

# 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



### Social Vision

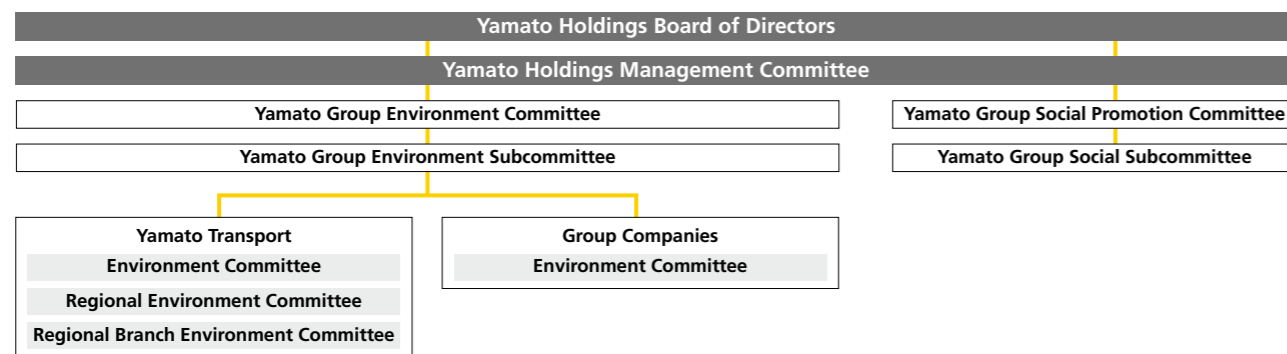
Through co-creation and fair business activities, help create a society that "leaves no one behind"\*



\* 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 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. Further, three subcommittees in the environmental field (energy, climate, and pollution; 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.



## 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.

### STEP 1 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.

### STEP 2 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.

### STEP 3 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 for 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, 8, 9, 10, 11, 12, 17

## Strategy

The Yamato Group has announced its vision for the environment and society in the medium- to long-term grand design, "YAMATO NEXT100", in order to increase the Group's corporate value in the medium to long term and create a sustainable society. In addition, the Group has identified its priority materialities. Guided by the Yamato Group Environmental Policy, the Yamato Group Human Rights Policy, the Diversity Policy, and the Yamato Group Responsible Procurement Policy, the Group has promoted initiatives based on the "Sustainable Medium-Term Plans 2023," which set out specific actions on the materialities and targets to be achieved by the fiscal year ended March 31, 2024. As a result, the Group achieved its targets for reducing greenhouse gas (GHG) emissions (in-house emissions) and has also clarified issues to be addressed for items that have not yet been achieved.

From the fiscal year ending March 31, 2025, the Group has set out its vision for 2030 as "a value-creating company that contributes to the realization of a sustainable future," and has started its medium-term management plan ending in the fiscal year ending March 31, 2027, "Sustainability Transformation 2030 (SX2030) ~1st Stage~." We will generate economic value by working on initiatives such as profit growth by reinforcing the TA-Q-BIN network, expansion of the corporate business domain through the provision of business solutions, commercialization of a new business model to address the diversifying needs of customers and society, and strengthening sustainable management. At the same time, we will also create environmental value and social value through initiatives for the sustainability of society.

Please see the next page for information regarding the results of the "Sustainable Medium-Term Plans 2023" and measures and indicators for "SX2030 ~1st Stage~."

Sustainable Management

Results of “Sustainable Medium-Term Plans 2023” and Targets for the Fiscal Year Ending

March 31, 2027

Domain	Material Issues	Main Targets under “Sustainable Medium-Term Plans 2023”	Results (2024/3)	Achievement Status	Results and Issues	Targets for the Fiscal Year Ending March 31, 2027
Environment	Energy & Climate	Reduce GHG emissions 10% compared with the fiscal year ended March 31, 2021*1	11% decrease	○	<ul style="list-style-type: none"> <li>Progress on measures including introduction of EVs and solar power generation equipment, utilization of electricity generated via renewable energy sources, and increase in transportation efficiency <b>Please refer to P.40 for details</b></li> </ul>	Reduce GHG emission by 25% compared with the fiscal year ended March 31, 2021
		Reduce GHG emission intensity 10% compared with the fiscal year ended March 31, 2021*1,*2	8% decrease	×		70% of electricity generated via renewable energy sources
		Achieve 40% usage rate of electricity generated via renewable energy sources*3	37% usage rate	×		<ul style="list-style-type: none"> <li>Progress on switching to a selection of electricity generated via renewable energy sources and use of solar power generation</li> </ul>
	Atmosphere	Reduce NOx and PM emissions from vehicles 25% compared with the fiscal year ended March 31, 2021*4	NOx emissions: 33% decrease / PM emissions: 33% decrease	○	<ul style="list-style-type: none"> <li>Progress on replacement of vehicles over 15 years old, which have high NOx and PM emissions</li> <li>Promoted EV introduction in cooperation with automakers to achieve both environmental and practical performance <b>Please refer to P.41 for details</b></li> </ul>	Reduce NOx and PM emissions from vehicles by 40% compared to the fiscal year ended March 31, 2021
		Introduce vehicles that emit fewer air pollutants	Introduction of 8,951 vehicles	○		Introduce 8,500 EVs Introduce 2,700 low pollution vehicles (ICE) (3 year total)
	Resource Conservation & Waste	Use 55% renewable resources and recycled materials for paper materials*5	64%	○	<ul style="list-style-type: none"> <li>Expanded renewable resources and recycled materials used for containers and utilization of packaging material</li> <li>Changed specification of specialized transport materials for precision instruments and sake bottles to one that uses less cardboard and film</li> <li>Continued discussions with waste treatment operators on method for waste treatment and sorting</li> </ul>	<ul style="list-style-type: none"> <li>65% use of recyclable and recycled resources in paper materials</li> <li>Promotion of circular business model</li> </ul>
		Provide products utilizing recycled materials and resource saving materials	Created improved samples for three packaging material products, confirmation of resource reduction effect. Phased in new products to replace older type.	○		Reduce landfill disposal rate (final disposal rate) to 5% or less
		Reduce landfill disposal rate (final disposal rate) to 5% or less*6	5%	△		
	Resilience of Companies & Society	Advance green logistics in collaboration with our business partners	Completed preparation for ascertaining transportation partners' GHG emissions and started measuring them	○	<ul style="list-style-type: none"> <li>Completed a system that enables transportation partners' GHG emissions to be ascertained based on travel distance information <b>Please refer to P.41 for details</b></li> <li>Conducted a trial for pickup and delivery service using EVs with cartridge batteries that achieve EV charging and operation <b>Please refer to P.41 for details</b></li> <li>Developed a GHG emission visualization tool based on the ISO 14083:2023*9 international standard and progress on preparation for deployment</li> <li>Announced Carbon Neutral Declaration for three parcel delivery products <b>Please refer to P.42 for details</b></li> </ul>	Complete setting Scope 3 GHG emissions reduction targets <b>New</b>
		Collaborate with society to improve environmental resilience (verify and share information about mitigating climate change)	Started trials for practical application of a EVs with cartridge batteries	○		Provision of services utilizing environmental investment and demonstration test expertise <b>New</b> <b>Please see P.30 for details</b>
Provide environmentally-friendly products and services*7		Developed GHG emissions calculation system (construction of a system designed around calculation logic)	○	<ul style="list-style-type: none"> <li>Increase accuracy of tools to visualize GHG emissions</li> <li>Utilize carbon neutral delivery</li> </ul>		
Society	Labor	Improve operating revenue per employee (compared with the growth rate for the fiscal year ended March 31, 2021)	16.3% increase	○	<ul style="list-style-type: none"> <li>Built a human resource management system based on definition of duties</li> <li>Promoted increases in employee-friendliness, job satisfaction, and operation efficiency through workstyle reform and optimal human resource allocation linked to structural reform of network operation</li> <li>→ Continue working to strengthen human resource operations with a view to further increasing employee-friendliness and job satisfaction</li> <li>→ Maintain and reinforce occupational health management and promote measures to support autonomous career development <b>Please refer to P.34 for details</b></li> </ul>	<ul style="list-style-type: none"> <li>Enhance labor productivity</li> <li>Strengthen engagement</li> <li>Ensure 100% attendance rate for specific health checkups*10</li> <li>Encourage the aspiration of operational managers to step up to the next level*4</li> </ul>
		Reduce overtime for employees 20% compared with the fiscal year ended March 31, 2021	7.2% decrease	△		
		Achieve 90% annual paid leave utilization	89.4%	△		
	Human Rights & Diversity	Achieve 100% attendance at human rights training for all employees*3	Conducted human rights education for all target employees	○	<ul style="list-style-type: none"> <li>Implemented education on human rights and harassment training with a view to cultivating a corporate culture free from human rights violations</li> <li>→ Continue to reinforce employee education and take steps to implement human rights due diligence</li> <li>Created manuals for standardizing methods for recruiting and retaining people with disabilities</li> <li>Promoted cultivation of career awareness through a program to develop female Sales Office Managers and measures for developing university graduates</li> <li>→ Review development programs and build a system for systematic placement and development based on individual career aspirations and aptitudes <b>Please refer to P.37 for details</b></li> </ul>	Ensure 100% attendance rate in human rights and harassment training for all employees
		Ensure percentage rate of employees with disabilities is 2.5%*3	3.1%	○		Ensure percentage rate of employees with disabilities is 3.1%
		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*3	1.1 times (362 women) / 5.9%	×		Ensure the percentage rate of women in management roles is at least 10%
	Safety & Security	Achieve zero serious traffic accidents (fatal traffic accidents for which the Company is responsible)*3	Zero	○	<ul style="list-style-type: none"> <li>Increased knowledge and skills through development of safety expert role</li> <li>Progress on accident prevention through safety education using drive recorders and the introduction of vehicles fitted with safety equipment</li> <li>Strengthened measures to prevent overturning of forklifts and roll-box pallets, which result in major accidents</li> <li>→ Review safety management system to prevent occupational accidents and upgrade work environment and safety equipment</li> <li>→ Review driver training system and continue to introduce vehicles fitted with safety equipment <b>Please refer to P.49 for details</b></li> </ul>	Number of traffic accidents where bodily injury occurs Reduce by 15% compared with the fiscal year ended March 31, 2024*4
		Reduce number of traffic accidents (where bodily injury occurs) 50% compared with the fiscal year ended March 31, 2020*3	26% decrease	×		Frequency of lost workday injuries Reduce by 15% compared with the fiscal year ended March 31, 2024*4
		Achieve zero serious occupational accidents (work-related deaths)*3	1 incident	×		
		Reduce frequency of lost workday injuries*8 by 20% compared with the fiscal year ended March 31, 2020*3	4% increase	×		
	Data Utilization & Security	Development of infrastructure for creating businesses that utilize data to resolve social issues*3	Developed an infrastructure for creating businesses that utilize data to resolve social issues	○	<ul style="list-style-type: none"> <li>Established contact points that utilize data and rules regarding data usage and completed operational structure for knowledge accumulation</li> <li>Completed information security training for all employees in Japan</li> <li>Revised information security guidelines</li> </ul>	Achieve zero serious information security incidents
		Achieve zero serious information security incidents*3	Zero	○		<ul style="list-style-type: none"> <li>Conduct information security training for all employees*3</li> <li>Conduct email trainings for employees and share information to strengthen cybersecurity</li> </ul>
	Supply Chain Management	Complete development and demonstration of monitoring framework*4	Completed	○	<ul style="list-style-type: none"> <li>Constructed a monitoring system through feedback from monitoring of major suppliers and commitment to guidelines <b>Please refer to P.48 for details</b></li> </ul>	Ensure 100% support from major business partners regarding the Guideline <b>New</b>
Community	Complete development of a framework to measure effectiveness of corporate citizenship activities and business in resolving social issues*3	Completed	○	<ul style="list-style-type: none"> <li>Established an evaluation index for measuring the effect of projects to address local (social) issues, and promoted the centralization of information on initiatives with local governments to contribute solutions for social issues, as well as the creation of sales tools</li> <li>Appointed approximately 130 Sustainability Ambassadors to promote sustainability activities in the local community and started internal promotion activities for employees</li> </ul>	Promote employee participation in corporate citizenship activities, including Group companies <b>New</b>	

\*1 In-house emissions of consolidated companies in Japan and Swan Co., Ltd. (Scope 1 & Scope 2) \*2 tCO<sub>2</sub>e/operating revenues of ¥100 million  
 \*6 Equivalent to reduction by half compared with the past \*7 Products and services with environmental value and a low burden on the environment  
 \*9 Standards for calculating and reporting GHG emissions from transportation \*10 Companies/offices subject to Yamato Group health insurance

\*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.  
 \*8 Number of work-related fatalities and injuries caused by accidents resulting in one or more lost workdays per million working hours

## Sustainable Management

### Supply Chain Management

The Yamato Group operates its businesses with the support of numerous business partners and building a healthy and sustainable supply chain is therefore an important issue for us. We aim to support the sustainable growth of the Yamato Group, our business partners, and society through procurement activities that are environmentally and socially considerate, based on fair, equitable, and honest business transactions with partners in accordance with our basic policy.

For more details of our policies regarding supply chain management, please refer to our corporate website.

Supply Chain Management  
<https://www.yamato-hd.co.jp/english/csr/society/scm.html>

#### ► Development of a Monitoring Framework

Under the “Sustainable Medium-Term Plans 2023,” we had been working with suppliers selected based on criteria such as the Group’s priority risks and transactions amounts to form a shared awareness through dialogue and to ascertain their current status, while also holding briefings for them to explain our initiatives in order to obtain their understanding and agreement. In addition, we ascertained the status of each supplier by conducting a questionnaire on their initiatives for issues such as human rights and the environment, then provided feedback and continued monitoring based on the questionnaire results.

We will continue working to strengthen communication with an even wider range of suppliers, reviewing support and evaluation criteria based on the results of questionnaires, and working with suppliers to promote initiatives for human rights and the environment.

#### ► Creation of Solid Relationships with Transportation Partners

The Yamato Group outsources services such as trunk-route transportation in its *TA-Q-BIN* network to partners. We are focusing on building sustainable supply chains through the creation of solid relationships with transportation partners in response to changes in the external business environment, such as a shrinking domestic workforce and rising energy prices, as well as the need to reform workstyles for drivers.

#### Promotion System

The Partnership Promotion Section established at Yamato Transport is taking the lead on providing continuous employee training for proper business transactions, holding regular discussions with partners, and looking at ways to support transportation partners in light of the “2024 problem,” caused by the introduction of a cap on overtime work for drivers in April 2024. We monitor the status of transportation partners’ operations and provide a 24-hour call center for them to create an environment that is more conducive to communication. In addition, external experts monitor the status of these initiatives in order to strengthen governance by creating a system for providing advice and reporting to management.

#### Initiatives

##### • Elimination of Long Working Hours

We have been phasing in operation of a system that clearly states the position of working hours in a contract and then pays additional wages based on actual performance data when extra hours are worked. We are also working our way through a revision of timetables of trucks that are prone to causing long working hours in an effort to ensure appropriate working hours.

##### • Ascertaining Load Volume

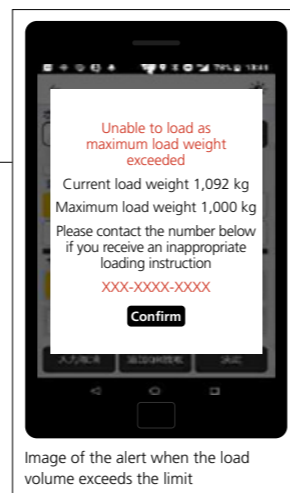
The load volume of the truck is entered into the mobile device, which displays an alert if the load volume exceeds the limit as part of our efforts to prevent overloading.

##### • Appropriate Payment for Ancillary Work

We have phased in the operation of a system in which ancillary work is defined in the contract and payment is made based on the performance data entered into the mobile device.

#### Check Process

Drivers are provided with mobile devices to monitor the status of operations based on information obtained, such as working hours and load volume. In this way, we have built a process that enables early detection of problems and countermeasures for them.



### Safety & Security

Based on its stance of respecting human life and ensuring safety, as laid out in the Group Management Philosophy and Corporate Stance, the Yamato Group thoroughly adheres to its philosophy of placing safety first and business second, positioning respect for human life as a priority at all times. We have created a work environment where employees can work with peace of mind, and we also share our philosophy of respecting human life and ensuring safety, endeavoring to prevent traffic accidents and occupational accidents with our partner companies and business partners.

Indicator	“Sustainable Medium-Term Plans 2023” Targets (Fiscal Year Ended March 31, 2024)	Result	Target (Fiscal Year Ending March 31, 2027)
Number of serious traffic accidents*1 (fatal traffic accidents for which the Company is responsible)	Zero	Zero	Number of traffic accidents where bodily injury occurs*2
Number of traffic accidents*1 (where bodily injury occurs)	Reduce by 50% compared to the fiscal year ended March 31, 2020	26% decrease	Reduce by 15% compared with the fiscal year ended March 31, 2024
Number of serious occupational accidents*1 (work-related deaths)	Zero	1	Frequency of lost workday injuries*2
Frequency of lost workday injuries*1	Reduce by 20% compared to the fiscal year ended March 31, 2020	4% increase	Reduce by 15% compared with the fiscal year ended March 31, 2024

\*1 Consolidated companies in Japan and Swan Co., Ltd  
 \*2 Yamato Transport

#### ► Reinforcing the Safety Management System to Prevent Occupational Accidents

The Safety Department of Yamato Transport is leading the Yamato Group’s initiatives to ensure safety. To realize comprehensive safety management based on changes such as the transition to the One YAMATO structure and the consolidation and enlargement of pickup and delivery facilities under the “Sustainable Medium-Term Plans 2023,” a safety management and monitoring system based on an Occupational Safety and Health Management System (OSHMS)\* has been piloted at certain regional branches and the effect of the system has been confirmed. From the fiscal year ending March 31, 2025, this initiative will be rolled out to all regional branches. We will strive to further enhance the safety management structure and increase the level of safety and health on the front lines, including those of our partners.

\* Occupational Safety and Health Management System

A system of safety and health management recommended by the Ministry of Health, Labour and Welfare, that aims to improve the level of workplace safety and health, including prevention of occupational accidents and creation of employee-friendly working environments.

#### ► Driver Training and Education

In addition to increasing the leadership capabilities of the front line through developing the safety expert role and training managers to enhance their knowledge, such as occupational safety and health, we are also striving to enhance safety education for frontline drivers using drive recorder images and data. Given the increase in driving opportunities and traveling distances following changes such as the consolidation and enlargement of pickup and delivery facilities, we have revised the training for newly appointed drivers from the fiscal year ending March 31, 2025, to strengthen actual vehicle drills. In addition to safety education on the front line, we also conduct regular in-house license renewal training in an effort to enhance the driving technique, knowledge, and safety awareness of all drivers.

#### ► Introduction of Vehicles and Equipment

We are working to prevent traffic accidents by installing vehicle safety equipment such as electronic parking brakes that prevent accidents from vehicles moving while unattended and wide-angle rear-view cameras to prevent accidents when reversing. We have prioritized areas with high accident risk in installing this equipment. Furthermore, to build an operating environment where employees and partners can work safely and securely, we are promoting measures such as introducing electric lifting devices as a replacement for forklifts, which have a higher risk of serious occupational accidents, organizing truck berths for loading / unloading, and introducing air coolers and vests with fans to prevent heat stroke.