth of the Company. I would like to foster a corporate culture that encourages young employees to take on new challenges.

### I will carry out management with a proactive and sound approach

As a member of the Sumitomo Group, the Company has carried on Sumitomo's Business Philosophy, but the Rules Governing the House of Sumitomo advocate prime importance to integrity and avoiding the pursuit of immoral business while having an entrepreneurial spirit. This spirit is based on the premise that we must accurately grasp the needs of society as it changes with the times, and then start new businesses that meet these needs, while also downsizing businesses that are no longer in line with the times.

I will keep Sumitomo's Business Philosophy in mind and carry out management with a proactive and sound approach.

### Logistics business that supports manufacturing Real estate business with high profitability

Of our core logistics and real estate businesses, the strength of the logistics business is its high level of on-site capabilities, and we are proud to say that we support Japan's manufacturing and materials industries. With the rise of e-commerce, there has been an increase in the number of companies specializing in B to C logistics, but I want to make the most of our strengths in the logistics of materials and raw materials, as well as the

handling of consumer goods, to increase the added value of the Company as a company that supports Japanese manufacturing. If a country becomes one that only consumes goods manufactured in other countries, its national power will continue to decline. In recent years, the trend of moving manufacturing bases back to Japan has been increasing, so I would like to continue to flexibly change the way of logistics and stay close to the manufacturing sites as a company that sweats together with them.

On the other hand, I feel that the logistics industry is also in a period of change because of the declining population and the development of digital technology. Although fully automated equipment is not suitable for the Company's warehouses, which handle a wide variety of cargo centered on materials, we will continue to search for solutions to reduce the number of workers and increase the efficiency of warehouse operations, and achieve a breakthrough.

In addition, I sometimes hear people say that the real estate business is becoming increasingly competitive and investment efficiency is low as a result. The origin of the real estate business of the Company ran on a business model involving the redevelopment of warehouse assets that were no longer suitable for logistics and building high-functionality office buildings and multipurpose facilities on their premises, and this has the feature of extremely high profitability. Although there are only a limited number of warehouses that can be redeveloped, we will continue to grow by promoting the acquisition of new real estate in addition to redevelopment and by diversifying the business.







## We will actively promote the Fifth Medium-Term Business Plan

The Group has formulated a 10-year long-term vision, “Moving Forward to 2030,” with a view to the year 2030, which is also the target year for the SDGs. As the second step based on this, we have just started the Fifth Medium-Term Business Plan (from the fiscal year ended March 31, 2024 to the fiscal year ending March 31, 2026), which sets out the target of aiming for further growth by concentrating management resources on its core businesses of logistics and real estate.

Looking back at the results for the fiscal year ended March 31, 2024, the first year of the Fifth Medium-Term Business Plan, the real estate business was strong, but the logistics business had a decrease in international transportation income mainly caused by the decline in the market price for marine transportation, which had been rising sharply. As a result, the operating results were weak at the start, including operating revenue of 184,661 million yen (down 17.5% year-on-year), operating profit of 13,187 million yen (down 49.5% year-on-year), and profit attributable to owners of parent of 12,490 million yen (down 44.4% year-on-year).

For the fiscal year ending March 31, 2025, in the logistics business, in addition to the steady handling of warehouse cargo, we expect to see a recovery in the handling of cargo in international transportation, harbor transportation, and land transportation. In the real estate business, although there will be a decrease in revenue from the sale of real estate for sale, we forecast an increase in the occupancy rate of the office buildings for leasing acquired in the previous fiscal year.

As for expanding overseas business in the logistics business, we have started operating the third warehouse in Laem Chabang, Thailand, and are also promoting the construction and acquisition of warehouses in Europe, as well as working to create synergies with the existing forwarding

business by expanding the warehousing business in Indonesia and Vietnam. In the future, we will continue to expand the volume of cargo handled, and based on our experience of being affected by the sharp fluctuations in ocean and air freights during the COVID-19 pandemic, we also feel the need to strengthen our buying power for container vessels and space on aircrafts for international transportation.

As for investment, the construction of a new warehouse to meet the demand for the decentralization of inventory resulting from the “2024 problem\*1” that Sumitomo Warehouse Kyushu Co., Ltd. is working on is progressing smoothly. Furthermore, in Osaka City, we are also in the process of updating the material handling equipment\*2 with the aim of improving operation efficiency by 50% (scheduled for completion in January 2025), in anticipation of an increase in the volume of cargo handled in line with the future expansion of the EC market. We have also started full-scale operation of SWAN+, a cloud service that streamlines import/export and customs clearance operations and centralizes information management.

Currently, the transition to a circular economy is being promoted. For example, as the production of electric vehicles (EVs) increases, demand for battery materials also continues to rise, and there is also expected to be an increase in demand for recycling used EV batteries. The Company also hopes to contribute to the realization of a sustainable recycling-based society from a logistics perspective by focusing on expanding the handling of reverse logistics, capturing the growth of the recycling business for metals and raw materials such as waste batteries and waste circuit boards containing precious metals.

In the real estate business, we will first promote the expansion of the revenue scale in the leasing business through the continuous acquisition of real estate. In June 2023, we acquired an office building for leasing in Chuo-ku, Osaka City, and also began rebuilding a residence building in the Kanto region. Going forward, we will avoid a decline in future profitability associated with the age of the real estate and implement the replacement of real estate for lease with the aim of further growth, and reinvest the funds obtained from the sale of non-core assets in the acquisition of real estate for lease and real estate for sale that will become core assets, with the aim of expanding the revenue base. As part of this, in the fiscal year ended March 31, 2024, we sold real estate for sale (two residence buildings, approx. 700m<sup>2</sup>). We aim to develop a business conscious of capital efficiency by operating the sales business on a certain scale, with the leasing business as the core in the medium to long term.

## Aiming beyond the achievement of greenhouse gas emission reduction targets

The Fifth Medium-Term Business Plan sets out to steadily promote initiatives aimed at promoting ESG management.

First, as for “E (Environment),” as a target for reducing greenhouse gas (GHG) emissions, we are aiming to reduce GHG emissions by 50% compared to FY2018 level by FY2030 for Scopes 1 and 2 for the Company on a non-consolidated basis. One of the initiatives to reduce GHG emissions is the expansion of the introduction of solar power generation equipment. We have introduced solar power generation equipment into the third warehouse in Laem Chabang, Thailand completed in FY2023 and the Fukuroi Logistics Set Center of Enshu Truck Co., Ltd. In addition, as for the promotion of the introduction of electric vehicles (EVs), we plan to expand the use of EVs for passenger vehicles to 100% by FY2030, and we have completed a 14% switchover to date. The percentage of eco-friendly cars, including hybrid vehicles, has reached 36%. We are also promoting fundraising through green loans.

I feel confident that we can fully achieve the target for reducing GHG emissions, but in order to make further progress, we must also take on new challenges. We will consider a wide range of options, including the introduction of biodiesel fuel and fuel cell vehicles, and we also want to strengthen initiatives in which we work together with customers.

## Inspiring positive thoughts for having worked at this company

As for “S (Society),” we will strengthen the investment in people. As I mentioned at the beginning, I want to firmly achieve a reform of the organizational culture, and I will attempt to level out the organization and create an atmosphere where people feel comfortable talking frankly, without any barriers between superiors and subordinates. We will also develop a system that enables female employees to continue working for long periods of time, even when they face changes at key stages in their lives. At the same time, we will consider the employees who cannot enjoy the benefits of such systems, and think of ways to ensure that no employee is left behind, and we want to make Sumitomo Warehouse a company where the employees feel glad to continue working here. In addition to this, we aim to achieve diversity through the recruitment of a diverse range of human resources with various specializations and experiences. We will also work to strengthen mid-career hiring, and by increasing the number of hires at each base as well as at the head office, we will incorporate new perspectives and experiences to promote the revitalization of the organization.

We will also steadily continue our efforts to ensure safety and security. We have many years of accumulated know-how in the current initiatives and measures, but I also want to stay vigilant and constantly review the points that need to be improved or changed without preconceptions. The source of the Company’s strength is in the logistics sites of each branch and sales office. By sharing insights at each site with each other, we will spread better systems throughout the Company.

## Making participation in Expo 2025 Osaka, Kansai, Japan a legacy

As a company that originated in Osaka, we are also working to contribute to Expo 2025 Osaka, Kansai, Japan to be held in 2025. I myself was in the fourth grade of elementary school when the Osaka Expo was held in 1970, and have fond memories of how exciting it was to actually visit the venue. Expo 2025 Osaka, Kansai, Japan will be an epoch-making event for Kansai and Japan, and the Sumitomo Group will also be exhibiting.

The Company is participating as a designated business operator for handling cargo within the venue of the Expo, and has established an office for the joint venture of the Sumitomo Warehouse Group and the Maguchi Group in the Sakishima area adjacent to the venue of the Expo, building a system to support Expo 2025 Osaka, Kansai, Japan from a logistics perspective. Supporting the success of the Expo not only serves as a way to promote the Company externally, but by participating in the Expo as a business operator and having our employees be involved in such work, I hope that this will create a legacy that cultivates pride among our employees.

## Reduce cross-shareholdings and focus on finding investment destinations to allocate the funds gained

As for “G (Governance),” we will reduce cross-shareholdings, having set a target of reducing cross-shareholdings by approximately 10.0 billion yen by March 2028 (equivalent to approximately 10% of the book value as of the end of March 2022), and as a step towards the target, we plan to reduce the amount by approximately 6.0 billion yen by March 2026 (equivalent to approximately 6% of the book value as of March 2022). We recognize that further reducing cross-shareholdings is an important issue, but we have been made aware that we are moving too slowly to address this situation. We intend to allocate the funds gained from the sale of cross-shareholdings to investment in our next stage of growth, and we are currently in the process of seriously considering where to invest. We would like to ask for a little more time to focus on finding a good investment destination.

## To all our stakeholders

First of all, I would like to convey to our shareholders and investors that we hope our Company to be evaluated as a solid and stable investment destination. Although we are a little behind in terms of the increase in our stock prices, from the perspective of sustainability, we can promise stable growth over the long term. We would appreciate your long-term support focusing on this aspect. We will also continue to work hard to become a reliable partner for our customers.

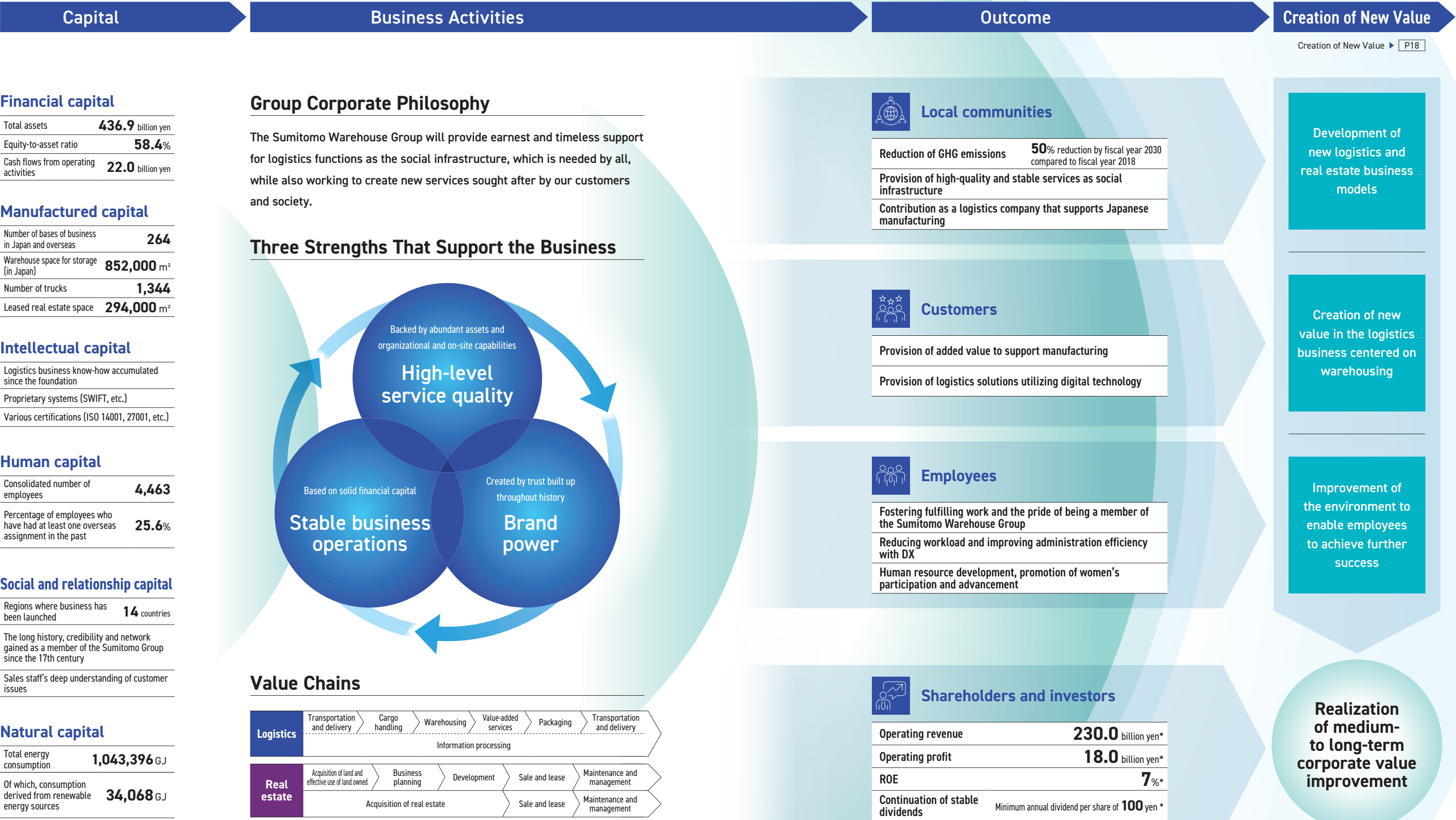
We would like to ask all of our stakeholders for your support and cooperation.

\*1 Due to a legal amendment, starting in April 2024, an annual cap on overtime work for driving work has been applied. This has raised concerns about issues such as a decline in transport capacity in the domestic logistics sector.  
\*2 Material handling equipment refers to machinery and equipment used to improve the efficiency of warehousing and cargo handling operations.



Value Creation Process

The Sumitomo Warehouse Group has built deep relationships of trust with stakeholders by stably providing high-quality services backed by abundant assets and organizational and on-site capabilities, based on credibility and solid financial capital it has built up over its long history. We will continue to realize our corporate philosophy to “provide earnest and timeless support for logistics functions as the social infrastructure, which is needed by all, while also working to create new services sought after by our customers and society.”



\*Fifth Medium-Term Business Plan (FY2025)

Strengths of the Sumitomo Warehouse Group



Creation of New Value

The Sumitomo Warehouse Group will take on the challenge of creating new value in the logistics and real estate businesses by leveraging three strengths, "high-level service quality," "stable business operations," and "brand power."

Development of New Logistics and Real Estate Business Models	
ESG management	<ul style="list-style-type: none"><li>■ Achieving carbon neutrality in the logistics and real estate businesses</li><li>■ Creating innovation through diversity promotion</li></ul>
Increasing the added value of logistics services through promotion of digitization	<ul style="list-style-type: none"><li>■ Promoting digitization across the entire logistics business to provide higher added-value logistics services</li><li>■ Quickly responding to customer needs through creation of new value ("proactive DX")</li><li>■ Advanced business and services through utilization of data ("defensive DX")</li></ul>

Creation of New Value in the Logistics Business Centered on Warehousing	
Strengthening warehousing	<ul style="list-style-type: none"><li>■ Expansion of coverage area through new investment (domestic and overseas)</li><li>■ Promoting higher functionality of warehouse facilities</li></ul>
Development of new businesses and services	<ul style="list-style-type: none"><li>■ Balancing aggressive investment and risk-taking</li><li>■ Contributing to the realization of a sustainable recycling-based society from the perspective of logistics</li></ul>

Improvement of the Environment to Enable Employees to Achieve Further Success	
Operational excellence	<ul style="list-style-type: none"><li>■ Advanced information sharing through DX</li><li>■ Succession of know-how</li></ul>
Employee successes	<ul style="list-style-type: none"><li>■ Creating an organizational structure and culture in which employees can speak their opinions frankly and work with satisfaction and vitality</li><li>■ Strengthening human resource development</li><li>■ Visualization of personnel evaluation</li><li>■ Promotion of mid-career recruitment, utilization of external human resources</li></ul>



# Fifth Medium-Term Business Plan

## Review of the Previous Medium-Term Business Plan and Awareness of the External Environment

### Fourth Medium-Term Business Plan (FY2020 to FY2022)

The Group positioned the Fourth Medium-Term Business Plan as a period for “strengthening the business foundation” and has been promoting business strategies. During the period, we steadily implemented business strategies, including building five warehouses in Japan and overseas in the logistics business, acquiring two properties for leasing in the real estate business, and selling shares, etc. of shipping subsidiaries as part of business structure reforms, while responding to changes in the environment, such as the spread of COVID-19 infection. Although the cumulative business investment amount for the three-year period was less than the planned amount, we achieved the targets for key indicators such as operating revenue, operating profit, and ROE.

#### Evaluation of the business strategies of the previous Medium-Term Business Plan

Business strategies based on environmental changes during the plan period		Evaluation
Strengthening the business foundation / Maintaining logistics infrastructure	Restructuring of businesses with decreased profitability	○
	Acceleration of strengthening of international logistics foundation	○
	Expansion of robust warehouse demand in preparation for natural disasters	○
	Response to logistics demand associated with changes in socioeconomic activities caused by the pandemic	○
	Continued acquisition of property	△
	Response to labor shortage	○
Implementation of DX	Promotion of improvement of efficiency of operations and labor-saving utilizing the latest technology	○
Contribution to sustainability	Strengthening of environmental responses in our own facilities	○

#### Evaluation of the targets of the previous Medium-Term Business Plan

	Target	Result (FY2022)	Evaluation
Operating revenue	210.0 billion yen	223.9 billion yen	○
Operating profit	12.0 billion yen	26.0 billion yen	○
Business investment	50.0 billion yen	Approx. 39.0 billion yen over 3 years	△
ROE	Aiming for 5% or higher	10.7%	○
Annual dividend	Maintain minimum of 47 yen per share and continue with increases	100 yen per share	○
Acquisition of treasury shares	Implement flexibly	Approx. 7.5 billion yen over 3 years	○

#### Issues

- Continuous strengthening of logistics foundation in Japan and overseas (in particular, overseas efforts have been limited due to the impact of COVID-19)
- Responding to ESG issues
- Digitalization of operations, further promotion of DX
- Initiatives to “implement management that is conscious of cost of capital and stock price (improving profit-generating capacity, maintaining an appropriate capital structure)”

### External Environment That We Are Facing

In addition to the destabilization of international conditions and heightened geopolitical risks, we expect to see further reorganization of supply chains in the future due to changes in lifestyles and values caused by the pandemic, as well as the 2024 problem. We anticipate changes in customers’ logistics strategies, such as adding more inventory bases, increasing inventory, and considering the environment, and we believe this will be a business opportunity for the Group.

We also recognize that the digitization and DX initiatives that support these efforts are key factors that will determine the competitiveness of companies in the future.

Awareness of environment	Impact on logistics industry	Issues faced by the Group
Destabilization of international conditions and heightened geopolitical risks	■ Reorganization of supply chains	■ Response to logistics demand associated with reorganization of supply chains
Changes in lifestyles and values caused by the pandemic	■ Expansion of e-commerce logistics demand	■ Response to increased frequency and smaller lots
Heightened sense of crisis concerning climate change and movements aimed at carbon neutrality	■ Requirements to strengthen initiatives aimed at the resolution of ESG issues	■ Materialization of initiatives aimed at the achievement of environmental targets ■ Expansion of logistics services aimed at reducing customers’ environmental impact
Progression of decline and aging of the population	■ Decrease in the working population engaged in the logistics industry ■ “2024 problem”	■ Establishment of bases assuming demand for dispersed logistics bases ■ Promotion of relay transportation, joint delivery, modal shift, etc. ■ Promotion of improvement of efficiency and labor-saving through digitalization

# Fifth Medium-Term Business Plan (FY2023 to 2025)

## Basic Policy

- 1 This period will be the “second step” to accelerate growth toward the target year of 2030 of the long-term vision “Moving Forward to 2030.”
- 2 The Company will further promote business restructuring and transform itself into a corporate structure that is resilient and capable of steady growth and is less susceptible to deterioration in the domestic and overseas economic environment.
- 3 The Company aims to generate steady cash flow every year and increase its corporate value over the medium to long term.

## Business Strategy

The Company will concentrate its management resources on its core businesses of logistics and real estate. In the logistics business, the Company aims to achieve sustainable growth and will promote the expansion of domestic and overseas bases, address environmental issues, and promote investment in DX and “people.” In the real estate business, the Company aims to expand the revenue base by expanding the leasing business and also entering the sales business.

### Logistics business



- Further expansion of logistics network inside and outside Japan
- Expansion of logistics services
- Digitalization of operations, promotion of DX

### Real estate business



- Expansion of revenue scale through promotion of leasing business
- Expansion of business scale to sales business

### ESG management [Details ▶](#) [P45](#)

#### Environment

- Set environmental targets

#### Society

- Continue initiatives aimed at security and safety
- Strengthen investment in “people”
- Contribute to “Expo 2025 Osaka, Kansai, Japan”

#### Governance

- Reduce cross-shareholdings

## Financial Targets

	FY2022 (excluding shipping business)	FY2023
Operating revenue	203.8 billion yen	184.6 billion yen
Logistics business	193.7 billion yen	173.8 billion yen
Real estate business	10.6 billion yen	11.3 billion yen
Inter-segment revenue	(0.5) billion yen	(0.5) billion yen
Operating profit	15.7 billion yen	13.1 billion yen
Logistics business	15.6 billion yen	13.3 billion yen
Real estate business	5.1 billion yen	5.3 billion yen
Company-wide expenses	(5.0) billion yen	(5.4) billion yen

FY2025 plan	FY2022 → FY2025 change	
230.0 billion yen	26.2 billion yen	12.9%
213.5 billion yen	19.7 billion yen	10.2%
18.0 billion yen	7.3 billion yen	68.6%
(1.5) billion yen	(0.9) billion yen	-
18.0 billion yen	2.2 billion yen	14.0%
17.5 billion yen	1.8 billion yen	11.9%
6.0 billion yen	0.8 billion yen	15.7%
(5.5) billion yen	(0.4) billion yen	-

Business Strategy in the Medium-Term Business Plan

Logistics Business

Logistics segment Numerical targets for FY2025	Operating revenue	Operating profit	Cumulative investment amount
	213.5 billion yen (Up 10.2% compared to FY2022)	17.5 billion yen (Up 11.9% compared to FY2022)	40.0 billion yen (Up 11.5 billion yen from the period of the previous Medium-Term Business Plan)

Expansion of Logistics Network Inside and Outside Japan

New warehouse construction in Japan

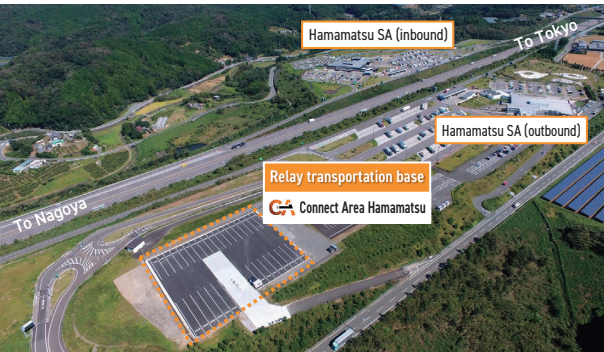
Investment in warehouses, which form the core of the Group's logistics services, will continue under this Medium-Term Business Plan, and new warehouses will be launched in Fukuroi City, Shizuoka Prefecture, and Hakozaki Futo, Higashi-ku, Fukuoka City, during the period. The Fukuroi new warehouse has the function of a gateway warehouse for a manufacturer of transportation equipment, and the Hakozaki new warehouse responds to the revitalization of capital investment in the Kyushu region and the demand for decentralization of inventory based on the "2024 problem."



Sumitomo Warehouse Kyushu  
Hakozaki Futo Logistics Center's new warehouse (12,206 m<sup>2</sup>)

Expansion of relay transportation

As one solution to the "2024 problem," relay transportation, which leads to improvements in the working environment for drivers, is attracting attention. Enshu Truck Co., Ltd., a company in the Group that operates mainly in Shizuoka Prefecture, is taking advantage of its location to operate a relay transportation base Connect Area Hamamatsu in Hamana-ku, Hamamatsu City, which is almost halfway between Tokyo and Osaka, in collaboration with Central Nippon Expressway Company Limited, and will expand its transportation services using this base.



Enshu Truck Connect Area Hamamatsu

Expansion of overseas business

Outside Japan, we will proceed with the construction and acquisition of warehouses in Southeast Asia and Europe. In particular, in Southeast Asia, taking into consideration the China Plus One trend, in order to further expand handling within the region, in addition to Thailand, Singapore and Malaysia, where the Group already has a wealth of results, we will focus on expanding warehouse operations in Vietnam and Indonesia. By expanding these bases, we will create synergies with forwarding operations and further expand the overseas business.



Sumiso (Laem Chabang) Co., Ltd. [Thailand]  
Third warehouse in Laem Chabang (approx. 14,300m<sup>2</sup>)

Expansion of Logistics Services

Functional improvement of warehouse facilities

In order to capture the growing demand for temperature-controllable warehouses against the backdrop of global warming, we will install additional temperature-controlled facilities in existing warehouses. In addition, we will promote investment that will lead to a reduction in the environmental impact of warehouse operations, such as switching to LED lighting and high-efficiency air conditioning equipment in our own facilities.



Expansion of refrigerated air transportation services

The Company provides a unique service that offers custom-made refrigerated packaging optimized for conditions such as outdoor temperature, through conducting temperature transition simulations. By combining superior refrigerant materials with special packaging materials to maintain the temperature range of cargo for a specified period, we will achieve high-quality refrigerated air transportation at a low cost.



Digitization and Automation of Operations, Promotion of DX

In recent years, BtoC logistics has expanded due to changes in lifestyle and values during the COVID-19 pandemic, and there is a notable shortage of labor in the warehouse operations of the Company's logistics business, and it is becoming more and more difficult to recruit new workers every year. In order to respond to these circumstances, the Company will promote digital transformation (DX) to establish a competitive advantage through the digitization and automation of operations and will aim to increase the added value provided to customers, in addition to improving the efficiency of administration and operations.

As a main initiative, we are promoting measures to respond to the small-lot, high-mix nature of products and the increase in e-commerce at the sports goods distribution center that has been in operation since 2008. By introducing new large-scale material handling equipment and switching to paperless work instructions, we will improve work efficiency by 50%, reduce the number of workers required, and respond to quick and large-scale operation.





Business strategy in the Medium-Term Business Plan

Real estate Business

Real estate segment  
Numerical targets for  
FY2025

Operating revenue

18.0 billion yen

(Up 68.6% compared to FY2022)

Operating profit

6.0 billion yen

(Up 15.7% compared to FY2022)

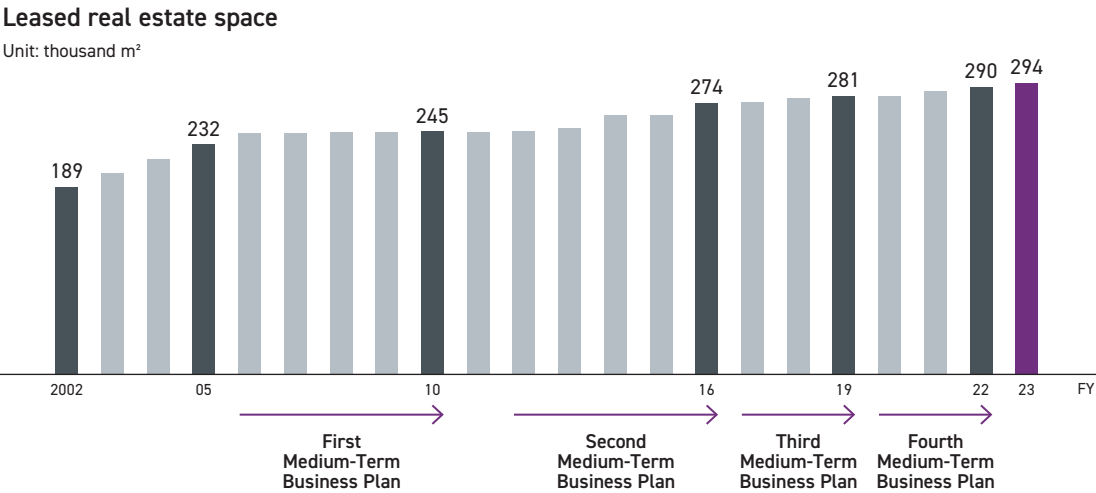
Cumulative investment amount

40.0 billion yen

(Up 31.2 billion yen from period of  
previous Medium-Term Business Plan)

Expansion of Revenue Scale Through Promotion of Leasing Business

The real estate leasing business, which is at the core of the Company's real estate business, originated from the redevelopment of warehouse sites into office buildings and commercial facilities in response to changes in the surrounding environment. In recent years, in addition to redevelopment, the business has continued to grow by acquiring new office buildings and residential facilities, mainly in the Keihin and Hanshin areas. In this Medium-Term Business Plan, we will continue to expand the leasing business by developing and acquiring quality properties.



Expanding Business Scope to Include the Replacement and Sale of Real Estate

We will continue to acquire real estate for lease, and at the same time, we will select existing real estate and replace properties held by selling non-core assets, etc., in order to strengthen medium- to long-term profitability. In addition, we aim to expand revenue scale by gradually developing an asset turnover business, such as reinvesting the funds obtained from the sale of non-core assets in the acquisition of real estate for lease or real estate for sale that will become core assets in the future.

Replacement of real estate

Replace real estate for lease to improve medium- to long-term profitability  
Promote the expansion and improvement of efficiency of the leasing business

+

Expand business scope to sales business

Gradually operate asset turnover business while replacing real estate  
\*Offices, buildings for rental housing, logistics properties

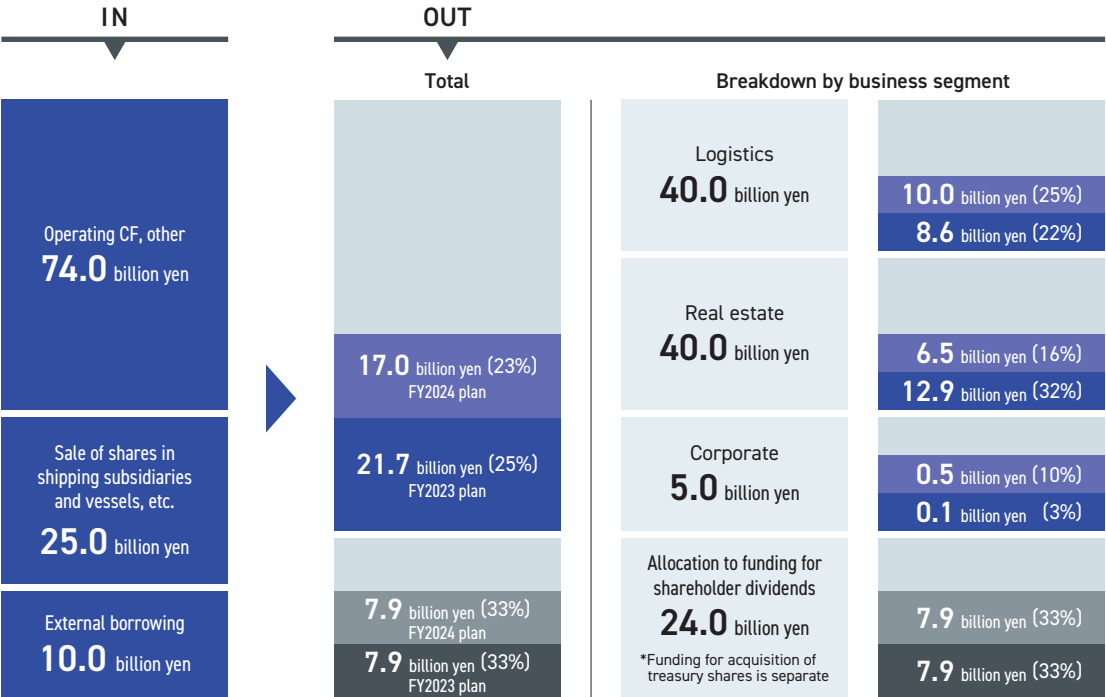
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Aim to conduct business conscious of capital efficiency by operating sales business with the leasing business as the core in the medium to long term.

Financial Strategy in the Medium-Term Business Plan

Cash Flow Allocation

Under this Medium-Term Business Plan, it is planned to allocate a total of 109.0 billion yen, which is the sum of the projected cumulative cash flows from operating activities of 74.0 billion yen over the three-year period of the plan, 25.0 billion yen in proceeds from the sale of shares in shipping subsidiaries and vessels, etc., and 10.0 billion yen from external borrowings, to business investment of 85.0 billion yen and shareholder dividends of 24.0 billion yen. As for business investments, 40.0 billion yen will be invested in the logistics business for the construction of new warehouses and the introduction of automated equipment, etc., and 40.0 billion yen will be invested in the real estate business for the acquisition of new properties, etc. In addition, the corporate segment plans to invest 5.0 billion yen, centering on the construction of a digital foundation and investment in human capital that will support the promotion of DX. As for shareholder returns, we will implement them while taking into account the improvement of profitability in each fiscal year, after continuing the business investment necessary for improving corporate value from a medium- to long-term perspective.

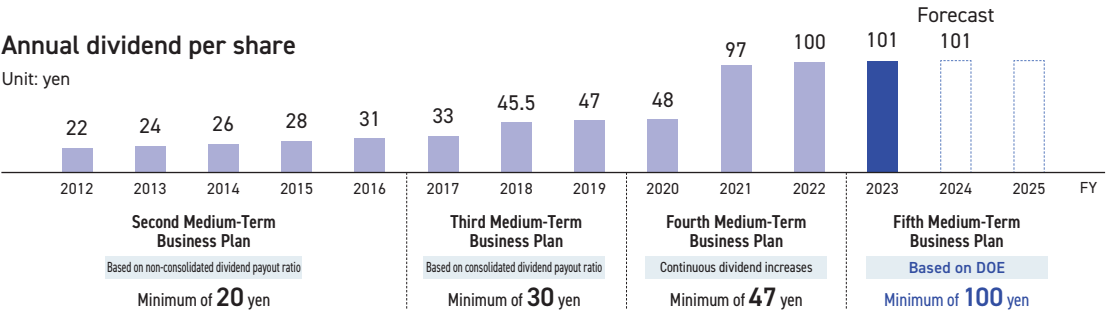


Business investment of 21.7 billion yen was implemented in FY2023.

Shareholder Returns

As for dividends, the Company has continued to pay stable dividends. This will remain unchanged in this Medium-Term Business Plan. After continuing to make the business investments necessary to improve corporate value from a medium- to long-term perspective, we will implement a minimum annual dividend of 100 yen per share with a target DOE (dividend on equity ratio) of 3.5-4.0%, while considering improvements in profitability in each fiscal year.

The acquisition of treasury shares will be implemented flexibly, taking into account economic conditions, market trends, business investments and profit levels.



# Message from the Director in Charge of Finance

Improve capital efficiency and realize medium- to long-term improvements in corporate value.

Director and Managing Executive Officer  
**Akihiko Hoshino**



## My career since joining the Company

After joining Sumitomo Warehouse, I gained experience in warehouse sites, cargo handling, and international transportation, and then worked in the Finance & Accounting Department for about 20 years. After that, I became the General Manager of the Overseas Business Department, the General Manager of the Finance & Accounting Department, and then the Director in charge of finance. In the Finance & Accounting Department, I was involved in tasks such as budgets, closing accounts, and tax-related matters, while in the Overseas Business Department, I was involved in tasks such as the construction of new warehouses and the establishment of representative offices in Southeast Asia.

## Aim to improve ROE through profit generation and shareholder returns based on the Fifth Medium-Term Business Plan

The Company's strength from a financial perspective is that we have a strong financial base. Since its foundation in 1899, the Company has recorded a profit every year except for the years affected by the Great Kanto Earthquake (1923), the Great Depression (1930 and 1931), and the Muroto Typhoon (1934), and its capital has been steadily accumulating over that time. On the other hand, ROE, which is the ratio of profit to equity, is below the target, so we recognize that the

issue at present is how to utilize the capital that has been accumulated up to now and improve capital efficiency.

In order to improve ROE, it is important to first increase the profit of the numerator. We aim to achieve this by steadily implementing the Fifth Medium-Term Business Plan, which is currently underway. The Company has a social mission to support the infrastructure of logistics, and our priority is to provide stable services based on a medium- to long-term perspective. In particular, warehousing is an equipment-intensive industry, so it is a business that takes a long time to recover the investment. Given these business characteristics, in order to increase profits from now on, it will be necessary to expand the scope of the business while maintaining the basic functions of warehousing, such as storage and cargo handling, in order to meet the overall logistics needs of customers. For example, while there is a need to achieve a decarbonized society, we must make proposals that meet the growing needs of the environmental field and provide new services.

On the other hand, as for equity of the denominator, we will continue to enhance shareholder returns through dividends and the acquisition of treasury shares, while being conscious of the need to optimize equity, and we will work to improve ROE. In implementing shareholder returns, I think it is necessary to consider the balance between distributions to employees and investments in future growth, such as capital investment.

## Fiscal year ended March 31, 2024 showed a decrease in both revenue and profit, but efforts were made to enhance shareholder returns

The financial results for the fiscal year ended March 31, 2024 showed a decrease in both revenue and profit because the shipping subsidiaries were excluded from the scope of consolidation in the previous fiscal year in order to concentrate management resources on the core logistics and real estate businesses and other reasons. In the real estate business, other than the shipping business, both revenue and profit increased because of the new acquisition of the office building in Chuo-ku, Osaka City, the improvement in the occupancy rate of some leasing facilities due to the recovery in the number of foreign visitors to Japan, and the sale of real estate for sale associated with the review of the portfolio of owned properties. On the other hand, in the logistics business, both revenue and profit decreased because of the decline in the market price for marine transportation, which had been rising sharply, and the decrease in the volume of cargo handled, which was greater than expected, particularly accompanying the slowdown in the Chinese economy.

Although there was a significant decrease in both revenue and profit as a whole, we increased the dividend by 1 yen compared to the previous year, and paid a dividend of 101 yen per share, with a payout ratio of approximately 64%. In addition, we acquired 750,000 treasury shares at a cost of approximately 1.8 billion yen. As a result, the total shareholder return ratio, which is the sum of dividends and acquisition of treasury shares, was approximately 78%.

For the fiscal year ending March 31, 2025, in the logistics business, we are taking on the challenge of developing new businesses considering issues such as the "2024 problem," in which regulations on overtime work for

truck drivers have been tightened, while steadily working to optimize the transportation charges to be received in line with the value of the services provided. In the real estate business, we are working to improve the occupancy rate of new properties acquired in the previous fiscal year, and we are also continuing to review the portfolio of owned properties and search for new investment properties.

## Towards achieving ROE of 7%

ROE for the fiscal year ended March 31, 2024 was 5.3%, a significant downturn from the 10% range of the previous fiscal year (fiscal year ended March 31, 2023). Firstly, the profit of the numerator decreased significantly compared to the previous fiscal year primarily because the shipping subsidiaries were excluded from the scope of consolidation, and there was a gain on sale of shares in shipping subsidiaries in the previous fiscal year. On the other hand, the equity of the denominator increased significantly compared to the end of the previous fiscal year, primarily because the "valuation difference on available-for-sale securities" increased accompanying the rise in stock prices.

The target ROE in the Fifth Medium-Term Business Plan is 7%, which is set to exceed the cost of shareholders' equity based on the financial situation and profits expected in the final year of the Plan, the fiscal year ending March 31, 2026.

In order to achieve this target, I think it is important to spread the concept of capital efficiency throughout the Company. In the past, performance was mainly evaluated by comparing sales and profits with the results of the previous period and budget, but in addition to this method, I would like to further expand our performance by using new key performance indicators (KPIs) that are conscious of capital efficiency, such as how much profit is being generated in relation to investments in equipment and human capital.

In addition, in order to increase profits and improve future corporate value, it is essential to carry out capital investment and other investments. Under the Fifth Medium-Term Business Plan, we plan to invest a total of 85.0 billion yen during the period, but at present, we have only invested about half of this, and we recognize this as a major issue. The factors behind the stagnation in investment

## Details of shareholder returns for the fiscal year ended March 31, 2024.

Dividends	Dividend per share	101 yen Breakdown Interim dividend 50.5 yen Year-end dividend 50.5 yen
	Payout ratio	63.9%
Acquisition and cancellation of treasury shares	1 Acquisition of treasury shares	
	1. Type of shares acquired	Common shares of the Company
	2. Total number of shares acquired	750,000 shares
	3. Total acquisition cost	1,826,934,500 yen
	4. Acquisition period	From August 7, 2023 to November 30, 2023
	2 Cancellation of treasury shares	
	1. Type of shares canceled	Common shares of the Company
	2. Total number of shares canceled	750,000 shares
	3. Date of cancellation	March 29, 2024

## Consciousness reform to improve ROE

- Using the results of the previous term and the budget as the basis, evaluate the performance by comparing them with each other
- In addition to the above methods, set new KPIs and aim to improve performance that is conscious of the capital invested in each business



include the fact that logistics demand is slowing with the economic slowdown in China and that the recovery period for investment is becoming even longer than before with the rise in costs for construction materials and labor. However, we will continue to actively work to increase investment opportunities. On the other hand, when making investments, I think it is also important to be aware of the weighted average cost of capital (WACC), to carry out a careful risk assessment, and to avoid hasty investments.

Sale of cross-shareholdings carried out based on investment plans

In the Fifth Medium-Term Business Plan, we have announced a policy of reducing cross-shareholdings by 10.0 billion yen over the next five years. Following this policy, we sold shares worth approximately 2.0 billion yen in the fiscal year ended March 31, 2024, and will proceed with sales as planned in the current fiscal year. On the other hand, as the stock price has risen since then and the book value of cross-shareholdings has also increased, we recognize it is important to accelerate the reduction of cross-shareholdings from the perspective of governance. However, as a logistics company, we are required to operate the business in a stable and long-term manner, and if we were to sell them quickly, it would have a significant impact

on our profit and loss. In addition, we believe it is important to use the proceeds from the sale of cross-shareholdings to invest in growth that will enhance the corporate value of the company in the future and to strengthen measures against increasingly severe natural disasters. Therefore, we need to proceed with the actual sale of the shares carefully based on our future investment plans, etc., and we are currently in the process of carefully considering the investment targets.

Investment for future growth

As for the content of the investment we are currently undertaking, first of all, in the logistics business, we are introducing material handling equipment to make up for the further labor shortage that is expected in the future and to respond to the increase in the volume of cargo handled accompanying the expansion of the EC market, etc. Next, in response to needs in the environmental field, we are proceeding with initiatives to expand the use of renewable energy, mainly solar power, and promote the introduction of electric vehicles (EVs), as well as to respond to the increase in the handling of EV-related cargo. In addition, we will actively promote overseas investment, which was restricted by the COVID-19 pandemic, and focus on Southeast Asia as a priority region. We will also look into the Indian Ocean Rim region in the future with the aim of expanding our bases.

For the real estate business, we will continue to actively consider redevelopment, and continue to newly acquire leasing properties that will become core assets, to promote the expansion of our revenue base. At the same time, in order to compensate for the decline in profitability of real estate associated with the age of the real estate, we will sell properties that are non-core assets to review the portfolio. We are also considering various measures, including recruiting human resources with the know-how to expand the business domain, as we aim to develop an asset turnover sales business on a certain scale that involves purchasing properties, adding value, and then selling them off.

As a company-wide investment, we are currently promoting DX investment, with the aim of further improving operational efficiency and the working environment and leading to the expansion of future business performance.

Strengthen investment in people

The Company's strength is providing attentive service to customers, and the key to differentiating the service is the people, our employees. We intend to create a workplace environment with high employee satisfaction by valuing our employees, further enhancing our necessary training systems, improving each employee's skills, and providing opportunities for growth, while also increasing dialogue and working to improve the style of work.

Set DOE as a rough indication with the aim of continuing stable dividends

As for shareholder returns, the Fifth Medium-Term Business Plan sets a minimum annual dividend of 100 yen per share and aims to pay a dividend with a target dividend on equity (DOE) of 3.5–4.0%, while taking into consideration improvements in profitability in each fiscal year. DOE was set as a rough indication with the aim of continuing to pay stable dividends. By using DOE as a rough indication, I think that our shareholders will be able to hold the Company's shares with peace of mind over the long term.

Make the concept of capital efficiency well known and lead it to further progress

I think that one of my missions as the Director in charge of finance is to spread the concept of capital efficiency throughout the Company. Until now, it may have been enough to simply report profits, but I think it is important to take this one step ahead and make sure that everyone is aware of whether the profits reported are appropriate in relation to the amount of equity that has been accumulated up to this point.

For 125 years since its founding, the Company has been conscious of providing uninterrupted services and recording stable profits to achieve this, which has led to

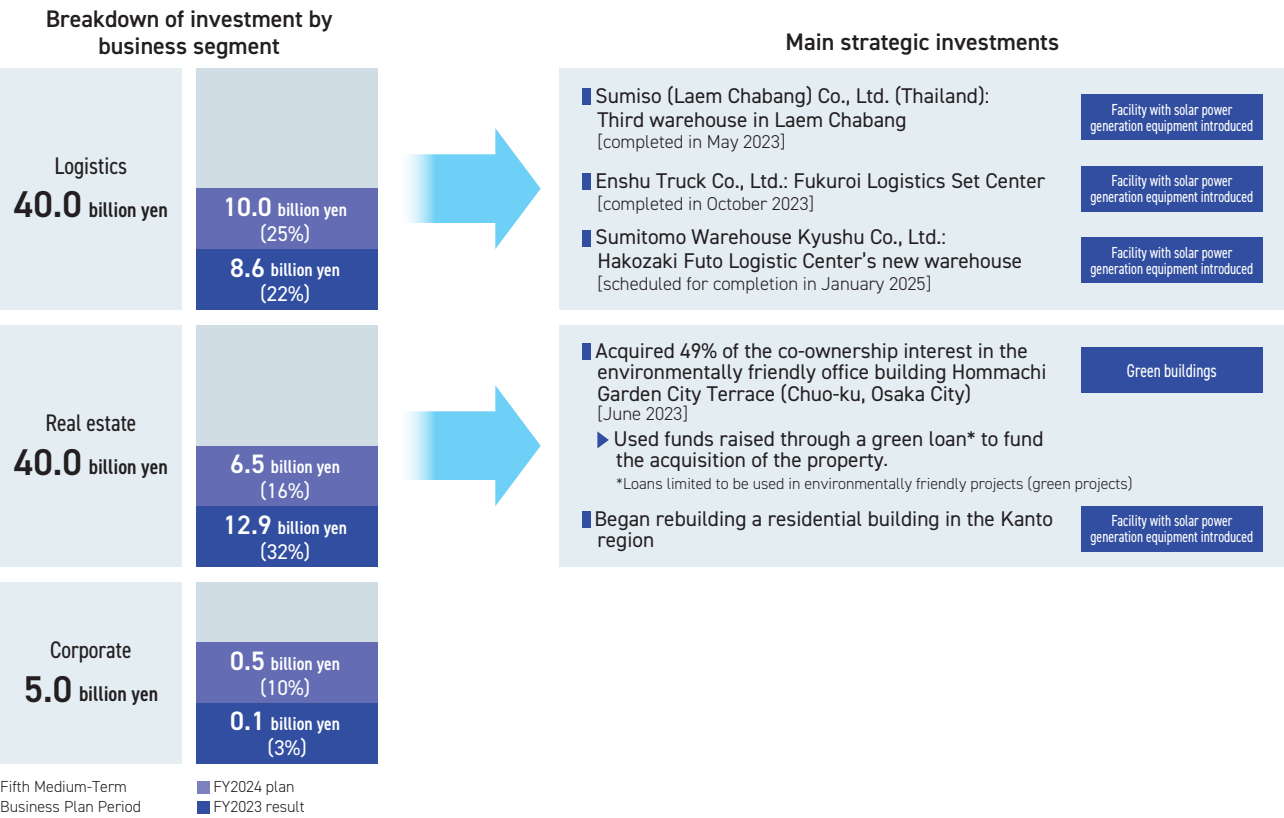


the accumulation of a large amount of equity and created financial stability. On the other hand, we are currently in a situation where we are being pointed out for having insufficient capital efficiency, that is, insufficient growth in profit compared to the accumulation of capital. For this reason, while ensuring that we continue to achieve long-term, stable growth, I would like to make the concept of capital efficiency well known and, by doing so, foster an awareness within the Company that the same old ways are not enough and that we need to work on new things. At the same time, in order to enable new ideas and challenges, I think it is necessary to create an environment where people can speak freely, secure the necessary funds and information, and work to develop human resources. By increasing the capital efficiency of the Company as a whole and generating greater profits than ever before, we will achieve further growth, improve corporate value over the medium to long term, and contribute to society.

Since we can hear valuable opinions that will help us to improve corporate value, I would like to further increase opportunities for dialogue with investors. I want to take in not only information from inside the company, but also widely and sincerely accept opinions from outside the company, understand them well, and incorporate what I should.

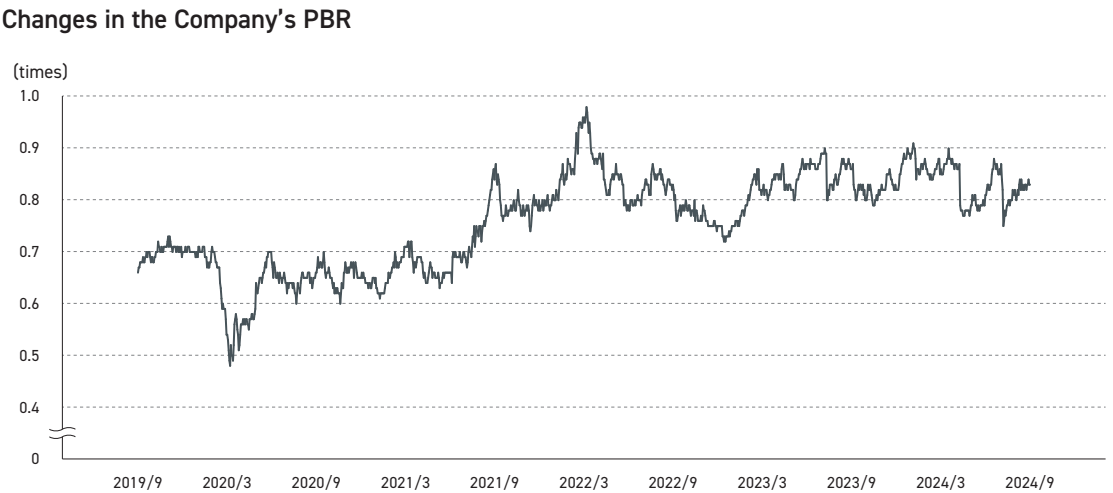
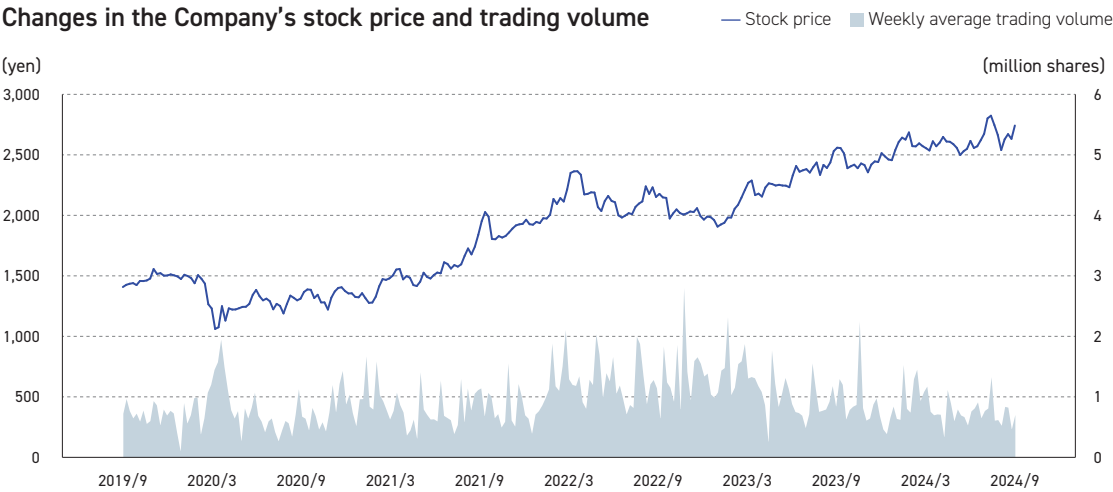
We will continue to work to improve corporate value by placing importance not only on financial information but also on non-financial information such as ESG.

Progress of strategic investments in the Fifth Medium-Term Business Plan



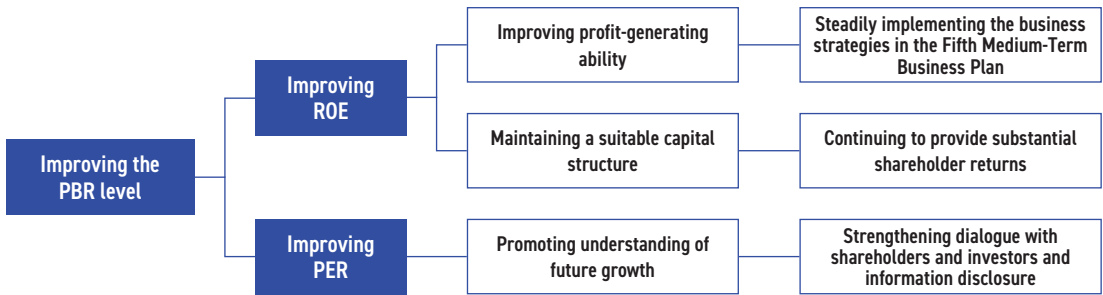
Action to Implement Cost of Capital and Stock Price Conscious Management

Analysis of the Current Situation Stock price and PBR (Price Book-value Ratio)



The Company's PBR has remained below 1x.  
Since the formula "PBR = ROE (Return on Equity) × PER (Price-earnings Ratio)" is established, we recognize the need to work on improving "earning power" (ROE) and "expected value" (PER) in order to improve the PBR level.

Policies for Improving the PBR Level



Plan

Policy	<div><div>1</div>The Company will progressively implement the business strategies set forth in the Fifth Medium-Term Business Plan for the period from FY2023 to FY2025 and improve its ability to generate profits.</div> <div><div>2</div>The Company will continue to provide substantial shareholder returns and aim to maintain a suitable capital structure.</div> <div><div>3</div>Through strengthening dialogue with shareholders and investors and information disclosure, the Company will strive to gain an understanding of the Group's future growth potential and contribute to the formation of an appropriate stock price.</div>
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Status of Dialogue with Shareholders and Institutional Investors (FY2023)

Dialogue with shareholders and institutional investors was conducted by the Business Promotion Department (Public & Investor Relations Section) in the presence of the President, the Representative Director responsible for the Corporate Management Division (Managing Executive Officer), the Managing Executive Officer in charge of the Finance & Accounting Department, as well as others, as appropriate.

Main topics	Overview of financial results, business outlook, and matters related to the Medium-Term Business Plan (including ESG-related matters), etc.
Status of dialogue	<div><div>1</div>Financial results briefing for institutional investors May 2023: Briefing on financial results for the fiscal year ended March 31, 2023 November 2023: Briefing on financial results for the second quarter of the fiscal year ended March 31, 2024 [Main attendees] President, Representative Director responsible for the Corporate Management Division, Managing Executive Officer in charge of the Finance &amp; Accounting Department, General Manager of the Business Promotion Department, etc.</div> <div><div>2</div>Individual investor relations meetings 80 times (domestic institutional investors: 73 times; overseas institutional investors: 7 times) [Main attendees] Representative Director responsible for the Corporate Management Division, General Manager of the Business Promotion Department, etc.</div> <div><div>3</div>Conferences hosted by securities companies (for overseas institutional investors) 1 time (March 2024) [Main attendees] Representative Director responsible for the Corporate Management Division, General Manager of the Business Promotion Department, etc.</div> <div><div>4</div>4 SR meetings January to February 2024 [Main attendees] Representative Director responsible for the Corporate Management Division, General Manager of the General Affairs Department, General Manager of the Business Promotion Department, etc.</div>



## Message from the Director in Charge of DX

### Aim to create new value through “proactive DX.”

Director and Managing Executive Officer

Ikuo Kuroki



#### Purpose of formulating the DX vision and the DX strategy

The Company has recently formulated the DX vision (FY2024–FY2029) with the key message of “Connecting ‘Evolve Create Beyond’ data to create digitally” and three policies of “contributing to a sustainable society,” “advancing the business for the next generation,” and “deepening the stance of being close to the customer,” as well as the DX strategy to realize this vision.

Looking back at the history of the Company’s IT development, in 1974 we developed a comprehensive online system that linked operations from receiving and shipping to inventory management and accounting, which was ahead of the industry, and in 2009 we promptly completed the renewal of the system to be open and provide cloud functionality. Furthermore, we have been promoting automation and standardization for the past five years.

On the other hand, as a result of repeated additional development in response to needs from the sites and customers, the problem of individual optimization of the system has arisen. In addition, because we have been working to improve operational efficiency at the department and branch office units, we have introduced software tailored to each operation, and this has led to distortions in terms of overall optimization and sharing of data and best practices. In addition to this, the environment surrounding the logistics business is currently changing greatly, and the Company is also required to respond quickly to this change.

Under these circumstances, it is essential to work on promoting DX in order to create new value. We have decided to formulate a DX vision to clearly communicate how the Company will promote DX for the creation of new value.

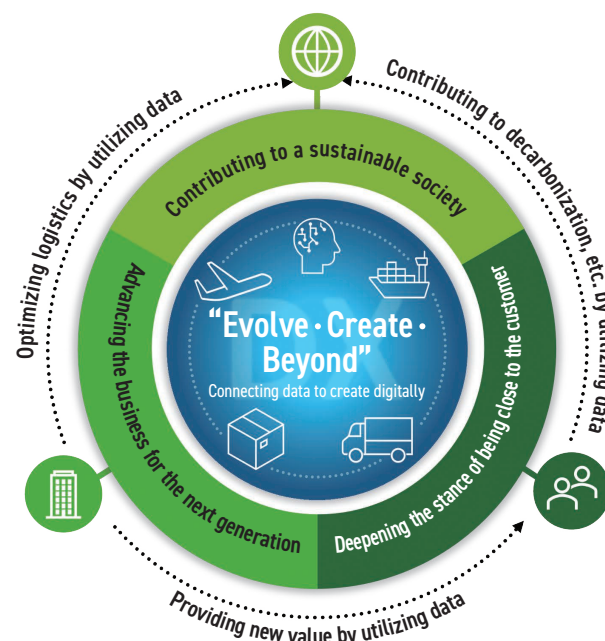
The “Evolve” in “Evolve · Create · Beyond” expresses our intention to improve customer satisfaction by ‘evolving’ to even higher quality logistics services that exceed the past, rather than changing the logistics know-how we have cultivated up to now or our stance of being close to the customer. The “Create” expresses the idea that by reforming and advancing the nature of logistics, we will ‘create’ new value that is beyond the concept of existing

logistics services, and the “Beyond” expresses the idea that Sumitomo Warehouse will lead the way in creating future logistics ‘beyond’ the concept of existing logistics services.

Towards the realization of the DX vision, I think my role is to prepare the environment at first. I will quickly proceed with organizing data that is dispersed throughout the Company to make it usable, and with developing DX human resources and preparing an organization that can develop human resources.

#### “Proactive DX” together with “defensive DX”

In order to utilize relevant data, we will first integrate the data that is dispersed within and outside the Company, and then proceed with the development of a data management infrastructure to achieve timely and efficient sharing and utilization of data. We will then build digital platforms with three infrastructures, “operation advancement infrastructure,” “sales advancement infrastructure,” and “management advancement infrastructure.”



“Operation advancement infrastructure” is an infrastructure that aims to integrate and visualize operations, with the main focus on improving the efficiency of on-site operations. “Sales advancement infrastructure” is an infrastructure that, for customers, aims to enhance customer convenience by providing logistics know-how and information on consigned cargo quickly, and by simplifying inquiries to the Company. “Management advancement infrastructure” positioned above these is an infrastructure that supports the management team in making accurate decisions by quickly understanding the situation by integrating information to help with management decisions.

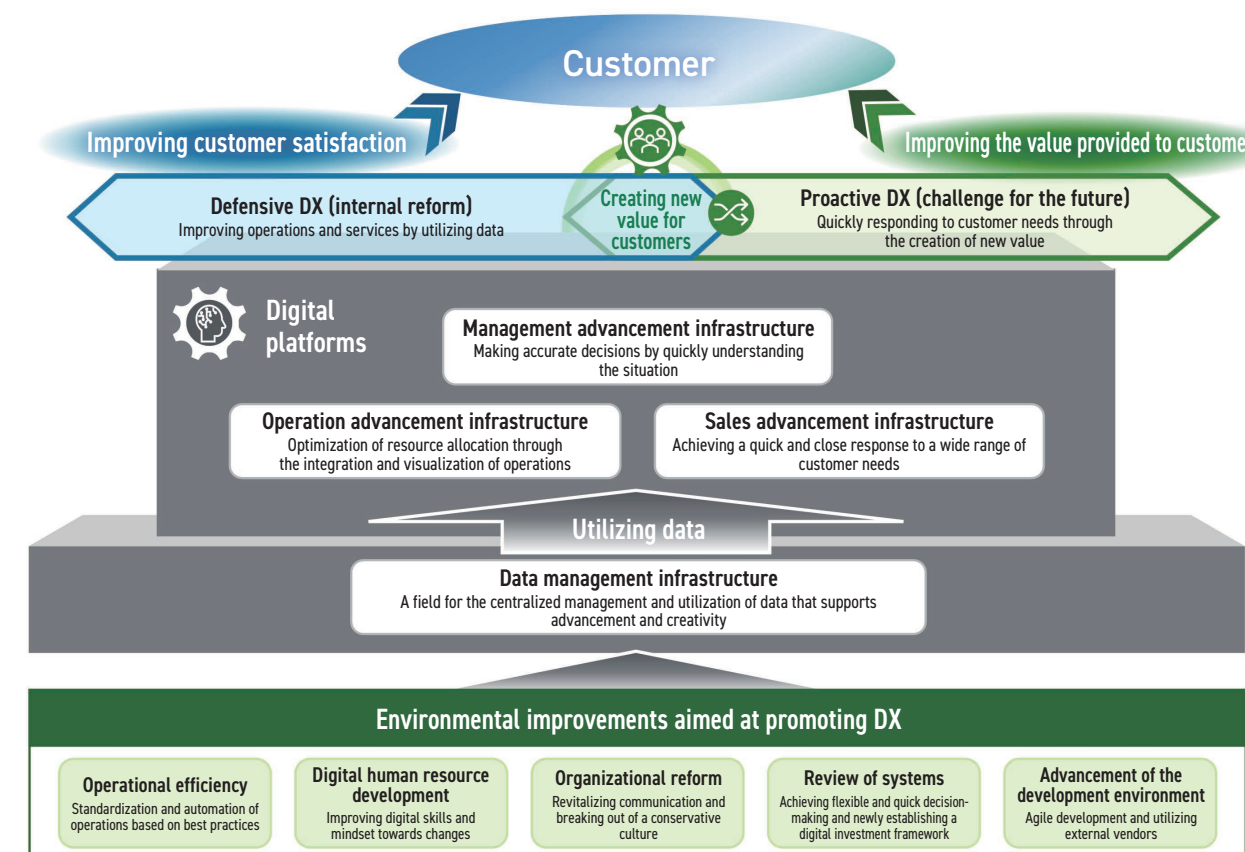
The first thing we want to achieve by building these digital platforms is to improve operations and services by utilizing data, and this will be an initiative that leads to increasing customer satisfaction. In addition to this “defensive DX”, what we would like to work on with the DX strategy this time is “proactive DX.” We aim to improve the value provided to customers by quickly responding to customer needs through the creation of new value. I would like to firmly promote “defensive DX” during the first half of the six-year DX vision period, and then move on to “proactive DX.”

#### Development of “digital promotion human resources”

In order to realize our DX vision, environmental improvements aimed at promoting DX are essential. There

are five themes to be improved: “operational efficiency” centered on the standardization and automation of operations based on best practices, “digital human resource development” to improve employees’ digital skills and encourage their mindset towards changes, “organizational reform” to revitalize communication and break out of a conservative culture, “review of systems” with the aim of achieving flexible and quick decision-making and newly establishing a digital investment framework, and “advancement of the development environment” with a focus on promoting agile development and utilizing external vendors.

Among these, we have positioned the development of digital human resources, who hold the key to carrying out the DX strategy, as the most important theme. There are several levels of digital human resources, but the class that we consider most important is “digital promotion human resources.” We expect this level of human resources to not only acquire knowledge and skills related to digital capabilities but also to understand the operation of each department and be able to propose operational improvement plans by utilizing digital as necessary. For the selected human resources, we will train them by having them attend training sessions, etc., and by having them gain work experience in the Information Systems Department for a certain period and encouraging them to obtain qualifications. We would ultimately like to assign one “digital promotion human resource” to each warehouse and sales office.



Interview each employee to foster a DX mindset

In order to prepare the data management infrastructure that forms the basis of the DX strategy, it is necessary to understand the data that is dispersed throughout the Company. Therefore, I conducted interviews with each employee in each department. There was the option of conducting interviews with leaders of each department, etc., however, there were two reasons for conducting individual interviews with all employees rather than group interviews. The first reason was to listen to the thoughts of each and every employee. In a group interview, it may be difficult to discuss certain topics, but when you sit down and talk one-on-one, you can express various feelings. The other was to create momentum for the promotion of DX. I thought that by communicating the thoughts behind the DX vision to each person, I would be able to foster a DX mindset. During such in-depth dialogues, I asked them how they handled the data, where they stored it, and what issues they felt were present in relation to handling the data. Through this work, I have come to understand how to gather data that is dispersed, and what we can do to make it easier for employees on-site to handle data.

Towards the realization of DX vision

The DX strategy will be implemented in three phases from FY2024 to FY2029. The first phase, from FY2024 to FY2025, is positioned as the DX 1.0 Transformation phase

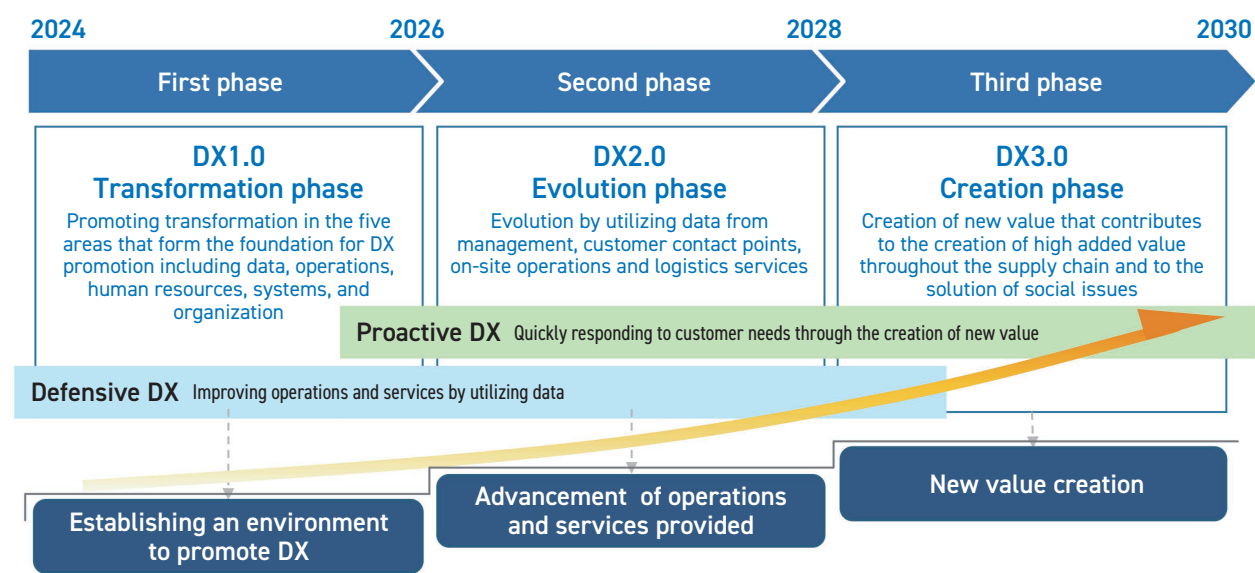
and will involve promoting transformation in the five areas that form the foundation for DX promotion including data, operations, human resources, systems, and organization. In particular, as mentioned earlier, we will move quickly to develop “digital promotion human resources,” reform the organization to make use of them, and review systems including investment. I think that the success or failure of Phase 2.0 and beyond will depend on how well we can set up the system, change our mindset, and invest in the DX1.0, making it an extremely important two-year period.

Then, the second phase, DX2.0 Evolution phase (FY2026–FY2027), is a stage for utilizing data from “management,” “customer contact points,” “on-site operations” and “logistics services,” and we hope to move on to the third phase, DX3.0 Creation phase (FY2028–2029), which aims to create new value that contributes to the creation of high added value throughout the supply chain and to the solution of social issues.

In FY2024, we will first plan the overall digital platform for DX promotion, and then we will prepare the internal system to ensure that the initiatives are taken from the perspective of overall optimization. On the other hand, we will promptly implement measures that can be taken ahead of others, such as communication from the management level and human resource development, with the aim of early achievement of results.

The implementation of the DX strategy will bring significant benefits to all areas of our business. As the success or failure of the strategy will be key to the future growth of the Company, we will work on it with the utmost effort.

Results of Value Creation





Business Overview

As for operating results of the Group in FY2023, operating revenue was 184,661 million yen (down 17.5% year-on-year), due to the exclusion of shipping subsidiaries from the scope of consolidation in the previous fiscal year, in addition to a decrease in international transport income, despite an increase in warehouse income and real estate business income. Operating profit was 13,187 million yen (down 49.5% year-on-year), due to the exclusion of shipping subsidiaries from the scope of consolidation, as well as an increase in personnel expenses, etc.

		Key measures of the Fifth Medium-Term Business Plan													
		FY2023	FY2024 and onwards												
Logistics business	<div>Changes in operating results</div> <div>Operating results for FY2023</div> <div>Business domain</div>	<div>Operating revenue/Operating profit</div> <div>(million yen)</div> <div><div><div></div><div></div></div><table><tr><td>2022/3</td><td>2023/3</td><td>2024/3</td></tr><tr><td>178,347</td><td>193,706</td><td>173,868</td></tr><tr><td>14,303</td><td>15,635</td><td>13,345</td></tr></table></div> <div><div>Operating revenue</div><div>Operating profit</div></div>	2022/3	2023/3	2024/3	178,347	193,706	173,868	14,303	15,635	13,345	<p>In warehousing, warehouse income was 31,413 million yen (up 3.3% year-on-year) due to an increase in the handling of parts for transportation equipment and information recording mediums such as documents.</p> <p>In harbor transportation, harbor transportation income was 30,349 million yen (down 6.3% year-on-year) due to a decrease in general cargo handling and container cargo handling.</p> <p>In international transportation, international transportation income was 50,661 million yen (down 27.9% year-on-year) due to the decline in the market price for marine transportation, which had been rising, and the decrease in the handling at overseas subsidiaries, as well as in international multimodal transportation and air cargo transportation.</p> <p>In land transportation and other operations, land transportation and other income was 61,444 million yen (up 1.3% year-on-year) due to strong performance in transportation related to e-commerce and parts for transportation equipment.</p> <p>As a result of the above, in the logistics business, operating revenue was 173,868 million yen (down 10.2% year-on-year), and operating profit was 13,345 million yen (down 14.6% year-on-year).</p>	<div><div></div><div>Warehousing</div><div>▶ P37</div></div> <div><div></div><div>Harbor transportation</div><div>▶ P39</div></div> <div><div></div><div>International transportation</div><div>▶ P41</div></div> <div><div></div><div>Land transportation, etc.</div><div>▶ P38</div></div>	<div><div></div><div>Construction of a new warehouse in Japan</div><div>Started operations of a new warehouse in Fukuroi City, Shizuoka Prefecture</div></div> <div><div></div><div>Securing a competitive advantage through the digitization and automation of operations and the promotion of DX</div><div>Promoted productivity improvements through the introduction of automated guided vehicles (AGV)</div></div>	<div><div></div><div>Construction of a new warehouse in Japan</div><div>Scheduled to start operations of a new warehouse at Hakozaki Futo, Higashi-ku, Fukuoka City</div></div> <div><div></div><div>Securing a competitive advantage through the digitization and automation of operations and the promotion of DX</div><div>Updating material handling equipment at the sports goods distribution center</div></div>
	2022/3	2023/3	2024/3												
	178,347	193,706	173,868												
	14,303	15,635	13,345												
			<div><div></div><div>Reducing environmental impacts of operations</div><div>Switched to renewable energy for power used at container terminals</div></div> <div><div></div><div>Securing a competitive advantage through the digitization and automation of operations and the promotion of DX</div><div>Started full-scale operation of SWAN+, a service that supports customers' DX by streamlining import/export customs clearance operations and centralizing information management</div></div>	<div><div></div><div>Upgrading to environmentally friendly cargo handling equipment</div><div>Introduction of hydrogen fuel cell retrofitted and electric-powered RTG, etc.</div></div>											
		<div><div></div><div>Expansion of overseas business</div><div>Started operations of a new warehouse in Laem Chabang, Thailand</div><div>Strengthened sales activities to support the expansion of warehousing operations in Vietnam and Indonesia</div></div>	<div><div></div><div>Expansion of overseas business</div><div>Continuing to specifically consider the construction and acquisition of new warehouses in Southeast Asia and Europe</div><div>Continue to investigate the establishment of local subsidiaries in countries where expatriate staff are posted and other countries that are candidates for new expansion</div></div>												
		<div><div></div><div>Expansion of relay transportation</div><div>The number of vehicles using Connect Area Hamamatsu, which is jointly operated by Central Nippon Expressway Company Limited and Enshu Truck Co., Ltd. of the Group, increased by 123% compared to the previous year.</div></div>	<div><div></div><div>Reducing environmental impacts of operations</div><div>Development of transportation services that reduce environmental impacts by promoting modal shifts, electrification of vehicles, etc.</div></div>												
Real estate business	<div>Operating revenue/Operating profit</div> <div>(million yen)</div> <div><div><div></div><div></div></div><table><tr><td>2022/3</td><td>2023/3</td><td>2024/3</td></tr><tr><td>10,673</td><td>10,674</td><td>11,360</td></tr><tr><td>5,296</td><td>5,187</td><td>5,324</td></tr></table></div> <div><div>Operating revenue</div><div>Operating profit</div></div>	2022/3	2023/3	2024/3	10,673	10,674	11,360	5,296	5,187	5,324	<p>In the real estate business, as a result of the contribution of office buildings for leasing acquired during the current fiscal year and the increase in the occupancy rate of some real estate for leasing due to the recovery in the number of overseas visitors to Japan in addition to the sales of real estate for sale, operating revenue was 11,360 million yen (up 6.4% year-on-year), and operating profit was 5,324 million yen (up 2.6% year-on-year), despite the incurrence of a one-time tax at the time of acquisition.</p>	<div><div></div><div>Real estate business</div><div>▶ P43</div></div>	<div><div></div><div>Expansion of revenue scale through promotion of leasing business</div><div>Acquired an office building for leasing in Chuo-ku, Osaka City</div></div> <div><div></div><div>Sale of non-core properties</div><div>Sold real estate for sale (2 residential buildings)</div></div>	<div><div></div><div>Expansion of revenue scale through promotion of leasing business</div><div>Continuing to acquire new properties</div></div> <div><div></div><div>Increasing the added value of facilities by improving environmental performance</div><div>Promotion of energy conservation and renewable energy use at our owned facilities</div></div>	
	2022/3	2023/3	2024/3												
	10,673	10,674	11,360												
	5,296	5,187	5,324												



We aim for further growth by creating new value through accelerated DX investment, with an emphasis on operational quality and productivity.

We own groups of warehouses and distribution centers which are the bases of logistics supply chain strategies, centered on the five major ports, which are the hubs of land and marine transportation, and the inland areas near large cities, and handle a wide variety of merchandise, from raw materials to general consumer goods. At each base, we have established a system that combines the most suitable logistics equipment with a logistics data infrastructure, and as a logistics partner that is always close by, we provide services that contribute to our customers' DX while working to improve the efficiency of logistics administration on the supply chain.

In addition, the logistics industry is currently concerned about a shortage of drivers against the background of the 2024 problem. The Group promotes measures such as establishing relay bases adjacent to highway service areas so that drivers can work on a day trip basis.

Furthermore, in recent years, due to the increasing severity of disasters, etc., the role of logistics facilities as emergency stock points has been increasing. We will continue to aim for further growth by creating new value through accelerated DX investment, including the realization of a decarbonized society, while maintaining a strong commitment to operational quality and productivity.



Director and Managing Executive Officer responsible for Marketing Management and Domestic Logistics Divisions

Ikuo Kuroki

Warehousing Business Activities

Port warehouse/Distribution center

In the warehouses in the port area, we store a wide variety of cargo, from raw materials to finished products, centered on import and export cargo, and we respond to various storage needs, such as temperature and humidity management made possible by fixed temperature warehouses and refrigerated warehouses. In addition to simple warehousing services, we also provide integrated logistics services as a distribution center for merchandise, including value-add services such as product inspection and labeling, packaging and delivery, and play a role in our customers' supply chains.



Port warehouse



Distribution center

Archives (information recording mediums management) Corporate customers

We store business documents such as accounting documents, pharmaceutical development materials, various vouchers, and drawings, as well as medical documents such as medical records and prescriptions, in a robust warehouse with security facilities.

In addition, we offer document digitization services for important documents such as contracts, construction and design drawings, etc.

We also safely and securely store recording mediums such as magnetic tapes, video-related tapes, and long-term storage films in appropriate storage conditions and temperature/humidity environments.



Document storage (paper storage)



Document digitization service



Magnetic tape storage

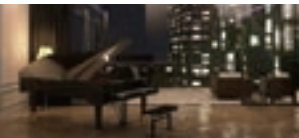


Videotape/film storage

Trunk room Individual customers Corporate customers

We store the household effects of people who are being transferred overseas, as well as the furniture and fixtures of offices and stores. We store clothing and furs in facilities with air conditioning, and we also develop services that provide dedicated storage rooms and lockers for art and valuables such as paintings and antiques.

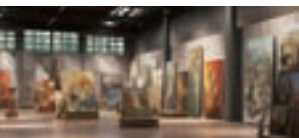
Safe deposit boxes are a service that can be used to store important documents such as contracts and certificates of title as well as valuables. Dedicated booths for putting items in and out of the safe are available.



Household effects and piano storage



Clothing and fur storage



Art and valuables storage



Safe deposit boxes

Land Transportation, etc. Business Activities

General cargo transportation

In cooperation with Group companies and cooperating companies, we have established nationwide distribution networks. We deliver merchandise to our customers efficiently and safely, to meet logistics needs such as small-lot mixed load transportation and transportation by chartered vehicles. The Group's transport companies own many special vehicles, such as trailers for heavy loads and freezer cars, in addition to ordinary trucks. With such a wide variety of vehicles and high mobility, we respond to the various needs of our customers.



Enshu Truck Co., Ltd.

Based in Shizuoka Prefecture, the company is expanding its business, centering on transportation by large trucks between the Kanto region and the Kansai region. In order to meet the demand for home delivery due to the development of e-commerce, the company has expanded into home delivery services and has also established logistics bases to streamline parts procurement and logistics in the manufacturing industry, etc., while also focused on promoting labor-saving and efficiency improvements in operations through IT and transport robots.

Overview of Enshu Truck Co., Ltd.

Founded	1965
Capital Funds	1,284 million yen
Number of employees	1,337 (consolidated basis)
Number of logistics bases	94
Main business areas	Within Shizuoka Prefecture, Saitama, Chiba, Tokyo, Yokohama, Atsugi, Odawara, Ichinomiya, Toyama, Osaka

Strengths of Enshu Truck Co., Ltd.

- Non-stock transportation system
  - Mobility (always with more than 800 vehicles in operation)
  - Improved efficiency of delivery operations through an automatic vehicle allocation support system
- URL of company website ▶  
<https://www.enshu-truck.co.jp/>  
(Japanese only)



Container transportation

We provide marine container transportation from major ports in Tokyo, Yokohama, Nagoya, Osaka, Kobe and Fukuoka to destinations nationwide. As we are required to respond to the 2024 problem of logistics and to be environmentally conscious, we have been promoting round use of containers (an initiative in which empty containers are not returned to the port but are used for other transportation) with the cooperation of shipping companies and business partners, and we are working to reduce the working hours of drivers and CO<sub>2</sub> emissions by shortening the transportation distance. In FY2022, we received the Logistics Environment Awards Special Award from the Japan Association for Logistics and Transport for this initiative in the round use of containers.



Leasing logistics facilities, etc.

The Company is engaged in the leasing of logistics facilities owned nationwide and the development of proprietary information systems. In addition, we support our customers' logistics supply chains with the most advanced information systems originally developed by the Company, while fully utilizing abundant assets.





## ■ Container Cargo Handling Operations, etc.

**We contribute to the growth of the Group through high-level operations that pursue safety and efficiency.**

Even before international marine container transportation became a mainstay, we provided various logistics services at ports, which are the hubs of international logistics, and supported Japan's international trade in the logistics field. In response to the development of container transportation, we have expanded container terminal operations, and we are currently participating in terminal operations at a total of 10 terminals in four major ports in Japan, and providing high-quality container terminal operation services to container shipping companies around the world.

In keeping up with container transportation, which is evolving on a daily basis, we are also working to upgrade operations by making full use of ICT with safety and efficiency as core values, while at the same time promoting the introduction of environmentally friendly cargo handling equipment.

In addition to container-related operations, we provide a variety of port logistics services that meet the various needs of customers, including services responding to conventional cargo and vehicles, and shipping agency services that support the operations of shipping companies, and we will continue to play a role in international supply chains and contribute to the growth of the Group.



Director and Managing Executive Officer  
responsible for Marine Division

**Katsunori So**

### Business Activities

#### Container terminal operations

We operate container terminals at the ports of Tokyo, Yokohama, Osaka and Kobe, which are at the forefront of trade connecting Japan with foreign countries, and provide high-quality services to container shipping companies around the world.

As container transportation has expanded, we have improved technical capabilities, introduced highly functional operation systems, and developed a variety of services, including unloading containers from ships, loading containers onto ships, and temporary warehousing of containers, to ensure safe and efficient terminal operations.



#### Operations related to conventional vessels

We provide high-quality harbor logistics services for all types of cargo, including large cargo that does not fit into containers, heavy cargo, and vehicles, using the technical capabilities we have built up over a long period of time.

We utilize our advanced expertise in cargo handling operations for conventional vessels, such as preparing loading plans that match the characteristics and shape of the cargo and supervising cargo handling, and we also provide integrated harbor logistics services from receiving cargo to loading it onto ships, by making use of our extensive port bases to enhance customer convenience.



#### Environmental initiatives at container terminals

Based on the carbon-neutral port policy promoted by the Ministry of Land, Infrastructure, Transport and Tourism, we are promoting environmental initiatives at container terminals.

By updating the cargo handling equipment used at terminals to new models that reduce environmental impact, we are working to prepare for the future introduction of clean energy such as hydrogen, while also achieving 100% renewable energy use at some terminals.

We are working every day to reduce environmental impact by efficiently performing operations at terminals, but we are also focusing on DX at ports, and we are working to improve gate operations and terminal operations using AI, as well as to digitize ports (Cyber Port, CONPAS, etc.), with the aim of achieving more efficient, sustainable, and lower environmental impact terminal operations.

## ■ Import and Export Cargo Handling Operations

**By promoting digitization, we will enable our customers to experience the value of the Company's logistics services and expand the business.**

Import and export cargo handling services provide customs clearance services for customers' import and export cargo at ports, which are the connecting points between marine transportation and areas within Japan, as well as support services for trade practices closely related to customs clearance. Customers' trading operations cover a wide range of fields, and the issue is that there are many processing work hours involved, such as the handing over of documents and communication and coordination among the people involved. The Company has developed the logistics management platform SWAN and has been working to solve this issue through its provision.

In recent years, changes in the business environment of customers have accelerated the diversification of information provided by logistics companies. In order to respond to this, the Company released the SWAN+ service in 2023, which achieves streamlined customs clearance operations and centralized information management. In addition, we have been focused on the potential of AI for the past five years in order to respond to the labor shortage. Starting with document reading, we are now expanding the scope to include the Company's internal administration, and are proceeding with significant improvements in operational efficiency.

In the future, by expanding this system throughout the Group, we will enable more customers to experience the value of the logistics services the Group provides and expand the business.



Managing Executive Officer

**Tsuyoshi Sakurai**

### Business Activities

We provide a service where staff who are familiar with the economic partnership agreements, laws and regulations of each country and the characteristics of the merchandise handle all the procedures necessary for import and export, such as customs clearance, tax payment and document preparation for import and export on behalf of the customers. In addition to acting as an agent for procedures, we also provide consulting services as a logistics partner for our customers, including BCP measures for commercial distribution that make use of our status as an authorized customs broker under the AEO (Authorized Economic Operator) Program, and the establishment of a database of customs information in line with the DX era.



Authorized customs  
broker under the  
AEO Program

### Business Strategy of the Fifth Medium-Term Business Plan

#### Expansion of customs clearance operations for import and export through SWAN +

The Company is developing services centered on the logistics management platform, SWAN, which enables the integrated management of cargo information on websites, based on a policy of establishing a competitive advantage through the digitization and automation of operations and the promotion of DX. The Company has also developed the customs clearance digitalization system, i-Clearance®, that utilizes AI and has realized the establishment of a database of customs clearance information and the provision of a digital filing function for documents. By newly providing a service called SWAN+ to support our customers' DX, which combines the logistics management platform, the customs clearance administration digitalization system, and the characteristics of authorized customs broker's operation under the AEO Program, we will achieve an expansion in the handling of customs clearance operations for import and export.

#### Progress of business strategy

We are working to upgrade operations by introducing advanced technologies that utilize AI. The digitalization system for customs clearance administration we developed eliminates the need for transcription and minimizes human error through the digitalization of documents by AI-OCR (optical character recognition using AI). In addition to the function of establishing a database of customs clearance information, we also expanded the functions for utilizing digital assets by installing a digital filing function for documents on the logistics management platform in April 2023. Furthermore, the SWAN+ service, which is being expanded, has achieved high effectiveness, including a 66% reduction in the exchange of documents with users after introduction.

We will further expand our international logistics network to support customers in establishing global supply chains.

The Company's overseas expansion began in 1972 with the establishment of a representative office in San Francisco, USA, followed by expansion into Europe and Asia, and in 2007, the establishment of a joint venture company in Saudi Arabia, marking the start of business in the Middle East.

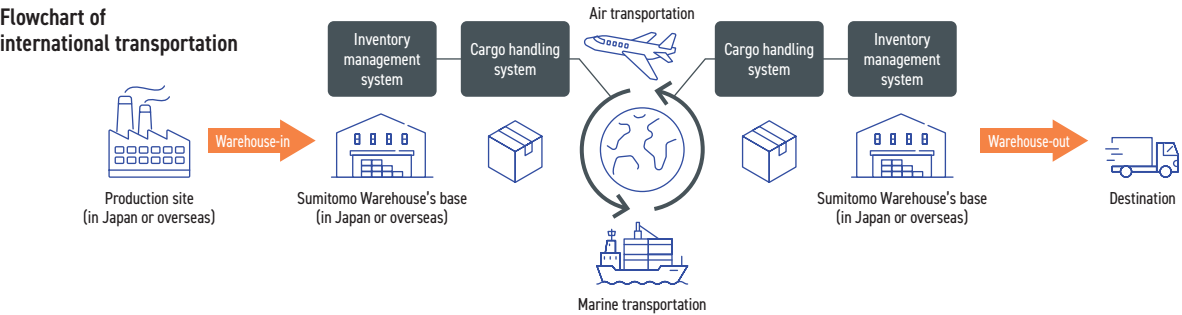
In order to realize the concept of "Connecting the world" in the long-term vision "Moving Forward to 2030," we will further expand our international logistics network, centering on the four poles of Japan, Asia, Europe and the Americas, and support customers to establish strong and stable global supply chains.

As our key strategy for the future, we will strive to create a new growth engine by making efforts to capture the strong demand for logistics in the Indian Ocean Rim Economic Area which spans India and the Middle East, with Southeast Asia as the main area.

In recent years, while various geopolitical risks have increased and supply chains and trade structures have changed dramatically, we will meet customers' expectations and contribute to the sustainable growth of the Group by providing more powerful and high-quality logistics services while responding quickly to climate change and rapid digitization in the international transportation field.



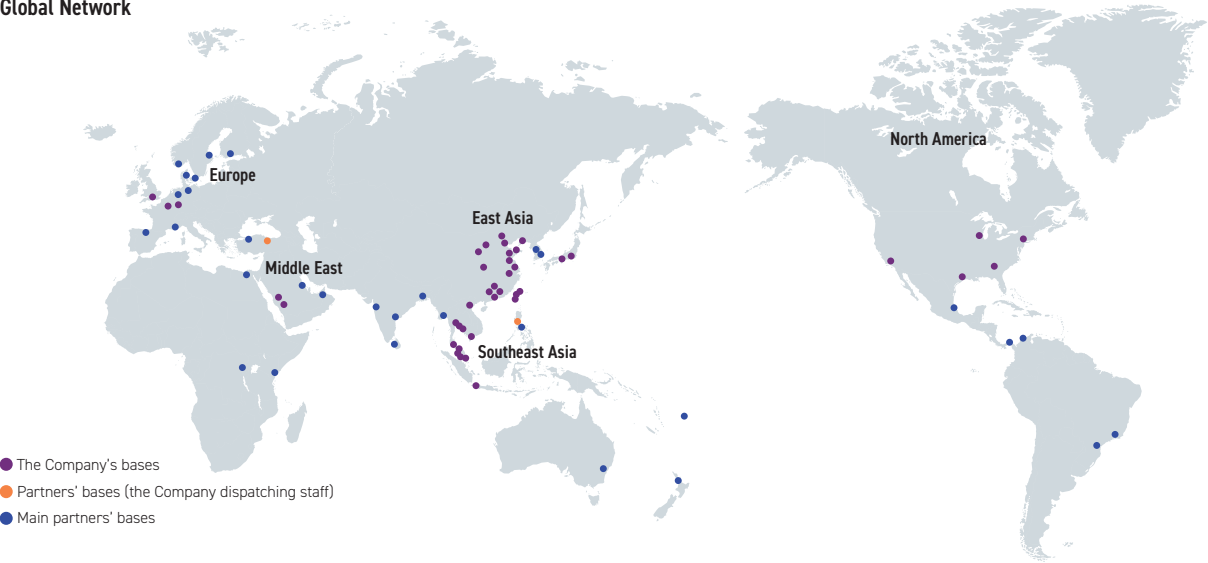
Managing Executive Officer  
**Shuichi Iwazawa**



Overseas Business Development

Since expanding into San Francisco, USA, in 1972, the Company has continued to expand its overseas bases and now has 21 local subsidiaries and more than 50 bases in 14 countries and regions, including North America, Europe, the Middle East, Southeast Asia, China, and Taiwan. We support customers in establishing strong and stable global supply chains by providing high-quality logistics services based on our extensive international logistics network.

Global Network



Business Strategy of the Fifth Medium-Term Business Plan

As a further expansion of our domestic and international logistics network, the International Division has set out to enhance overseas business.

Specifically, we will promote the construction and acquisition of warehouses in Southeast Asia and Europe, and expand warehousing operations in the regions, aiming to create synergies with existing forwarding operations.

In addition, we aim to establish a competitive advantage through digitalization and automation of operations and the promotion of DX. We will promote increasing the functionality of web services, provide highly value-added services that utilize digital technology for tasks that still rely on analog methods such as paper documents, mails, and telephone calls, and develop services that support customers' DX to expand handling.

Progress of business strategy

Results for FY2023	In May 2023, the third warehouse in Laem Chabang area of Thailand (approx. 14,300m <sup>2</sup> ) was completed.
Measures to be implemented in FY2024 and their progress	As for the digitization and transition to DX of operations, we are planning to expand the functions of SWAN (Sumitomo Warehouse Advanced Network System), which is a tool for providing information to customers, such as visualization and automation of cargo movements.

Business Activities

We will realize high-quality international transportation through the Sumitomo Warehouse Group's high coordination capabilities, which are based on a thorough understanding of the characteristics of cargo, transportation modes for land, sea and air, and the legal systems of each country around the world, as well as its overseas network. We are developing total logistics solutions that not only meet the needs of increasingly diverse international logistics, such as cross trade cargo transport, non-resident inventory, and buyer's consolidation but also maintain information systems that make it possible to grasp inventory on a global level.

International multimodal transportation	This is a service that combines different types of transportation, such as rail, truck, ship, and air, and transports the customer's goods using a single through bill of lading. We provide logistics services by effectively combining various transportation modes and using our unique information systems.			
Marine transportation	As a Non-Vessel Operating Common Carrier (NVOCC), we have contracts with major shipping companies, etc., and contribute to the efficiency of international logistics and cost reduction.			
Transportation of large-scale equipment	We have abundant experience in handling large cargo that cannot be stored in general containers, as well as special cargo that requires temperature and humidity control or that contains hazardous items. We can also dispatch supervisors to each port and destination on the occasion of the transportation of large cargo such as massive and heavy plant facilities. We offer integrated services that include packing, transportation, and installation while utilizing our sophisticated expertise and extensive experience. Appropriate services according to the size, form and characteristics of each cargo are available. For example, goods that gather rust will be put in vacuum or moisture-proof packaging and, if necessary, in wooden or steel boxes. Special vehicles or conventional vessels with a hatch may be prepared according to the circumstances. We have the know-how to take every measure to ensure that each cargo reaches its destination without fail.			
Overseas logistics	To meet the needs of customers that are increasingly advanced and diverse such as vendor-managed inventory, just-in-time systems, and value-add services, we provide high-quality inventory management and delivery arrangements at our bases around the world. In addition, we propose optimal logistics solutions that integrate logistics and information systems, based on overseas customs clearance systems, tax systems, etc.			
Non-resident inventory (Consignment inventory)	We have operated our warehouse for 25 years in Belgium, where non-resident inventory handling is allowed. We are the pioneer of this service among Japanese logistics companies. We have several similar bases in Asia, and we have accumulated knowledge related to customs clearance and tax procedures for non-resident inventory. We are developing logistics scheme services with know-how backed by knowledge and experience.			
Overseas logistics outsourcing and consulting	Owned by the headquarters in Japan	Cargo delivery within the EU	VAT optimization	Shorter lead-time
	Reduce the inventory and administrative workload of client's local corporations	Reduce client's burden for customs procedures	Improve cash flow of clients, etc.	Improve customer services
The Company has extensive experience and know-how regarding overseas logistics involving Europe and USA as well as emerging countries and the Middle East. We are familiar with the complex customs clearance system, legal system, commercial practices and complex distribution circumstances of each country. We also support the establishment of optimal SCM systems for overseas production, etc. through providing accurate information and detailed consultation that includes on-site visits as necessary. We undertake the resolution of all issues related to overseas logistics arising out of global business advancement.				



International multimodal transportation/Marine transportation



Transportation of large-scale equipment



We aim to achieve further growth by expanding the revenue scale through a review of the portfolio of owned assets and expansion of our business domain.

The Company's real estate business started with the redevelopment of existing facilities in line with the urbanization of surrounding areas. In the 1970s, we began operating logistics buildings for leasing in the central areas of Osaka and Tokyo, and in 1988 we constructed the Tokyo Sumitomo Twin Buildings in Shinkawa, Chuo-ku, Tokyo, which became our flagship office building. Since then, we have worked to achieve sustainable growth by constructing real estate for lease that is suitable for their locations, mainly through the redevelopment of warehouses and the Company's housing, as well as acquiring new real estate properties that generate revenue. While continuing to develop and acquire environmentally friendly office buildings, etc., we are also replacing properties based on age, etc., and are reviewing the portfolio of owned assets. The real estate business can be expected to generate long-term, stable revenue, and it has played a role in supporting operating results by absorbing the fluctuations of the logistics business to date, but in the future, we will aim to expand the revenue scale and further grow the real estate business by expanding the business domain to include sales business and also by newly engaging in asset turnover business.



Director and Managing Executive Officer responsible for Administrative, Real Estate, and International Divisions

Akihiko Hoshino

Business Activities



Tokyo Sumitomo Twin Buildings

We redevelop our lands that were originally planned to be used for warehouses for other purposes due to a change in the environment such as urbanization of the surrounding areas. We also acquire new lands to develop them in harmony with their surrounding areas, by making the best use of their features.

The total floor space of office buildings and commercial facilities for rental under our management mainly in the Greater Tokyo area and Osaka exceeds 380,000 m<sup>2</sup>. One of these buildings is Tokyo Sumitomo Twin Buildings, which triggered the development of waterfront areas. We also focus on urban development to revitalize local communities, such as the redevelopment project in the Minami-horie district in Osaka Namba area.

Main Properties

Tokyo Sumitomo Twin Buildings (east tower) (Chuo-ku, Tokyo)

Structure	Steel framed reinforced concrete and steel framed structure / 24 stories, 3 underground stories
Lot area	11,270 m <sup>2</sup>
Total building floor area	69,210 m <sup>2</sup>



T-FRONT (Toda City, Saitama)

Structure	Steel framed structure / 5 stories
Lot area	6,450 m <sup>2</sup>
Total building floor area	22,880 m <sup>2</sup>



Tokyo Sumitomo Twin Buildings (west tower) (Chuo-ku, Tokyo)

Structure	Steel framed reinforced concrete and steel framed structure / 21 stories, 3 underground stories
Lot area	9,250 m <sup>2</sup>
Total building floor area	58,880 m <sup>2</sup>



Yodoyabashi Mid-Cube (Chuo-ku, Osaka City)

Structure	Steel framed structure (partly reinforced concrete structure and steel framed reinforced concrete structure), Quake-absorbing structure / 10 stories, 1 underground story
Lot area	1,850 m <sup>2</sup>
Total building floor area	12,090 m <sup>2</sup>



Tsunashima Mansion (Kohoku-ku, Yokohama City)

Structure	Reinforced concrete structure / 7 stories
Lot area	7,330 m <sup>2</sup>
Total building floor area	14,980 m <sup>2</sup>



T-PLATZ (Kohoku-ku, Yokohama City)

Structure	Steel framed reinforced concrete and steel framed structure / 4 stories
Lot area	8,580 m <sup>2</sup>
Total building floor area	20,570 m <sup>2</sup>



Please refer to the website for other real estate properties.  
▶ <https://www.sumitomo-soko.co.jp/English/service/estate/index.html>

Business Strategy of the Fifth Medium-Term Business Plan

Promotion of the leasing business	The Company has developed the real estate leasing business starting with the redevelopment of warehouse land. In recent years, in addition to redevelopment, we have continued to grow by promoting the acquisition of new real estate. We will continue to expand the real estate business centering on the leasing business.
Replacement of real estate	We will implement the replacement of real estate for lease by selling non-core assets, etc., in order to avoid a decline in future profitability associated with the age of the real estate and to achieve further growth.
Expansion of business scope to sales business	While replacing real estate properties, we will gradually operate the asset turnover business, and in the medium to long term, we will aim to conduct business that is conscious of capital efficiency by developing the sales business with the leasing business as its core.

Progress of business strategy

In June 2023, the Company acquired 49% of the co-ownership interest in the environmentally friendly office building Hommachi Garden City Terrace (Chuo-ku, Osaka City). This property uses a 100% renewable energy power supply for the entire building and has also received a high environmental performance assessment\*1.

In addition, in March 2024, we raised 10.0 billion yen through a green loan\*2 to fund this acquisition.

The Company will continue to actively invest in the business while considering the reduction of environmental impact in business in order to contribute to the realization of a sustainable society.

\*1 CASBEE (Comprehensive Assessment System for Built Environment Efficiency) Osaka Mirai: Rank A certified, BELS (Building-Housing Energy-efficiency Labeling System) Evaluation: ZEB Oriented certification  
\*2 Loans limited to be used in environmentally friendly projects (green projects)



Hommachi Garden City Terrace



Basic Approach

The business activities of the Sumitomo Warehouse Group are founded on the Sumitomo's Business Philosophy of "emphasizing the development of public interests and people while avoiding immediate speculative interests due to being based on the principles of trust and reliability." Over the 120 years since the Group was founded, we have provided the quality services required by customers and society, while steadily growing our business centered on logistics.

In recent years, supply chains have become increasingly globalized and the logistics needs of customers have diversified. It is the Group's unwavering mission to support customers businesses and social activities by appropriately delivering the precious goods we have received to their intended destinations.

To realize our long-term vision "Moving Forward to 2030," we will strengthen the foundation of each business, secure and develop human resources, and work together with a wide range of stakeholders, including customers, business partners, and local communities, to solve social issues.

The Group will endeavor to "create a safe and fulfilling environment" enabling employees and other service providers to meet their full potential and conduct "fair business operation" realizing sustainable growth, engage in further "enhancement of service quality and safety" and "reduction of environmental impact" to contribute to customers and society through business.

Sumitomo Warehouse Group Business Conduct Guidelines

The Sumitomo Warehouse Group was founded based on Sumitomo's Business Philosophy. We contribute to society extensively through high-quality logistics, real estate, and systems development services based on strong performance and credibility that we have developed over the many years that we have been doing business. In order to further public trust in the Sumitomo Warehouse Group, and for all Group companies to fulfill their corporate social responsibility obligations, we have established the following guidelines for conduct that every Group employee must follow.

- 1

Compliance with Laws and Regulations

We will comply with all applicable laws, domestic or foreign, as well as internal company rules, and also carry out business activities based on social expectations and corporate ethics.
- 2

Respect for Human Rights and the Dignity of the Individual

We will respect the human rights and personal dignity of all people whom the Sumitomo Warehouse Group has contact with, directly or indirectly, while doing business. We will not discriminate based on race, national origin, beliefs, sex, gender, age, religion, social status, or physical or mental disability.
- 3

Maintain Sound Relationships with Customers and Suppliers

We will maintain business relationships with customers and suppliers based on fair, transparent, and free competition. We will also strive to maintain sound and proper relationships with political and government organizations.
- 4

Communication with Society

In order to communicate well with shareholders, investors, business partners, the local community, and other stakeholders, we will disclose necessary information actively and fairly.
- 5

Environmental Protection

We will voluntarily and actively work to protect the global environment.
- 6

Contribution to the Local Community

With the awareness that our business activities are based in local economies and cultures, we will maintain good relations with local communities and contribute to their development.
- 7

A Good Working Environment

We will strive to develop a way of working that draws out the strengths of all employees while respecting their dignity and individuality. Furthermore, we will strive to create a working environment that is safe, healthy, and easy to work in.
- 8

Information Management

Confidential information and personal information that we acquire through our business activities will be properly managed to prevent unintentional, or unauthorized, disclosure to any third party. Such information will never be used without authorization for personal gain, or in the interests of any third party.
- 9

Confronting Antisocial Forces

We will take a firm stance against antisocial forces who threaten order or the safety of civil society.
- 10

International Business Conduct

As a good corporate citizen, we will abide by the laws of foreign countries, respect their cultures and customs, and build and maintain strong relationships with local employees and business partners when doing business overseas.

CSR Promotion Framework

Sustainability Committee

Sumitomo Warehouse has established a Sustainability Committee chaired by the President, under the supervision of the Board of Directors, to promote various measures on the Sumitomo Warehouse Group's compliance, risk management, internal control over financial reporting, information security, human rights, occupational health and safety, the quality improvement of services we provided by our group and environmental conservation, so as to further enhance corporate value and fulfill our social responsibility.

Sustainability Committee Members

Chairman	Vice Chairman	Member
Chief Executive Officer	Managing Executive Officers	General Manager of General Affairs Department, General Manager of Finance & Accounting Department, General Manager of Business Promotion Department, General Manager of Marketing Management Department, General Manager of Marine Department, General Manager of Overseas Business Department, General Manager of Affiliated Companies Department, General Manager of Development Department, General Manager of Information Systems Department, and General Manager of Audit Department

CSR Promotion Framework

The Sustainability Committee consists of the chairman, vice chairman, and committee members. It investigates and formulates various measures, systems, and rules for the Sumitomo Warehouse Group's compliance, risk management, internal control over financial reporting, information security, human rights, occupational health and safety, the quality improvement of services we provided by our group and environmental conservation. Measures to be taken are discussed as instructed by the Sustainability Committee in the five subcommittees, the Internal Control Subcommittee, CSIRT Subcommittee (SWC-CSIRT), Human Rights Subcommittee, Safety and Quality Subcommittee and Environmental Subcommittee, which were established under the Sustainability Committee. Matters to be discussed by the Sustainability Committee are implemented by resolution of the Board of Directors as necessary, and the Board of Directors supervises the activities of the Sustainability Committee by having the Sustainability Committee regularly report on its activity plans and results to the Board of Directors at least once a year.

Furthermore, the Sustainability Committee has established a helpline to swiftly and accurately respond to facts in violation of laws, regulations, company rules and social norms. When a report is received, an investigation is promptly conducted and action is decided upon.





Materiality

Ever since its founding on July 1, 1899, Sumitomo Warehouse has carried out business according to the principles of Sumitomo’s Business Philosophy of integrity, sound management, and not pursuing immoral business. These words warn us not to chase immediate speculative profit to the detriment of society, or else we will lose all trust held in us. They also reflect our management philosophy of contributing to society through our business.

Based on the corporate philosophy of the Group, “We will provide earnest and timeless support for logistics functions as the social infrastructure, which is needed by all, while also working to create new services sought after by our customers and society,” and the management policy, we have identified materiality (key issues) to realize the Group’s contribution to sustainability. By organizing the SDGs and main initiatives that are being implemented to achieve these five key issues, we have clarified the issues that we address with the highest priority.

While continuing to respond to the needs of all stakeholders, we will work to solve various social issues through business activities and contribute to the sustainable development and value creation of society.

Participation in the United Nations Global Compact

The Company endorsed the United Nations Global Compact (“UNGC”) promoted by the United Nations and was approved on September 9, 2024.

The UNGC is a voluntary initiative that encourages companies and organizations to act as good members of society and achieve sustainable growth by demonstrating responsible and creative leadership.

The Ten Principles in four areas stipulated by the UNGC are common to the materiality of the Group’s sustainability management, and the Group aims to achieve a sustainable society by practicing these principles.



ESG	Key Issues (Materiality)	Related SDGs		Themes	Main Initiatives in FY2023
<div>E</div> Environment	Reduction of environmental impact			Priority Response to natural disasters	Expanded customs clearance services from remote areas in Japan, taking advantage of being an authorized customs broker under the AEO Program Strengthened the resilience of the business against natural disasters
				Priority Prevention of climate change and promotion of energy-saving	Established the Environmental Subcommittee specializes in the environmental field within the Sustainability Committee Expanded the introduction of energy-saving equipment and promoted the introduction of electricity from renewable energy sources ●Reduced greenhouse gas emissions in FY2023 by <b>27%</b> compared to FY2018 (Sumitomo Warehouse non-consolidated)
				Conservation of biodiversity	Carried out environmental assessments based on laws and regulations when building warehouses and real estate facilities
				Prevention of soil and air pollution, water management	Promoted the use of electric vehicles for company vehicles. Thoroughly complied with laws and regulations regarding wastewater discharge.
				Waste and recycling	Promoted material recycling of waste stretch film through initiatives with cooperating companies to produce recycled plastic materials
<div>S</div> Society	Fair business operation			Compliance with fair trade	Implemented regular checks of the status of compliance with laws and regulations regarding transactions with cooperating companies, and training related to relevant laws and regulations ●Number of participants in FY2023 Subcontract Act training: <b>153</b> (Sumitomo Warehouse non-consolidated)
				Supply chain management	Promoted supplier management and consideration of measures to revitalize dialogue with cooperating companies
	Creation of a safe and fulfilling environment			Respect for human rights	Implemented educational activities regarding the Sumitomo Warehouse Group Human Rights Policy formulated in the previous fiscal year
				Priority Promotion of work style reform	Promoted information sharing and standardization within the organization, in addition to turning off the lights in the entire building (at 7 or 8 pm) and utilizing a staggered working hours system ●Average overtime hours exceeding statutory working hours for workers per month <b>18</b> hours (down 2 hours from the previous fiscal year: Sumitomo Warehouse non-consolidated)
				Priority Health and safety	Promoted initiatives through cooperation among companies, labor unions, and health insurance associations ●Achieved zero occupational accidents and a health checkup participation rate of <b>99.9%</b> (Sumitomo Warehouse non-consolidated)
				Human resource development and diversity	Held the career seminar TSUNAGU Project for female career-track employees Held an interaction and information exchange event, Roundtable Discussion Among Female Employees, with five companies in the same industry with the aim of promoting D&I
	Enhancement of service quality and safety			Priority Service quality and safety	Expanded the membership of the Safety and Quality Subcommittee, which is an organization under the Sustainability Committee. Reorganized to promote service quality improvement through the integration of administrative and business divisions, and revitalized activities.
				Community and local activities	As a designated business operator for handling cargo within the venue of “Expo 2025 Osaka, Kansai, Japan,” promoted social contribution activities through business activities toward the success of “Expo 2025 Osaka, Kansai, Japan”
<div>G</div> Governance	Fair business operation			Priority Corporate governance	Clarified the scope of the Sustainability Committee’s activities to include the entire Group, and strengthened the governance system
				Risk management	Continued security audits and security education and training for employees Implemented training on targeted attack emails for employees (Sumitomo Warehouse non-consolidated)
				Compliance	Continually implemented top management seminars for Directors, Corporate Auditors and Managing Executive Officers, as well as compliance training for all employees ●Participation rate in FY2023 compliance training: <b>99.1%</b> (Sumitomo Warehouse non-consolidated)

Environmental Policy

The Sumitomo Warehouse Group recognizes that the preservation of the global environment, which includes addressing climate change, is one of the most important business issues. That it faces, we will help achieve a sustainable society by working steadily and continuously on initiatives to preserve the environment, such as mitigating the environmental impacts of its business activities.

- 1

We will obey laws and regulations pertaining to the environment.
- 2

We will systematically work to introduce highly efficient energy-saving equipment, and to utilize renewable energy.
- 3

We will strive to purchase and utilize environmentally friendly products.
- 4

We will work to preserve and more effectively use water and other resources, as well as promoting both the reduction of waste and reuse/recycling activities.
- 5

We will establish a system, acquiring environmental data, set environmental targets, and review those targets on a periodic basis, in order to promote initiatives to preserve the environment and facilitate continuous improvement.
- 6

We will strive to make this policy known throughout the Group and conduct environmental training to heighten the awareness of all employees of environmental issues and to encourage autonomous participation in environmental preservation activities.
- 7

We will announce this policy to the general public.

Environmental Target

Reduce greenhouse gas emissions of Scopes 1 and 2 on a non-consolidated basis by 50% from the FY2018 level by FY2030.

Initiatives aimed at targets

✓

Expand the introduction of energy-saving equipment

✓

Expand the introduction of solar power generation systems

✓

Utilize renewable energy

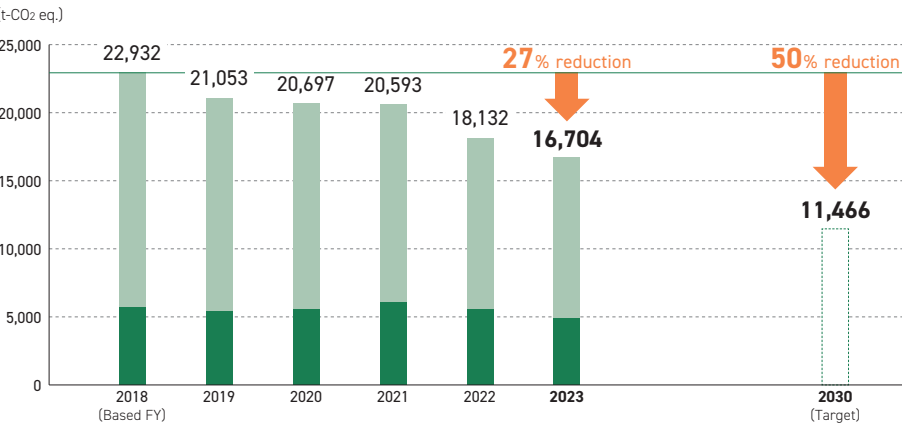
✓

Use electric vehicles (EV) for company vehicles and install EV charging stands

Progress up to FY2023

Since FY2018, Sumitomo Warehouse has been investing in energy-saving measures such as conversion of lighting equipment to LEDs and updating to high-efficiency air-conditioning equipment, as well as introducing solar power generation systems to owned warehouse facilities and switching to electricity derived from renewable energy sources. The three new warehouses that were built in recent years have received CASBEE\*1 Rank A, and a newly acquired real estate leasing facility has received CASBEE Rank A-and BELS Evaluation\*2 ZEB Oriented certification. We are promoting business operations using environmentally friendly green buildings, and are working to reduce greenhouse gas ("GHG") emissions from a medium- to long-term perspective. In FY2023, the GHG emissions of the Sumitomo Warehouse were 16,704 t-CO<sub>2</sub>, 27% reduction compared to FY2018, and we will continue initiatives toward the target of 50% reduction compared to FY2018 by FY2030.

\*1 CASBEE (Comprehensive Assessment System for Built Environment Efficiency): A method for assessing and rating the environmental performance of buildings. This assessment system was developed in 2001 under the leadership of the Ministry of Land, Infrastructure, Transport and Tourism. It comprehensively assesses the quality of buildings, taking into account not only environmental considerations such as energy saving and the use of materials and equipment that have low environmental impact but also factors such as indoor comfort and consideration for the surrounding landscape.  
\*2 BELS (Building-Housing Energy-efficiency Labeling System) Evaluation: Evaluation by a third party, as stipulated in a public notice by the Ministry of Land, Infrastructure, Transport and Tourism, with the aim of ensuring that the assessment and labeling of the energy-saving performance of buildings are carried out fairly and accurately by an organization registered with The Association for Evaluating and Labeling Housing Performance.



Initiatives to Address Climate Change

Based on the recognition that measures against climate change are one of the key issues in our business, the Group is steadily and continuously working to preserve the environment such as reducing the environmental impact of our corporate activities in order to contribute to the realization of a sustainable society. As part of this effort, we have analyzed the risks and opportunities to our business posed by climate change in accordance with the information disclosure framework set forth by the TCFD and strived to reduce risks and expand business opportunities while proactively disclosing information.

In recent years, there has been a major trend towards achieving carbon neutrality in society as a whole, and the logistics industry is strongly required to contribute to achieving carbon neutrality through its business activities. The Company announced in the Fifth Medium-Term Business Plan formulated in March 2023 that it would reduce greenhouse gas emissions (Scopes 1 and 2) by 50% by FY2030 (compared to FY2018), and has set specific reduction targets and has been working to reduce GHG emissions. We will also contribute to initiatives towards carbon neutrality for society as a whole through the provision of low-carbon logistics services in cooperation with external parties, such as modal shifts and round use of containers, as well as low-carbon real estate leasing services through green buildings.

Initiatives in FY2023

Strengthening of the system for addressing climate change issues	<div>■ Established the Environmental Subcommittee specializes in the environmental field within the Sustainability Committee</div> <div>■ Extended the boundary of scenario analysis for disclosure of climate change-related information in line with the TCFD recommendations to all businesses</div>
Expand the introduction of energy-saving equipment	<div>■ Implemented the conversion of lighting equipment to LEDs and the updating of air conditioning equipment to high-efficiency air conditioners at warehouses</div> <div>Percentage of lighting equipment in the Company owned warehouses that have been converted to LEDs: <b>83%</b> (based on the number of warehouses)</div> <div>■ Promoted the updating of cargo handling equipment at container terminals</div> <div>Decided to introduce hydrogen fuel cell retrofitted and electric-powered RTGs (Rubber Tired Gantry cranes)</div>
Expand the introduction of solar power generation systems	<div>■ Introduced solar power generation systems into the third warehouse in Laem Chabang area of Thailand completed in FY2023 and the Fukuroi Logistics Set Center of Enshu Truck Co., Ltd.</div>
Utilize renewable energy	<div>■ Implemented partial switching to electricity from renewable energy sources at warehouses in the Osaka area</div> <div>The ratio of renewable energy to the total electricity consumption of Sumitomo Warehouse non-consolidated increased to <b>13%</b> (up 3 points from the previous fiscal year)</div>
Promotion of introduction of electric vehicles	<div>■ Expanding the use of electric vehicles for company cars to 100% by FY2030 (mainly for 83 passenger cars used for moving between sales offices, as of the end of FY2023)</div> <div><b>14%</b> of company vehicles have been switched</div> <div>The ratio of eco-cars, including hybrid cars, was <b>36%</b></div>
Acquisition of green buildings	<div>■ Promoted investment in environmentally friendly facilities using green loans</div> <div>Acquired the co-ownership interest in the environmentally friendly office building Hommachi Garden City Terrace</div>

Initiatives in FY2024

Expand the introduction of energy-saving equipment	<div>■ Continuing the conversion of lighting equipment to LEDs and the updating of air conditioning equipment to high-efficiency air conditioners at warehouses</div>
Expand the introduction of solar power generation systems	<div>■ Introducing a solar power generation system at the Sumitomo Warehouse Kyushu Hakozaki Futo Logistic Center's new warehouse (scheduled for completion in January 2025)</div>
Utilize renewable energy	<div>■ 100% use of electricity generated from renewable energy sources at a self-operated container terminal in Tokyo Port</div> <div>■ Partially switching to electricity generated from renewable energy sources in real estate buildings for lease</div>
Promotion of introduction of electric vehicles	<div>■ Continuing to promote switching company cars to electric vehicles (EVs)</div>



Response to the Recommendations of the TCFD

In July 2022, Sumitomo Warehouse endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The recommendations recommend that climate-related risks and opportunities be organized and disclosed in line with the four recommended disclosure items (governance, strategy, risk management, and metrics and targets), and we are disclosing information in accordance with these recommendations. Detailed disclosure information is posted on the Company's corporate website, so please take a look at that as well.

Governance

At Sumitomo Warehouse, under the supervision of the Board of Directors, the Sustainability Committee, chaired by the President, has established a system for identifying climate change-related issues, making management decisions, and executing business operations. The Board of Directors receives reports from the Sustainability Committee, thereby putting in place a system to ensure that the Board of Directors appropriately oversees efforts to address management issues related to environmental conservation, including climate change. The Board of Directors also makes decisions on important management matters. Regarding issues related to climate change, the Environmental Subcommittee, which is an organization under the Sustainability Committee, identifies risks and reflects them in strategies with the participation of the Business Promotion Department, which is in charge of environmental conservation, and deploys them throughout the Company to resolve issues. In addition, the progress of environment-related issues and targets for initiatives is confirmed on a quarterly basis, and at least once a year, a report is made to the Sustainability Committee and the Board of Directors.

CSR Promotion Framework ▶ P46

Strategy

Sumitomo Warehouse has conducted a scenario analysis with the year 2030 as the point in time for the analysis and the logistics and real estate businesses of the Company and the logistics business of Enshu Truck Co., Ltd. as the subjects of analysis. This analysis involves considering the year 2030 under two scenarios: a below 1.5°C scenario, which aims to realize a decarbonized society, and a 4°C scenario, in which no climate change measures are taken and physical risks are actualized. The details of the analysis results can be seen in the table on the next page.

Results of the examination of social change and response measures: Below 1.5°C scenario	<p>In the below 1.5°C scenario, where society transitions to decarbonization, the impact of transition risks, such as enhanced taxation and regulation of GHG emissions and sharply increasing energy costs, is likely to be significant. Financial impacts may include increased GHG emission costs, increased utility costs and increased construction costs in line with rising prices of construction materials. The financial impact of quantifiable items was calculated, and there was found to be a significant impact due to the increase in GHG emission costs, and this was particularly true for Enshu Truck.</p> <p>Possible measures to address include promoting energy saving and reducing costs by newly installing new solar power generation equipment and acquisition of environmental certification etc. in real estate business. In addition to the above efforts, Enshu Truck may also introduce fuel-efficient vehicles and promote eco-driving.</p>
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Risk management

At Sumitomo Warehouse, the Environment Subcommittee of the Sustainability Committee identifies and evaluates climate-related risks based on the results of periodic internal and external surveys, and reflects the identified and evaluated risks in the Company's strategy by sharing them throughout the Company. As for risk management for the entire organization, Internal Control Subcommittee, which is an organization under the Sustainability Committee, conducts risk management for the entire Group. The Company has integrated our company-wide risk management system and climate change-related risk management system by establishing, through the Sustainability Committee, a system of collaboration between the Environmental Subcommittee, which examines measures related to climate change, and the Internal Control Subcommittee, which examines measures related to risk management.

The Internal Control Subcommittee reports to the Sustainability Committee on important risk management matters on a case-by-case basis and on the status of environmental regulatory compliance at least once a year.

Metrics and targets

We have adopted greenhouse gas emissions as a metric for use in climate-related strategies and risk management, and have set a target of reducing non-consolidated greenhouse gas emissions (Scopes 1 and 2) by 50% by FY2030 compared to FY2018, and are working to achieve this target. As specific initiatives, the Fifth Medium-Term Business Plan (FY2023–FY2025) aims to achieve its targets by expanding the introduction of energy-saving equipment and solar power generation systems, promoting the use of renewable energy, and switching company vehicles to electric vehicles (EVs).

Metrics	Greenhouse gas emissions
Specific targets	Reduce greenhouse gas emissions of Scopes 1 and 2 on a non-consolidated basis by 50% from the FY2018 level by FY2030.
Boundary	The Sumitomo Warehouse Co., Ltd
Results for the fiscal year ended March 31, 2024	27% reduction (progress rate 54%)

Scenario analysis: Below 1.5°C scenario

The analysis is conducted based on a hypothetical scenario that in order to limit the increase in global average temperature to below 1.5°C above pre-industrial levels, each country strengthens policies and regulations beyond the 2°C scenario, such as aiming for net zero GHG emissions by 2050, and social awareness of the environment and climate change increases significantly compared to the current situation.

Main scenarios referred to • IEA World Energy Outlook 2021.Sustainable Development Scenario / Net Zero Emissions by 2050 Scenario  
• IPCC SSP1-1.9

	Changes in the external environment in 2030	Impact on business (risks and opportunities)		Financial impact as of 2030		Countermeasure
		Risks	Opportunities	Parameter	Financial impact	
Government, etc.	Introduction of carbon tax	Increased carbon tax burden (including indirect burden)		Carbon price	Increase in GHG emission costs	Reduction in emissions through energy conservation, energy creation, and use of renewable energy
	Stricter regulations on energy-saving policies	Additional investment to comply with regulations		Energy-saving standards	Cost increase due to new investments	
	Strengthened GHG emissions reporting requirements	Increase in IR costs		Scope of reporting obligations	Increase in SG&A expenses due to establishment of new environmental management division	
Supplier	Energy costs rise	Increase in warehouse operating costs		Electricity price	Increase in operating costs (electricity charges)	Automation and streamlining of tabulation work and documentation
	Transition from fossil fuels to energy from natural sources	Investment in energy conservation required		Capital investment costs	Cost increase due to new investments	Appropriate switchover to high-efficiency equipment
	Raw material costs rise	Increase in prices of building materials for warehouses		Construction material prices	Increase in warehouse construction costs	Extension of building life Investigation of cost-effective construction methods
Customer	Increased customer awareness of environmental measures, making environmental measures indispensable as a condition for selecting a logistics provider	Increased customer demands and worsening work environment		Labor productivity	Increase in labor costs due to deterioration in labor productivity	Improvement of work efficiency through IT technology Improvement of work environment LT review
	Improved evaluation of real estate with environmental certification, etc.					Acquisition of environmental certification, etc. for real estate facilities
	Customers select logistics providers that are proactive in their ESG efforts	Customer defection		Number of customers	Decrease in sales	Promotion of ESG initiatives at the company-wide level Disclosure of information
Society & Reputation	Increased capital investment related to electrification and energy saving		Increase in industrial cargo volume	Volume of cargo handled by the land transportation industry	Increase / Decrease in sales	Shift to industrial freight where demand is high Acquisition of new commercial cargo
	Increased environmental awareness Stricter SC regulations Improved reputation through more efficient and energy-efficient operations Diversified means of transportation	Decrease in the volume of land transportation by truck				
			Increase in customer acquisition and unit price through expansion of cooperative delivery and other existing services, and utilization of renewable diesel	Number of customers / unit cost per customer	Increase / Decrease in sales	Expansion of cooperative delivery and use of renewable diesel Enhancement of corporate image
	Introduction and evolution of low-carbon technologies	Increase in vehicle prices		Capital investment costs	Increase in vehicle lease fees	Development of new leasing companies and competitive quotations Joint purchasing by group companies
	Only companies using natural (low-carbon) energy are evaluated well		Growing demand for warehouse using renewable energy			
	Natural (low-carbon) energy technologies develop					Clarification of the carbon footprint of the Group's use of warehousing and logistics services PR for low-carbon logistics and zero-carbon logistics

Please refer to the website for details of the 4°C scenario analysis. ▶ <https://www.sumitomo-soko.co.jp/sustainability/activity/environment/tcfd.html>

Occupational Health and Safety Initiatives

Occupational health and safety policy

In addition to complying with laws and agreements concerning occupational health and safety, the Sumitomo Warehouse Group strives to create a safe and comfortable working environment that is both physically and mentally healthy and rewarding. We also strive to ensure the safety of Sumitomo Warehouse Group employees and those who work at the Sumitomo Warehouse Group's business sites, including cooperating companies, and to eliminate occupational accidents.

Occupational health and safety goal and initiatives

[1] Occupational health and safety efforts

Based on the approach that safety is the basis for everything, employees and those who work at the Company's business sites, including cooperating companies, cooperate to carry out a variety of activities.

In FY2023, we shared information on problems and recurrence prevention measures at safety meetings and other events regarding near-miss and accident cases at other companies and the Company and provided guidance and information to workers to prevent similar accidents from occurring. As a result, we achieved zero occupational accidents.

In FY2024, we will continue to work to improve the safety and comfort of the working environment.

(1) Occupational accidents from the past four fiscal years

	FY2020	FY2021	FY2022	FY2023
Number of accidents	6(9)	2(5)	1(3)	0(5)
Number of injuries not resulting in absence from work	4(4)	1(1)	1(1)	0(2)
Number of injuries resulting in less than four days of absence from work	1(1)	1(1)	0(0)	0(0)
Number of injuries resulting in four or more days of absence from work	1(4)	0(3)	0(2)	0(3)
Number of deaths	0(0)	0(0)	0(0)	0(0)

\*The table above shows the number of accidents and the number of fatalities and injuries (excluding commuting accidents) reported by Sumitomo Warehouse to the Labor Standards Inspection Office as occupational accidents. The figures for each fiscal year are as of March 31.  
\*The figures in parenthesis are the number of occupational accidents and the number of fatalities and injuries involving workers of subcontractors at Sumitomo Warehouse facility work sites (warehousing division, harbor transportation division, and aviation division).

(2) Serious occupational accidents from the past four fiscal years

FY2020	FY2021	FY2022	FY2023
0(0)	0(0)	0(0)	0(0)

\*Number of workers in table [1] on the left classified as having a disability grade of 1 to 7 due to death, injury, or illness.  
\*The figures in parenthesis are the number of workers classified as having a disability grade of 1 to 7 due to death, injury, or illness among workers of subcontractors at Sumitomo Warehouse facility work sites (warehousing division, harbor transportation division, and aviation division).

[2] Efforts to promote health

We aim to be a company where employees can work positively in good health both physically and mentally, and we position the promotion of employee health as one of the important management issues.

In FY2023, as part of efforts to promote proper working hours, we took measures such as holding labor-management meetings, which led to a reduction in overtime working hours of employees. In addition, as part of efforts to identify health issues of employees and promote necessary measures, we worked on measures for those who had not yet received regular health checkups with the target of achieving 100% participation, and we also made efforts to follow up with those who had been found to have health issues by recommending that they undergo further tests.

In FY2024, the Company, the labor union, and the health insurance association will continue to discuss and collaborate to promote the health of employees.

(1) Status of regular health checkups among employees

FY2020	FY2021	FY2022	FY2023
98.4%	96.4%	99.2%	99.9%

\*Sumitomo Warehouse employees (excluding those working overseas). The figures for each fiscal year are as of March 31.

(2) Status of stress checks among employees

FY2020	FY2021	FY2022	FY2023
89.4%	88.4%	88.1%	86.8%

\*Sumitomo Warehouse employees (excluding those assigned to other companies). The figures for each fiscal year are as of March 31.

Human Resource Management

Basic approaches

In addition to promoting measures for expanding opportunities for women and diversity, we will encourage the achievement of growth for each and every employee through the expansion of educational and training programs (including DX training), etc., and will lead to the sustainable growth of the Group.

Securing a diverse range of human resources

In the long-term vision "Moving Forward to 2030," the concept of "Connecting people" has been set as the mission to be fulfilled by the Group, and we will further strengthen the development of human resources, which are a valuable management resource.

In FY2023, we made efforts to improve the abilities of employees by implementing multiple-tiered training for all employees as we have done in the past, overseas posting for young career-track employees with the aim of developing global human resources, support seminars for active participation of female career-track employees, TSUNAGU Project, to support the medium- to long-term career development of female career-track employees, language training and accounting training with the aim of cultivating specific skills, and other programs. In addition, we have been working to increase the number of mid-career employees with diverse backgrounds, and as a result of encouraging the active employment of people with disabilities within the Company, the number of mid-career employees and the number of people with disabilities employed have both increased.

In FY2024, we will further improve the content of individual training programs to enhance the skills of employees, and we will continue to focus on mid-career employment and employment of people with disabilities to secure a diverse range of human resources.

Fostering a corporate culture of openness

We believe that in order to raise employee motivation and establish a fulfilling workplace environment, it is important to have an openness that allows employees to freely and openly exchange opinions.

For this reason, the Company considers dialogue with employees to be important and is working to create measures to improve employee fulfillment by listening to their opinions through individual interviews between employees and their superiors, between employees and personnel staff, and through employee awareness surveys and labor-management consultations.

We also provide mental health management training for Section Managers who are responsible for the health of their subordinates, as well as training for all employees to create a workplace environment free from harassment.



TSUNAGU Project

Promotion of work style reform

So far, we have been promoting the appropriate working hours and enhancing the work-life balance of employees by taking measures such as turning off the lights in the entire building and promoting the utilization of a staggered working hours system. In addition to the above, in FY2023, we worked to improve the rate of annual paid leave taken by utilizing a system for the planned granting of annual paid leave. We also formulated support programs for childcare leave, etc., and thoroughly informed individual employees about taking such leave and confirmed their intentions, while also conducting interviews to eliminate any concerns they may have about returning to work, to promote the taking of such leave. As a result, both the rate of paid leave taken and the rate of childcare leave taken increased.

Improving the rate of paid leave taken

FY2022	FY2023
63%	70%

Improving the rate of childcare leave taken

FY2022	FY2023
Female:100% Male:38.5%	Female:100% Male:50%

TOPIC Held the Roundtable Discussion Among Female Employees which is an initiative for promoting D&I by six warehousing and logistics companies

On February 26, 2024, the Roundtable Discussion Among Female Employees was held hosted by the Company and five warehousing and logistics companies. This roundtable discussion provided an opportunity for participants to imagine how they will work in the future through interaction and information exchange with other companies in the same industry, as part of initiatives to promote diversity and inclusion, which is one of the issues common to all participating companies. 18 people (three people from each company) participated in the Roundtable Discussion Among Female Employees. The Company will aim to be a company that is able to contribute to society by creating an environment where diverse human resources can respect each other and everyone can vibrantly engage in work through various activities and measures.





Human capital Message from the Director



Stimulate the intellectual curiosity of the employees through free and open exchange of opinions, and achieve a lively company.

Director and Managing Executive Officer  
Akihiko Hoshino

The Company’s strengths include the provision of attentive services to customers, leveraging the on-site capabilities we have built up over many years and the domestic and international networks, but the most important factor supporting this is our human resources. In 2020, the Company formulated the long-term vision “Moving Forward to 2030” with a view to the year 2030, 10 years from that time. In this vision, the Company set forth “Connecting people” as one of its missions, and aims to continue to be a company that attracts people by further strengthening human resource development and introducing flexible and diverse work styles.

Currently, from the perspective of human resource development, we are undertaking initiatives to visualize the qualifications and skills that each employee has acquired at their previous workplaces and to use this to strengthen the allocation of appropriate personnel to the right places, as well as to help employees form their future careers. By clarifying skills, I would like employees to be more aware of further deepening their fields of expertise or expanding their areas of activity into new fields and to have more opportunities to recognize that their own growth contributes to the growth of the Company. For this purpose, I would like to enhance the necessary training, etc. as well.

In addition, in the rapidly changing times like today, it is necessary to constantly innovate business by incorporating new ideas, such as DX, rather than just continuing the conventional practices. Therefore, we actively recruit people who can think and act by themselves with a free mindset and who can work on their duties with a sense of mission.

In addition, in order to respond to the situation where each business is becoming globalized, advanced, and specialized, we are increasing the number of mid-career hires with a wealth of knowledge and experience from diverse backgrounds.

When I interact with employees, I get the feeling that everyone is working with the mindset to make the Company better. As lifestyles become more diverse, in order to deepen mutual understanding and foster a more open corporate culture, we are increasing opportunities for interviews between employees and their superiors as well as with staff in charge of personnel affairs, and we are also working on initiatives to improve employee engagement. In order to live a rich life, it is essential to have fulfilling work as well as life. If we can create an organization where people not only solve the problems they are given, but also freely discuss things across departmental boundaries, stimulating each other’s intellectual curiosity about their work, and actively express their opinions about how they would like to do things, then I think they will be able to enjoy their work, which will lead to innovation, and contribute to the growth of the Company and, further, to the development of society. I would like to work with all of our employees to achieve such a lively company.

Contribute to Expo 2025 Osaka, Kansai, Japan

Osaka is the place where the Company was founded, and the Company has contributed to the local community through the logistics and real estate businesses. On the occasion of the World Expo 2025 Osaka, Kansai, Japan to be held in Osaka, the Company has formed a joint venture with the Maguchi Group Co., Ltd., which was also founded in Osaka and has been operating a logistics business for more than 120 years. This joint venture has been selected by the Japan Association for the 2025 World Exposition as the recommended logistics operator and the designated on-site cargo handler and aims to contribute to the success of the exposition by handling all Expo-related cargo both inside and outside the venue. The Company set up a dedicated department in 2022 and is promoting operations toward the opening of the Expo in April 2025. We will also continue to support the Expo from a logistical perspective until the work following the closing of the Expo is completed, including making preparations to ensure smooth operations during the Expo period.



Human Rights

The Sumitomo Warehouse Group Human Rights Policy was formulated on March 30, 2023.

Sumitomo Warehouse Group Human Rights Policy	
Scope of Application	All staff in the Group, including its officers, employees, and contract workers
Prohibition of Discrimination	The Group places a high value on basic human rights in all the processes of its business activities, and does not engage in discrimination.
Prohibition of Harassment	The Group endeavors to eradicate any kind of harassment actions in the Group.
Compliance of Laws and Regulations	In case of inconsistency between the internationally recognized standards with respect to human rights and all the applicable laws and regulations in the countries and regions where we conduct business activities, we will seek ways to protect human rights according to the said standards to the maximum extent possible.
Human Rights Due Diligence	The Group will identify adverse human rights impacts that can be caused by the Group’s business activities and seek to prevent or mitigate such impacts. In case it is clear to the Group that such activities cause, expand, or have a direct relationship with any adverse human rights impacts, we will take appropriate measures to remedy such circumstances.
Cooperation with Stakeholders	The Group will seek communication with the stakeholders who can be affected by our business activities in order to construct trusting relationships with them and will encourage our contractors and any third parties who have a relationship with our business activities to endorse and cooperate in implementing the Policy.
Announce	The Group will report on our efforts through our website etc.

Initiatives in FY2023
This Policy has been distributed to employees of the Company and its domestic group companies. We also made efforts to raise awareness by explaining it in the company newsletter and tiered trainings.
We expanded the training on the prevention of harassment to include not only managers but also non-managers and clerical support staff.
On November 1, 2023, the Sustainability Committee was reorganized and the Human Rights Subcommittee was newly established to further promote initiatives related to human rights.
Measures to be implemented in FY2024
We will conduct human rights training in e-learning format (for the Company and its domestic group companies). We will also conduct a questionnaire survey on the risk of human rights violations at the Company.
We will identify and assess the risk of human rights violations in the Group. We will also explain the Company’s initiatives on human rights to subcontractors and suppliers.

# Round-Table Discussion with Three Outside Directors



Outside Director  
**Hideaki Kawai**

Outside Director  
**Shuji Yamaguchi**

Outside Director  
**Mari Iga**

## We will do our utmost to meet the responsibilities required and strive to maximize long-term corporate value.

### Career and expertise of each Outside Director

**Yamaguchi** As an attorney at law, I specialize in maritime affairs, land transportation, air transportation, and international multimodal transportation. From 2014, I served as a member of the working group on the Commercial Code (regarding transportation and maritime trade) in the Legislative Council of the Ministry of Justice, and was involved in the revision of the transportation and maritime trade sections of the Commercial Law. Making use of this experience, I see it as my role at Sumitomo

Warehouse to provide opinions and advice from a legal perspective. As an attorney at law who is also active in the field of maritime law, I am able to respond quickly to problems at overseas sites by contacting attorneys who are active in countries around the world. Needless to say, I also think that I can make use of my extensive insights on compliance.

**Kawai** I gained experience in operational management in Japan and overseas at an electronics manufacturer, and then I was in a position to oversee the entire company as CFO. At the railway company

where I am currently in charge of management, I have also been involved in building the foundations of a stock company, including privatization and the establishment of an independent management system. I am working to put into practice my experience at previous business companies, including specialized insights into business management such as accounting, finance, auditing, and internal controls, as well as investor relations so that I can contribute to the sustainable development and maximization of the corporate value of the Sumitomo Warehouse Group.

**Iga** I was in charge of marketing, PR, and new business development at the company where I worked for 16 years. I was also seconded to its associate company and experienced the role of President. After that, I founded a company that advises in areas such as public relations, human resource development, and organizational revitalization. I also worked as the head of public relations for a local government. At Sumitomo Warehouse, I hope to make use of my past experience and, as the only female officer, I would like to also provide support for promoting women's participation and advancement.

### Points that are emphasized in terms of the supervisory function of management

**Yamaguchi** I give advice and ask questions mainly on the agenda items at the Board of Directors meetings with a legal perspective, but I also try to ask more in-depth questions to the answers to my questions. I have carefully examined details and expressed my opinions on major themes, in particular, such as the Medium-Term Business Plan and measures related to human rights.

**Kawai** I think that the mission of listed companies is to conduct efficient business operations that produce maximum output using all of the resources of society, such as people, goods, money, and time, based on the premise that they are conducting sound, fair, and highly transparent management. Based on this thought, I have supported management that emphasizes capital profitability and future cash flow, in addition to conventional management that emphasizes the profit and loss statement. In addition, regarding human capital investment, which has been attracting attention recently, I am focusing on how to operate a business and on developing organizational abilities from the perspective of "how to develop the ability to conduct better business activities," which is the essence of human capital investment.

**Iga** I make the most of my experience and expertise, but I also place importance on having a fresh perspective and asking questions such as "why?"

about various measures and themes. The bigger and longer-established an organization is, the more likely it is to believe that its own common sense and values are correct. I hope that I can present new values and perspectives to the Sumitomo Warehouse Group from a slightly different standpoint.

### How discussions should be conducted at the Board of Directors meetings

**Yamaguchi** In order to deepen discussions, it is essential to be aware of various types of information. I tried to speak with employees as much as possible when I had opportunities to visit logistics sites such as branches and sales offices, and I also asked the President to arrange opportunities where the President and Outside Directors could meet. They were valuable opportunities to hear the President's thoughts in a frank manner, and we were able to talk thoroughly about a wide range of themes. In addition, I have created opportunities for Outside Directors to exchange opinions with each other, and have also made it possible for Outside Directors to attend audit reporting meetings from the accounting auditors to the Corporate Auditors so that Outside Directors can see the company as a whole from a broad and comprehensive perspective.

**Kawai** At the Board of Directors meetings, I am always conscious of appropriate management conditions, and I emphasize a perspective that leads to proactive governance and constructive dialogue with investors in management strategies and business operations. At the Nomination and Remuneration Committee, I discussed the remuneration of the management team and the appropriateness of the candidates for director and was able to confirm that they were appropriate. As for the appointment of directors, I think it was appropriate that candidates were selected from a medium- to long-term perspective.

**Iga** As for medium- to long-term management issues, I am aware of two points. One is how to promote DX, and the other is how to secure and develop human resources. While pursuing efficiency by promoting business innovation through DX, it is important to consider how to allocate human resources to tasks that only people can do. In this sense, I am also paying close attention to the development and participation of female employees. My opinions expressed at the Board of Directors meetings were seriously considered, and there were active discussions. As Mr. Yamaguchi mentioned, during the conversation opportunities with the President, I exchanged opinions from a long-term perspective and a broad perspective, such as what management resources are lacking for the company to grow.



Current status and issues of corporate governance

**Iga** I feel that the agenda items for the Board of Directors meetings have already been fully considered and examined within the Company. In addition, the background and history that we, Outside Directors, were not aware of are explained in detail, so it is very easy to understand. On the other hand, I feel that even if they were rough, more themes for new challenges could be raised. There are concerns and worries about taking on new measures, but I would like to see proposals made without fear, even for matters that are at the level of “we’re also unsure, but what do you think?”



**Kawai** In terms of business management, I feel it is at a considerable level, as various ideas and systems have been put into practice at a high level. At the monthly Board of Directors meetings, the non-consolidated actual results for the balance sheets, cash flows, and profit and loss statement are reported with comparisons to the plan and the results of the previous year, and a detailed analysis is carried out based on marginal profit and other factors. Each quarter, an analysis on the consolidated base that compares the business plan is carried out down to the level of detailed income and expenditure, and this visualization of the operating situation at a high-level leads to a quick response to issues. On the other hand, I feel that there is room for improvement in the management of subsidiaries. In order to achieve better governance, it is important to further clarify management issues in addition to management improvement policies and action plans toward our vision for each company.

**Yamaguchi** The Sumitomo Warehouse Group is a company with a long tradition, and from the nature of its business, it tends to be conservative. This characteristic has worked in its favor up to now, but under the circumstances of major social change expected in the future, new initiatives will also be required. In this respect, I think that the introduction of new material handling equipment currently underway at the warehouses is an expression of the spirit of trying new things, and I think it is a spectacular development.

Effectiveness of the Board of Directors



**Yamaguchi** I was given a fairly detailed explanation of each agenda item, including background information, and for long-term or important issues, I was given a briefing in advance by the person in charge. I stated any questions at that stage, and I also said in advance that I would ask questions at the Board of Directors meeting so that I could have more effective discussions. As I have dealt with the fields of transportation, maritime affairs, and warehousing as a legal expert, I can clearly understand the technical terms and business practices, but I think that new Directors may be confused if the discussion proceeds on the assumption that they have special knowledge. When Ms. Iga assumed the post of Director, a booklet like a dictionary called a Guide to Business Terms was prepared and distributed. I think this helped Outside Directors and Outside Corporate Auditors to better understand the Company’s management. I can see that everyone is making efforts to improve effectiveness.

**Iga** Since I assumed the post of Director, the explanations seem to have become more thorough, and I have received words of thanks from other Directors and Corporate Auditors. It may be a small thing, but I think it is very important.

**Kawai** I feel that both the frequency and content of the Board of Directors meetings are sufficient and that they are operated in a strict and appropriate manner. Proposals are reported at the appropriate time, the explanations are easy to understand, and as a result, sufficient deliberation is carried out. The Company has established excellent management control functions through many years of effort, but under the increasing uncertainty of the future, I strive to express my opinions with an awareness of the balance between management stability and implementation of proactive growth strategies. Once a company reaches a certain scale of operations, it tends to have a strong desire to maintain that status. However, everything starts to become obsolete once it is completed, so it is necessary to continue advancing. Also, if you work with the same colleagues for many years, you will inevitably become

homogeneous, and there is a risk that you will be unable to think outside the box. I recognize that the mission and role of an Outside Director is to pay close attention to business risks and so on and to speak from various perspectives with the aim of maximizing the consolidated corporate value of the entire group. As the Company continues to advance, I feel that the responsibilities of Outside Directors are becoming more and more significant year by year.

Expectations for the new management system



**Iga** President Nagata has set out to break away to become a more proactive company, and he emphasizes the importance of working cheerfully and enjoyably and cultivating a workplace with good communication. In response to this, I believe that the Board of Directors should be a place for free and open discussion. Also, soon after I assumed the position of Director, I held interviews with a dozen female employees. They were all very capable, but I felt that they were somewhat hesitant to proactively take the lead. I thought about what I could do to help, and after consulting with the staff in the personnel department, we started a seminar for female employees called the TSUNAGU Project. This is a project that we hope would be a place where female employees can connect across generations and departments, and that this will be a place that will help to shape the future of the Sumitomo Warehouse. In addition to dialogue with the management, we have also set up a place for female employees to talk about and share their experiences, and we held the third event in May 2024. I would like to continue to help create opportunities for not only female employees but for all people to actively participate and shine.

**Yamaguchi** In addition to the recent replacement of the President, the number of executive directors, which had been reduced by one since 2018, has returned to its original number. I think this is a good thing because I felt that a suitable system was necessary in a time of uncertainty. I would like to hear new President Nagata’s thoughts and policies regarding management and

express my opinions while listening to what kind of profit structure he plans to build. I have high expectations for the management by the new system. I also think that my insights and network will be useful for overseas projects. As Mr. Kawai mentioned, the expectations for and the responsibilities of Outside Directors are increasing. I feel a sense of responsibility as information about how Outside Directors are demonstrating their effectiveness is also subject to disclosure and is used as material for investment decisions. The number of shareholders, which was 14,000 at the end of FY2021, has increased significantly to 51,000 at the end of FY2023. This means that the number of shareholders interested in Sumitomo Warehouse is increasing. Accepting the trust of these people, I would like to fulfill my duties while thinking about what we should do to deliver the Company’s growth and returns.

**Kawai** Internal change is always necessary for corporate growth, but the timing of management system changes can be a particular trigger. The Company has a good tradition and corporate culture that has been cultivated over many years, but I believe that better traditions and organizational culture are not something to be protected, but rather something that should be continually created. I would like the new management team to lead all employees to continue to take on the constant challenge of change, and to work boldly to create new traditions and corporate culture. As an Outside Director, I think that for day-to-day business activities, I should respect the work practices of all employees, especially the management team who are familiar with the business, to the greatest extent possible, and that I should express my opinions mainly on matters that I should be involved in as an Outside Director and on potential and essential management issues. As the business environment is constantly changing, it is important to keep a broad perspective and continue to reform specific business strategies and tactics while maintaining an awareness of the outside of the Company. While it may seem contradictory to protect tradition and to bring about change, it is management that achieves this balance, and this leads to the continuous creation of better traditions. As an Outside Director, I would like to continue to support this.

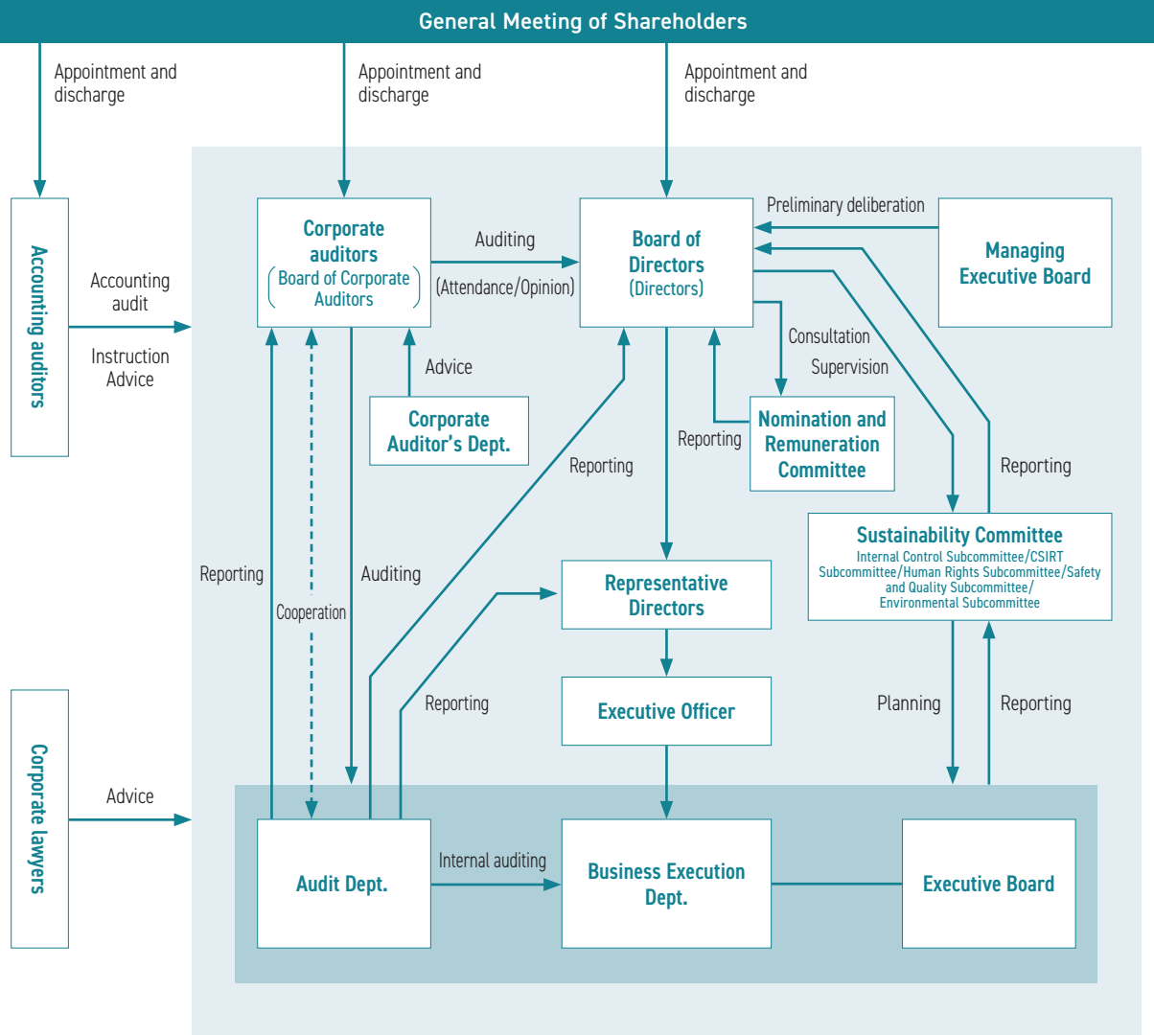
Basic Approaches to Corporate Governance

The Company has engaged in further strengthening and enhancing corporate governance by placing emphasis on ensuring respect for and equality of shareholders' interests, appropriate collaboration with stakeholders other than shareholders (customers, business partners, creditors, local communities and employees, etc.), appropriate disclosure and constructive dialog with shareholders, appropriate execution of the roles and responsibilities of the Board of Directors and highly effective supervision of the execution of business.

Corporate Governance Structure

The Company has adopted a corporate auditors system, and its corporate management organizations are the Board of Directors, the Board of Corporate Auditors, the Managing Executive Board and the Executive Board. Furthermore, a Nomination and Remuneration Committee has been established as a voluntary advisory body to the Board of Directors to increase the objectivity and transparency of nomination and remuneration decision-making procedures such as the nomination and remuneration of Directors and Corporate Auditors. The execution of business based on the decisions of the corporate management organizations is efficiently implemented by executive offices responsible for roles based on resolutions of the Board of Directors in accordance with executive procedures specified in internal rules.

Corporate governance structure diagram



Board of Directors

The Board of Directors makes important decisions related to the execution of business and supervises the execution of duties of each Director. It is made up of a small number of Directors due to the introduction of an executive officer system for the purpose of making swift and flexible decisions. The Board of Directors is chaired by the Chairman, and generally holds meetings once per month.

Composition of the Board of Directors

In order to strengthen management oversight functions and corporate governance, the Company increased the number of Outside Directors by one (female Director) through a resolution at the Ordinary General Meeting of Shareholders held in June 2022, and in FY2023, the Company appointed three Outside Directors to the seven Directors.

Percentage of Outside Directors

FY2014	FY2023
14% [1 person/7 persons]	43% [3 persons/7 persons]

Percentage of female Directors

FY2014	FY2023
0% [0 person/7 persons]	14% [1 person/7 persons]

Board of Corporate Auditors

The Board of Corporate Auditors decides on auditing policies, plans and methods, and other matters related to the execution of duties by Corporate Auditors, in addition to conducting discussion and making decisions based on reports about important matters related to auditing.

Members

	FY2023
Outside Corporate Auditors	3 persons
Full-time Corporate Auditors	2 persons

Nomination and Remuneration Committee

The Nomination and Remuneration Committee deliberates matters related to the nomination and remuneration of Directors and Corporate Auditors in accordance with consultation from the Board of Directors and returns the results to the Board of Directors.

Members (FY2023)	A total of four persons, including the President and three Outside Directors, with Outside Directors making up a majority of the members
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Outside Officers

The Company appoints multiple independent Outside Directors to further strengthen the management oversight of the Board of Directors' decisions and the execution of business by Directors and also appoints independent Outside Corporate Auditors to further strengthen the functions of Corporate Auditors.

The Company has appointed three Outside Directors and three Outside Corporate Auditors as outside officers. The appointment of outside officers is conditional upon meeting the standards for externality and independence set forth in the Companies Act, etc., and also having the deep insight and expertise required for overseeing and auditing the Company's management.

Efforts are made to ensure active discussion such as distributing materials to be submitted to the Board of Directors to outside officers in advance. Furthermore, apart from the Board of Directors, meetings to exchange opinions between the President and outside officers are held every year to frankly exchange opinions on general management issues faced by the Group.

Percentage of outside officers to all officers

FY2014	FY2023
33% [4 persons/12 persons]	50% [6 persons/12 persons]



Managing Executive Board

To further improve the efficiency of decision making, the Managing Executive Board considers matters to be submitted to the Board of Directors in advance, and also deliberates other important management matters. It generally holds meetings twice per month.

**Members** It is made up of Managing Executive Officers and higher.

Executive Board

The Executive Board shares important matters to be submitted to the Board of Directors and exchanges opinions on important matters related to the execution of business. It generally holds meetings once per month.

**Members** In addition to Executive Officers, it is made up of Department Managers who are not Executive Officers, Branch Managers and Full-time Corporate Auditors.

Skills Matrix for Directors and Corporate Auditors

In order to ensure that the Board of Directors makes important decisions swiftly regarding business execution, including management policies, and fulfills its supervisory responsibilities regarding the execution of duties by Directors, as well as to achieve sustainable growth and improve corporate value over the medium to long term, the Company shall appoint inside directors who are familiar with the Company's business and outside directors who have extensive experience and insight. In addition, by appointing multiple independent Outside Directors, the Company has further strengthened its supervisory system through active discussions at Board of Directors meetings.

Considering the business activities and scale of the Company, the Company shall strive to optimize the number of members of the Board of Directors and ensure that the composition of the Board of Directors takes into account a balance of knowledge, experience, expertise, diversity, etc.

Based on the above policy, the composition of the Board of Directors as of July 2024 is five inside directors and three outside directors, which the Company judges to be appropriate. As for the candidates for Director, the Nomination and Remuneration Committee, which is a voluntary advisory body to the Board of Directors, deliberates on the original draft of the candidates, reports the results to the Board of Directors, and the Board of Directors makes the final decision.

The skills matrix, which lists the expertise and experience of each Director and Corporate Auditor, is as follows.

As of July 2024

Name			Position in the Company	Expertise/Experience						
				Corporate management	Sales	On-site operations	Internationality	Sustainability/ ESG	Finance/ Accounting	Human Resources/ Labor
Takanori Ono	Male		Representative Director, Chairman of the Board and Chairman Executive Officer	●	●	●	●	●		●
Akihito Nagata	Male		Representative Director, President and Chief Executive Officer	●	●	●	●	●		●
Katsunori So	Male		Director, Managing Executive Officer	●	●	●		●		
Akihiko Hoshino	Male		Director, Managing Executive Officer	●			●	●	●	
Ikuo Kuroki	Male		Director, Managing Executive Officer		●	●		●		
Shuji Yamaguchi	Male	Independent	Outside Director				●			●
Hideaki Kawai	Male	Independent	Outside Director	●			●	●	●	●
Mari Iga	Female	Independent	Outside Director	●						●
Tadae Eguchi	Male		Full-time Corporate Auditor	●				●		●
Akira Sakaguchi	Male		Full-time Corporate Auditor			●		●		●
Kazuto Takahashi	Male	Independent	Outside Corporate Auditor						●	●
Tsuchikazu Ohnaka	Male	Independent	Outside Corporate Auditor					●		●
Makio Miyagawa	Male	Independent	Outside Corporate Auditor				●	●		

\*The term "independent" in the table above refers to independent officers in accordance with the provisions of the Tokyo Stock Exchange.  
\*The table above does not represent all of the expertise and experience possessed by each Director and each Corporate Auditor.

Evaluation of the Effectiveness of the Board of Directors

In order to evaluate the effectiveness of the Board of Directors, the Company has been conducting a questionnaire survey of self-evaluations by Board of Directors members every year since 2016. A questionnaire survey was conducted from March to April, and the results of the survey were reported at the Board of Directors meeting in May.

Evaluation results and countermeasures for the effectiveness evaluation

Evaluation results for FY2023 (most recent year)	<b>Summary of the results of analysis and evaluation of the effectiveness of the Board of Directors as a whole</b> <ul style="list-style-type: none"><li>• The attendance rate of each officer at the Board of Directors meetings, including Outside Directors and Outside Corporate Auditors, was high, and the timing and frequency of the meetings were appropriate.</li><li>• The Company has chosen to establish a Board of Corporate Auditors, which is an appropriate organizational design for achieving effective corporate governance.</li><li>• The content and number of reporting items based on laws and regulations, the articles of incorporation, the rules of the Board of Directors, etc. were appropriate, and resolutions, deliberations, and reporting on each item were carried out appropriately at the Board of Directors meetings.</li><li>• Prior to reporting to the Board of Directors, the Managing Executive Board discussed the reporting items in advance, which helped to organize the discussion points and enhanced the effectiveness of discussions at the Board of Directors meeting. In addition, information was generally provided appropriately, such as by distributing materials in advance to Outside Directors and Outside Corporate Auditors.</li><li>• At the Board of Directors meetings, the time allocated for deliberation on each reporting item was appropriate, and the supervision of business execution functioned effectively, since active questions and opinions were expressed by outside officers and constructive discussions were held. In order to continue to further activate discussions at the Board of Directors meetings, it is desirable that the presenters make further improvements, such as providing materials that are easy for outside officers to understand, including explanations and commentaries on technical terms in materials for the Board of Directors meetings, and providing explanations of reporting items that focus on the key points.</li><li>• Training for Directors was generally carried out appropriately, including the regular holding of in-house seminars for corporate managers. Outside Directors and Corporate Auditors also participated in these seminars as appropriate, and the Company is working to further enhance training.</li></ul>
	<b>Main actions taken based on the results of previous evaluations</b> <ul style="list-style-type: none"><li>• A new meeting to exchange opinions between the President and outside officers has been established to frankly exchange opinions between the President and outside officers and is held every year.</li><li>• The officer seminars that had been held only for inside officers were also to be participated by outside officers as needed.</li><li>• Outside Directors also participated in meetings between the Corporate Auditors and the accounting auditors as needed.</li></ul>

Number of attendance and rate of attendance at Board of Directors and Board of Corporate Auditors meetings by Outside Directors and Outside Corporate Auditors (FY2023)

Category	Name	Board of Directors		Board of Corporate Auditors	
		Number of attendance	Rate of attendance	Number of attendance	Rate of attendance
Outside Directors	Shuji Yamaguchi	15/15	100%	–	–
	Hideaki Kawai	15/15	100%	–	–
	Mari Iga	15/15	100%	–	–
Outside Corporate Auditors	Kazuto Takahashi	15/15	100%	12/12	100%
	Tsuchikazu Ohnaka	14/15	93%	11/12	92%
	Makio Miyagawa	10/12	83%	8/9	89%

Officer Remuneration

The Company has resolved a determination policy concerning the content of individual remuneration, etc., for Directors at the Board of Directors meeting, and the outline is as follows. The remuneration system for Corporate Auditors consists solely of fixed monetary remuneration, and the remuneration for individual Corporate Auditors is determined through deliberation among the Corporate Auditors.

Basic policy

The basic policy for the remuneration of the Company's Directors is to establish a remuneration system that has an appropriate relationship with business performance, shareholder value, etc. so that it functions as an incentive for the sustainable growth of the Company.

Specifically, the remuneration system for Directors (excluding Outside Directors) consists of monetary remuneration and share-based remuneration, which are made up of fixed remuneration and performance-linked remuneration, while the remuneration system for Outside Directors consists solely of fixed monetary remuneration.

Policy on determining the calculation method for each remuneration, etc.

Of the remuneration, etc. paid to Directors (excluding Outside Directors), the fixed monetary remuneration shall be determined in accordance with the position and responsibilities, etc., and by comprehensively taking into account the business environment and economic conditions, etc. On the other hand, the fixed monetary remuneration paid to Outside Directors shall be determined by comprehensively taking into account the business environment and economic conditions, etc.

Of the remuneration paid to Directors (excluding Outside Directors), the performance-linked monetary remuneration is linked to consolidated operating revenue and consolidated operating profit which are used as performance indicators for the purpose of providing an incentive to improve the performance of the Group, and the amount of remuneration paid will vary depending on the degree of achievement of the target values for these indicators.

The total amount of remuneration, etc., paid to all Directors shall be no more than 33 million yen per month, including fixed remuneration and performance-linked remuneration.

Of the remuneration, etc. paid to Directors (excluding Outside Directors), with regard to share-based remuneration, which is non-monetary remuneration, the Company has introduced a restricted share-based remuneration system. For the purpose of further increasing their motivation to increase the medium- to long-term corporate value of the Company and quickly realizing the sharing of value with shareholders through holding of shares while in office, the restricted shares shall be delivered to the number determined according to position, responsibilities, etc. The period of restriction on transfer of the restricted shares shall be from the date of allotment to the date of retirement from either the position of Director or Executive Officer of the Company. In cases where the Board of Directors finds that the Director who received the allotment has violated laws and regulations, the Company's internal rules, or the restricted share allotment agreement in any material respect during the period of restriction on transfer, the Company shall acquire the allotted shares without consideration. The total amount of remuneration, etc. for restricted shares shall be no more than 60 million yen per year.

The timing of the payment of the above-mentioned Directors' remuneration, etc., and the allocation to each individual, etc., shall in principle be resolved at a meeting of the Board of Directors held after the conclusion of the General Meeting of Shareholders, and the monetary remuneration shall be paid monthly for one year thereafter, and the share-based remuneration shall be paid during the relevant term of office.

Policy on determining the payment ratio of each remuneration, etc.

The remuneration, etc. of Directors (excluding Outside Directors) consists of monetary remuneration which is made up of fixed remuneration and performance-linked remuneration, and share-based remuneration. The payment ratio for the total remuneration, etc. of each individual differs depending on their position and responsibilities, etc., but the general guideline is that fixed remuneration accounts for approximately 80%, performance-linked remuneration accounts for approximately 10%, and share-based remuneration accounts for approximately 10%.

In addition, the remuneration, etc. of Outside Directors consists solely of fixed monetary remuneration, and the entire amount is fixed remuneration.

Matters related to the decision-making procedures for each remuneration, etc.

When determining the remuneration, etc. of individual Directors, the Company shall establish a Nomination and Remuneration Committee as a voluntary advisory body under the Board of Directors in order to further enhance the objectivity and transparency of the decision-making procedures for remuneration, etc. by obtaining the appropriate involvement and advice of Outside Directors.

The Committee shall deliberate on the original draft of the matters concerning the remuneration, etc. of individual Directors prior to the deliberation of the Board of Directors, and report the results to the Board of Directors.

Based on this, the Board of Directors shall resolve to leave the final decision on the payment amount of monetary remuneration to the President and to allot restricted shares to Directors (excluding Outside Directors). The President shall make the final decision on the payment amount of monetary remuneration.

Performance-linked KPI

As performance-linked remuneration, etc., monetary remuneration is paid to Directors (excluding Outside Directors) in an amount that varies according to the degree of achievement of the target values of performance indicators. The performance indicators selected as the basis for calculating the amount of performance-linked remuneration, etc., are consolidated operating revenue and consolidated operating profit, and the reason for selecting these performance indicators is to provide an incentive for improving the Group's performance. The calculation method for the amount of performance-linked remuneration, etc., is determined based on a standard amount determined by position and responsibilities, etc., multiplied by a certain coefficient according to the achievement of performance. In FY2023, actual results were below the target values for the performance indicators of consolidated operating revenue and consolidated operating profit.

Share-based remuneration

The Company delivers restricted shares to Directors (excluding Outside Directors) for the purpose of further increasing their motivation to increase the medium- to long-term corporate value of the Company and quickly realizing the sharing of value with shareholders through holding of shares while in office.

Total number of restricted shares	The maximum number of restricted shares to be allotted within one year of the date of the Ordinary General Meeting of Shareholders for each fiscal year shall be 100,000 shares.
Details of the restriction on transfer	The period of restriction on transfer shall be from the date of allotment of restricted shares to the date of retirement from either the position of Director or Executive Officer of the Company.
Acquisition of restricted shares without consideration	In cases where the Board of Directors finds that the Director who received the allotment has violated laws and regulations, the Company's internal rules, or the restricted share allotment agreement in any material respect during the period of restriction on transfer, the Company shall acquire the allotted shares without consideration.
Cancellation of the restriction on transfer	The Company shall cancel the restriction on transfer of all of the restricted shares at the time when the restriction period expires, except in cases where the Board of Directors finds that the Director who received the allotment has violated laws and regulations, the Company's internal rules, or the restricted share allotment agreement in any material respect during the period of restriction on transfer.

Total amount of remuneration, etc. by officer category, total amount of remuneration, etc. by type, and number of eligible officers

Officer category	Total amount of remuneration, etc. (million yen)	Total amount of remuneration, etc. by type (million yen)				Number of eligible officers (persons)
		Fixed remuneration	Performance-linked remuneration	Retirement benefits	Of the left, non-monetary remuneration, etc.	
Directors (excluding Outside Directors)	283	247	35	-	35	5
Corporate Auditors (excluding Outside Corporate Auditors)	55	55	-	-	-	2
Outside Officers	53	53	-	-	-	7

\*The above figures include one Director and one Corporate Auditor who retired at the conclusion of the 146th Ordinary General Meeting of Shareholders held on June 29, 2023.  
\*The total amount of non-monetary remuneration, etc. for Directors (excluding Outside Directors) is fixed remuneration of 35 million yen.

Total amount of consolidated remuneration, etc. for each officer, etc.

Name	Total amount of consolidated remuneration, etc. (million yen)	Officer category	Company category	Total amount of consolidated remuneration, etc. by type (million yen)			
				Fixed remuneration	Performance-linked remuneration	Retirement benefits	Of the left, non-monetary remuneration, etc.
Takanori Ono	122	Director	The Company	104	18	-	13

\*This table only includes those whose total consolidated remuneration, etc., is 100 million yen or more.  
\*The total amount of non-monetary remuneration, etc. is fixed remuneration of 13 million yen.



# Risk Management

## Risk Management System

The Company has established Risk Management Regulations to ensure everyone engaged in the Company’s operations shares an awareness of risk management and actively addresses these to ensure the soundness of management and created a risk management system based on the basic policies on risk management set forth in the rules.

For activities related to risk management, the Internal Control Subcommittee under the Sustainability Committee chaired by the President considers various measures, and a risk manager and an assistant risk manager appointed in each department take the lead in promoting the necessary measures. In addition to risks that need to be addressed in each department and division, we identify risks that may occur in the future, evaluate these risks, select risks with high priority for action as key items, and formulate countermeasures. In the process of implementing measures, important legal and tax issues are handled by receiving guidance and advice from external experts such as attorneys and tax accountants as needed.

The Audit Department conducts internal audits of the state of risk management and reports the results to the Sustainability Committee. The Sustainability Committee takes appropriate steps to address contents reported to it as necessary, and reports the details of its initiatives to the Board of Directors, thereby ensuring that the Board of Directors is able to properly supervise risk management.

## Risks of Business, etc.

### 1 Risks related to the economic environment

Risks	Explanations/Countermeasures
Changes in the business environment	In the logistics business, changes in the domestic and international economic situation and social conditions may affect the Group's financial position and operating results through worsening cargo movement and intensifying competition. In the real estate business, changes in the market and fluctuations in the supply-demand balance due to oversupply of office buildings, etc., may affect the Group's financial position and operating results.
Exchange rate fluctuations	In preparing the consolidated financial statements, the financial statements of overseas consolidated subsidiaries are converted to yen, and the Company and some of its consolidated subsidiaries have foreign currency-denominated assets and liabilities, therefore exchange rate fluctuations may affect the Group's financial position and operating results.
Decrease in the market value of investment securities	The Group holds investment securities for the purpose of maintaining and strengthening relationships with business partners. In the event that the recovery of the amount of investment becomes impossible due to the decline of the stock market, etc., an impairment loss shall be recorded. This may affect the Group's financial position and operating results.
Retirement benefit accounting	The Group records retirement benefit liability based on retirement benefit obligations calculated using assumptions such as the discount rate, and pension assets valued at the market value. A decrease in the discount rate or a decline in the market value of pension assets may affect the Group's financial position and operating results.

### 2 Risks related to the business activities

Changes in public regulations	The Group is subject to various laws and regulations in each country where it operates. If these regulations are changed or new regulations are introduced, costs may be incurred to comply with them, and if we are forced to change the business strategy, the Group's financial position and operating results may be affected.
Risks in global business development	In addition to the risk of changes in local laws and regulations, there are also risks inherent in overseas business development, such as deterioration in political and economic conditions, terrorism, conflict, and other social disorder. In response to these risks, the Group is working to prevent and avoid them by researching and studying local conditions and collecting information from within and outside the Group, but if these risks become apparent, the Group's financial position and operating results may be affected.
Fluctuations in fuel oil prices	The price of fuel oil fluctuates due to various factors, including the balance between supply and demand for crude oil. If prices fluctuate, the Group reflects these in the transportation charges, etc., while gaining the understanding of customers, but if prices soar, it may not be possible to pass on the entire increase in costs to customers, and this could have an impact on the Group's financial position and operating results.
Impairment of business assets	If the market value or profitability of the business assets owned by the Group, such as land and buildings, declines and it becomes impossible to expect a recovery of the investment amount, the book value shall be reduced to the recoverable amount and an impairment loss shall be recorded. This may affect the Group's financial position and operating results.
Information leakage	In the logistics business, we store information recording media such as corporate documents, magnetic tapes, and films, and also provide trunk room and moving services. If information leakage occurs, it may reduce the social credibility of the Group and affect the business activities of the Group. For this reason, we have upgraded the security of facilities and obtained ISO27001 certification, and have established a system for the appropriate handling and management of information.

### 3 Risks related to the natural environment, etc.

Natural disasters and accidents	In preparation for natural disasters and unforeseen accidents, we have insurance for owned assets and entrusted cargo, etc., but if insurance does not cover all damages, it may affect the business activities of the Group. For this reason, we are carrying out maintenance of facilities and equipment based on medium-term maintenance plans and regular inspections, and developing manuals for use in the event of disasters, etc.
Infectious diseases	We have developed manuals and systems to prepare for the outbreak of infectious diseases around the world, but the occurrence of human suffering, the malfunction of social infrastructure, etc. due to the appearance of new infectious diseases may affect the business activities of the Group.
Information system related	In the event of a cyber security risk, the Group's social credibility may decline and business activities may be affected. For this reason, we are working to establish a system for monitoring and preventing unauthorized access from outside, a system for early recovery and business continuity in the event of a major failure, conduct regular security training and drills, and develop personnel with qualifications as Registered Information Security Specialists.
Initiatives for global environmental conservation, etc.	Recognizing that global environmental conservation is one of the key issues in the business, we have set out an environmental policy and are continuing to take various measures to reduce the environmental impact based on our greenhouse gas emissions reduction targets. Specifically, these include the introduction of environmentally friendly facilities and equipment and the provision of warehousing and transportation services that contribute to reducing greenhouse gas emissions. If these efforts are not well evaluated, it may affect the business activities of the Group.

\*These are examples of the main risks that may affect the Group's financial position and operating results, etc., and are not limited to them.

# Compliance

## Compliance System

In the Company, the Internal Control Subcommittee, which is an organization under the Sustainability Committee chaired by the President, is in charge of matters pertaining to compliance.

The subcommittee drafts rules related to compliance, prepares and distributes compliance manuals, plans and implements education and training related to compliance in coordination with the relevant departments, and also tracks and analyzes compliance risks throughout the Group and implements measures to prevent them.

## Initiatives Aimed at Raising Awareness of Compliance

The Company has prepared a compliance manual and distributes the booklet to employees within the Group. In addition, the Company has established Internal Control Liaison Meetings attended by Directors, etc. of the Company and its subsidiaries, which provide information, guidance and exchange of opinions on compliance, and hold legal seminars on legal and compliance topics. The Company also holds top management seminars for senior executive officers, legal training for management personnel, and compliance training (including e-learning) for all employees. The company newsletter published quarterly also contains articles on compliance in an effort to disseminate and raise awareness of compliance.



A view of training

### Initiatives in FY2023

#### 1 Status of implementation of various training programs

Training name	Training date	Theme	Target
Top management seminar	September 2023	Responding to the 2024 problem of logistics	Directors, Corporate Auditors, Managing Executive Officers
Legal training	March 2024	Labor management	Deputy General Managers, Section Managers
Internal Control Liaison Meetings legal seminar (domestic)	June 2023	Business and human rights	Officers of domestic affiliates
	October 2023	Responding to investigations including whistleblowing, etc.	
Internal Control Liaison Meetings legal seminar (overseas)	November 2023	Global compliance (human rights, geopolitical risk, etc.)	Representative of overseas affiliates

#### 2 Status of implementation of compliance lectures in tiered trainings

Training name	Training date
Training upon joining the Company for new employees in regular positions and administrative positions	April 2023
Secondary training for new employees in regular positions	October 2023
Tiered training for employees in regular positions	December 2023
Training for newly appointed management personnel	February 2024

#### 3 Raising awareness through the company newsletter

Theme	Publication date
Prevention of harassment, introduction of helplines	Spring 2023
Notes on subcontracting	Summer 2023
Non-disclosure agreement	Autumn 2023
Eradication of drunk driving	New Year 2024

### Measures to be implemented in FY2024

We will hold seminars, trainings, etc. as in FY2023 on themes such as business and human rights, labor management, the Antimonopoly Act and the Subcontract Act, and the prevention of misconduct. We will also continue to provide lectures on compliance in tiered trainings and raise awareness through the company newsletter.

## Helpline (whistleblowing contact)

If a problem arises from the perspective of laws and regulations, internal rules, or social norms, and it is not possible to report or consult on the matter through the office organization, it is possible to report it to the helpline. There are internal and external (a law firm) helplines, and the external helpline can be contacted anonymously. This system is known throughout the Company through cards, the company newsletter, the intranet, and training. Similar helplines have also been set up in domestic and overseas subsidiaries.

Directors



Takanori Ono

Representative Director,  
Chairman of the Board and  
Chairman Executive Officer

Career summary, positions, responsibilities, and significant concurrent positions

April 1977 Joined the Company  
June 2010 Executive Officer of the Company, General Manager, Marketing Promotion Department  
June 2012 Executive Officer of the Company, General Manager, Marketing Promotion Department, General Manager, International Project Department  
June 2013 Director and Managing Executive Officer of the Company (in charge of Overseas Business Department, Marketing Promotion Department, Logistics Department No. 2 and International Project Department)  
June 2015 Representative Director, President and Chief Executive Officer of the Company  
June 2024 Representative Director, Chairman of the Board and Chairman Executive Officer of the Company (to the present)



Akihito Nagata

Representative Director,  
President and Chief  
Executive Officer

Career summary, positions, responsibilities, and significant concurrent positions

April 1985 Joined the Company  
June 2019 Executive Officer of the Company, General Manager, Business Promotion Department and General Manager, Information Systems Department  
June 2020 Managing Executive Officer of the Company (in charge of Overseas Business Department, Global Logistics Department, Global Logistics Department, West Japan, International Air Cargo Department, and International Project Department)  
June 2021 Director and Managing Executive Officer of the Company (responsible for International and Domestic Logistics Divisions, and in charge of Overseas Business Department, Global Logistics Department, Global Logistics Department, West Japan, International Air Cargo Department, Logistics Engineering Promotion Department, and International Project Department)  
June 2022 Director and Managing Executive Officer of the Company (responsible for Marketing Management, Real Estate, and Domestic Logistics Divisions, and in charge of Marketing Management Department, Archives Business Department, Affiliated Companies Department, Development Department, Audit Department, and Dotonbori Project Department)  
June 2023 Representative Director and Managing Executive Officer of the Company (responsible for Corporate Management and Domestic Logistics Divisions, and in charge of General Affairs Department, Business Promotion Department, Archives Business Department, Information Systems Department, Audit Department, and Logistics Engineering Promotion Department)  
June 2024 Representative Director, President and Chief Executive Officer of the Company (to the present)



Katsunori So

Director and Managing  
Executive Officer  
responsible for Marine  
Division

Career summary, positions, responsibilities, and significant concurrent positions

April 1983 Joined the Company  
June 2011 General Manager, Marine Department of the Company  
June 2015 General Manager, Yokohama Branch of the Company  
June 2017 Executive Officer of the Company, General Manager, Yokohama Branch  
June 2020 Director and Managing Executive Officer of the Company (responsible for Marine Division, and in charge of Marine Department)  
June 2022 Representative Director and President of J-WeScI Ltd.  
June 2023 Director and Managing Executive Officer of the Company (responsible for Marine and International Divisions, and in charge of Marine Department) (to the present)  
September 2023 Resigned from the post of Representative Director and President of J-WeScI Ltd.



Akihiko Hoshino

Director and Managing  
Executive Officer  
responsible for  
Administrative, Real Estate,  
and International Divisions

Career summary, positions, responsibilities, and significant concurrent positions

April 1986 Joined the Company  
June 2014 General Manager, Overseas Business Department of the Company  
June 2019 General Manager, Finance & Accounting Department of the Company  
June 2020 Executive Officer of the Company, General Manager, Finance & Accounting Department  
June 2022 Managing Executive Officer of the Company (in charge of Finance & Accounting Department, and General Manager, Finance & Accounting Department)  
June 2023 Director and Managing Executive Officer of the Company (responsible for Finance & Accounting, Marketing Management, Real Estate, and International Divisions, and in charge of Finance & Accounting Department, Marketing Management Department, Affiliated Companies Department, Development Department, and Dotonbori Project Department, and General Manager, Finance & Accounting Department)  
June 2024 Director and Managing Executive Officer of the Company (responsible for Administrative, Real Estate, and International Divisions, and in charge of General Affairs Department, Finance & Accounting Department, Business Promotion Department, Development Department, and Dotonbori Project Department) (to the present)



Ikuo Kuroki

Director and Managing  
Executive Officer  
responsible for Marketing  
Management and Domestic  
Logistics Divisions

Career summary, positions, responsibilities, and significant concurrent positions

April 1986 Joined the Company  
June 2014 General Manager, in charge of West Japan Logistics Department of the Company  
July 2016 General Manager, Project Department of the Company  
April 2017 General Manager, Logistics Engineering Promotion Department of the Company  
June 2020 General Manager, Information Systems Department of the Company  
June 2023 Executive Officer of the Company, General Manager, Information Systems Department  
June 2024 Director, Managing Executive Officer (responsible for Marketing Management and Domestic Logistics Divisions, in charge of Marketing Management Department, Archives Business Department, Affiliated Companies Department, Information Systems Department, Audit Department, Logistics Engineering Promotion Department, and General Manager, Information Systems Department) (to the present)



Shuji Yamaguchi

Outside Director

[Significant concurrent positions]

Representative Partner of OKABE & YAMAGUCHI  
Outside Director of Thine Electronics, Inc. (Audit and Supervisory Committee)  
Outside Corporate Auditor of Tamai Steamship Co., Ltd.  
Visiting Professor of Chuo Law School

Career summary, positions, responsibilities, and significant concurrent positions

April 1982 Registered as an Attorney at Law  
April 1987 Joined Clyde & Co LLP in UK  
September 1990 Established OKABE & YAMAGUCHI  
March 2000 Outside Corporate Auditor of Thine Electronics, Inc.  
June 2004 Outside Corporate Auditor of Tamai Steamship Co., Ltd. (to the present)  
January 2010 Representative Partner of OKABE & YAMAGUCHI  
April 2014 Member of Working Group on the Commercial Law (Transport and Maritime Commerce) in the Legislative Council of the Ministry of Justice  
June 2014 Corporate Auditor of the Company  
February 2016 Retired as the Member of Working Group on the Commercial Law (Transport and Maritime Commerce) in the Legislative Council of the Ministry of Justice  
March 2016 Resigned from the post of Outside Corporate Auditor of Thine Electronics, Inc.  
June 2017 Outside Director of Thine Electronics, Inc. (Audit and Supervisory Committee) (to the present)  
June 2017 Resigned from the post of Corporate Auditor of the Company  
August 2017 Representative Partner of OKABE & YAMAGUCHI  
April 2022 Visiting Professor of Chuo Law School (to the present)  
The temporary Member of Working Group on the Commercial Law (Bills of Lading, etc.) in the Legislative Council of the Ministry of Justice  
July 2022 Representative Partner of Yamaguchi Law Office  
July 2024 Representative Partner of OKABE & YAMAGUCHI (to the present)  
September 2024 Retired as the temporary Member of Working Group on the Commercial Law (Bills of Lading, etc.) in the Legislative Council of the Ministry of Justice



Hideaki Kawai

Outside Director

[Significant concurrent positions]

Representative Director and President of Osaka Metro Co., Ltd.

Career summary, positions, responsibilities, and significant concurrent positions

April 1977 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation)  
April 2008 Executive Officer of Matsushita Electric Industrial Co., Ltd., Manager, Finance and IR Group  
April 2011 Managing Executive Officer of Panasonic Corporation (currently Panasonic Holdings Corporation), Manager, Corporate Planning Group  
June 2012 Managing Director of Panasonic Corporation (in charge of Accounting and Finance)  
April 2014 Representative Director and Senior Managing Director of Panasonic Corporation (in charge of Accounting and Finance)  
June 2017 Corporate Advisor to Panasonic Corporation  
April 2018 Associate member of Panasonic Corporation  
April 2018 Representative Director and President of Osaka Metro Co., Ltd. (to the present)  
June 2020 Director of the Company (to the present)



Mari Iga

Outside Director

[Significant concurrent positions]

Representative Director of March Co., Ltd.  
Outside Director of Toyo Machinery & Metal Co., Ltd.

Career summary, positions, responsibilities, and significant concurrent positions

April 1990 Joined Osaka Gas Co., Ltd.  
April 2002 President and Representative Director of PALETTE Co., Ltd. (Secured from Osaka Gas Co., Ltd.)  
June 2005 Resigned from the post of President and Representative Director of PALETTE Co., Ltd.  
July 2006 Resigned from Osaka Gas Co., Ltd.  
October 2006 Founder and Representative Director of March Co., Ltd.  
February 2009 Resigned from March Co., Ltd.  
April 2009 Joined Osaka Prefectural Government (specific fixed-term official/ Councilor of Publicity Division, Civic and Culture Affairs Department)  
March 2012 Resigned from Osaka Prefectural Government  
April 2013 Joined March Co., Ltd.  
November 2014 Representative Director of March Co., Ltd. (to the present)  
April 2016 Publicity Advisor, Hirakata City, Osaka Prefecture  
April 2017 Publicity Advisor, Hyuga City, Miyazaki Prefecture  
March 2019 Resigned from the post of Publicity Advisor of Hyuga City, Miyazaki Prefecture  
March 2020 Resigned from the post of Publicity Advisor, Hirakata City, Osaka Prefecture  
June 2022 Director of the Company (to the present)  
June 2023 Outside Director of Toyo Machinery & Metal Co., Ltd. (to the present)

Corporate Auditors



Tadae Eguchi

Full-time Corporate Auditor

Career summary, positions, and significant concurrent positions

April 1982 Joined the Company  
June 2010 General Manager, Marketing Management Department and General Manager, Affiliated Companies Department of the Company  
June 2013 General Manager, Affiliated Companies Department of the Company  
June 2014 President of Nickel & Lyons, Ltd.  
June 2015 Executive Officer of the Company  
June 2019 Managing Executive Officer of the Company (in charge of Marketing Management Department, Archives Business Department, Affiliated Companies Department, Development Department, Audit Department, and Dotonbori Project Department)  
June 2022 Full-time Corporate Auditor of the Company (to the present)



Akira Sakaguchi

Full-time Corporate Auditor

Career summary, positions, and significant concurrent positions

April 1983 Joined the Company  
June 2012 General Manager, Information Systems Department of the Company  
June 2013 General Manager, General Affairs Department and General Manager, Tokyo General Affairs Department of the Company  
June 2014 General Manager, General Affairs Department of the Company  
June 2018 Executive Officer of the Company, General Manager, General Affairs Department  
June 2021 Full-time Corporate Auditor of the Company (to the present)



Kazuto Takahashi

Outside Corporate Auditor

Career summary, positions, and significant concurrent positions

April 1987 Joined Sogo Hachioji Co., Ltd.  
June 1988 Resigned from Sogo Hachioji Co., Ltd.  
July 1988 Joined Hachioji City Office  
April 1992 Resigned from Hachioji City Office  
October 1993 Joined Chuo Audit Corporation (later MISUZU Audit Corporation)  
April 1997 Registered as Certified Public Accountant  
June 2007 Resigned from MISUZU Audit Corporation  
August 2007 Joined KPMG AZSA & Co. (currently KPMG AZSA LLC)  
June 2016 Resigned from KPMG AZSA LLC  
July 2016 Established Kazuto Takahashi Certified Public Accountant Office (to the present)  
August 2016 Registered as Certified Tax Accountant  
June 2017 Corporate Auditor of the Company (to the present)



Tsuchikazu Ohnaka

Outside Corporate Auditor

[Significant concurrent positions]

Representative Partner of Reed Leaf Law Office  
Professor Emeritus of Kansai University

Career summary, positions, and significant concurrent positions

April 1982 Appointed as Public Prosecutor  
January 2009 Chief Prosecutor, Oita District Public Prosecutors Office  
April 2010 Chief Prosecutor, Okayama District Public Prosecutors Office  
August 2011 Director, General Affairs Bureau, Supreme Public Prosecutors Office  
April 2012 Chief Prosecutor, Saitama District Public Prosecutors Office  
March 2013 Resigned from the post of Public Prosecutor  
April 2013 Professor, Kansai University Graduate School of Law  
July 2013 Registered as an Attorney at Law  
October 2014 Established Ashinoha Law Office  
June 2016 Outside Corporate Auditor of Sekisui Jushi Corporation  
December 2018 Ashinoha Law Office dissolved  
January 2019 Established Reed Leaf Law Office  
April 2020 Representative Partner of Reed Leaf Law Office (to the present)  
June 2020 Professor Emeritus of Kansai University (to the present)  
June 2024 Corporate Auditor of the Company (to the present)  
Resigned from the post of Outside Corporate Auditor of Sekisui Jushi Corporation



Key Financial Summary

		137th term (Fiscal year ended March 31, 2014)	138th term (Fiscal year ended March 31, 2015)	139th term (Fiscal year ended March 31, 2016)	140th term (Fiscal year ended March 31, 2017)		141th term (Fiscal year ended March 31, 2018)	142th term (Fiscal year ended March 31, 2019)	143th term (Fiscal year ended March 31, 2020)	144th term (Fiscal year ended March 31, 2021)	145th term (Fiscal year ended March 31, 2022)	146th term (Fiscal year ended March 31, 2023)	147th term (Fiscal year ended March 31, 2024)
Operating revenue	(million yen)	164,917	174,738	172,257	165,256		175,756	186,172	191,721	192,024	231,461	223,948	184,661
Operating profit	(million yen)	9,693	9,368	10,768	9,189		10,302	8,795	11,101	10,963	27,748	26,090	13,187
Ordinary profit	(million yen)	11,126	10,859	12,784	11,327		12,684	11,295	13,596	13,552	30,421	29,115	16,880
Profit attributable to owners of parent	(million yen)	6,224	7,133	8,082	7,802		8,358	6,912	8,951	8,454	19,703	22,455	12,490
Net assets	(million yen)	154,036	171,503	169,451	178,836		193,593	187,475	171,976	196,241	213,945	228,945	264,804
Total assets	(million yen)	289,028	302,545	300,558	305,751		342,642	322,683	318,458	348,968	373,720	385,791	436,920
Cash flows from operating activities	(million yen)	9,265	16,471	15,861	16,629		16,639	13,999	14,975	20,605	31,418	29,816	22,034
Cash flows from investing activities	(million yen)	(13,150)	(9,107)	(16,453)	(6,303)		(13,268)	(255)	(17,211)	(16,366)	(5,879)	(4,572)	(16,019)
Cash flows from financing activities	(million yen)	8,905	(8,865)	3,254	(9,234)		3,355	(20,555)	12,555	(13,116)	(10,267)	(20,525)	(5,015)
Cash and cash equivalents at end of period	(million yen)	22,616	21,828	23,948	24,559		31,299	24,161	34,549	25,272	40,840	46,521	47,947
Return on assets (ROA)	(%)	2.3	2.4	2.7	2.6		2.6	2.1	2.8	2.5	5.5	5.9	3.0
Basic earnings per share* (EPS)	(yen)	69.75	79.88	90.45	87.31		94.84	79.80	105.74	101.72	242.55	281.09	158.00
Equity-to-asset ratio	(%)	51.0	54.3	54.0	56.1		54.2	56.2	51.9	54.1	54.4	56.3	58.4
Equity-to-asset ratio (ROE)	(%)	4.4	4.6	5.0	4.7		4.7	3.8	5.2	4.8	10.0	10.7	5.3
Dividend payout ratio	(%)	34.4	32.5	31.0	35.5		34.8	57.0	44.4	47.2	40.0	35.6	63.9
Capital expenditures	(million yen)	12,025	13,674	9,471	11,919		7,715	15,935	20,149	16,746	9,298	12,977	21,737
Profit before income taxes	(million yen)	10,396	11,028	12,559	11,586		13,026	11,162	13,955	13,466	30,702	41,159	18,134
EBITDA (Operating profit + Depreciation)	(million yen)	16,653	16,702	18,499	16,926		17,775	16,220	19,445	20,056	37,602	36,101	23,178
Annual dividends per share*	(yen)	24.00	26.00	28.00	31.00		33.00	45.50	47.00	48.00	97.00	100.00	101.00
Total liabilities	(million yen)	134,991	131,041	131,106	126,915		149,048	135,208	146,482	152,726	159,774	156,845	172,115
Depreciation	(million yen)	6,960	7,334	7,730	7,736		7,473	7,424	8,344	9,093	9,853	10,010	9,991
Ratio of operating profit to operating revenue	(%)	5.9	5.4	6.3	5.6		5.9	4.7	5.8	5.7	12.0	11.7	7.1
Non-operating income and expenses (Ordinary profit-Operating profit)	(million yen)	1,433	1,491	2,016	2,138		2,382	2,500	2,495	2,588	2,673	3,025	3,692
Extraordinary income and losses (Profit before income taxes-Ordinary profit)	(million yen)	(729)	168	(225)	258		342	(133)	359	(86)	280	12,043	1,254
Net assets per share*	(yen)	1,647.64	1,836.80	1,810.87	1,914.00		2,123.09	2,119.23	1,978.39	2,300.99	2,519.25	2,737.57	3,239.67

\*The Company conducted a reverse split of common shares, effective October 1, 2018, at a ratio of 1 share for every 2 shares. In accordance with this, the basic earnings per share, annual dividends per share, and net assets per share stated above are calculated based on the assumption that the reverse split was conducted at the beginning of the 137th term.

Company Data as of March 31, 2024

Corporate Information

Corporate Name	The Sumitomo Warehouse Co., Ltd.	Main Overseas Bases	North America
Head Office Location	2-18 Nakanoshima 3-chome Kita-ku, Osaka		Los Angeles New York Atlanta Chicago Houston
Founded	July 1, 1899		Europe
Incorporated	August 1, 1923		Antwerp Dusseldorf London
Share Capital	14,922,908,870 yen		Middle East
Number of Employees	850 (Consolidated 4,463)		Jeddah Rabigh Ankara
Places of Business	Head Office, Tokyo Head Office, Osaka Branch, Kobe Branch, Tokyo Branch, Yokohama Branch, Nagoya Branch		East Asia
			Beijing Dalian Qingdao Shanghai Guangzhou Shenzhen Hong Kong Taipei Keelung Kaohsiung
			Southeast Asia
			Singapore Kuala Lumpur Port Klang Bangkok Ayutthaya Laem Chabang Ho Chi Minh Hanoi Jakarta Manila
		Accounting Auditors	KPMG AZSA LLC

Comment from an Expert

Comment



Professor, Osaka University of Economics and Law, Faculty of International Studies

**Dr. Emi Sugawara**

[Research Field]  
International Law  
International Human Rights Law  
(Research Focus: Business and Human Rights, Corporate Social Responsibility in Addressing Social Issues)

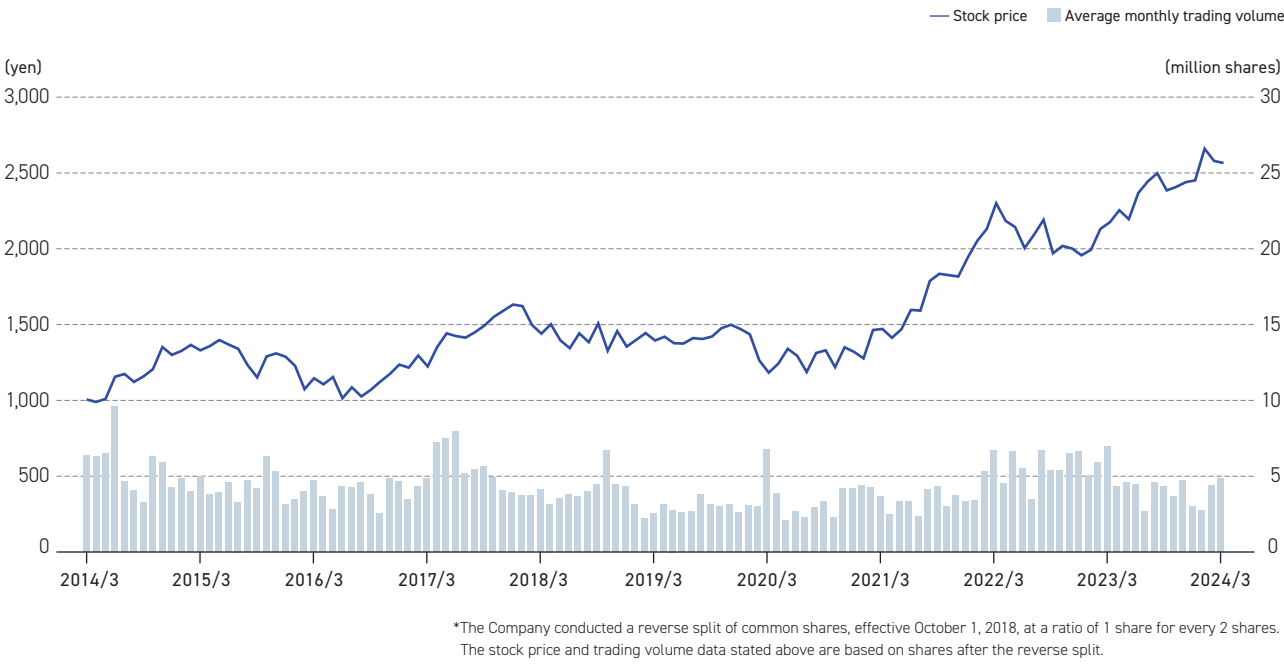
As the crisis surrounding the environment and society grows day by day, there is no time to wait for initiatives towards a sustainable society. I am delighted that the Company has begun publishing an integrated report that demonstrates its further commitment to the environment and society while establishing solid management that responds to the characteristics of the logistics industry, which is easily affected by the external environment. In the report, the top management of the Company has expressed its commitment to addressing business operations and sustainability from a long-term and global perspective, which is also reflected in the Company's participation in the United Nations Global Compact in FY2024.

In the Company's business, which is expanding both domestically and internationally through connections with other companies, the Company has already been implementing various initiatives. Among them, I am particularly looking forward to the Company's challenges to achieve sustainability through its supply chain, such as initiatives to reduce greenhouse gas emissions (Scope 3) in relation to climate change and the implementation of due diligence (DD) in relation to the respect for human rights. I have heard that the Company has already started these initiatives, and I am looking forward to seeing their future developments and information to be disclosed.

As for sociality, a human rights policy was formulated last year. As the next steps after formulating the policy, I would like to expect that the Company will work on both DD, which identifies and prevents human rights risks, and grievance mechanisms, which allow stakeholders to raise their concerns, in parallel, as these are the two wheels of the management that respects human rights. In addition, as for securing a diverse range of human resources, initiatives to promote women's participation and advancement will be integrated with measures such as encouraging men to take childcare leave, and this will lead to the realization of gender equality. I would like the Company to show us what vision is behind its overall initiatives.

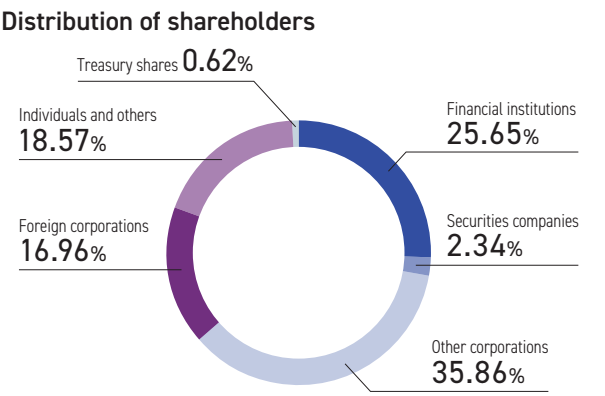
Stock Information as of March 31, 2024

Changes in Stock Price and Trading Volume



Stock Information

Total number of authorized shares	200,000,000
Total number of shares issued	79,247,315
Number of shareholders	51,906 (Number of unit stockholders: 28,689)



Information for Shareholders

Fiscal year	From April 1st of each year to March 31st of the following year	Listing	Tokyo Stock Exchange Prime Market
Ordinary General Meeting of Shareholders	June	Securities code	9303
Record date	Ordinary General Meeting of Shareholders March 31 Year-end dividend March 31 Interim dividend September 30 Other dates publicly announced in advance, as necessary		



Moving forward together into the future.



**SUMITOMO WAREHOUSE**

**Contact**

2-18 Nakanoshima 3-chome Kita-ku, Osaka 530-0005, Japan  
Business Promotion Dept., Public & Investor Relations Section,  
The Sumitomo Warehouse Co., Ltd.  
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<https://www.sumitomo-soko.co.jp/English/>



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