

Message from the President

Fully Utilizing the Management Resources of the One Yamato Structure to Promote Value Provision from End to End, Covering the Entire Business Process of Our Customers

Achieving Sustainable Corporate Value Improvement

Issues Following Integration of the Group and Our Future Response

In January 2020, we announced One Yamato, our policy for integrating Yamato Group companies. We had a period of preparation, following this announcement and, from April 2021, we integrated nine group companies, launching the One Yamato management structure in both name and practice.

Sixteen years have passed since the Yamato Group shifted to a pure holding company system in 2005. Since each Group company operated their diverse businesses under various systems, integrating their management structures into One Yamato and reallocating management resources in an optimal manner was not easy. In the first year of the One Yamato management structure, we developed a platform for management as One Yamato while devoting more effort than expected to integration.

Fiscal 2022 marked the second year of the medium-term management plan "One Yamato 2023," and there has been no change in the direction the Group should take in the medium to long term. In light of recent changes to the business environment, I have once again realized that it is time to make a change.

Reflecting on the Yamato Group's history, we launched our chartered truck delivery service in 1919 by purchasing four trucks, at a time when there were only 204 trucks in the entire country. Ten years later, we launched Japan's first regular route combined-load transport service and expanded our network to cover the entire Kanto region as the use of trucks became widespread in society. As we entered an era of post-war economic growth, mass production and mass consumption and needs increased for transport using

trucks for long-distance travel. Yamato was so focused on short-distance transportation that the response to these changes was delayed and performance suffered. However, following this, we turned to small-lot delivery and launched *TA-Q-BIN* to meet the delivery needs of countless customers. Quickly understanding and anticipating changes in society and the methods for purchasing and selling items and making proposals to customers has led to today's development. Now, when information can be shared online in real time with the spread of the internet and smartphones, we must make new logistics proposals that take into account further changes to methods for purchasing and selling items.

The goal of transitioning to One Yamato is to evolve into a company capable of providing value to corporate clients, both inside and outside of Japan, across their entire business process. Changes in consumption and lifestyles that accompanied the COVID-19 pandemic and upheaval in the business process and supply chain, from the procurement of raw materials and components and production to sales and after-sales services, have become urgent issues for corporate clients. Accordingly, the Yamato Group is taking these changes as opportunities for growth. Under the One Yamato management structure, which centralizes management resources, we will expand our range of value provision through comprehensive proposals that support the resolution of customer management issues by utilizing extensive relationships with customers and our superior logistics facilities and transportation and delivery networks.

Transformation into a Partner That Supports the Entire Supply Chain for Our Corporate Clients

The Yamato Group is widely known as the *TA-Q-BIN* service provider. While *TA-Q-BIN* has a strong image owing to its services for individual clients, approximately 90% of the total delivery amount we handle comes from corporate clients. Of those, half are shipments from large corporate clients that are handled by our account sales representatives.

We cannot expand the range of value provision for these corporate clients by only providing *TA-Q-BIN* as we have to date. For example, corporate clients who sell products through

brick-and-mortar stores currently also tend to have e-commerce (EC) websites for sales. In many cases, they are also facing an increase in inventory and logistics costs due to creating separate logistics operations for both brick-and-mortar stores and EC websites. How do they optimize inventory as a whole? How do they minimize the total logistics costs? These are serious management issues for corporate clients. However, the Yamato Group can contribute to the optimization of logistics costs by balancing the appropriateness of inventory with a shortened lead time for the transportation and delivery of

goods. This is achieved by integrating the strengths of our logistics facilities and transportation and delivery networks, as well as providing consolidated management and optimization of solutions for the inventory of and logistics for brick-and-mortar stores and EC, not just by taking responsibility for *TA-Q-BIN* in last mile delivery.

Going forward, it is my belief that the Yamato Group should provide solutions that cover customers' entire supply chains in this way. Resolving inventory and operational issues will consequently contribute to improving our customers' management. We have been developing a base that enables proposals that contribute to addressing customer management issues by combining the management resources of the Group. We will continue to engage in maximizing the value we provide.

Deepening of Connections with Each Country and Global Expansion of the Value We Provide

In expanding the value we provide to corporate clients, the scope of our activities is not limited to within Japan. If we follow our customers' supply chains, the field extends overseas. The Group has global networks and has developed local subsidiaries in 25 countries and regions. To date, local subsidiaries have had the power to provide logistics services with uniform quality, but have been limited to providing value to each country individually. Accordingly, we are currently providing integrated solutions, deepening connections between Japan and other countries, and examining what kind of customer-oriented value we can provide.

In particular, transportation costs have been increasing significantly as a result of disruptions to global supply chains and steeply rising crude oil prices, to which companies are responding by shifting their production bases to other countries recently. When customers move their bases, there is a risk that we may lose business. However, if the Group coordinates globally and utilizes networks in the countries to which customers have relocated, we can once again propose optimal solutions. We are now making full use of the Group's existing management resources to provide value to customers. We will also globally expand the value we provide by collaborating with external partners, including M&As, for functions we do not possess.

Optimization of Networks and Operations for Providing Value from End to End

Yamato is engaging in the structural reform of its networks and operations to create an infrastructure for providing value from end to end for our customers' downstream, midstream, and upstream supply chains. Numerous EC operators have set up shipping bases in the vicinity of the Tokyo metropolitan area and three of its neighboring prefectures (Chiba, Kanagawa, and Saitama) where demand for EC has been concentrated in recent years. Thus, it is not efficient to



Yutaka Nagao
Representative Director,
President and Executive Officer

Message from the President

continue meeting EC demand through *TA-Q-BIN* networks and operations that appropriately meet the delivery needs of an unspecified number of customers across Japan. Therefore, in urban areas we are promoting the creation of a logistics network that specializes in EC, from pickup and sorting to transportation and last mile processes. For EC operators, there is a process for procuring products before shipping and measures for returning products after purchase. We will effectively meet these needs by utilizing new EC logistics networks in addition to last mile delivery. Furthermore, in response to an increasing demand for procurement and delivery of products between companies and for refrigerated delivery services, we will promote the creation and utilization of a middle mile network (route pickup and delivery for corporate clients) and the launch of dedicated refrigerated delivery facilities while also enhancing the productivity of the entire network.

In the fiscal year ending March 31, 2023, we have been building EC logistics networks and other infrastructure while drastically reviewing our existing *TA-Q-BIN* network in line with recent changes to the flow and volume of packages. We will enhance safety and quality, reduce processes such as transportation between facilities and sorting work at each facility, and improve productivity across the entire network by consolidating, increasing the size of, and redeploying *TA-Q-BIN* sales offices, which have been focused in smaller areas; by redefining the functions of each sorting terminal; and by integrating them with larger sales offices.

Transforming these networks and promoting the creation of systems that are capable of regulating management resources and operations in line with workloads will steadily lead to the next phase of growth.

Material Issues to Address for Sustainable Growth

The Yamato Group has laid out material issues to improve corporate value over the medium to long term and achieve a sustainable society, and is promoting sustainable management based on Sustainable Medium-Term Plans 2023, which defines the details of specific actions and targets to be achieved by 2023.

In terms of the environment, we are engaging in the creation of green logistics to meet our long-term target for 2050 of climate neutrality and our interim target of reducing GHG emissions by 48% by 2030 (compared with the fiscal year ended March 31, 2021). We are currently promoting the introduction of ultra-low-floor walk-through light-duty electric vehicles, which balance environmental

awareness with practicability for drivers; however, the issue going forward is energy management, including energy procurement. We will increase the amount of electricity generated by green energy, namely solar power, by promoting the installation of solar panels at terminals and sales offices. In addition, we will also aim to thoroughly implement electric vehicle use and solar power generation by collaborating with car manufacturers to develop and standardize detachable cartridge batteries, intensively introducing and using electric vehicles within specific areas, and engaging in energy management linked to equipment at facilities.

Creation of a System for Sustainability That Leads the Entire Logistics Industry

It is natural to engage in sustainability as a single company. At the same time, however, it is the role of major companies in the logistics industry to create a system that enables the entire logistics industry to become sustainable. We are examining the creation of a structure that enables not only Yamato but also our small and medium-sized partner companies and other companies in the same industry to participate in reducing greenhouse gas emissions.

Furthermore, distributors are facing issues, such as securing the transportation capabilities of trucks for long-distance travel and considering alternative means of transport, as a cap on overtime work will be applied to vehicle operation from April 2024, in addition to the decreasing working population and aging drivers.

The Yamato Group has adopted various countermeasures including the commencement of the operation of cargo flights as a new method of long-distance transportation from 2024. However, this is merely a new method of transportation. It is essential to increase the value provided by our services. We will expand the scope of value we provide through comprehensive proposals that support the resolution of customers' management issues, as well as provide individual services such as transportation and storage. We

must also increase the turnover rate of assets to enhance profitability and secure long-distance transportation capacity. For example, we can increase the operational hours for vehicles by reducing the transport distance for drivers and combining short- and medium-distance transportation. Since it is difficult for each distributor to prepare their own facility, the logistics industry as a whole is considering the development of facilities that can be used openly and the creation of a system that allows operations including the transfer of packages and replacement of vehicles.

Rather than viewing sustainability initiatives as a cost, we are taking steps to address them with an awareness that these responses and investments enable us to create new systems that will lead to growth opportunities.

Important Factors to Consider When Improving Corporate Value

The most important factor when maintaining and improving corporate value is protecting and continuing to strengthen the trust we have built up with customers and society. One of the Yamato Group's core values is that we conduct ourselves both professionally and ethically. For me, professionalism and ethics are vital when strengthening this trust. While the most important goal for a company is generating profit, this does not mean that it should do anything for profit. I believe that in addition to possessing the correct ideals and acting ethically toward customers, conducting business while placing value on acting ethically toward coworkers engaging in their daily operations, business partners, and local communities also leads to trust.

This year we passed the midway point of the current medium-term management plan, which runs until March 31, 2024. Through

One Yamato, we are steadily increasing the scope of value we provide to customers. We aim to further improve corporate value in the future by continuing to always respond to changes with a sense of speed and building up trust with each stakeholder, such as customers, business partners, local communities, and all of our shareholders, with the Group's Management Philosophy, including our Core Values, as the cornerstone.

November 2022 



Message from the Chief Financial Officer



PROFILE

**Toshizo
Kurisu**

Representative Director,
Executive Officer and Vice President
Responsible for Finance, Public Relations and Digital

We aim to improve corporate value over the medium to long term under the One Yamato management structure, which centralizes the management resources of the Yamato Group. While enhancing profitability through the optimal allocation of management resources and the implementation of growth strategies, we will reinforce financial strategies that contribute to reducing capital costs as well as enhance the efficiency of assets and capital and sustainable management for the sustainable development of society and businesses.

Promoting Structural Reforms Based on "One Yamato 2023"

During the fiscal year ended March 31, 2022, the first year of the medium-term management plan "One Yamato 2023" scheduled to finish in fiscal 2023, we steadily promoted structural reform initiatives under the One Yamato management structure, which focuses on Yamato Transport and centralizes the management resources of nine Group companies. As a result, we have seen an increase in operating revenue owing to our focus on increasing our delivery amount as part of our response to accelerated growth in the EC domain and optimizing customer logistics. There was a decrease in operating profit due to an increase in the cost price of fuel and an increase in costs following the promotion of structural transformation. Ordinary profit also decreased, despite the positive effect of gains on investments in investment partnerships. Profit attributable to owners of parent remained at the same level as the previous fiscal year due to gains from sale of strategic holdings of shares, the cost of revision of retirement benefit plan, and a loss on sale of shares following the business transfer of associated companies, which reduced taxable income for fiscal 2021.

During the second year of One Yamato 2023, the fiscal year ending March 31, 2023, in addition to global inflation trends, such as the rising cost of resources and steep food prices due to the instability of the international situation, there has been continued depreciation of the yen caused by the increasing gap between domestic and international exchange rates, making a full-scale economic recovery difficult to foresee. At the same time, there has been an increase in procurement costs, such as fuel, electricity, and labor. Under such circumstances, the Yamato Group has been making amendments to the Group's Management Structure where necessary, based on results and issues from the first year of the plan, and accelerating initiatives for providing value for corporate clients from "End to End" and structural reform of networks and operations as a foundation for future growth. We aim to enable the stable creation of profit by reforming cost structures in line with workload through optimization of the EC logistics network, which is currently being built, and the existing TA-Q-B/I/V network.

Financial Strategy and Investment Aimed at Creating Future Cash Flows

In the three-year period between the fiscal year ended March 31, 2022 and the fiscal year ending March 31, 2024, we expect to invest a cumulative ¥400 billion, including ¥200 billion in growth investments and ¥200 billion in current investments related to the maintenance of businesses, and to launch initiatives for structural transformation to promote the main initiatives of "One Yamato 2023."

In the first year of "One Yamato 2023," we actively promoted digital investments that contributed to the creation of a digital information infrastructure (Yamato Digital Platform), which maintains and utilizes data, and the enhancement of customer experiences and value provision. Meanwhile, we promoted the utilization of resources from external partners in the creation of an EC logistics network to pursue resilience in responding to the speed of management and fluctuations in demand. Going forward, we will implement investments when necessary, depending on whether or not they will increase corporate value over the medium to long term.

In regard to financial strategy, as a company responsible for social infrastructure, our basic policy is to maintain financial soundness, taking into account business continuity in light of increasingly severe disasters, to engage in reducing capital costs through accurate utilization of liabilities, to enhance operating profit margin by promoting structural reforms, and to enhance asset and capital efficiency through optimization of the balance sheet. Under this policy, we will strive to maintain our credit rating (AA-, Rating and Investment Information, Inc.) while keeping in mind an optimal capital structure.

In terms of fundraising, we will do so in a timely and appropriate manner with an awareness of financial soundness and efficiency. In particular, we will examine the utilization of sustainable finance in environment-related investments, such as climate change response.

From the perspective of our business portfolio, in April 2020 we transferred 60% of the issued common shares of Yamato Lease Co., Ltd. to Fuyo General Lease Co., Ltd. to strengthen the competitiveness of the lease service business and achieve joint ventures with partner companies aimed at expanding business domains. We also transferred 51% of the issued common shares of Yamato Home Convenience Co., Ltd. to ART MOVING COMPANY Co., Ltd. in January 2022 to further increase convenience for customers in the moving market.

We will continue to promote initiatives, such as reorganization in anticipation of future business growth and reallocation of management resources to highly profitable businesses, with the aim of improving capital efficiency.

Basic Stance on Capital Policies and Shareholder Returns

In regard to capital policy and shareholder returns, we will consider timely and appropriate measures based on the future growth potential (operating revenues) and profitability (operating profit margin) of our businesses, financial soundness (status of cash creation, cash and cash equivalents, and capital adequacy ratio levels), investment progress, capital efficiency, and other factors, with a basic policy of stable dividends (with an awareness of the ratio of dividends to shareholders' equity). The key indicators for capital policies will be ROE of 10% or more (fiscal year ending March 31, 2024), 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).

In the fiscal year ended March 31, 2022, we paid dividends of ¥46 per share and achieved a payout ratio of 30.5%. In the fiscal year ending March 31, 2023, we plan to pay out an interim dividend

of ¥23 (implemented) per share and a final year dividend of ¥23 per share, for a full-year dividend totaling ¥46 per share. Furthermore, in the period between February and May 2022, the Company repurchased 8.75 million shares of its own stock (¥20 billion) and canceled all such shares.

Improvement of Corporate Value over the Medium to Long Term

The Yamato Group has positioned ROE as a key indicator for improving shareholder value. We will strive to improve ROE by increasing profitability through optimizing the allocation of management resources and implementing growth strategies while remaining cognizant of an optimal capital structure.

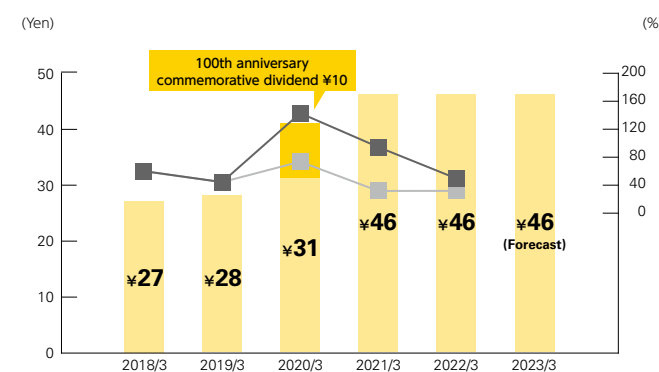
Additionally, we will continue to strengthen corporate governance to achieve sustainable growth and a sustainable society. Based on our vision for sustainable management and material issues, we will also promote Groupwide efforts to achieve the sustainable targets for society and the environment established in Sustainable Medium-Term Plans 2023.

As part of this, we will endeavor to enhance information disclosure based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) while identifying and evaluating the risks, opportunities, and impacts associated with climate change in recognition of its importance in improving the Yamato Group's corporate value over the medium to long term and realizing a sustainable society.

Going forward, we will aim to improve corporate value through not only the financial aspect of enhancing ROE but also the promotion and disclosure of initiatives aimed at the sustainable development of society and the business and through constructive dialogues with all of our shareholders and investors.

Shareholder Return Results and Forecast*

(Fiscal Year Ended March 31, 2018 to Fiscal Year Ending March 31, 2023)



■ Dividend per share (left scale)
● Dividend payout ratio (%) (right scale) ■ Total return ratio (%) (right scale)
* The forecast dividend figure is the figure announced on November 7, 2022.

Medium-Term Management Plan “One Yamato 2023”

(From the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2024)

Under “One Yamato 2023,” the medium-term management plan due to conclude at the end of the fiscal year ending March 31, 2024, we will offer value to individual and corporate customers, as well as society as a whole. We will accomplish this by combining the management resources centralized under One Yamato into an optimal form and supporting the entire supply chain, from suppliers and manufacturers to consumers, based on the accelerated adoption of e-commerce (EC) in all industries brought on by rapid changes to consumption behavior and the logistics structures.

Main Initiatives of “One Yamato 2023”

Optimal allocation of management resources based on data analysis	Promotion of data and innovation strategies	Reinforcement of Group infrastructure
Creation of the “EC Ecosystem”	Transformation into a business partner that supports the entire supply chain	Reform of management structure and reinforcement of governance
Human resource strategies that support the “innovating delivery business”	Improvement of capital efficiency	Strengthening of sustainable management

Progress in the First Year of “One Yamato 2023” (Fiscal Year Ended March 31, 2022)

We are steadily promoting structural reform initiatives that have been set out by the medium-term management plan “One Yamato 2023” and are based on changes to the business environment, such as the prolonged impact of the COVID-19 pandemic and the international situation.

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ending March 31, 2024
	Performance	Performance	Target
Consolidated operating revenues	¥1,695.8 billion	¥1,793.6 billion	¥2,000.0 billion
Consolidated operating profit	¥92.1 billion	¥77.1 billion	¥120.0 billion
Consolidated operating profit margin	5.4%	4.3%	6.0%
Consolidated ordinary profit	¥94.0 billion	¥84.3 billion	¥120.0 billion
Profit attributable to owners of parent	¥56.7 billion	¥55.9 billion	¥72.0 billion
ROE	10.0%	9.6%	10.0% or higher

Major Progress, Results, and Future Initiatives for Each Main Initiative

Main Initiative: Optimal Allocation of Management Resources Based on Data Analysis

Promotion of optimal allocation of management resources by enhancing the accuracy of workload forecasts and enhancement of productivity across the entire network through operational reform and a shift to automation and digitalization

Major Progress and Results

• Progression in the creation of a digital infrastructure through the development of our digital data to establish data-driven management and enhancement of methods for data collection that utilize the latest technology

Main Initiative: Promotion of Data and Innovation Strategies

Renewal of our core systems, development of our digital data, and reinforcement of our digital platform
Promotion of open innovation through collaboration with and investment in start-up companies

Future Initiatives

• Advancement of demand forecasts and services and operations that apply digital data
• Implementation of initiatives aimed at enhancing system development capabilities in the medium term

For more details, please refer to page 30.

Main Initiative: Reinforcement of Group Infrastructure

Aim to expand value provided to customers and to enhance productivity through the optimization and enhancement of functions for facilities, transportation, and delivery and promotion of business process reengineering

Major Progress and Results

• Improvement of efficiency of last mile pickup and delivery services
• Promotion of building an EC logistics network

Main Initiative: Creation of the “EC Ecosystem”

Establishment of a sustainable EC ecosystem in which EC operators, customers, and delivery persons can enjoy the benefits

Future Initiatives

• Creation of a specialized network in line with customer needs and particular characteristics of packages, and development of its system of operation
• Enhancement of operational efficiency and optimization of costs by consolidating and enlarging facilities (sales offices, terminals, and logistics centers)

For more details, please refer to page 20 and 26.

Main Initiative: Transformation into a Business Partner That Supports the Entire Supply Chain

Provision of support for the innovation of supply chains and business processes as a management partner for our customers through the provision of consistent business solutions to the downstream, midstream, and upstream of supply chains

Major Progress and Results

• Expansion of business in customers' upstream supply chains

Future Initiatives

• Further reinforcement of corporate sales and account management
• Provision of value through the integration of sales and operations
• Recruitment and development of specialized personnel

For more details, please refer to page 20.

Main Initiative: Reform of Management Structure and Reinforcement of Governance

Optimization of the management structure and reinforcement of governance aiming for the optimal allocation of management resources and maximization of corporate value under the One Yamato management structure

Major Progress and Results

• Launch of the One Yamato management structure, which integrates the Yamato Transport with eight Group companies

Future Initiatives

• Promotion of optimizing management resource allocation on a regional basis
• Further promotion of integration of operations and systems
• Optimization of costs by consolidating operations

Main Initiative: Human Resource Strategies That Support the “Innovating Delivery Business”

Creation of a system for clarifying and evaluating the roles of each employee and promotion of the development of specialized personnel

Major Progress and Results

• Expansion of system for specialized human resources and redefinition of professional duties

Future Initiatives

• Completion of defining professional duties for each type of job and connection with evaluation and treatment
• Creation of a system to encourage sales drivers growth
• Promotion of the utilization of a talent management system

For more details, please refer to page 40.

Main Initiative: Improvement of Capital Efficiency

Improvement of shareholder value through timely and appropriate measures based on the future growth potential and profitability of our businesses, financial soundness, investment progress, capital efficiency, and other factors

Major Progress and Results

• Improvement of performance at overseas Group companies
• Transfer of shares issued by Yamato Home Convenience Co., Ltd.
• Purchase of treasury stock and implementation of stable dividends

Future Initiatives

• Continued implementation of capital protocol and shareholder returns based on basic policies

For more details, please refer to page 16.

Main Initiative: Strengthening of Sustainable Management

Promotion of sustainable management based on Sustainable Medium-Term Plans 2023

Major Progress and Results

• Promotion of sustainability initiatives
• Formulation of policies related to human rights and the environment

Future Initiatives

• Promotion of green innovation initiatives in line with risks and opportunities resulting from climate change
• Operation and monitoring of each policy and initiative

For more details, please refer to page 32.

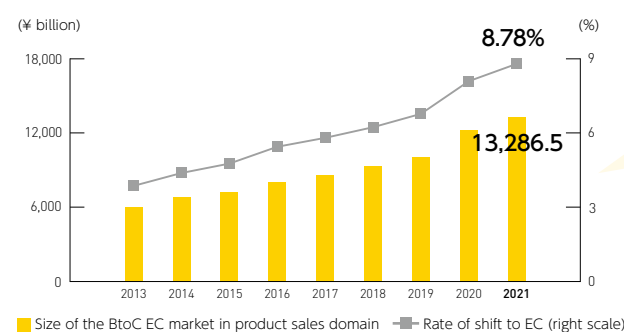
Value Provision for Corporate Clients from End to End

We view evolving growth of the EC (e-commerce) market and changes to the supply chain as an opportunity and providing comprehensive value from end to end to the businesses of our corporate clients in both the upstream and downstream domains. To those ends, we will pursue the creation of multiple last mile networks in response to needs in the growth domains, the strengthening of account management, and the reinforcement and expansion of third-party logistics (3PL) and international forwarding.

Market Environment

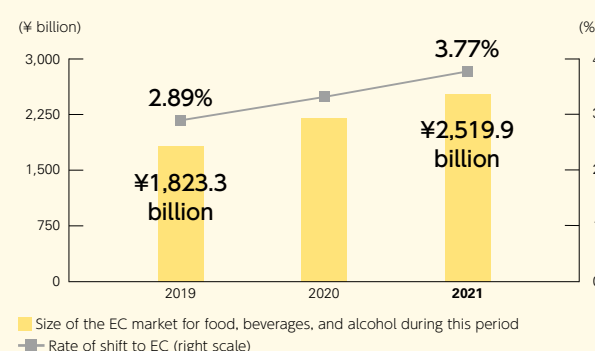
Continued Growth of the EC Market and Expansion of EC Demand for Food Products

Size of the BtoC EC Market in Product Sales Domain and Rate of Shift to EC



Source: Ministry of Economy, Trade and Industry, Market Research on E-commerce

Three-Year Growth Trend of the EC Market for Food, Beverages, and Alcohol



Our Vision for Structural Reform

Full Utilization of Management Resources under One Yamato

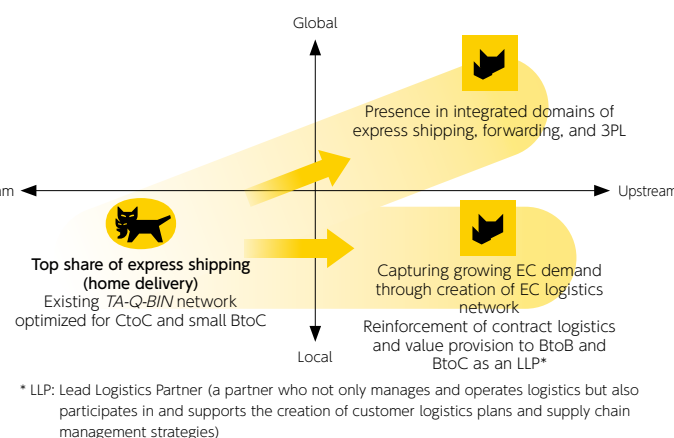
Logistics Network

- Last mile networks (TA-Q-BIN, EAZY, middle mile)
- Facilities (sales offices, terminals, logistics centers)
- International transport (forwarding and cross-border land transportation in Asia)

Customer Foundation / Human Resources / Information / Finances

Achieve the Growth of Revenues and Profit by Expanding Value Provision

Aim to increase the ratio of sales in the international forwarding and domestic and international third-party logistics domains by moving away from a ratio of sales that focused on TA-Q-BIN and expand sales of domestic and international small-lot delivery services, including TA-Q-BIN



Value Provision to Each Customer

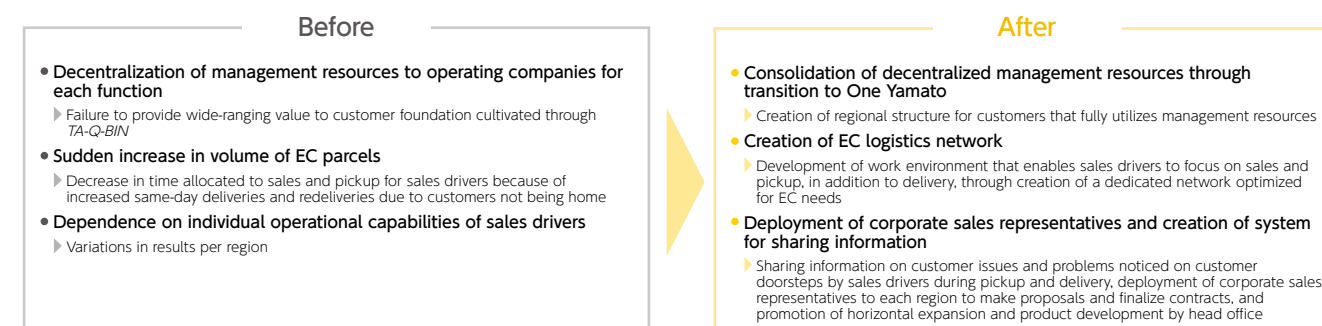
	Customers		Sales leaders	Value provision
Growth domains	Account	EC	Major EC companies	Provision of value that leads to increased sales opportunities, including provision of diverse, convenient pickup and delivery (returns) chosen by end users, simplification of sorting during shipping, lengthening of cutoff times, and provision of fulfillment service for EC store operators
		Global National Area	Healthcare, automobiles, fashion, electronic goods, food products, etc.	Provision of value that leads to customer supply chain reform, such as optimization of logistics and inventory control from end to end of customer supply chains, and business process innovation ▶ Full utilization of domestic and international home delivery, route pickup and delivery, contract logistics, and forwarding functions
Base domain	Area customers		All industries	Provision of value via TA-Q-BIN and other services by proposing detailed solutions as a result of collaboration between corporate sales representatives and sales drivers

Value Provision to Area Customers



Promotion of Value Provision via TA-Q-BIN and Other Services

For area customers, which comprise small-scale customers served by regional sales offices and medium- to large-scale customers served by corporate sales branch offices, we promote value provision via TA-Q-BIN and other services through proposals that utilize detailed solutions and One Yamato management resources as a result of collaboration between corporate sales representatives and sales drivers.



Value Provision to EC Accounts

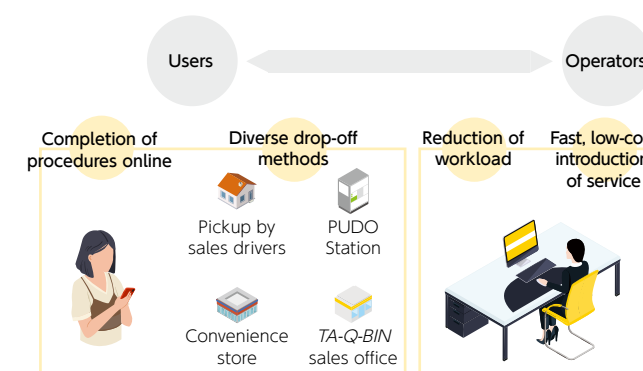
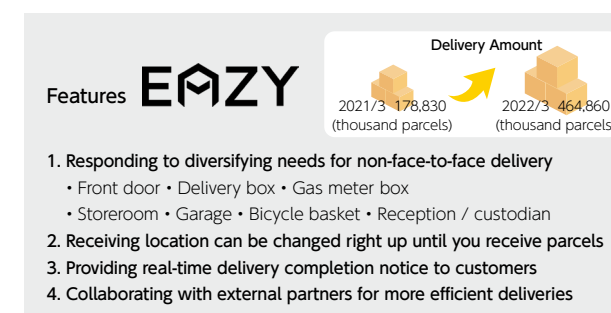


EAZY—Delivery Service for the EC Market

In June 2020, we launched EAZY, a delivery service for EC operators that promotes the enhancement of customer experiences and the optimization of operations by utilizing various digital data based on the newly created system infrastructure.

Provision of Solutions to Optimize Return Operations

We are contributing to the enhancement of convenience for users and the optimization of returning products to operators by providing our digital return and shipping service, which launched in August 2021.



Fulfillment Service for EC Store Operators

Yamato Transport provides value through its fulfillment service for the opening of stores on Yahoo! Shopping and PayPay Mall based on collaboration with Yahoo Japan Corporation. Such value includes stocking products at Yamato Transport's logistics warehouses, providing services on behalf of shop operators from warehousing to shipping, improving convenience through uniform nationwide shipping rates based on size, shortening delivery lead times, and enhancing customer experiences by offering diverse methods for receiving parcels via EAZY.



Value Provision for Corporate Clients from End to End

Value Provision to Global, National, and Area Accounts



Development of LLP Proposals for Optimizing the Entire Supply Chain Global

The Yamato Group aims to provide comprehensive value from end to end for businesses in the upstream and downstream domains as a Lead Logistics Partner (LLP) that realizes sustainable growth for corporate clients as well as to support the innovation of supply chains and the optimization of logistics and inventory control around the world that contributes to better management for our clients.

In September 2022, Yamato Transport signed an LLP contract with Nihon Michelin Tire Co., Ltd. (Michelin) with the aim of rebuilding and realizing a smooth and robust logistics structure for Michelin. Through cooperation and coordination between both companies, we are transforming Michelin's entire supply chain and optimizing logistics and inventory control to reduce total logistics costs in the future, enhance value for Michelin's customers by shortening and stabilizing lead times, and minimize waste. Furthermore, we aim to realize sustainable logistics that have a low impact on the environment by visualizing and reducing greenhouse gas emissions. From September 2022, we partially commenced operations and plan to launch full-scale operations from January 2023.

Realization of Centralized Management by Yamato Transport of the Entire Michelin Logistics Structure

► Consolidation of approximately 20 warehouses into 5 and visualization and optimization of inventory control at each warehouse

Shorten and stabilize lead times for delivery of products and reduce greenhouse gas emissions (Michelin's Scope 3 emissions) by eliminating uneven distribution of inventory, reducing transportation between facilities, and utilizing corporate middle mile networks

► Inventory management system that minimizes waste by tracking the production year of all tires in the inventory

Minimize waste due to expiry (reduce impact on the environment) by managing overall tire inventory by production year and shipping tires that are closer to the expiration date before others

► Order tracking that utilizes a transportation and delivery management system

Enhance the value provided to Michelin's customers by visualizing the delivery status of each order for achieving prompt responses through the Michelin Call Center and merging separate products in the transportation process through the Yamato Group's facilities and transportation and delivery network

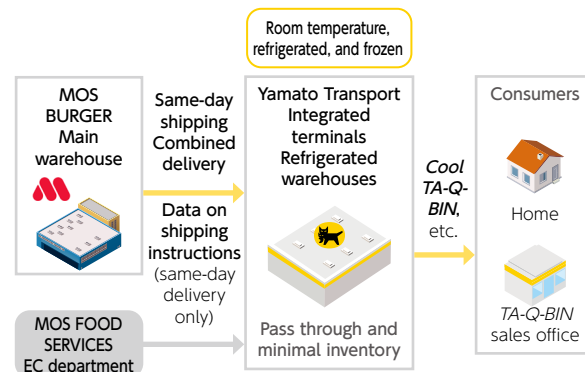
Future Developments

► Support the optimization of logistics and inventory control, including the management of overseas production and the adjustment of shipping volumes, by going back upstream in both the domestic and global supply chains

Creation of Food Product DtoC Logistics System That Utilizes Three Temperature Ranges

National

Yamato Transport collaborated with MOS FOOD SERVICES, INC., operates MOS BURGER, to create a logistics system for the "Life with MOS" direct EC website, which launched in July 2022. By utilizing our nationwide transportation and delivery network that utilizes the three temperature ranges of controlled room temperature, refrigerated, and frozen that we have cultivated since launching *Cool TA-Q-BIN*, as well as sorting facilities with integrated refrigeration functions, we will safely and reliably deliver a variety of products to customers. Furthermore, we are contributing to the optimization of inventory control and logistics by minimizing inventory through same-day shipping on a case-by-case basis and reducing shipping times through the utilization of an assorting system at warehouses.



DIALOGUE

Hiroshi Etani

Senior Managing Executive Officer, Yamato Transport Co., Ltd.
Responsible for Overseeing Corporate Sales and Global Strategy

Takanao Sugiura

Managing Executive Officer,
Yamato Transport Co., Ltd.
Responsible for Sales and
Operation Design

Vision and Possibilities of One Yamato in the Corporate Domain

Currently, the Yamato Group is promoting structural reform aimed at sustainable growth amid significant changes to consumption and supply chains. Two executive officers, Hiroshi Etani and Takanao Sugiura, who are driving this reform, explain the vision and possibilities of One Yamato in the corporate domain.

“Market Environment and Growth Opportunities for the Yamato Group”

Etani The Yamato Group has expertise in each form of transportation and delivery, including *TA-Q-BIN*; logistics services, such as third-party logistics and international forwarding; and distribution channel and logistics support services, such as finance and IT systems. However, we previously only provided single functions in many cases and were unable to sufficiently provide value to customers as we could not combine these functions effectively. By centralizing these functions under Yamato Transport through One Yamato in April 2021, I believe that we are now able to provide even more value than before in the corporate business domain.

While logistics has evolved in recent years due to technology, such as the Internet of Things (IoT), Artificial Intelligence (AI), the utilization of big data, robotics, and blockchain, there have been changes to the corporate R&D, procurement, manufacturing, sales, and after-sales processes as well as the supply chain due to the spread of COVID-19 and the formation of blocs in global economies. We are now in an era where corporations survive by responding flexibly and quickly to various changes in the environment through the just-in-case strategy, not only the

systematic just-in-time strategy. Furthermore, global environmental issues caused by climate change are a serious challenge in the supply chain management (SCM) of corporations and society. The Yamato Group is aiming for further growth by taking these changes as an opportunity to expand the value we provide to customers.

Sugiura One of the Yamato Group's strengths is the expansive customer base it has built up in Japan through the provision of *TA-Q-BIN*. I believe that the key to the Yamato Group's growth is contributing to the improvement of customers' corporate value and the enhancement of customer value through the utilization of our bases and transportation and delivery networks, and the provision of solutions for innovating the supply chains and business processes of these customers.

We will create a supply chain that can respond flexibly to various issues, such as geopolitical risks and the diversification of sales channels, together with our customers as strategy partners based on the acceleration of environmental changes affecting society and our customers. As an example, we have established shipping functions for three temperature ranges—room temperature, refrigerated, and frozen—at the Yamato Group's facilities and a transportation and delivery network to respond to the shift to omni-channel approaches for these three temperature ranges. By combining a *TA-Q-BIN* network that operates *Cool TA-Q-BIN* with route pick-up

Value Provision for Corporate Clients from End to End

DIALOGUE

and delivery functions for corporate customers, we will enhance the value we provide, such as by maintaining refrigeration quality while minimizing the variation of product inventory and creating a detailed delivery system for stores, wholesalers, and individual clients.

“Advancement of Supply Chain Solutions”

Etani To date, the Group's business has been primarily in the downstream domain of the supply chain, namely domestic sales and after-sales services, as a large proportion depended on *TA-Q-BIN*. However, going forward we will expand our business to the upstream domain, namely domestic and international procurement, manufacturing, and R&D, with the entire supply chain as a target for value provision to enhance the value we provide to customers and realize further growth of the Yamato Group. Accordingly, we will expand pickup and delivery networks for corporate clients while strengthening international forwarding, and continue to advance proposals as third-party logistics providers, who are entrusted with overall customer logistics, and optimize logistics and inventory. We will also utilize *TA-Q-BIN* more strategically to innovate customer supply chain management.

Additionally, we are working to strengthen account management to maximize the value we provide through supply chain and business solutions and increase the number of customers that work with us as LLPs (Lead Logistics Partners: partners that handle not only the operation and management of customer logistics but also participate in and provide support for planning customer logistics and creating supply chain management strategies). By classifying customers by industry, scope of supply chain expansion, and other factors and having industry managers (responsible for industries) and account managers (responsible for customers) who thoroughly understand the industry, business, and entire supply chain of our customers, we will propose specific solutions for customer management issues. Industry and account managers conceive realistic solutions for increasing effectiveness while going between the front lines of our customers' businesses and the front lines of the logistics operations of the Group.

Sugiura The person responsible for overseeing operational design finalizes designs for realizing solutions conceived by industry and account managers and is responsible for launching and maintaining stable operations, such as their application in and transfer to the logistics front line. Accordingly, the person responsible for overseeing operational design will establish a project team for each project, which consists of both industry and account managers, and implement optimized simulations based on data that takes into account analyses of logistics characteristics and customer growth strategies to develop the necessary functions and create highly efficient operations while minimizing risks. Furthermore, we will engage in the optimization and reinforcement of logistics operations following their launch by understanding changes in the external environment and customer circumstances and continuing to make improvements.

Etani When proposing optimization of the supply chain to customers, the Yamato Group first carries out an analysis of overall logistics costs. Overall logistics costs comprise the distribution costs across the entire supply chain, inventory costs and personnel expenses associated with logistics such as managing order placement and intake, production, and purchasing stock. Some companies are able to understand the direct logistics costs in sales but are unable to fully visualize their logistics costs in R&D, procurement, manufacturing, and after-sales services or understand their inventory costs (carrying costs incurred by holding stock). Without visualizing the overall logistics costs, it is impossible to optimize supply chains.

We are able to mobilize customer inventory in our network by visualizing the entire inventory, including that which is being transported, in real time, through customer warehouses at the Group's facilities and in our transportation and delivery networks. As a result, we will contribute to reducing overall logistics costs for customers by maintaining the required delivery lead time while optimizing inventory. This solution model provides a structure that prevents moving, storing, or making products unnecessarily, which contributes to reducing our customers' greenhouse gas (GHG) emissions.

Sugiura Low-carbon transition, in particular, is a key issue for the Group from the perspective of supply chain resilience and there are increasing demands from customers with globally developing businesses to reduce GHG emissions. To realize low-carbon logistics, we are working to create a platform for visualizing GHG emissions across the entire supply chain by collaborating with major European logistics companies and examining globally-shared standards for calculating GHG emissions in logistics, in addition to reducing the Group's GHG emissions through electrification of Yamato vehicles and utilization of solar power.

Furthermore, we are working together with customers to create a supply chain network that reduces GHG emissions from end to end, from procurement and manufacturing to sales and transportation, by changing methods for storing and transporting goods. We are concentrating the storage of inventory at certain bases of customers across Japan and utilizing the Group's facilities and transportation and delivery networks to transport and deliver the necessary amount in a timely manner. As a result, we will reduce overall inventory and achieve a reduction in transportation between facilities and transportation of returns, and loss through waste, contributing to the reduction of customer's GHG emissions for Scope 1 and Scope 2 (in-house emissions), in addition to Scope 3 (indirect emissions).

“Human Resource Capability—The Key to Growth for Logistics Companies”

Etani Human resource capability is the source of competitiveness for the Yamato Group and we are developing

human resources based on the Group's medium- to long-term plans. Among the required foundations for human resources, namely mindset, knowledge, and skills, mindset is the most important. I hope that employees place importance on the mindset of providing value to customers, colleagues, and society and giving their own lives value through work.

Next is knowledge of customers' industries, businesses, supply chains, and the management and operations for logistics. Finally, the skills to accurately listen to customer needs, to support these businesses, and to create and provide solutions for optimizing supply chains. We are promoting systematic training that ensures employees acquire knowledge of these concepts. Furthermore, it is vital that we provide on-the-job training by managers on the importance of enhancing the quality and quantity of actions in daily operations to ensure our personnel achieve results.

Sugiura In particular, advanced expertise and experience are essential when developing solutions. Through on-the-job training, we will foster a mindset through which employees can fully understand both the front lines of our customers' businesses and our own front line, enhance the skills necessary to analyze logistics characteristics and develop operations, prepare the tools necessary to achieve this, and reinforce knowledge and skills by recruiting external personnel. By creating project teams with employees from diverse backgrounds to deal with actual projects, we are working to create a system that cultivates a corporate culture in which members can work together and think autonomously while gaining advanced expertise, skills, and knowledge. This can then be shared and passed on within the Company.

“Our Aim to Become a Group That Can Provide a Wide Range of Value to Customers, Industries, and Society”

Etani The Yamato Group does not simply provide logistics functions but business solutions that support the growth of customers' businesses and supply chain solutions that optimize their supply chains. We will create value for our customers' entire supply chains, including the customers and suppliers of our customers. Additionally, we will innovate logistics across the entire industry and society by modeling such solutions and evolving the logistics platform in each customer's industry. Group employees will face customers with this mindset.

PROFILE



Hiroshi Etani

Senior Managing Executive Officer,
Yamato Transport Co., Ltd.
Responsible for Overseeing Corporate Sales
and Global Strategy

After working as 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, director and general manager of the sales division for 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 responsible for the Global SCM Business Division at Yamato Transport Co., Ltd. in April 1, 2021. He has held his current position since February 1, 2022.



Takanao Sugiura

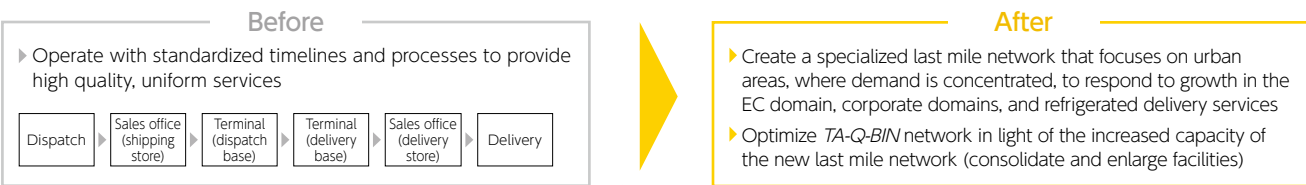
Managing Executive Officer,
Yamato Transport Co., Ltd.
Responsible for Sales and
Operation Design

After working as manager of automated logistics engineering at Toyota Motor Corporation, Mr. Sugiura's work history includes experience as general manager of the logistics solutions business at Toyota Industries Corporation, deputy director of the engineering division of JP Rakuten Logistics, Inc. (seconded), representative senior managing director of Advanced Logistics Solutions Co., Ltd. (third party logistics business of Toyota Industries Corporation), and director, executive officer and manager of the SCM Business at MITSUI-SOKO LOGISTICS Co., Ltd. He joined the Yamato Group in March 2020 and became executive officer responsible for the Corporate Business Unit at Yamato Transport Co., Ltd. in April 1, 2021. He has held his current position since April 1, 2022.

Structural Reform of Networks and Operations

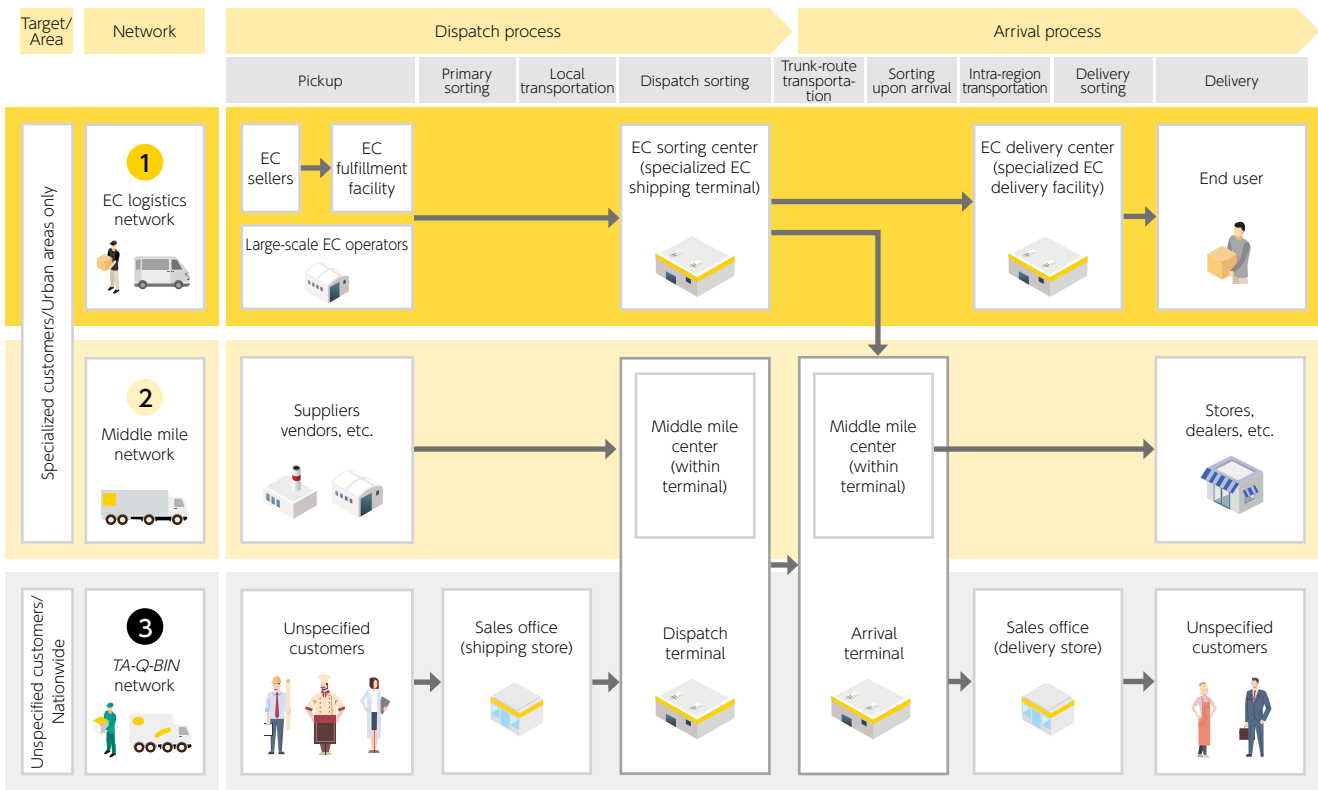
We will optimize costs while responding to needs in growth domains to achieve sustainable growth by drastically reforming the structure of our networks and operations in response to the growth of EC and changes in customer needs and the logistics structures.

Concept and Background of Structural Reforms



- Increase in quantity of large corporate clients
→ Incompatible with the TA-Q-BIN network, which has a principle objective of collecting small-lot deliveries
 - Increase in EC parcels with different timelines and operations
→ Incompatible with existing (TA-Q-BIN) network, which is standardized based on next-day delivery
 - Changes in operational schedule at terminals
→ Shift in time schedule for dispatch and arrival sorting operations
- Details can be found on our corporate website.
https://www.yamato-hd.co.jp/investors/library/business_briefing/pdf/E_network_operations_presentation_220930.pdf

Overview of Network Created through Structural Reforms



Last Mile Carriers

	EAZY CREW	Middle mile drivers	Sales drivers
Network	EC logistics network	Middle mile network	TA-Q-BIN network
Type	Corporate partner (outsourcing contract)	Employee (employment contract)	Employee (employment contract)
Main function	Specialized EC delivery	Route pickup and delivery for corporate clients	Sales, pickup, delivery, etc.
Product	EAZY	All	All
Area covered	Specialized regions (urban areas)	Specialized regions (urban areas)	Nationwide

Specific Initiatives and Targets

<div>1</div> <div>Creation and Development of EC Logistics Network</div> <div></div>	<div>Specific Initiatives</div> <ul style="list-style-type: none">• Establish EC sorting center (specialized EC shipping terminal)• Develop EC delivery center (specialized EC delivery facility)→ Direct connection to EAZY CREW for efficiency	<div>Targets</div> <ul style="list-style-type: none">• Capture EC demand by enhancing service level• Optimize costs by simplifying operational processes and expand controllable capacity through collaboration with business partners▶ For expected results, please refer to page 28.
<div>2</div> <div>Creation of Middle Mile Network</div> <div></div>	<div>Specific Initiatives</div> <ul style="list-style-type: none">• Establish route pickup and delivery→ Delivery of products in the necessary volume, at the required time, and through an appropriate method of transportation, from large-lot to numerous small-lot deliveries	<div>Targets</div> <ul style="list-style-type: none">• Provide one-stop value across customers' entire supply chains by combining transportation and delivery networks, such as warehouses, TA-Q-BIN networks, and route pickup and delivery, with inventory management system▶ For examples of value provided to customers, please refer to page 22.
<div>3</div> <div>Consolidation and Enlargement of TA-Q-BIN Sales Offices</div> <div></div>	<div>Specific Initiatives</div> <ul style="list-style-type: none">• Consolidate and enlarge size of small, multi-store TA-Q-BIN sales offices• Integrate sales offices with terminals (in same building)• Redefine the role of terminals	<div>Targets</div> <ul style="list-style-type: none">• Optimize TA-Q-BIN network in light of capacity of specialized networks for the EC domain, corporate domains (such as large parcels and route pickup and delivery), and refrigerated delivery services• Optimize transportation costs, operational costs, and administrative costs and enhance safety, quality, and employee-friendliness▶ For expected results, please refer to page 28.
<div>2 3</div> <div>Launch of Dedicated Refrigerated Delivery Bases</div> <div></div>	<div>Specific Initiatives</div> <ul style="list-style-type: none">• Launch large-scale consolidated facilities in two locations, with a focus on the Tokyo metropolitan area and three neighboring prefectures (Chiba, Kanagawa, and Saitama)• Minimize duplicate costs through simultaneous redeployment of facilities and personnel	<div>Targets</div> <ul style="list-style-type: none">• Capture demand by expanding capacity to handle delivery of refrigerated products, which is a growth domain▶ For examples of value provided to customers handling room temperature and refrigerated products, please refer to page 22.
<div>1 2 3</div> <div>Reform of Operations and Creation of IT System</div> <div></div>	<div>Specific Initiatives</div> <ul style="list-style-type: none">• Deploy and utilize resources in line with workload and establish mechanisms for adjusting operations in line with capacity	<div>Targets</div> <ul style="list-style-type: none">• Promote the above initiatives and enhance their results• Optimize costs by implementing operations in line with workload

Structural Reform of Networks and Operations

Anticipated Effects (The Last Year of One Yamato 2023)

1 Creation and Deployment of EC Logistics Network



- Promote efficiency by directly connecting EAZY CREW with EC sorting centers (specialized EC shipping terminals) and EC delivery centers (specialized EC delivery facilities)

Phase One: April 1, 2020 to March 31, 2021

Creation of EC last mile network (organizing of EAZY CREW)

Phase Two: July 1, 2021 to March 31, 2022

Creation of EC sorting center

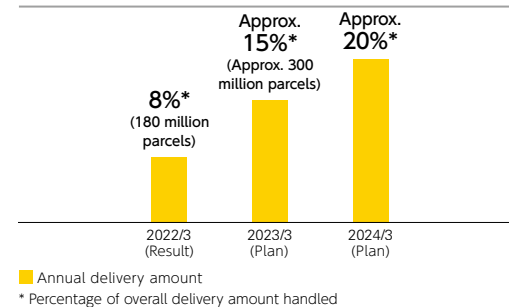
Phase Three: From October 1, 2022

Development of EC delivery center

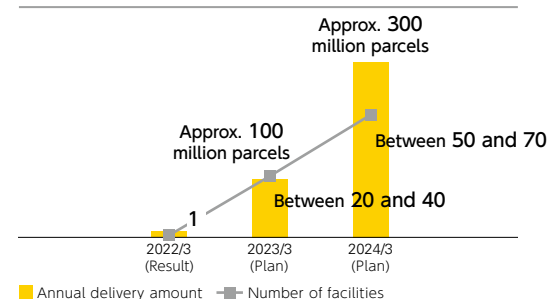
Reduce operating costs by increasing the number of EC parcels handled through simplified processes while optimizing costs through the consolidation of regional sales offices where EC parcels are transferred

Anticipated Effects Reduction of Operating Expenses : ¥24 billion

Annual Delivery Amount of EC Sorting Centers (Four Locations)



Annual Delivery Amount of EC Delivery Centers / Number of Facilities



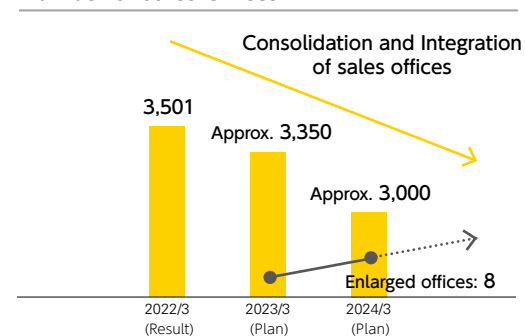
3 Consolidation and Enlargement of TA-Q-BIN Sales Offices

- Rebuild the existing TA-Q-BIN network in conjunction with separating operations, such as EC delivery and the delivery of products for corporate clients, by creating an EC logistics network and middle mile network
- Optimize transportation, operation, administration, and management costs and enhance safety, quality, and employee-friendliness at each location by consolidating and enlarging small, multi-store TA-Q-BIN sales offices (focused on urban areas)
- Optimize transportation and operation costs by integrating terminals with TA-Q-BIN sales offices and separating dispatch and arrival operations through the redefinition of functions at existing terminals

Commence operations at eight large-scale locations with terminal functions in conjunction with consolidating TA-Q-BIN sales offices to optimize transportation, operation, administration, and management costs at each location

Anticipated Effects Reduction of Operating Expenses : ¥8 billion

Number of Sales Offices



Shorten the time to commence operations by utilizing multi-tenant facilities

MESSAGE

We will contribute more than ever before to customers' businesses and lifestyles by realizing fast shipping and enhanced quality, in addition to optimizing costs, through the structural reform of networks and operations.

PROFILE

Akihiro Kazuma

Senior Managing Executive Officer,
Yamato Transport Co., Ltd.
Responsible for overseeing Transport and
Delivery Operation

Mr. Kazuma's work history includes time at Nissan Motor Co., Ltd. and Nissan North America, Inc. as well as experience as director of Supply Chain Management and Transportation and vice president of Operations, JP Supply Chain Management and Transportation at Amazon Japan G.K. He has been in his current position since May 2022.



Changes in Operation Following a Shift in Composition of Customers and Packages

Yamato's annual delivery amount has increased by approximately 900 million parcels in the last 10 years, following the progress of e-commerce (EC) adoption in all industries. In particular, there have been changes in the way essential operations are carried out in the process of delivering parcels from clients to recipients, including pickup, transportation, sorting, and delivery, alongside a clear increase in business-to-consumer parcels from large corporate clients.

For example, major EC operators tend to set up large warehouses near cities, including in Tokyo and three of its neighboring prefectures (Chiba, Saitama, and Kanagawa), where demand is concentrated, to ship large volumes of packages. They do not have small-lot pickup operations from numerous locations to meet conventional customer-to-customer demand. There have also been changes in the timeline of transportation and sorting operations. Conventional TA-Q-BIN has standardized operations with a basic timeline of daytime pickup, nighttime shipping, sorting, and trunk-route transportation, with delivery from the next morning. For EC parcels, there have been deviations from the conventional timeline of operations, as well as a drop in operational efficiency and appearance of additional costs to ensure the sequential packing and shipping of late-night orders by buyers.

Initiatives for Structural Reform of Networks and Operations

Under the medium-term management plan "One Yamato 2023," we are engaging in the structural reform of networks and operations by optimizing costs while responding to these changes and meeting needs in growth domains to achieve sustainable growth.

First, we are working ahead of the curve to create an EC logistics network that leads to revenue growth for Yamato, which is seeing increasing demand for EC. By creating a specialized EC network that enables us to be responsible for consistent operations, from pickup and sorting to transportation and delivery of packages from major EC operators, we will optimize costs by expanding capacity and simplifying operational processes as well as enhance flexibility in response to fluctuations in demand.

At the same time as the creation of this EC logistics network, we are making progress with consolidating and increasing the size of TA-Q-BIN sales offices. To date, we have been integrating the small-scale, multi-store bases in a timely manner; however, we are

strategically consolidating and enlarging bases currently existing linked with the separation of transporting and delivering EC parcels. At the same time, we are also reviewing the purpose of facility functions. We have traditionally carried out sorting operations for shipping and delivery at the same facility. Since there has been a shift in the balance of these two, going forward, we will optimize operations by operating isolated sorting facilities for shipping and delivery and consolidating and integrating sorting operations for packages for delivery with larger sales offices. Regarding our refrigerated delivery service that handles refrigerated and frozen products, we will create specialized refrigerated sorting facilities and delivery bases in urban areas, maintain and enhance quality, and expand capacity in response to an increase in demand for pick-up and the need for refrigerated delivery for corporate clients during the COVID-19 pandemic.

At the same time, we will engage in creating an operational structure to maximize the effects of these initiatives. For example, since not all parcels are designated to be delivered in the shortest time possible and there are packages with time before their designated delivery date, we can enhance the productivity of our networks if we can standardize the workload by holding these parcels back. We will standardize operations by managing capacity and utilize data and digital technology to create a structure that flexibly changes operations in response to factors such as customer demand and capacity status while integrating ideas from the front line.

These are significant issues that we should tackle in the medium to long term and we will continue to do so during and beyond the period of the medium-term management plan, leading to the creation of further value.

Aim to Create Infrastructure That Satisfies Both Customers and Employees

Our structural reform of networks and operations aims to optimize costs, make operations more efficient, enhance the speed and quality of speed and shipping, and improve the working environment and safety of employees. In reality, by creating an EC logistics network for large corporate clients we have been able to shorten the lead time for shipping through measures including the extension of operational hours for next-day and same-day shipping. We will promote these transformation initiatives with the aim of further contributing to growth in the businesses, lifestyles, and industries of our customers as a part of the social infrastructure, not just our own growth.

Promotion of Digital Strategies That Support the Transformation of “One Yamato 2023”

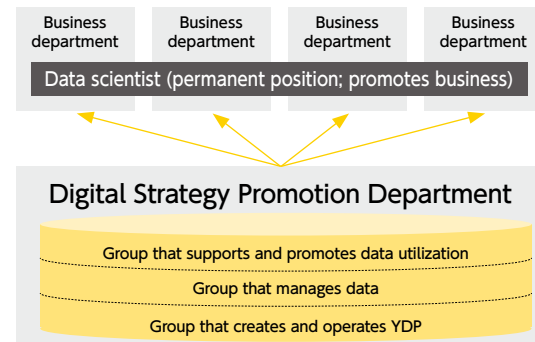
We are promoting Groupwide digital transformation (DX) with the aim of changing the organization and operations and of drastically reforming all of our Group businesses through digital technology. With the shift to data-driven management as a fundamental strategy, in addition to updating the existing core systems, we are engaging in the maintenance of digital data and the strengthening of our digital foundation to further advance the utilization of data.

Digital Strategies

Digital Strategies	Key Results and Initiatives from the Fiscal Year Ended March 31, 2022
<ul style="list-style-type: none"> Creation of digital platform through incorporating cutting-edge technologies 	<ul style="list-style-type: none"> Completion of the Yamato Digital Platform (YDP) → Promotion of connecting with, analyzing, and utilizing data in real time by transitioning from the existing system to the YDP
<ul style="list-style-type: none"> Data-driven management (Employment of forecast-based decision-making and implementation of measures) 	<ul style="list-style-type: none"> Shortening of the improvement cycle for the advancement and enhancement of accuracy for workload forecasts by improving forecast models Launch of the development of workload forecasts that respond to changes in the business environment and in-house operations quickly and flexibly
<ul style="list-style-type: none"> Integration of corporate customer data to strengthen account management 	<ul style="list-style-type: none"> Completion of the integration of customer data across the entire Group Reinforcement of account management by visualizing and analyzing income and expenditures for each customer
<ul style="list-style-type: none"> Improvement of service levels through real-time freight flow data 	<ul style="list-style-type: none"> Improvement of the convenience of each function provided to <i>Kuroneko Members</i> Development of a system that provides information on the domestic and international location of parcels and temperature changes in real time
<ul style="list-style-type: none"> Optimization and advancement of resource allocation by visualizing operations and costs 	<ul style="list-style-type: none"> Development of a real-time dashboard that visualizes the operational status of sorting facilities and trunk-route transportation

Promotion System

In Yamato Transport's Digital Strategy Department, which promotes Groupwide digital strategies, a team is assigned to operate and reinforce the digital foundation, which is the platform for digital strategies; process and analyze data; and support data utilization across all departments. At the same time, data scientists are permanently stationed in each business department to promote the utilization of data and collaboration between the Digital Strategy Department and each business department. Under this promotion system, we support the digital aspects of structural reforms through repeated decision-making and hypothesis verification based on data.



Development of DX-Savvy Human Resources

In the fiscal year ended March 31, 2022, we launched the Yamato Digital Academy (YDA), a digital training program that comprises a position-based training curriculum to raise the level of digital literacy among employees, including executive officers, and rapidly train human resources in the digital domain. During the period of the current medium-term management plan, approximately 1,000 people are expected to enroll in the Yamato Digital Academy. In the first year of the plan, approximately 300 people participated in training and are now leveraging the knowledge and skills they have learned in their work.

Furthermore, to recruit DX-savvy human resources, we hold competitive events for data analysis and system development, which utilize delivery data in ways close to actual conditions, to promote understanding of the Yamato Group's initiatives among external human resources in the digital domain and to engage in securing talented human resources.

Yamato Digital Academy Initiatives (Fiscal Year Ended March 31, 2022)

Target	Vision	Content of Training	Attendance Results
Executive Officers	Analysis of management resources essential for DX, risk awareness improvement, and implementation of data-driven management	DX promotion and development of policies	All executives of Yamato Holdings and Yamato Transport
Digital Department	Recognized as a partner by business department leadership and at the core of project promotion	Data science, project management, architect training, etc.	Approximately 160 employees
Business Department (Head Office)	Collaborate with the digital department, promote reform as a DX leader, and contribute to enhancing profitability	DX leader human resource development program	Approximately 40 people
Business Department (Regional Branches)	Master digital tools to promote further advancement and efficiency through devices unique to the front line	Digital tool training, etc.	Approximately 110 employees

Events Held in the Fiscal Year Ended March 31, 2022		
Data analysis competition	Two times	39 participants
Hackathon	Two times	53 participants

Examples of Initiatives

1 Advancement of Workload Forecasts

We are utilizing data extracted from various services operated under the Yamato Digital Platform to advance workload forecasts and improve operational efficiency. Regarding workload forecasts, in addition to improving forecast models on a monthly basis through a machine learning model, we have created an algorithm to gather information from interviews with medium- and large-lot customers, such as sales implementation schedules and sales estimates, and reflect this in our forecasts to improve their accuracy. We aim to balance the provision of stable, high-quality services with optimized costs by creating personnel and vehicle plans for *TA-Q-BIN* sales offices, sorting terminals, and trunk-route transportation based on daily forecasts created up to three months in advance to carry out actual operations. Furthermore, to improve the efficiency of operations, we are providing an environment where frontline employees, including sales drivers and guest operators, are even more customer-facing. We are achieving this by making pickup and delivery operations more efficient through the development of functions that automatically create a route by scanning the delivery address and time period on delivery slips and digitalizing and streamlining back-office work, such as inventory of materials and reporting abnormalities with packages. We will create a system to adjust and optimize operations according to factors including customer demand and capacity with the aim of further improving efficiency of operations.



2 Provision of Solutions That Utilize Data

By not only delivering products but also providing their tracking information leading up to their current form as added value, we are working to provide services and optimize the supply chain to meet the needs of diverse corporate clients. For example in logistics for special pharmaceuticals, which require strict temperature controls, we are utilizing the Yamato Digital Platform and IoT devices, which can track package data in real time. Through this we have created a system capable of real-time monitoring of packages for information on their location, temperature, humidity, exposure to light, and vibrations due to shocks, from the receipt of packages to delivery. As a result we are contributing to maintaining the quality of and reducing waste for pharmaceuticals.



Image of monitoring system

3 Provision of More Convenient Pickup Experiences by Enhancing *Kuroneko Members* Functions

From March 2022, we shifted *Kuroneko Members*, the service for individual clients that has over 50 million registered members, to the Yamato Digital Platform. By utilizing various data under the Yamato Digital Platform, we provide services that fit customers' lifestyles and meet their diverse needs, such as unifying and providing various forms of information,* which users previously had to check the attempted delivery notice or homepage for, in addition to real-time coordination with delivery status.

* Newly provided information for *Kuroneko Members*:

- Details of packages (sender, product name, and size)
- Barcode for receiver (when collecting a package away from home)
- Number and passcode for home delivery boxes
- Pickup and delivery regulations for applicable areas

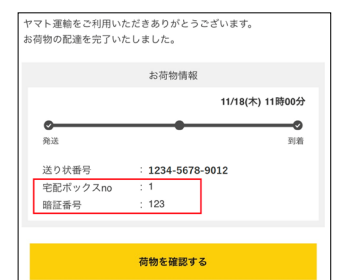


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Digital Investment

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 Meetings, which regulate Groupwide digital investment.

Results of Digital Investment for the Fiscal Year Ended March 31, 2022

Digital Investment	2022/3 (Results)
Enhancement of value provided to customers	¥8.0 billion
Improvement of operational efficiency for transportation and delivery	¥6.2 billion
Creation and maintenance of digital infrastructure	¥11.8 billion
Other	¥1.8 billion
Total	¥27.8 billion

Strengthening of Sustainable Management

At a time when society as a whole is facing many urgent issues, such as climate change, the declining workforce, human rights, and inequality, it is becoming increasingly important that corporations also diligently face these issues and participate in resolving them. The Yamato Group is promoting sustainable management in order to achieve long-term targets, such as our environmental and social visions for a sustainable future, and climate neutrality by 2050.

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 greenhouse gas emissions*1 and by creating business models based on sustainable resource use and consumption.

*1 In-house emissions (Scope 1 and 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.

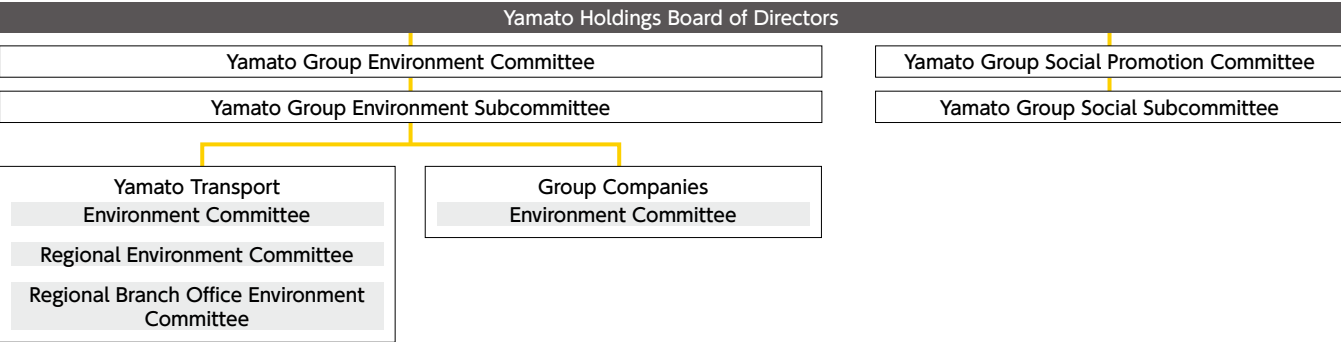
By promoting digital innovation and our strengths offline, as well as co-creation with various partners, we will be a leader in solving social challenges and creating a society that leaves no one behind.

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

Sustainability Promotion System

We established a dedicated department at Yamato Holdings to oversee the Groupwide promotion of sustainability. Additionally, we deployed personnel responsible for sustainability at each Group company to promote sustainability Groupwide.

With the president as chairperson and members comprising the executives (including senior managing executive officers and managing executive officers) of Yamato Transport and the presidents of major Group companies, the Yamato Group Environment Committee and the Yamato Group Social Promotion Committee meet once a year and share information about and discuss issues related to sustainability. Key agenda items are appropriately discussed and resolved at Management Committee meetings and Board of Directors meetings.



Material Issues

Material Issues	Themes of Initiatives	Vision	Risk/ Opportunity	Related SDGs
Energy & Climate	Mitigate climate change	Reduce greenhouse gas 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	9, 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 for labor and promote “decent work”	Risk Opportunity	9, 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

Identification of Material Issues



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, 2022, the first year of these plans, we have made steady progress in achieving targets under the sustainability promotion system we have developed. We will continue to make improvements by reviewing and adopting additional measures based on current issues while engaging in the promotion of measures, the enhancement of training, and other actions.













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, 2022	Examples of Initiatives
	Energy & Climate Mitigate climate change	■ Reduce greenhouse gas emissions 10% compared with the fiscal year ended March 31, 2021*1	■ 2% decrease	• Development and verification of electric vehicles • Visualization of the operational status of vehicles and reduction of inefficient routes • Implementation of a modal shift • Consolidation of touch points (facilities) and installation of LED lights (495 facilities) • Establishment of a specialized department (Green Innovation Development Department) to promote the development and introduction of vehicles and equipment that contribute to reducing greenhouse gas emissions
		■ Reduce greenhouse gas emission intensity 10% compared with the fiscal year ended March 31, 2021*1,*2	■ 2% decrease	
		■ Achieve 30% usage rate of electricity generated via renewable energy sources*3	■ 11% usage rate	
	Atmosphere Clean up the skies (prevent air pollution)	■ Reduce NOx and PM emissions from vehicles 25% compared with the fiscal year ended March 31, 2021*4	■ NOx emissions: 9% decrease ■ PM emissions: 3% decrease	• Holding of discussions and implementation of technical checks on automated mobility with suppliers that contribute to low-carbon transportation and the prevention of air pollution
		■ Introduce vehicles that emit fewer air pollutants	■ 3,200 vehicles introduced	
	Resource Conservation & Waste Promote resource conservation and reduce waste	■ Use 55% renewable resources and recycled materials for paper materials*5	■ 52% usage rate	• Use of renewable resources and recycled materials for containers and packaging materials • Launch of studies into the development of materials for reuse and common reusable materials
		■ Reduce landfill disposal rate (final disposal rate) to 5% or less*6	■ 10% disposal rate	
		■ Provide products utilizing recycled materials and resource saving materials	■ Identification of target materials and partial switch to resources that utilize recycled materials	
	Resilience of Companies & Society Support a society that combats environmental changes	■ Advance green logistics in collaboration with our business partners	■ Determination of methods for understanding the greenhouse gas emissions of our transportation partners	• Addition of function for collecting data on greenhouse gas calculations to an application for understanding the operational status of transportation partners
		■ Collaborate with society to improve environmental resilience (verify and share information about mitigating climate change)	■ Launch of discussions aimed at the collaborative development of cartridge batteries and sharing of disaster forecasts based on data from the Japan Meteorological Agency with transportation partners	
		■ Provide environmentally friendly products and services*7	■ Determination of evaluation methods and standards for the environmental burden and effects of services and products	

Medium-Term Social Plan 2023				
Material Issues		Targets for the Fiscal Year Ending March 31, 2024	Progress in the Fiscal Year Ended March 31, 2022	Examples of Initiatives
	Labor Create a work environment where employees can thrive	■ Improve operating revenue per employee	■ Operating revenue per employee: ¥12,550,000 (107.9% compared with the fiscal year ended March 31, 2021)	• Expansion of scope for expired paid leave and dependency allowance as part of treatment and development of equal pay for equal work • Expansion of scope for specialized human resource system • Completion of development of support system for life events, such as a redundancy payment system and an insurance system • Launch of educational organization (Kuroneko Academy) and completion of creation of an in-house instructor system • Increase in training opportunities for employees through introduction of video training tools
		■ Reduce overtime for employees 20% compared with the fiscal year ended March 31, 2021	■ 11.4% decrease	
		■ Achieve 90% annual paid leave utilization	■ 90.5% usage rate	
	Human Rights & Diversity Create a corporate culture that respects human rights and diversity	■ Achieve 100% attendance at human rights training for all employees	■ Held human rights training for 390 new assistant managers	• Formulation of Yamato Group Human Rights Policy and commencement of human rights training for employees • Translation of work rules, employment documents, and workplace notices into numerous languages • Introduction of a system to support diverse workstyles that utilize the in-house intranet and share information on role models for female managers in the internal newsletter • Implementation of training for managers responsible for promoting employment of people with disabilities and sharing of productive examples of employment of people with disabilities
		■ Ensure percentage rate of employees with disabilities is 2.5%	■ 2.6%	
		■ 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	■ 1.03 times (384 women)/5.6%	
	Safety & Security Create initiatives to carry out business in a safe and secure manner	■ Achieve zero serious traffic accidents (fatal traffic accidents for which the Company is responsible)*3	■ Zero accidents	• Provision of coaching through ride-along guidance and dashcam videos • Implementation of safety training and skill tests for safety experts • Introduction of equipment for supporting safe driving (rear sensors) • Creation of operational implementation system in accordance with the occupational health and safety management system
		■ Reduce number of traffic accidents (where bodily injury occurs) 50% compared with the fiscal year ended March 31, 2020*3	■ 27.1% decrease	
		■ Achieve zero serious occupational diseases (work-related deaths)*3	■ Zero	
		■ Reduce frequency of lost workday injuries*8 by 20% compared with the fiscal year ended March 31, 2020*3	■ 9.5% increase	
	Data Utilization & Security Create an information security infrastructure	■ Develop an infrastructure for creating businesses that utilize data to resolve social issues	■ Completion of system and framework for the organizational implementation of data inquiries and data coordination	• Consideration of measures for reducing risks in utilizing and applying data • Information security training for all employees (100% attendance rate) • Provision of video training for business partners (part-time workers, Kuroneko Mate, pickup and delivery consignment, and subcontractors) • Establishment of a specialized department for cybersecurity measures (YAMATO CSIRT)
		■ Achieve zero serious information security incidents	■ Zero	
		■ Ensure 100% deployment of information security managers at major organizations and 100% implementation of training for information managers*4	■ 100%	
	Supply Chain Management Develop a common understanding with stakeholders	■ Complete development and demonstration of monitoring framework*4	■ Formulation of Yamato Group Responsible Procurement Policy	• Preparation for the implementation of monitoring tests (such as the selection of key suppliers and examination of questionnaires)
			■ Formulation of Yamato Group Business Partner Guidelines	
	Community Create corporate citizenship activities that are rooted in local communities and create a framework for business creation	■ Complete development of a framework to measure effectiveness of corporate citizenship activities and business in resolving social issues	■ Formulation of guidelines for corporate citizenship activities	• Finalization of corporate citizenship activity policy and important themes (safety, the environment, diversity and inclusion, and community) • Examination of the system for promoting corporate citizenship activities • Creation and development of an in-house promotion system aimed at resolving social issues
			■ Determination of important themes for businesses that resolve social issues	

*1 In-house emissions of consolidated companies in Japan and Swan Co., Ltd. (Scope 1 & Scope 2) *2 tCO₂e/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

Environmental Strategies for Realizing Green Logistics

In order to achieve corporate management that works in harmony with the environment, the Yamato Group is striving to understand and reduce the environmental impact of its business and create environmental value that contributes to the development of society.

We recognize the risks and opportunities of climate change as a management issue. Accordingly, we are pursuing services that help reduce greenhouse gas (GHG) emissions, in addition to reducing the environmental impact of our business. We are also undertaking serious efforts to mitigate and adapt to climate change while making proposals for deregulation and collaborating with local governments in order to achieve Sustainable Medium-Term Plans 2023 and our long-term target of realizing climate neutrality.

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) and announced our support for the TCFD recommendations in September 2022.

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 has established an environmental management system under the supervision of its Board of Directors, with the Yamato Group Environment Committee as the main decision-making body, which deliberates, makes decisions, and supervises with regard to environmental issues, including climate change. The president serves as chairperson of the Yamato Group Environment Committee and is the supervisor responsible for the environmental management system. Important matters, such as basic Groupwide environmental policies, which include environmental issues discussed by the Yamato Group Environment Committee, are debated and decided on at Management Committee meetings and Board of Directors or management meetings

Executive officers in the environmental field, regional directors, and presidents of Group companies are responsible for ensuring the implementation, maintenance, and supervision of environmental management, in addition to being responsible for conditions for enabling execution, which involves preparing necessary management resources, among other duties. 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.

▶ For the framework, please refer to **page 32**

Strategy

The Yamato Group believes that it is important to divide the consideration of climate change-related environmental risks into appropriate periods of time, since they have the potential to impact the business activities of the Company and its stakeholders over the long term. Thus, the 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 Medium-Term Environmental Plan 2023–2030, which has been 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. We recognize that our finances will be severely impacted if a carbon tax is imposed on GHG emissions resulting from Yamato vehicles and facilities. If we are unable to meet the demands of the low-carbon transition to reduce GHG emissions, our finances will be significantly impacted by a decrease in revenues due to changes in customer needs against a backdrop of increased environmental awareness. As such, we are introducing electric vehicles (EVs), installing solar power generation equipment, and transitioning to use of electricity generated via renewable energy sources to reduce GHG emissions. Furthermore, as a response to physical risks, we open stores by utilizing hazard maps and periodically review our business continuity planning manual to prevent the suspension of operations due to an increase in the severity and frequency of abnormal weather and expanding repair costs due to damage to and loss of facilities and equipment caused by abnormal weather.

Going forward, we will continue to assess the impact of the risks and opportunities that may arise.

STEP 1 Assessment of Risk Importance

Assumed time period: short term (up to 2023), medium term (up to 2030), and long term (after 2030)
Level of importance: high (annual financial impact of over ¥10 billion), medium (between ¥1 billion and ¥10 billion), and low (less than ¥1 billion)

Risk Classification				Risk	Opportunity	Level of Importance
Major category	Core category	Subcategory	Assumed time period			
Transition risks	Policy and Legal	Carbon price	Medium term	• Reduction in revenues due to inability to reflect carbon tax in price	• Increase in revenues through sale of low-carbon logistics as high added value	High
		Reinforcement of mandatory emissions reporting	Medium term	• Decrease in revenues after loss of customer trust if errors are detected in our reporting • Increase in system development costs and personnel expenses in response to requirement by clients for precise GHG emissions	—	Low
	Technology	Increase in expectation to introduce new technology and provide high-value-added services	Medium term	• Decrease in revenues due to delay in popularizing methods of transportation and materials that reduce GHG emissions following transition to a low-carbon society	• Increase in revenues by being selected as a partner by customers through introduction of methods of transportation that reduce GHG emissions following transition to a low-carbon society	Low
		Demand for realizing low-carbon transportation	Medium term	• Increase in costs following introduction of low-carbon vehicles and equipment	• Decrease in procurement costs due to transition from use of fossil fuels to electricity by trucks if low-carbon transportation, such as EVs, is actively introduced	Medium
	Market	Changes in energy mix	Medium term	• Increase in cost of energy used by vehicles and facilities as a result of rising fuel and energy prices due to popularization of energy conservation	• Increase in energy self-sufficiency and decrease in energy costs due to introduction of renewable energy generators and power generation equipment and to promotion of energy-saving activities	Medium
		Increase in environmental awareness of consumers, corporate clients, and regular customers	Medium term	• Decrease in revenues due to avoidance of Yamato services if the Company's efforts to reduce GHG emissions throughout supply chains of customer companies and organizations are insufficient as well as to increased awareness of climate change and ethical consumption by consumers	• Increase in revenues due to Yamato services being selected worldwide, particularly within the European Union, where environmental awareness is high, and by customer companies and organizations—whose entire supply chains have seen reductions in GHG emissions—as well as a heightening of awareness regarding climate change and ethical consumption by consumers if their needs can be met • Reduction of working hours and related costs through enhancement of delivery efficiency as a result of a drop in people being away from home at the time of delivery	High
		Criticism of industrial sectors	Medium term	• Reduction in revenues if low-carbon transportation cannot be realized, since there are high expectations for transportation as Scope 3 in other industries	—	Low
	Reputation	The impact on fundraising	Medium term	• Difficulties with fundraising if Yamato business is not classified as sustainable	• Increase in ease of fundraising as a result of diversification of financing following transition to a low-carbon society • Realization of stock price stability and expansion of investment as making a high reputation on the environmental initiatives	Low
		Physical risks	Increased severity and frequency of abnormal weather	Short term	• Decrease in revenues as the frequency of abnormal weather increases and causes numerous cases where operations are suspended due to injury to employees, delays in recovery at afflicted facilities, and power and fuel supply shortages • Decrease in revenues if our customers cannot ship packages as a result of damage to customer facilities or products • Increase in damage to and loss of logistics facilities, equipment, and freight, as well as the associated repair costs	• Increase in revenues by enhancing our natural disaster response capability following a rise in demand from customers who worry about the increasing severity of natural disasters in the future • Reduction in loss of business opportunities and costs related to recovery by quickly relocating facilities to places with a low risk of damage
	Changes in rainfall patterns and extreme fluctuations in weather patterns		Medium term	• Decrease in revenues by reducing shipping volume from customers suffering severe impacts from climate change and water risks • Increase in response costs after delivery delays arise due to road infrastructure being cut off because of flooding	—	Low
Rising sea levels	Long term		• Increase in costs due to water damage response costs and the impact of rising insurance rates at logistics facilities positioned in coastal areas following a rise in sea levels	—	Low	
Rise in average temperatures	Long term		• Increase in the number of employees suffering from poor health, such as heatstroke, due to rising average temperatures, as well as a difficulty in personnel recruitment in addition to higher employee turnover leading to an increase in costs, such as personnel expenses and recruitment costs • Increase in heating and lighting expenses as a result of high energy consumption costs related to temperature control in logistics facilities due to rising average temperatures • Decrease in revenues from delivery of fresh produce due to inability to harvest local products	—	Low	

STEP 2 Definition of Scenario Categories		
We predicted two scenarios (referencing the 1.5°C scenario and 4°C scenario, as well as the 2°C scenario when no scenario exists for 1.5°C) for Yamato Transport in the fiscal year ended March 31, 2022, based on information* from the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA).		
* 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		
1.5°C Scenario	The incurrance 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		STEP 4 Direction of Countermeasures	
Financial impact assessment regarding decreasing revenues and increasing repair costs for facilities and equipment due to abnormal weather and disasters	Business impact of decreased sales 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	<ul style="list-style-type: none">• 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• Commencement of testing for use of renewable energy and EVs with cartridge batteries that enhance resilience• Continual 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	
Financial impact due to introduction of a carbon tax	Business impact related to calculations if a carbon tax is fully introduced, assuming no measures are taken after the current Sustainable Medium-Term Plan 2023 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)	<ul style="list-style-type: none">• 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 solar power generation equipment, etc. ⇒ Expected result: Reduction of business impact due to introduction of 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, reinforcement of other measures, etc. ⇒ Expected result: Elimination of business impact due to introduction of carbon tax by 2050• Examination of introducing internal carbon pricing with the aim of proactive capital expenditures in low-carbon transition	
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.			

Environmental Strategies for Realizing Green Logistics

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.

With the president as chairperson and members comprising executive officers and regional executive officers of Yamato

Transport, and the presidents of major Group companies, the Yamato Group Environment Committee meets once a year and shares information about and discusses issues and risks related to the environment, including climate change. Key agenda items are appropriately discussed and resolved at Management Committee meetings and Board of Directors meetings.

Indicators and Targets

Targets for reducing GHG* emissions

* In-house emissions (Scope 1 and Scope 2)

Short Term: 10% decrease by 2023 compared with the fiscal year ended March 31, 2021

Medium Term: 48% decrease by 2030 compared with the fiscal year ended March 31, 2021

Long Term: Virtually zero emissions (Climate neutrality) by 2050

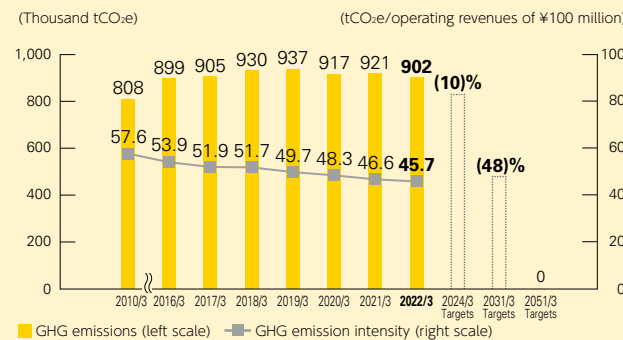
Targets for percentage of electricity generated via renewable energy sources

Short Term: 30% by 2023

Medium Term: 70% by 2030

We will implement measures for achieving the above targets 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.

GHG Emissions / GHG Emission Intensity



Note: Some data from the fiscal years ended March 31, 2021, has been revised.

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

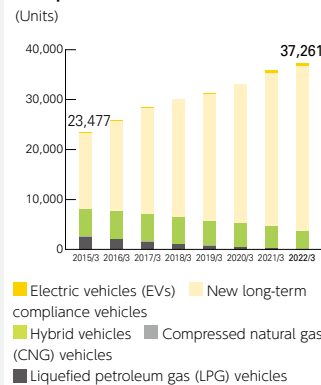
Concrete Initiatives for Achieving Climate Neutrality

Introduction of Low-Carbon Vehicles

One of the Company's main measures is the introduction of 20,000 EVs.

From November 2021, we carried out demonstration tests of the ultra-low-floor, walk-through, light-duty battery-electric vehicle (EV) Hino Dutro Z EV in collaboration with Hino Motors and confirmed that the vehicle sufficiently reduced GHG emissions, increased efficiency, and decreased the workload in pickup and delivery operations. From the fiscal year ending March 31, 2023, we will gradually introduce 500 vehicles, mainly in urban areas.

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



Features of Vehicles

- Compact chassis
- Low hip-point
- Walk-through design
- Ultra-low-floor design
- High degree of quietness
- Equipped with advanced safety technology

Standardization and Commercialization of Cartridge Batteries

Yamato Transport and Commercial Japan Partnership Technologies Corporation (CJPT) began studies to standardize and commercialize removable and portable cartridge batteries as part of energy management aimed at achieving a carbon-neutral society.

We will advance the utilization of Electric Vehicles (EVs) and green power and examine ways to contribute to local communities (resilience) by supplying energy, such as delivering cartridge batteries during disasters and to regions where it is difficult to maintain a power infrastructure.

Details of Study and Expected Results

1. Decrease in costs of introducing EVs: Reduce vehicle costs by equipping them with batteries sufficient for distance traveled
2. Decrease in burden of charging for drivers: Reduce workload by shortening charging times and simplifying operation
3. Decrease in logistics downtime: No interruptions during pickup and delivery operations since vehicles do not need to stop for long while charging their batteries
4. Standardization of demand for electricity: Charge replacement batteries even when vehicles are not in operation to optimize contracted volume of electricity by spreading out charging time

Note: CJPT is a company that plans and develops CASE (connected, autonomous, shared & service, and electric) technology for commercial vehicles and which is funded by four car manufacturers

Examination of Common Global Standards for Calculating GHG Emissions in the Logistics Domain with DPDgroup

Opportunity Creation

In July 2022, Yamato Holdings and France's DPDgroup, which has the largest delivery network in Europe, signed a basic agreement with the aim of cooperating in the environmental domain, such as by examining common global standards for calculating GHG emissions. Both companies will collaborate and carry out initiatives in the environmental domain to realize a sustainable society and green logistics.

Details of Agreement

Examination of Common Global Standards for Calculating GHG Emissions in Logistics

Visualization of corporate GHG emissions across the entire supply chain by standardizing basic calculations utilized by individual logistics companies

Sharing of Knowledge in the Environmental Domain

Sharing of information in four fields (climate change mitigation, air pollution prevention, resource-recycling promotion, and resilience improvement for society and companies)

Development and Demonstration Projects to Realize Green Delivery

Risk Reduction Opportunity Creation

Yamato Transport will quickly identify issues that could emerge if EVs are introduced on a large scale and develop technology with large-scale demonstrations to resolve these issues.

These demonstration projects have been subsidized by the New Energy and Industrial Technology Development Organization (NEDO), a national research and development agency in Japan.

Demonstration Test

Introduction and Operation of EVs to Realize Green Delivery

Overview

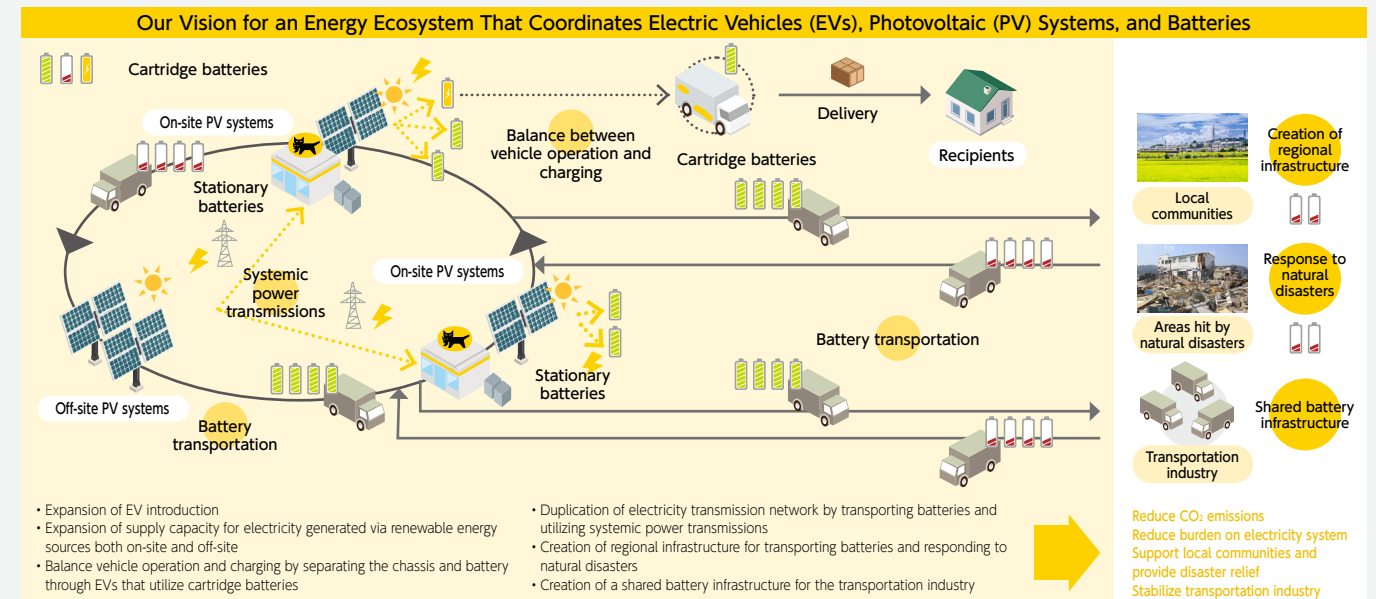
In addition to transforming all pickup and delivery vehicles in Gunma Prefecture (approximately 800) into EVs and installing solar power generation equipment (PVs), we will develop and promote energy systems with the aim of establishing methods for operating EVs as soon as possible. Furthermore, we plan to introduce EVs that utilize cartridge batteries in the latter half of the demonstration period.

Details of Demonstration

Demonstration Period: Fiscal Year Ending March 31, 2023 to Fiscal Year Ending March 31, 2031 (Scheduled)

Optimization of EV Operations	We will continue to consider the optimal vehicle and charging-point layout for operating numerous EVs within our facilities while developing an infrastructure for collecting data on EV operations.
Development of System to Standardize Charging	We will develop and operate a system for standardizing battery charging to control peak electricity use due to EV charging, which tends to be concentrated during the night, and reduce the load on the power grid.
Development of System for Flexible Inter-Base Power Distribution	To avoid wasting surplus electricity generated via renewable energy sources during the day, we will flexibly distribute this power to facilities where electricity is in short supply.

Our Vision



KPIs Targets for CO₂ Emission Reduction within Demonstration Project Area and Targets for EVs within the Prefecture

	2023/3	2024/3	2025/3	2026/3	2027/3	2028/3	2029/3	2030/3	2031/3
Number of EVs within the prefecture		200 Unit			Transform all vehicles into EVs with cartridge batteries				Transform all vehicles into EVs with cartridge batteries
Targets for CO ₂ emissions reduction*					CO ₂ emissions generated by vehicles Reduction of 5,000 t				CO ₂ emissions generated by vehicles Reduction of 7,500 t

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

Note: The prerequisite coefficient for CO₂ emissions is 0.000447tCO₂/kWh (Ministry of Environment, the emission coefficients of individual power companies, etc.; TEPCO base CO₂ emission coefficient for the fiscal year ended March 31, 2021).

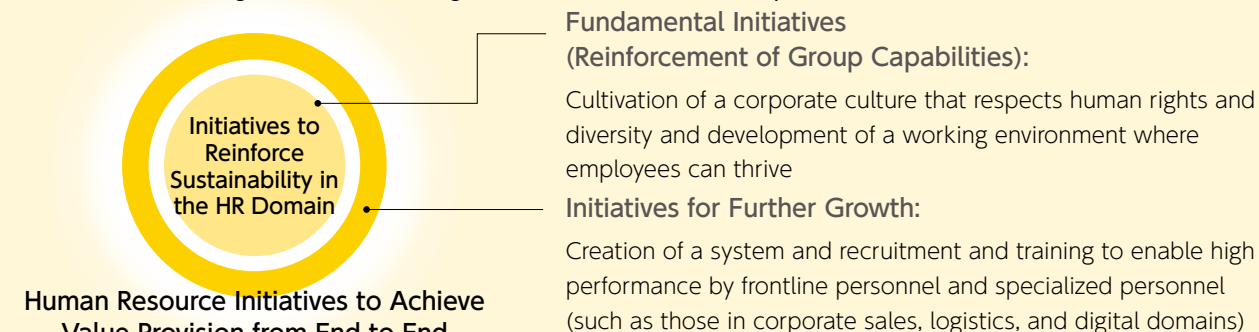
Reference: https://ghg-santeikohyo.env.go.jp/files/calc/r04_coefficient_rev4.pdf (Japanese only)

Human Resource Management That Supports the Shift to an “Innovating Delivery Business”

The Yamato Group's greatest asset is its approx. 210,000 employees. Our strength as a group can only increase if we create a working environment where each employee can hone and fully display their individual capabilities. Under the One Yamato management structure, we are promoting the creation of a framework that enables human resources who face customers on the front line, lead the Group, and are responsible for specialized fields, to play an active, rewarding role and that enables the Yamato Group to focus on initiatives for sustainable growth.



Human Resource Strategies Aimed at Achieving Sustainable Enhancement of Corporate Value



Human Resource Initiatives to Achieve Value Provision from End to End

1 Development of Frontline Human Resources to Reinforce Our Frontline Capabilities

To enhance the job satisfaction of frontline employees and achieve sustainable growth, we are promoting the basic construction of a human resource management cycle for evaluation, deployment, training, and compensation. We will realize this cycle by redefining the duties required of each occupation based on management strategies, by clarifying the roles required of each employee, and by clearly visualizing the results achieved in relation to these roles.

Additionally, we are promoting the creation of a framework that supports the front line from the perspective of recruitment, training, and business process reengineering in order to create customer-facing time for employees and further reinforce frontline capabilities.

3 Introduction of a Talent Management System and Strengthening of Mid-Career Hires

We have introduced and are promoting the utilization of a talent management system in order to maximize the performance of each employee in line with their career progression and to objectively identify any shortages that can be filled by mid-career hires based on the definitions of duties, and to ensure smooth recruitment of mid-career hires required for immediate employment and optimal placement.

2 Creation of a Human Resource System to Develop Specialized Human Resources Linked with Management Structural Reform

We are striving to create a Human Resource system that enables the necessary specialized human resources to perform at a high level in order to thoroughly reinforce our core logistics business and create new businesses for sustainable growth.

4 Creation of Basic Foundation for a Training Structure That Utilizes Our Academic Organization

We utilize an academic organization that has deployed internal instructors and are creating a basic foundation for a training structure that uses external instructors to function as the core of human resource development at the Yamato Group. We are aiming to enhance our human resource development organizational capabilities that support the shift to being an “Innovating Delivery Business” through the reinforcement of education based on position, with a focus on executives, position-based training for employees on the front line, and professional training in each business domain, including specialized human resources.

Additionally, we launched an original digital training program, which aims to raise the digital literacy of all employees, including management, and to accelerate the training of human resources in the digital domain.

Topic

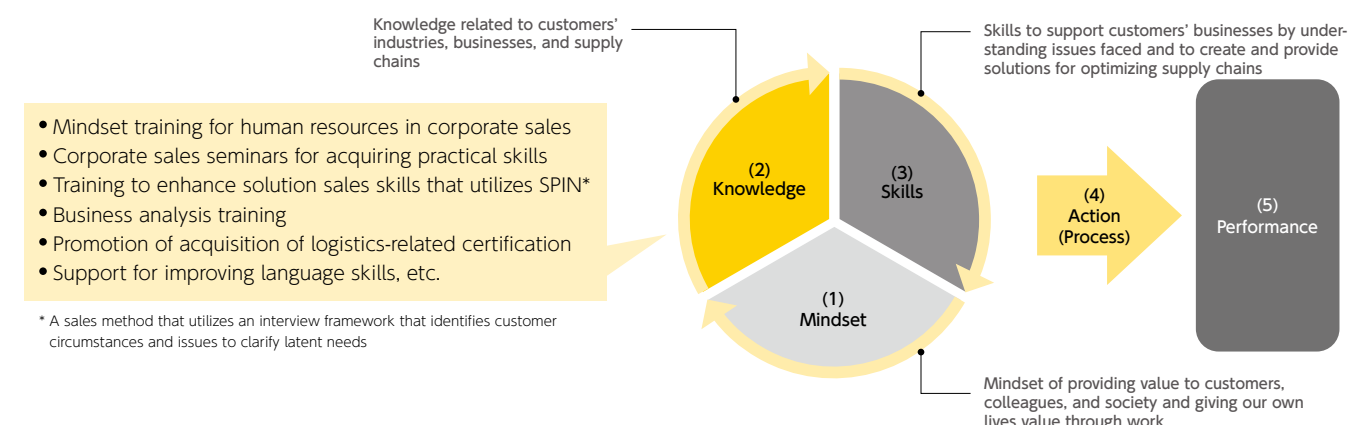
Development of Human Resources in Corporate Sales Who Can Play Active Roles in Global Business

The Yamato Group aims to become a management partner (LLP: Lead Logistics Partner) for corporate clients through the innovation of supply chains and business processes as well as the implementation of structural reforms. To achieve this goal, we will promote the development of human resources in corporate sales who can play active roles in global business.

From the fiscal year ended March 31, 2022, we have been implementing systematic training for international and domestic human resources in corporate sales in order for them to gain the mindset, knowledge, and skills required for their position. In the fiscal year ending March 31, 2023, we have been working to enhance our

knowledge and skills for the purpose of gaining a deeper understanding of our customers' industries, businesses, and entire supply chains so as to propose concrete solutions for customer management issues. Accordingly, we are providing 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. Furthermore, we are aiming to maximize performance by creating a system for managers to evaluate and support the quality and quantity of actions taken when carrying out their activities.

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



Corporate sales seminar attended by 759 employees from around Japan and overseas, including remotely



Instructor: Hiroshi Etani
Senior Managing Executive Officer,
Yamato Transport Co., Ltd.
Responsible for Overseeing Corporate Sales and Global Strategy

Continuing to Grow as a Team with the Aim of Resolving Customer Issues



National Industry Manager, National Corporate Sales Department, Yamato Transport Co., Ltd.

Tatsuya Shirai

Appointed in April 2022, I am responsible for customers in the food production and service industries. Currently, we are striving to enhance our knowledge and skills through training and other methods to continue expanding the value we provide to customers. I have participated in corporate sales seminars, training to enhance solution sales skills, and business analysis training and, while I have learned new information, I was also able to reaffirm the basics of corporate sales. As well as acquiring this information myself, I am working to raise the level of team capabilities to strengthen the entire organization by conducting training for the 15 members of

my current team. Furthermore, in addition to visiting customer sites to enhance knowledge and deepen understanding of our customers' industries, we are continuing with self-improvement by learning from various related literature, building relationships with customers who operate globally, and acquiring language skills that can be used in business negotiations in order to resolve issues.

As a management partner for our customers, we will continue to grow together to become a team capable of suggesting issues that our customers are not even aware of and accordingly providing them with solutions.

Human Resource Management That Supports the Shift to an “Innovating Delivery Business”

Initiatives to Reinforce Sustainability in the Human Resource Domain

Targets for Sustainable Medium-Term Plans 2023 (2024/3) and Results for the Fiscal Year Ended March 31, 2022 (Labor and Human Rights & Diversity)

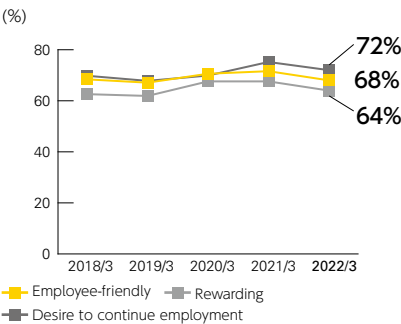
	2024/3 Targets	2022/3 Results		2024/3 Targets	2022/3 Results
● Operating revenue per employee	15% increase (compared with the fiscal year ended March 31, 2021)	7.9% increase (¥12,550 million)	● Attendance rate at human rights training	100%	Held human resource training for 390 newly appointed executives
● Overtime hours per employee	20% decrease (compared with the fiscal year ended March 31, 2021)	11.4% decrease (186 hours)	● Percentage rate of employees with disabilities	2.5%	2.6%
● Annual paid leave utilization	90%	90.5 %	● Number and percentage of women in management (executives)	Double (compared with the fiscal year ended March 31, 2021) / 10%	1.03 times (348 women) / 5.6%

Major Initiatives

▶ Working Styles Awareness Surveys Labor (Working Environment Development)

We have been conducting Working Styles Awareness Surveys with employees across the Yamato Group to understand the current working environment and make improvements. The survey for the fiscal year ended March 31, 2022, showed a decrease in all indicators, and the Group has positioned the improvement of job satisfaction as a priority issue. To enhance items that strongly correlate with job satisfaction, we are working to advance mutual understanding through smooth communication and create a working environment that respects diverse approaches and values. These efforts include implementing workplace discussions at all regional branch offices of Yamato Transport between February and March 2022 with the goal of creating mutual understanding between frontline employees and management and cultivating a sense of unity under One Yamato. By continuing to establish issues and engage in measures based on the results of these surveys, we will promote the development of a working environment, from the perspectives of being employee-friendly and rewarding, that enables employees to work enthusiastically.

Working Styles Awareness Surveys



▶ Promotion of Advancement for Women in the Workplace Human Rights & Diversity

We are developing a working environment that empowers women employees with the capability and will to play active roles as managers and continues to motivate them with the aim of being a vibrant company where capable people can actively contribute, regardless of gender. Through questionnaires and interviews, we analyzed obstacles for women aiming to become managers and identified various worries that are unique to women in management, who are a small minority in the Yamato Group, such as feeling uncertain about workstyles or management. We are creating opportunities for existing managers and senior female employees to share their experiences and implementing training for not

only women who are aiming to become managers but also their managers to improve awareness among the employees themselves as well as the people around them. Additionally, we aim to increase the number of women in management by introducing systems that support diverse workstyles through the Company intranet and sharing information about the role models through the utilization of in-house newsletters. We will continue engaging in the enhancement of a working environments for all managers and promote the long-term advancement of women in the workplace.

▶ Creation of a Corporate Culture and Working Environment where Diverse Employees Can Play Active Roles Human Rights & Diversity

Under the Yamato Group Human Rights Policy and the Basic Policy on Diversity, we are creating a working environment that respects the diversity of employees and is employee-friendly. We established an LGBTQ*-related external consultation contact point in July 2022 for the discussion of concerns related to sexual orientation and gender identity faced by employees in the workplace and to support the improvement of the working environment. To ensure that such concerns are not revealed within the workplace without consent, external staff (such as members of the LGBTQ community and counsellors) who have knowledge and understanding of LGBTQ-related issues are available to respond and, if an in-house response is necessary, disclose information to the workplace with the consent of the person requesting a consultation.

Additionally, under the transformation plan “YAMATO NEXT100,” we have adopted “Through co-creation and fair business activities, help create a society that “leaves no one behind”” as our Social Vision. To realize

this vision, we have included the percentage rate of employees with disabilities in the key targets for our Sustainable Medium-Term Plans and are promoting recruitment. Furthermore, we developed the Yamato Original Universal Manners Test*2 in collaboration with Mirairo Inc. and managers have begun to give seminars that enable employees to offer the appropriate help and support for customers with disabilities in their daily operations. Through this test, we aim to enhance the universal manners of employees and contribute to achieving a society that respects human rights and diversity.

*1 A general term for sexual and gender minorities that comprises the first letters of the English words lesbian (L), gay (G), bisexual (B), transgender (T), and questioning/queer (Q)
*2 A test that identifies the required mindset, actions, and disposition for dealing with various people and enables participants to systematically learn about the mindset and knowledge necessary for practicing universal manners. One characteristic of the 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.

Measures for Safety and Peace of Mind That Support Sustainable Growth

The Yamato Group owns a large number of vehicles and uses public roads as its principal place of business. For that reason, the Group’s operations have a major impact on society, and we thus place significant importance on ensuring the safety of local communities. Additionally, traffic safety is considered to be a part of the occupational safety of the employees who drive our vehicles. 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. We are promoting occupational health and safety initiatives to provide even better services for customers based on the stance that the safety and health of the over 210,000 employees that support the Yamato Group, in addition to transportation safety, is the foundation for the sustainable growth of the Group. Furthermore, we are committed to improving the service quality to ensure customer satisfaction.



Promotion of Transportation Safety Management

Based on the Yamato Group’s Safety Management Regulations, each Group company has established a safety management structure. Guided by the leadership of its upper management, the Group has set up an organizational management structure involving collaboration between those on the transportation front lines and those in administrative divisions in order to enhance the effectiveness of its transportation safety management. Each company where transportation safety management is implemented

regularly conducts upper management reviews, reflects on business performance and results, identifies any problems or issues, and makes improvements accordingly. Also, in regard to important information on such matters as serious transportation-related accidents, the Group maintains a framework for sharing such information with the Corporate Division of Yamato Transport, which oversees the Group, in an effort to promote transportation safety on a Groupwide level.

Key Targets for Sustainable Medium-Term Plans 2023 (2024/3) and Results in the Fiscal Year ended March 31, 2022 (Safety and Security)

	2024/3 Targets	2022/3 Results
● Number of serious traffic accidents (fatal traffic accidents for which the Company is responsible)	0	0
● Number of traffic accidents (where bodily injury occurs)	50% decrease (compared with the fiscal year ended March 31, 2020)	27.1% decrease
● Number of serious occupational diseases (work-related deaths)	0	0
● Frequency rate for lost workday injuries*	20% decrease (compared with the fiscal year ended March 31, 2020)	9.5% increase

Note: For consolidated companies in Japan and Swan Co., Ltd.
* Number of work-related fatalities and injuries per million working hours

Measures for Safety and Peace of Mind That Support Sustainable Growth

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*1 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. In the fiscal year ended March 31, 2022, there was an increase in the frequency rate for lost workday injuries due to a rise in work-related accidents, such as injuries due to falls by sales drivers during pickup and delivery. We will strive to reduce workplace injuries by establishing a Safety Awareness Day, implementing risk assessment training, and developing safety footwear that prevents slipping, among other measures.

Creation of an Environment That Enables Employees to Work Safely

- ▶ Compliance with work safety laws and regulations and accurate management through utilization of operational support tools for safe driving
- ▶ Promotion of 5S concept (Sort, Set, Shine, Standardize, and Sustain) and establishment of operations manuals that standardize office layouts and safe operations
- ▶ Risk assessments, inspection of work sites by building managers, and periodic checks by third parties
- ▶ Elimination of risks on a regional basis through introduction and inspection of safety equipment

Introduction of Neco-Assi—Visualize Driving and Support Safe Driving through In-Vehicle Terminals with Communication Functions That Integrate Dashcams and Digital Tachographs

Main Function

- Confirms footage from dashcams (locations of near-miss experiences)
- Automatically records location of near-miss experiences on a map and makes warning announcements when passing through
- Sounds alarm when driver forgets to set the handbrake (prevent accidents caused by self-negligence)
- Displays driving routes on a map and checks operational management system (in real time)

Implementation of High-Quality Safety Training Catered to Individuals

- ▶ Professionalization of safety experts and improvement of safety guidance skills
- ▶ Enhancement of safety knowledge and driving skills through regular training for safety experts
- ▶ Confirmation of behavior changes in driving as well as understanding and improvement of individual issues through scheduled ride-along guidance and training with dashcam footage
- ▶ Detection of changes that foreshadow accidents and provision of appropriate guidance by utilizing data from driving, operations, and driver aptitude examinations
- ▶ Provision of training to understand correct methods for and dangers of using loading and unloading machinery, including forklifts, tailgates, and conveyor belts

Implementation of Campaigns and Other Initiatives Aimed at Enhancing Safety Awareness

- ▶ Implementation of campaigns to ensure zero traffic accidents, an in-house driving contest (Yamato Transport Nationwide Safety Meet)*2, and campaigns to prevent work-related accidents
- ▶ Promotion of acquiring G mark certification (Motor Truck Transportation Business Operator Safety Assessment Project)
- ▶ Implementation of safety measures together with transportation partners and development of a safe and secure working environment necessary to engage in campaigns promoting the White Logistics Movement, which complies with laws and regulations for acquisition of G mark certification

*1 We have deployed 368 safety experts nationwide (as of March 2022). On a daily basis, safety experts inspect stores within their jurisdiction, provide guidance to enhance the individual driving skill level and ensure sales drivers comply with laws and regulations, and thoroughly engage in preventing traffic and work-related accidents.
*2 During the fiscal years ended March 31, 2021, and March 31, 2022, these driving contests were not held due to the COVID-19 pandemic.

Training “Safety Drivers”



Yamato Transport
Shin-Miyagi Regional
Branch Office
Safety Expert

Hiroaki Hashimoto

Currently, I am responsible for safety guidance at five sales offices and for 162 sales drivers. I provide guidance by utilizing ride-along training in pickup and delivery vehicles and dashcams, which enables advance understanding of the driving characteristics of employees needing guidance through daily driving reports and dashcam footage. Sales drivers have varying levels of experience and diverse driving characteristics so it is essential to tailor guidance methods in order to provide accurate advice to individual drivers. Accordingly, I place high importance on discussion and aim to provide guidance that focuses on encouraging driver behavior change by building a greater awareness of safety. Such discussions enable me to see the personality and approach of individual drivers, which makes me feel equipped to give guidance and advice in the appropriate manner.

From April 2019, Neco-Assi was introduced to vehicles. Through footage, the system confirms issues that are difficult for sales drivers to notice by themselves, including their own driving habits and routes that are often the cause of dangerous driving. Since their driving status can be visualized as data, drivers can also assess their improvement through numerical data by comparing it with data from before they received guidance. Furthermore, this data can be utilized to review safe parking locations when picking up and delivering parcels in crowded areas, improve fuel efficiency by reducing distance traveled, and review pickup and delivery routes to reduce GHG emissions.

From the fiscal year ended March 31, 2022, safety experts became part of Yamato's expert personnel system, and I feel a great sense of responsibility for promoting safety. In order to create and instill rules for safety at work sites, I am working to enhance my coaching and management skills through in-house skills tests and educational guidance training at driving schools. I will continue efforts to support Yamato in working to train “safety drivers,” who embody safety first as stated in the Employee Code of Conduct, and the next generation of safety experts.

Quality Management

At the Yamato Group, we are promoting strategies, such as being more customer driven and improving data utilization, to further improve customer experiences. By maintaining and improving service quality from the perspective of both consumers and corporate clients and meeting their expectations, we hope to achieve our aim of

continuing to have the highest quality rating.
We use evaluations by each customer and expectations of corporate clients as the starting point for a Groupwide improvement cycle to enhance customer service evaluations and the value we provide.

Aim to maintain and improve service quality in the eyes of our customers Groupwide
Aim to become the best partner for both individual customers and corporate clients



Efforts to Maintain and Improve the Quality of Service



Understanding of Customer Evaluations through Net Promoter Score (NPS) Surveys

We utilize NPS,* which is an indicator for measuring customers' degree of attachment to and trust in a company or brand and how likely they are to recommend it, to visualize our relationship with customers and improve engagement. At Yamato Transport, we investigate evaluations from individual and corporate customers centered on three perspectives: issues related to our Company, comparisons with competitors, and the norms of society, which play a role in improvements.

* NPS* (net promoter score) is a customer loyalty index that measures and quantifies the degree of loyalty (including trust, attachment, and favorable impression) customers have toward our products and services. It also generally has a high correlation with revenues.



Creation of Voice of the Customer (VoC) Database

We are creating an integrated database to comprehensively analyze customer opinions and evaluations acquired through NPS surveys; inquiries by telephone, email, or chat applications; and digital logs. Additionally, we are able to understand current circumstances, analyze issues by linking with business intelligence (BI) tools,* and quickly make improvements.

* BI tools are tools that consolidate and analyze various data accumulated within the Group and utilize this data in business decision-making



Sharing and Reporting of Initiatives for Improving Products and Services

We are working to improve our products and services at Yamato Transport with the aim of enhancing customer experiences and convenience. We strive to make improvements based on customer opinions and requests, sharing and reporting them on our corporate website under “Examples of improvement based on customer feedback.”



For details on “Examples of improvement based on customer feedback,” please refer to our website of Yamato Transport (Japanese only).
<https://faq.kuronekoyamato.co.jp/app/customer/list>