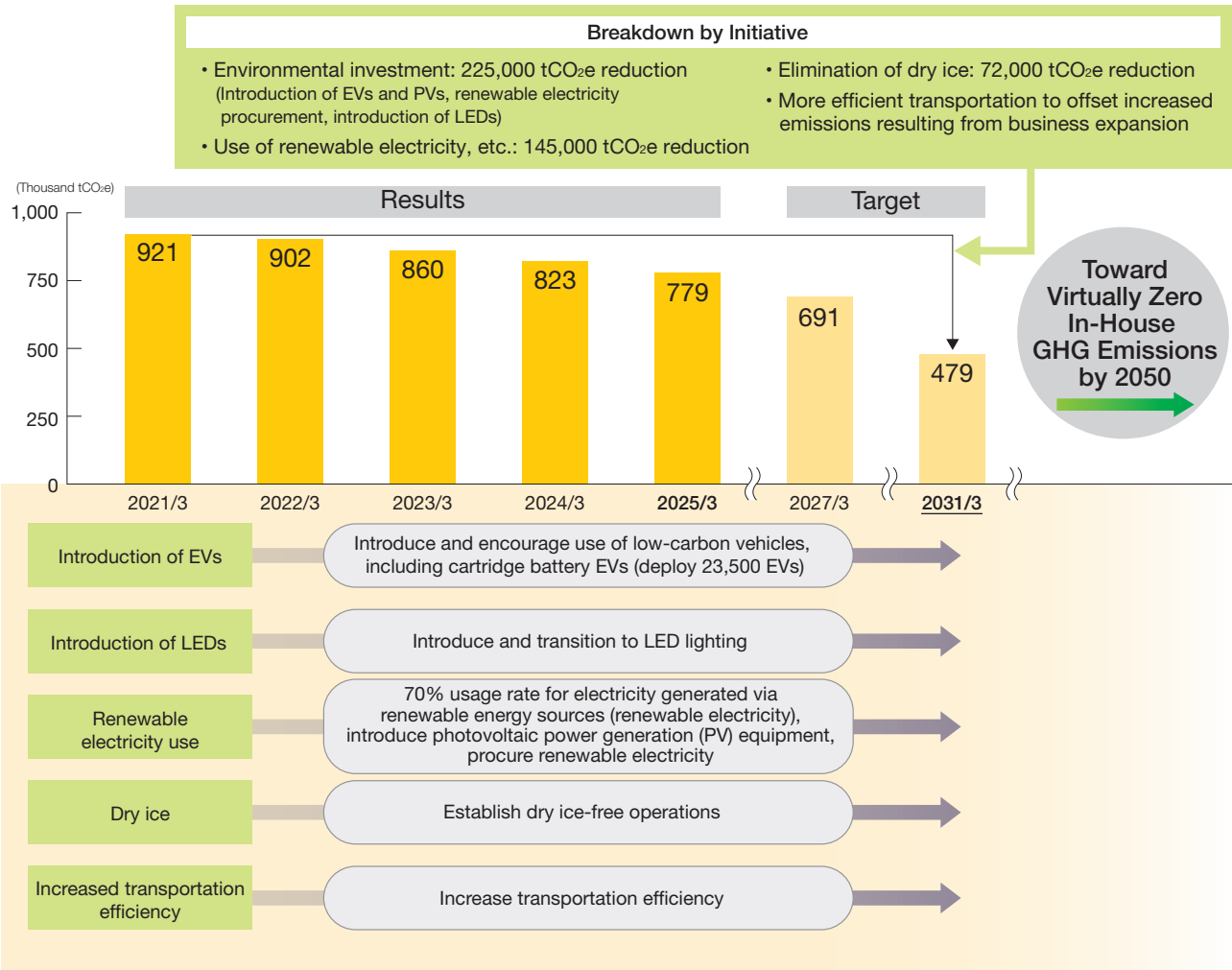


# Environmental Strategy

Based on its environmental vision of “Connect. Deliver the future via green logistics,” the Yamato Group is implementing initiatives to address the environment-related material issues it has identified with the objective of increasing its corporate value over the medium to long term and realizing a sustainable society. We are particularly emphasizing the impact of the risks and opportunities brought about by climate change, and have set the goals of virtually zero in-house greenhouse gas (GHG) emissions by 2050 and a 48% reduction in GHG emissions by 2030 (compared with FY2021/3) to address these risks. Furthermore, we are implementing good-faith initiatives to mitigate and adapt to climate change, not simply by reducing the environmental impact of our business, but also by seeking out services that help reduce GHG emissions.

We are creating a business model that resolves environmental challenges for our customers with the goal of enhancing the sustainability of society and the logistics industry as a whole while simultaneously increasing the Group’s corporate value.

## Plan for Reducing GHG Emissions (Scope 1 and Scope 2) to Achieve Medium-Term Targets (FY2031/3)



## Reducing GHG Emissions throughout the Supply Chain (Scope 3)

We have begun collaborating with the major business partners in our supply chain to reduce Scope 3 emissions. First, we are building a platform for accurately understanding emissions, which we will then use to formulate and implement effective reduction plans based on reliable data.

During FY2025/3, we established a system for measuring emissions from our transportation and delivery partners, and began collecting and storing data. We are promoting the establishment of a management system that covers our entire supply chain, including other suppliers.

## Disclosures Based on the TCFD Recommendations

The Yamato Group expressed its agreement with the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations in FY2023/3. Based on that framework, we are conducting ongoing reviews that include implementing scenario analyses for Yamato Transport and additional assessments of the financial impact of physical risks. We will improve the sustainability of our business by clarifying the business impact of climate-related issues and implementing countermeasures focusing on issues with the greatest impact. We will increase corporate value through further dialogues with stakeholders.

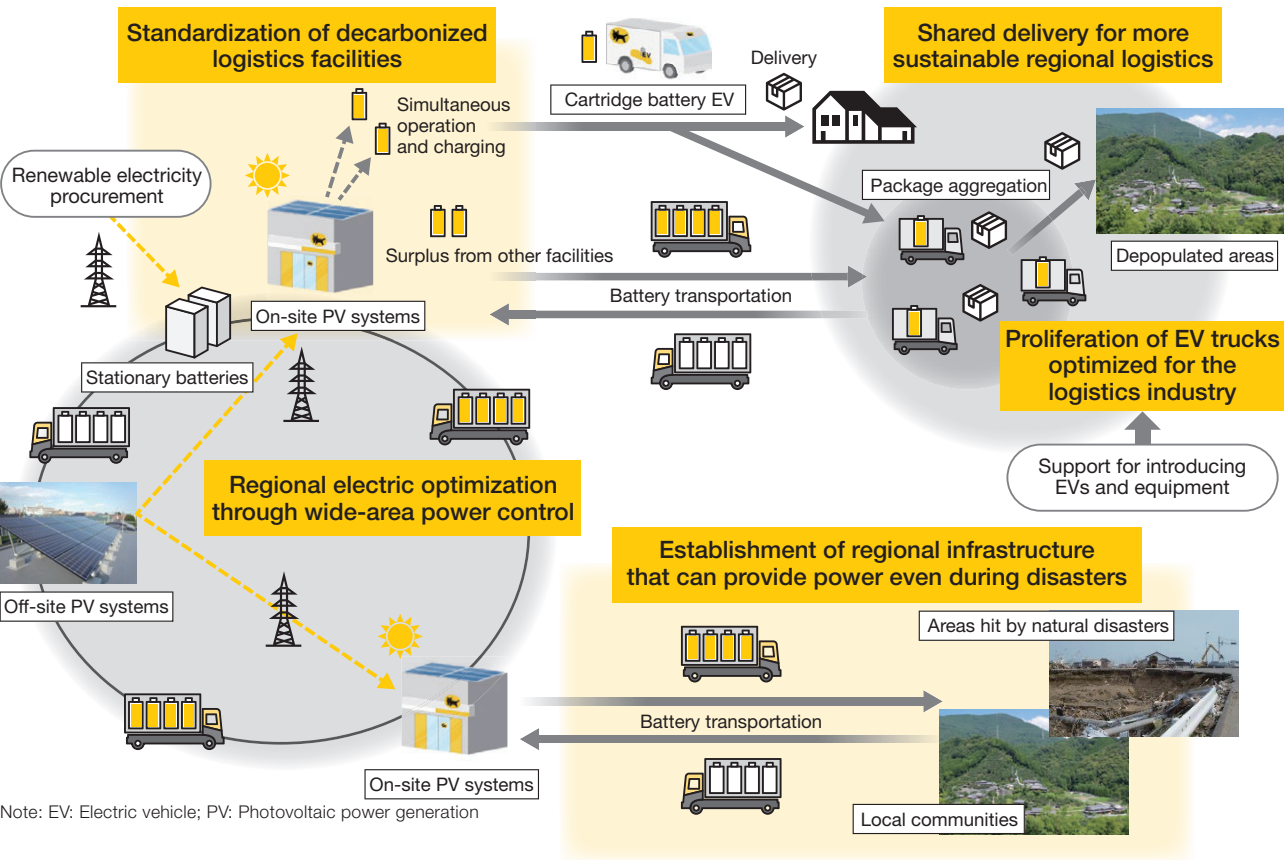
For our response to the TCFD recommendations, please refer to our corporate website.  
<https://www.yamato-hd.co.jp/english/csr/environment/tcfd.html>

Governance	The Yamato Group Environmental Committee, chaired by the president, deliberates and makes decisions with regard to environmental issues, including climate change, with the Board of Directors supervising the status of execution. Executive officers assigned to the environment field, executive officers in charge of each region, and presidents of Group companies are responsible for the reliable implementation, maintenance, and supervision of environmental management as “environmental officers,” while all managers and heads of front-line organizational structures are responsible for managing environmental risks and opportunities, including climate change as “environmental managers.”														
Risk Management	We have created a dedicated department responsible for promoting the Groupwide response to climate change. We also hold annual meetings of the Yamato Group Environmental Committee, which is chaired by the president and comprises the executive officers and others as well as presidents of the main Group companies. The committee deliberates and makes decisions regarding issues and risks related to the environment, including climate change.														
Strategy	Scenario Analysis and Evaluation of Business Impact														
	Based on two scenarios (1.5°C and 4°C), we have identified the risks and opportunities for Yamato Transport and conducted an analysis and business impact assessment of the risks that have a significant impact on management.	<table><tr><th>Financial impact assessment</th><th>2030</th><th>2050</th></tr><tr><td>Carbon tax introduction</td><td>¥15.7 billion</td><td>¥28.1 billion</td></tr><tr><td>Abnormal weather and disasters</td><td>¥1.9 billion</td><td>¥3.8 billion</td></tr><tr><td>Floods</td><td>¥0.4 billion</td><td>¥0.43 billion</td></tr></table> <p>Note: Estimated using carbon tax prices of \$140 per ton (2030) and \$250 per ton (2050)</p>		Financial impact assessment	2030	2050	Carbon tax introduction	¥15.7 billion	¥28.1 billion	Abnormal weather and disasters	¥1.9 billion	¥3.8 billion	Floods	¥0.4 billion	¥0.43 billion
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Direction of Countermeasures															
	<p>(1) Response to carbon tax introduction</p> <ul style="list-style-type: none"><li>· Introduction of low-carbon vehicles (mainly EVs), installation of solar power generation equipment, utilization of renewable energy generated by local power generation companies, etc.</li><li>· Examination of introduction of internal carbon pricing aimed at proactive capital investment for transition to low carbon operations</li></ul> <p>(2) Response to abnormal weather and disasters</p> <ul style="list-style-type: none"><li>· Opening of offices by utilizing hazard maps and periodic reviews of our business continuity plan manual</li><li>· Examination of disclosing information on efforts to adapt to climate change internally and to our business partners</li><li>· Testing for use of electricity generated from renewable energy and EVs with cartridge batteries that enhance resilience</li></ul> <p>(3) Initiatives to capture opportunities presented by the increase in environmental awareness among consumers and customers.</p> <ul style="list-style-type: none"><li>· Further promotion of service use by individual and corporate customers through the provision of transport services with consideration for climate change (development of tools to visualize GHG emissions and carbon neutral delivery, etc.)</li><li>· Commercialization of new business models using expertise accumulated through environmental investment and verification testing (Expansion of sales of EV Lifecycle Services, establishment of Yamato Energy Management Co., Ltd., which provides renewable energy-derived electricity, etc.)</li></ul>														
Metrics and Targets	GHG Emissions Reduction Targets <sup>1, 2</sup>		Target for Percentage of Electricity Use from Renewable Energy Sources												
	Short-term (FY2025/3): 15% decrease → Result 15% decrease (achieved) (FY2027/3): 25% decrease Medium-term (FY2031/3): 48% decrease Long-term (to 2050): Virtually zero GHG emissions 1. In-house emissions of consolidated companies in Japan and Swan Co., Ltd. (Scope 1 & Scope 2) 2. Compared with FY2021/3		Short-term (FY2025/3): Increase percentage of electricity use from renewable energy sources → Result 55% (achieved) (FY2027/3): 70%  We will create green logistics in collaboration with our business partners to reduce GHG emissions across the entire value chain (Scope 3), and promote specific preparations for acquiring the Science Based Targets* 1.5°C certification.  * Science-based targets (SBTs) are greenhouse gas reduction targets set by companies for the next 5 to 10 years that are consistent with the levels required by the Paris Agreement.												

Environmental Strategy

GHG Emissions Reduction

Our Vision for an Energy Ecosystem That Coordinates EVs, PV Systems, and Batteries



Note: EV: Electric vehicle; PV: Photovoltaic power generation

Development and Demonstration Tests to Realize Green Delivery

Targeting carbon neutrality by 2050, we are building an energy ecosystem around cartridge battery EVs to resolve two issues with introducing EVs: overlap between operating time and charging time, and increases in capital investment and electricity consumption.

We are developing a charging scheme to support mass introduction and operation of EVs and a management system to control electricity usage peaks. The New Energy and Industrial Technology Development Organization (NEDO), a national research and development agency in Japan, is subsidizing this project. We have deployed 450 EVs and chargers to the demonstration area in Gunma Prefecture to establish an optimal site layout and develop an energy management system that controls power generation and usage within the site and reduces peak power consumption.

Aside from contributing to reduction of the Group's own GHG emissions, the technological assets and operational expertise gained from this demonstration project will help us provide solutions to businesses within a "Green Mobility" business model.

We will add value to our businesses by accelerating development of wide-area energy management that integrates the management of multiple locations, and cartridge EVs for implementation on a commercial scale. In addition, we will popularize this ecosystem as part of the social infrastructure by collaborating with manufacturers and government authorities to standardize battery specifications, thus contributing to the decarbonization of the logistics industry and the realization of a sustainable society.

Demonstration Period and Area	FY2023/3 to FY2031/3 (Scheduled), Gunma Prefecture
KPIs	<p>Introduce 200 EVs through FY2024/3: Completed (Actual: 200 EVs)</p> <p>Transition all pickup and delivery vehicles to EVs by FY2027/3: Reduce CO<sub>2</sub> emissions from vehicles by 5,000 tons*</p> <p>Transition all pickup and delivery vehicles to EVs with cartridge batteries by FY2031/3: Reduce CO<sub>2</sub> emissions from vehicles by 7,500 tons*</p>

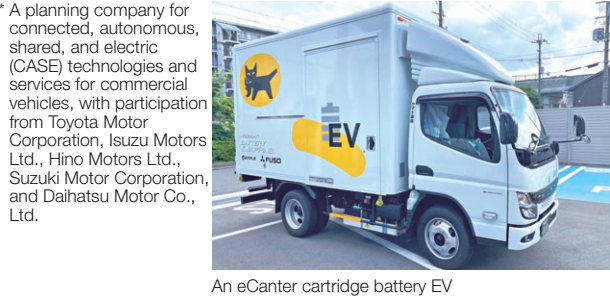
\* Within the demonstration project area, compared with FY2021/3  
Note: Hypothetical CO<sub>2</sub> emission coefficient: 0.000447 tCO<sub>2</sub>/kWh (base emission coefficient of TEPCO Energy Partner, Inc. for fiscal 2020, from Ministry of the Environment, "Emission Coefficients by Electric Power Company")  
Reference: [https://policies.env.go.jp/earth/ghg-santeikohyo/files/calc/r04\\_coefficient\\_rev4.pdf](https://policies.env.go.jp/earth/ghg-santeikohyo/files/calc/r04_coefficient_rev4.pdf) (Japanese only)

Trial of EVs with Cartridge Batteries

We are working for the practical application of cartridge battery EVs because they completely decouple vehicle and charging, which resolves issues with commercial use of EVs including downtime during charging and the variable availability of renewable electricity.

We initiated our progressive approach to development and demonstration in collaboration with multiple vehicle manufacturers by launching a standardization study with Commercial Japan Partnership Technologies Corporation (CJPT)\* in 2022. In FY2025/3, we conducted a demonstration test of a 2-ton cartridge battery EV truck to confirm its practicality and

identify operating issues. The results are the basis for our ongoing research and demonstration experiments aimed at commercializing cartridge-type battery EVs.



An eCanter cartridge battery EV

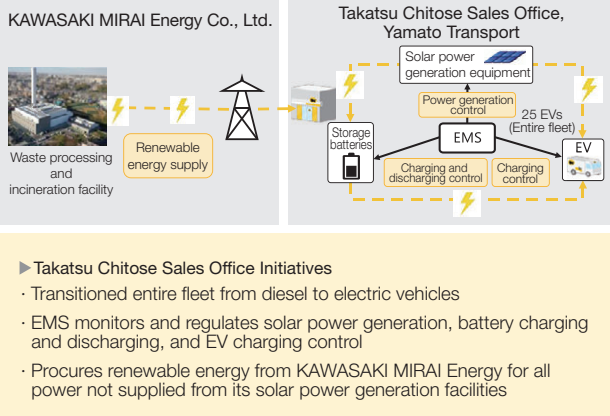
Promoting Energy Management

The Yamato Group uses an energy management system (EMS) developed in-house to promote efficient energy use and reduce electricity costs. Our EMS monitors and automatically controls in real time the amount of onsite electricity use, the amount of solar power generated, and the charging and discharging of storage batteries. In addition, the system reduces electricity costs by leveling out peak power demand associated with simultaneous EV charging at night, and by regulating maximum power consumption.

The Takatsu Chitose Sales Office in Kanagawa Prefecture obtains all of its electricity from solar power generation equipment installed on its roof, storage batteries, and locally produced renewable energy. It has transitioned to local production and consumption of electricity for the sales office and for its EVs by employing an EMS to comprehensively manage

and allocate renewable electricity generated within the regional energy loop.

A Pickup and Delivery Facility that Exclusively Uses EVs and Renewable Energy



- Takatsu Chitose Sales Office Initiatives
- Transitioned entire fleet from diesel to electric vehicles
  - EMS monitors and regulates solar power generation, battery charging and discharging, and EV charging control
  - Procures renewable energy from KAWASAKI MIRAI Energy for all power not supplied from its solar power generation facilities

Cost Reductions from Initiatives

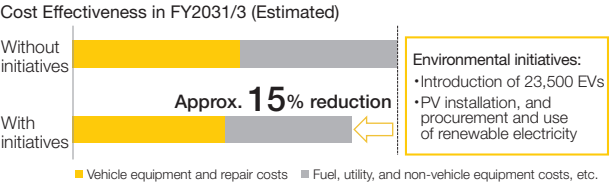
We have reduced total cost per vehicle by using subsidies and grants available for introducing EVs to maintain initial investment at a level comparable with internal combustion vehicles, while reducing operating costs such as fuel and maintenance.

Furthermore, we complement in-house consumption of solar power generated at Group sites with an EMS to centrally manage renewable energy procured from external sources. We are therefore able to optimize the energy mix and reduce electricity costs.

We estimate that our initiatives will reduce vehicle maintenance costs and fuel and utility costs, including operating costs for solar power generation equipment, by approximately 15% compared with a hypothetical scenario in which we had not implemented environmental initiatives. We will maintain disciplined investment by concentrating deployment of EV facilities at cost-effective locations, while continually analyzing the cost-effectiveness of

initiatives and reflecting the results in new measures and operational improvements.

Cost Reductions from Initiatives



► We also estimate that the above initiatives would mitigate the financial impact of a full-scale carbon tax by an additional ¥7.4 billion. (From TCFD scenario analysis and evaluation of business impact)

Scenario Assumptions

- In both scenarios (with and without initiatives), the hypothetical annual increase in TA-Q-BIN delivery volume is 1%, with factors including number of facilities, number of vehicles and mileage remaining constant.
- Vehicle repair costs, fuel costs, utility costs, and depreciation, lease fees, and operating costs for vehicles and solar power generation equipment are estimates. Fuel and utility costs are assumed to increase annually.
- The scenario with the initiatives assumes the Group will consume all of the electricity it generates from its solar power generation facilities because of the use of batteries and other technologies.