

Value Creation Process

Guided by its Core Values, which represent the Group's founding spirit, the Yamato Group aims to achieve the goal adopted under its Management Philosophy of contributing to an enriched society. Under the "One Yamato" management structure, we will gather together the management resources that we have long cultivated through our business activities, including our human resources, logistics networks, and customer foundation. Combining these resources in an optimal manner, we will provide value to our individual customers, corporate clients, and society as whole with a view toward transforming our supply chain to respond to the accelerating shift toward EC in all industries. Through these efforts, we will realize sustainable corporate value improvement.

Business Environment / Social Issues

- Diversification of customer expectations and needs
- Rapid progress of EC adoption in various industries
- Declining population and decaying regional infrastructure
- Declining working population
- Climate change and resource scarcity

Further acceleration of the shift toward EC in all industries due to the COVID-19 pandemic

- **Lifestyles:** Further growth of EC and shift to omni-channel approaches, including non-face-to-face interactions
- **Logistics structure:** Total optimization of inventory and supply routes

Issues Facing the Yamato Group

Management structure centered on TA-Q-BIN


Strategy:
Currently, TA-Q-BIN alone unable to accommodate rising demand from the EC market and corporate logistics

Management Systems:
Weak management structure for quick decision-making due to dependence on individual skills based on intuition and experience

Organizational and Corporate Culture:
The Yamato Group's sound culture of "inclusive management" no longer practiced

Our Vision

- **Management Philosophy:**
Contribute to the creation of an enriched 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"



Sustainable corporate value improvement

Management Resources / Strengths (As of March 31, 2021)

- Customer Foundation**
 - Corporate clients: **Yamato Business Members**, Approx. **1.36 million**
 - Consumers: **Kuroneko Members**, Approx. **49 million**
- Human Resources**
 - Sales representatives: Account sales representatives and sales drivers: **Over 60,000**
 - Customer representatives: Guest operators and call center operators: Approx. **24,000**
- Logistics Network**
 - Base network: Corporate operation facilities: Approx. **400**
 - Transportation and delivery network: TA-Q-BIN centers: Approx. **3,600**
 - Trunk-route, BtoB middle mile, TA-Q-BIN/EAZY last mile, etc.
- Information**
 - Physical and digital customer contact points: Account sales representatives, sales drivers, guest operators, call center operators, **Kuroneko Members**, **Yamato Business Members**, etc.
 - Data: Cargo-related data: **Over 2 billion parcels** a year
- Financial Foundation**
 - Soundness: Credit rating: **AA-**

Value We Provide

- For consumers: **Further enhancing the convenience of lifestyles**
- For corporate clients: **Supporting corporate value improvement (not only enhancing logistics efficiency but also providing support for management issues such as adjusting inventories, optimizing sales, and increasing the efficiency of back-office work)**
- For society: **Reducing environmental burden, enhancing environmental resilience, and improving quality of life**

The Yamato Group's Important Role as a Part of Social Infrastructure

Medium-Term Management Plan "One Yamato 2023"

Combine the management resources gathered together under "One Yamato" in an optimal manner to provide value from end to end with a view toward transforming the supply chain

- Transformation into a partner that supports the entire supply chain
- Creation of the "EC ecosystem"
- Reinforcement of Group infrastructure
- Optimal allocation of management resources based on data analysis
- Promotion of data and innovation strategies
- Reform of management structure and reinforcement of governance
- HR strategies that support "Innovating Delivery Business"
- Improvement of capital efficiency
- Strengthening of sustainable management

Transformation Plan "YAMATO NEXT100"

Corporate Governance

Group Corporate Philosophy

Targets (Fiscal year ending March 31, 2024)

- Consolidated operating revenues: **¥2,000 billion**
- Consolidated operating profit: **¥120 billion**
- Consolidated operating profit margin: **6.0%**
- Profit attributable to owners of parent: **¥72 billion**
- ROE: **10%** or higher
- Reduce GHG*1 emissions: **-10%***2 compared with the fiscal year ended March 31, 2021
- Reduce GHG emission intensity: **-10%***2 compared with the fiscal year ended March 31, 2021
- Use of electricity generated via renewable energy sources: **30%**
- *1 Greenhouse gas
- *2 In house emissions of consolidated companies in Japan and Swan Co., Ltd.
- Improvement in operating revenue per employee*3: **+15%** compared with the fiscal year ended March 31, 2021
- Overtime hours per employee: **-20%** compared with the fiscal year ended March 31, 2021
- Annual paid leave utilization: **90%**
- *3 Converted number of employees based on different working hours
- Serious traffic accidents*4: **zero**
- Number of traffic accidents: **-50%** compared with the fiscal year ended March 31, 2020
- Serious occupational diseases*5: **zero**
- Reduce frequency of lost workday injuries: **-20%** compared with the fiscal year ended March 31, 2020
- *4 Fatal accidents for which the Company is responsible
- *5 Incident involving a fatality

Please see pages 36-37 for details on environmental and social targets.