

Strengthening of Sustainable Management

At a time when society as a whole is facing many urgent issues that must be addressed, such as climate change, the declining work-force, human rights, and inequality, it is becoming increasingly important that all corporations also respond to such social issues. Based on these circumstances, the Yamato Group is promoting sustainable management with the aim of realizing the improvement of medium- to long-term corporate value and a sustainable society.

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

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

Social Vision



Through co-creation and fair business activities, help create a society that "leaves no one behind"*2

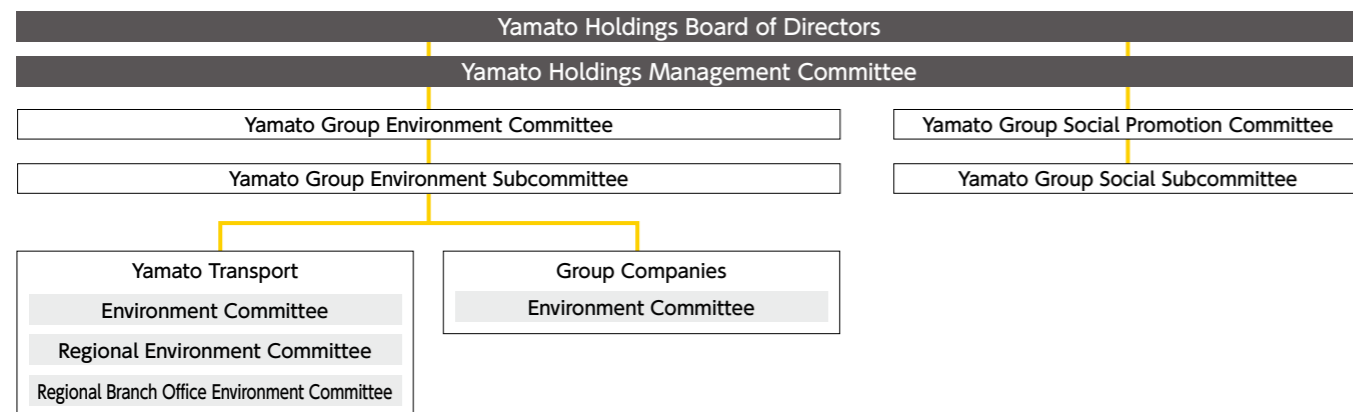
As a social infrastructure company, the Yamato Group will contribute to improving the quality of life of various people, including employees and customers, by reducing and eliminating various inequalities and obstacles in society. We will do this by delivering goods and value to everyone through fair 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

The Yamato Group discusses and makes decisions on sustainability matters at 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 executives (including senior managing executive officers and managing executive officers) of Yamato Transport, meet once a year to discuss and make decisions on issues related to sustainability. Further, four subcommittees in the environmental field (energy, climate, and pollution; resources and waste; management and collaboration; and products and services), 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.



Material Issues

Based on risks and opportunities in the Yamato Group's businesses, we identified important 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 in conjunction with business structure reforms.

- STEP1** Refine Choices for Material Issues
Based on international frameworks, such as the GRI Standards, the Sustainability Accounting Standards Board (SASB), 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 considered the risks and opportunities of the Group's business and narrowed down candidates for material issues.
- STEP2** Hold Stakeholder Dialogues (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.
- STEP3** Identifying Material Issues (January 2020)
At the same time as identifying material issues, we formulated the transformation plan "YAMATO NEXT100" as a grand design for management reform over the medium to long term.


Material Issues	Themes of Initiatives	Vision	Risk/Opportunity	Related SDGs
Energy & Climate	Mitigate climate change	Reduce GHG 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	3, 6, 9, 11, 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 labor and promote "decent work"	Risk Opportunity	3, 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, 6, 9, 10, 11, 12, 17

Key Initiatives to Strengthen Sustainable Management







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, 2023, the second year of these plans, we announced our mid-term environmental targets for reducing GHG emissions by 2030 and are engaging in measures to reduce GHG emissions such as through the introduction of EVs and solar power generation equipment. Regarding social aspects, we are developing an environment that respects diverse human resources and enables employees to play an active role. At the same time, we are engaging in measures to promote addressing social issues and community development through co-creation.

 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, 2023	Examples of Initiatives
 Energy & Climate Mitigate climate change	<ul style="list-style-type: none"> Reduce GHG emissions 10% compared with the fiscal year ended March 31, 2021*1 Reduce GHG emission intensity 10% compared with the fiscal year ended March 31, 2021*1,*2 Achieve 30% usage rate of electricity generated via renewable energy sources*3 	<ul style="list-style-type: none"> 7% decrease 6% decrease 22% usage rate 	<ul style="list-style-type: none"> Introduction of EVs (868 vehicles as of March 2023) Introduction of solar power generation equipment (11 units as of March 2023) Switch to a menu of electricity generated via renewable energy sources Launch of construction for systems related to optimization of EV operations, standardization of charging, and flexible inter-base power distribution Improvement of loading efficiency per vehicle based on data visualization Implementation of a modal shift Consolidation of TA-Q-BIN sales offices Introduction of LEDs (1,241 locations as of March 2023)
 Atmosphere Clean up the skies (prevent air pollution)	<ul style="list-style-type: none"> Reduce NOx and PM emissions from vehicles 25% compared with the fiscal year ended March 31, 2021*4 Introduce vehicles that emit fewer air pollutants 	<ul style="list-style-type: none"> NOx emissions: 23% decrease/PM emissions: 22% decrease Introduction of environmentally-friendly vehicles 	<ul style="list-style-type: none"> Holding of discussions and continuation of technical checks on automated mobility with suppliers that contribute to low-carbon transportation and the prevention of air pollution Introduction of environmentally friendly vehicles (36,902 vehicles, including EVs, as of March 2023)
 Resource Conservation & Waste Promote resource conservation and reduce waste	<ul style="list-style-type: none"> Use 55% renewable resources and recycled materials for paper materials*5 Reduce landfill disposal rate (final disposal rate) to 5% or less*6 Provide products utilizing recycled materials and resource saving materials 	<ul style="list-style-type: none"> 63% 7% Switch to recycled materials and resource saving materials in all 19 applicable materials 	<ul style="list-style-type: none"> Expansion of renewable resources and recycled materials for containers and packaging material utilization Improvement of methods for waste treatment and separation Launch of development of materials for reuse and common reusable materials
 Resilience of Companies & Society Support a society that combats environmental changes	<ul style="list-style-type: none"> Advance green logistics in collaboration with our business partners Collaborate with society to improve environmental resilience (verify and share information about mitigating climate change) Provide environmentally friendly products and services*7 	<ul style="list-style-type: none"> Promotion of developing an environment for calculating the GHG emissions of our transportation partners Discussions regarding development and utilization of cartridge batteries for EVs Launch of development of tools to visualize GHG emissions 	<ul style="list-style-type: none"> Launch of data collection to calculate GHG emissions of transportation partners Implementation of studies aimed at standardization and commercialization of removable and portable cartridge batteries for EVs Launch of development for tools to visualize GHG emissions based on the international standard ISO 14083:2023*9

Medium-Term Social Plan 2023

Material Issues	Targets for the Fiscal Year Ending March 31, 2024	Progress in the Fiscal Year Ended March 31, 2023	Examples of Initiatives
 Labor Create a work environment where employees can thrive	<ul style="list-style-type: none"> Improve operating revenue per employee (compared with the growth rate for the fiscal year ended March 31, 2021) Reduce overtime for employees 20% compared with the fiscal year ended March 31, 2021 Achieve 90% annual paid leave utilization 	<ul style="list-style-type: none"> 11.2% increase 7% decrease 98.1% 	<ul style="list-style-type: none"> Implementation of workplace discussions for all business managers at Yamato Transport Completion of formulating definitions of duties for occupations and roles Revision of development system for regular university graduate hires
 Human Rights & Diversity Create a corporate culture that respects human rights and diversity	<ul style="list-style-type: none"> Achieve 100% attendance at human rights training for all employees Ensure percentage rate of employees with disabilities is 2.5% 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 	<ul style="list-style-type: none"> 100% 2.9% 1.1 times (369 women)/5.7% 	<ul style="list-style-type: none"> Formulation of Yamato Group Human Resources Management Policy Completion of development for multi-lingual tools, such as documents related to recruitment and health and safety and training manuals Implementation of training programs for female employees aiming to become sales office managers Launch of creating manuals for standardizing methods for recruiting and retaining people with disabilities
 Safety & Security Create initiatives to carry out business in a safe and secure manner	<ul style="list-style-type: none"> Achieve zero serious traffic accidents (fatal traffic accidents for which the Company is responsible)*3 Reduce number of traffic accidents (where bodily injury occurs) 50% compared with the fiscal year ended March 31, 2020*3 Achieve zero serious occupational diseases (work-related deaths)*3 Reduce frequency of lost workday injuries*6 by 20% compared with the fiscal year ended March 31, 2020*3 	<ul style="list-style-type: none"> Zero 16% decrease (216 accidents) Zero 8.9% increase 	<ul style="list-style-type: none"> Provision of coaching through ride-along guidance and dashcam videos Implementation of safety training and skill tests for safety experts Introduction of vehicle safety equipment (electric parking brakes and wide-angle rear cameras) Creation of occupational health and safety management system
 Data Utilization & Security Create an information security infrastructure	<ul style="list-style-type: none"> Develop an infrastructure for creating businesses that utilize data to resolve social issues Achieve zero serious information security incidents Ensure 100% deployment of information security managers at major organizations and 100% implementation of training for information managers*4 	<ul style="list-style-type: none"> Development of infrastructure for creating businesses that utilize data to resolve social issues Zero Ensuring 100% deployment of information security managers at major organizations and 100% implementation of training for information managers 	<ul style="list-style-type: none"> Launch of operation for contact points that utilize data Information security training for all employees at Yamato Transport (100% attendance rate) Implementation of on-site and internal audits aimed at continued ISMS certification
 Supply Chain Management Develop a common understanding with stakeholders	<ul style="list-style-type: none"> Complete development and demonstration of monitoring framework*4 	<ul style="list-style-type: none"> Implementation and completion of monitoring tests and verification for key suppliers 	<ul style="list-style-type: none"> Implementation of monitoring tests for key suppliers at 28 companies Decision on how to advance monitoring in the fiscal year ending March 31, 2024 (standards for selecting key suppliers, methods for implementing monitoring, and structure for contracts and promotion)
 Community Create corporate citizenship activities that are rooted in local communities and create a framework for business creation	<ul style="list-style-type: none"> Complete development of a framework to measure effectiveness of corporate citizenship activities and business in resolving social issues 	<ul style="list-style-type: none"> Examination of deploying people to promote corporate citizenship activities within the Company Examination of mechanisms and in-house support structures for creating businesses that resolve social issues, contributing to business growth 	<ul style="list-style-type: none"> Examination of creating a mechanism to encourage employee participation in corporate citizenship activities Completion of creation of support system aimed at creating an in-house environment to create projects on local (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 *9 Standards for calculating and reporting GHG emissions from transportation

Measures That Support Sustainable Growth

Safety Initiatives

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.

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 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.

We are also continuing to work on hardware aspects, such as introducing vehicle safety equipment connected to preventing traffic accidents, in addition to software aspects, such as enhancing the skills of drivers. For example, we have been introducing various equipment to Yamato Transport pickup and delivery vehicles, including electronic parking brakes that aim to prevent accidents involving vehicles moving when unattended,

wide-angle rear-view cameras that reduce accidents when reversing by vertically and horizontally widening the driver's field of view, and brakes that reduce collision damage by detecting obstacles, sounding an alarm to alert drivers, and assisting with braking operations. These innovations will lead to reducing the number of accidents. Furthermore, we have decided to purchase only new automatic vehicles for pickup and delivery, aiming to reduce the burden of driving operations and address the recruitment and retention of new drivers, mainly young people.

To develop an environment in which Yamato Group and partner company employees can carry out loading and unloading operations more safely, in conjunction with the consolidation and enlargement of TA-Q-BIN sales offices in the structural reform of networks and operations, we are promoting measures including the installation of arrival berths and introduction of lift tables for large size vehicles to avoid the use of forklifts at newly developed large-scale bases.

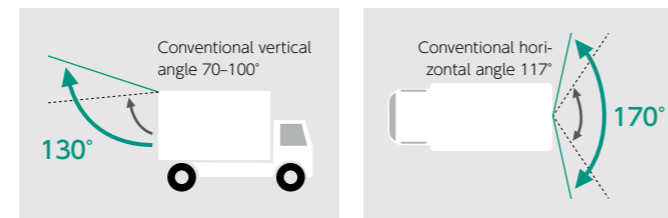
Introduction rate for vehicle safety equipment

Scope: Yamato Transport pickup and delivery vehicles

		2020/3	2021/3	2022/3	2023/3
Electronic parking brakes	Number of units	4,645	6,469	9,887	11,375
	Introduction rate	10.9%	15.1%	22.6%	25.6%
Brakes that reduce collision damage	Number of units	2,323	5,619	8,924	11,237
	Introduction rate	5.4%	13.1%	20.4%	25.3%
Wide-angle rear-view cameras	Number of units	—	—	—	2,323
	Introduction rate	—	—	—	5.2%
Automatic vehicles	Number of units	22,582	23,742	27,687	29,370
	Introduction rate	52.9%	55.3%	63.3%	66.1%

Wide-angle rear-view cameras

Contributes to safety by showing an even wider view from behind vehicles (130° vertically and 170° horizontally)



For details related to safety and security, please see our corporate website.
<https://www.yamato-hd.co.jp/english/csr/society/safety/>

Creation of Solid Relationships with Business Partners

The Yamato Group operates its businesses with the support of numerous business partners and is promoting supply chain management, recognizing that co-existence and co-prosperity with business partners are vital for achieving sustainable growth.

In recent years, in addition to changes to the external environment such as decreases in Japan's working population and rising energy prices, workstyle reform has become a serious issue for drivers in the entire logistics industry following the application of a cap on overtime work to vehicle operation from April 2024.

In light of these issues, the Yamato Group clarified its policy to promote fair, equitable, and honest business transactions with

partners through the Yamato Group Responsible Procurement Policy in 2021 and the Declaration of Partnership Building (Yamato Transport) in March 2023. The Partnership Promotion Office established at Yamato Transport is taking the lead on providing continuous employee training for proper business transactions, holding regular discussions with partners, and supporting transportation partners based on the 2024 problem. Furthermore, we are working to build partnerships by promoting improvement activities through regular surveys of our partners and will continue to contribute to realizing a sustainable society by enhancing added value across the entire supply chain.

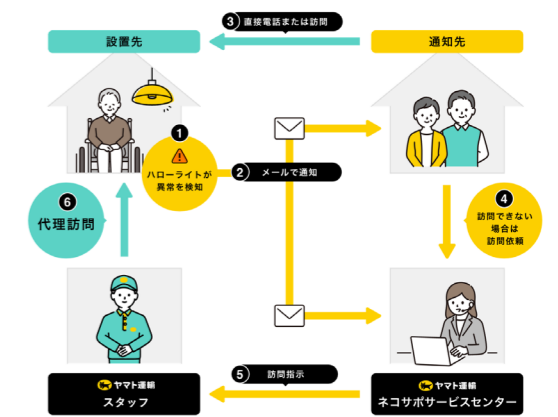
Community

The Yamato Group conducts business activities deeply rooted in communities by developing a logistics network across Japan. Co-existence and co-prosperity with members of local communities are vital for sustainable growth and we aim to create social value and economic value by resolving social issues at the same time as collaborating and co-creating with partners.

TOPICS

1 Provision of Monitoring Services that Utilize IoT Lightbulbs and Our Nationwide Network

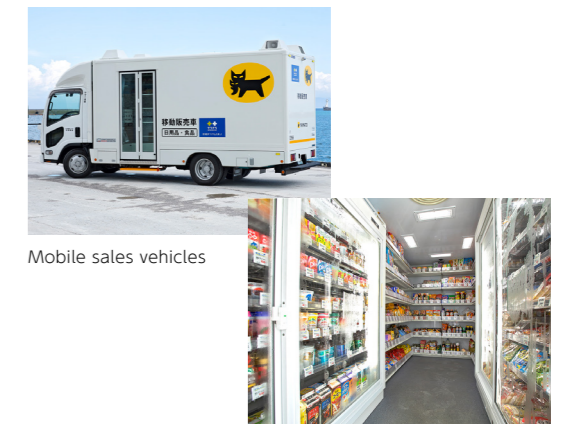
Recently, the aging population and increasing burden of labor shortages for local governments and welfare-related businesses have become issues in monitoring older people who live alone and we needed to create a new monitoring system. *Kuroneko Monitoring Service: HelloLight Visitation Plan* is a monitoring service provided by Yamato Transport that utilizes our nationwide network with close relations to local communities and can be used by simply replacing household lightbulbs with IoT lightbulbs. Following the launch of this service, we have promoted its introduction to bodies including local governments and real-estate businesses not only for use by individual customers with elderly family members but also to be utilized as gifts sent in return for *furusato nozei* (hometown tax donations).



Kuroneko Monitoring Service: HelloLight Visitation Plan service flow

2 Initiatives that Support Shopping Environments in Collaboration with Satudora Holdings

In July 2023, Yamato Transport Co., Ltd. formed a basic partnership agreement with Satudora Holdings Co., Ltd. to realize a sustainable society in Hokkaido. There have been concerns about the serious social issues of the falling birth rate and aging and shrinking population in Hokkaido and the fragility of logistics due to factors such as heavy snow, particularly in some areas. Leveraging both of our strengths, we will contribute to providing a fulfilling shopping environment for local residents by working together to pick up parcels from Satudora stores and deliver products bought at stores to customers' homes. We will also utilize Yamato Transport's transportation and delivery network to deliver products to stores in an even more effective and stable manner and sell Satudora products within Yamato Transport sales offices and mobile sales vehicles.



Mobile sales vehicles

Inside of vehicles

3 Collaboration with Local Governments to Resolve Furusato Nozei Issues

The number of *furusato nozei* donors has been increasing annually since its creation in 2008, with the nationwide donation amount reaching a record ¥965.4 billion. Gifts sent in return to donors have been linked to spreading a region's appeal and sustainably growing local industries. Meanwhile, challenges have also arisen, such as complication of operations for local governments, increase in outsourcing costs, and the burden of shipping operations for businesses providing these gifts. Yamato Transport is working to resolve such issues through collaboration with local governments by utilizing the local community connections and diverse management resources we have built up to date.

Working together with Nakatsu, Oita, we are supporting the resolution of operational issues by helping local businesses participate in providing gifts, in addition to support for streamlining operations related to *furusato nozei*, such as management of special sites, payments, and understanding the shipping capacity of gifts.

We also collaborated with local partner companies in Kamo, Shizuoka, and commenced initiatives to comprehensively support businesses that provide gifts, from gift promotion to shipping and delivery, with the aims of communicating the appeal of local products and sustainably growing local industries.