Sustainability Governance

Vision for the Environment and Society

Environmental Vision

Connect. Deliver the future via green logistics

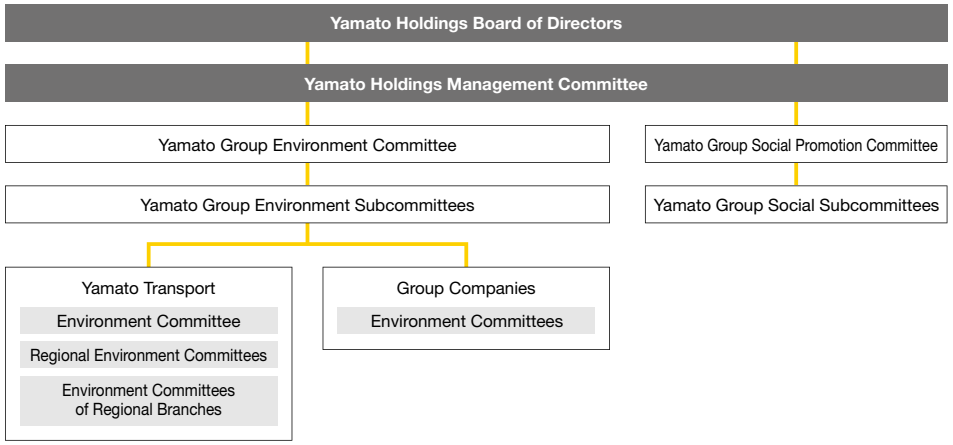
Social Vision

Through co-creation and fair business activities, help create a society that "leaves no one behind"*

* Leave no one behind: A basic philosophy of the SDGs

Sustainability Promotion Structure

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



Evolution of Sustainability Governance

Recognition of Challenges

To date, the Yamato Group's material issues have focused on creating environmental and social value, with the primary objectives of fulfilling the Group's responsibilities as social infrastructure and earning public trust. From the solid foundation of trust we have built, we will transition into a new growth phase in which we contribute to society and reliably create economic value. We will generate economic value through the evolution of a business model that helps to resolve environmental and social issues. This will enhance the sustainability of society and the logistics industry as a whole, while accelerating business growth as a new revenue base for the Group.

Future Direction

We will establish a framework for visualizing and quantitatively evaluating the impact of each initiative on our balance sheet (assets) and income statement (earnings), and incorporate it in our investment decision-making process. Through our "defensive" approach to risk management, we will view environmental and social impacts as future liabilities and reduce uncertainty. At the same time, we will take an "offensive" approach by transforming solutions to social issues into new revenue streams. By integrating sustainability into our business strategy from the perspective of cost reduction as well as revenue growth, and thereby generating a tangible impact, we will build a more resilient financial foundation for the future.

Specific Actions

Financial and business departments will collaborate to verify how each sustainability issue contributes to various drivers of corporate value, such as reduced costs or increased sales, and incorporate the findings in business strategies to further evolve our material issues. In addition, to ensure that our sustainability initiatives lead to sustainable growth in corporate value, we will strongly encourage behavioral change at both the organizational and individual levels in ways such as incorporating environmental and social performance indicators in each business department's budget targets and placing greater emphasis on ESG metrics in executive evaluations.

Material Issues

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

Step 1 Refine Choices for Material Issues

Based on international frameworks, such as the GRI Standards, the Sustainability Accounting Standards Board (SASB) standards, ISO 26000, and the Sustainable Development Goals (SDGs), as well as ESG research items that investors consider to be of high importance to the Group's business, we analyzed the risks and opportunities of the Group's business based on actual data and narrowed down candidates for material issues.

Step 2 Stakeholder Dialogue (November 2019)

We invited experts from universities, international institutions, and securities companies and exchanged opinions on material issues and the expected role of the Yamato Group in solving environmental and social issues.

Step 3 Identify Material Issues (January 2020)

At the same time as identifying material issues, we formulated the management structural reform plan "YAMATO NEXT100" as a grand design for management reform over the medium to long term.

Progress on Sustainability Targets

Scope: Consolidated companies in Japan and Swan Co., Ltd.

Domain	Material Issues and Initiative Themes	Strategy (Vision)	Risks/ Opportunities	FY2027/3 Targets	FY2026/3 Results	Progress/Issues
Environment	**Energy & Climate** Mitigate climate change	Reduce greenhouse gas (GHG) emissions by using electricity generated via renewable energy sources, enhancing transportation efficiency by using digital technology, and reducing the use of dry ice, etc.	Risk Opportunity	Reduce in-house GHG emissions by 25% compared with FY2021/3[1]	20% reduction[1]	As planned
				70% of electricity generated via renewable energy sources	68%	As planned
				Finish setting Scope 3 GHG emissions reduction targets	Verified and confirmed methods for measuring the actual GHG emissions of transport partners	Continuing to track emissions despite some remaining challenges
	Atmosphere Clean up the skies (prevent air pollution)	Pursue transportation that reduces the effects of air pollutants emitted by vehicles to improve air quality in local communities	Risk	Reduce NOx and particulate matter emissions from vehicles by 40% compared with FY2021/3	Reduced NOx emissions by 56% and particulate matter emissions by 52%	As planned
	Resource Conservation & Waste Promote resource conservation and reduce waste	Drastically reduce our environmental burden, promote the use of technology, and create opportunities to minimize environmental impact	Risk Opportunity	65% of paper materials made from renewable resources and recycled materials	64%	As planned
	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	Provide services that draw on our environmental investments and demonstration test expertise	Rollout the GHG Reporting Service nationwide	As planned
Society	**Labor** Create a work environment where employees can thrive	Implement a high-value-added model for labor and promote decent work	Risk Opportunity	Increase engagement and human productivity	Employee awareness survey results Employee-friendliness: 69% Rewarding work: 60% Desire to continue employment: 69% Sense of growth: 64% Sense of contribution: 63%	Implementing workplace improvement measures
	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	Ensure 100% attendance rate for human rights and harassment training Ensure that 10% of all managers are women Ensure that the percentage of employees with disabilities is at least 3.1%	Human rights and harassment training attendance rate: 100% Percentage of women in management: 6.9% Percentage of employees with disabilities: 3.1%	Continuing to promote career development support
	Safety & Security Create initiatives to carry out business in a safe, secure manner	Maintain traffic and labor safety and provide reliable service	Risk	Reduce the number of traffic accidents involving bodily injury by 15% compared with FY2024/3[2] Reduce frequency rate of lost workday injuries by 15% compared with FY2024/3[2]	17.8% reduction in the number of traffic accidents involving bodily injury[2] 5.3% reduction in the frequency rate of lost workday injuries[2]	Strengthening occupational safety and health management
	Data Utilization & Security Create an information security infrastructure	Create an information security infrastructure and businesses that utilize data to resolve social issues	Risk Opportunity	Percentage of employees who received information security training: 100% Zero serious information security incidents	Percentage of employees who received information security training: 100% 2 serious information security incidents	Strengthening Groupwide cybersecurity
	Supply Chain Management Develop a common understanding with stakeholders	Build a stable business infrastructure through sound, resilient supply chains	Risk Opportunity	Ensure 100% support from major business partners for the Code of Conduct	Percentage of support from major business partners for the Code of Conduct: 100%	As planned
	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	Opportunity	Foster corporate citizenship activities throughout local communities and Group companies	Region-specific initiatives are taking root and activities are expanding, led by ambassadors appointed in each organization	As planned

1. In-house emissions of consolidated companies in Japan and Swan Co., Ltd. (Scope 1 and Scope 2)
2. Scope: Yamato Transport Co., Ltd.

▶ Please refer to our website for all sustainability indicators and targets. https://www.yamato-hd.co.jp/english/csr/goals/