

## Message from the President



**Yutaka Nagao**

Representative Director,  
President and Executive Officer

## Business Reform Over the Next Four Years

### —Expanding Value Provision to the “End to End” of Supply Chains

#### » Structural Reforms Amid a Sense of Impending Crisis

In 2019, I was appointed the President of the Yamato Group during a time of impending crisis. An awareness of two major issues formed the background of this. The first issue being that our management structure did not provide services drawn from a customer standpoint in the face of changes to society and customers. Up to 2019, the Yamato Group was organized by function—such as a company that provided *TA-Q-BIN* services, a company that provided logistics services for corporate clients, and a company that developed IT systems—and was partially optimized. The second issue I was aware of was that many of the managers responsible for the management of each operating company did not see this existing management structure as a problem and strongly felt that there was no sense of crisis.

I believe that “corporate management” can be rephrased

as “effective utilization of management resources.” No matter how many excellent management resources you gather, you cannot achieve the performance you are capable of if they are not optimally allocated. Accordingly, under YAMATO NEXT100, our grand design for management over the medium to long term announced in 2020, and Medium-Term Management Plan “One YAMATO 2023,” launched in April 2021, we have been engaging in Group management structure reform. In other words, how to change the form of management to fully utilize management resources. By integrating nine existing operating companies into one entity, Yamato Transport, creating “One YAMATO structure”, and centralizing and reallocating Group management resources, I believe we have been able to shift to a structure that directly addresses customer needs.

#### » Reinforcement of the *TA-Q-BIN* Network

As we have visualized the management resources of the entire Group, issues that need to be addressed have become clear. One of these issues is the structural reform of network operations. We are engaging in an enhancement of the quality and efficiency of the entire network to respond to various changes in the market environment, such as the expansion of online consumption and the development of small-lot, high-frequency logistics between companies.

As part of these reforms, we first responded to the sudden expansion of EC demand during the COVID-19 pandemic by creating an EC logistics network in collaboration with partner companies. Over the next four years, we will focus on reinforcing the existing *TA-Q-BIN* network. Now, three years away from celebrating the 50th anniversary of *TA-Q-BIN*s launch, the time has come to revise the way bases that make up the network are organized, in response to changing customer needs.

Specifically, we will consolidate and enlarge the size of small, multi-store sales offices. *TA-Q-BIN* was originally launched as a service for individual customers and we allocated sales offices in smaller areas to collect small-lot deliveries from a wide variety of customers. As a result, our sales offices increased to approximately 4,000 at their peak. Now, however, there has been a change in the type of packages being shipped with 90% of deliveries being made for corporate clients, and approximately half of those deliveries for

large-lot clients. Accordingly, we are focusing on reviewing the purpose of facilities, particularly in urban areas with a high density of them, while consolidating and enlarging their size in line with changes to the flow and volume of packages. While there is currently a total of approximately 3,300 sales offices, I think eventually having approximately 1,800 would be appropriate.

Furthermore, we are advancing revisions to the pickup and delivery operations available at each facility, in conjunction with the consolidation and enlargement of their size. We aim to standardize the workload for each driver by designing pickup and delivery operations through data utilization, not just entrusting the response to the fluctuating workload to the judgment and ingenuity of frontline staff.

It is important to optimize facility allocation and operations in line with regional and customer needs rather than aimlessly reducing the number of facilities. Naturally, it is essential we do not damage the national network as a social infrastructure. To maintain a national network in which all employees can respond to customers in all regions, we will enhance the safety, quality, and ease of operation for employees and partners even more than before. At the same time, we will increase the productivity of the entire network, optimize processes for transportation between facilities and sorting operations at each sales office, and further enhance the performance of employees.

#### » Establishment and Expansion of Dedicated Networks

In addition to reinforcing the existing *TA-Q-BIN* network, we are promoting the creation of dedicated networks. While one of these is an EC logistics network, we also established, in June 2023, a low temperature transportation and delivery center and began operation of a network dedicated to temperature-controlled operations. To date, the Yamato Group has contributed to the culture of consumers ordering fresh produce directly from other regions and the development of related businesses by building a transportation and delivery network that handles three temperature ranges (room temperature, refrigerated, and frozen). Meanwhile, against a backdrop of changing consumption

behavior due to the recent COVID-19 pandemic, there has been a significant advancement of the shift to EC for food distribution. Under such circumstances, we will maintain and enhance quality while expanding transportation and delivery capacity to further meet demand by aggregating refrigerated and frozen delivery under a new, dedicated network in urban areas, where demand is particularly concentrated. Refrigerated transportation and delivery is a growth domain that is not limited to food. Demand is expected to increase for pharmaceuticals and we plan to expand this dedicated network as necessary.

#### » Expanding Value Provision to the “End to End” of Supply Chains

The Yamato Group aims to achieve sustainable business growth through expanding value provision to the “End to End” of supply chains. The Group management structure reform that we have promoted to date and the structural reform of network operations we are currently advancing are to help us evolve into a business that can provide

further value to customers. Since launching One YAMATO 2023, we have created several examples of solutions, such as initiatives to optimize the entire supply chain of our corporate clients, which are steadily yielding results.

Additionally, we are striving to expand the value provided in the cross-border EC domain. To date, the conventional



## Message from the President

method for individual clients to obtain products purchased from overseas was via logistics by international and domestic operators. In recent years, however, individual clients have been able to directly purchase and receive products from overseas sellers. The Yamato Group has been focusing on this domain for many years and has been proposing the use of Yamato's logistics network to overseas sellers. The number of parcels we handle has expanded to a volume beyond our initial expectations. This was achieved through collaboration between domestic and overseas units of the Yamato Group, who worked together to establish operations and make proposals to customers. We could not have

realized this under the existing partially optimized structure and this achievement is one result of the Group management structure reform.

Meanwhile, while we are still at the development stage for fields such as third-party logistics and international forwarding, I believe there is significant room for growth in light of the Yamato Group's management resources and potential. Over the next four years, we aim to further reinforce the networks, operations, and corporate sales functions, including collaboration with other companies, to expand the scale of transactions.

### » Visualization of GHG Emissions as a New Differentiating Factor

We are currently developing tools for visualization of GHG emissions. These tools are expected to become a new strength aimed at expanding the value provided in corporate client supply chains. While to date there has been no global formula for calculating GHG emissions in logistics, the Yamato Group has signed a basic agreement for collaboration in the environmental domain with the major European home delivery company, DPDgroup. We have been participating in the creation of ISO 14083:2023, an international standard related to transportation-based GHG emission calculation and reporting methods, and promoting the development of a tool for visualizing emissions based

on this standard. We plan to complete development this fall. For the Yamato Group, who have adopted the target of achieving virtually zero GHG emissions by 2050,\* visualizing GHG emissions is an opportunity to further contribute to the sustainability of society and the environment. As interest in and standards for global GHG emissions increase, we expect that contributing to the optimization of distribution and inventory while reducing these emissions through visualization of GHG emissions in the supply chains of corporate clients will become a major differentiating factor in expanding the corporate business domain.

\*Scope 1 and Scope 2

### » Planning and Development of Human Resource Measures in Conjunction with Our Management Strategy

A major driving force in promoting a series of reforms and measures was the existence of professional human resources that have joined the Yamato Group over the past few years. Now, over 20% of Yamato Transport executive officers have outside knowledge and we have ensured we can set out new challenges and measures by gathering the appropriate people from within the Company to work under them.

For the Yamato Group, our most important management resource is people. We plan and develop human resource measures under the recognition that our HR strategy is so important, it can be called a management strategy.

Specifically, we are promoting the clarification of definitions of duties in line with our management strategy and new business structure. For example, this clarification has been implemented in some cases in the sorting operations

at each terminal, where definitions of duties remained vague. Furthermore, while we have further clarified the duties of sales drivers, there is an increasing necessity to subdivide duties to meet diversifying customer needs, such as increasing the shipping ratio for large-lot clients. We are also adding new duties based on our management strategy, such as in the digital and corporate business domains. In light of such circumstances, we will cultivate a corporate

culture that enables employees to accomplish their tasks independently, enhance their performance, and feel their work is rewarding. We will achieve this by implementing a cycle of further clarifying the definitions of duties for all employees, establishing appropriate evaluation criteria for measuring performance according to these definitions, and holding meetings between evaluators and each employee to give detailed feedback.

### » Response to the 2024 Problem

From April 2024, a cap on overtime work will be applied to automobile driving operations. The entire logistics industry is facing the serious issue of workstyle reforms for drivers and securing transportation capability. We have already implemented workstyle reforms for Yamato Group employees and employee working hours have reached an appropriate level. However, we are now promoting cooperation with each partner company, such as reviewing the purpose of transportation and introducing a standardized contract system based on the transport distance and time period, to advance the workstyle reforms in our partner businesses that support trunk-route transportation.

Furthermore, I feel it is necessary to improve inefficient business practices, which has previously been an issue, such as decreasing efficiency of loading operations for

charter flights following a shift to small-lot, high-frequency delivery, loading operations outside of contracts, and long waiting times for cargo in logistics between companies. Accordingly, we will make proposals for resolving such issues for corporate clients. For example, we can enable more efficient methods of delivery by combining packages from numerous clients through a package transportation service in pallet units, even if the cargo area of a charter flight is empty on the return journey. The Yamato Group has the knowledge to standardize transportation, as shown by TA-Q-BIN. We are pursuing sustainable logistics by standardizing transportation in logistics between companies and creating more efficient delivery methods that also contribute to even better workstyles for drivers.

### » Achievement of Sustainable Growth by Building the Trust of Customers

I believe that the most important factor for the sustainable growth of a company is building up trust with customers. The growth the Yamato Group has achieved to date is a result of building up trust through provision of our TA-Q-BIN service. However, there have been changes to the business environment and customer needs. Simply maintaining the same services we have provided to date will not result in growth in the future.

I view the year ending March 31, 2024, and the three years of the next medium-term management plan as four vital years in which the true value of reforms based on the

reallocation of management resources will be tested in order to achieve sustainable growth. We aim to be a company that is trusted by all our customers and stakeholders by fully utilizing Group management resources to pursue even better services that fit the times, rather than being content with our past experience of success.

October 2023 



# Message from the Chief Financial Officer

## Contributing to Improving Shareholder Value and Corporate Value by Supporting Management Strategies from a Financial Perspective



### PROFILE

**Toshizo Kurisu**

Representative Director,  
Executive Officer and Vice President

### Q1 Please share your approach to financial strategies and awareness of your role as CFO.

I believe that my role as CFO is to support management strategies from a financial perspective to realize sustainable growth and the improvement of corporate value in the medium to long term. I am also aware of the need to continuously enhance the overall market price of the shares as shareholders value and place importance on earnings per share (EPS) and ROE accordingly. By promoting medium- to long-term strategies centered on business structure reforms, the Yamato Group aims to achieve ROE of over 13%. As CFO, I engage in implementing investments that increase the profitability of the business and its growth potential while engaging in maintaining and strengthening shareholder returns and optimizing balance sheets. I hope to continuously enhance shareholder value by achieving ROE that fully exceeds shareholder capital costs.

### Q2 Two years have passed since the launch of Medium-Term Management Plan "One YAMATO 2023." Please explain the second-year results and business performance evaluation.

When creating the "One YAMATO Structure," we engaged in formulating a plan to fully transform our business structure. While Yamato's performance in fiscal 2022 did not fully meet the targets adopted under the Medium-Term Management Plan "One YAMATO 2023," I believe that we are steadily implementing measures to enhance profitability, which is always a challenge, by defining our vision for facilities and personnel. By doing so, we can gradually generate results.

In the structural reform of network operations, we are lowering the break-even point by reducing fixed costs through consolidation and enlargement of sales offices. At the same time, we are optimizing all costs by flexibly allocating the management resources of both Yamato and our partners in response to fluctuations in workload. We are also aggregating and standardizing administrative operations in tandem with facility strategies, making steady progress toward our ideal cost structure.

Furthermore, measures including a resolution to liquidate our overseas consolidated subsidiaries and the introduction of the Japanese Group Relief System helped to secure net income for the fiscal year ended March 31, 2023. We will strive to continue enhancing income by also addressing tax aspects as part of Yamato's financial strategies.

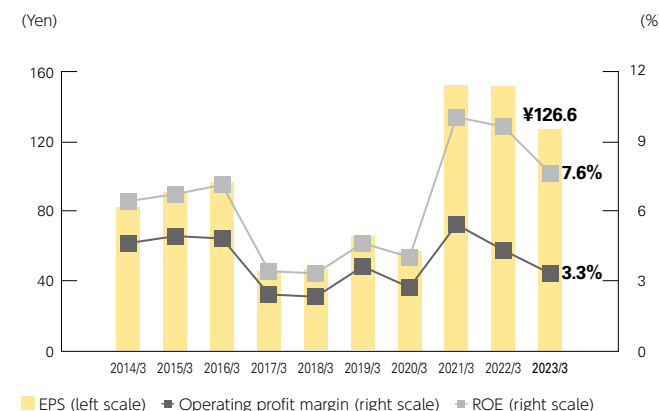
### Q3 Have you considered how to enhance ROE, which is a KPI, going forward?

Increasing operating revenues and operating profit—namely, strengthening earning power—are essential for enhancing ROE. To this end, it is important to expand value provision to the "End to End" and to receive corresponding compensation, and

we are advancing the expansion of the corporate business domain and structural reform of network operations in an integrated manner.

At the same time, we are optimizing balance sheets, promoting the selection and concentration of our businesses, products, and services to make full use of management resources, and actively examining collaboration with business partners. In addition, we are continuing to reduce our cross-shareholdings and, while we sold four assets in fiscal 2022 for approximately ¥2.7 billion, we will continue to sell stocks that we deem to lack significance to the Company, as appropriate. Meanwhile, while condensing our balance sheets, we intend to maintain a certain level of shareholders' equity ratio, which is required as a corporate group that serves as a crucial part of social infrastructure.

### EPS/Operating Profit Margin/ROE (Fiscal Year Ended March 31, 2014, to Fiscal Year Ended March 31, 2023)



### Q4 Please explain your approach toward and plans for investment.

My basic approach is investment that contributes to customer value. Regarding the establishment of large-scale facilities, which began in the fiscal year ending March 1, 2024, we are moving forward with a balance between properties we rent and properties we own with an emphasis on the speed of expansion. We will reinforce verification and monitoring of the results of investments to ensure that we can make a return on investments within as short a time as possible. We will also actively promote investment based on digital, human resource, and environmental strategies that support business structure reforms.

### Q5 Please explain Yamato's capital policies going forward.

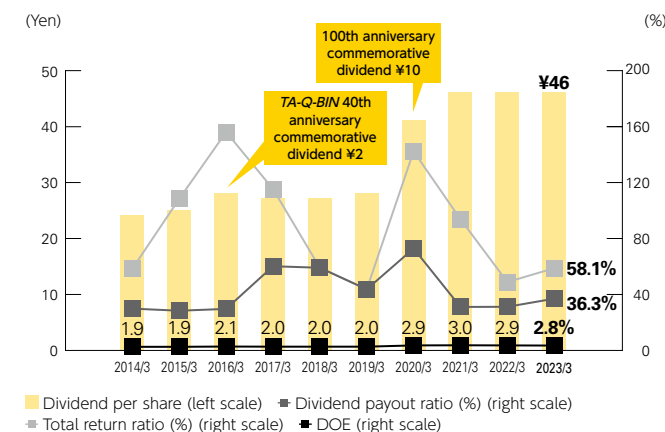
We intend to carefully select and prioritize business investments (capital investments, strategic investments, and M&As) that will contribute to enhancing shareholder value through capital created from profit growth due to business structure reforms.

Regarding fundraising, we issued our first green bonds in July 2023, with a five-year maturity and a total amount of ¥20.0

billion, to promote our environmental strategies. Meanwhile, we intend to continue utilizing debt in working capital and capital investments necessary for business structure transformation and will strive to manage our balance sheet based on capital efficiency, such as shareholders' equity ratio, while maintaining our credit rating (Rating and Investment Information, Inc.; AA-) with an awareness of optimal capital structure.

Our basic policy for shareholder returns is to pay out stable dividends with an awareness of DOE (ratio of dividends to shareholders' equity) based on factors including growth potential, profitability, financial soundness (cash and cash equivalents and shareholders' equity ratio), progress in investments, and capital efficiency. We aim for a dividend payout ratio of 30% or more and a total return ratio of 50% or more (cumulative for the period from the fiscal year ended March 31, 2021, to the fiscal year ending March 31, 2024). While we have implemented stable dividends over the long term, we believe that we should also be aware of dividend yield in the future, and will discuss capital policies and shareholder returns as we formulate the next medium-term management plan.

### Shareholder Return Results (Fiscal Year Ended March 31, 2014, to Fiscal Year Ended March 31, 2023)



### Q6 Finally, what is your message for stakeholders?

Two years have passed since the launch of "One YAMATO structure." The numerical management systems of each company, which used to be separate, are gradually being developed and corporate activities can be visualized through various indicators. As a result, while reflecting these appropriately in management strategies and financial strategies, we are aiming for operating profit margin of 7% or more and ROE of 13% or more in the medium to long term. Additionally, at the same time as we show our concrete strategies to shareholders in our next medium-term management plan, we will realize sustainable growth and improvement of medium- to long-term corporate value through the implementation of these strategies and dialogues.



# Structural Reform of Network Operations

In response to the progressing growth of EC and changes in customer needs and distribution structure, we will achieve the enhancement of overall network quality and efficiency by creating dedicated networks optimized to meet diverse logistic needs at the same time as reinforcing the existing TA-Q-BIN network.

## Background

The existing TA-Q-BIN network was initially launched to provide CtoC services. Despite meeting the diverse BtoB and BtoC needs of small-scale to large-scale corporate clients, it has become a structure difficult to link to revenue growth with an increase in parcel delivery amount following changes in customer needs and distribution structure.

### Existing Networks

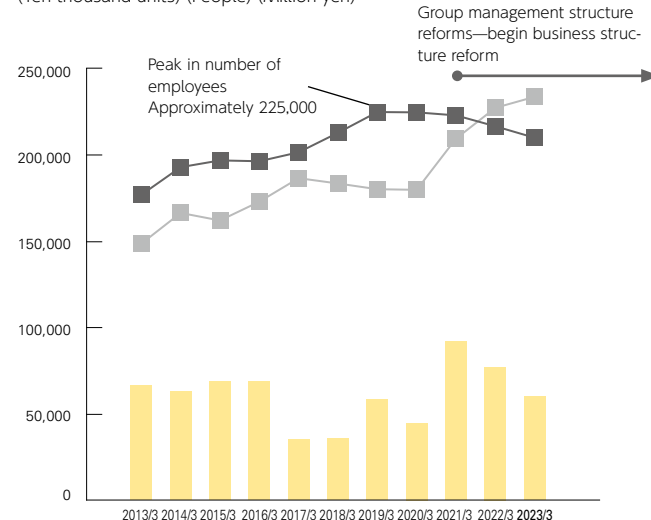
- Nationwide roll out of a hub and spoke distribution model for sorting and transportation terminals and sales offices
- Operation on standardized timelines to provide uniform (high-quality) services
- Placement of full-time employees (multi-functional sales drivers) at small, multi-store sales offices

### Changes in Customer Needs and Distribution Structure

- Increase in volume of parcels from large-scale corporate clients who ship from specialized warehouses, etc.
  - Increase in EC parcels with different timelines and operations
  - Changes in the balance between dispatch and arrival volumes
- Incompatibilities with existing network, which mainly focuses on small-lot parcels and standardizing operations on next-day shipping, have become apparent

### Parcel Delivery Amount\*/Number of Employees/ Operating Profit

(Ten thousand units) (People) (Million yen)



■ Parcel delivery amount (ten thousand units)  
■ Number of employees (people) ■ Operating profit (million yen)  
\* Product scope: TA-Q-BIN, TA-Q-BIN Compact, EAZY, and Nekopos

## Overview

### Initiatives and Results to Date

(Fiscal Year Ended March 31, 2021, to Fiscal Year Ended March 31, 2023)

- ✓ Progress in building EC logistics network as a start point
- ✓ Completion of overall design to gradual launch of initiatives aimed at reinforcing existing networks

### Future Initiatives

(Fiscal Year Ending March 31, 2024, to Fiscal Year Ending March 31, 2027)

- Accomplishment of existing network reinforcement
- Creation and expansion of dedicated networks optimized to meet diverse logistic needs

	Measures	Creation results
Growth domains	Creation of EC logistics network	
	Creation and expansion of dedicated networks optimized to meet diverse logistic needs	Creation of network dedicated to temperature-controlled deliveries (BtoC and BtoB)
		Expansion of transportation and delivery network for corporate clients
Base domain	Reinforcement of existing network at the same time as creating a dedicated network	<ul style="list-style-type: none"> <li>• Expansion of value provided in response to needs</li> <li>• Reception of appropriate pricing based on value provided</li> <li>• Optimization of operating costs</li> <li>• Increase in job satisfaction</li> <li>• Maintenance and enhancement of safety, quality, and employee-friendliness</li> </ul>
		<ul style="list-style-type: none"> <li>• Consolidation and enlargement of sales offices</li> <li>• Review of terminal functions</li> <li>• Renewal of workstyles and the operational structure</li> </ul>

## Reinforcement of Existing Networks Base domain

### 1

#### Consolidation and Enlargement of Sales Offices

We are optimizing transportation, operation, administration, and management costs and enhancing safety, quality, and employee-friendliness at each location by consolidating and enlarging small, multi-store TA-Q-BIN sales offices, with a focus on urban areas.

#### Previously: small, multi-store sales offices

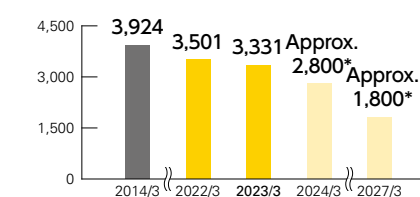


#### In the Future: consolidated and enlarged sales offices



#### Trends in number of sales offices

(Facilities)



\* Prediction for beginning of the fiscal year ending March 31, 2024

### Basic Strategies that Support Structural Reforms

#### Human Resource Strategy

- Promotion of appropriate human resource allocation in conjunction with renewal of workstyles and structures

→ For an overview of our human resource strategy, please see page 26.

#### Digital Strategy

- Maximization of the initiative's outcomes through utilization of a system for optimal resource allocation in response to workload

→ For an overview of our digital strategy, please see page 32.

#### Environmental Strategy

- Encouragement to reduce GHG emissions by introducing various environmental equipment at large-scale sales offices, including a switch to EVs, solar power generation equipment, and LEDs.

→ For an overview of our environmental strategy, please see page 34.

### 2

#### Review of Terminal Functions

Concurrently with reviewing terminal functions, such as separating dispatch and arrival operations and integration of large-scale sales offices with terminal in light of changes in volume of parcels and timelines, we will promote maintaining and improving safety, quality, job satisfaction, and employee-friendliness and optimizing transportation and operation costs by revising definitions of duties, standardizing human resource composition (full time, part time, hourly workers, and temporary staff), and entrusting part of operations at some terminals to business partners, then reallocating employees.

#### Previous Operations

- Duplication of timelines for dispatch operations and arrival operations within the same terminal, lowering operational efficiency

#### Integrated dispatch and arrival model (conventional)



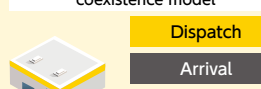
#### Future Operations

- Improvement in flow of overall operations through separation of dispatch and arrival operations and redesign of operations
- Selection and implementation of optimal methods in response to characteristics of each terminal

#### Integrated dispatch and arrival model (conventional)



#### Integrated dispatch and arrival and enlarged sales office coexistence model



#### Separated dispatch and arrival, and integrated enlarged sales office



#### Number of terminals

76

Fiscal year ended March 31, 2023

Approximately 70\*

Fiscal year ending March 31, 2027

\* Predictions for beginning of the fiscal year ending March 31, 2024; total for specialized dispatch and arrival terminals and integrated terminals



Began reorganization of terminals in the Fukuoka area and launched operation of new Sasaguri terminal (new and lease) from November 2022

### Basic Strategies that Support Structural Reforms

#### Human Resource Strategy

- Promotion of optimal human resource allocation and clarification of definitions of duties

#### Digital Strategy and Environmental Strategy

- Reduction of GHG emissions by promoting transportation efficiency through data analysis

## Structural Reform of Network Operations

# 3 Reform of Workstyles and Operational Structures (Sales Drivers)

We will maintain and enhance quality, employee-friendliness, and job satisfaction, strengthen our response to diversifying customer needs, and optimize operating costs by enhancing delivery efficiency subdivision and specialization of sales driver duties into sales, delivery, pickup, and other operations in line with regional characteristics based on changes in the balance between pickup and delivery workloads and the increasing burden of multi-tasking following a rise in shipping ratio for large-scale corporate clients.

## Previously

## Uniform nationwide SD

	Sales	Delivery	Pickup
SD	○	○	○

## In the Future

## Major urban areas\*1 SD+DD+PD

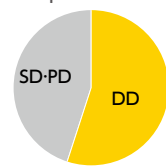
- Maintenance of structure with approximately 60,000 drivers covering nationwide
- Enhancement of pickup and delivery productivity through specialization and creation of systems

	Sales	Delivery	Pickup
SD	◎	△	△
DD	—	◎	—
PD	△	—	◎

SD (sales driver):  
Specialized sales and client relations model  
DD (delivery driver):  
Specialized delivery model  
PD (pickup driver):  
Specialized pickup model

\*1 Placement of drivers (employees) specializing in temperature-controlled delivery only and EAZY CREW (business partners) in places with specific demand

► Estimated Composition in March 2027\*2



\*2 Prediction for the beginning of the fiscal year ending March 31, 2024

## Development

- From February 2023: Commencement of trials in some areas of Tokyo
- From January 2024: Further development in major urban areas (Tokyo, Chiba, Kanagawa, Saitama, Nagoya, and Hanshin (Osaka and Kobe) areas)

## Basic Strategies that Support Structural Reforms

## Human Resource Strategy

- Maximization of initiative outcomes through design of workstyles and pay conditions based on duties

## Digital Strategy

- Maximization of initiative outcomes by introducing systems that flexibly rearrange operations in line with daily workload fluctuations, in conjunction with the consolidation and enlargement of sales offices

## TOPIC

## Basic Agreement Regarding Collaboration with Japan Post Group Aimed at Promoting Sustainable Logistics Services

We signed a basic agreement regarding collaboration with Japan Post Group to promote sustainable logistics services. This agreement will contribute to transportation services that are instrumental in enhancing convenience for customers and business growth through effective utilization of the management resources of both companies, to resolving social issues, including the "2024 problem" faced by the logistics industry, and to environmental issues.

## Strengths of Both Groups

## Yamato Group (Yamato Transport)

Nationwide network of pickup and delivery trucks  
→ Approximately 35,000 2t and 4t trucks\*

\* Installation of temperature-controlled equipment in 95% of trucks (approximately 33,000) → average refrigeration capacity for temperature-control of 2t trucks is 2,000 liters



Utilization of network resources

## Japan Post Group (Japan Post)

Nationwide network of pickup and delivery bikes and mini vehicles  
→ Approximately 82,000 bikes  
Approximately 30,000 mini vehicles



## Details of Cooperation

## From February 2024: Direct mail service area

- End of Kuroneko DM-Bin on January 31, 2024, and launch of new service, Kuroneko Yu-Mail (tentative)
- Delivery of packages accepted from customers by Yamato Transport on the Japan Post delivery network

## From October 2023 in Stages: Small, thin parcels

- End of Nekopos in stages from October 2023 and launch of new service, Kuroneko Yu-Packet
- Delivery of packages accepted from customers by Yamato Transport on the Japan Post delivery network

## Creation and Expansion of Dedicated Networks

## Growth Domain

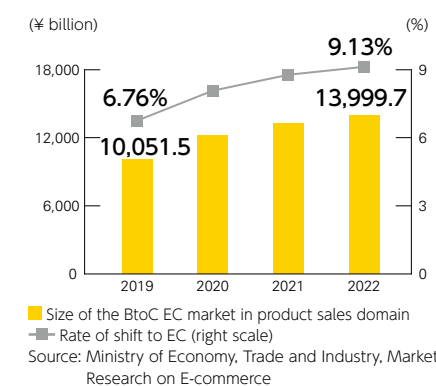


Alongside initiatives reinforcing our existing network, we are promoting dedicated networks optimized to meet diverse logistics needs in areas where demand is concentrated. Accordingly, at the same time as expanding the value we provide in response to customer transportation needs, which existing networks could not sufficiently meet, we will increase the growth capabilities and profitability of the Yamato Group through reception of appropriate pricing based on this value.

## 1 EC Logistics Network

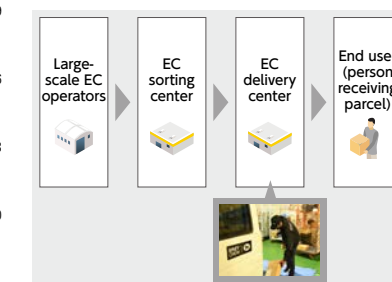
By responding to the increase in EC parcels, which differ from conventional TA-Q-BIN in terms of timelines, delivery method, pricing, and other factors, and by creating flexible capacity through coordination with business partners, we are expanding sales opportunities for EC operators, reducing lead times between order by EC users and arrival, and improving customer experiences through real-time communication and diverse delivery methods.

## Growth of the EC Market



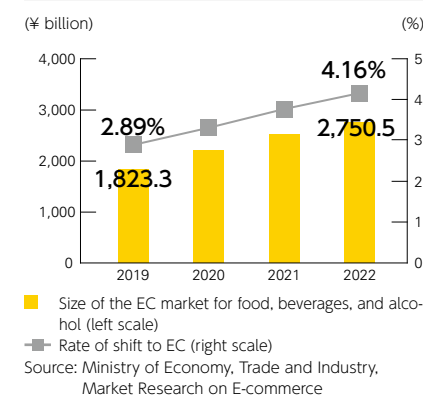
## Gradual Opening and Development of EC Delivery Centers in Urban Areas

(20 facilities open as of June 2023)

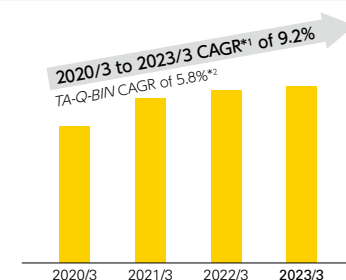


## 2 Network Dedicated to Temperature-Controlled Deliveries

## Growth of the EC market in food logistics



## Trends in Cool TA-Q-BIN Delivery Amounts



By expanding capacity through the establishment of two large-scale concentrated facilities in the Tokyo metropolitan area in response to increasing demand for BtoC and BtoB temperature-controlled deliveries, we will contribute to the expansion of sales opportunities, such as for food manufacturers and sales business operators, and provide the value of reducing overall logistics costs by optimizing the entire supply chain.



Low Temperature Transportation and Delivery Center (South Tokyo Area)  
(Commenced operation in June 2023)

## 3 Specialized Corporate Transportation and Delivery Network

Based on various risks in customer supply chains, such as changes in consumer trends and industry structures, decreases in workforce, and responses to the "2024 problem" and environmental issues, we will expand the value we provide through our response to standardization of operations to the transportation needs outside the scope of TA-Q-BIN transportation needs by reorganizing group resources and reinforcing collaboration with business partners.

## Service Example: JITBOX Chartered Delivery

- Transportation service, from pickup to delivery, that loads customer packages onto a metal cage on wheels
- Alternative service to chartered truck delivery that provides value of timely delivery and high-frequency delivery in the appropriate quantity

JITBOX チャーター便  
JITBOX Chartered Delivery





# Expansion of Corporate Business Domain

We view evolving growth of the EC (e-commerce) market and changes to the supply chain as an opportunity and provide comprehensive value to the "End to End" of our customers' entire supply chains. To those ends, we will pursue the creation of multiple last mile networks in response to needs that exist in the growth domains, the strengthening of account management, and the reinforcement and expansion of third-party logistics (3PL) and international forwarding.

## Overview

### Vision

**Achievement of sustainable business growth by expanding the value we provide to the "End to End" of our customers' supply chains**

#### Initiatives and Results to Date

(Fiscal Year Ended March 31, 2021, to Fiscal Year Ended March 31, 2023)

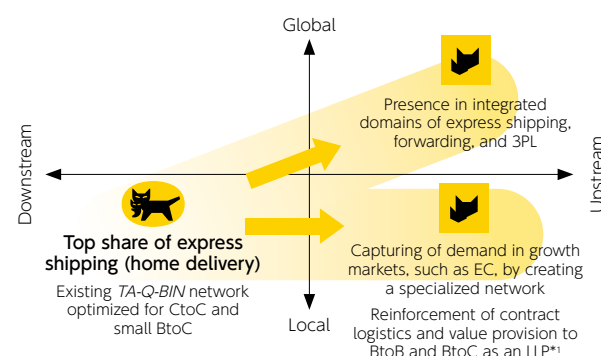
- Expansion of areas in which we provide value, such as domestic EC procurement and returns domain, cross-border EC for Japan, logistics in three temperature ranges for food sales operators, and LLP projects (lead logistics partner contracts)

#### Future Initiatives

(Fiscal Year Ending March 31, 2024, to Fiscal Year Ending March 31, 2027)

- Further expansion of supply chain solution sales
- Expansion of value we provide through proposals combining TA-Q-BIN with other functions

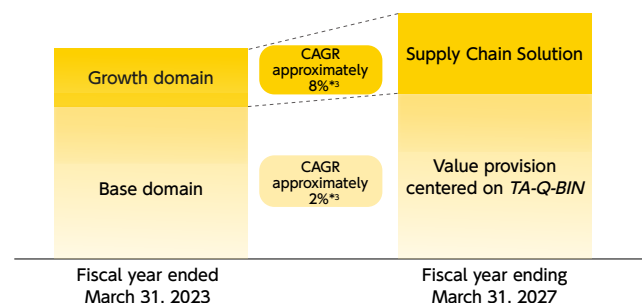
### Direction of Domain Expansion



\*1 LLP: Lead Logistics Partner (a partner who not only manages and operates logistics but also participates in and supports the creation of customer logistics plans and supply chain management strategies)

### Image of Future Growth for Operating Revenues\*2

\*2 Yamato Transport and overseas consolidated subsidiaries



\*3 Prediction for the beginning of the fiscal year ending March 31, 2024  
CAGR: Compound Annual Growth Rate

### Measures to Expand Corporate Business Domain in Growth Domains and Base Domains

#### Base domain

#### Expansion of Value Provided Through Proposals Combining TA-Q-BIN with Other Functions

- Provision of value in each customer segment based on business size and potential
- Subdivision of duties and clarification of roles for sales representatives placed in local communities
- Reinforcement of business activities that aim to resolve each customer issue as one team, based on information noticed by sales drivers

#### Growth domain

#### Provision of Supply Chain Solutions

- Expansion of domestic and international LLP projects
- Reinforcement of response to supply chain to the "End to End" and to EC, including cross-border EC
- Advancement of operational functions to the "End to End" of supply chains → Expansion of store deliveries for BtoC, DtoC,\* and BtoB in food-related domains (promote the provision of new value on a specialized refrigerated and frozen network in the Greater Tokyo area)
- Reinforcement of collaboration aimed at expanding from domestic to global operation (consider M&As)

\* Direct to Consumer

#### Growth domain and base domain (shared)

#### Promotion of Pricing Optimization

- Reflect the impact accompanying changes in the external business environment surrounding the Yamato Group and transportation and delivery partners on prices in a timely and appropriate manner
- Implement revisions to individual contracts with corporate clients based on conditions including business relationship and applicable fares
- Make an effort to review prices on an annual basis, maintain and reinforce our transportation and delivery network, and create a business environment that continues to provide customers with excellent services

## Initiatives in Base Domains

### Base domain



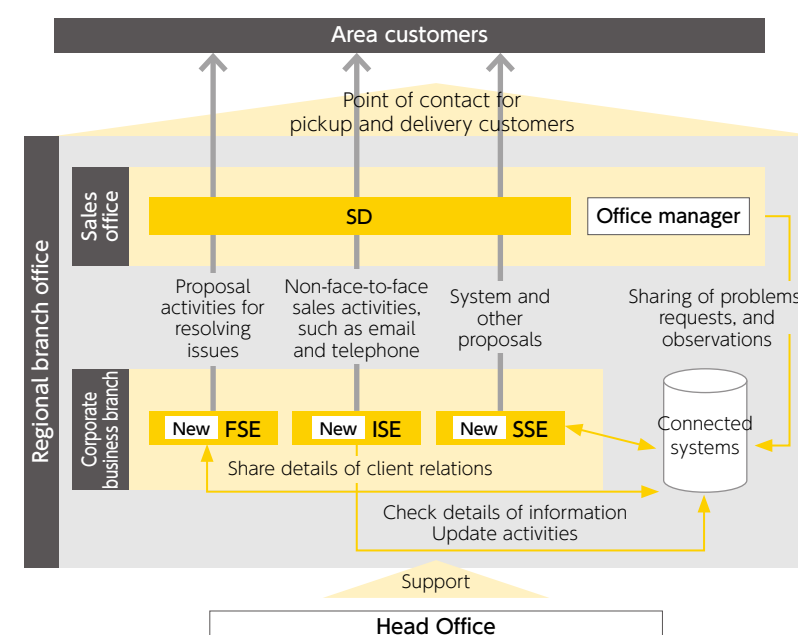
### Expansion of Value Provided Through Proposals Combining TA-Q-BIN with Other Functions

The Yamato Group is engaging in the expansion of the value we provide through proposals combining TA-Q-BIN with other functions for small- and medium-sized corporate clients (area customers), aiming to further improve business growth by utilizing our wide customer base built up through TA-Q-BIN. From April 2023, we placed sales personnel gathered from each business company at regional offices through the transition to One YAMATO, which subdivides the duties and roles of area customer-facing sales representatives. Each sales office and sales representative will expand the value we provide by coordinating

with sales drivers (SDs) who connect with customers on a daily basis through TA-Q-BIN pickup and delivery, quickly understanding customer issues, and resolving such issues via proposals that combine system, payment, and other functions.

Furthermore, the head office sales department is promoting the expansion of value we provide through measures including the advancement of systems to link customer information obtained by SDs to sales representatives for proposals, the design and implementation of training to improve sales representative's skills, and the revision of products and services.

### Overview of Area Customer-Facing Sales Activities



#### SD (Sales driver)

Share information quickly by utilizing contact points through TA-Q-BIN pickup and delivery and understanding customer trends (requests and issues)

#### New FSE (Field sales executive)

Oversees sales activities in responsible area. Makes proposals for understanding and resolving customer requests and issues through information gained by SDs and customer visits

#### New ISE (Inside sales executive)

Aims to expand transactions and prevent loss through inside sales, such as telephone and email. Coordinates with FSEs and SSEs according to the details of the project to understand and resolve customer issues

#### New SSE (System sales executive)

Has specialized knowledge in areas such as systems and warehouse operations and supports FSE and ISE proposals combining TA-Q-BIN with other functions. Designs operations to meet and resolve customer issues

### PICK UP Voices of Employees Facing Regional Customers as One Team



#### FSE

- We feel that sales efficiency has increased since we can gain real information on customers from SDs and sales office managers through frequent visits to sales offices.
- We can increase the accuracy of information from SDs who coordinate with systems on a daily basis and easily link with proposals for customers through direct communication with SDs.

#### SD

- Communication with sales representatives, mainly FSEs, has become easier, enabling us to easily consult on customer trends, issues, and other matters.
- We can now communicate with customers more actively by learning from FSEs.
- Sales representatives can now respond earlier to customer issues that are linked to the system, enabling them to deal with customers more quickly.

Expansion of Corporate Business Domain

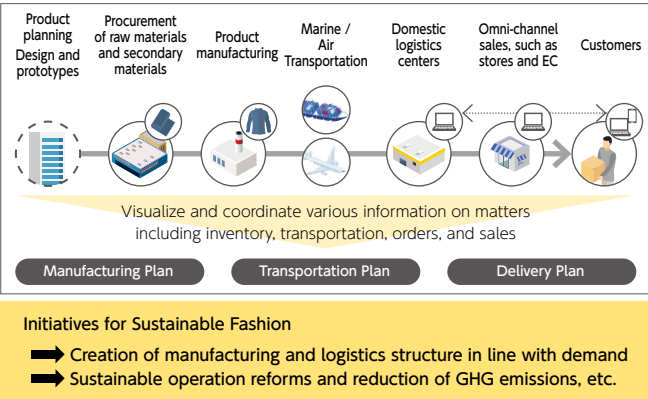
Initiatives in Growth Domains **Growth domain**

Provision of Supply Chain Solutions

We have positioned our solution business, which aims to deeply understand the businesses of our large-scale corporate customers and resolve management issues, as a growth domain, and are promoting account management. Initiatives to optimize the logistics and inventory of the entire supply chain are progressing in response to understanding customer issues arising from changes in consumption behavior and distribution structures, such as the shift to omni-channel approaches; expansion of logistics for room temperature, refrigerated, and frozen goods; expansion of cross-border EC; and enhancement of supply chain sustainability.

Conclusion of Logistic Partnership Agreement Aimed at Realizing Sustainable Fashion (December 2022)

A logistic partnership agreement has been concluded between Adastria Co., Ltd. and Yamato Transport to realize a sustainable supply chain for Adastria. We are working to visualize and optimize the entire supply chain and reduce GHG emissions to create even more effective logistics for management by reviewing logistics and inventory in Adastria's supply chain, which extends both domestically and internationally, from procurement of raw materials to manufacture, and omni-channel sale of products.



Future Developments

► Realization and expansion of sustainable fashion\* while collaborating with other fashion companies by leveraging mutual expertise and knowledge

\* Initiatives that aim for sustainability in the future throughout all processes from manufacture of clothes to wearing and disposing of them, taking into consideration the global environment, including ecosystems, and the people and societies involved

Rebuilding of Supply Chains to Meet Diverse Transportation Needs

COLOWIDE MD CO., LTD and Yamato Transport Co., Ltd. aim to create a sustainable supply chain that contributes to forming an efficient and recycling-oriented society by utilizing Yamato Transport's transportation and delivery network at the same time as visualizing and optimizing the entire supply chain of the Colowide Group, which operates multiple restaurant chain brands.

First, we are working to rebuild the entire supply chain, from raw material procurement, manufacturing, and logistics to sales, with the aim of expanding the meal service business, which is Colowide's focus. We will continue to realize effective and speedy shipping by launching Yamato Transport's three-temperature-range logistics facilities (terminal-integrated) from September 2023.

Future Developments

- Development into a wide range of business domains (such as procurement, manufacturing, delivery to stores, and overseas projects) by leveraging our mutual expertise and knowledge.
- Reduction of GHG emissions throughout the entire supply chain

Expansion of Value We Provide to Cross-Border EC

Amid the recent expansion of cross-border EC, which involves the online purchase of products from overseas by individuals, we collaborated with Enigma Inc., a company that manages the specialty marketplace BUYMA, and began providing the cross-border EC anonymous delivery service BUYMA YAMATO. Going forward, we aim to expand availability of the service to facilitate deliveries from various countries and regions, including South Korea, and are working to develop and provide overseas shipping services that enable the even safer, more stable, and easier use of cross-border EC for sellers and purchasers.

Key Points of Service

- Protection of personal information by realizing anonymous shipping in cross-border EC
- Improvement of the convenience for receiving parcels through linkage with *Kuroneko Members*
- Unification of Shipping Label Issuance, Freight Charge Settlement for sellers on BUYMA
- Reduction of delivery time



MESSAGE

Promotion of Solution Sales That Provide Value to the "End to End" of Our Customers' Supply Chains

PROFILE

Hiroshi Etani

Senior Managing Executive Officer,  
Head of Sales and Global Strategy,  
Yamato Transport Co., Ltd.

After working as a logistics manager at PT. ITOCHU Indonesia, general manager at ITOCHU Logistics Jakarta, general manager at ITOCHU Logistics Shanghai, and managing director at ITOCHU Logistics Singapore, Mr. Etani's work history includes experience as global customer director at DHL Global Customer Solutions, sales, marketing, and customer service director at TNT Express, deputy general manager of the logistics business at Rakuten Group Inc., CEO and president director of JP Rakuten Logistics, Inc., executive officer and assistant CEO at MITSUI-SOKO LOGISTICS Co., Ltd., and president and representative director of CMA CGM Japan K.K. He joined the Yamato Group in November 2020 and became managing executive officer and head of the Global SCM Business Division at Yamato Transport Co., Ltd. on April 1, 2021. He has worked as senior managing executive officer and head of Corporate Sales and Global Strategy since February, 2022 and has held his current position since February, 2023.

In 2021, we transitioned to the One YAMATO structure, bringing together our vast domestic customer base developed through *TA-Q-BIN*, logistics functions such as facilities, transportation and delivery network, third-party logistics, and international forwarding, and various functions such as finance and IT systems. Additionally, we have assigned account managers and solution designers with a deep understanding of the businesses of our major corporate clients and can accompany them in the management of their businesses. We have created a system that aims for Yamato to become a Lead Logistics Partner (LLP) that contributes to not only the management and operation of customer logistics but also the logistics strategies and plans, by fully utilizing management resources under One YAMATO structure.

We are also developing concrete initiatives together with customers. As an example, in September 2022, we signed an LLP contract with Nihon Michelin Tire Co., Ltd. with the target of creating a fluid and robust logistics system across Japan. We are engaging in eliminating uneven distribution of inventory and reducing transportation between facilities by consolidating approximately 20 Michelin warehouses into 5 and visualizing and optimizing inventory control at each warehouse. We are minimizing waste due to expiry through the realization of a first expire first out (FEFO) system to ship tires that are closer to their expiration date before others through inventory management that orders tires by their individual production year. Now, in a time of sudden changes to the market environment, we are aiming for total supply chain optimization that is closer to a just-in-time strategy, while ensuring a just-in-case strategy. Going forward, we will support Michelin in optimizing its logistics and inventory, starting in the domestic sales domain and working back up the supply chain to include production domains overseas.

Based on the long-term risk of environmental issues in the supply chain, we are promoting green logistics, such as the introduction of 20,000 electric vehicles, installation of 810 units of solar power generation equipment, and operation of refrigerated delivery that does not utilize dry ice. Ultimately, we aim to achieve the targets of virtually zero in-house GHG emissions by 2050 and a 48% reduction, compared to fiscal 2020, by 2030. By reducing our emissions, we contribute to reducing the Scope 3 emissions of our customers (the emissions of other companies in a business' entire supply chain of which transport and delivery make up a large percentage). Furthermore, visualization of the movement of products throughout the entire supply chain also means visualizing GHG emissions. At Yamato, we will provide reports that visualize the GHG emissions resulting from customers using our transportation services.



Optimization of the supply chain also leads to the realization of logistics with a low environmental burden. As a result, if we optimize our customers' inventory and production, we contribute to not only reducing their Scope 3 emissions but also their Scope 1 emissions (direct GHG emissions from the company itself) and Scope 2 emissions (indirect emissions from utilization of electricity, heat, and steam procured from other companies). Going forward, we will help reduce the environmental burden of our customers' supply chains as an LLP.

While we aim to secure a position as an LLP through account sales, building a foundation to provide value to a wide range of customers is also a key challenge for Yamato. Many of the customers utilizing *TA-Q-BIN* in Japan are small- to medium-size corporate clients (area customers). To date, business activities for this layer of customers have been led by sales drivers (SDs). However, inconsistencies existed in the level of activities and skills, limiting what we could offer to customers. As a result, under the leadership of the Regional Branch Manager, we appointed sales representatives who have expertise with field sales, inside sales, and system sales. We revised the system to promote sales through close collaboration between SDs, these representatives, and sales office managers. SDs communicate the issues and comments from customers when they visit sites and, based on this information, sales representatives and sales office managers make proposals that combine not only *TA-Q-BIN* but also factors including payment of accounts, systems, and warehouse operations. This leads to the resolution of customer issues.

For Yamato, we apply value provision to the entire supply chain of our customers and propose "End to End" solutions from upstream to downstream. At the same time as comprehensively supporting them in the resolution of management issues they face by expanding the value we provide to their businesses, we aim to grow together with customers while receiving appropriate compensation. To make this possible, we will continue to promote the recruitment and training of personnel, enhance solutions we provide, and expand our global system. Furthermore, we will strengthen the necessary functions through alliances with partner companies and M&As.

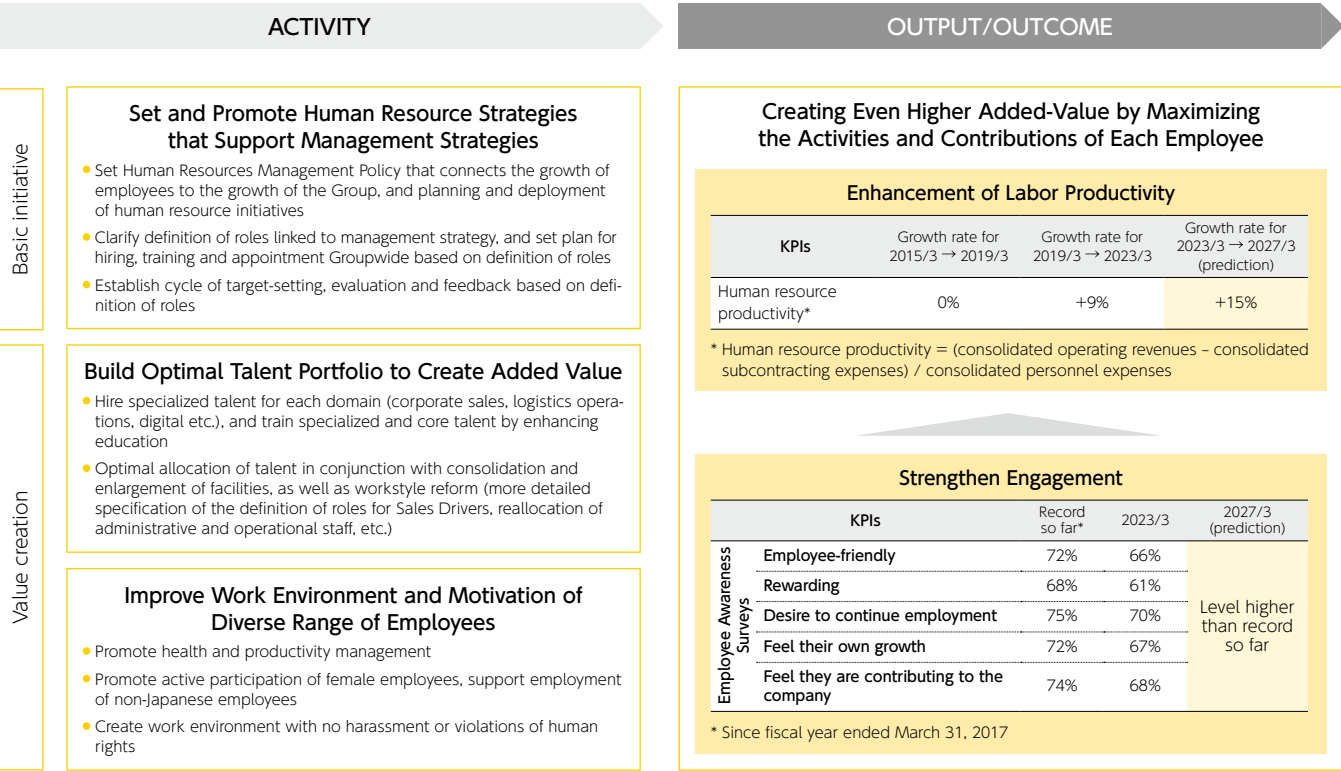
The Yamato Group has been contributing to the creation of an enriched society by innovating delivery services. By creating new delivery services that meet the changes to society and the environment and diversifying needs in the future, we will support the growth potential of our customers and realize a sustainable society.



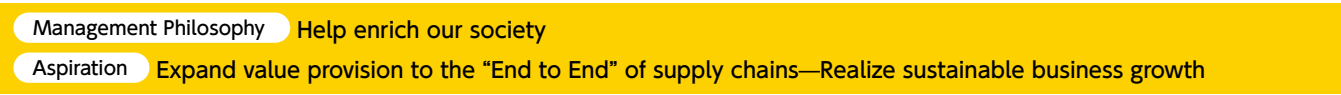
# Human Resource Strategy

To realize our vision, the Yamato Group is promoting human resource strategies in tandem with management strategies, based on the Yamato Group Human Resources Management Policy, which demonstrates our approach to human resource management.

## Overview



## Formulation of Yamato Group Human Resources Management Policy (April 2023)



## MESSAGE

### Promotion of Human Resource Strategies in Tandem with Management Strategies Based on Yamato's Human Resources Management Policy, Which Has the Key Phrase of “Growth”

PROFILE

Masayuki Ishii

Managing Executive Officer Responsible for overseeing Human Resource Management and Development, Yamato Transport Co., Ltd.

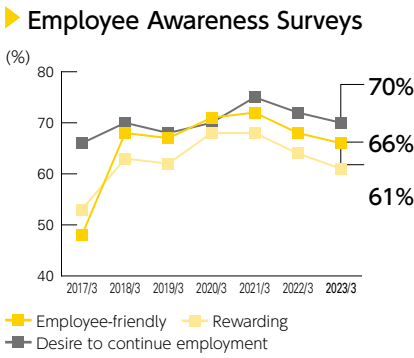


Masayuki Ishii entered the Bridgestone Corporation in 1988. After working at the Head Office, plants, and technology centers, he was responsible for human resources and labor management at various offices in the United States, Spain, and Belgium. Upon returning to Japan, he was responsible for areas at the Head Office including global human resources and human resource development, corporate planning, corporate communication, risk management, and overseas business management. In October 2022, he joined Yamato Transport Co., Ltd.

#### Human Resource Strategies: Challenges and Mission

I believe that the challenges for the Yamato Group's human resource strategies are to clarify the vision for the organization and human resource management in promoting Group management structure reforms and business structural reforms, as well as the road map to their realization, and to lead employees to empathize with and change their behavior. Based on factors including trends in each indicator of employee awareness surveys, including job satisfaction, we must ensure that each employee understands the changes in the Company and the roles expected of them. We will achieve this by demonstrating our human resource strategies, carried out at the same time as necessary major structural reforms, and promoting concrete measures.

Since I was first appointed as the Executive Officer Responsible for Human Resources in 2022, I have become aware of frankly communicating and implementing what I feel and believe as someone who has come from outside of the Yamato Group. I feel that my mission is to suggest and promote human resource strategies in tandem with management strategies and business strategies based on issues brought to light through dialogues within the Yamato Group.



#### Human Resources Management Policy for Continued Growth of Both the Company and Employees

In April 2023, we formulated the Yamato Group Human Resource Management Policy to clarify the type of person Yamato requires and the Company's attitude toward human resources. Under the process for identifying these factors, we held thorough discussions between the Human Resource department, the entire management team—responsible for executing business—and the Board of Directors, focusing on how the organization and its employees should change, with particular emphasis on the key phrase of “growth.” Employee growth is the driving force for the growth of Yamato and I believe we can achieve such through the Company's support for the growth of

employees. This policy has been positioned as a compass for the continued growth of both Yamato and employees.

Additionally, we will clarify the roles and responsibilities necessary for the growth of the Company that are the starting point for creating and operating a human resource management system. This was the base for our Document for Definitions of Duties. This document states the specific details of work, scope of responsibility, expertise, skills, and other information. By transforming into a system that evaluates the degree to which definitions of duties are put into practice, training assessors to provide feedback that supports employee growth, and appropriately reflecting this evaluation in compensation, we will create a cycle that enables the growth of both Yamato and employees. Furthermore, we will enhance added-value as an organization by supporting the growth of each employee through investment in people for the purpose of contributing to opportunities for training, developing the working environment, and creating an infrastructure that enables human resource advancement, such as for non-Japanese employees and female employees, leading to the generation of even higher-quality results.

#### Creation of Value by Promoting Human Resource Strategies That Support Structural Reforms

The main point of human resource strategies is realizing further growth and improvement of corporate value by supporting management strategies to expand the corporate business domain and carry out structural reform of network operations.

In expanding the corporate business domain, we are focusing on recruiting specialized personnel as immediate assets and developing internal specialized and core personnel to strengthen earning power. At the same time, we are developing a reskilling system for gaining skills in new areas and raising the level of performance.

In conducting structural reforms of network operations, we will encourage even higher employee performance by advancing the transition to work styles connected to the reorganization of facilities, such as subdivision of sales driver professional duties, based on factors including changes to customer needs and diversification of employee values.

One key challenge going forward is the optimization of human resource deployment following business structure reforms. By evolving Yamato Staff Supply Co., Ltd. into a comprehensive personnel service company through collaboration with WORLD HOLDINGS CO., LTD., we will provide diverse job options for Group employees, even outside of the Group, and a wide range of career opportunities through reskilling.



## Human Resource Strategy

### Building an Optimal Human Resource Portfolio for Creation of Added-Value

To create added-value in growth domains, we are promoting the recruitment and training of essential human resources. Furthermore, in conjunction with the structural reform of network operations (including reallocation of human resources responsible for *TA-Q-BIN* offices and operation work, and subdivision of sales driver professional duties), we will improve job satisfaction and productivity by defining roles that meet the needs of customers and employees, and appropriately allocating human resources.

## 1 Development and Recruitment of Corporate Sales Personnel Who Provide High-Value-Added Solutions

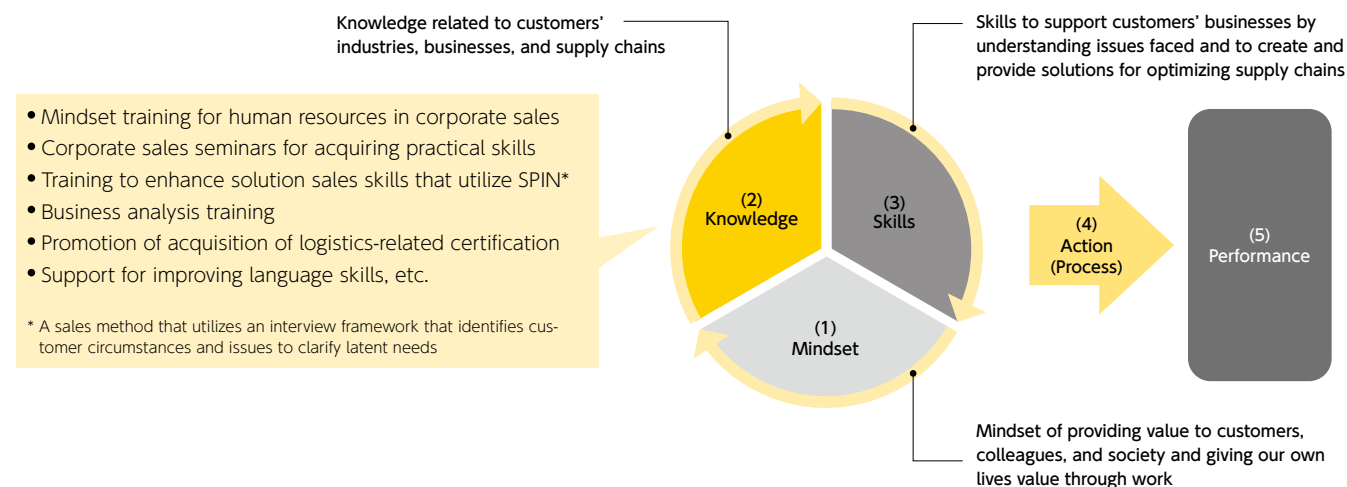
The Yamato Group aims to become a management partner (LLP: Lead Logistics Partner) for corporate clients through the provision of high-value-added solutions, supporting the innovation of supply chains and business processes, as well as the implementation of structural reforms. To achieve this goal, we are focusing on the development and recruitment of corporate sales personnel.

In the fiscal year ended March 31, 2023, we worked to enhance our knowledge and skills for the purpose of gaining a deeper understanding of our customers' industries, businesses, and entire supply chains, which has allowed us to propose concrete solutions for management issues. Accordingly, we have provided training on business analysis, more practical corporate sales seminars, and training to improve solution sales skills, in addition to acquiring related qualifications and improving

language skills, for approximately 1,000 corporate sales personnel in Japan and overseas.

From the fiscal year ending March 31, 2024, we shifted to a sales system that further speeds up proposals for solutions. This is achieved by assigning corporate sales personnel who have enhanced their skills through a systematic training program as regional directors and at regional branch offices, which are close to customers. Going forward into this new phase, we will plan and promote development measures to further enhance the performance of corporate sales personnel. Additionally, to further expand the value we provide as LLPs to our customers, we will actively promote the recruitment of human resources who have diverse knowledge and experience from outside the logistics industry and are familiar with customer supply chains.

#### ▶ Designing a Program for Employees to Attend Seminars Tailored to Their Experience and Skills



## 2 Development of Core Personnel Who Drive Business Growth

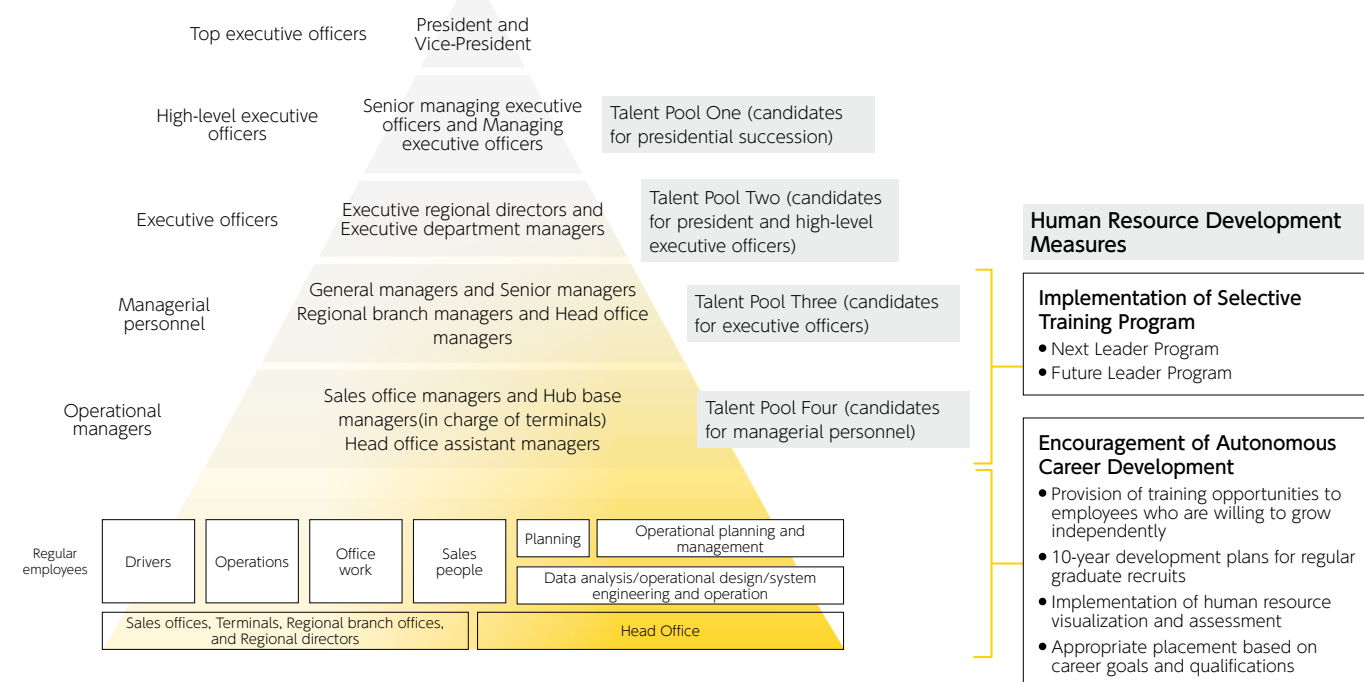
The Yamato Group has created the Definitions of Roles Document, launching its application in stages from the fiscal year ending March 31, 2024. In line with these roles, we are revising our evaluation system. As we are promoting innovated workstyles and systems in tandem with the structural reform of network operations, including the consolidation and enlargement of facilities, we are revising our evaluation system with a

focus on the definitions of roles, starting from the upper level of executives (managerial personnel), placing importance on linking appropriate evaluation with staff allocation. Instilling a culture within the organization in which employees themselves aim for career development and personal growth based on evaluation leads to the fostering and securing of personnel who drive business growth.

### Human Resource Development According to Talent Pool

Based on succession plans, we have formed talent pools, with the president positioned at the highest level, and are systematically promoting human resource development measures for each talent pool. For example, for executive officer candidates in Talent Pool Three, we will apply our Next Leader Program, a selective development program, to (1) select candidates for the next generation of management leaders, (2) monitor candidates and provide training opportunities, and (3) conduct opportunities to achieve stretch goals and strategic placement to determine their aptitude.

#### ▶ Talent Pool Chart



### Development of an Environment that Realizes Autonomous Growth and Career Selection

The Yamato Group has implemented self-assessment questionnaires for regular graduate recruits regarding job satisfaction and their future career paths. Based on the results of analyzing these questionnaires, we introduced an in-house job-posting system and a self-evaluation system on a trial basis from fiscal year ending March 31, 2024. These are methods to provide opportunities for employees to re-assess their careers, leading to autonomous growth. Going forward, we will further enhance the working environment that enables employees to grow autonomously and select their careers.

#### TOPIC

### Business Partnership with World Holdings Co., Ltd.

In July 2023, the Yamato Group and World Holdings Co., Ltd. (WHD) formed a business partnership with the aim of effectively utilizing the management resources of both companies, retaining revenue opportunities, and securing future competitive capabilities. As part of this, we transferred 51% of issued shares in Yamato.Staff.Supply.Co.,Ltd (YSS), which the Yamato Group has developed as a human resource business, to World Staffing Co., Ltd. (WSF; a consolidated subsidiary of World Holdings). In their core business of human resource development, WHD has developed a wide range of human resource businesses, from the manufacturing domain to the service domain. YSS aims to evolve into a comprehensive human resource service company by utilizing WHD's human resource management expertise in a variety of industries and occupations to create opportunities for many employees to play an even more active role.

#### ▶ Strengths of YSS and WSF

Consignment formal	Sector					
	Logistics	Administration	Call centers	Service	HR support	Safety education
Contracting/BPO	YSS	WSF	WSF	WSF	WSF	YSS
Temp staff placement	YSS	WSF	WSF	WSF		

Sector	Strengths of YSS			
	Forklifts	General admin	Receive calls	Cash register
	Moving	Sales admin	Make calls	In-store services
	Merchandise management	Accounting	Leader operations	Guide
	Warehouse inspection	Trading admin	Supervisory work	Cleaning
	Sorting	Reception		Backroom work
	Picking	Secretary		
	Drivers			

**Strengths of WSF**

- Covers a wide range of operations and roles as a comprehensive human resource service company
- Presents rich career plans to employees

## Human Resource Strategy

## Enhancement of Employee-Friendliness and Job Satisfaction for Diverse Employees

To create a foundation for realizing sustainable growth, we are promoting the cultivation of a corporate culture that respects human rights and diversity and also the development of a working environment where employees can thrive. Additionally, as a result of measures aimed at increasing each employee's sense of personal growth through their work and their sense of contribution to the growth and development of the Company, we are improving employee-friendliness and job-satisfaction, which will lead to the further enhancement of engagement.

### 1 Fostering of a Corporate Culture that Enhances Employee-Friendliness and Job Satisfaction

With the aim of encouraging mutual understanding through smooth workplace communication and creating a working environment of mutual respect for diverse approaches and values, we began implementing workplace discussions between front-line employees and management from the fiscal year ended March 31, 2018. In the fiscal year ended March 31, 2023, based on the analysis of responses to employee awareness surveys showing that the behavior of managers fosters a sense of unity in the organization and improves job satisfaction, we added the roles and responsibilities of executives to discussion topics for operational managers who are leaders, such as sales office managers, to address the mindset of operational managers.

Amid promotion of structural reforms by the Group, understanding management policies and strategies, communicating them to employees, and reflecting them in specific actions have become an even more important role of operational managers. Furthermore, the instillation of Human Resources Management Policy and the performance of duties and application of evaluations and feedback based on the Definitions of Roles Document have also become vital roles. We will continue to foster a corporate culture that enhances job satisfaction and employee-friendliness by promoting initiatives that encourage operational managers to demonstrate their role.

#### Summary of Workplace Discussions in the fiscal year ended March 31, 2023 (Yamato Transport)

Period	October 2022 to March 2023 (held 87 times)
Participants	Sales office managers, logistics center managers, corporate business branch managers, overseas relocation support center managers, fine arts branch managers, and international sales branch managers (2,411 people; regional branch managers participate as facilitators and head office and regional executive officers participate as observers)
Scale of events	Regional branch offices
Implementation method	Face-to-face group discussions

#### Workplace discussions taking place



### 2 Development of an Environment Where Diverse Employees Can Play an Active Role

#### Promotion of Advancement for Women in the Workplace

The Yamato Group is promoting the development of an environment that enables diverse employees to play an active role.

In the fiscal year ended March 31, 2023, we implemented a development program for women aiming to become sales office managers as a measure aimed at the promotion of women in management. Under this program, we created development plans for participants and held training not only with these participants but also their supervisors on the theme of eliminating unconscious bias. The program encourages motivated employees to play an active role in the Company and has actually resulted in the promotion of participants to sales office managers. At the same time as promoting development programs, we will continue to develop an environment where women can continue working while balancing their work and life events and

will provide regular support, such as introducing female role models, who play a role as leaders, through internal newsletters.

#### Development program for women aiming to become sales office managers (sales office manager training)



#### Employment Support for Non-Japanese Employees

The Yamato Group is promoting initiatives aimed at developing an environment that does not leave non-Japanese employees behind in the workplace. As a result of surveying the approximately 9,500 non-Japanese employees working within the Yamato Group\*, roughly 90% of whom work at Yamato Transport terminals, we identified that insufficient explanations and understanding related to work content, caused by language, led to inconvenience and difficulties with work. To eliminate this issue, we have developed manuals in numerous languages that contribute to the understanding of work content, and are encouraging their utilization in the workplace. Going forward, we aim to develop an environment that is employee-friendly and rewarding for non-Japanese employees through initiatives including multilingual support at our in-house consultation contact point.

\* Includes Yamato.Staff.Supply.Co.,Ltd

#### Manuals in numerous languages



#### PICK UP Respect for Human Rights and Diversity

At the same time as setting out the Yamato Group Human Rights Policy and Basic Policy on Diversity and developing an environment where human rights and diversity are respected, enabling employees to play an active role in the Company, we are engaging in the creation of an enriched society, such as promoting the development of local communities through co-creation, by addressing various social issues.

As one initiative, we have been implementing the Yamato Original Universal Manners Test for Yamato Group employees. In the fiscal year ended March 31, 2023, the test was implemented for all executives and operational managers at Yamato Transport and we will expand this to all regular employees in the future. Universal manners identify the mindset and actions for addressing a diverse range of people, including older people and people with disabilities.

The Universal Manners Test is for systematically learning and acquiring these skills. We can contribute to achieving a society that respects human rights and diversity by gaining the knowledge necessary for improving universal manners, such as appropriate support for customers, including older people and people with disabilities, in receiving and sending parcels at home and at TA-Q-BIN sales offices, and through promotional activities centered around customer service representatives.

Note: One characteristic of the Universal Manners test is that people with disabilities supervise the curriculum and work as instructors. Mirairo Inc. hosts and conducts the test, which has been certified by the Japan Universal Manners Association.

#### Video training for Yamato Original Universal Manners Test



Please see our corporate website for details on the various policies.

#### Yamato Group Human Rights Policy

<https://www.yamato-hd.co.jp/english/csr/esg/pdf/policy02.pdf>

#### Basic Policy on Diversity

<https://www.yamato-hd.co.jp/english/csr/esg/pdf/policy03.pdf>



# Digital Strategy

The Yamato Group has positioned digital strategy as one of the fundamental strategies that support business structural reforms. Therefore, we are reinforcing the digital organizational capabilities, technological capabilities, quality, and governance of the entire Group. Based on a new digital platform that understands and communicates various information in real time, we are effectively utilizing data in business activities while expanding the value we provide to customers and accelerating the enhancement of operational efficiency.

## Reform of Development and Operational Structures and Reinforcement of Governance

- **Creation of structure that promotes the integration of business and digital departments**  
Revision of development and operational structures, entrusted to system subsidiary, through Group reorganization
- **Development of human resource cultivation and recruitment measures aimed at further reinforcing development and operational structures**  
Includes revision of human resource system, reinforcement of recruitment, and development of technological capability training process
- **Reduction of vendor dependence on development projects**  
Reinforcement of technological regulations through Technology Governance Team
- **Reinforcing governance of Groupwide digital investments**  
Promotion of maintenance and enhancement of development quality and speed, and optimization of development and operational costs by closely examining their validity and order of priority of digital investments at Digital Governance Meetings

## Digital Investment

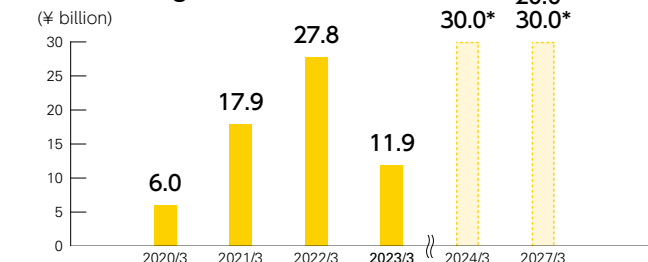
Under the medium-term management plan "One YAMATO 2023," we expect to make digital investments of ¥100 billion in the three years spanning the fiscal year ended March 31, 2022, to the year ending March 31, 2024. During the actual promotion of digital strategy, we carry out the necessary investments after closely examining their validity and priority through Digital Governance

### Results of Digital Investment

Digital Investment	2022/3	2023/3
Enhancement of value provided to customers	¥8.0 billion	¥4.7 billion
Improvement of operational efficiency for transportation and delivery	¥6.2 billion	¥5.2 billion
Creation and maintenance of digital platform	¥11.8 billion	¥1.5 billion
Others	¥1.8 billion	¥0.5 billion
<b>Total</b>	<b>¥27.8 billion</b>	<b>¥11.9 billion</b>

Meetings, which regulate Groupwide digital investment. Between the fiscal year ended March 31, 2021 and the fiscal year ended March 31, 2022, we mostly completed investments in building a new digital platform. From the fiscal year ended March 31, 2023 onward, we will prioritize investments that enhance the value we provide to customers and contribute to operational efficiencies.

### Trends in Digital Investment Amount



\* Estimated amount as of the start of the fiscal year ending March 31, 2024

## Development and Recruitment of Human Resources

The Yamato Group is engaging in the development of human resources with digital skills and strengthening of technological capabilities through close cooperation between the Digital Department and Business Department to realize sustainable business growth.

Under the Yamato Digital Academy (YDA), a digital training program launched in the fiscal year ended March 31, 2022, we spent the first year engaging in measures such as enhancing fundamental digital literacy and skills. In the fiscal year ended March 31, 2023, the second year, in addition to the above, the Digital Department and managers in charge of practical work in the Business Department (Regional Branch Offices), which deals with customers on the front line, promoted gaining skills and knowledge that can be utilized in actual work, increasing the rate of in-house system development and operation, and enhancing the efficiency of front-line operations and quality of service.

Additionally, we have strengthened systems for bringing necessary development and operation in-house by reinforcing the hiring of new graduate recruits and mid-career hires and developing the human resource system and training process.

### Initiatives Aimed at Development of Human Resources with Digital Skills (Fiscal year ended March 31, 2023)

Target	Vision	Content of Training	Attendance Results
Digital Department	Recognized as a partner by business department leadership and at the core of project promotion	Training aimed at strengthening skills necessary in work as digital-specialized personnel, such as planning, development, operation, and maintenance	Approximately 220 employees
Business Department (Head Office)	Collaborate with the digital department, promote business structural reforms, and contribute to enhancing profitability	Training aimed at enhancing IT literacy and digital skills	Approximately 130 employees
Business Department (Regional Branches)	Master digital tools to promote further advancement and efficiency through devices unique to the front line	Training aimed at reinforcing digital utilization skills on the front line	Approximately 200 employees
<b>Total</b>			<b>Approximately 550 employees</b>

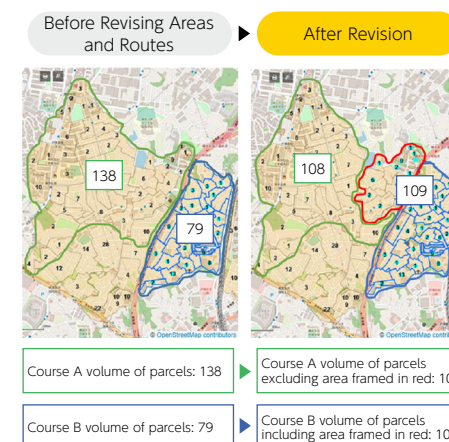
## Value Creation Utilizing New Digital Platform and Digital Data

We are supporting the expansion of the value we provide to customers and the enhancement of operational efficiency from a digital perspective by utilizing the Yamato Digital Platform (YDP), our new digital platform, which understands various data in real time and collaborates with internal and external systems.

### 1 Enhancement of Last Mile Operation Efficiency That Utilizes Digital Data

In promoting the structural reform of network operations, we are engaging in measures within the existing *TA-Q-BIN* network that include appropriate allocation of Yamato resources in line with workload, consolidation and enlargement of sales offices, and revision of sales driver (SD) workstyles and structure. Area Management System, a tool developed to support the design of delivery areas and routes for SDs, who are responsible for last mile, consolidates information on the parcels for pickup and delivery (such as area, time, person responsible, classification, and volume) and visualizing it on a map. As a result we have significantly reduced the time needed to design areas and routes, which previously required analogue data aggregation and study and are promoting the enhancement of delivery operation productivity by SDs based on data.

Additionally, in conjunction with consolidation and enlargement of sales offices, we will introduce a mechanism (Last-mile Management System) for flexibly adjusting the delivery area and route in response to fluctuations in daily workload in the second half end of the fiscal year ending March 31, 2024. We will further enhance operational efficiency by integrating this with measures for innovating SD workstyles and structure, such as allocation of Delivery Drivers (DD, specialized for delivery) in key urban areas.



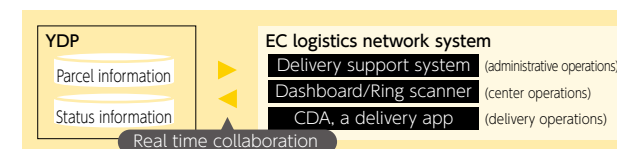
#### Area Management System Image

By confirming the volume of parcels by area based on various factors, including delivery day and time, information such as fluctuation in volume and uneven workload for each SD can be quickly understood, leading to a revision of routes.

### 2 Creation and Development of EC Logistics Network

Under our EC logistics network, we are creating and expanding terminals specialized for dispatching EC parcels (EC sorting centers) and EC delivery centers in collaboration with business partners. In this collaboration, Yamato Transport provides an operation system that links data, such as parcel information and customer requests for change, in real time, thereby enhancing service quality and operational efficiency through smooth management of business partner operations.

#### Real-Time Connection of YDP and EC Logistics Network



- Enhance efficiency of administrative operations through definition of operational standards and digitalization
- Flexibly respond to changes in workload by visualizing workload and progress of work in real time, etc.

### 3 Advancement of Fulfillment Service

In the operation of the fulfillment service that acts as an agent for a series of operations, from ordering products to their storage and shipping, order data from an order management system for EC operators is linked in real time to shipping operations. This improves the efficiency of shipping operations in warehouses, reduces dead stock, and shortens lead times, thereby contributing to the enhancement of customer experiences.

#### TOPIC

### Selection of DX Stocks 2023

Yamato was selected for Digital Transformation Stocks (DX Stocks)\* 2023. During this selection, we were recognized for our efforts to promote business structure reforms in response to the changing times, to promote the transformation of each customer's entire supply chain and enhance operational efficiency based on data analysis, and to create an organization and corporate culture. We will continue advancing initiatives for business structure reforms based on a structure for promoting data utilization through collaboration between the Business Department and Digital Department.

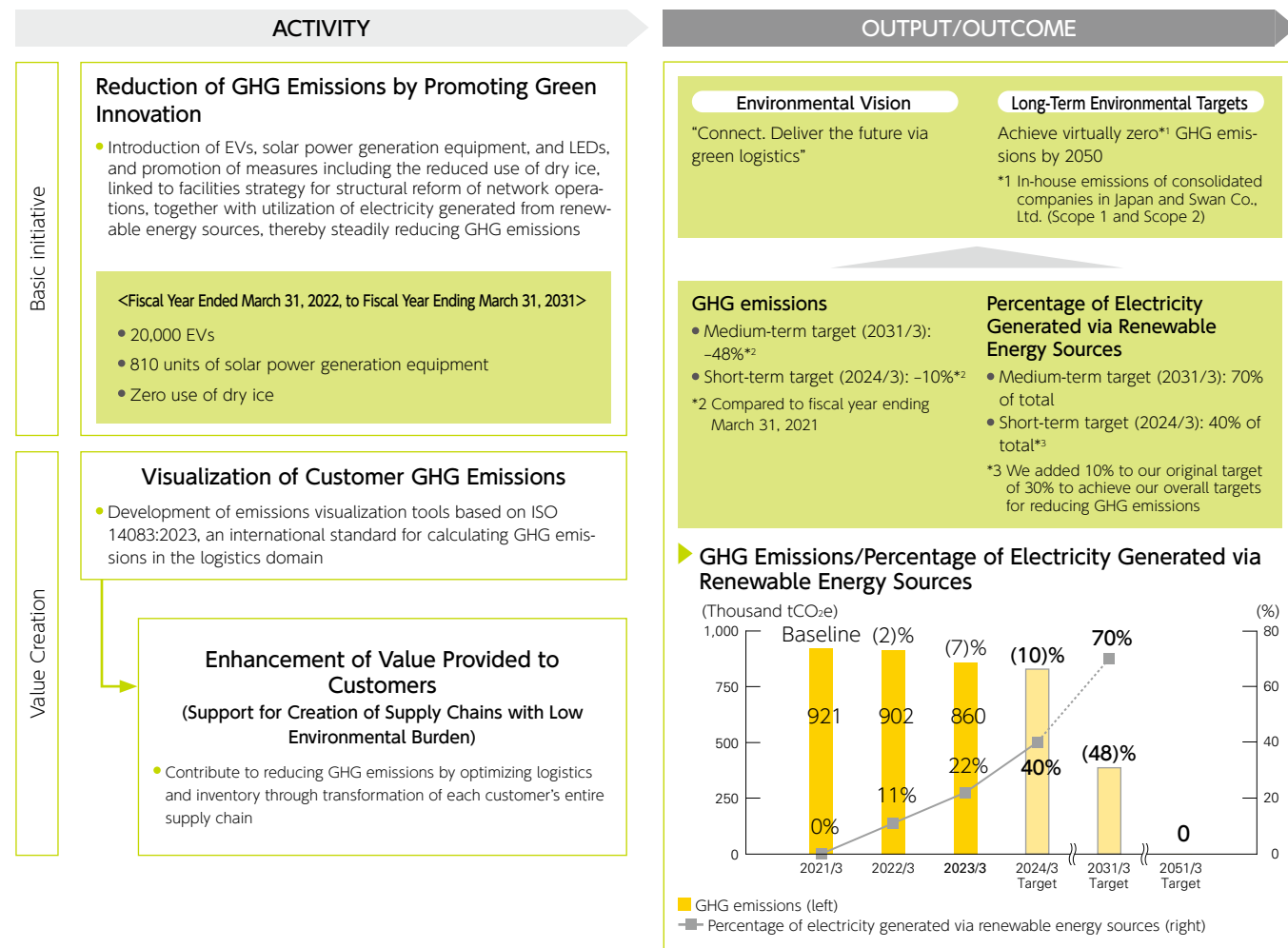
\* Organized jointly by the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Information-technology Promotion Agency, Japan to select and introduce TSE-listed companies that create in-house systems for enhancing corporate value while promoting DX and displaying outstanding performance in utilizing digital technology



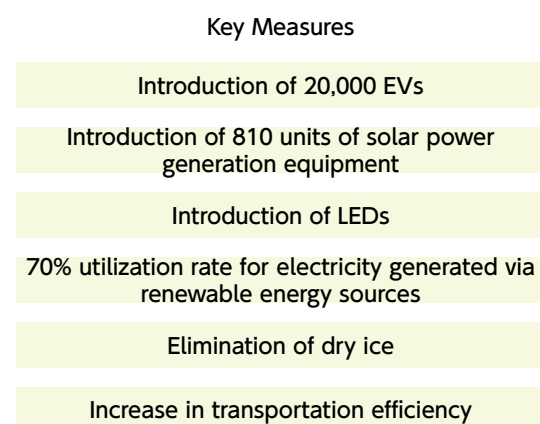
# Environmental Strategy

We are promoting environmentally-conscious management, based on our Environmental Vision, to achieve both sustainable business growth and the development of a sustainable society. To realize our long-term target of achieving virtually zero GHG emissions (in-house emissions) by 2050 and medium-term target of a 48% reduction in GHG emissions by 2030 (compared with the fiscal year ended March 31, 2021), we will promote measures to reduce such emissions, such as the introduction of EVs and solar power generation equipment in conjunction with facility strategies in the structural reform of network operations based on climate change-related risks and opportunities. At the same time, we will expand the corporate business domain by supporting the creation of supply chains with a low environmental burden and visualizing GHG emissions in relation to customer needs, such as reducing GHG emissions related to logistics.

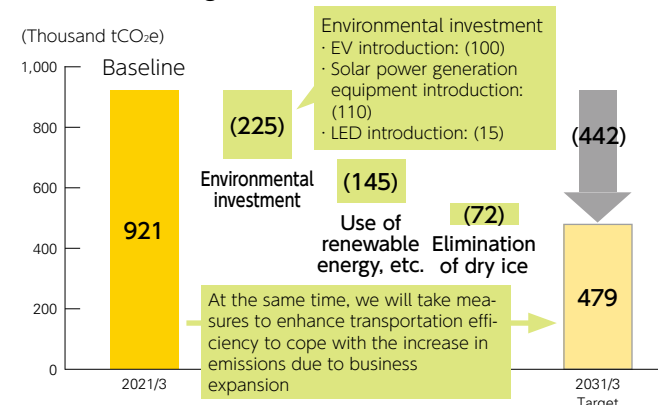
## Overview



## Plan for Reducing GHG Emissions to Achieve Medium-Term Targets (2030)



### Plan for Reducing GHG emissions



## Reduction in GHG Emissions Through Promotion of Green Innovation

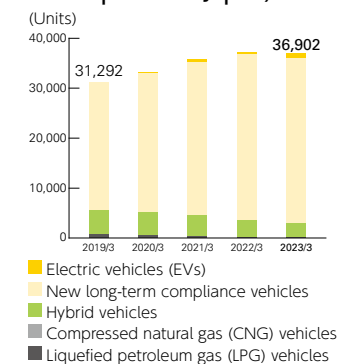
As one key measure for reducing GHG emissions, the Yamato Group is promoting the introduction of EVs. Our demonstration tests to date have been able to confirm effects including the reduction of GHG emissions, efficiency in pickup and delivery operations, and reducing operational burden. We have introduced 540 Hino Dutro Z BEV, ultra-low-floor walkthrough, small-sized commercial-use EVs, mainly in urban areas (as of August 2023). We will continue to engage in introducing EVs with environmental functions and practicality together with car manufacturers.

We are also promoting measures such as installation of solar power generation equipment at our bases, use of electricity generated via renewable energy sources, switching to LEDs at bases, and utilization of transportation materials that do not use dry ice.



Small-sized commercial-use EV, Hino Dutro Z BEV

### The Number of Environment-Friendly Vehicles Owned (Consolidated Group Companies in Japan)



## TOPIC

### Issues and Countermeasures in the Logistics Industry—Initiatives Aimed at Establishing Energy Management

In promoting each measure aimed at reducing GHG emissions, creating a balance between EV operation and charging is an issue in the logistics industry. Since EV operation and solar power generation both occur during daylight hours, it is vital to create a mechanism for balance between operation and charging. Additionally, there are concerns over issues including supply shortages due to a sudden increase in demand for electricity generated via renewable energy sources and insufficient capacity in the necessary systematic power transmission. As a countermeasure, Yamato Transport is engaging in establishing energy management responsible for battery detachment,

replacement, and transportation using cartridge batteries.

As a concrete initiative, we are promoting demonstration projects in Gunma Prefecture, which have been subsidized by the New Energy and Industrial Technology Development Organization (NEDO), a national research and development agency in Japan. These demonstration projects will include introducing EVs and solar power generation equipment, as well as a demonstration of power transmission through battery transportation. Additionally, to commercialize cartridge batteries, we are considering standardization with the Commercial Japan Partnership Technologies Corporation.

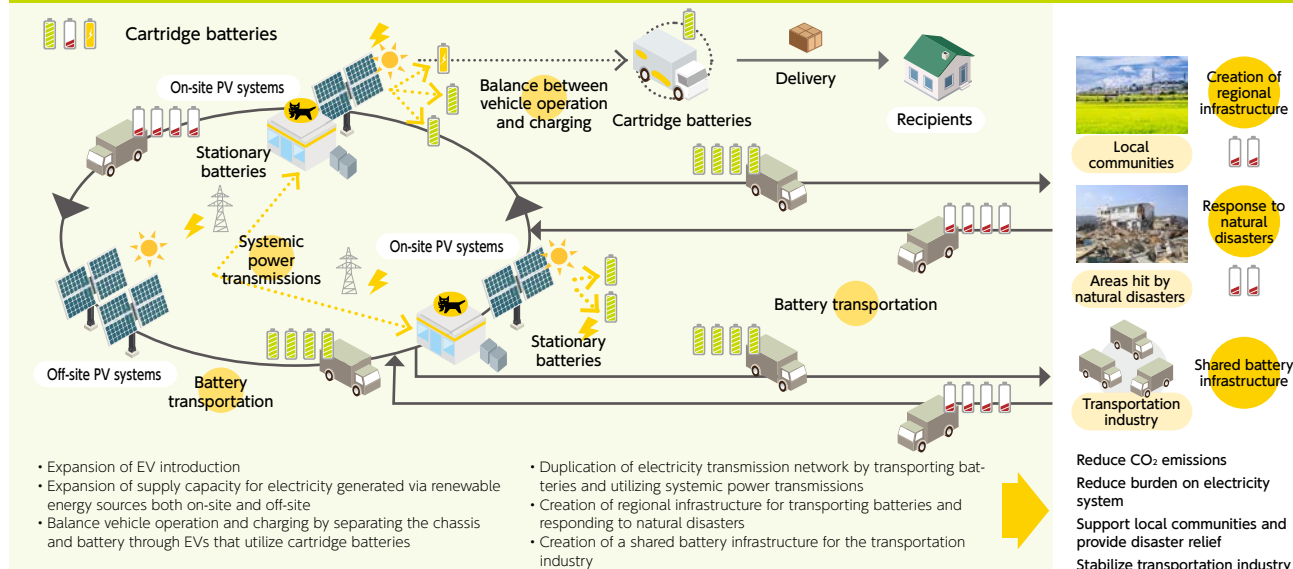
Demonstration period/Area	Fiscal Year Ending March 31, 2023, to Fiscal Year Ending March 31, 2031 (Scheduled)/Gunma Prefecture
KPIs	200 EVs by fiscal year ending March 31, 2024 (introduced 50 EVs as of March 2023) Conversion of all vehicles into EVs and reduction of 5,000 tons of CO <sub>2</sub> emissions* generated by vehicles by fiscal year ending March 31, 2027 Conversion of all vehicles into EVs with cartridge batteries and reduction of 7,500 tons of CO <sub>2</sub> emissions* generated by vehicles by fiscal year ending March 31, 2031

\* Within the demonstration project area, compared to the fiscal year ended March 31, 2021

Note: The prerequisite coefficient for CO<sub>2</sub> emissions is 0.000447tCO<sub>2</sub>/kWh (Ministry of Environment, the emission coefficients of individual power companies, etc.; TEPCO base CO<sub>2</sub> emission coefficient for the fiscal year ended March 31, 2021).

Reference: [https://ghg-santeikohyo.env.go.jp/files/calc/r04\\_coefficient\\_rev4.pdf](https://ghg-santeikohyo.env.go.jp/files/calc/r04_coefficient_rev4.pdf) (Japanese only)  
[https://ghg-santeikohyo.env.go.jp/files/calc/r04\\_coefficient\\_rev4.pdf](https://ghg-santeikohyo.env.go.jp/files/calc/r04_coefficient_rev4.pdf)

### Our Vision for an Energy Ecosystem That Coordinates Electric Vehicles (EVs), Photovoltaic (PV) Systems, and Batteries





Environmental Strategy

Visualization of GHG Emissions—Value Provision to Customers

Contribution to Reducing GHG Emissions by Transforming Customer Supply Chains

Climate change response has become a key issue at each company and Yamato Group customers have expectations, such as the reduction of logistics-related GHG emissions. To meet these expectations, the Yamato Group is supporting the reduction of customer GHG emissions by transforming their entire supply chain, including reviewing the purpose of logistics and inventory holding methods, and by visualizing GHG emissions.

Examples of Initiatives with Customers

**Kubarahonke Co., Ltd. (Food Manufacturer)**

By integrating supply chains that had been individually optimized for each sales channel and product and creating an optimal supply chain from the manufacturing base to the rest of the country, Kubarahonke and the Yamato Group are conducting environmentally-conscious, sustainable operations and reducing GHG emissions from product delivery.

**Adastria Co., Ltd. (Clothing Seller and Manufacturer)**

Adastria and the Yamato Group aim to reduce GHG emissions by reviewing the purpose of logistics and inventory holding methods in supply chains that span both Japan and overseas, from raw materials procurement to product production and omni-channel approaches to sales, creating even more effective logistics in terms of management.

**Yoshinoya Co., Ltd. (Restaurant Chain)**

Yoshinoya and the Yamato Group are reducing GHG emissions and surplus food and material loss by integrating and optimizing supply chains for direct sales and wholesalers.

**Nihon Michelin Tire Co., Ltd. (Tire Manufacturer)**

By consolidating approximately 20 warehouses into 5 and visualizing and optimizing inventory control at each warehouse, we are working to eliminate uneven distribution of inventory and reduce transportation between facilities, while utilizing networks for corporate clients and other resources to stabilize lead times for delivery of products and reducing GHG emissions. We are also minimizing waste due to expiry (reducing impact on the environment) through managing overall tire inventory by production year and shipping tires that are closer to the expiration date before others using a management system that minimizes waste by tracking the production year of all tires in the inventory.



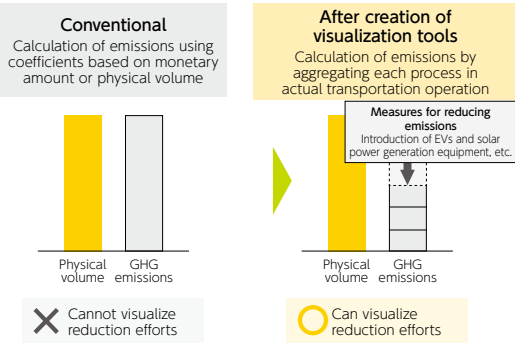
**Colowide Co., Ltd. (Restaurant Chain)**

We are working on building a sustainable supply chain with an even lower environmental burden, eliminating *muri* (unreasonableness), *mura* (inconsistency), and *muda* (waste), by visualizing and optimizing the entire supply chain, which was previously divided by company and difficult to view as a whole.

Development of GHG Visualization Tools Based on International Standards

Yamato Transport is advancing the development of GHG emissions visualization tools based on ISO 14083:2023, an international standard for calculating GHG emissions made by transportation that was issued on March 20, 2023. This international standard calculates GHG emissions from not only trucks for transportation but also from various methods such as air and marine transportation, as well as from terminals. Through such visualization tools, we will make even more realistic calculations for GHG emissions from transportation by Yamato Transport, which correspond to Scope 3\* emissions for corporate clients. We aim to use these visualization tools globally.

\* GHG emissions in the supply chain made by companies indirectly



**PICK UP**

**Increasing Need for International Standards**

Climate change response is an urgent issue for the entire international society. As a result, many companies have adopted a target of virtually zero GHG emissions and are advancing various initiatives. Additionally, businesses are now required to respond on not only an individual company basis but throughout the entire supply chain, such as by making the reporting of GHG emissions related to products a condition of business transactions with suppliers. Each company and country have adopted various standards for calculating GHG emissions in the logistics industry. However, with the advancing globalization of the supply chain, the need for international standards has increased. When global calculation standards did not yet exist, the Yamato Group signed a basic agreement with the largest European home delivery company, the DPDGroup, aimed at environmental-based cooperation. We are actively engaging in measures such as participating in the formulation of ISO14083:2023, an international standard related to methods of calculating and reporting GHG emissions from transportation, leading to the development of emissions visualization tools based on international standards.

Initiatives Based on the Recommendations of the TCFD

The Yamato Group understands that revealing the risks and opportunities faced by and presented to society and the Company by climate change issues, evaluating the impacts thereof, and formulating countermeasures are essential for the sustainability of the business. We have carried out scenario analyses of Yamato Transport in the fiscal year ended March 31, 2022, based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). While enhancing the sustainability of the Group by clarifying the business impacts of climate change and engaging in countermeasures focused on issues that have a significant impact, we will enhance corporate value by holding dialogues with stakeholders.

Governance

The Yamato Group deliberates and seeks to resolve environmental issues, including climate change, based on its system for environmental management, with the Environment Committee as a decision-making body, and the Board of Directors supervising the status of execution. The president serves as chairperson of the Yamato Group Environment Committee and is the supervisor responsible for environmental management. Further, important matters, such as basic policies related to environmental issues, which include climate change discussions by the Yamato Group Environment Committee, are debated and decided on at Management Committee meetings,

which operates above the Environment Committee, and Board of Directors or management meetings. Executive officers in charge of the environmental field, regional directors, and presidents of Group companies are responsible for environmental issues, in addition to being responsible for the reliable implementation, maintenance, and supervision of environmental management, including preparing necessary management resources. As a general rule, all managers and heads of frontline organizational structures are also responsible for managing environmental risks and opportunities, including climate change, as environmental managers.

Strategy

STEP 1 Assessment of Risk Importance

The Yamato Group will look ahead to the period between the fiscal year ended March 31, 2022, and the fiscal year ending March 31, 2024—which is the period of the Sustainable Medium-Term Plans 2023 [Environmental], set as the fiscal year for medium-term targets, and 2050, which has been set as the fiscal year for long-term targets, with reference to the targets formulated by the Japanese government for reducing GHG emissions. We will consider transition risks, such as the introduction of policies and regulations by the Japanese government and changes to market needs, and physical risks, such as abnormal weather brought about by climate change, and will respond to risks and opportunities by reflecting them in the Group's strategies.

We evaluated physical risks, such as the suspension of operations due to the increasing severity and frequency of abnormal weather and expanding repair costs owing to damage to and loss of facilities and equipment caused by abnormal weather, as short-term risks. Furthermore, we evaluated the transition risk of increasing costs due to the introduction of a carbon tax as a result of revised policies and laws as a medium- to long-term risk. Meanwhile, regarding opportunities, we also identified significant potential for future financial benefits, such as falling costs due to energy conversion and increased efficiency, in line with the low-carbon transition, and increasing revenues supported by customers with a heightened awareness of our proactive, environmental response to climate change mitigation and adaptation. Going forward, we will continue to assess the impact of the risks and opportunities that may arise.

STEP 2 Definition of Scenario Categories

Under scenario analysis conducted in the fiscal year ended March 31, 2022, we predicted two scenarios for Yamato Transport, based on information\*1 from the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA).

\*1 Includes the RCP8.5 global warming scenario created by the IPCC as well as the Net Zero Emissions by 2050 Scenario, Sustainable Development Scenario, and Stated Policies Scenario created by the IEA

\*2 Referencing the 2°C scenario when no scenario exists for 1.5°C

1.5°C Scenario*2	The incurrence of costs associated with reducing GHG emissions will become necessary and we must enforce stricter regulations and higher fuel and electricity costs; however, sustainability is the key to creating and offering competitive products.
4°C Scenario	While we will continue to practice our current style of management, incurring costs to address damages from natural disasters in each area of operation will become necessary.

STEP 3 Evaluation of Business Impact for Yamato Transport

Evaluation of financial impact due to introduction of a carbon tax	Calculation of business impact in 2030 and 2050 related to settlement[s] following the full-scale introduction of a carbon tax By 2030: ¥13.3 billion By 2050: ¥25.6 billion Note: Estimated using carbon tax prices of \$130 per ton (2030) and \$250 per ton (2050)
Financial impact assessment regarding decreasing revenues and increasing repair costs for facilities and equipment due to abnormal weather and disasters	Trial calculation of business impact of decreased revenue due to abnormal weather, such as heavy rain resulting from increasingly severe typhoons and linear rainbands, and repair costs for damaged facilities and equipment By 2030: ¥1.9 billion By 2050: ¥3.8 billion Note: Calculated by referencing past disasters

We determine the business impact by referencing energy-related indexes, such as the carbon pricing published in the World Energy Outlook by the IEA. Furthermore, to understand changes in trends, we reference data, including the frequency of flooding, published by the Japanese Ministry of Land, Infrastructure, Transport and Tourism; the Ministry of Education, Culture, Sports, Science and Technology; and the Japan Meteorological Agency in light of climate change.

Risk Management

Yamato Holdings has created a dedicated department responsible for promoting the Groupwide response to climate change. Additionally, we are promoting said response by deploying an environmental officer (president and representative director) and an environmental promotion representative to each Group company.

STEP 4 Direction of Countermeasures

- Implementation of measures to achieve targets for reducing GHG emissions by 2030 (48% reduction compared with the fiscal year ended March 31, 2021) Introduction of 20,000 low-carbon vehicles (mainly EVs), installation of 810 units of solar power generation equipment, etc.  
⇒ Expected result: Reduction of business impact due to introduction of a carbon tax by 2030 (¥6.1 billion decrease)
- Implementation of measures to achieve targets for climate neutrality by 2050 Introduction of low-carbon vehicles, including EVs with cartridge batteries, further installation of solar power generation equipment, improvement of usage rate for electricity generated via renewable energy sources, reinforcement of other measures, etc.  
⇒ Expected result: Elimination of business impact due to introduction of a carbon tax by 2050
- Examination of introducing internal carbon pricing with the aim of proactive capital expenditures in low-carbon transition
- Opening of stores by utilizing hazard maps and periodic reviews of our business continuity planning manual
- Examination of disclosing information on efforts to adapt to climate change internally and to our business partners
- Testing for use of renewable energy and EVs with cartridge batteries that enhance resilience
- Reevaluation of business impact going forward while adding extra prerequisites, such as enhancing predictions for location and scale of occurrences of incidents, and continuous examination of countermeasures

Indicators and Targets

We will implement measures for achieving GHG emissions reduction targets (see page 34) and create green logistics in collaboration with our business partners to reduce GHG emissions across the entire value chain (Scope 3). At the same time, we will consider the feasibility of acquiring certification for achieving the 1.5°C target of the Science Based Targets\* initiative.

\* Targets for reducing GHG emissions set by companies for the next five to ten years, in line with the levels required by the Paris Accords



For details on initiatives based on TCFD recommendations, please refer to our corporate website.  
<https://www.yamato-hd.co.jp/english/csr/environment/tcf.html>

# Strengthening of Sustainable Management

At a time when society as a whole is facing many urgent issues that must be addressed, such as climate change, the declining work-force, human rights, and inequality, it is becoming increasingly important that all corporations also respond to such social issues. Based on these circumstances, the Yamato Group is promoting sustainable management with the aim of realizing the improvement of medium- to long-term corporate value and a sustainable society.

## Vision for the Environment and Society

### Environmental Vision



## Connect. Deliver the future via green logistics

The Yamato Group will further promote its vision of “Connect. Deliver the future via green logistics.” By leveraging cutting-edge connections between data, people, and resources, we will increase the efficiency of transportation and provide delivery services that are better for the planet, our customers’ lifestyles, and the economy. We will also support a strong, smart society by striving toward virtually zero GHG emissions\*1 and by creating business models based on sustainable resource use and consumption.

\*1 In-house emissions of consolidated companies in Japan and Swan Co., Ltd. (Scope 1 & Scope 2)

### Social Vision



## Through co-creation and fair business activities, help create a society that “leaves no one behind”\*2

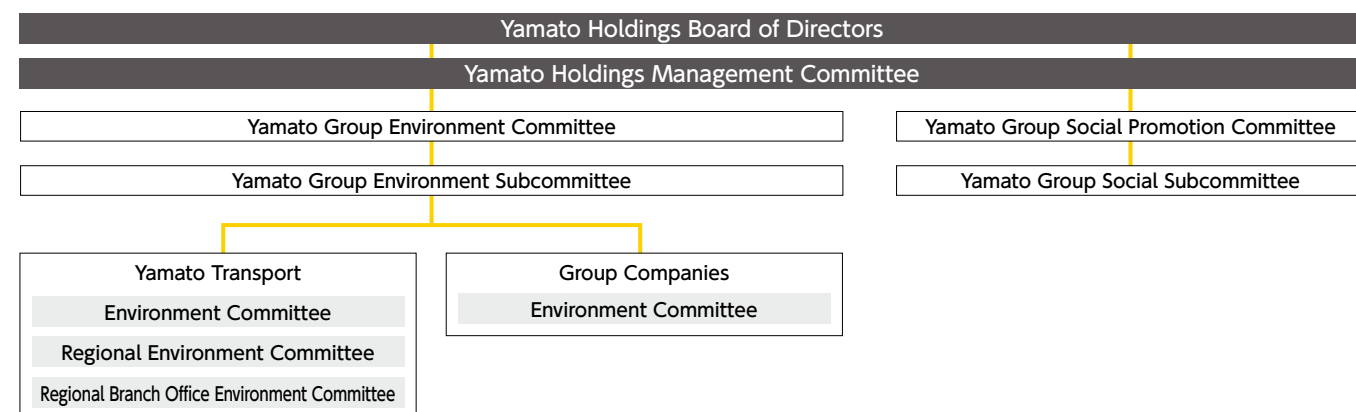
As a social infrastructure company, the Yamato Group will contribute to improving the quality of life of various people, including employees and customers, by reducing and eliminating various inequalities and obstacles in society. We will do this by delivering goods and value to everyone through fair and efficient business processes.

By promoting digital innovation and our strengths offline, as well as co-creation with various partners, we will be a leader in solving social challenges and creating a society that leaves no one behind.

\*2 To leave no one behind: A basic philosophy of the SDGs

## Sustainability Promotion System

The Yamato Group discusses and makes decisions on sustainability matters at the Management Committee meetings and Board of Directors meetings. To promote sustainable management, the Yamato Group Environment Committee and Yamato Group Social Promotion Committee, which are chaired by the president and comprise the executives (including senior managing executive officers and managing executive officers) of Yamato Transport, meet once a year to discuss and make decisions on issues related to sustainability. Further, four subcommittees in the environmental field (energy, climate, and pollution; resources and waste; management and collaboration; and products and services), and three subcommittees in the social field (human rights and diversity; supply chain management; and local communities) each meet three times a year, considering measures and implementing progress checks.



## Material Issues

Based on risks and opportunities in the Yamato Group's businesses, we identified important material issues that contribute to realizing a sustainable society and improving medium- to long-term corporate value. Among these issues, we recognize that Energy & Climate, Labor, Human Rights & Diversity, and Data Utilization & Security have a particularly significant impact on the Group's sustainability. As such, we are promoting initiatives in conjunction with business structure reforms.

- STEP1** Refine Choices for Material Issues  
Based on international frameworks, such as the GRI Standards, the Sustainability Accounting Standards Board (SASB), ISO 26000, and the Sustainable Development Goals (SDGs), as well as ESG research items that investors consider to be of high importance to the Group's business, we considered the risks and opportunities of the Group's business and narrowed down candidates for material issues.
- STEP2** Hold Stakeholder Dialogues (November 2019)  
We invited experts from universities, international institutions, and securities companies and exchanged opinions on material issues and the expected role of the Yamato Group in solving environmental and social issues.
- STEP3** Identifying Material Issues (January 2020)  
At the same time as identifying material issues, we formulated the transformation plan “YAMATO NEXT100” as a grand design for management reform over the medium to long term.

Material Issues	Themes of Initiatives	Vision	Risk/Opportunity	Related SDGs
Energy & Climate	Mitigate climate change	Reduce GHG emissions by using electricity generated via renewable energy sources, enhancing transportation efficiency through the utilization of digital technology, and reducing the use of dry ice, etc.	Risk Opportunity	7, 9, 13
Atmosphere	Clean up the skies (prevent air pollution)	Pursue transportation that reduces the effects of air pollutants emitted by vehicles and cleans up skies in local communities	Risk	3, 9, 11, 12
Resource Conservation & Waste	Promote resource conservation and reduce waste	Drastically reduce our environmental burden and promote the use of technology and creation of opportunities for minimizing environmental impact	Risk Opportunity	3, 6, 9, 11, 12, 15, 17
Resilience of Companies & Society	Support a society that combats environmental changes	Collaborate with diverse partners to increase the resilience of stakeholders and local communities and create environmental value	Risk Opportunity	9, 11, 12, 13, 15, 17
Labor	Create a work environment where employees can thrive	Implement a high-value-added model labor and promote “decent work”	Risk Opportunity	3, 4, 8
Human Rights & Diversity	Create a corporate culture that respects human rights and diversity	Respect human rights, recognize diversity, and create a framework for human rights due diligence	Risk Opportunity	5, 8, 10, 16
Safety & Security	Create initiatives to carry out business in a safe and secure manner	Maintain traffic and labor safety and provide reliable service	Risk	3, 8, 9, 10, 11, 12
Data Utilization & Security	Create an information security infrastructure	Create an information security infrastructure and businesses that utilize data to resolve social issues	Risk Opportunity	9, 11, 12, 17
Supply Chain Management	Develop a common understanding with stakeholders	Build a stable business infrastructure through sound, resilient supply chains	Risk Opportunity	8, 12, 17
Community	Create corporate citizenship activities that are rooted in local communities and create a framework for business creation	Establish corporate citizenship activities that are unique to the Yamato Group. Create a business model that revitalizes local economies	Opportunity	3, 4, 8, 9, 10, 11, 12, 17

## Key Initiatives to Strengthen Sustainable Management





# Sustainable Medium-Term Plans 2023

In order to promote sustainable management, the Yamato Group has set out specific actions to address material issues in Sustainable Medium-Term Plans 2023. In the fiscal year ended March 31, 2023, the second year of these plans, we announced our mid-term environmental targets for reducing GHG emissions by 2030 and are engaging in measures to reduce GHG emissions such as through the introduction of EVs and solar power generation equipment. Regarding social aspects, we are developing an environment that respects diverse human resources and enables employees to play an active role. At the same time, we are engaging in measures to promote addressing social issues and community development through co-creation.







Details on Sustainable Medium-Term Plans 2023 can be found on our corporate website.

<https://www.yamato-hd.co.jp/english/csr/>







For ESG-related numerical results, please see “ESG Data.”

<https://www.yamato-hd.co.jp/english/csr/esg/performance.html>

## Medium-Term Environmental Plan 2023

Material Issues	Targets for the Fiscal Year Ending March 31, 2024	Progress in the Fiscal Year Ended March 31, 2023	Examples of Initiatives
 <b>Energy &amp; Climate</b> Mitigate climate change	<ul style="list-style-type: none"><li>Reduce GHG emissions 10% compared with the fiscal year ended March 31, 2021*1</li><li>Reduce GHG emission intensity 10% compared with the fiscal year ended March 31, 2021*1,*2</li><li>Achieve 30% usage rate of electricity generated via renewable energy sources*3</li></ul>	<ul style="list-style-type: none"><li>7% decrease</li><li>6% decrease</li><li>22% usage rate</li></ul>	<ul style="list-style-type: none"><li>Introduction of EVs (868 vehicles as of March 2023)</li><li>Introduction of solar power generation equipment (11 units as of March 2023)</li><li>Switch to a menu of electricity generated via renewable energy sources</li><li>Launch of construction for systems related to optimization of EV operations, standardization of charging, and flexible inter-base power distribution</li><li>Improvement of loading efficiency per vehicle based on data visualization</li><li>Implementation of a modal shift</li><li>Consolidation of TA-Q-BIN sales offices</li><li>Introduction of LEDs (1,241 locations as of March 2023)</li></ul>
 <b>Atmosphere</b> Clean up the skies (prevent air pollution)	<ul style="list-style-type: none"><li>Reduce NOx and PM emissions from vehicles 25% compared with the fiscal year ended March 31, 2021*4</li><li>Introduce vehicles that emit fewer air pollutants</li></ul>	<ul style="list-style-type: none"><li>NOx emissions: 23% decrease/PM emissions: 22% decrease</li><li>Introduction of environmentally-friendly vehicles</li></ul>	<ul style="list-style-type: none"><li>Holding of discussions and continuation of technical checks on automated mobility with suppliers that contribute to low-carbon transportation and the prevention of air pollution</li><li>Introduction of environmentally friendly vehicles (36,902 vehicles, including EVs, as of March 2023)</li></ul>
 <b>Resource Conservation &amp; Waste</b> Promote resource conservation and reduce waste	<ul style="list-style-type: none"><li>Use 55% renewable resources and recycled materials for paper materials*5</li><li>Reduce landfill disposal rate (final disposal rate) to 5% or less*6</li><li>Provide products utilizing recycled materials and resource saving materials</li></ul>	<ul style="list-style-type: none"><li>63%</li><li>7%</li><li>Switch to recycled materials and resource saving materials in all 19 applicable materials</li></ul>	<ul style="list-style-type: none"><li>Expansion of renewable resources and recycled materials for containers and packaging material utilization</li><li>Improvement of methods for waste treatment and separation</li><li>Launch of development of materials for reuse and common reusable materials</li></ul>
 <b>Resilience of Companies &amp; Society</b> Support a society that combats environmental changes	<ul style="list-style-type: none"><li>Advance green logistics in collaboration with our business partners</li><li>Collaborate with society to improve environmental resilience (verify and share information about mitigating climate change)</li><li>Provide environmentally friendly products and services*7</li></ul>	<ul style="list-style-type: none"><li>Promotion of developing an environment for calculating the GHG emissions of our transportation partners</li><li>Discussions regarding development and utilization of car-tridge batteries for EVs</li><li>Launch of development of tools to visualize GHG emissions</li></ul>	<ul style="list-style-type: none"><li>Launch of data collection to calculate GHG emissions of transportation partners</li><li>Implementation of studies aimed at standardization and commercialization of removable and portable cartridge batteries for EVs</li><li>Launch of development for tools to visualize GHG emissions based on the international standard ISO 14083:2023*9</li></ul>

## Medium-Term Social Plan 2023

Material Issues	Targets for the Fiscal Year Ending March 31, 2024	Progress in the Fiscal Year Ended March 31, 2023	Examples of Initiatives
 <b>Labor</b> Create a work environment where employees can thrive	<ul style="list-style-type: none"><li>Improve operating revenue per employee (compared with the growth rate for the fiscal year ended March 31, 2021)</li><li>Reduce overtime for employees 20% compared with the fiscal year ended March 31, 2021</li><li>Achieve 90% annual paid leave utilization</li></ul>	<ul style="list-style-type: none"><li>11.2% increase</li><li>7% decrease</li><li>98.1%</li></ul>	<ul style="list-style-type: none"><li>Implementation of workplace discussions for all business managers at Yamato Transport</li><li>Completion of formulating definitions of duties for occupations and roles</li><li>Revision of development system for regular university graduate hires</li></ul>
 <b>Human Rights &amp; Diversity</b> Create a corporate culture that respects human rights and diversity	<ul style="list-style-type: none"><li>Achieve 100% attendance at human rights training for all employees</li><li>Ensure percentage rate of employees with disabilities is 2.5%</li><li>Double the number of women in management (executives) compared with the fiscal year ended March 31, 2021, and ensure 10% of all managers are women</li></ul>	<ul style="list-style-type: none"><li>100%</li><li>2.9%</li><li>1.1 times (369 women)/5.7%</li></ul>	<ul style="list-style-type: none"><li>Formulation of Yamato Group Human Resources Management Policy</li><li>Completion of development for multi-lingual tools, such as documents related to recruitment and health and safety and training manuals</li><li>Implementation of training programs for female employees aiming to become sales office managers</li><li>Launch of creating manuals for standardizing methods for recruiting and retaining people with disabilities</li></ul>
 <b>Safety &amp; Security</b> Create initiatives to carry out business in a safe and secure manner	<ul style="list-style-type: none"><li>Achieve zero serious traffic accidents (fatal traffic accidents for which the Company is responsible)*3</li><li>Reduce number of traffic accidents (where bodily injury occurs) 50% compared with the fiscal year ended March 31, 2020*3</li><li>Achieve zero serious occupational diseases (work-related deaths)*3</li><li>Reduce frequency of lost workday injuries*8 by 20% compared with the fiscal year ended March 31, 2020*3</li></ul>	<ul style="list-style-type: none"><li>Zero</li><li>16% decrease (216 accidents)</li><li>Zero</li><li>8.9% increase</li></ul>	<ul style="list-style-type: none"><li>Provision of coaching through ride-along guidance and dashcam videos</li><li>Implementation of safety training and skill tests for safety experts</li><li>Introduction of vehicle safety equipment (electric parking brakes and wide-angle rear cameras)</li><li>Creation of occupational health and safety management system</li></ul>
 <b>Data Utilization &amp; Security</b> Create an information security infrastructure	<ul style="list-style-type: none"><li>Develop an infrastructure for creating businesses that utilize data to resolve social issues</li><li>Achieve zero serious information security incidents</li><li>Ensure 100% deployment of information security managers at major organizations and 100% implementation of training for information managers*4</li></ul>	<ul style="list-style-type: none"><li>Development of infrastructure for creating businesses that utilize data to resolve social issues</li><li>Zero</li><li>Ensuring 100% deployment of information security managers at major organizations and 100% implementation of training for information managers</li></ul>	<ul style="list-style-type: none"><li>Launch of operation for contact points that utilize data</li><li>Information security training for all employees at Yamato Transport (100% attendance rate)</li><li>Implementation of on-site and internal audits aimed at continued ISMS certification</li></ul>
 <b>Supply Chain Management</b> Develop a common understanding with stakeholders	<ul style="list-style-type: none"><li>Complete development and demonstration of monitoring framework*4</li></ul>	<ul style="list-style-type: none"><li>Implementation and completion of monitoring tests and verification for key suppliers</li></ul>	<ul style="list-style-type: none"><li>Implementation of monitoring tests for key suppliers at 28 companies</li><li>Decision on how to advance monitoring in the fiscal year ending March 31, 2024 (standards for selecting key suppliers, methods for implementing monitoring, and structure for contracts and promotion)</li></ul>
 <b>Community</b> Create corporate citizenship activities that are rooted in local communities and create a framework for business creation	<ul style="list-style-type: none"><li>Complete development of a framework to measure effectiveness of corporate citizenship activities and business in resolving social issues</li></ul>	<ul style="list-style-type: none"><li>Examination of deploying people to promote corporate citizenship activities within the Company</li><li>Examination of mechanisms and in-house support structures for creating businesses that resolve social issues, contributing to business growth</li></ul>	<ul style="list-style-type: none"><li>Examination of creating a mechanism to encourage employee participation in corporate citizenship activities</li><li>Completion of creation of support system aimed at creating an in-house environment to create projects on local (social) issues</li></ul>

\*1 In-house emissions of consolidated companies in Japan and Swan Co., Ltd. (Scope 1 & Scope 2) \*2 tCO<sub>2</sub>e/operating revenues of ¥100 million

\*3 For consolidated companies in Japan and Swan Co., Ltd. \*4 For Yamato Transport \*5 Paper materials refer to cardboard for shipping, pickup and delivery materials, etc.

\*6 Equivalent to reduction by half compared with the past \*7 Products and services with environmental value and a low burden on the environment

\*8 Number of work-related fatalities and injuries per million working hours \*9 Standards for calculating and reporting GHG emissions from transportation

# Measures That Support Sustainable Growth

## Safety Initiatives

Based on its stance of respecting human life and ensuring safety, as laid out in the Group Corporate Philosophy and Corporate Stance, the Group thoroughly adheres to its philosophy of placing safety first and business second in the workplace, positioning respect for human life as a priority at all times. Our partner companies and business partners also share our philosophy of respecting human life and ensuring safety and endeavor to ensure safety in all of their business activities.

### Initiatives for Ensuring Safe Transportation

The Safety Department of the Corporate Division at the head office of Yamato Transport is at the center of promoting initiatives for ensuring even greater safety. We are taking steps to improve the frontline working environment through efforts including the creation of a system for training safety experts and the enhancement of safety training. At the same time, we are promoting the integration of Groupwide standards and frameworks for safety management. We share key points for safe driving and other information by releasing safety communication tools for transportation partners.

We are also continuing to work on hardware aspects, such as introducing vehicle safety equipment connected to preventing traffic accidents, in addition to software aspects, such as enhancing the skills of drivers. For example, we have been introducing various equipment to Yamato Transport pickup and delivery vehicles, including electronic parking brakes that aim to prevent accidents involving vehicles moving when unattended,

wide-angle rear-view cameras that reduce accidents when reversing by vertically and horizontally widening the driver's field of view, and brakes that reduce collision damage by detecting obstacles, sounding an alarm to alert drivers, and assisting with braking operations. These innovations will lead to reducing the number of accidents. Furthermore, we have decided to purchase only new automatic vehicles for pickup and delivery, aiming to reduce the burden of driving operations and address the recruitment and retention of new drivers, mainly young people.

To develop an environment in which Yamato Group and partner company employees can carry out loading and unloading operations more safely, in conjunction with the consolidation and enlargement of *TA-Q-BIN* sales offices in the structural reform of networks and operations, we are promoting measures including the installation of arrival berths and introduction of lift tables for large size vehicles to avoid the use of forklifts at newly developed large-scale bases.

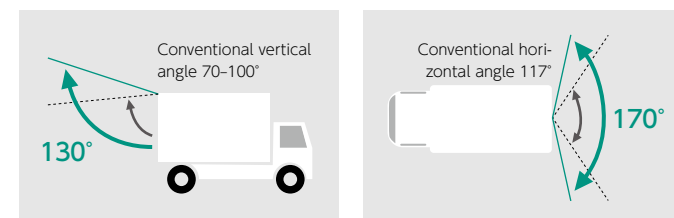
### Introduction rate for vehicle safety equipment

Scope: Yamato Transport pickup and delivery vehicles

		2020/3	2021/3	2022/3	2023/3
Electronic parking brakes	Number of units	4,645	6,469	9,887	11,375
	Introduction rate	10.9%	15.1%	22.6%	25.6%
Brakes that reduce collision damage	Number of units	2,323	5,619	8,924	11,237
	Introduction rate	5.4%	13.1%	20.4%	25.3%
Wide-angle rear-view cameras	Number of units	—	—	—	2,323
	Introduction rate	—	—	—	5.2%
Automatic vehicles	Number of units	22,582	23,742	27,687	29,370
	Introduction rate	52.9%	55.3%	63.3%	66.1%

### Wide-angle rear-view cameras

Contributes to safety by showing an even wider view from behind vehicles (130° vertically and 170° horizontally)



For details related to safety and security, please see our corporate website.  
<https://www.yamato-hd.co.jp/english/csr/society/safety/>

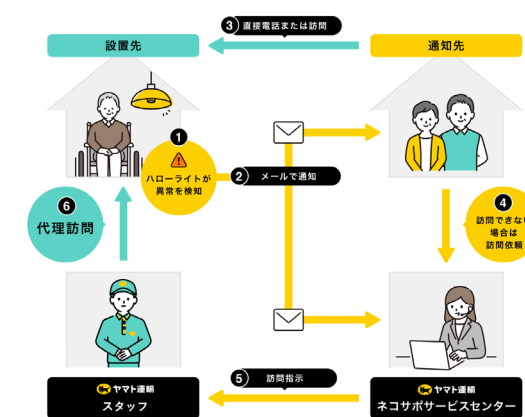
## Community

The Yamato Group conducts business activities deeply rooted in communities by developing a logistics network across Japan. Co-existence and co-prosperity with members of local communities are vital for sustainable growth and we aim to create social value and economic value by resolving social issues at the same time as collaborating and co-creating with partners.

### TOPICS

## 1 Provision of Monitoring Services that Utilize IoT Lightbulbs and Our Nationwide Network

Recently, the aging population and increasing burden of labor shortages for local governments and welfare-related businesses have become issues in monitoring older people who live alone and we needed to create a new monitoring system. *Kuroneko Monitoring Service: HelloLight Visitation Plan* is a monitoring service provided by Yamato Transport that utilizes our nationwide network with close relations to local communities and can be used by simply replacing household lightbulbs with IoT lightbulbs. Following the launch of this service, we have promoted its introduction to bodies including local governments and real-estate businesses not only for use by individual customers with elderly family members but also to be utilized as gifts sent in return for *furusato nozei* (hometown tax donations).



Kuroneko Monitoring Service: HelloLight Visitation Plan service flow

## 2 Initiatives that Support Shopping Environments in Collaboration with Satudora Holdings

In July 2023, Yamato Transport Co., Ltd. formed a basic partnership agreement with Satudora Holdings Co., Ltd. to realize a sustainable society in Hokkaido. There have been concerns about the serious social issues of the falling birth rate and aging and shrinking population in Hokkaido and the fragility of logistics due to factors such as heavy snow, particularly in some areas. Leveraging both of our strengths, we will contribute to providing a fulfilling shopping environment for local residents by working together to pick up parcels from Satudora stores and deliver products bought at stores to customers' homes. We will also utilize Yamato Transport's transportation and delivery network to deliver products to stores in an even more effective and stable manner and sell Satudora products within Yamato Transport sales offices and mobile sales vehicles.



Mobile sales vehicles



Inside of vehicles

## 3 Collaboration with Local Governments to Resolve *Furusato Nozei* Issues

The number of *furusato nozei* donors has been increasing annually since its creation in 2008, with the nationwide donation amount reaching a record ¥965.4 billion. Gifts sent in return to donors have been linked to spreading a region's appeal and sustainably growing local industries. Meanwhile, challenges have also arisen, such as complication of operations for local governments, increase in outsourcing costs, and the burden of shipping operations for businesses providing these gifts. Yamato Transport is working to resolve such issues through collaboration with local governments by utilizing the local community connections and diverse management resources we have built up to date.

Working together with Nakatsu, Oita, we are supporting the resolution of operational issues by helping local businesses participate in providing gifts, in addition to support for streamlining operations related to *furusato nozei*, such as management of special sites, payments, and understanding the shipping capacity of gifts.

We also collaborated with local partner companies in Kamo, Shizuoka, and commenced initiatives to comprehensively support businesses that provide gifts, from gift promotion to shipping and delivery, with the aims of communicating the appeal of local products and sustainably growing local industries.

## Creation of Solid Relationships with Business Partners

The Yamato Group operates its businesses with the support of numerous business partners and is promoting supply chain management, recognizing that co-existence and co-prosperity with business partners are vital for achieving sustainable growth.

In recent years, in addition to changes to the external environment such as decreases in Japan's working population and rising energy prices, workstyle reform has become a serious issue for drivers in the entire logistics industry following the application of a cap on overtime work to vehicle operation from April 2024.

In light of these issues, the Yamato Group clarified its policy to promote fair, equitable, and honest business transactions with

partners through the Yamato Group Responsible Procurement Policy in 2021 and the Declaration of Partnership Building (Yamato Transport) in March 2023. The Partnership Promotion Office established at Yamato Transport is taking the lead on providing continuous employee training for proper business transactions, holding regular discussions with partners, and supporting transportation partners based on the 2024 problem. Furthermore, we are working to build partnerships by promoting improvement activities through regular surveys of our partners and will continue to contribute to realizing a sustainable society by enhancing added value across the entire supply chain.