

ESG+H Initiatives

Promoting sustainable management

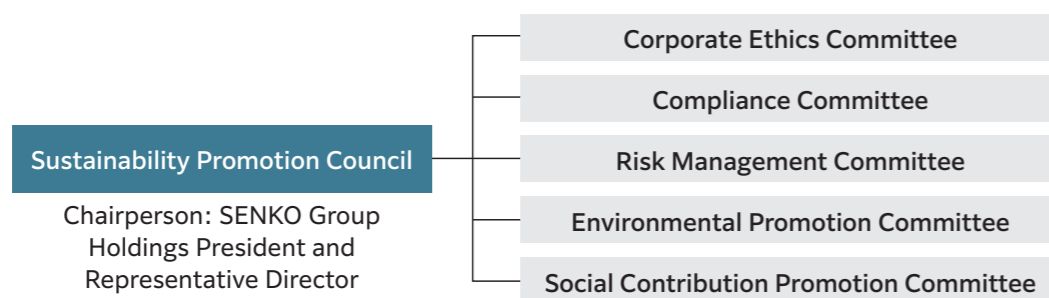
With global society facing numerous challenges, SENKO believes contributing to society by working to resolve those challenges through business activities is important in order to generate sustained growth.

The SENKO Group will work to provide value that leads to the resolution of social issues through its business activities by practicing sustainable management so that it can continue to grow and develop alongside society.

Management structures underpinning sustainable management

Corporate Ethics, Compliance, Risk Management, Environmental Promotion, and Social Contribution Promotion Committees formed to resolve a variety of social issues undertake a range of activities related to sustainability.

The Sustainability Promotion Council, which is chaired by the president of SENKO Group Holdings Co., Ltd., oversees these committees.

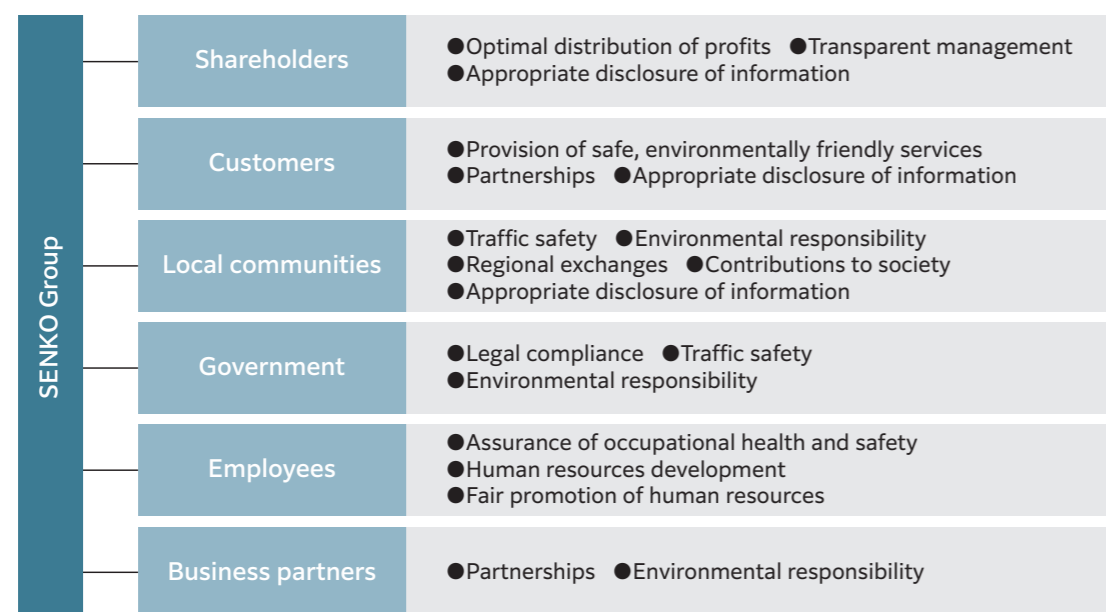


Sustainability Policy

The SENKO Group strives to deliver new value by helping realize a sustainable environment and society, working to achieve sustained growth for the Group, and connecting people and society through its various businesses.

SENKO Group stakeholders and their relationships

The SENKO Group operates its businesses with the goal of earning the trust of all stakeholders.



Analysis of materialities

The SENKO Group has identified a "Medium-Term Policy of CSR" outlining issues that are important to stakeholders and which have a significant impact on the Group's management. As the importance of sustainability grows worldwide, for example in the form of ESG and the Sustainable Development Goals (SDGs), the Group conducted an analysis of key issues (materialities) due to the ever-changing nature of megatrends with the potential to impact its businesses.

Specifically, we determined that the Group's business segments are related to 28 of 77 sectors identified by the Sustainability Accounting Standards Board (SASB) in its standards. We then looked at the materialities required of those 28 sectors and identified issues that the Group should address through its businesses, taking into account sales ratios and business impacts. As a result of a careful examination that included key measures in the Group's management, we established the following initiative areas (materialities) related to the environment, society, governance, and health.

Priority CSR measures, SDG themes, and materialities

Priority CSR measures	Priority SDG themes	Materialities and related initiatives based on the SASB	Corresponding initiatives
1. Environmental measures (1) Focus on meeting energy-saving targets as a Specified Corporation. (2) Make improvements related to "Reduce with energy-saving," "Recycling rate" and "Green product procurement rate" and contribute to a recycling-oriented society. (3) Organize environment-related information of group companies, and aim to achieve the same environmental targets. (4) Actively install fixtures with a low environmental impact, such as LED lighting and low-emission vehicles. (5) Increase use of alternative energy sources, such as installing solar panels on new facilities and increasing the number of large CNG vehicles. (6) Actively promote modal shift to customers as a way of implementing green logistics.	 	Environment ● Climate change measures ● Circular economy Social/safety/security ● Diversity and inclusion ● Assurance of safety ● Responsible procurement structures Governance ● Risk management ● Compliance ● Information disclosure Health ● Infectious disease measures ● Management of employees' physical and mental health	E Environment P33 S Safety P37 S Social P40 G Governance P43 H Health P47
For more about the relationship between SENKO's businesses and the SDGs, please see pages 17 and 18.			

The SENKO Group will choose key issues (materialities) to address through its business activities while making reference to the priority CSR measures and materialities. We plan to review key issues on an ongoing basis.

ESG+H Initiatives

E Environment

Initiatives to reduce environmental impacts

Deploying advanced environmental trucks

The SENKO Group is deploying advanced environmental trucks, for example hybrid vehicles (HVs), natural gas vehicles (NGVs), and electric vehicles (EVs), which generate fewer CO₂ and NO_x emissions than diesel trucks. During FY2022, we deployed five light cargo EVs for last-mile use and two 3-ton EV trucks. By leveraging the environmental advantages of such vehicles, which generate 65% fewer CO₂ emissions than a conventional light delivery van, and more than 25% less than a diesel truck, we're accommodating customers' desire for low-carbon transport.



A 3-ton EV truck and light EV van at SENKO's Komaki Branch

Introducing recycled plastic pallets

The SENKO Group is introducing environmentally friendly recycled plastic pallets. These pallets are manufactured using recycled plastic from used pallets, containers, and other packaging containers. Pallets that can no longer be used, for example due to damage, can be recycled again as part of the Group's commitment to addressing environmental problems by using environmentally responsible products.



Recycled plastic pallets

Accelerating private consumption of solar power from panels installed on logistics center rooftops

The SENKO Group launched its solar power business in FY2014, and it supplies renewable energy to various power companies. Since FY2021, we've pivoted to in-house use of solar power and worked to transition to non-fossil, renewable energy for power used at logistics centers on clear days.

In FY2021, SENKO Co., Ltd. installed its first large-scale in-house solar power system (with a generating capacity of 1,051 kW) at Gifu Hashima PD Center and established a model in which surplus power not used by the company is shared with a new power company as its source of power. We continue to make progress on the issue of accelerating use of renewable energy at logistics centers.



Gifu Hashima PD Center, which began using solar power in-house in collaboration with a new power company

Power generation vs. FY2021	Up 1,887 kW	Number of solar power installations	FIT power-selling installations: 20	Private-consumption installations: 4
			16,400 kW	3,500 kW
SENKO Group solar power generation				

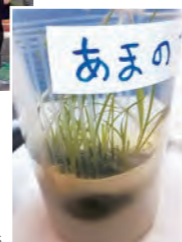
Continuing initiatives to protect biodiversity

The SENKO Group began an initiative to protect biodiversity in FY2020, and in FY2022, SENKO Co., Ltd. held environmental tree-planting programs to plant saplings at the sites of logistics centers and other facilities at 10 branches and two group companies. Initiatives to pass on a green legacy to the next generation serve to improve workplace communication while contributing to local communities.

We also joined local environmental conservation groups in participating in ocean conservation activities targeting Osaka Bay and the Seto Inland Sea. These activities also helped protect marine biodiversity by creating a home for ocean-dwelling creatures through the raising of eelgrass, a type of seaweed.



Commemorative photograph taken during an environmental tree-planting program



Raising eelgrass

Environmental targets and results

CO₂ reduction initiatives and results

The SENKO Group assess energy use and CO₂ emissions associated with its business activities and applies the results to its environmental protection activities. We're currently implementing a variety of initiatives to reduce environmental impacts while working to achieve the CO₂ reduction target set forth in the five-year Medium-Term Business Plan that started in FY2023, specifically a 10% reduction from FY2021 levels in CO₂ emissions from the land transport business per unit of revenue (expressed as tons of CO₂ emissions per million yen of revenue).

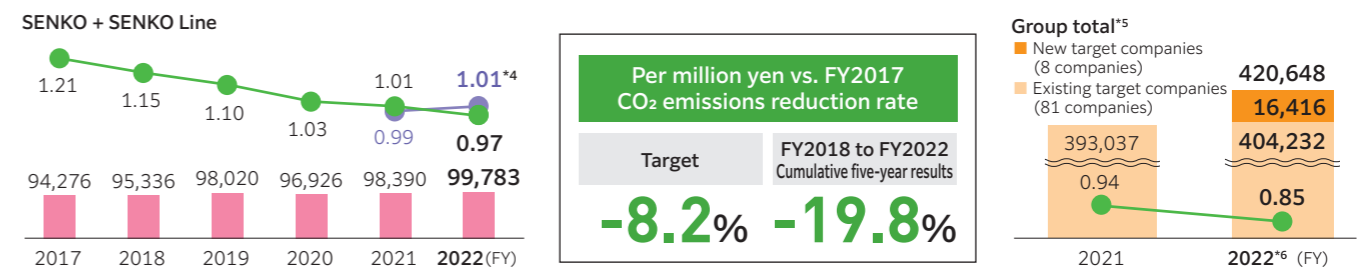
Breakdown of the SENKO Group's CO₂ emission sources

	INPUT		OUTPUT			
	Fuel use ^{*1} (kℓ)	Power use (Tens of thousands of kWh)	Scope 1 (t-CO ₂)	Scope 2 (t-CO ₂)	Total (t-CO ₂)	Ratio (%)
SENKO Co., Ltd.	16,510	7,465	43,500	34,798	78,298	19
SENKO Line Co., Ltd.	7,989	0	21,485	0	21,485	5
SENKO + SENKO Line	24,499	7,465	64,985	34,798	99,783	24
Group (excluding above)	103,362	9,107	277,482	43,383	320,865	76
Total	127,861	16,572	342,467	78,181	420,648	100

*1 Fuel use is calculated in terms of crude oil (kL).

SENKO Group CO₂ emissions

■ CO₂ emissions (t)^{*2} ● CO₂ emissions (t) per million yen of revenue^{*3}



*2 Emissions include Scopes 1 and 2. *3 Revenue is calculated for flagship businesses corresponding to Scopes 1 and 2. *4 CO₂ emissions per million yen of revenue in the land transport business. *5 Consisting of 57 logistics companies, including SENKO Co., Ltd., SENKO Line Co., Ltd., and SENKO Group Holdings Co., Ltd. along with seven trading and commerce companies and 25 other companies, for a total of 89 companies. *6 FY2022 trading department revenue prior to application of revenue recognition accounting standards. The specific unit after the application of revenue recognition accounting standards is 0.94 t-CO₂/¥1 million.

FY2022 CO₂ reduction targets and results

(t-CO₂)

	FY2022 CO ₂ reduction target	Result	Achievement rate
SENKO + SENKO Line	1,700	1,601	94%
Other	1,700	2,705	159%
Total	3,400	4,306	127%

Priority measure	CO ₂ reduction		
	SENKO Co., Ltd. + SENKO Line Co., Ltd.	Other	Total
Scope 1 Fuel savings (1) Promoting the transition to energy-saving vehicles (2) Promoting the transition to environmentally friendly forklifts (3) Installing other environmentally friendly equipment	625	1,540	2,165
Scope 2 Power savings (1) Switching to a new power company and revising fees (2) Switching to energy-saving equipment (LED, air-conditioning) (3) Utilizing renewable energy from solar power installations	857	946	1,803
Scope 3 Recycling-based society (1) Recycling discarded wood pallets (2) Promoting use of recycled tires	119	219	338
Total	1,601	2,705	4,306
Green logistics proposals CO ₂ emission reduction benefits from proposed improvements to customers' logistics systems, including modal shifts, facility consolidation, joint transport and deliveries, and use of larger vehicles	766	293	1,059

Note: Since the publication of ESG data (FY2022 edition) and the SENKO Group Report (for the 105th fiscal year), we've reviewed CO₂ reduction activity assessment standards and reexamined results values to take account of benefits such as the transition to power companies with lower CO₂ emissions coefficients and private consumption of solar power generated at group facilities.

ESG+H Initiatives

E Environment

TCFD initiatives

Climate change is a global environmental issue, and we consider dealing with it to be a key issue for sustainable management.

As a result, the SENKO Group is committed to addressing climate change in a serious manner, and we've contributed to the realization of principles related to environmental action, for example by signing the United Nations Global Compact in October 2020.

In FY2023, we began disclosing information related to climate change in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in a timely and appropriate manner.

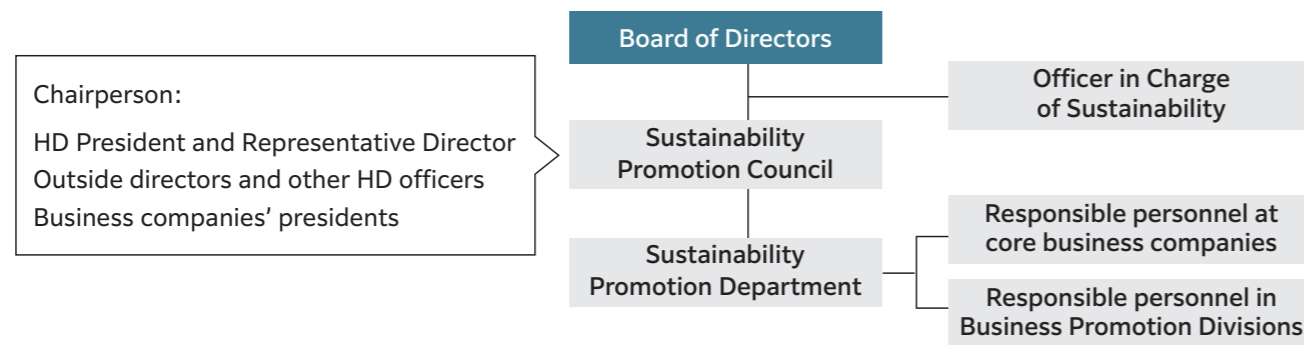
Governance

During FY2023, the Board of Directors acted to increase the Group's medium- and long-term corporate value through the implementation of sustainable management by creating a new executive officer position in charge of sustainability and assigning the deputy manager of the Administrative Department to hold it, and by creating the Sustainability Promotion Council chaired by the president and representative director and consisting of a membership that includes outside directors.

The Council convenes twice a year to discuss important matters related to the Group's environmental (E), social (S), governance (G), and health (H) activities and reports to the Board of Directors concerning its discussions and the results of associated activities.

The Sustainability Promotion Department, which is responsible for administering the Sustainability Promotion Council, facilitates the implementation of operational initiatives by core companies in the Logistics, Trading & Commerce, Living Support, and Business Support businesses along with sustainability coordinators in Business Promotion Divisions. It reports to the Sustainability Promotion Council.

Governance structures



Risk management

The Group strives to deliver new value by connecting people and society through its various businesses in line with its basic policy of helping realize a sustainable environment and society and working to achieve sustained growth for the Group.

In keeping with the above policies related to sustainability, we work to resolve environmental (E), social (S), governance (G), and health (H) issues and consider addressing climate change to be a top-priority issue.

In addition, we've created a Risk Management Committee and an Environmental Promotion Committee that report to the Sustainability Promotion Council. The Risk Management Committee identifies risks that the Group faces now or is likely to face in the future and develops organizational and appropriate preventive measures and improvement measures to address those risks. The Risk Management Committee has created a Natural Disaster Risk Subcommittee, which is working to increase the Group's resilience by inspecting and reviewing its business continuity plan (BCP) and through other initiatives.

In addition to establishing an Environmental Initiative Policy to guide the Group's efforts to protect the environment and reduce environmental impacts and spreading awareness of the policy among employees and other workers, the Environmental Promotion Committee manages environmental targets in areas including CO₂ reductions, renewable energy use, and waste recycling.

Strategy

This fiscal year, we carried out a scenario analysis for the Logistics business to identify risks and opportunities associated with climate change. We clarified important transition and physical risks and opportunities and studied their medium- and long-term effects as well as countermeasures.

	Category	Anticipated risks and opportunities	Impact on the Group	Countermeasures
Transition risks	Public policy, law, and regulations (Carbon pricing)	• Rapid increases in fuel prices	• Rising cost burdens	• Promotion of transition to environmentally friendly vehicles (EVs, HVs, LNGs, environmentally friendly DSLs, etc.) and tandem tractor-trailers • Promotion of modal shifts • Study of the future introduction of FCVs, LNGs, and ammonia-fueled ships • Initiatives as a GX League sponsor
	Technologies (Delays in renewable energy and energy-saving technologies)	• Difficulty in achieving GHG reduction targets	• Increases in renewable energy, energy savings, and carbon credit procurement costs	• Management of the Group's energy use and energy-saving measures • Assurance of power from renewable sources
	Markets (Changes in the size of the customer base)	• Selection of lower-carbon services by customers	• Stagnation in market share if we fail to provide low-carbon services	• Disclosure of CO ₂ emissions, including Scope 3 • Provision of decarbonization choices, for example through use of environmentally friendly vehicles, modal shifts, and logistics facility consolidation
Physical risks	Acute risks (Extreme weather)	• Interruptions in the operation of road, rail, marine, and air transport	• Rising cost of continuing Logistics business operations	• Development of BCPs and staging of associated training • Purchase of supplies • Collaborative support among facilities • Dispersion of facilities • Provision of alternative transport routes
	Chronic risks (Sea level rise)	• Need for measures to prevent flooding at logistics facilities and reassess siting	• Costs associated with activities such as risk surveys and relocation of logistics facilities	
	Chronic risks (Rising temperatures)	• Risk of heat illness • Increased employee attrition	• Employee health impacts • Increases in insurance premiums, hiring costs, etc.	• Development of a safe workplace environment • Promotion of automation and labor-saving measures
Opportunities	Technologies (Adoption of renewable energy and energy-saving technologies)	• Transition to renewable energy sources; increased use of renewable energy and energy-saving technologies, for example through introduction of in-house power generation	• Stable supply of low-cost, low-CO ₂ energy • Revenue from the sale of power generated at group facilities	• Installation of solar power facilities and shift to private consumption of generated power • Transition to LED lighting and environmentally friendly air-conditioning control • Transition to solar power, wind power, etc.
	Technologies (Development of next-generation technologies)	• Growing adoption of next-generation logistics technologies that improve vehicle loading and operating efficiency, for example joint logistics service	• Reduced logistics costs • Reduced CO ₂ emissions	• Development and introduction of systems that provide optimal transport patterns and routes • Promotion of automation and labor-saving measures through the digital transformation (DX), etc.
	Markets (Liquefied hydrogen/liquefied ammonia)	• Growing demand for transport of liquefied hydrogen by trucks as adoption of fuel cell trucks rises • Growing demand for transport of liquefied ammonia by ships	• Increased revenue related to the transport of liquefied hydrogen and liquefied ammonia	• Expansion of existing businesses and development of next-generation energy transport structures
	Markets (Circular economy)	• Increased reuse and recycling of EV batteries, solar panels, and waste plastic	• Increased revenue related to logistics services associated with reuse and recycling	• Targeting of existing and new customers based on demand for climate change countermeasures • Development of logistics platforms
	Reputation (Investors' evaluations)	• Praise from investors for properly disclosing information about how we deal with climate change risk	• Growth in corporate value; fund procurement at favorable terms	• Deepening of disclosure of information to stakeholders • Fund procurement through means such as green bonds

Indicators and targets

Under the five-year Medium-Term Business Plan that began in FY2023, we're working to realize sustainable growth of our businesses through environmental initiatives designed to achieve carbon neutrality by undertaking strategic investments and other measures, with the principal target of reducing CO₂ emissions per unit of revenue (in our land transport business) by 10% from FY2021 levels.

In addition to calculating CO₂ emissions both upstream (procurement-related) and downstream (post-shipment) of our corporate activities (i.e., Scope 3 emissions) in a more fine-grained manner, we plan to calculate Scope 3 emissions associated with logistics in our customers' supply chains and to offer advice concerning efficient logistics measures.

ESG+H Initiatives

S Safety

The SENKO Group's Safety Policy

Safety Philosophy	<p>The SENKO Group will “achieve an eventual goal of zero workplace accidents” based on the spirit of respect and by prioritizing safety over everything else.</p> <ol style="list-style-type: none"> 1. We can and must prevent all accidents and disasters. 2. Managers are responsible for the safety of employees. 3. Every employee must believe in "eliminating all accidents." 4. Safety ensures high quality and high productivity.
Basic Approach	<ul style="list-style-type: none"> ○ The SENKO Group deeply recognizes the social mission of the logistics business and promotes efforts that all employees understand correctly and that contributes to the improvement of safety by ensuring safety in business activities is the basis of our business. ○ The top management will actively lead the field from the bottom to the top to unite and strive to secure safety and improve safety in business activities. ○ The basis of safety is to be strongly conscious of each person working in the SENKO Group to be healthy mentally and physically, to practice proper health management.
Priority Measures	<ol style="list-style-type: none"> 1. We comply with relevant laws and regulations and fulfill our social responsibilities. 2. We thoroughly carry out risk assessment and reduce all safety risks. 3. We prevent health problems by enhancing health management system and promoting independent health. 4. We actively disclose information on safety and health activities.

Achievement of safety goals (FY2022)

Although both vehicle and occupational accidents fell compared to the previous year, we will formulate and implement new measures as not all goals were achieved.

	FY2021 result	FY2022 target	FY2022 result
Vehicle accident frequency rate	0.572	0.28 or less	0.563
Occupational accident frequency rate	1.771	0.70 or less	1.696

[Priority measures]

- Having top management develop safety and health management structures and voluntary operational structures
- Strengthening collaboration on safety and health initiatives within the Group
- Encouraging the prevention of accidents through collaboration among safety-related systems
- Actively introducing active safety technologies
- Creating opportunities for passing on and learning about safety technologies

Medium-term safety goals (FY2023 to FY2027)

Based on the five-year Medium-Term Business Plan that started in FY2023, we will promote group-wide safety programs, including using the latest driver assistance technology and other measures.

<p>We aim to reduce vehicle and occupational accidents by 25% from the FY2022 level.</p>	<p>Vehicle accident frequency rate (On-road accidents)</p>	<p>FY2022 result</p> <p>0.563</p>	<p>FY2027 target</p> <p>0.422 or less (SENKO Co., Ltd. and Logistics Group)</p>
	<p>Occupational accident frequency rate (Occupational accidents resulting in at least four lost workdays)</p>	<p>1.696</p>	<p>1.272 or less (SENKO Co., Ltd. and Logistics Group)</p>

*Figures for the Logistics Groups do not include companies acquired during FY2023 or later.

Building a Foundation for Safety

Trainer program

We're working to enhance trainer skills to facilitate more effective education for passing on safety technologies and improving skill levels. During FY2022, the program had 16 graduates.

Certification of trainers

Use of ICT

In FY2022, we began adopting cloud technologies in an effort to realize more advanced safety and educational management systems.

Compliance measures

[Development of a system for managing operation of light cargo vehicles]

By adopting a system for managing the operation of light cargo vehicles, we're working to improve safety through enhanced safe driving guidance and management of driving hours and fuel costs.

[Oversight through simulated branch visits]

As part of an effort to improve compliance, we're conducting simulated branch visits to deepen branches' understanding of laws and regulations.

Principal FY2022 initiatives

Accompanied instruction for all drivers in their third year

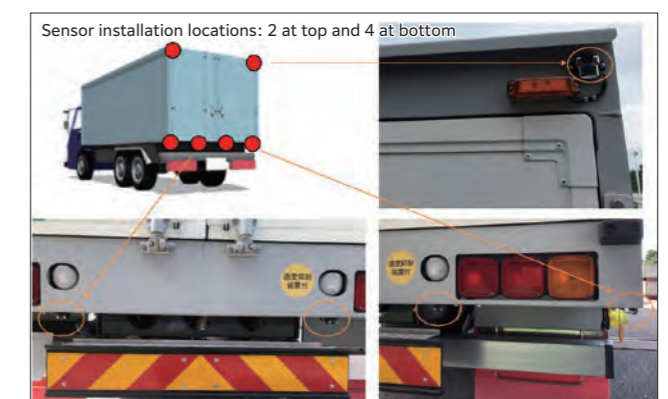
Since drivers with less than three years of experience are the most likely to cause vehicle accidents, we began offering accompanied instruction to all drivers in their third year as an FY2022 priority initiative. Although the results remain preliminary, accidents involving drivers with less than three years of experience have fallen 13% from the previous year. In FY2023, we're continuing to offer accompanied instruction to all drivers in their third year while verifying the effectiveness of the program.



Accompanied instruction

Installation of truck sonar

Although we offer instruction for drivers through initiatives like crew certification and local training, just under 30 percent of all vehicle accidents continue to occur while vehicles are being backed up. As an urgent measure to address this problem, we began installing truck sonar devices that warn the driver when the vehicle is approaching an obstacle behind it under a three-year plan in FY2022. As of March 31, 2022, the devices have been installed on 553 vehicles, and we will continue to install them in a systematic manner in FY2023 and beyond.



Truck sonar

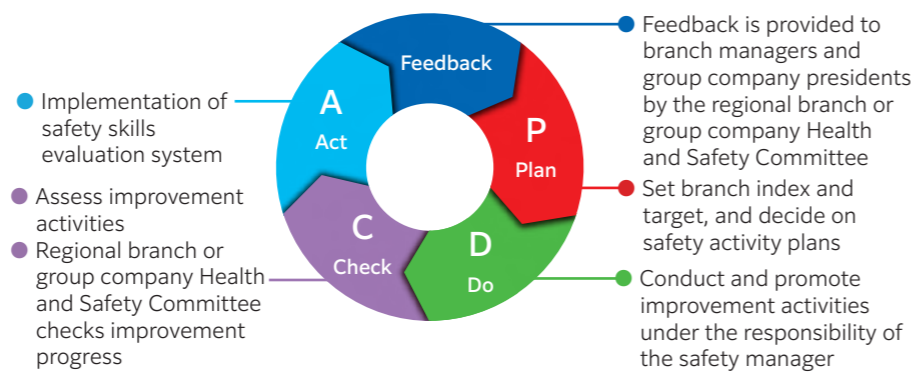
ESG+H Initiatives

S Safety

Implementing our safety management system

We conduct "Safety Skills Evaluations" (internal audits) every year in accordance with legislation, and publish the progress of improvements as improvement ranking charts which are distributed to branch managers and presidents of group companies. We apply the specific results to management in each region, and run a PDCA cycle for resolving issues to ensure safety.

[Safety Skills Evaluation Operating Cycle]



Principal FY2022 initiatives

Acquiring "Safety Excellence Workplace" certification

As part of safety programs in line with the safety management system, the SENKO Group is aiming to have all workplaces acquire "Safety Excellence Workplace certification*."

As of the end of March 2022, 100% of all workplaces have acquired certification (2% increase compared to previous year).

* Safety Excellence Workplace certification: Certification acquired from the Japan Trucking Association for workplaces with traffic safety and other initiatives that are deemed to meet specific standards.

100% of all SENKO Group workplaces have acquired certification



G-Mark issued by the Japan Trucking Association



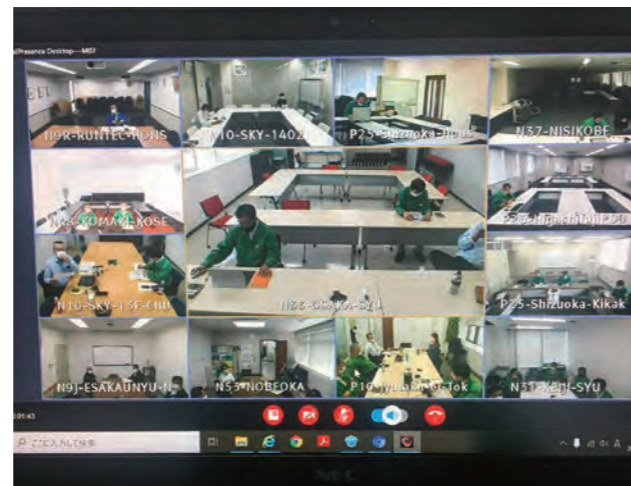
Education for veteran drivers

This fiscal year, we relaunched a coaching program that had been halted due to the COVID-19 pandemic. We're working to offer systematic ongoing coaching-style instruction to reduce accidents by verifying trainers' coaching skills and explaining procedures and systems to safety coordinators while taking steps to prevent infection.

Structures for managing hazardous goods areas

We offer safety instruction through regular workshops and tours for sales coordinators and logistics sales offices that handle hazardous goods.

In addition to identifying latent risks with the potential to have a serious impact on our business and providing guidance to take corrective action, we're working to raise managers' safety awareness and expertise.

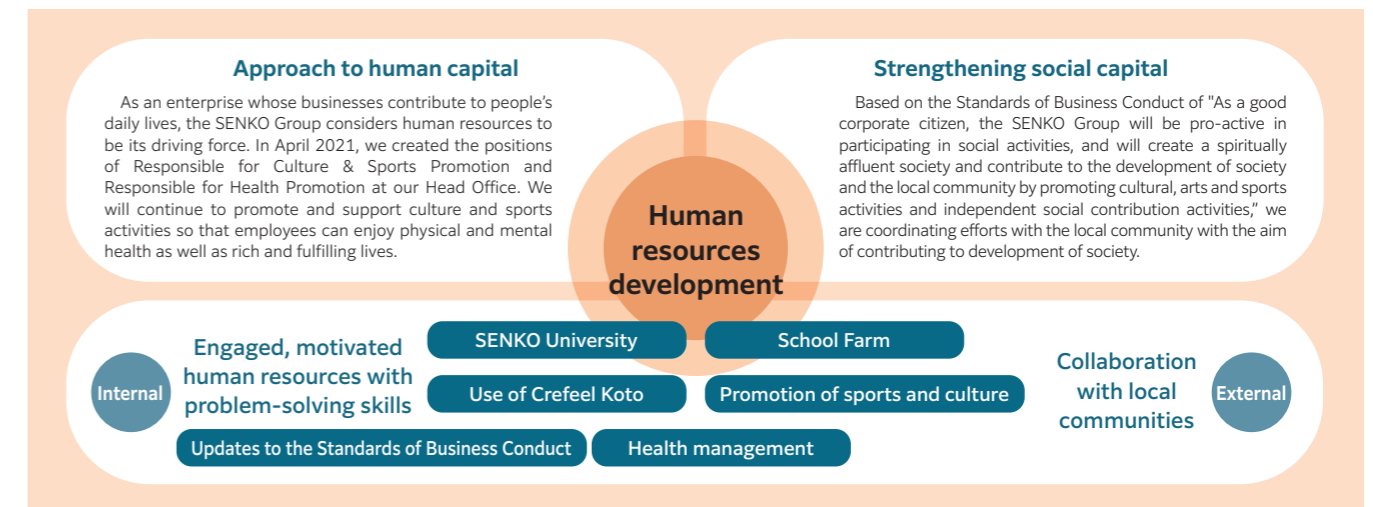


A meeting of people in charge of hazardous goods areas

ESG+H Initiatives

S Social

The SENKO Group's social activities



Principal initiatives

Use of Crefeel Koto in human resources development

We opened and continue to operate Crefeel Koto, a traffic safety and logistics education facility, in an effort to pass on logistics technologies accumulated through SENKO's businesses and to foster the development of even more advanced technologies. Crefeel Koto is one of the largest training facilities focusing on traffic safety and logistics skills in Japan.

The facility offers a variety of driver training programs that use its traffic course. In addition, certified trainers from the facility offer instruction to drivers and operators throughout Japan in a way that reflects the nature of their jobs.

	FY2022 result	
	Crefeel Koto	Regional training
Number of training sessions	70	335
Number of participants	637	2,934

Improving traffic safety and manners through traffic safety classes for children

We've been hosting traffic safety classes for children since FY2007 in an effort to teach traffic safety knowledge and thereby safeguard children from traffic accidents. We've also continued to offer on-site instruction at elementary and junior high schools since FY2015.

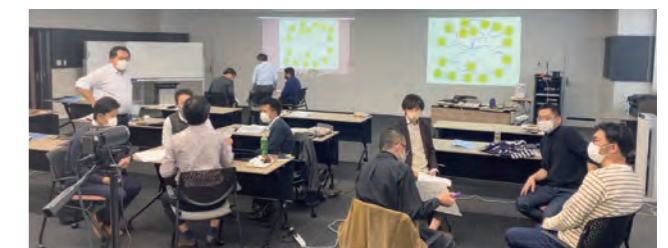
	FY2022 result
Number of participating children:	306

SENKO University: Human resources development to create future trends

SENKO University opened in 2016 as a place where human resources development could become more advanced and more specialized to ensure the more robust development of the Group's businesses in the future.

Courses are taught by inside and outside experts who are well versed in the latest technologies and market trends, and top management and executives also participate as instructors to spread knowledge of the Group's business principles and philosophy.

The program contributes to strategic development of human resources with the latest knowledge and skills in the SENKO Group's business domains.



Participating in the United Nations Global Compact

In October 2020, SENKO Group Holdings Co., Ltd. signed the United Nations Global Compact (UNGC), registering as a participating company.

The UNGC is a voluntary initiative that lets companies and other organizations exhibit creative leadership to act as good citizens while participating in the creation of a global framework for realizing sustainable growth. In this way, we're working to resolve social problems and create new value through our businesses in an effort to realize a sustainable society.

ESG+H Initiatives

S Social

Close-up on principal FY2022 initiatives

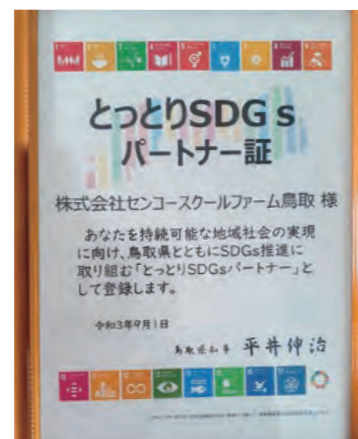
Registering as an SDGs Partner (Senko School Farm Tottori Co., Ltd.)

Senko School Farm Tottori Co., Ltd, which was established as a special subsidiary of the Group in April 2010, is using a former school in the town of Yurihama, Tottori, to grow hydroponic vegetables in a greenhouse built on the school's grounds and to grow mushrooms in renovated classrooms.

Tottori Prefecture has introduced the Tottori SDGs Partner program to allow companies and other organizations working to achieve the SDGs in the prefecture to register as partners. The program is designed to allow participants to contribute to the realization of the SDGs in partnership with the prefecture.

Since Senko School Farm Tottori has promoted the SDGs through a variety of business activities, including by providing waste vegetables for use as cattle feed and waste mushroom beds from mushroom production for use as cattle bedding, the company registered as an SDGs Partner promoting the SDGs in September 2021.

Going forward, SENKO will continue to work to achieve the SDGs through a variety of business activities.



SDGs Partner certificate



SDGs badge

Donating supplies (SENKO Co., Ltd.)

Food banks collect safe food products that cannot be distributed, for example due to a tear in packaging, excess inventory, or a printing error, from companies and provide them free of charge to facilities, organizations, and economically disadvantaged families that need them. Volunteers working for NPOs and other organizations collect food products and ingredients that have no quality issues but that would be difficult to sell normally from food manufacturers and provide them free of charge to social welfare facilities and other recipients, including rice, bread, noodles, fresh foods, snacks, drinks, seasonings, and instant foods.

The Nobeoka City Social Welfare Council operates a food bank to provide food support to needy families and others. Reflecting its support for this work, SENKO's Higashikyushu Operations Center donated about 1,000 (emergency rations) natural disaster items to the council's Nobeoka Self-reliance Consultation and Support Center.

Going forward, we will continue to participate in a variety of community service programs in order to help realize the SDGs.



Donated supplies

White Ribbon campaign (AST Corporation)

AST Corporation sells and imports products including paper products, daily necessities, foods, and quasi-drugs. The company donated paper diapers through JOICFP (a domestic and international program dedicated to creating a world in which women can make their own life choices at all times and in all places by promoting international cooperation in the fields of population and health) in order to assist mothers and children in areas affected by natural disasters.

Reflecting its understanding of the need to contribute to society not only in the event of natural disasters, but also in a year-round manner, the company launched a "Household Paper Support Group Project" to produce products that come with a donation in order to foster activities with business partners and customers. It's also participating in activities designed to safeguard the lives and health of women to better understand women and earn their empathy, including by donating a certain amount from the sale of specially planned products to the White Ribbon campaign through JOICFP.

In addition, JOICFP holds charity runs throughout Japan every March to mark International Women's Day. Entry fees are used to provide support to women in developing nations, and starting this fiscal year, AST plans to participate as a sponsor.

*There are still women in the world whose health and lives are threatened by unsafe abortions and childbirth due to an inability to exert control over sexual conduct and contraception or receive medical care. There are also women who lose access to educational opportunities due to unwanted pregnancy and child marriage, sacrificing their dreams of self-realization. The White Ribbon is an international symbol mark that communicates the importance of women's health and rights.



Teaching swimming at elementary schools (Blue Earth Japan Co., Ltd.)

Blue Earth Japan Co., Ltd. operates a total of 20 Blue Earth sports clubs and My-Body fitness gyms that are open year-round 24 hours a day in Yamanashi, Tokyo, Kanagawa, Shizuoka, Nagano, and Gunma Prefectures. The company also operates sports classes that teach swimming, ballet, karate, dance, and PE as well as Kids Station, an after-school program that teaches English, calligraphy, and other subjects as part of an effort to help create communities where people of all ages, from children to senior citizens, can enjoy physical and mental health and where members are left with energetic smiles and feelings of happiness.

In May 2021, Blue Earth received a contract to teach elementary school swimming from cities, towns, and villages in Yamanashi Prefecture as part of a program that allows private-sector use of schools' swimming pools. Whereas swimming classes at elementary schools are usually taught by school teachers at their school's pool, this program has Blue Earth Japan swimming coaches provide instruction at the company's pools. The contract includes bus transportation between the schools to the company's facilities, along with other services. Classes, which are based on the PE Edition of the Elementary School Learning Guidelines, follow an annual instructional plan.

The program is helping reduce school faculty members' workload while providing safe, advanced swimming instruction, and the company plans to expand the contract area to include other cities, towns, and villages going forward.



ESG+H Initiatives

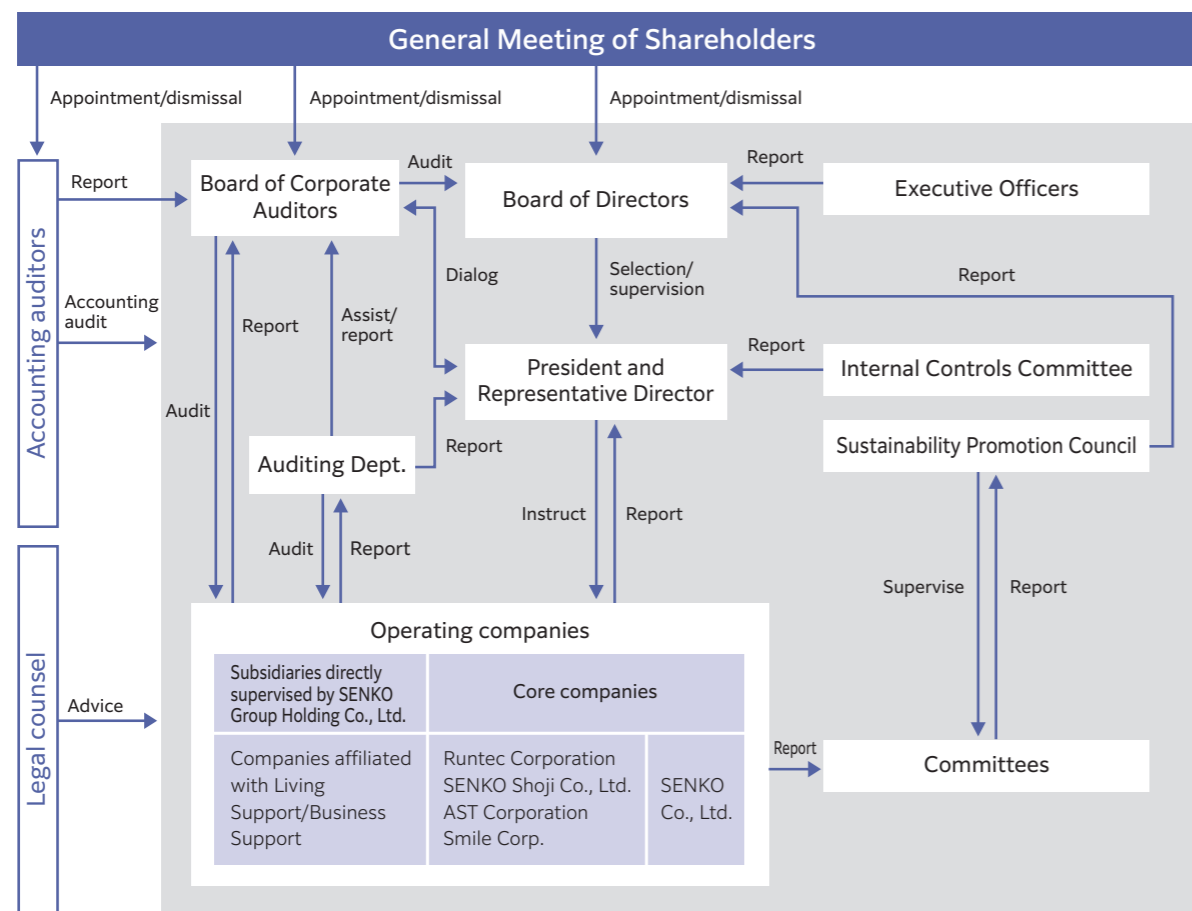
G Governance

Basic Policy

The SENKO Group is a logistics company involved in highly public work that fosters people's development and supports their lives. The SENKO Group makes every effort to ensure that all corporate activities thoroughly comply with laws, based on the awareness that good corporate governance is the foundation of business, as well as regarding governance as a high priority for management.

Corporate Governance System

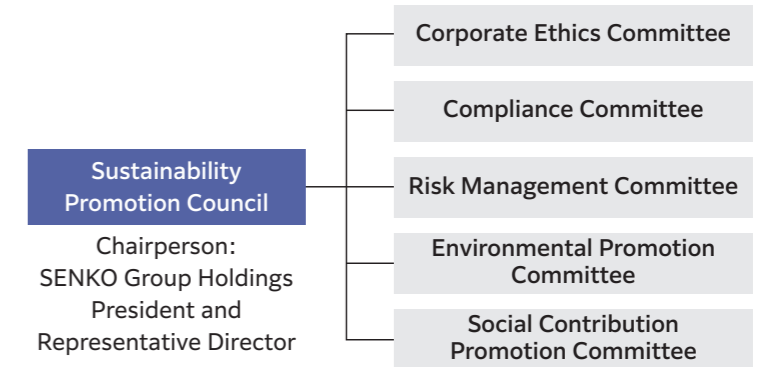
We have adopted the following corporate governance system, one that we consider to be optimal, in order to ensure management transparency and legal compliance based on the company's size, lines of business, organizational structure, and other features.



1	The Company's Board of Directors meets at least once a month and deliberates on issues as required by laws and regulations as well as important management concerns in addition to being an organization that oversees the execution of business. Furthermore, so that the Directors, Executive Officers, and key employees execute their duties appropriately and efficiently, the Company has established the Regulations of the Board of Directors and the Regulations for Administrative Authority to clarify authority and responsibility. We also verify the status of the implementation of operations and strive to have even more transparent management.
2	To implement the sustainable management of the entire group, the Group has established a Sustainability Promotion Council to oversee the activity policies and plans that guide committees related to compliance with applicable business laws, corporate risk, corporate ethics, and social contribution activities. We've also established an Internal Controls Committee to increase the sophistication of the Group's internal control activities and ensure their thorough implementation. The committee's responsibilities include oversight of the evaluation of the development and administration of the internal control system.
3	Our Board of Corporate Auditors, which meets at least once a month, reports on, discusses, and makes decisions about legally mandated matters as well as important matters related to audits.

4	The Company has concluded an audit contract with Grant Thornton Taiyo LLC as the accounting auditor, under the terms of the Companies Act and the Financial Instruments and Exchange Act, and will receive guidance in relation to accounting. Our audit staff includes 12 certified public accountants, eight individuals who have passed certified public accountant exams, and another 12 employees.
5	The Auditing Department performs internal audits at the Company and subsidiaries with the aim of verifying the status of risk countermeasures, identifying the status of managing operations and of improvements, and ensuring the effectiveness of the operation management system. As well, the Auditing Department reports its findings to the Representative Director and the Corporate Auditors.

Further, to implement sustainable management throughout the Group (in order to improve the sustainability of its businesses), we have developed a series of sustainable management structures that encompass the entire Group, including Corporate Ethics, Compliance, Risk Management, Environmental Promotion, and Social Contribution Promotion Committees as well as a Sustainability Promotion Council, which oversees the committees, and an Internal Controls Committee.



Policy on determining compensation for officers

Compensation for officers includes basic compensation, performance-based pay (bonuses), performance-based stock, and restricted stock compensation. Guided by internal rules, we determine the specific amounts of the compensation, taking into account factors such as the position of the officer, the performance in the individual fiscal year, and the level of contribution to performance made by each person.

Officer category	Total amount of compensation, etc. (millions of yen)	Total amount of each type of compensation, etc. (millions of yen)				Number of eligible officers
		Basic remuneration	Performance-based pay (bonuses)	Performance-based stock compensation	Restricted stock compensation	
Directors (excluding outside directors)	161	59	62	26	13	9
Corporate auditors (excluding outside corporate auditors)	45	34	11	-	-	3
Outside officers	51	36	15	-	-	7

The Financial Services Agency and the Tokyo Stock Exchange began applying a number of major principles that contribute to the realization of effective corporate governance as the Corporate Governance Code in June 2015. SENKO has included all elements of the Corporate Governance Code on its website to clarify the Company's position on working to enhance corporate governance based on this code.

Compliance-based management
















Compliance-based management, which complies with laws and regulations and engages in ethical business activities, is the base for a company to fulfill its social responsibility and earn the trust of stakeholders.

The SENKO Group has established, based on a thorough understanding of the Group's social obligations, the Senko Standards of Business Conduct, which prescribe all items that executives and employees must observe for every aspect of their jobs.

ESG+H Initiatives

G Governance

List of directors and corporate auditors

<p>Yasuhisa Fukuda</p> <p>President and Representative Director Senior Manager of Business Development Department</p>		<p>Noburo Sasaki</p> <p>Director Managing Executive Officer Senior Manager of Administrative Department</p>		<p>Hiroshi Yoneji</p> <p>Director Responsible for Trading & Commerce</p>	
<p>Akira Taniguchi</p> <p>Director Responsible for Marine Logistics</p>		<p>Kenji Sugimoto</p> <p>Director Responsible for Logistics</p>		<p>Toshio Takanashi</p> <p>Director Responsible for International Business</p>	
<p>Yoshiki Kanaga</p> <p>Director Responsible for Refrigerated & Frozen Logistics</p>		<p>Hiroko Ameno</p> <p>Director (Outside)</p>		<p>Yasuyuki Sugiura</p> <p>Director (Outside)</p>	
<p>Yoko Araki</p> <p>Director (Outside)</p>		<p>Fumiko Okuno</p> <p>Director (Outside)</p>		<p>Masanobu Uenaka</p> <p>Full-time Corporate Auditor</p>	
<p>Masami Washida</p> <p>Full-time Corporate Auditor</p>		<p>Yasushi Matsutomo</p> <p>Full-time Corporate Auditor (Outside)</p>		<p>Yoshiro Okano</p> <p>Part-time Corporate Auditor (Outside)</p>	

Business risks

Risks related to the condition of the Group's businesses, accounting, and other operations that could have a material impact on the judgment of investors are described below. Forward-looking statements are based on the judgment of the SENKO Group (the Company, its consolidated subsidiaries, and its equity-method affiliates) as of the last day of the fiscal year under review (March 31, 2022).

1	Laws and regulations	The Group provides a wide range of services as part of Logistics, Trading & Commerce, and other businesses. These businesses must comply with a variety of laws and regulations. Future developments such as the strengthening of laws or regulations, or the application of new laws or regulations, could impose additional costs as the Group seeks to comply with them, and the need to make changes to the manner in which it operates its businesses could affect the Group's financial position and business performance.
2	Sharp increases in the price of crude oil	Higher prices for light oil due to a sharp increase in the price of crude oil will push up transportation costs. The performance of the Group, where truck transportation is the mainstay business, could be affected in the future by price trends.
3	Occurrence of a serious accident	In case a serious vehicle or freight accident occurs, the performance of the Group could be affected by a loss in customer and public confidence, suspension of vehicle use, administrative penalties such as business suspension, etc.
4	Occurrence of a disaster, etc.	The performance of the Group could be affected by a system shutdown due to transportation routes being blocked or electricity being suspended during a disaster, such as heavy rain, lightning, typhoon, or earthquake, or by a blackout. Recent natural disasters that have affected the Group's operations include intense rainfall throughout Japan in August 2021 and an earthquake that occurred in Fukushima Prefecture in March 2022 (the Fukushima Prefecture Offshore Earthquake).
5	IT system failure	The Group leverages IT technology to manage customer freight information and for control systems for warehouses. The performance of the Group could be affected if these systems are shut down due to a natural disaster, computer virus, or computer hacking.
6	Management of customer information	The Group handles customer information when providing logistics services and has worked hard on information management through in-house education. However, the Group's performance could be affected by claims for compensation for damages if there is an external leak of information or loss of data.
7	M&A and capital alliances	When expanding the scale of existing businesses, or entering new business fields, the SENKO Group concludes M&As and enters into capital alliances, etc., as part of its business strategy. However, initially-expected benefits may fail to materialize due to the effects of factors including significant changes in the market environment following the acquisition, legal regulations, or unanticipated increases in costs. In addition, in the event of a problem that went undetected during preliminary investigations, for example due to the discovery of a contingent liability or un-reviewed liability, the Group's financial position could be adversely affected.
8	Overseas business growth	To continue growing into the future, the SENKO Group is working to expand its businesses overseas. The Group's business expansion, performance, and growth outlook could be significantly affected by social disturbances in the regions where it operates. These disturbances could be due to changes in the economic situation, recessions, fluctuations in foreign exchange rates, changes in politics or laws and regulations, natural disasters, or outbreaks of terrorism, war or disease.
9	Pandemic	A pandemic could affect the Group's performance due to the impact of temporary closures of business sites or government-imposed lockdowns.

Risk Management System

The SENKO Group's key management issues include ensuring stable earnings and establishing a sound management base by managing all risks associated with the execution of operations. The risk management system is described below.

1	To systematically and effectively mitigate the risks that the Group faces, and to take corrective action, we have established the Risk Management Regulations. Every department that controls risk is also tasked with formulating and distributing regulations, etc., aimed at reducing risks that affect the entire group and for taking effective action when such risks materialize.
2	When a risk materializes and is expected to cause serious damage, the department controlling this risk and the department in which the risk is expected to arise collaborate on reporting to the Board of Directors.
3	The Auditing Department verifies the status of risk countermeasures, etc., and reports to the Representative Director and the Board of Corporate Auditors.

Establishing business continuity plans (BCPs)

Every Group location has established a business continuity plan (BCP) in order to swiftly recover logistics in the event of a disaster. In an emergency, support and recovery activities will be carried out promptly under the direction of the head office and the manager of the department taking countermeasures on the ground using the BCP. When data centers are affected by a disaster, a backup data center will restore systems within 30 minutes, even if the server shuts down to ensure that logistics systems can be maintained.

ESG+H Initiatives

H Health

The SENKO Group is committed to health management.

The SENKO Group has announced the SENKO Group Health Management Declaration, which positions the promotion of employee health as one of the most important issues facing management; we have been encouraging activities that promote healthy living for many years.

Approach to health management

Health management strategy map

The SENKO Group's new Medium-Term Business Plan identifies ESG+H (health) management as a key issue. Having created a health management strategy map that details the connections between health promotion initiatives and management strategies, we're undertaking a program of activities in this area.

Health promotion at the SENKO Group

We've assigned 27 nursing professionals (public health nurses and registered nurses) to work in major areas nationwide, where they collaborate with 103 health promotion coordinators to provide a variety of support related to employee health. In FY2021, we appointed an industrial physician to oversee the 78 industrial physicians and nurses, enabling us to develop more effective Company-wide health policies and

programs. When the introduction of COVID-19 countermeasures was required, we established in-house standards to help us achieve a better balance between the health of employees and our business activities.



Nursing staff stationed around the country

Principal health management initiatives

Holding health classes and seminars

We offer a variety of seminars designed to improve employees' health literacy, including a Mental Health Seminar, which targets newly appointed managers, and a Women's Health Seminar, which is dedicated to helping create an environment in which female employees can continue to work in ways they find self-affirming.



Women's Health Seminar

Promoting physical and mental health through club activities

In addition to official teams for judo, golf, *kendo*, women's tennis, and women's track and field, the Group has numerous employee clubs that allow workers to have fun in a collegial atmosphere outside working hours.



Group photograph of the tennis club

TOPICS

DX promotion at the SENKO Group

The SENKO Group's DX Policy

In implementing its digital transformation (DX) strategy, the SENKO Group is aiming to advance business and service reforms in a strategic manner so as to establish a competitive advantage through the creation of new value. To that end, the Group is working to address the following four topics as it creates an overall computerization strategy:

- (1) Promoting the DX to support business innovation throughout the Group
- (2) Using digital data to support the maintenance and strengthening of business competitiveness and to acquire new customers
- (3) Creating new businesses with new digital technologies
- (4) Using digital data to boost productivity

Since launching a DX promotion project in 2021, SENKO Co., Ltd. has been pursuing the following initiatives:

- Promoting operational reforms that utilize digital technologies
- Studying data management to centralize internal data
- Designing DX human resources development programs through SENKO University

DX promotion structures

SENKO Co., Ltd., which operates the Group's core Logistics business, and SENKO Group Holdings Co., Ltd., which oversees the entire Group's operations, have created DX Promotion Departments to strengthen structures that cut across group companies and departments that are involved with initiatives.

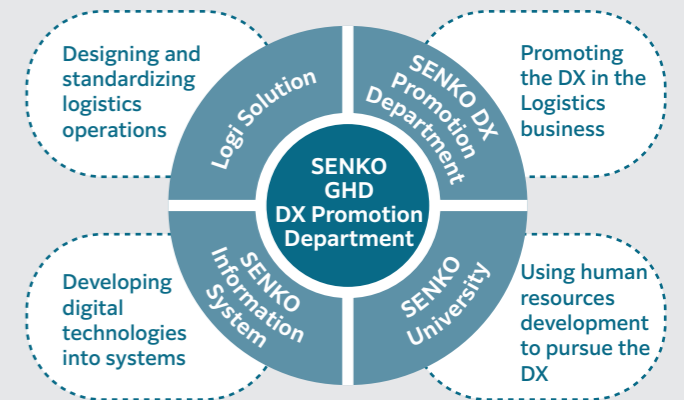
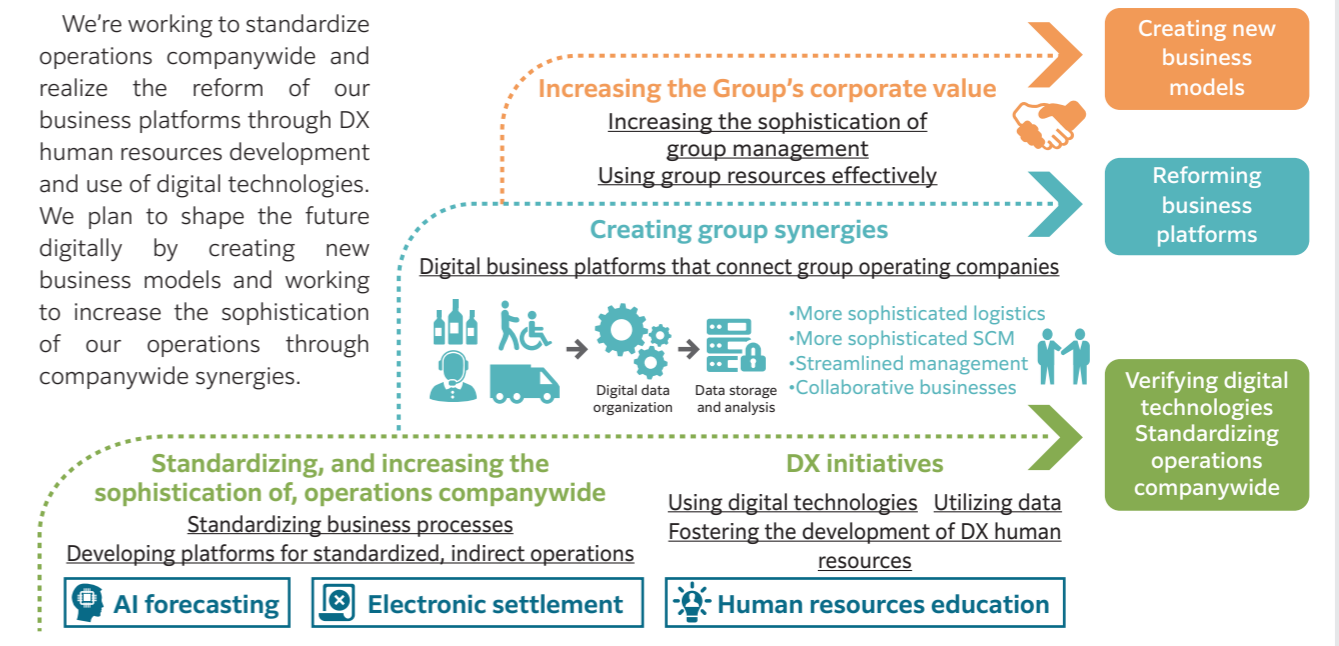


Illustration of SENKO's DX strategy

We're working to standardize operations companywide and realize the reform of our business platforms through DX human resources development and use of digital technologies. We plan to shape the future digitally by creating new business models and working to increase the sophistication of our operations through companywide synergies.



AI cargo volume forecasts at SENKO

In offering contract logistics services to customers, we're working to use machine learning to forecast warehouse shipping volumes in order to streamline personnel assignments and reduce planning coordinator workload.

Electronic expense settlement

We've implemented paperless transactions using Concur and standardized and reduced business processes in a way that complies with Japan's Act on Book and Record Keeping through Electronic Methods. We're working to strengthen the Group's governance through data analysis and visualization.

Development of DX human resources

We're working with outside partners to implement an escort-based DX human resources development program that includes practical implementation and a digital literacy learning program with an assessment component.