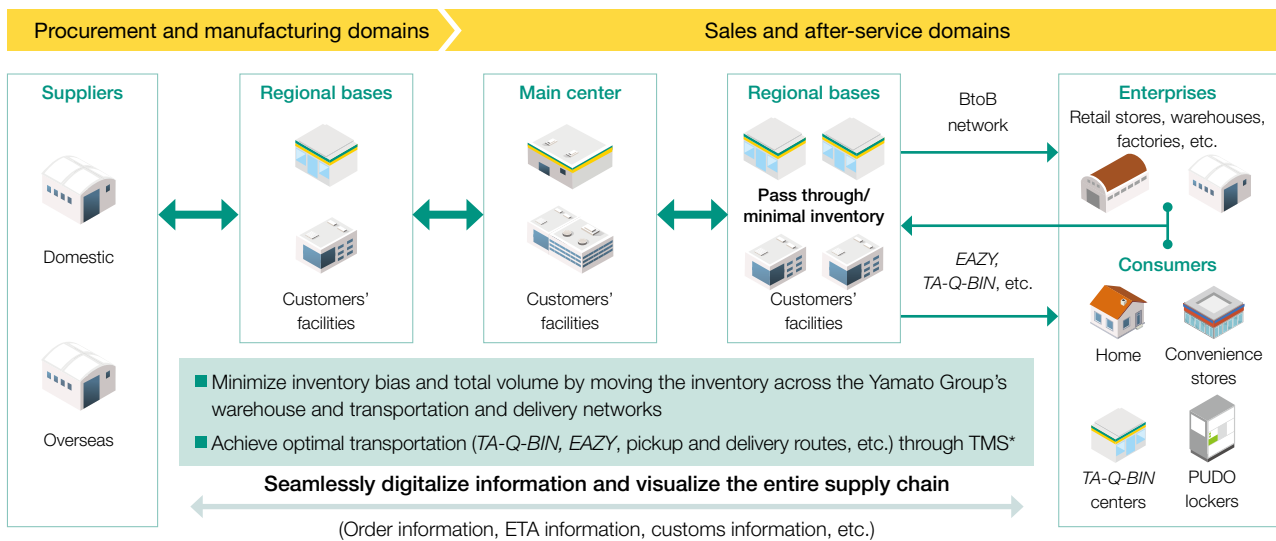


Strengthening Corporate Business

We aim to become a business partner that supports the entire supply chain, from suppliers and manufacturers to stores and consumers. We will maximize sales, streamline the supply chain, and improve cash flow for our corporate clients by seamlessly integrating warehouses, bases, trunk routes, middle-mile networks, last-mile networks, and new local transport functions across Japan and providing advanced solutions through the visualization of digital information.

Becoming a Partner That Supports the Reform of the Entire Supply Chain

Provide optimal solutions and utilize management resources through **One Yamato**



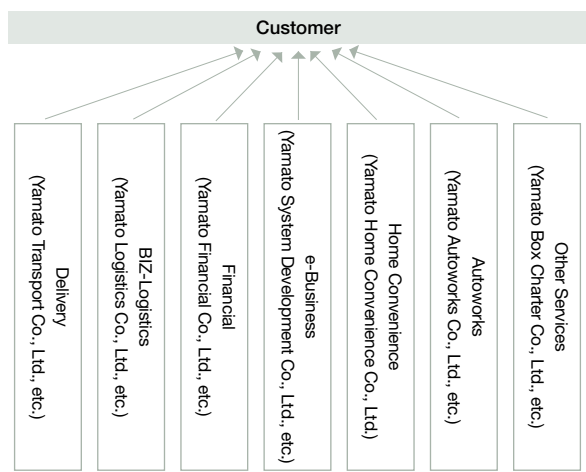
Suppliers/Vendors	Sellers	Retailers/Consumers
<ul style="list-style-type: none"> Standardize and simplify shipping operations Optimize inventory 	<ul style="list-style-type: none"> Minimize distribution costs Cope with diverse and rapidly-changing demand 	<ul style="list-style-type: none"> Able to maximize selling space (use retail space as showrooms) Able to accommodate diverse purchasing methods

* TMS: Transport Management System

Promotion of Corporate Sales System

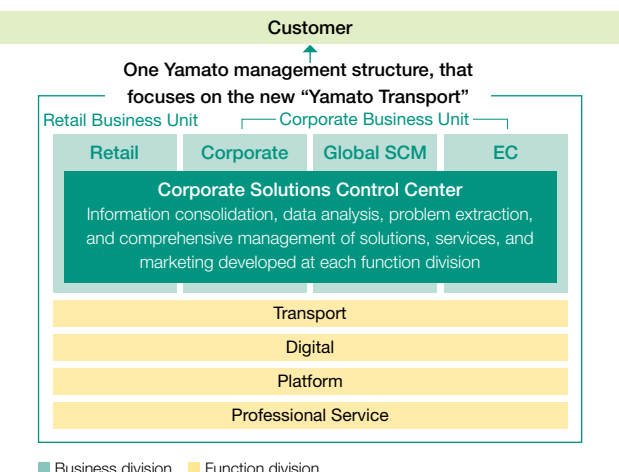
Before

Promote corporate sales at each operating company
 Note: From October 2019, the Yamato Group's corporate sales functions were integrated virtually



After (from April 2021)

Under the One Yamato management structure (in both name and practice), the corporate unit will promote sales based on customer segments in three business divisions



Solutions for the Healthcare Field

Initiative

Commence GDP-Compliant Transport of Reagents for Gene Testing at the Ultra-Low Temperature Range of Minus 70°C or Below –Also Commencing Experiments for Ultra-Low Temperature Transport without Using Dry Ice–

In anticipation of further progress in personalized healthcare,^{*1} Yamato Logistics Co., Ltd. and Sysmex Corporation created a logistics service optimal for the transport of reagents for gene testing^{*2} and commenced operation in February 2021. This is the first commercial service in Japan for transporting such reagents in consolidated cargo at the ultra-low temperature range of minus 70°C or below.

Sysmex, a leading company of instruments and reagents for clinical testing, has, until now, required a dedicated truck to satisfy their advanced quality requirements during transport, regardless of quantity, and the associated high transport cost has posed an issue. Furthermore, this mode of transport requires dry ice for cold storage through the transport process, which uses CO₂. To reduce the environmental burden and deal with tight demand in the summertime, Sysmex has long been seeking ways to improve this.

To that end, Yamato Logistics and Sysmex conducted demonstrations of logistics quality control and cost to realize

GDP-compliant^{*3} transport of reagents for genetic testing. This transport required management in temperature ranges from “refrigerated” to “ultra-low,” assuming transportation was carried out in a specially designed carrier box by a truck with consolidated cargo. As a result of these demonstrations, we succeeded in eliminating dry ice used in the “frozen” temperature range and reducing use in the “ultra-low” temperature range by approximately 50%. Since we were able to demonstrate a high-quality, low-cost logistics system at multiple temperature ranges, we have commenced full-scale operation.

Going forward, the two companies will strive to advance a cold chain that meets social needs by, for example, utilizing “ultra-low temperature ice”^{*4} of minus 120°C and conducting experiments to realize extended transport without using dry ice in the “ultra-low” temperature range.

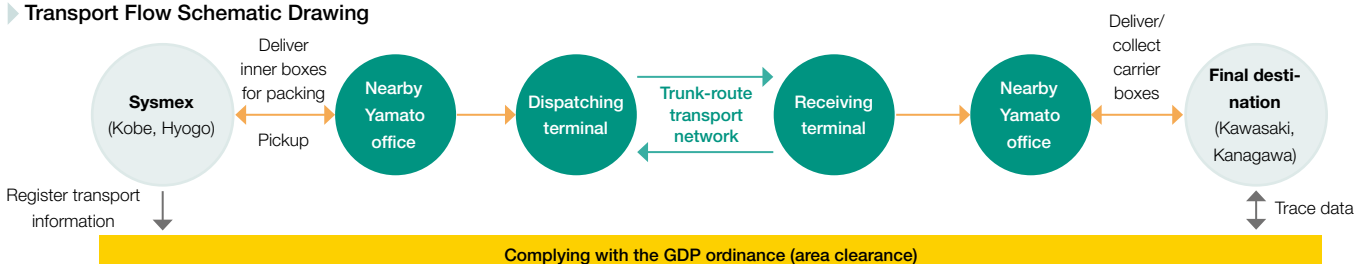
*1 Treatment and prevention methods that are tailored to individual patients and their clinical conditions to enhance effectiveness and minimize side effects

*2 Indicating *in vitro* diagnostics products used for gene testing

*3 Good Distribution Practices: A basic scheme for assuring the quality of pharmaceuticals in the distributive process, from shipment from a manufacturing plant to delivery to medical institutions

*4 With the Ultra Deep Freezer (developed by ADD Co., Ltd., Numazu, Shizuoka, Japan), fresh water is quickly frozen to minus 120°C. This is used as an eco-friendly substitute for dry ice.

▶ Transport Flow Schematic Drawing



Solutions for Agricultural Product Logistics

Initiative

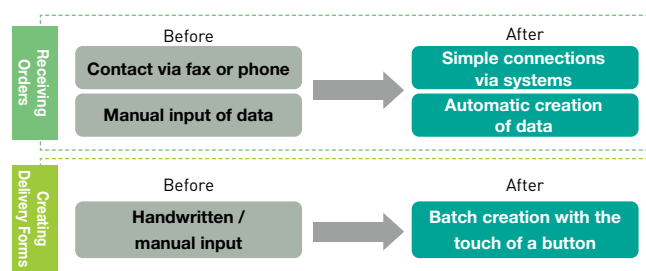
The Vegeneko Project for Resolving Issues Facing Agricultural Product Logistics

Agricultural product logistics in Japan currently involves a complex process for receiving and placing orders, which includes gathering information via the phone or fax, typing in data manually, and once again interacting via phone or fax. Such a system places a large work burden on producers and shipping agencies. Also, as there is no framework for smoothly sharing information with distributors, it is difficult for producers and shipping agencies to transport products at desired times and with the desired level of service. For distributors, various issues arise in terms of work style and profitability, including inefficient loading operations, the lack of return shipments, and long-distance travel.

To address these issues, Yamato Transport collaborated with Oisix ra daichi Inc., a company that offers food delivery services for organic and specially cultivated agricultural products as well as meal kits, to establish the Vegeneko Project. This project aims to leverage the resources of both companies, including their respective transport networks, to resolve the issues facing agricultural logistics. Under this project, Yamato Transport and Oisix ra daichi are working to establish

an open platform that helps make the logistics process more efficient through one-stop services that cover everything from receiving and placing orders to delivery. As part of these efforts, the two companies are providing systems to enhance the efficiency of receiving orders and creating delivery forms, which are part of the many complex characteristics of agricultural products logistics.

Going forward, Yamato Transport and Oisix ra daichi will establish systems that can help increase the efficiency of adjusting shipping volumes with retailers and create platforms that can help expand sales routes and improve transport efficiency by connecting distributors with digital data.



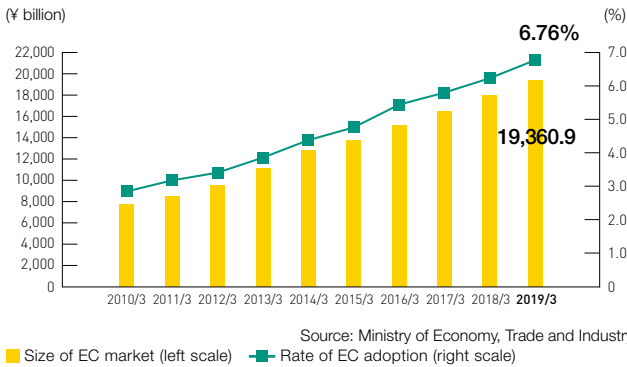
Creating the Best Solution for the "EC ecosystem"

EC adoption is accelerating in all industries, to the point where everything is available through EC, regardless of the product or service. The Yamato Group has launched a new delivery service, *EAZY*, which connects EC users, EC operators, and delivery service providers in real time using digital information. In addition, we will strive to provide optimal solutions through collaboration with partners, such as supporting the creation of a supply chain for EC operators, from receiving orders to shipping and delivery, and expanding locations for EC users to receive products.

Background to the Promotion of Initiatives

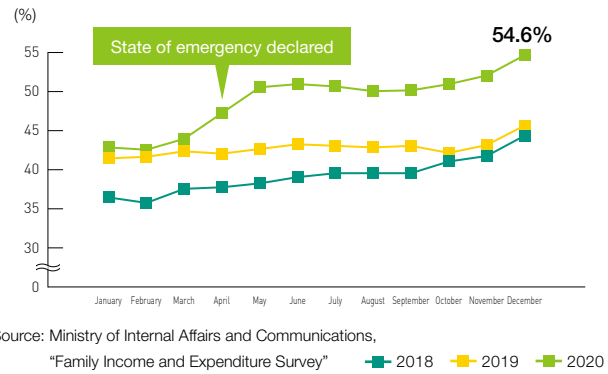
▶ Rapid Growth in the Domestic EC Market

While the size of the EC market in Japan appears to be increasing, the rate of EC adoption is low in comparison with other countries so there is room for growth.



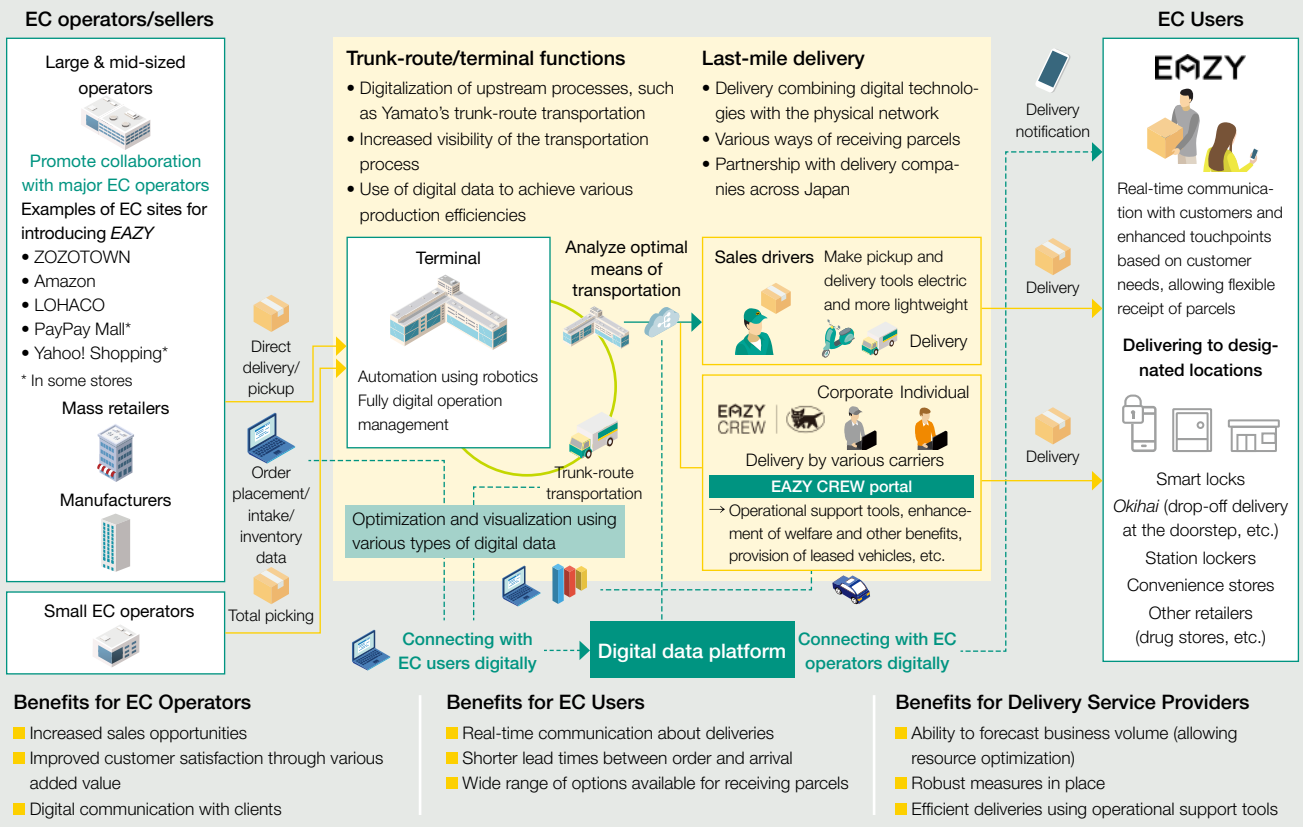
▶ Percentage of Households Using EC

Consumption from people staying at home under the first state of emergency declared by the government triggered an increase in EC users, including the elderly who previously had low usage rates.



Utilize the High Growth Potential of EC to Achieve Sustainable Growth for the Yamato Group

▶ Creation of a New "Delivery System" That Connects EC Operators and Consumers



Initiative

Launch of *EAZY*—A New Delivery Service for the EC Market



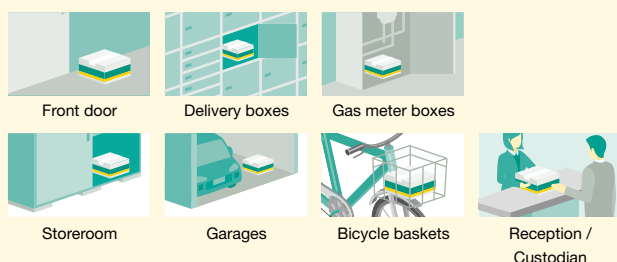
At Yamato Transport, we launched a new delivery service for EC operators, *EAZY*, in June 2020. By connecting EC users, EC operators, and delivery service providers in real time using digital information, *EAZY* thoroughly enhances the convenience, safety, and efficiency, of purchasing, sending, and receiving parcels. *EAZY*

therefore acts as a new service that will help realize sustainable growth in the EC domain. Through this service, in addition to regular face-to-face receipt, EC users are able to receive parcels at a wide range of designated locations.

We have started to offer *EAZY* via ZOZOTOWN and ZOZOTOWN in PayPay Mall, which are online fashion shopping websites operated by ZOZO, Inc. From fall 2020, we will gradually roll out this service to new EC operators.

Features of *EAZY*

1. Responding to diversifying needs for non-face-to-face delivery



2. Receiving location can be changed right up until you receive parcels
3. Providing real-time delivery completion notice to customers
4. Collaborating with external partners for more efficient deliveries



Initiative

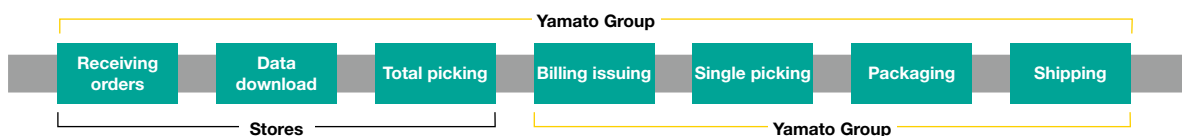
New Logistics Services in Collaboration with Z Holdings Corporation

In June 2020, we began offering new logistics services geared toward the stores of the online shopping malls Yahoo! Shopping and PayPay Mall in collaboration with Z Holdings Corporation. These new services consist of a “Fulfillment Service,” where we conduct all operations on behalf of stores, from receiving orders to shipping and delivery, and a “Pick & Delivery Service,” where we perform certain functions for stores. Through the provision of these services, we aim to shorten lead times from ordering a product to receiving it, reduce the burden

of logistics-related work at stores, and optimize logistics costs. We also aim to further enhance the level of convenience for purchasers. Furthermore, by linking data and designing logistics in line with the operation of Yahoo! JAPAN, the time and effort involved in interactions between each individual company and logistics operators will be significantly reduced. This will allow these services to be introduced and operated smoothly.

In the future, we will conduct demand forecasts by utilizing and analyzing the data we cultivate through these services. These forecasts will help us further shorten lead times and reduce costs by moving inventories to the optimal area of consumption in advance.

Fulfillment Service The Yamato Group conducts all operations from receiving orders to product storage, picking, packaging, shipping, and delivery.



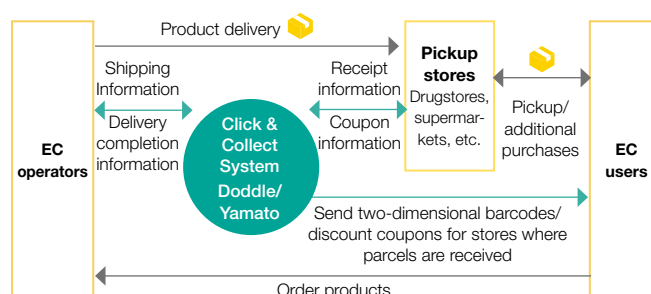
Pick & Delivery Service The Yamato Group provides services for picking, packaging, shipping, and delivering goods shipped on the day after the total picking is made by a store.

Initiative

Launch of New Receipt Service for EC Products

Together with Duddle Parcel Services Ltd., we launched a new receipt service for EC products in November 2020. This service introduces Duddle’s “Click & Collect System” at participating stores as locations for receiving the products sent by EC operators who have already been using *EAZY*. Participating stores can launch this service by simply installing a specialized terminal. This will also expand locations for EC users to effortlessly receive parcels according to their lifestyles.

New Service Flow

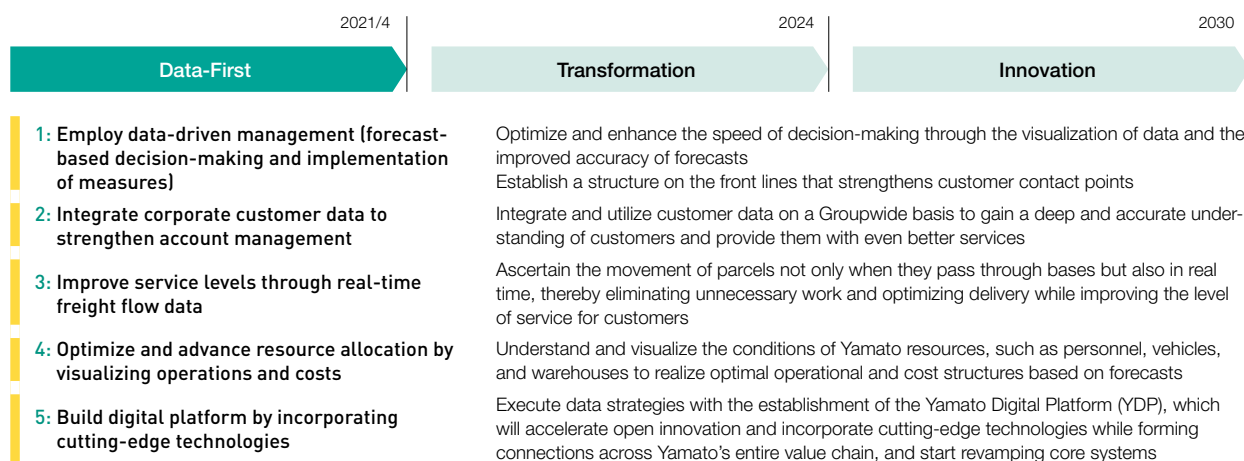


Promoting Data and Innovation Strategies

With the shift to data-driven management as a fundamental strategy, in addition to updating the existing core systems, we will promote the maintenance of digital data and the strengthening of our digital foundation to further advance the utilization of data. We are able to support the digital aspects of our growth strategy through expansion of the Yamato Digital Platform, which focuses on data acquisition mechanisms that utilize cutting-edge technology and cloud technology. In addition, we will promote the further reinforcement of open innovation, such as the discovery of and collaboration with start-up companies, as well as investing in start-ups to create new business.

Shift to Data-Driven Management

- Invest roughly ¥100.0 billion in digital fields over the four-year period starting from the fiscal year ending March 31, 2021
- Launch a new digital organization with 300 personnel in 2021
- Execute five actions to launch a new organization with the aim of achieving results in the near term
- Launch CVC fund to accelerate open innovation



Initiatives for Innovation Strategy

Initiative

Establishment of CVC Fund KURONEKO Innovation Fund

In April 2020, we launched the corporate venture capital (CVC) fund KURONEKO Innovation Fund together with the major independent venture capital fund corporation Global Brain Corporation.

The basic stance of the KURONEKO Innovation Fund is to “Always think from a long-term perspective, provide start-up companies with all the assets that the Yamato Group has to offer, and grow together with them.” Rooted in this basic stance, this CVC fund strives to achieve the following three goals: (1) Create new growth models, (2) Realize outstanding operational efficiency, and (3) Promote open innovation through consistent management of funds. To that end, the fund will invest in start-up companies both in Japan and overseas that possess innovative technologies and business models that can transform logistics operations and supply chains. At the same time, the fund aims to create growth models in the logistics market and other related markets by opening up the Yamato Group's management resources.

Fund Overview

Name (registered name)	KURONEKO Innovation Fund L.P. (YMT-GB Investment Limited Partnership)
Fund size	¥5.0 billion
Operation period	10 years
Investment target	<ul style="list-style-type: none"> Start-up companies with innovative technologies and business models that can transform logistics operations and supply chains Start-up companies that have potential as Yamato Group partner companies
Target stage	Seed, early, and middle, in principle
Target area	Mainly focus on Japan, but also invest in North America, Europe, and Asia
Unlimited liability partner	Global Brain Corporation
Limited liability partner	Yamato Holdings Co., Ltd.

■ First investment project: Development of Chinese automated delivery robot “Yours”
<https://www.yamato-hd.co.jp/news/2020/20201207.html>

Initiatives for the Digital Transformation



Optimization of Operations through Data Analytics

Through detailed data analysis and the utilization of AI, we will enhance the accuracy of our demand and workload forecasts. Based on these forecasts, we will better allocate personnel and vehicles and improve delivery routes. Through such efforts, we will aim to boost pickup and delivery productivity by optimizing and standardizing transportation and delivery processes as well as our overall operations.

Initiative

Collaboration with Palantir Technologies to Accelerate DX

In July 2020, we initiated efforts aimed at accelerating the operational reform of the Yamato Group and the DX of the logistics industry in collaboration with the U.S.-based Palantir Technologies Inc., a leading company in the global market for big data analytics.

Leveraging the technologies of Palantir, we will build a digital platform that creates new added value for our customers. At the same time, we will aim to optimize resource allocation, streamline the supply chain, and enhance the level of service we offer customers.

Furthermore, through operational innovation, not only will we transform the Yamato Group itself, we will also lead the way with innovations in the overall logistics industry in Japan.

Yamato Holdings

Palantir Technologies

■ Database
■ Logistics know-how

■ Big data analytics technologies

Provide optimal supply chain solutions for customers through innovations to logistics operations using sophisticated data analysis

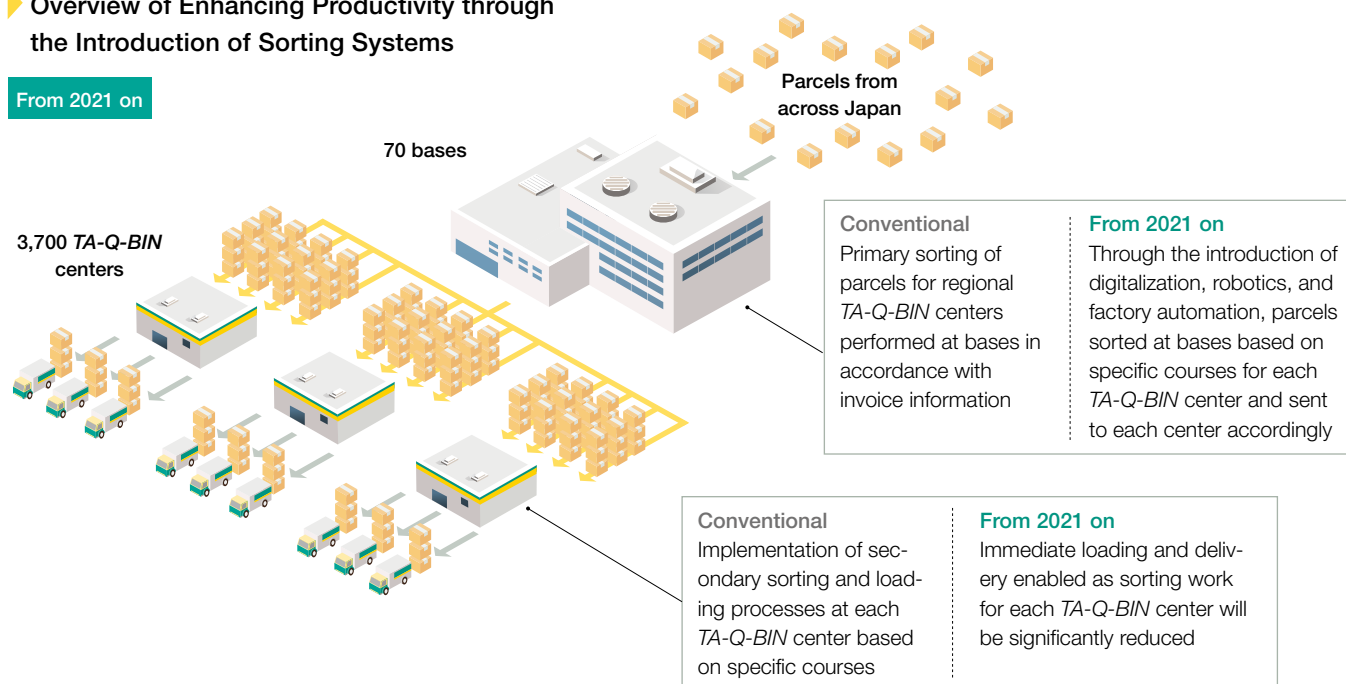


Enhanced Productivity in Logistics Operations through the Introduction of Sorting Systems

We will improve the productivity of sorting operations across our entire network by 40% through the introduction of unique sorting systems that innovate conventional sorting processes. Through such efforts, we will significantly enhance the productivity of our logistics operations.

Overview of Enhancing Productivity through the Introduction of Sorting Systems

From 2021 on



Promoting Data and Innovation Strategies

Message from the Executive Officer Responsible for Data Strategy



Norihiko Nakabayashi

Executive Officer

Responsible for Digital Function
and Digital Data Strategy

We aim to create new delivery methods and new customer experiences by integrating the abundant physical resources we have cultivated with physical technology.

Profile

Mr. Nakabayashi began working for IBM Japan Ltd. in 2002. As a data scientist, he supported the utilization of data from numerous companies. Following this, he was the deputy director of the data science lab at OPT Inc. (currently Digital Holdings, Inc.) and the chief data scientist for Sompo Holdings, Inc. until August 2019, when he began working for Yamato Holdings. Currently, as an executive officer of Yamato Holdings, he is in charge of the data strategy for fields such as architecture and data science. In addition, Mr. Nakabayashi teaches big data analytics as a guest associate professor at the University of Tsukuba.

Data-Driven Management to Generate Innovation

The Yamato Group delivers approximately 1.8 billion parcels every year by utilizing our abundant physical resources, from our over 220,000 employees to over 50,000 vehicles, 77 terminal locations, and approximately 3,700 *TA-Q-BIN* centers. However, most of the information up to this point has not been digitalized and even now, more than 40 years since we launched our *TA-Q-BIN* service, the reality is that we have been operating locations that handle *TA-Q-BIN* by relying on our experience and intuition.

What we call “data-driven management” is digitalizing all our information, including those physical resources, and visualizing it. This enables us to make predictions based on data analysis and then utilize that information in the management decision-making process. Under “YAMATO NEXT100,” we are moving forward with Groupwide digital transformation (DX) with the aim of combining the physical and digital domains to create new services and customer experiences, as well as generating future innovations.

Digital Twin: The Key to Predicting the Future

We are focusing on building a digital twin to optimally allocate management resources and create new services by predicting the future. “Digital twin” refers to re-creating the real-world management environment in a virtual space through digital technology and, through this, we will enable the simulation of all future events. We will progress with the construction of a digital twin in three stages.

■ Level 1: Data-First (by April 2021)

In the current stage, “Data-First,” we will achieve the digitalization of the Group’s physical resources, which is the

first step toward data-driven management. Accumulating and analyzing information on management resources, for which data collection has been insufficient, and building the foundation for a digital twin enables us to increase the number of points of contact related to transportation and delivery, such as *TA-Q-BIN* centers, terminals, and vehicle movements, and understand the movement of freight in real time. Additionally, we are promoting the development of a Groupwide shared digital platform, the Yamato Digital Platform (YDP).

■ Level 2: Transformation (by 2024)

In the next stage, “Transformation,” we will be able to confirm more detailed, real-time information on the status of transportation and delivery. It will also be possible to make future predictions and understand where and when a parcel is and what time it will be delivered. Through this, I believe it will enable us to offer customers a service where the designated delivery, date, and time can be changed flexibly at the customer’s convenience, even just before delivery. We will also be able to optimally allocate management resources, such as employees and vehicles, by making future predictions. It is important to utilize not only Group resources but also external information, such as traffic conditions, weather, climate, and locations, for highly accurate predictions. In addition, we will consider creating and maintaining 3D maps for introducing transportation that uses drones and robotics.

We aim to create new delivery methods and new customer experiences by combining the abundant physical resources we have cultivated with digital technology.

■ Level 3: Innovation (by 2030)

In the third stage, “Innovation,” we aim to dynamically allocate management resources based on all of our simulations and create completely new customer experiences. For example, I believe that it would be ideal to provide a customer experience where a parcel “appears” in front of customers rather than being “delivered,” where the customer is notified the instant a parcel is shipped by an EC operator, and can change the collection point or delivery time of the parcel at any time according to the customer’s current location and needs.

Achievement of Optimal Cost Structure by Making Future Predictions

While the Yamato Group’s DX has only just begun to move forward, it has already conducted a four-month freight forecast at *TA-Q-BIN* centers and the results are reflected in its business performance for the fiscal year ending March 31, 2021. Our ultimate goal is to be able to calculate the cost of transportation and delivery on a per-parcel basis. Since factors such as truck loading efficiency and the trunk routes and terminals that we use for transportation will change depending on the situation, transportation costs will vary drastically, even though the arrival and departure location and the cost for the customer remain the same. By expanding digital points of contact and advancing future predictions, I believe that it will be possible to select the best routes and make transportation more efficient, thus contributing to achieving an optimal cost structure.

Key Foundations for Data-Driven Management— Countermeasures for Human Resource Development and Information Security

It goes without saying that, during the shift to data-driven management, it is essential to secure and cultivate talented employees who can implement and execute digital strategies. In order to bring digital strategies to the front line, we have already started providing data science training and data analysis tools for employees in our business divisions. In the future, we plan to develop various human resource development systems, such as a system for in-house promotions from business divisions to IT divisions through training and aptitude assessments and for

the creation of opportunities for IT personnel with no business division experience to experience front-line operations.

Furthermore, information security countermeasures are also a key foundation of data-driven management and security countermeasures for personal information and important confidential information of corporate clients are particularly necessary when offering a service. Under the current management system, the Group can only share the minimum amount of customer information necessary for delivering parcels. However, with the aim of increasing value offered to customers, we are using the reform of the Group management system as an opportunity to advance the development of the legal aspects of sharing necessary customer information internally. Also, in terms of technology, we are creating a robust security infrastructure by introducing the latest security technology through our cloud services and striving to establish a system that allows data to be utilized with full security in place.

Creation of New Delivery Methods and Contribution to the Creation of an Enriched Society

The purpose of the Yamato Group’s DX is not simply to improve efficiency through data analysis but to fundamentally reform the entire Group management structure and create future innovations. I understand the flow of goods more than anyone and believe that we can contribute to the creation of an enriched environment by creating new delivery methods and new customer experiences. We will achieve this by offering services that deliver necessary items to customers when they need them and proposing the optimal movement of goods, such as when, where, and what producers and suppliers should create to please society, while making full use of the management resources, knowledge, and data we have cultivated.

Our abundant physical resources are a major strength for Yamato in implementing data-driven management. I am confident that, if we bring digital strategies into management from the front line and the physical and digital domains begin to work in unison, we will definitely produce great results and take the lead in the Japanese logistics industry.

Kyobashi Office

The photo shows the IT Function Division in Kyobashi (Chuo-ku, Tokyo). This is the base of Yamato Holding’s digital strategy promotion. There are approximately 140 employees who carry out data analysis and system development on a daily basis with the aim of promoting data-driven management. Due to the COVID-19 pandemic, we have introduced working from home and our attendance rate is approximately 10%. (As of February 2021)



Strengthening Sustainable Management

Now, when society as a whole is facing many urgent issues, such as climate change, labor, human rights, inequality, and COVID-19, it is becoming increasingly important that corporations also diligently face these issues and participate in resolving them. In January 2020, the Yamato Group announced “YAMATO NEXT100,” its long-term grand design for its management. In it, we set out two visions: “Connect. Deliver the future via green logistics,” which consists of four targets, including realizing virtually zero CO₂ emissions by fiscal 2050, and “Through co-creation and fair business activities, help create a society that leaves no one behind,”^{*1} which consists of six targets that will help improve the quality of people’s lives. The recently formulated sustainable Medium-Term Environmental Plan 2023 and Medium-Term Social Plan 2023 are comprehensive sustainable medium-term plans that set out specific actions to be taken on each important material issue (materiality) and targets to be achieved by 2023 in order to realize these visions. Going forward, we aim for the sustainable development of society and business by implementing these measures in our business activities.

^{*1} To leave no one behind: Basic philosophy of the SDGs

Vision and Materiality for Sustainable Management

In addition to setting forth our environmental and social visions for a sustainable future that aim to improve the corporate value of the Yamato Group over the medium to long term and realize a sustainable society, we identified important, priority material issues to be addressed.

▶ Materiality Identification Process

STEP 1 ▶ Refine Choices for Materiality

Based on international frameworks, such as the GRI Standards, the Sustainability Accounting Standards Board (SASB), ISO 26000, and the Sustainability 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 based on performance data and refined our choices for materiality that will contribute to increasing the corporate value of the Yamato Group, as well as create a sustainable society.

STEP 2 ▶ Hold Stakeholder Dialogues (Implemented in November 2011)

In order to identify material issues by understanding the needs and expectations of various stakeholders, we held stakeholder dialogues between experts and our president and executives. We invited four experts from universities, international institutions, and securities companies and received their opinions on materiality and the expected role of the Yamato Group in solving environmental and social issues.

STEP 3 ▶ Formulate the Transformation Plan “YAMATO NEXT100”

Based on discussions from STEP 2, we announced our Transformation Plan “YAMATO NEXT100” as a grand design for our management over the medium to long term on January 23, 2020. Under this plan, which focuses on one of the infrastructure reforms “sustainability initiatives under the theme ‘management embodying the environment and society,’” we set forth our environmental and social visions for a sustainable future and identified material issues.

▶ 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 that is better for the planet, our lifestyles, and the economy. We will also support a strong, smart society by striving toward virtually zero CO₂ emissions and by creating business models based on sustainable resource use and consumption.

Social Vision | Through co-creation and fair business activities, help create a society that ‘leaves no one behind’”







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.

Environment

Materiality	Priorities	Goal	Value Created
 Energy & Climate	Carbon neutrality	<ul style="list-style-type: none"> Carbon neutrality by 2050^{*2} 	<ul style="list-style-type: none"> Driving renewable energy growth by stimulating demand Mitigating climate risks such as natural disasters Promoting widespread use of innovative low-carbon technologies Facilitating the availability of low-carbon products
 Atmosphere	Logistics that protect the atmosphere	<ul style="list-style-type: none"> Reduction of air pollutants from vehicles (reduction of NOx and PM from urban area deliveries) 	<ul style="list-style-type: none"> Contributing to the health of local communities by preventing air pollution Utilizing data to optimize transportation, thereby reducing traffic
 Resource Conservation & Waste	Resource efficient logistics and business	<ul style="list-style-type: none"> Use of environmentally friendly materials and shift to delivery using reusable and minimal packaging 	<ul style="list-style-type: none"> Shifting to a circular economy by creating resource recovery networks Improving efficiency and economic gains by leveraging the sharing economy
 Resilience of Companies & Society	Logistics infrastructure that promotes a society in harmony with the environment	<ul style="list-style-type: none"> Strengthened collaboration to combat environmental changes 	<ul style="list-style-type: none"> Fostering collaboration to support a sustainable society Improving society's resilience to climate change Promoting a low-carbon society through smart mobility

*2 Emissions from the Yamato Group: Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased or acquired electricity and other sources owned or controlled by us)

























Social

Materiality	Priorities	Goal	Value Created
 Labor	Creating work environments that are fair, worker-friendly, and engaging	<ul style="list-style-type: none"> Achievement of "decent work"^{*3} by 2030 by creating workplaces that are employee friendly and that foster employee engagement 	<ul style="list-style-type: none"> Enabling employee work-life balance Promoting physical and mental health of employees Ensuring enough workers to continue stable business activities Providing a model of industry best practices related to labor practices
 Human Rights & Diversity	Creating a vibrant society that respects human rights and diversity	<ul style="list-style-type: none"> Empowerment of socially vulnerable people 	<ul style="list-style-type: none"> Promoting a society where human rights are respected and protected Sparking innovation through diverse ideas Creating job opportunities for diverse individuals, including women and people with disabilities Reducing and eliminating social inequality and obstacles
 Safety & Security	Ensuring road and occupational safety, improving quality of services and business processes	<ul style="list-style-type: none"> Establishment of business processes that can significantly reduce accidents on the road and at worksites 	<ul style="list-style-type: none"> Creating safe cities Ensuring health and safety of employees Providing a sense of security and well-being
 Data Utilization & Security	Robust information security, utilization of data from operating vehicles and from transportation for social impact	<ul style="list-style-type: none"> "Creating Shared Value" by utilizing data 	<ul style="list-style-type: none"> Protecting personal data (respecting human rights) Solving environmental and social challenges
 Supply Chain Management	A resilient and sustainable supply chain that considers the environment and society	<ul style="list-style-type: none"> Creation of a resilient and robust supply chain and co-creation model 	<ul style="list-style-type: none"> Continuing to ensure appropriate and stable business activities Mitigating reputational risks Creating synergy from environmental conservation activities Providing an efficient and robust labor practice model
 Community	Building strong communities through co-creation	<ul style="list-style-type: none"> Creation of a business model that accelerates the revitalization of local economies 	<ul style="list-style-type: none"> Revitalizing local economies Improving Japan's global competitiveness through regional revitalization Building a foundation for co-creation of a sustainable society

*3 Decent work: Work that ensures dignity, equality, fair income, and safe working conditions

Sustainable Medium-Term Plans 2023

The Yamato Group formulated details of specific actions to take in response to material issues and targets to be achieved by 2023 that aim to accomplish its two visions for a sustainable future. We aim for the sustainable development of society and business by implementing these measures in our business activities.

Materiality	Related SDGs	Overview	Main Fiscal Targets (Fiscal year ending March 31, 2024)
 <p>Energy & Climate Mitigate Climate Change</p>	  	<p>Reduce greenhouse gas emissions by using electricity generated via renewable energy sources, enhancing transportation efficiency by utilizing digital technology, and reducing use of dry ice, etc.</p>	<ul style="list-style-type: none"> Reduce greenhouse gas emissions by 10% compared with the fiscal year ending March 31, 2021*1 Reduce greenhouse gas emission intensity by 10% compared with the fiscal year ending March 31, 2021*1,2 Use 30% of electricity generated via renewable energy sources
 <p>Atmosphere Clean Up the Skies (Prevent Air Pollution)</p>	   	<p>Pursue transportation that reduces the effects of air pollutants emitted by vehicles and cleans up skies in local communities</p>	<ul style="list-style-type: none"> Reduce NOx and PM emissions from vehicles by 25% compared with the fiscal year ending March 31, 2021*5 Introduce vehicles that emit fewer air pollutants
 <p>Resource Conservation & Waste Promote Resource Conservation and Reduce Waste</p>	      	<p>Drastically reduce the environmental burden and promote use of technology and create opportunities for minimizing environmental impact</p>	<ul style="list-style-type: none"> Use 55% renewable resources and recycled materials for paper materials*6 Reduce landfill disposal rate (final disposal rate) to 5% or less*7 Provide products utilizing recycled materials and resource saving materials
 <p>Resilience of Companies & Society Support a Society That Combats Environmental Changes</p>	     	<p>Collaborate with diverse partners to increase resilience of stakeholders and local communities and create environmental value</p>	<ul style="list-style-type: none"> Advance green logistics in collaboration with our business partners Collaborate with society to improve environmental resilience Provide environmentally friendly products and services*12

Reinforce Environmental Management

- Maintain and improve effectiveness of environmental management system (improve management levels)

*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 Overseas. Scope 1 & Scope 2

*4 Automated mobility such as autonomous driving and truck platooning

*5 The range refers to Yamato Transport Co., Ltd.

*6 Paper materials refer to cardboard for shipping, pickup and delivery materials, etc.

*7 Equivalent to reduction by half compared with the past

*8 Overseas. All other items in Japan

▶ **Medium-Term Environmental Plan 2023**
Moving Forward, “Connect. Deliver the Future via Green Logistics”
the Yamato Group’s Individual-Driven Environmental Reforms



Details

Low-carbon transportation/offices: Introduce low-carbon technology

- Reduce greenhouse gas emissions by 3% compared with the fiscal year ending March 31, 2023^{*3}
- Continue field tests of new electric vehicles (EVs) and fuel cell vehicles (FCVs) (including medium-sized trucks for long-distance travel) with other industries
- Carry out investigations and collaborative research into automated mobility^{*4} with the aim of realizing low-carbon transportation and preventing air pollution
- Reduce the use of dry ice to refrigerate packages: Substitute with 13,000 mechanical cold boxes and 1,200 refrigerator trucks

Low-carbon transportation/offices: Enhance operational efficiency

- Visualize operational status and enhance transport efficiency based on data by fully leveraging digital technologies. Promote eco-driving

Reduce air pollutant emissions from transportation

- Carry out investigations and collaborative research into automated mobility^{*4} with the aim of realizing low-carbon transportation and preventing air pollution

- Promote modal shifts: 180 units for rail and sea transports
- Conduct demonstration tests of a model delivery center that uses 100% renewable energy
- Consolidate touch points (locations) and install LED lights

Measure energy and optimize energy management

- Reinforce energy management

Conduct financial analysis and promote low-carbon investment

- Analyze scenario and reflect in financial planning (reflect in next medium-term plan)
- Put internal carbon pricing (ICP) into operation, confirm effects, and consider use as an investment indicator

Reduce use of resources, reduce waste, and recycle

- Reduce amount of paper material used by 3% compared with the fiscal year ending March 31, 2021
- Reduce landfill waste volume (final disposal volume) by 3% compared with the fiscal year ending March 31, 2021
- Reduce waste volume intensity by 3% compared with the fiscal year ending March 31, 2021
- Raise recycling rate to over 80%
- Reduce amount of resources used, reduce waste volume, and promote recycling^{*8}

Use renewable resources, recycled materials, and less plastic

- Use 7% renewable resources/recycled materials for containers/packaging materials^{*9}
- Promote the use of recycled materials for packaging^{*8,10}

Collaborate with society to improve environmental resilience

- Reinforce resilient logistics to support mitigation and adaptation measures

Engage in environmental communication

- Reinforce information distribution through enhanced disclosure and holding information sessions. Hold dialogues with investors and relay the content within the Company
- Enhance information disclosure according to recommendations of the Task Force on Climate-related Financial Disclosure (TCFD)
- Enhance risk communication
- Establish ourselves as an environmentally friendly company. Create an atmosphere where environmental initiatives can be used to encourage sales/communication

Develop reusable materials and provide framework for material sharing usage^{*11}

- Promote the practical application of materials for reuse and provide transportation with shared reusable materials
- Launch a model for sharing reusable materials and expand user base

Reduce water usage and improve water quality

- Reduce water consumption intensity by 3% compared with the fiscal year ending March 31, 2021
- Advance water reuse and water quality conservation
- Advance activities to reduce volume of water used^{*8}

Advance green logistics in collaboration with our business partners

- Work with our transportation partners to understand their greenhouse gas emissions, accumulate data, and implement a system to support improvement
- Compliance with environment-related laws and management: Provide environmental certification for partner companies and suppliers, and support improvement

- Implement environmental accounting (Group companies in Japan)
- Enhance development of human resources with deep knowledge of the environment (environmental education) and grant incentives

^{*9} Containers/packaging materials include packaging used for shipping and cushioning materials

^{*10} Overseas logistics/moving-related services

^{*11} External

^{*12} Products and services with environmental value and a low burden on the environment

Sustainable Medium-Term Plans 2023

Materiality	Related SDGs	Overview	Main Fiscal Targets (Fiscal year ending March 31, 2024)
 <p>Labor Create a work environment where employees can thrive</p>		<p>Implement a high-value-added model for labor and promote “decent work”</p>	<ul style="list-style-type: none"> ■ Improve operating revenue per employee (through high-value-added work) ■ Reduce overtime for employees by 20% compared with the fiscal year ending March 31, 2021 ■ Ensure annual paid leave utilization rate is 90% (achieve work-life balance)
 <p>Human Rights & Diversity Create a corporate culture that respects human rights and diversity</p>		<p>Respect human rights, recognize diversity, and create a framework for human rights due diligence</p>	<ul style="list-style-type: none"> ■ Ensure 100% attendance rate at human rights training for all employees ■ Ensure percentage rate of employees with disabilities is 2.5% ■ Double number of female managers (executives) compared with the fiscal year ending March 31, 2021 and ensure 10% of all managers are female
 <p>Safety & Security Create initiatives to carry out business in a safe and secure manner</p>		<p>Maintain traffic/labor safety and provide reliable service</p>	<ul style="list-style-type: none"> ■ Achieve zero serious traffic accidents (fatal traffic accidents for which the Company is responsible) ■ Reduce number of traffic accidents (where bodily injury occurs) by 50% compared with the fiscal year ended March 31, 2020 ■ Achieve zero serious occupational diseases (work related deaths) ■ Reduce frequency of lost workday injuries by 20% compared with fiscal year ended March 31, 2020
 <p>Data Utilization & Security Create an information security infrastructure</p>		<p>Create an information security infrastructure and create businesses that utilize data to resolve social issues</p>	<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
 <p>Supply Chain Management Develop a common understanding with stakeholders</p>		<p>Build a stable business infrastructure through sound, resilient supply chains</p>	<ul style="list-style-type: none"> ■ Complete creation and demonstration of monitoring framework
 <p>Community Create corporate citizenship activities that are rooted in local communities and create a framework for business creation</p>		<p>Establish corporate citizenship activities that are unique to the Yamato Group. Create a business model that revitalizes local economies</p>	<ul style="list-style-type: none"> ■ Complete creation of a framework to measure effectiveness of corporate citizenship activities and business in resolving social issues

*1 For consolidated companies in Japan *2 For offices covered by the Yamato Group Health Insurance Association *3 For consolidated companies in Japan and Swan Co., Ltd.

▶ **Medium-Term Social Plan 2023**
Through co-creation and fair business activities,
help create a society that “leaves no one behind”



Details	
<p>Consider a high-value-added model for labor by promoting optimization and labor saving and improving the work environment through the utilization of technology and digital transformation</p> <ul style="list-style-type: none"> ■ Reinforce personnel and labor measures aimed at achieving “decent work” through implementing employee awareness surveys and improve survey scores*1 ■ Establish fair working conditions regardless of employment status (equal pay for equal work)*1 ■ Establish a diverse, flexible employment system depending on job type, role, etc.*1 ■ Establish an environment where employees can work comfortably*1 ■ Create employee welfare measures in order to maximize the effectiveness of human resources*1 	<p>Create a work environment where employees can thrive and play an active role by improving personnel systems, developing individual skills, and placing the right person in the right position (promote “decent work”)</p> <ul style="list-style-type: none"> ■ Launch educational organization and create new training structure*1 ■ Increase time spent in training by expanding opportunities for uniform training based on position and developing training for all employees*1 ■ Ensure 100% attendance rate for specific health checkups*2
<p>Create initiatives for business activities that do not violate human rights and foster a corporate culture that respects human rights</p> <ul style="list-style-type: none"> ■ Create a framework for human rights due diligence and complete demonstrations (level where we can set monitoring indicators after fiscal 2025) ■ Carry out labor-related human rights risk assessments, as well as revision/improvement activities (focused particularly on foreign employees) ■ Reinforce harassment prevention measures 	<p>Create an environment where diversity is respected and diverse employees can play an active role</p> <ul style="list-style-type: none"> ■ Understand the issues faced by employees who are experiencing LGBT-related difficulties and create a work environment in which employees can reach out to others ■ Understand the issues faced by foreign employees and create a work environment where no one is left behind in the workplace ■ Implement active support for female employees ■ Share internal best practices regarding employment and advancement of people with disabilities and roll out these best practices on a Groupwide basis ■ Develop LGBT-related points of contact and create consultation service for employees
<p>Create initiatives in order to carry out business in a safe and secure manner and establish a safe work culture</p> <ul style="list-style-type: none"> ■ Carry out annual Groupwide management review (traffic safety*1 and occupational safety and health*3) ■ Attain 100% attendance rate at traffic safety training for drivers and managers*1 ■ Nurture mentors and implement in-house training based on mentors*1 ■ Implement safety measures utilizing technology-based hardware*1 ■ Attain 100% attendance rate at occupational health and safety training by all employees (full-time and part-time workers*3) ■ Decide on occupational health and safety policies*3 	<p>Create an internal infrastructure to realize a society with zero stakeholder dissatisfaction (stress)</p> <ul style="list-style-type: none"> ■ Perfect the definition of reliable service and create implementation policies/evaluation standards to provide such service*4 ■ Create a system/framework to assess the status of providing reliable service and complete demonstrations (internal assessment*4) ■ Begin to disclose information regarding the status of providing reliable service*4 <p><small>Note: For consolidated companies in Japan and Swan Co., Ltd.</small></p>
<p>Develop an infrastructure for creating businesses that utilize data to resolve social issues</p> <ul style="list-style-type: none"> ■ Improve data governance ■ Put data management into practice ■ Improve data quality ■ Identify issues through data analysis and visualization and examine the social outcomes of resolving these issues 	<p>Create an information security infrastructure to support the shift to data-driven management</p> <ul style="list-style-type: none"> ■ Attain 100% attendance rate at information security training for all employees (full-time and part-time workers) ■ Begin deployment of incident sharing tools for business partners (part-time workers, <i>Kuroneko Mate</i>, pickup and delivery consignment, temporary workers, and subcontractors) at our offices ■ Create a PDCA cycle for consistent personnel and technical measures (create Groupwide rules/frameworks with the aim of preventing recurrence of information security incidents) ■ Expand training content and tools <p><small>Note: All items are for consolidated companies in Japan and Swan Co., Ltd. except for yamato Transport Co., Ltd.</small></p>
<p>Formulate a common understanding with internal and external stakeholders</p> <ul style="list-style-type: none"> ■ Select key suppliers for periodic monitoring and communicate with suppliers at least once every three years ■ Select key employees (departments) responsible for in-house implementation and implement training at least once every three years 	<ul style="list-style-type: none"> ■ Create a system to monitor the status of our business partners ■ Share information with clients and hold periodic explanations and reviews (reinforce communication) <p><small>Note: All items are for consolidated companies in Japan and Swan Co., Ltd.</small></p>
<p>Establish corporate citizenship activities that are rooted in local communities and are unique to the Yamato Group</p> <ul style="list-style-type: none"> ■ Undertake corporate citizenship activities that enrich local communities (equivalent to 1% of annual revenues) ■ Establish in-house rules (evaluation standards, reporting lines, etc.) ■ Create environment that promotes volunteer work (volunteer leave, information sharing environment, rules for participation, etc.) 	<p>Create an in-house environment for business creation</p> <ul style="list-style-type: none"> ■ Complete creation of new business development system aimed at resolving social issues ■ Consider what kind of business we should be as an integral member of an ideal society ■ Manage internal data comprehensively (external information, internal know-how, etc.) and consider methods and projects ■ Hold training on social issues and social trends (SDGs, etc.) <p><small>Note: All items are for consolidated companies in Japan and Swan Co., Ltd.</small></p>

*4 For Yamato Transport Co., Ltd.

Sustainability Initiatives: Environmental Strategies for Realizing a Sustainable Society

Basic Approach

In order to achieve corporate management that works in harmony with the environment, the Yamato Group will strive to understand and reduce the environmental impact of our business and create environmental value that contributes to the development of society.

To realize our environmental vision “Connect. Deliver the future via green logistics,” we will challenge ourselves to resolve identified material issues. We set zero CO₂ emissions (in-house emissions) as a long-term target, with the specific awareness of the importance of the risks and opportunities presented by climate change. In addition to reducing the environmental impact of our business, we are pursuing services that help reduce CO₂ emissions, making proposals for deregulation, and cooperating with local governments. In these ways, we are making serious efforts to mitigate and adapt to climate change.

Promotion System

Matters regarding important environmental management and strategies, such as important material issues, vision, long-term targets, and the medium-term plan are deliberated by the Board of Directors, which involves the participation of the Company president and directors. Executive officers are responsible for overseeing environmental issues. These officers confirm the details of such matters as climate-related risks and opportunities, the impact of such risks/opportunities on our financial position, and strategies to address these risks/opportunities. They also monitor, manage, and oversee environmental performance indicators such as greenhouse gas emissions. In addition, the Yamato Group Environmental Committee meets each quarter to discuss environmental management. The chair of this committee is selected by the executive officers responsible for overseeing environmental issues, and the committee itself comprises CSR managers from major Group companies. Furthermore, the ESG Strategy Department serves as the secretariat of the Yamato Group Environmental Committee. We are appropriately managing risks related to climate change through a Companywide management process and are aiming to improve our environmental performance.

Environmental Management System

The Board of Directors

Representative Director and President
Executive officers in charge of overseeing environmental issues

The Yamato Group Environmental Committee
Secretariat: ESG Strategy Department
Committee members: Heads of CSR departments at major Group companies

Initiatives Based on Recommendations of the TCFD

The Yamato Group identifies and evaluates the risks, opportunities, and impacts associated with climate change in recognition of its importance on realizing a sustainable society and on the Group itself. Furthermore, the Group engages in information disclosure based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)*. Going forward, we will conduct scenario analysis to be reflected in business plans under Medium-Term Environmental Plan 2023, as well as confirm the operation and effectiveness of internal carbon pricing and consider its use as an investment indicator to promote low-carbon investment. Our goal is to be a company that grows alongside society by leveraging our business to mitigate and adapt to climate change, while managing risks and creating opportunities and helping to realize a low-carbon society.

* The TCFD was established in 2015 by the Financial Stability Board (FSB) and presented its recommendations for climate-related financial disclosure in 2017.

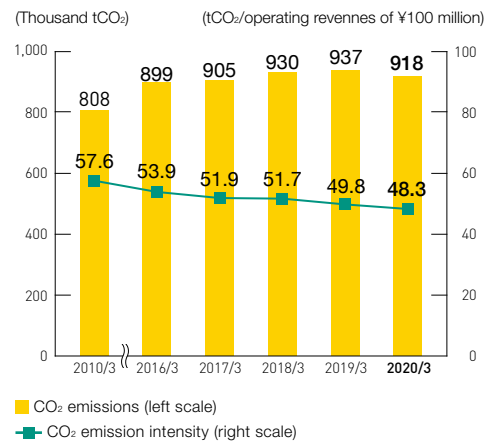
Targets and Results

To mitigate the risks of climate change and expand opportunities, the Yamato Group has set targets to reduce CO₂ emissions. In addition to virtually zero CO₂ emissions by 2050 and a 10% reduction (compared with the fiscal year ended March 31, 2010) in CO₂ emission intensity by the end of the fiscal year ended March 31, 2020, we have established CO₂ reduction targets to achieve by the end of the fiscal year ending March 31, 2024. In the fiscal year ended March 31, 2020, Yamato System Development promoted reforms such as introducing an energy-saving air conditioning control system into their server room, which has reduced CO₂ emissions by approximately 30t. As a result, we have surpassed our Groupwide target of reducing CO₂ emission intensity by 16%. Under Medium-Term Environmental Plan 2023, with the target of 10% reduction (compared with the fiscal year ending March 31, 2021) in greenhouse gas emissions, we aim to reduce greenhouse gas emissions through various initiatives. These include utilizing electricity generated via renewable energy sources, optimizing transportation by making full use of digital technology and reducing the use of dry ice to refrigerate packages.

■ **Long-term target:** Virtually zero CO₂ emissions*¹ by 2050 ■ **Medium-term target:** Please refer to page 30 ■ **Short-term target:** 10% reduction (compared with the fiscal year ended March 31, 2010) in CO₂ emission intensity*² by the fiscal year ended March 31, 2020

▶ **Results for the fiscal year ended March 31, 2020:** 16% reduction (compared with the fiscal year ended March 31, 2010) in greenhouse gas emission intensity*²

CO₂ Emissions/CO₂ Emissions Intensity



*¹ In-house emissions (Scope 1 and Scope 2) *² Greenhouse gas emission intensity: tCO₂/operating revenues of ¥100 million

Climate-Related Risks and Opportunities, Financial Impact, and Management Strategies

① Policy and Legal Risks

In the case of stricter regulations on greenhouse gas emissions and increased obligations on their reduction, costs in the Delivery and BIZ-Logistics businesses may increase or be accelerated as a result of costs associated with the introduction of low-carbon vehicles and renovating facilities. This cost increase may also impact transport and administration expenses. Also, if the Delivery, BIZ-Logistics, or any other businesses are unable to meet the reduction obligations, the Company may issue fees for credit purchases.

■ Management

We are promoting greenhouse gas (GHG) emission reductions by monitoring energy consumption, conducting analysis, and taking a variety of energy conservation measures. Additionally, we are advancing GHG emission reductions through a shift toward vehicles with lower GHG emissions, such as hybrid vehicles and electric vehicles (EVs), and the heavy use of electrically power assisted vehicles and hand-pushed trolleys for pickup and delivery services in urban areas (as of March 2020, the Yamato Group owns approximately 5,400 electric bicycles, approximately 4,700 hybrid vehicles, and 80 electric vehicles. Please see the graph on the right “Changes in the Number of Environmentally Friendly Vehicles Owned”). We will accelerate the efficiency of home deliveries and CO₂ emission reductions by gradually introducing 500 small-sized, commercial-use EVs, which can be driven without a medium-sized vehicle driver’s license. In addition, we will aim to introduce low-carbon vehicles, including 5,000 EVs, half of our small-sized pickup and delivery vehicles, by 2030. Based on Medium-Term Environmental Plan 2023, we will strive to reinforce energy management and carry out field tests of new EVs and fuel cell vehicles with other industries, including trucks for long-distance travel.

② Physical Risks

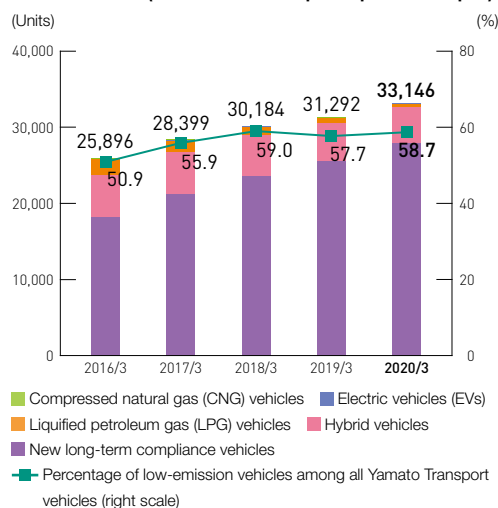
In the event of our employees being impacted by disasters or delays in business recovery as a result of the increasing severity of heavy rains, typhoons, and other weather conditions, our services could be suspended and this could have an impact on our revenue. Additionally, the increased risk of our employees suffering from heatstroke due to rising temperatures could lead to an increase in workers’ compensation and other types of insurance. Furthermore, an increase in capital expenditure and a rise in insurance premiums for facilities are also possible due to a rise in sea levels, necessitating a revision to flood countermeasures at bases with a high risk of flooding and plans for bases.

■ Management

We strive to ensure the safety of our employees and safeguard parcels and other items by implementing training based on the Disaster Response Manual and other responses. In the event of a suspension of TA-Q-BIN pickup and delivery services due to a disaster, we seek to minimize its impact by providing such information on Yamato Transport’s website. Furthermore, after business recovery, we cooperate in supporting disaster-affected areas by transporting relief supplies in concert with local governments and other agencies. We will also promote reinforcing resilient logistics to support mitigation and adaptation measures under Medium-Term Environmental Plan 2023. In the fiscal year ending March 31, 2024, we aim to demonstrate a model for renewable energy and EV usage that increases resilience and begin distributing information on adapting to climate change.

We manage chronic risks from the increase in average temperatures and sea levels in the following ways. First, to address the problem of heatstroke, we are investing in adaptation measures such as introducing air coolers that are suitable for work at terminals and TA-Q-BIN centers and using sweat absorbent, fast-drying fabrics in employee uniforms. Additionally, Yamato Transport is heightening its response capabilities and business continuity by assessing the risk of floods at its bases across Japan and implementing flood training.

Changes in the Number of Environmentally Friendly Vehicles Owned (Consolidated Group Companies in Japan)



Implementation of Field Tests for Next Generation of Modes of Pickup and Delivery



With the aim of creating diverse employment opportunities and further improving the efficiency of pickup and delivery, we implemented field tests for the next generation of modes of pickup and delivery that do not emit CO₂ while running. Based on these tests, we will carry out improvements in order to comply with various regulations and aim to introduce these vehicles nationwide in the future.

► Specifications and Features of Newly Introduced Bicycle

Specifications

- Three-wheeled electric bicycles
- Overall length: 270cm Overall width: 120cm
- Maximum load capacity: 120kg

Features

- Driver’s license not required
- No CO₂ emissions while running
- Removable rear cargo storage box



Transporting relief supplies in cooperation with the Self-Defense Forces after the 2011 Great East Japan Earthquake (Kesennuma, Miyagi)

Sustainability Initiatives: Environmental Strategies for Realizing a Sustainable Society

③ Opportunities to Improve Resource Efficiency

An increase in opportunities to collaborate with other companies on various endeavors, such as the diversification of modes of transport and joint transportation and the reinforcement of eco-driving, may potentially lead to increased transport efficiency as well as a decline in fuel consumption and a reduction in fuel oil costs.

■ Strategy

In order to provide more efficient trunk-route transportation to major cities, we are conducting joint trunk-route transportation with other logistics companies with our Super-Full Trailer 25 (a 25-meter-long connected trailer, hereinafter referred to as SF25). As this initiative was accredited by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) in 2019 under a law relating to logistics efficiency, it qualifies for subsidization aimed at improving efficiency. Furthermore, we are reinforcing eco-driving at Yamato Transport through eco-driving training and regular ride-along guidance by safety experts. In addition, we are promoting proactive strategies under Medium-Term Environmental Plan 2023, such as utilizing electricity generated via renewable energy sources, conducting field tests of a model delivery center that uses 100% renewable energy, and making full use of digital technology to improve transport efficiency.

■ Collaboration with External Organizations

We achieved joint-transportation via the SF25 through collaboration with the Japan Logistics Network Association and other member companies. This association aims to achieve logistics in harmony with the diverse interests of society, such as the global environment, and improve people's lifestyles. They are also striving to reduce CO₂ emissions from transportation. Yamato Transport approves of these targets and as members we are participating in initiatives, such as green logistics. In the case of the SF25, we supported the relaxation of special vehicle permit standards (easing vehicle length limits from 21m to 25m) together with other members and participated in field tests. Following this, in the fiscal year ended March 31, 2019, the Ministry of Land, Infrastructure, Transport and Tourism revised special vehicle permits and we were able to launch our joint-transportation system using the SF25. The SF25 is expected to make transportation more efficient and reduce CO₂ emissions because one vehicle can carry the load capacity of two heavy-duty trucks.

④ Opportunities to Expand Low-Carbon Products and Services

Through improving and expanding our services that strike a balance between enhancing customer convenience and containing redeliveries, not only can we decrease GHG emissions but we can also increase orders and boost revenue. Or, the increased use of refrigerated parcel delivery service could have a positive impact on our revenue. In addition, by developing leading new technology maintenance services, we may be able to gain the competitive advantage in the vehicle maintenance market and secure more revenue.

■ Strategy

We offer the *Kuroneko Members* service, a members-only service for individual customers in which registered members can designate their desired day, time, and location for receiving packages. We are also expanding the installment of PUDO stations, which offer open-type parcel lockers that facilitate the receipt and shipment of packages without face-to-face interaction. In addition, in 2020 we launched the new delivery service *EAZY*, which connects EC users, EC operators, and delivery service providers in real time using digital information and enhances the convenience, safety, and efficiency of purchasing, sending, and receiving parcels. *EAZY* is part of our pursuit of further improvement of convenience, containing redeliveries, and reducing GHG emissions.

(For more details on *EAZY* initiatives, please refer to page 23)



Super-Full Trailer 25



Departing ceremony for joint transports



PUDO Station



We can also respond to requests for drop-off delivery with *EAZY*.

Sustainability Initiatives: Creation of a Working Environment Where Employees Can Play an Active Role

Basic Approach

The Yamato Group's greatest asset is its 220,000 employees. Our strength as a group can only increase if we create a working environment where each employee can hone and fully display their "individual capabilities." The Yamato Group will put effort into developing a system and structure related to the working environment, while cultivating a corporate culture that promotes appropriate labor practices. With a work environment where employees can play an active role as a foundation, each employee will contribute to improving people's quality of life by practicing "inclusive management," which is a Yamato Group founding principle, and by seeking to offer even better services.

As a supporting Company of the UN Global Compact, the Yamato Group supports and is striving to implement the labor principles: "Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining," "the elimination of all forms of forced and compulsory labour," "the effective abolition of child labour," and "the elimination of discrimination in respect of employment and occupation."

We recognize the rights of employees to freedom of association, the right to organize, and the right to collective bargaining and have entered into labor agreements with the labor

union. We hold committees and labor-management meetings between employee representatives and management personnel and promote labor-management engagement, in addition to holding regular exchanges of opinions related to the business environment and improvement of various systems, such as discussion of wages, bonuses, and workplace health and safety.

Furthermore, under labor standards, such as salary and working hours, in order to develop an even better working environment while thoroughly complying with the laws and regulations of each country, we are practicing payment of living wages and bonuses that can support a certain standard of living.

The Yamato Group believes that it is important to contribute to the development of regions and countries in which it conducts business and create a good relationship with them, while promoting sustainable business activities. At our bases in various countries and regions, we are focusing on hiring local talent and promoting management based on the culture and present circumstances of these areas.

Going forward, the Yamato Group will continue to pursue better labor practices and will contribute to achieving "decent work."

Labor-Related Targets and Results

Results

- The previous medium-term management plan "KAIKAKU 2019 for NEXT100" (from the fiscal year ended March 31, 2019)

Main items	Main targets (excerpt)	Results (fiscal year ended March 31, 2019)
Drastic improvements to overall working hours	Reduce overtime work for full-time employees by 50%	Reduced overtime hours per full-time employee by 52.0% compared with the fiscal year ended March 31, 2017
Promotion of work-life balance	Promote the taking of annual paid vacation days	Achieved 89.1% of annual paid vacation days taken by employees (36.6% increase compared with the fiscal year ended March 31, 2017)

Targets

- The next medium-term management plan "One Yamato 2023" (fiscal year ending March 31, 2024)
- Increase operating revenue per employee (high-value-added work)
- Reduce overtime hours per employee by 20% compared with the fiscal year ending March 31, 2021
- Achieve 90% of annual paid vacation days taken by employees (achieve work-life balance)

Labor-Related Risks and Management

■ Risks Due to Declining Work Population

Since many of the businesses developed by the Yamato Group are labor-intensive, it is essential to secure a workforce with high-quality personnel and deploy employees appropriately. Situations such as the further tightening of labor market conditions and the inability to sufficiently secure personnel due to the declining workforce in Japan, or the substantial increase in costs due to the intensifying competition for securing personnel may affect areas including the results of operations for the Yamato Group.

■ Management

The Yamato Group is creating a working environment that is employee-friendly, rewarding, and is one in which employees can play an active role while increasing employee satisfaction. At the same time, we are promoting initiatives to become a company that attracts a diverse range of employees. These initiatives include creating an appealing personnel system; introducing an evaluation system where employees can work enthusiastically and the independence and autonomy of employees are valued; and rebuilding the education system. Furthermore, we are promoting the digital transformation (DX) of TA-Q-BIN; the optimization and standardization of the transportation and delivery processes as well as our overall operations; the enhancement of the accuracy of our demand and workload forecasts through data analysis; and the utilization of AI to boost the productivity of pickup and delivery and trunk-route transportation. In addition, we are promoting the reform of the sorting process by introducing digitalization and robotics with the aim of boosting the productivity of the sorting process across the entire logistics network.

Sustainability Initiatives: Creation of a Working Environment Where Employees Can Play an Active Role

Initiatives Aimed at Improving the Working Environment

Development of a Working Environment That is Employee Friendly and Rewarding for Employees

Under the previous medium-term management plan, which concluded in the fiscal year ended March 31, 2020, we placed “work style reform” at the center of management and strove for management structural reform with the aim of reinforcing our management foundation in order to realize sustainable growth. Under the supervision of the Yamato Group Work Style Committee, led by the Yamato Holdings president, employees and management worked together to promote initiatives based on three policies: achieve new work styles, maximize “individual capabilities”, and thoroughly improve operational efficiency. This was carried out in order to continue offering high-quality service by improving the employee-friendly and rewarding working environment and implementing “inclusive management”—a Yamato Group founding principle.

Furthermore, we concentrated on the further improvement of the working environment while at the same time promoting efforts to maximize individual capabilities and invigorate communication between employees. Yamato Transport, which has approximately 180,000 employees, held discussions on work style reform that included part-time employees, many of

whom felt no real sense of work style reform to further improve the employee friendliness of the working environment and enhance value offered to customers (number of participating employees:



Discussion on work style reform

4,750 in the fiscal year ended March 31, 2020, including 1,944 part-time employees (held 133 times); cumulative total of 14,904 employees from the fiscal year ended March 31, 2018 to the fiscal year ended March 31, 2020).

Additionally, in order to create the opportunity for all employees to learn and grow, we implemented training related to harassment prevention and understanding of our corporate philosophy for all employees, from part-time employees to management (attendance rate: 95.7% in the fiscal year ended March 31, 2020).

Information regarding labor practices, including work style reform, can be found on the Group homepage.
https://www.yamato-hd.co.jp/csr/society/labor_practice.html

Introduction of New Uniforms That Are Environmentally Friendly and Further Improvement of Working Environment

In September 2020, the Yamato Group introduced new uniforms. In order to achieve a more employee-friendly working environment, we listened to the voices of our employees and further improved functionality, safety, and comfort by incorporating various technologies and innovations, such as improving the elasticity, durability, and safety of the fabric, as well as protection against the cold.



Additionally, in consideration of the environment, the fabric utilizes plant-based polyethylene terephthalate (PET). Compared with traditional petroleum-based PET, we estimate that 2.2 million uniforms (initial production quantity calculation) can reduce CO₂ emissions by approximately 500t. The uniforms, which will lead to new work styles and the creation of a sustainable society, will help to foster employee engagement and increase motivation at work.

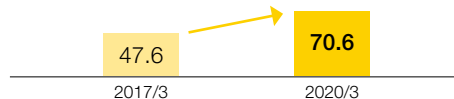
Working Styles Awareness Surveys

Under the medium-term management plan “KAIKAKU 2019 for NEXT100,” which concluded in the fiscal year ended March 31, 2020, we placed “work style reform” at the center of management and promoted initiatives to create a more employee-friendly and rewarding working environment throughout the Group and further practice “inclusive management,” which is one of the Yamato Group’s founding principles. Additionally, to improve the effectiveness of these initiatives, we carried out Groupwide employee awareness surveys and promoted initiatives aimed at the understanding and improvement of circumstances.

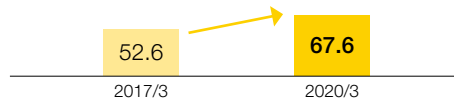
In the Working Styles Awareness Surveys carried out in the fiscal year ended March 31, 2020, the figures improved in all categories, resulting in the highest points received since the survey launched. In particular, positive opinions related to the term “employee-friendly” rose from 47.6%, before the implementation of work style reform, to 70.6%. We are seeing results by promoting work–life balance measures, such as the extension of the applicable period for reducing working hours for the purpose of nursing care and the introduction of intervals between working hours. Going forward, we will continue to strive to create a working environment in which we can become an employee-friendly and rewarding company for employees.

Results of Working Styles Awareness Surveys

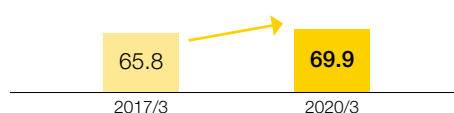
▶ Percentage of employees who find their working environment “employee-friendly” (%)



▶ Percentage of employees who find their working environment “rewarding” (%)



▶ Percentage of employees who desire to continue employment (%)



Sustainability Initiatives: Measures for Safety and Peace of Mind That Support Business Continuity

Basic Approach

The Yamato Group owns a large number of vehicles and uses public roads as its principle place of business. For that reason, the Group's operations have a major impact on society, and thus we place significant importance on ensuring the safety of communities. Additionally, since traffic safety is considered to be a part of the occupational safety of the employees who drive our vehicles, it is recognized as an important issue for the Yamato Group, which operates its business through its more than 220,000 employees.

Based on the corporate stance of respecting human life and ensuring safety, the Group thoroughly adheres to its philosophy of placing safety first and business second to position respect for human life as a priority at all times. General freight automotive transportation operators of a certain business scale are required to establish safety management regulations and report them to the Minister of Land, Infrastructure, Transport and Tourism. Group companies subject to this obligation have established safety management regulations in accordance with this law. The Group places a particular emphasis on “promoting safety management systematically and continuously through the leadership of top management,” as indicated in the law, and is promoting initiatives to this end.

Safety Management Structure

Based on the Yamato Group's Safety Management Regulations, each Group company has established a safety management structure.

Guided by the leadership of its top management, the Group has set up an organizational management structure involving a collaboration between those on the transportation front lines and those in administrative divisions, in order to enhance the effectiveness of its transportation safety management.

Also, in regard to important information on such matters as serious transportation-related accidents, the Group maintains a framework for sharing such information with Yamato Holdings, which oversees the Group, in an effort to promote transportation safety on a Groupwide level.

Safety and Peace of Mind-Related Targets and Performance (Domestic Consolidated Subsidiaries and Swan Co., Ltd.)

Performance

Item	2016/3	2017/3	2018/3	2019/3	2020/3
No. of serious traffic accidents*1	7	3	1	1	2
No. of serious work-related accidents*2	0	0	1	1	0

*1 Deaths from traffic accidents (including accidents for which driver was responsible)

*2 Deaths from work-related accidents

Targets (fiscal year ending March 31, 2024)

- Achieve zero serious traffic accidents (fatal traffic accidents for which the Company is responsible)
- Reduce number of traffic accidents (where bodily injury occurs) by 50% compared with the fiscal year ended March 31, 2020
- Achieve zero serious occupational diseases (work-related deaths)
- Reduce frequency of lost workday injuries* by 20% compared with the fiscal year ended March 31, 2020

* Number of work-related fatalities and injuries resulting in at least one lost day of work or the loss of body parts or functions per million working hours

Risks and Management of Safety and Peace of Mind

■ Risks Related to Serious Traffic Accidents and Serious Work-Related Accidents

The Yamato Group carries out operating activities using vehicles on public roads, mainly in the delivery business. If a serious traffic accident were to occur, public confidence in the company would decrease, while at the same time vehicle use may be suspended due to administrative penalties, business at our offices may be suspended due to the “demerit point system,” or our business license may be withdrawn. This could result in the suspension or closure of the business. In addition, in the event of serious occupational diseases that compromise the workplace safety of employees, the Yamato Group's results of operations and other results may be impacted.

■ Management

In light of these risks, the Yamato Group respects human life as a priority, and is striving to promote transport safety management, establish and comply with rules to ensure safety, improve facilities and systems, instill safety awareness in employees, and ensure workplace safety.

Sustainability Initiatives: Measures for Safety and Peace of Mind That Support Business Continuity

Safety Initiatives

■ Driver Aptitude Examination

Automotive transportation operators are required to have their drivers take an aptitude examination that is recognized by the Ministry of Land, Infrastructure, Transport and Tourism. The drivers of the Yamato Group undergo driver aptitude examinations on a regular basis. These examinations consist of two types: mandatory examinations, including examinations after being hired, age-specific examinations, and other specific examinations, and voluntary examinations, including general examinations. In addition to the mandatory examinations, Group drivers take voluntary examinations once every three years to ensure safe driving.

■ Training of Sales Drivers (Yamato Transport)

To develop excellent sales drivers who strictly practice safe driving, the Group provides them with detailed guidance on a daily basis. Yamato Transport sales drivers are hired after a rigorous aptitude examination and, upon joining the Company, receive training that includes safety training and other forms of training for approximately one month. After acquiring their Company license, they are able to engage in driving operations for the first time. They continue to hone their driving skills through training sessions for one year after joining, regular ride-along guidance, and on-the-road patrols by safety experts, as well as a driving aptitude examination held once every three years.

■ Enhancement of Training for Safe Driving through the Use of Data (Yamato Transport)

Yamato Transport is gradually equipping all pickup and delivery vehicles with in-vehicle terminals* that gather a variety of operating data, such as speed, parking location information, road images, and driving routes created through information obtained from GPS antennas. By visualizing and analyzing operating data that is centrally managed through these in-vehicle terminals, safety experts and other personnel can gain a more detailed understanding of the driving characteristics of sales drivers and realize preventative-type training for safe driving that is tailored to each driver's driving characteristics. In this way, we are further strengthening initiatives toward safety and security.

* All pickup and delivery vehicles are scheduled to be equipped with in-vehicle terminals during the fiscal year ending March 31, 2021.

■ Contest to Enhance Safety Awareness and Techniques

With the aim of improving the driving safety of its professional drivers, maintaining Companywide safety awareness, and improving driving techniques, Yamato Transport has been holding the Yamato Transport Nationwide Safety Meet annually since 2010. At the Ninth Annual Yamato Transport Nationwide Safety Meet held in 2018, 38 sales drivers and 11 operational managers took part after advancing through the preliminary rounds at regional and other branches to compete with each other on driving techniques and the knowledge necessary for safe driving.

Furthermore, we are implementing simulation training in order to prevent accidents when reversing, turning left, or making tight turns. We are also implementing training that simulates safely opening doors and intersections with no traffic signals, and are making efforts to prevent traffic accidents. In the fiscal year ended March 31, 2020, 2,901 drivers took part in this simulation training.

■ Commendation Awards for Zero Traffic Accidents That Recognize Professional Drivers Dedicated to Safe Driving

The Yamato Group's philosophy of placing safety first is underpinned by its drivers who demonstrate safe driving on a daily basis. Yamato Transport, Yamato Home Convenience, Yamato Global Express, Okinawa Yamato Transport, Yamato Multi Charter, and Yamato Box Charter annually recognize and reward outstanding drivers who continue to drive safely without causing any accidents.

Further, Yamato Transport presented awards for excellence in safety to 3,137 centers that achieved zero accidents and zero disasters throughout the fiscal year ended March 31, 2020.



The Ninth Annual Yamato Transport Nationwide Safety Meet



Commendation awards for zero traffic accidents

Peace-of-Mind Initiatives

Response to COVID-19 Infections

The Yamato Group prioritizes maintaining the health and safety of its customers and employees and is carrying out measures to prevent the spread of COVID-19 while continuing to provide *TA-Q-BIN* and other logistics services.

Initiatives Regarding Customers

- End the use of *hanko* and signatures for receipt of parcels and deliver to houses without face-to-face contact
- Promote the use of PUDO stations and sending parcels via smart phone
- Maintain social distance and install hand sanitizer dispensers at *TA-Q-BIN* centers
- Set up clear plastic sheets at counters in *TA-Q-BIN* centers to prevent droplet infection
- Carry out regular, thorough disinfection of offices, vehicles, and equipment
- Utilize our homepage to distribute information

Initiatives Regarding Employees

- Ensure employees monitor their own health (check temperature before reporting to work and thoroughly gargle and wash hands)
- Procure necessary masks and disinfectant
- Endorse and implement remote working
- Ask employees at high risk of severe complications from contracting the virus to refrain from coming to work and offer special paid leave (elderly people with a high risk of infection, pregnant women, and people with pre-existing health conditions)
- Reduce various reception hours (*TA-Q-BIN* center counters and customer service center information desks)
- Establish a COVID-19-related consultation contact point for employees
- Share and coordinate multilingual consultation contact points for foreign employees
- Provide compensation to reward workers who continued to work under the state of emergency declared by the government and provided the logistics services essential for people's lives and business activities
- Distribute the "COVID-19 Response Manual" and promote rapid response during an outbreak

SRI Indexes (As of June 2020)

SNAM Sustainability Index

An index that was established by Sompo Asset Management Co., Ltd., adopting a unique evaluation system that utilizes the experience and insight of sompo Risk Management Inc. (environmental study) and IntegreX Inc. (social and governance study).



FTSE4Good Index Series

A representative index of socially responsible indices, which adopts companies meeting FTSE Russell's criteria based on its ESG survey and evaluation of sustainability, targeting worldwide major companies.



S&P/JPX Carbon Efficient Index

One of the ESG indices developed by Japan Exchange Group, Inc. and S&P Dow Jones Indices. A stock price index that determines the adoption ratio of stocks with an emphasis on the disclosure status of environmental information and the level of carbon efficiency, targeting stocks composing TOPIX.



FTSE Blossom Japan Index (First Adopted in June 2020)

An index designed to measure the performance of Japanese companies that demonstrate strong environmental, social, and governance (ESG) practices.

Note: ESG investment index adopted by the GPIF (Government Pension Investment Fund)



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