



September 15, 2022

Nihon Michelin Tire Co., Ltd.

Yamato Transport Co., Ltd.

**Nihon Michelin Tire, Yamato Transport Sign  
Lead Logistics Partnership Agreement  
Launch of joint logistics reform project to achieve sustainable logistics  
with reduced environmental impact**

Nihon Michelin Tire Co., Ltd. (Headquarters: Shinjuku-ku, Tokyo; Representative Director and President: Gen Sudo, hereinafter "Michelin") and Yamato Transport Co., Ltd. (Headquarters: Chuo-ku, Tokyo; Representative Director and President: Yutaka Nagao, hereinafter "Yamato Transport") entered into a lead logistics partnership (LLP) agreement on Wednesday, September 14, 2022. The purpose of the agreement is to rebuild a smooth, robust distribution system in Japan for Michelin. The transformation of Michelin's entire supply chain and optimization of its logistics and inventory is expected to lead to further improvements in customer satisfaction by reducing future total logistics costs and shipping lead times. The system is scheduled to be partially operational from September 2022 and fully operational from January 10, 2023 (Tuesday).

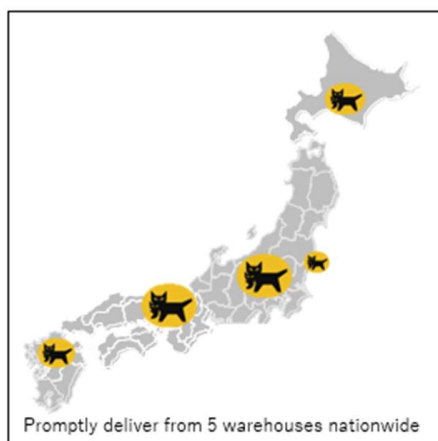
This joint project for logistics reform was initiated based on the assessment that the two firms are partners who share a vision for the sustainability of the earth and its people. Under its "All Sustainable" corporate vision, Michelin is committed to manufacturing tires with 100% sustainable components by 2050, based on a three-way philosophy: "People, Planet, Profit." Michelin is also boldly pursuing global decarbonization initiatives, such as promoting maritime transport by sailing vessels in the Atlantic Ocean and optimizing the cultivation of natural rubber and forest conservation and management in Southeast Asia.

As a lead logistics partner that resolves corporate management issues and achieves sustainable growth through logistics, Yamato Transport aims to provide comprehensive value on an "End-To-End" basis from the upstream to downstream of its clients' business and globally supports supply chain transformation and operational optimization contributing to corporate management. Moreover, to achieve virtually zero greenhouse gas (GHG) emissions by 2050 and a 48% reduction by 2030 (compared with fiscal 2020), Yamato Transport is advancing efforts such as introducing 20,000 electric vehicles (EVs) and 810 solar power generation facilities and utilizing renewable resources and recycled materials. In collaboration with Commercial Japan Partnership Technologies Corporation (CJPT), the company has begun studying the standardization and practical application of cartridge-type batteries for widespread EV use, and together they are actively working toward the achievement of a carbon-neutral society.

Michelin and Yamato Transport will promote logistics standardization, automation, and optimization to enhance customer convenience while visualizing and reducing GHG emissions to achieve sustainable logistics with reduced environmental burden.

The centralized management of Michelin's logistics system by Yamato Transport will enable the following:

1. Existing warehouses, which total approximately 20, will be consolidated into five facilities. The visualization and optimization of inventory at each location will serve to minimize the volume of inventory transferred from the central warehouse to those in regional areas. Furthermore, leveraging Yamato Transport's middle-mile network for corporate customers will make possible the same delivery lead time as before. It will also reduce Scope 3 GHG emissions.
2. Order tracking using Yamato Transport's transport management system to trace the delivery status of each customer order will allow the Michelin customer service center to promptly provide information.
3. Adoption of Yamato Transport's digital invoicing will promote operational efficiency and paperless operations. And the elimination of duplicate slips and use of general-purpose A4 paper supports the conservation of resources.
4. Yamato Transport's warehouse management system facilitates the management of the manufacturing year of each single tire in stock, thereby achieving FEFO (First Expired, First Out) for products that are approaching their expiration date. This minimizes disposal due to expiration, thereby addressing environmental issues.



The two companies will also promote the use of RFID for digital transformation. RFID tags attached to tires during the manufacturing process are utilized in warehouse operations, facilitating not only tracking of the manufacturing year of each tire but also identification of the country of manufacture and other related data to precisely meet customer needs. An additional aim of the two companies is to reduce manpower and raise productivity in warehouse operations encompassing receiving, picking, shipping, and inventory. Going forward, the companies will consider introducing a system that would link the transportation and delivery system of Yamato Transport with that of Michelin, which would allow customers to check the delivery status of tires they have ordered.

**Statement from Gen Sudo, President and Representative Director, Nihon Michelin Tire Co., Ltd.:**

"This partnership venture with Yamato Transport is part of our company's efforts to optimize the entire supply chain—from overseas production plants to retailer—and to heighten customer satisfaction. In the midst of extremely confusing operating conditions surrounding container vessels arriving in Japan, we believe it is our responsibility as a manufacturer to accurately ascertain the situation and deliver our products to our customers. Moreover, based on our corporate philosophy, "All Sustainable," we will work with Yamato Transport to achieve carbon neutrality in logistics and increase e-Orders from the current ratio of approximately 50% to 70% by 2025 to reduce the environmental burden and enhance internal operational efficiency. We look forward to your continued support and patronage as we further advance new initiatives in Japan and around the world."

**Statement from Hiroshi Etani, Senior Managing Executive Officer (Head of Sales and Global Strategy), Yamato Transport Co., Ltd.:**

"As lead logistics partner, we will accompany Michelin in its supply chain transformation and optimization of logistics and inventory across its supply chain by leveraging our bases, transportation and delivery network, and other resources. Through this initiative, Yamato Transport will strive to support Michelin to enhance its value proposition to corporate customers—including dealers and automobile and construction equipment manufacturers—as well as to individual customers, with the aim of realizing the company's goal of becoming truly customer centric. Yamato Transport and Michelin will also contribute to the creation of a sustainable society through logistics by cooperating and collaborating with the goal of becoming carbon neutral by 2050."

**Michelin** is a world leader in mobility based in Clermont-Ferrand, France. With more than 124,760 employees, Michelin provides the best tires, services and solutions for its customers in 177 countries with the aim of achieving sustainable mobility. At its 68 manufacturing facilities, the company boasts an annual production capacity of 173 million tires (2021) and develops digital services, travel guides, hotel and restaurant guides, and maps that help make mobility a unique and fulfilling experience while producing high-tech materials for a wide range of industries. For more information, please visit [www.michelin.com/](http://www.michelin.com/).

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