

Key questions and answers (summary) at the Briefing on Sustainability (Environment and Society)

Q 1 Please explain your thinking regarding cost control effects through environmental initiatives.

- GHG emissions can be reduced, together with controlling costs through efficient energy utilization, through the integrated promotion of EVs, solar power generation equipment, and energy management.
- We expect around 15% of cost reduction, compared to a scenario without environmental initiatives, when calculated up to 2030, which is the target year for the medium-term GHG emission reduction goals. This cost reduction will come from reduced fuel costs through EV usage, and lower utility costs from better energy self-sufficiency, and can be achieved despite additional expenses such as depreciation costs associated with environmental investments.
- We are expecting GHG emissions reduction and cost control to progress as planned in the current fiscal year, through the introduction of EVs mainly at pick-up & delivery facilities with a higher effect on investment, and by seeking to improve utilization and driving distances.
- With the full implementation of a carbon tax, we estimate the business impact (higher costs) to be 15.7 billion yen in 2030. However, through the promotion of environmental initiatives such as the deployment of 23,500 EVs and the installation of 810 units of solar power generation equipment, we are expecting the negative impact to be mitigated by 7.4 billion yen compared to if we did not implement such measures.

*Please see below for details.

<https://www.yamato-hd.co.jp/english/csr/environment/tcfd.html>

Q 2 How do you plan to establish operations that do not rely on dry ice? What is the potential for utilizing dry ice through the application of CO₂ separation and recovery technologies?

- We are working to replace dry ice with other refrigerant materials, while also collaborating with business partners to research new refrigerants. We are closely monitoring developments in new technologies, including Direct Air Capture (DAC) which captures carbon for use in dry ice, and are taking a multifaceted approach to addressing these challenges.

Q 3 The results of the employee awareness survey for the fiscal year ending March 31, 2025 show an overall improvement. However, could you explain the challenges and initiatives related to the "Rewarding" indicator, which is the only item for which the positive response rate declined?

- The five key indicators, including "Rewarding", had been declining since the fiscal year ended March 31, 2022. After analyzing the correlations among these indicators, we identified that the main reasons are 'company strategies not sufficiently penetrated among employees' and 'inadequate support from managers to subordinates'. We prioritized and addressed enhancing the capabilities of managers, which led to higher scores related to management by supervisors, and improvements in the "Employee-friendly" and "Sense of growth" indicators, in the survey results for the fiscal year ending March 31, 2025.
- In order to foster the sense of "Rewarding", we believe it is essential for managers to provide appropriate follow-up, as well as evaluative feedback, regarding the goal setting and execution of each employee. We are therefore focused on training managers to equip them with strong communication and follow-up skills. Specific initiatives include the establishment of standard processes for evaluative feedback, and monitoring the status of their implementation. Additionally, we are expanding opportunities for dialogue with employees. Efforts include the "Managers' Workplace Discussions", where Operational Managers and Regional Branch Managers engage in dialogue; "Workplace Meetings", where employees reflect on their work environment and collaborative to improve it at each location; and "Employee Workplace Discussions", where employees representing each location engage in dialogue with Regional Branch Managers. We are working to strengthen the capabilities of our managers by implementing an improvement cycle through the employee awareness surveys.

Q 4 Considering issues such as the "2024 Problem", what risks could arise in the relationships with transportation partners, and how are you addressing them?

- The first of such risks is compliance risk. While we are striving to build appropriate relationships with transportation partners, it may not be possible to fully eliminate compliance risks, which could lead to risks such as a decline in our brand image, or additional costs arising from incidents. To address this risk, we are working to build appropriate relationships with

transportation partners, promoting measures such as regular communication with them, setting up consultation channels, making use of IT systems, building a governance framework that involves outside experts, and ongoing employee training.

- The second is the risk of a decline in long-distance transportation capacity. With stricter regulations on overtime, and on hours spent driving vs resting, we are anticipating a decline in capacity, especially for long-distance transportation. To mitigate this risk, we are reviewing transportation routes, including the use of relay transportation, and promoting modal shifts to rail and ferries, thereby reviewing our entire long-distance operations.
- The third point is the risk of rising unit transportation costs. Given the industry-wide shortage of truck drivers, we believe it is inevitable that transportation costs will increase in the medium to long term. To address this, we are working to optimize transportation costs by setting loading efficiency KPIs at each terminal, as well as optimizing vehicle dispatch through enhanced coordination between terminals. Moreover, we will continue to promote appropriate payments to our transportation partners while optimizing transportation costs, and appropriately reflect the increased costs to our pricing to customers.