

Briefing on Sustainability (Environment and Society)

December 23, 2024
Yamato Holdings Co., Ltd.



YAMATO
HOLDINGS

1. Our Aspiration and Initiatives of Medium-Term Management Plan “SX2030 ~1st Stage~”

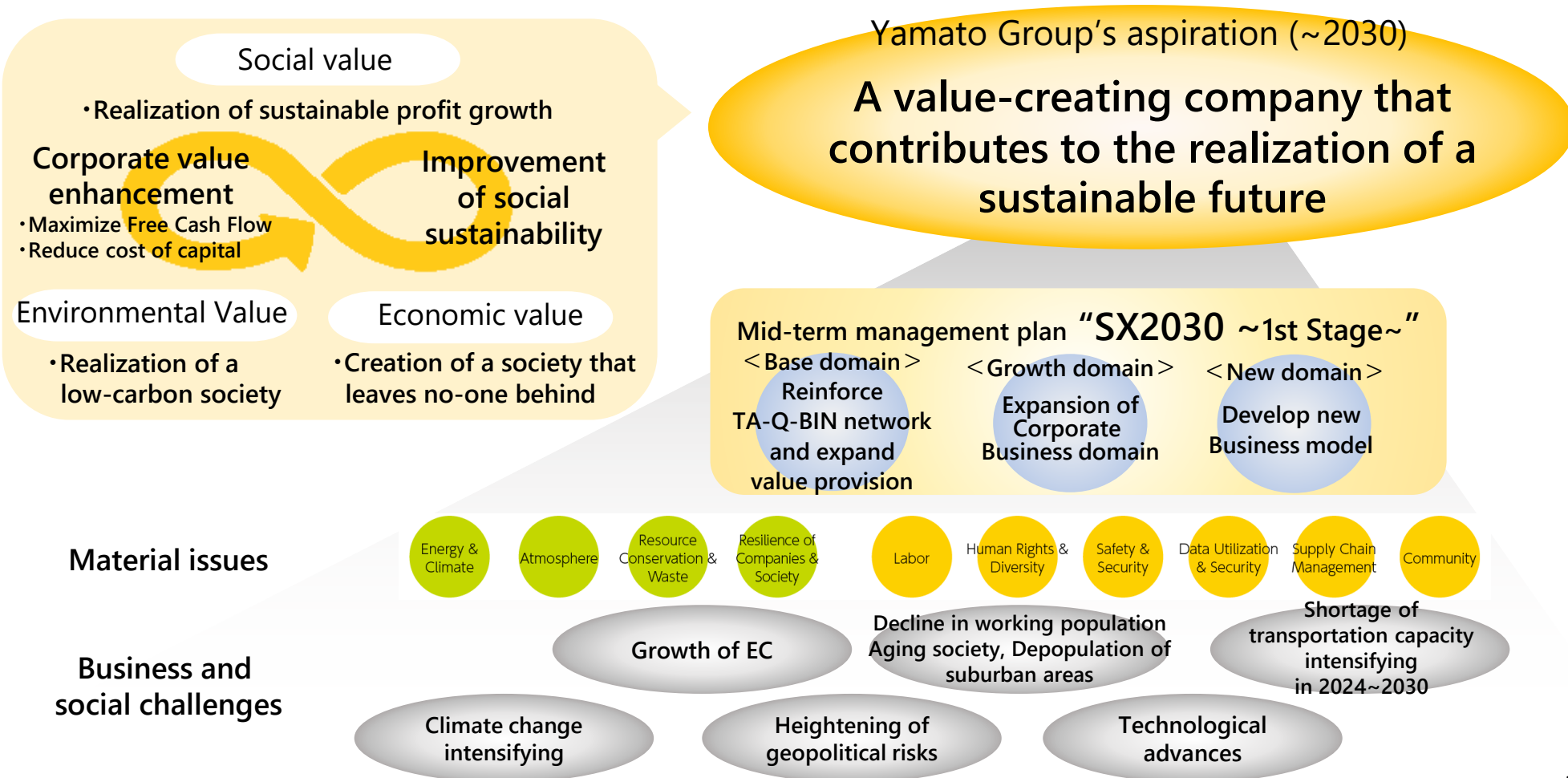
1-1. Management Philosophy



Yamato helps enrich our society
by enhancing our social infrastructure,
creating more convenient services
for evolving lifestyles and industries, and
developing innovative logistics and
distribution systems.





1-2. Our aspiration of medium-term management plan "SX2030 ~1st Stage~"

- Yamato Group will create "New Logistics" and "New Value", together with a diverse range of partners, with innovation as our starting point, and face head-on the challenges posed to us from the future



1-3. Review of “Sustainable Medium-Term Plans 2023”

- Established policies, systems and rules that serve as the foundation for promoting sustainability
- Achieved targets for GHG emissions etc. and clarified what the issues are for unachieved targets

	Major Targets for FY 2024/3	Results	Examples of Initiatives
Environmental  Energy & Climate	▶ Mitigate climate change Reduce GHG emissions 10% (VS. FY2021/3) Achieve 40%* usage rate of electricity generated via renewable energy sources	11% decrease 37% usage rate	<ul style="list-style-type: none"> • Promoting introduction of EVs, LEDs and solar power generation equipment • Progress on switching to a selection of electricity generated via renewable energy sources • Increase in transportation efficiency • Started building energy management system
*We added 10% to our original target of 30% to achieve our overall targets for reducing GHG emission			
Social  Labor	▶ Create a work environment where employees can thrive Reduce overtime for employees 20% (VS. F 2021/3) Achieve 90% annual paid leave utilization	7.2% decrease 89.4%	<ul style="list-style-type: none"> • Started semi-annual discussions for workplace improvement using employee awareness survey (engagement) • Completed formulation of job definitions according to duties and roles.
Social  Human Rights & Diversity	▶ Create a corporate culture that respects human rights and diversity Double the number of women in management (VS. F 2021/3) , ensure 10% of managers are women Ensure percentage rate of employees with disabilities is 2.5%	1.1 times /5.9% 3.1%	<ul style="list-style-type: none"> • Formulation of Yamato Group Human Resources Management Policy • Implementation of training programs for female employees • Developing multi-lingual tools, such as training manuals • Promoting the Yamato Original Universal Manners Test for Yamato Group employees
Social  Supply Chain Management	▶ Develop a common understanding with stakeholders Complete development and demonstration of monitoring framework	Completed	<ul style="list-style-type: none"> • Selected key suppliers to be monitored • Conducted first survey of key suppliers

1-4. Sustainability targets of “SX2030 ~1st Stage~”

- Use as an opportunity to provide value to clients, instead of simply addressing risks
- Strengthen sustainability for our partners, too, instead of just for Yamato

Environmental Target (FY2027/3)

Energy & Climate

- Reduce GHG emissions 25% compared with FY2021/3*1
- Achieve 70% usage rate of electricity generated via renewable energy sources
- Complete setting Scope 3 GHG emissions reduction targets

Atmosphere

- Reduce NOx and PM emissions from vehicles 40% compared with FY2021/3
- Introduce vehicles that emit fewer air pollutants

Resource Conservation & Waste

- Promote a recycling business model
- Use 65% renewable resources and recycled materials for paper materials
- Reduce landfill disposal rate (final disposal rate) to 5% or less
- Reduce water consumption intensity by 3% compared to FY2021/3

Resilience of Companies & Society

- Consider energy consulting for carbon zero
- Increase accuracy of tools to visualize GHG emissions and utilize carbon neutral delivery
- Expand ISO 14001 certification to group companies

*1 In-house emissions of consolidated companies in Japan and Swan Co., Ltd. (Scope 1 & Scope 2) *2 Companies/offices subject to Yamato Group health insurance *3 For Yamato Transport *4 Number of work-related fatalities and injuries per million working hours *5 A customer loyalty index that measures and quantifies the degree of loyalty (including trust, attachment, and favorable impression) customers have toward our products and services *6 For consolidated companies in Japan and Swan Co., Ltd.

Social Target (FY2027/3)

Labor

- Enhancement of labor productivity
- Strengthen engagement
- Ensure 100% attendance rate for specific health checkups*2
- Encourage the aspiration of operational managers to step up to the next level to 66%*3

Human Rights & Diversity

- Ensure 100% attendance rate in human rights and harassment training for all employees
- Ensure percentage rate of employees with disabilities is 3.1%
- Ensure the percentage rate of women in management roles is 10%

Safety & Security

- Reduce number of traffic accidents (where bodily injury occurs) 15% compared with FY2024/3*3
- Reduce frequency of lost workday injuries*4 by 15% compared with FY2024/3*3
- Improve the score of Net Promoter Score (NPS) Surveys*5 YoY*3

Data Utilization & Security

- Conduct information security training for all employees*6
- Achieve zero serious information security incidents*6
- Conduct email trainings for employees and share information to strengthen cybersecurity

Supply Chain Management

- Ensure 100% support from major business partners regarding the Guideline
- Implement corrective action and review of sustainability initiatives
- Implement training to strengthen communication skills with business partners

Community

- Promote employee participation in corporate citizenship activities, including Group Companies
- Creation of new business that create social value: more projects than the previous year

1-5. Responding to the risks and opportunities posed by climate change

- As part of Yamato's response to climate change, conduct scenario analysis* based on the TCFD Proposal, clarify the business impact, and implement measures focusing items which have more impact *Reviewed in FY2024/3

Risk/Opportunity (excerpt)	Assumed time	Financial impact	Main Initiatives
Carbon tax • Increase in costs due to the carbon tax: 15.7 bn yen in 2030, 28.1 bn yen in 2050*1 Risk • Increase in revenues through sale of low-carbon logistics Opportunity	Medium term (up to 2030)	High	<ul style="list-style-type: none"> Reducing GHG emission through the introduction of EVs, PVs etc. Expected reduction of the cost impact of carbon tax: (7.4) bn yen in 2030, (28.1) bn yen in 2050*1 Examination of introducing internal carbon pricing
Increase in environmental awareness of consumers • Decrease/increase in revenues from meeting environmental needs Risk Opportunity • Improvement in efficiency by reducing redelivery Opportunity	Medium term (up to 2030)	High	<ul style="list-style-type: none"> Providing supply chain solutions that meets customers' environmental needs (GHG Emissions Provision Service, declaration of carbon neutrality for three parcel delivery products, EV Life Cycle Service etc.)
Increased severity and frequency of abnormal weather • Loss of business opportunities, increased repair costs, etc.: 1.9 bn yen in 2030, 3.8 bn yen in 2050*2 Risk • Increased demand from customers concerned about natural disasters Opportunity	Short term (up to 2026)	Medium	<ul style="list-style-type: none"> Opening of offices utilizing hazard maps and periodic reviews of business continuity planning manual Enhance resilience by using renewable energy and EVs with cartridge batteries

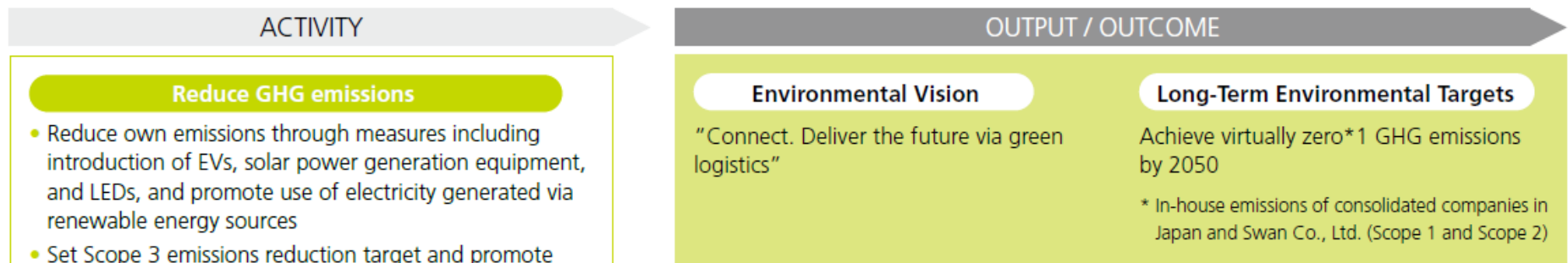
*1: Estimated carbon tax prices of \$140 per ton in 2030 and \$250 per ton in 2050 *2: Calculated by referencing past disasters

For details on the initiatives based on the recommendations of the TCFD, please refer to our corporate website.

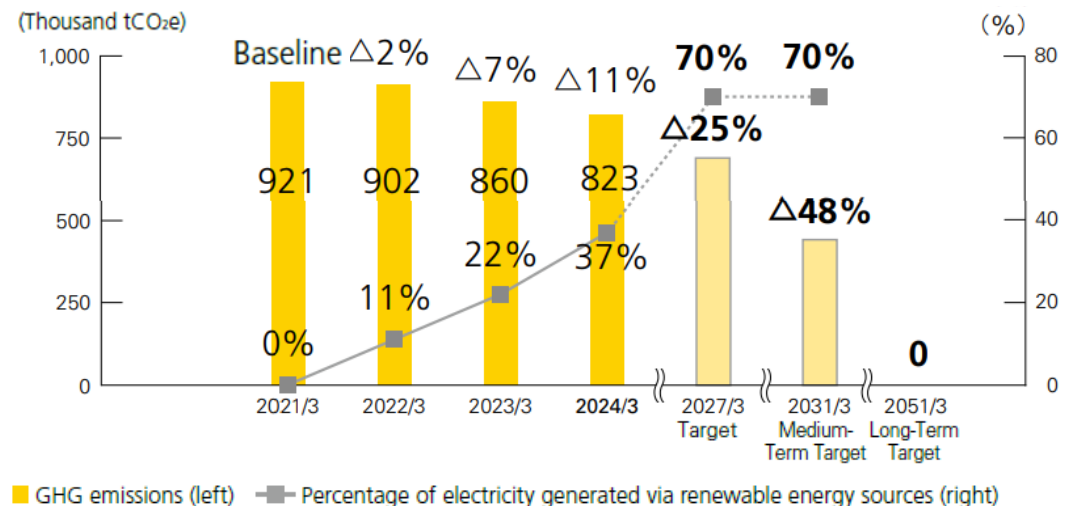
<https://www.yamato-hd.co.jp/english/csr/environment/tcfd.html>

1-6. Overview of environmental strategy

- Build a model that both reduces GHG emissions and achieves energy efficiency, and apply the model to partners and clients, thereby enhancing Yamato's corporate value and contributing to the realization of a sustainable society



GHG Emissions/Percentage of Electricity Generated via Renewable Energy Sources



1-7. Reducing Scope 3 (GHG emissions from supply chain partners)

- Working with partners to reduce Scope 3, while preparing for SBT certification

Steps required to reduce Scope 3 emissions

- (1) Identify the current level of actual emissions
- (2) Determine how to measure emissions
- (3) Set reduction targets
- (4) Set reduction plans and measures

Status of initiatives (as of Oct. 2024)

In accordance with the above steps, started initiatives to identify actual emissions

<Transportation Partners>

Target: Transportation partners nationwide

- Estimate the no. of kilometers traveled for Yamato's transportation, and use fuel efficiency to calculate fuel consumption (*now testing)

<Delivery Partners (EAZY CREW)>

Target: Tokyo, Kanto, Kansai areas

- Have partners declare the estimated no. of kilometers traveled to deliver Yamato's cargo, and use fuel efficiency to calculate fuel consumption (*now testing)

<Suppliers>

- Currently discussing with major suppliers of slips/forms and materials about how to measure & calculate emissions

Steps toward SBT Certification

Consider GHG emission measurement methods for supply chain partners

Measure GHG emissions of some supply chain partners

Set GHG emission reduction plans and targets

Apply in FY2027/3 (*current schedule)

1-8. Overview of supply chain management (SCM)

- Yamato will work with partners to ensure fair, equitable, and sincere transactions, as well as to procure responsibly in consideration of the environment and society, by promoting partnership-building through regular communication

Basic policy

Clarify policy and promote a wide range of measures

- Responsible Procurement Policy
- Business Partner Conduct Guidelines
- Declaration of Partner Building

Key initiatives

1. All business partners

- Questionnaire
- Consultation desk

2. Key business partners

- Briefings for business partners
- Business partner survey (monitoring)

3. Employee education on sustainable procurement

Business partners

Approximately 5,500 regular business partners

<Services domain>

- Transportation/delivery partners, etc.

<Procurement domain>

- Suppliers of slips/forms, materials, dry ice, etc.

“SX2030” targets (FY2027/3)

For key business partners:

- 100% acceptance of compliance with Code of Conduct
- Corrective action and review of sustainability initiatives

Training for all Yamato employees to strengthen communication skills with business partners

1-9. SCM Basic Policy

- Communicate regularly in accordance with the "Yamato Group Responsible Procurement Policy", "Yamato Group Business Partner Conduct Guidelines" and "Declaration of Partner Building"

① Yamato Group Responsible Procurement Policy

Procurement policy to achieve sustainable growth and a sustainable society, working together with business partners

- Execute transactions in a fair, equitable and sincere manner
- Responsible procurement activities in consideration of the environment and society
- Established in December 2021

② Yamato Group Business Partner Conduct Guidelines

Outlines Yamato's expectations towards business partners

- Set based on economic criteria, as well as social, ethical, and environmental criteria, as well as those related to corporate responsibility
- Checks conducted when onboarding new business partners, as well as upon renewals
- Established in January 2022

③ Declaration of Partner Building (Yamato Transport)

Declaration to build new partnerships by promoting collaboration and coexistence with business partners in the supply chain, as well as with corporates that seek to create value

- Endorsed the objectives of the "Council for the Promotion of Partnership Building for the Future" promoted by the Cabinet Office and the Small and Medium Enterprise Agency
- Established in March 2023

Please refer to our website for details.

① <https://www.yamato-hd.co.jp/english/csr/society/pdf/scm01.pdf>

② <https://www.yamato-hd.co.jp/english/csr/society/pdf/scm02.pdf>

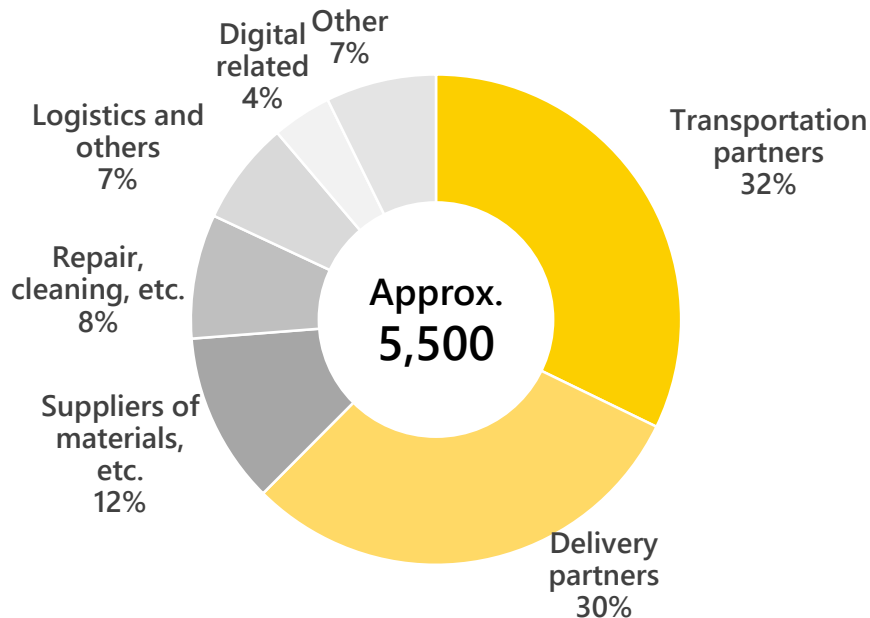
③ https://www.yamato-hd.co.jp/csr/society/pdf/partnership_construction_declaration.pdf (Japanese version only)

1-10. Coexistence and prosperity with business partners

- Yamato Group engages in business with the support of many business partners, and coexistence and prospering together with business partners is essential to achieve sustainable growth

Yamato Group's business partners

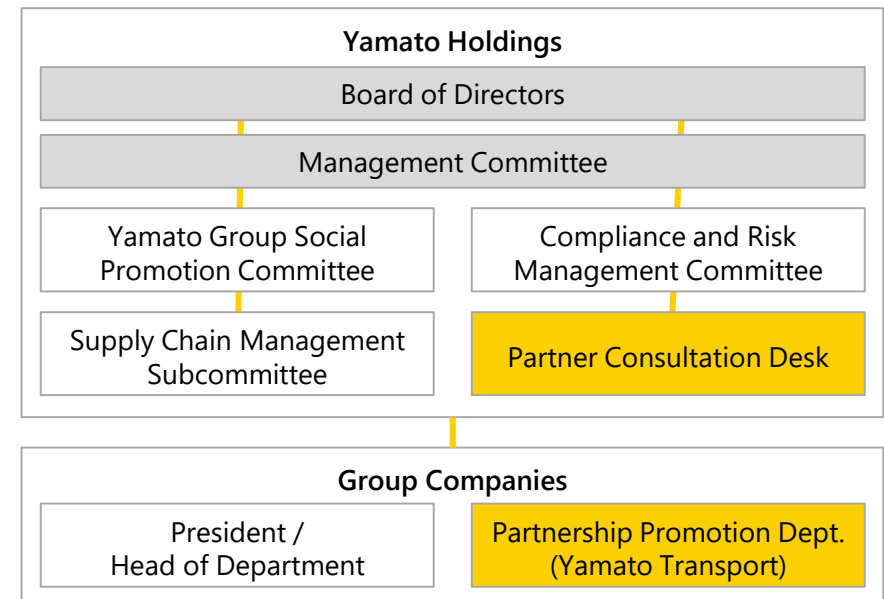
- Approximately 5,500 regular business partners, out of which approx. 60% are transportation and delivery partners for the Express Business



* Regular business partners of Yamato's consolidated companies in Japan, and of Swan Co., Ltd.

Initiatives to build relationships with business partners

- Promote initiatives to mitigate risk and sophisticate SCM through board meetings, committees, etc.
- "Partnership Promotion Dept." established at Yamato Transport's headquarters to promote appropriate transactions with partners



1-11. Key SCM measures

- Promote risk management for all business partners, while working with key business partners to build a sustainable supply chain that is mindful of human rights and the environment

Key measures

Issues and Future Policies

All business partners

① Questionnaire

- Conduct annually to ensure proper business transactions
- Results to be reported to senior management, and used for improvement activities, etc.

② Opening a consultation desk

- Set up at Yamato Holdings for early detection and resolution of issues, including those that are sensitive and therefore difficult to discuss with the person in charge

Strengthen communication skills

- 87% of partners reported that the relationship with Yamato Group is improving compared to the previous year
- Continuous employee training to strengthen and improve communication skills with business partners

Key business partners (84 companies*)

③ Briefing for business partners

- Held to form a common understanding of the SCM that Yamato Group is aiming for

④ Business partner survey (monitoring)

- Enhance sustainability by confirming the issues for partners, agreeing on future initiatives, and engaging in dialogue.

Sustainability support for small and medium enterprises (SME)

- Many SMEs are aware of the issues, but have yet to take action, and there is strong demand for examples at leading companies and tools that can be used
- Yamato will provide support, such as the provision of tools, to help companies clarify what needs to be done, set goals, and administrate and manage the process

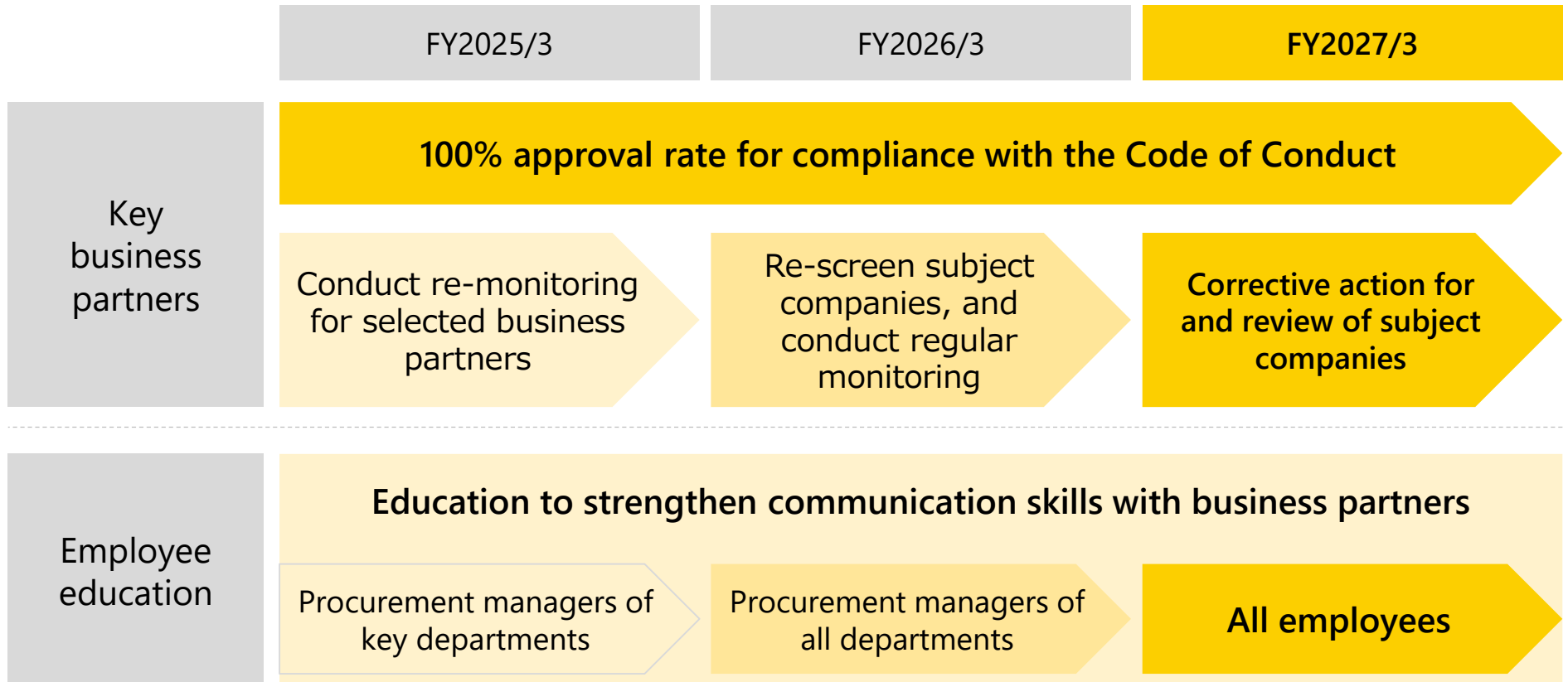
Employee education

⑤ Employee education on sustainable procurement

* Selected based on the "Business Partner Conduct Guidelines", using the following three criteria to improve the level of sustainability initiatives throughout the supply chain: (1) Cannot be replaced (2) Provides goods and services essential for business continuity (3) Large transaction value

1-12. SCM metrics and targets in “SX2030 ~1st Stage~”

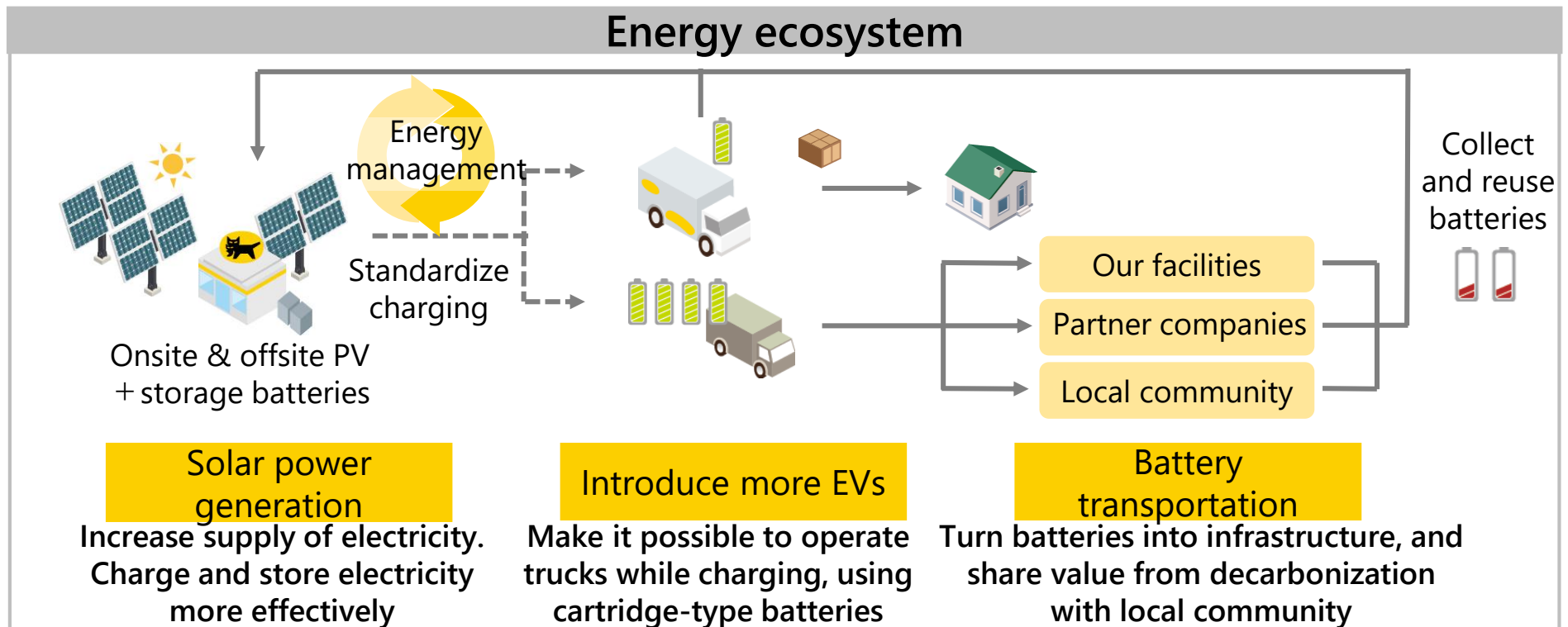
- Under the “Sustainable Mid-Term Plans 2023”, completed the establishment and trial of a monitoring mechanism for key business partners
- Under “SX2030”, steadily promote initiatives mindful of human rights and the environment together with suppliers



2. Initiatives to Achieve “Green Logistics”

2-1. Future vision for the energy ecosystem

- Take an integrated approach in promoting cartridge-type EVs, introducing solar power generation equipment, and energy management, to reduce GHG emissions and make efficient use of renewable energy



Discussion
/Alliance

- Makers : Consider specifications for batteries that are easy to use as well as to procure
 - National and local governments : Signed alliance agreement with Gunma Prefecture to achieve carbon neutrality
- ⇒ Promote proof-of-concept trials in Gunma as a project supported by NEDO*

* New Energy and Industrial Technology Development Organization

2-2. Challenges for logistics companies in introducing EVs

- Promoting EVs introduction requires energy management and the use of cartridge batteries

Increase in electricity use,
and shortage of renewable electricity

Higher electricity costs due to simultaneous
recharging of EVs at night

Overlap of vehicle operation and solar generation
during the day

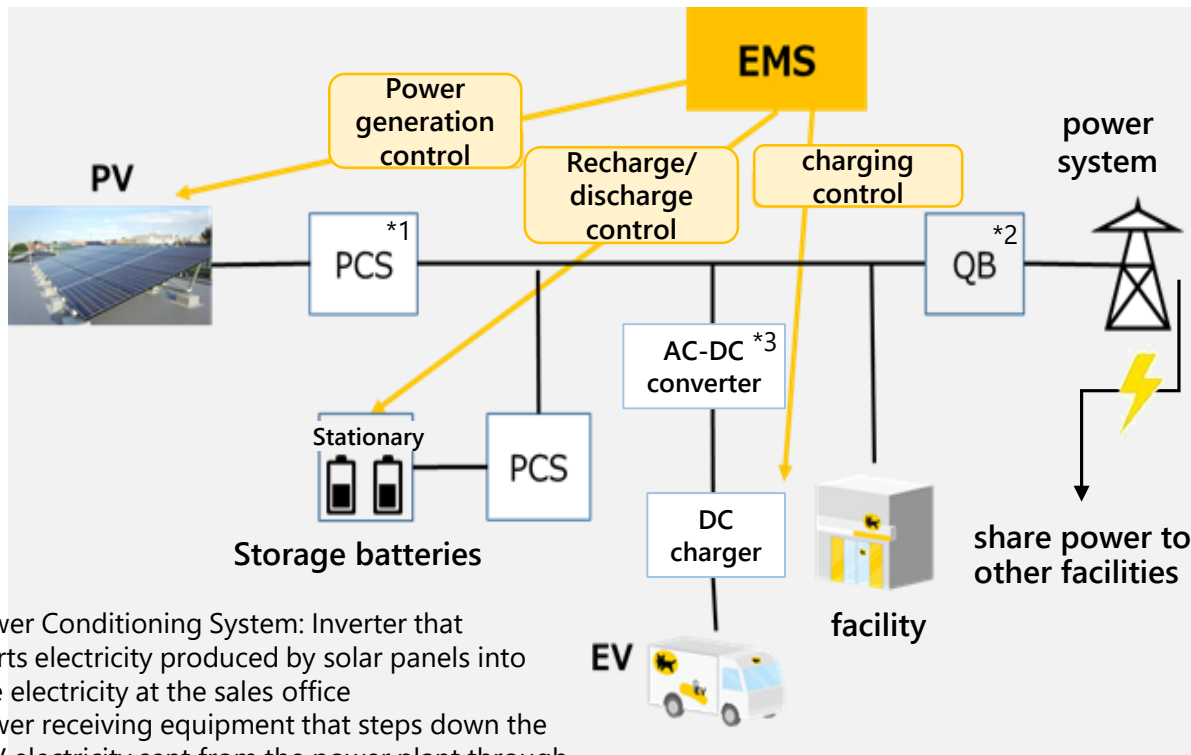
Yamato Group's solutions to the above challenges

- Realization of energy management
- Utilization of cartridge batteries

2-3. Development of Yamato Transport's proprietary energy management system

- Optimize electricity use and lower the cost of electricity by using an energy management system (EMS) to visualize energy, control EV recharging, control storage battery recharging and discharging, and control power distribution between locations

► Proprietary EMS adapted to EV operations



- **EV charging control system**
 - Efficient charging for each individual vehicle
 - Lowers the cost of electricity, by using data to control the output of the charger and by curbing usage at night, when demand is high
- **Recharge/discharge control system for storage batteries**
 - Electricity stored during the daytime is used at night when electricity demand is high
- **Power generation control system to share power between facilities**
 - Mutual supply of solar-generated electricity between facilities

*1 Power Conditioning System: Inverter that converts electricity produced by solar panels into usable electricity at the sales office

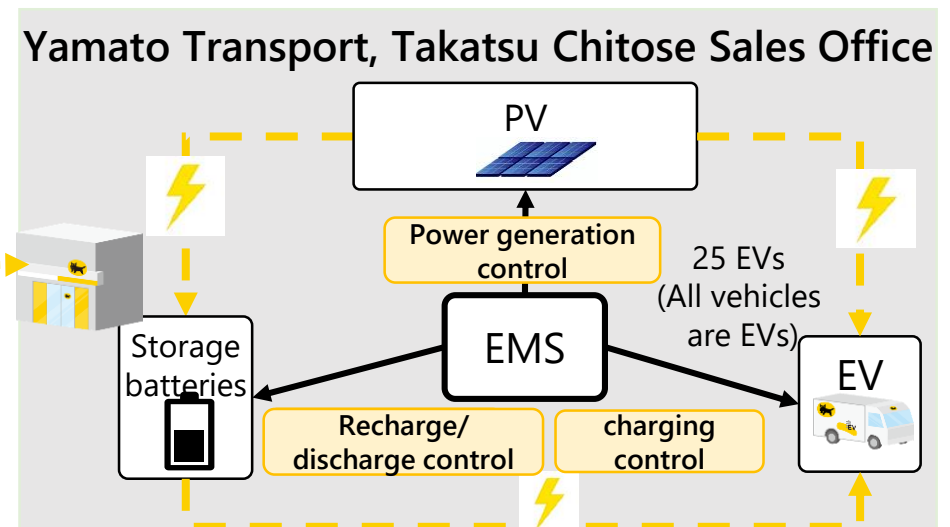
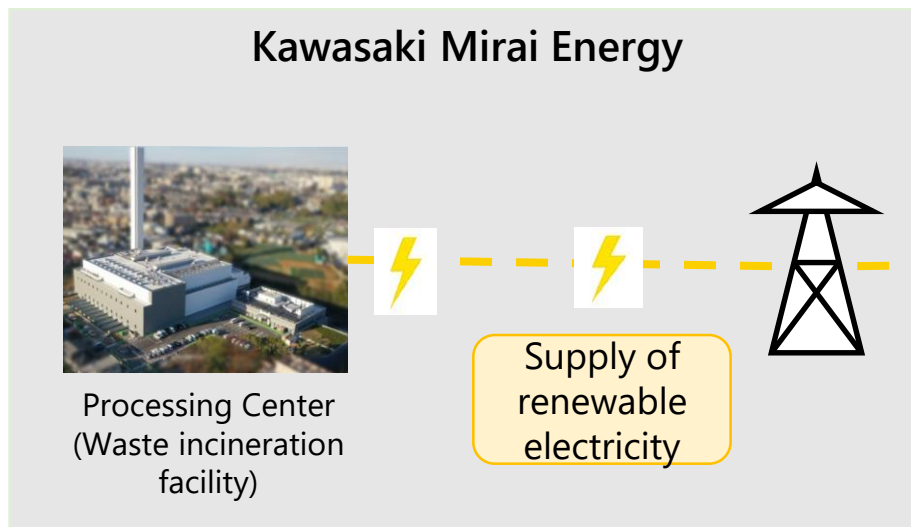
*2 Power receiving equipment that steps down the 6,600V electricity sent from the power plant through the substation to 100V or 200V

*3 Equipment that converts an alternating current to a direct current

*NEDO (New Energy and Industrial Technology Development Organization) subsidized project

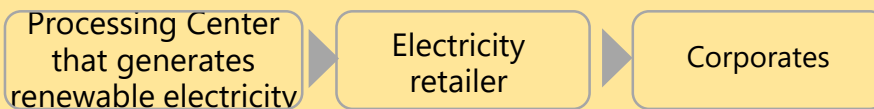
2-4. Pickup & delivery with fully electric fleet of vehicles, using only renewable electricity

- Achieve 100% local production and consumption of renewable electricity in regions that are leading decarbonization, through public-private collaboration. Launched operations at a Sales Office utilizing an all-EV fleet, fully powered by renewable electricity



► Kawasaki Mirai Energy's initiatives

- Aiming for local production & consumption of renewable energy, the company procures electricity derived from renewable energy sources from its waste incineration facility etc., and sells the electricity mainly to local companies



► Takatsu Chitose Sales Office's initiatives

- Switched all pickup & delivery vehicles from diesel to EVs
- Uses EMS to monitor and control solar power generation, charging/discharge of batteries, and EV charge control
- Procures from Kawasaki Mirai Energy the amount that cannot be covered by solar power

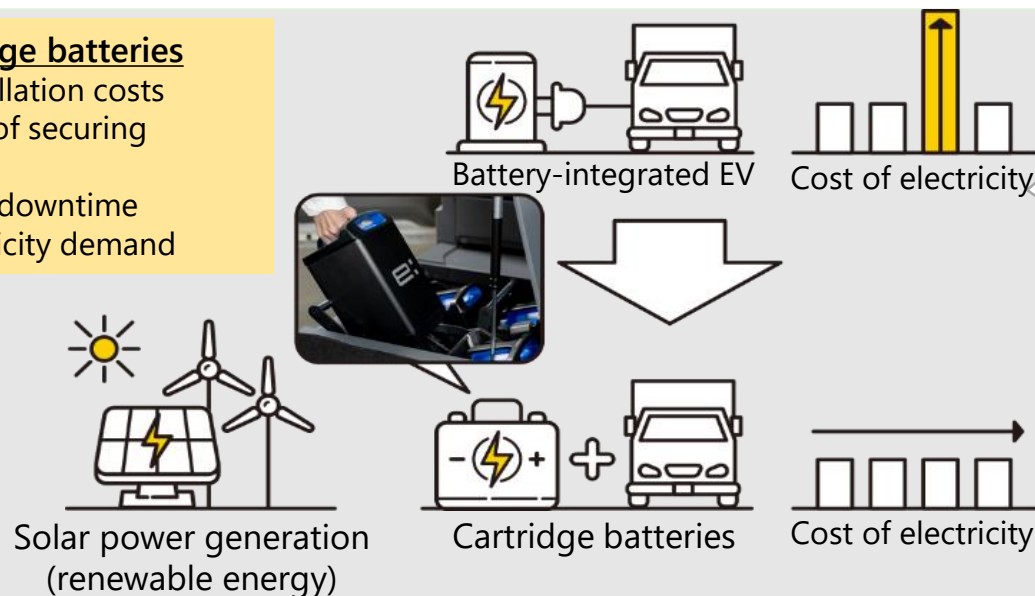
2-5. Utilization of cartridge batteries

- Promoting efforts to commercialize a cartridge-type battery that can both operate and charge vehicles

▶ Image of cartridge battery utilization

Effects of cartridge batteries

- Reduce BEV installation costs
- Ease the burden of securing recharging time
- Shorten logistics downtime
- Leveling of electricity demand



< Conventional >

Charges at night when operation stops
 → Difficult to utilize renewable electricity derived from solar power generation and higher cost of electricity at night

< After introducing cartridge batteries >

Charge during the day, replace batteries at night
 → Achieve both vehicle operation and charging and leveling of electricity demand

※NEDO (New Energy and Industrial Technology Development Organization) subsidized project

- ▶ Promote development and trials of cartridge-type battery EVs with car manufacturers



Light EV (MEV-VAN Concept)



EV truck (eCenter)

2-6. Own GHG emissions reduction plan and progress

• Promote key measures to achieve our medium-term targets

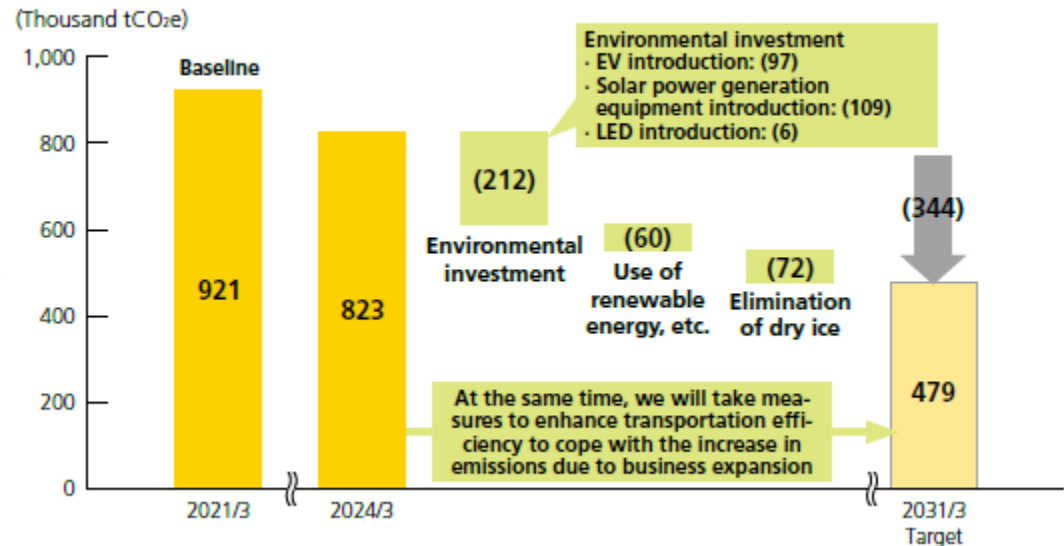
▶ Plan for reducing GHG emissions to achieve medium-term targets (2030)

Key Measures

- Introduction of 23,500 EVs*
- Introduction of 810 units of solar power generation equipment
- Introduction of LEDs
- 70% utilization rate for electricity generated via renewable energy sources
- Elimination of dry ice
- Increase in transportation efficiency

* 3,500 more vehicles than the initial target

Plan for Reducing GHG emissions



▶ Results of major initiatives (as of March 31, 2024)

EV
2,275



Solar Power
Generation
Equipment
100



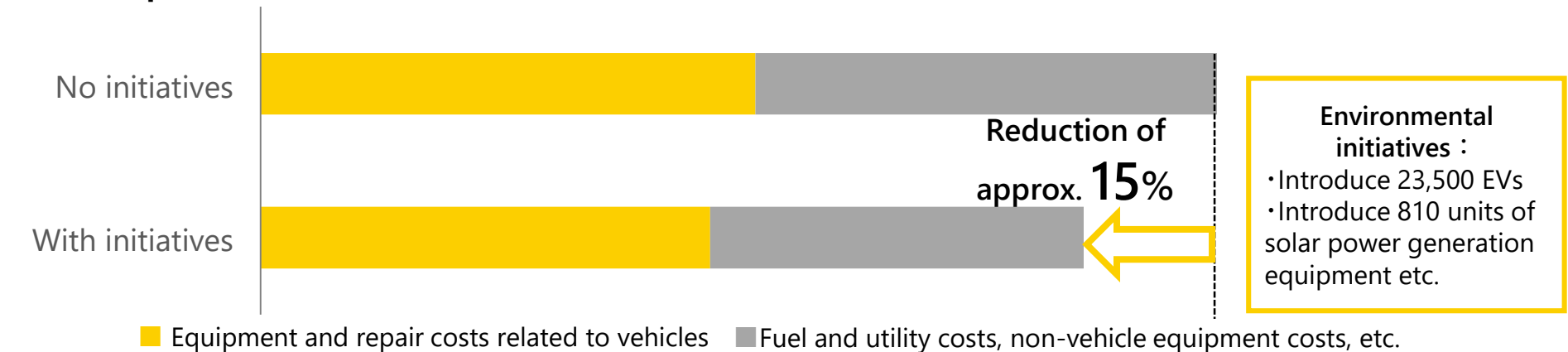
Electricity
Generated
via Renewable
Energy
37%



2-7. Cost reduction effects of initiatives

- Establish energy ecosystem, and thereby achieve both GHG emission reduction as well as cost control

Cost impact in FY2031/3 (estimate)



- ▶ If carbon tax is fully introduced, (7.4) billion yen of additional reduction of cost impact is expected, on top of the above (based on TCFD scenario analysis and business impact assessment)

【Assumptions for calculation】

- Assuming a +1%/year growth rate in parcel delivery volume, the same number of facilities, vehicles, mileage, etc. are used for both cases.
- Estimated vehicle repair cost, fuel cost, utilities and, depreciation, lease and operational costs for vehicles and solar power generation equipment, respectively. Assumed annual rise in fuel and utilities cost.
- Assumed all electricity from solar power generation to be used inhouse, through the utilization of batteries etc.

2-8. Initiatives to seize opportunities from customers' growing environmental awareness

- Seek to expand value provided to clients, grow revenue and improve productivity by seizing opportunities presented by customers' growing environmental awareness

GHG Emissions Provision Service

Value Provided / Our benefits

Services that address environmental issues faced by companies/
Differentiation with peers

Overview/Achievements

- Launch GHG emission data provision service* (Initial release in certain parts of Tokyo and Niigata from Oct. 30, 2024)
- *In accordance with international standard ISO 14083:2023
- Provide data on "GHG emissions during transportation" for each client

Client feedback

- It can be used for Scope3 disclosure, and for grasping GHG emissions volume to be offset

Promoting use of "Okihai"

Value Provided / Our benefits

Convenience of receiving parcels/
Improved productivity

Overview/Achievements

- Started "Okihai" delivery service for Kuroneko Members (from June 10, 2024)
- Not-at-home rate: 9.1%* (lower than during the COVID pandemic)
- Less re-deliveries thanks to the lower not-at-home rate, leading to higher Sales Driver productivity
- * Average for July-Sep. 2024

Client feedback

- Strong demand for non face-to-face deliveries
- Better convenience



Declaration of carbon neutrality for TA-Q-BIN

Value Provided / Our benefits

Delivery services with low environmental burden /
New differentiating factor for TA-Q-BIN

Overview/Achievements

- Achieved carbon neutrality* in accordance with the international standard ISO 14068-1:2023 in FY2023/3 (Offset unmitigated emissions through the use of carbon credits)
- Committed to achieve carbon neutrality of the three parcel delivery services (TA-Q-BIN, TA-Q-BIN Compact, EAZY) by FY2050

Client feedback

- Environment-friendly delivery
- Highly evaluated by companies that promote sustainability management as a differentiating factor with peers

2-9. Initiatives to create new value ~EV Life Cycle Services


- Create a sustainable society by helping clients achieve decarbonization (electrification + shift to renewable energy) using the know-how built up through Yamato's own decarbonization efforts

Needs from clients (= Issues experienced by Yamato Group in the past)

- ✓ Want to lower initial EV adoption hurdles such as "EVs require more consideration than internal combustion engine vehicles"
- ✓ Want mid- to long-term decarbonization support, that includes not only electrification of vehicles, but also the use of renewable energy

Yamato Group's knowledge

2,275 EVs
(As of March 31, 2024)



Trial of pickup & delivery using EVs using cartridge batteries

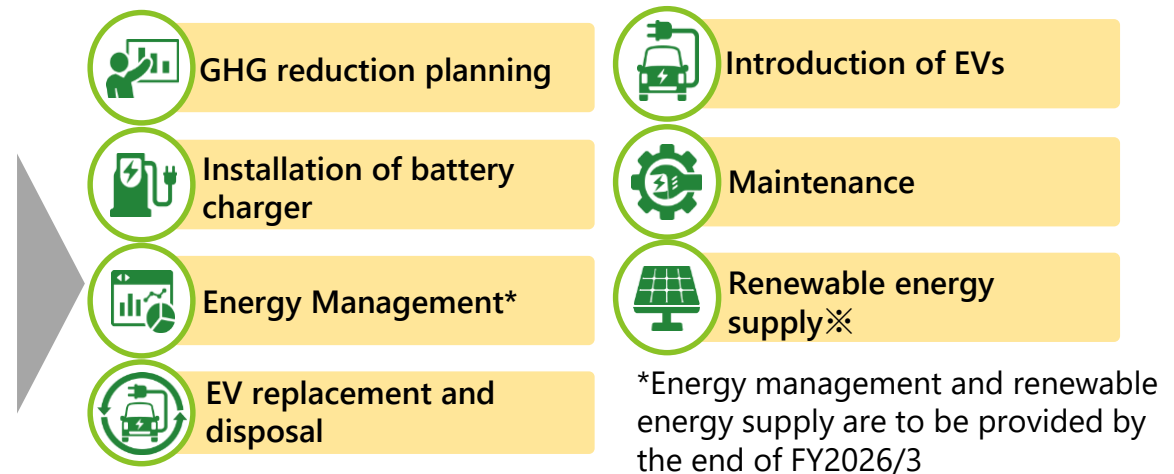
100 units of solar power generation equipment
(As of March 31, 2024)



Development and introduction of Energy Management Systems

Introduced EVs from various manufacturers, accumulated know-how on EV operation, charger installation, etc., to build a green infrastructure

EV Life Cycle Services (From Oct. 2024)



Service introduction to clients starts in December 2024

Yamato Group to begin supporting GHG emission reduction of Alfresa Group, the first user, over the mid- to long-term



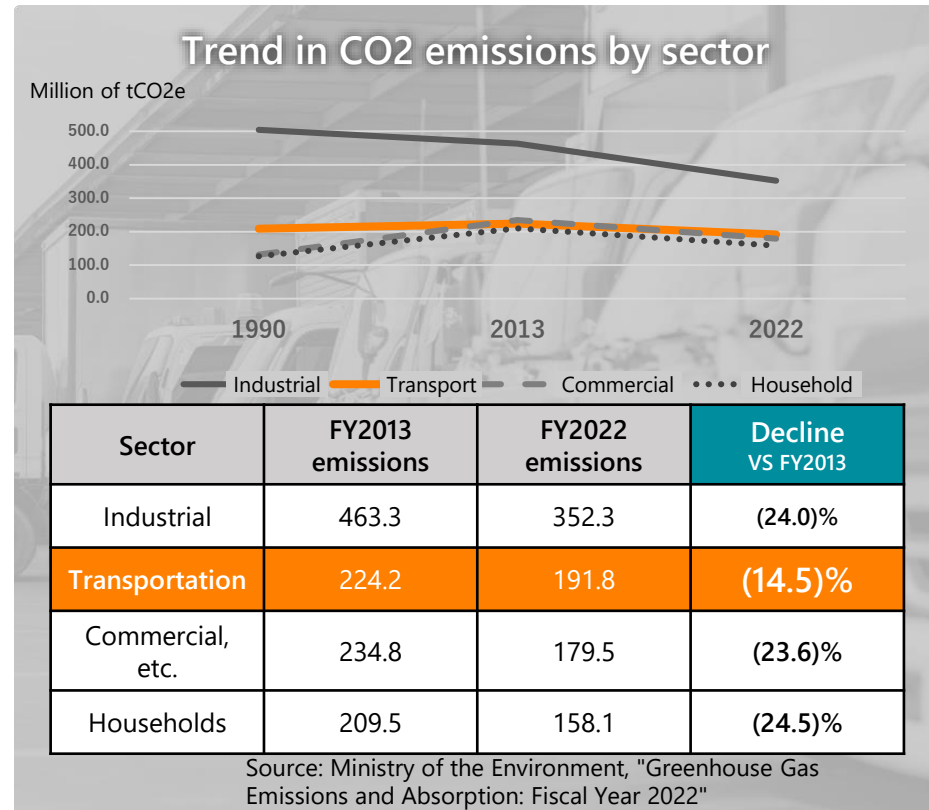
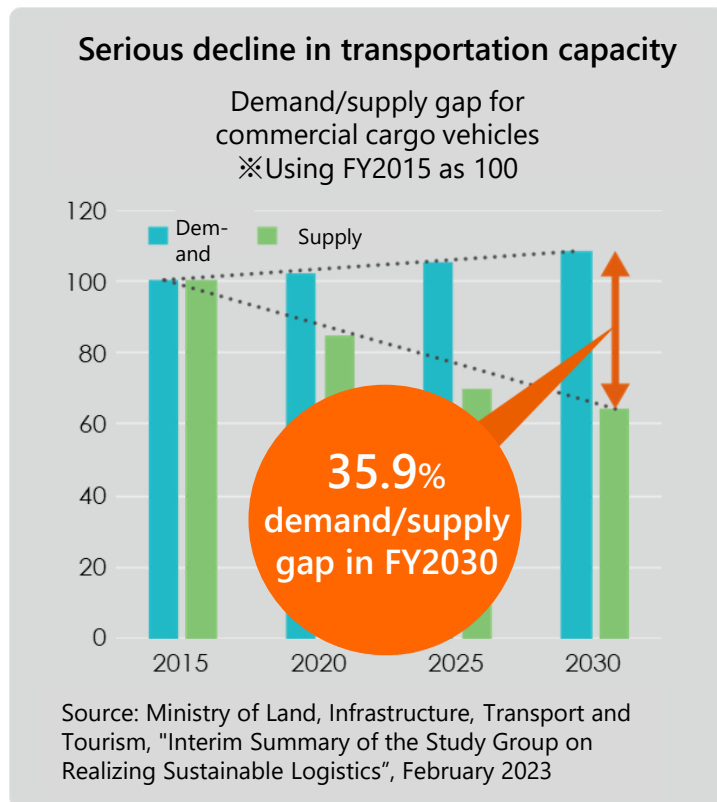
2-10. Establishing a joint transportation & delivery platform

- Established a new company to provide an open platform for joint transportation & delivery, with the aim of building a sustainable supply chain. Through this initiative, aim to secure stable transportation capacity and create an environmentally conscious, sustainable supply chain



Sustainable Shared Transport Inc. (established May 21, 2024)

▶ Two social issues that SST aims to solve:



2-11. Establishing a joint transportation & delivery platform

- Establish an open platform that enables joint logistics (shared use of trunk-route transportation) as an option, even for commercial cargo operations, to standardize the use of mixed loading and relay transport (division of labor between trunk-route and regional operations) as well as scheduled operations (trunk-route transportation)



Conducting joint operations in 16 routes between Fukuoka and Miyagi as of Nov. 2024. Aim to increase to 40 routes during this fiscal year

3. Initiatives of Human Resource Strategies Linked to Management Strategies

3-1. Human Resources Management Policy

- Clarify ideal state of the organization and Human Resources management as Yamato promotes Business Structural Reforms

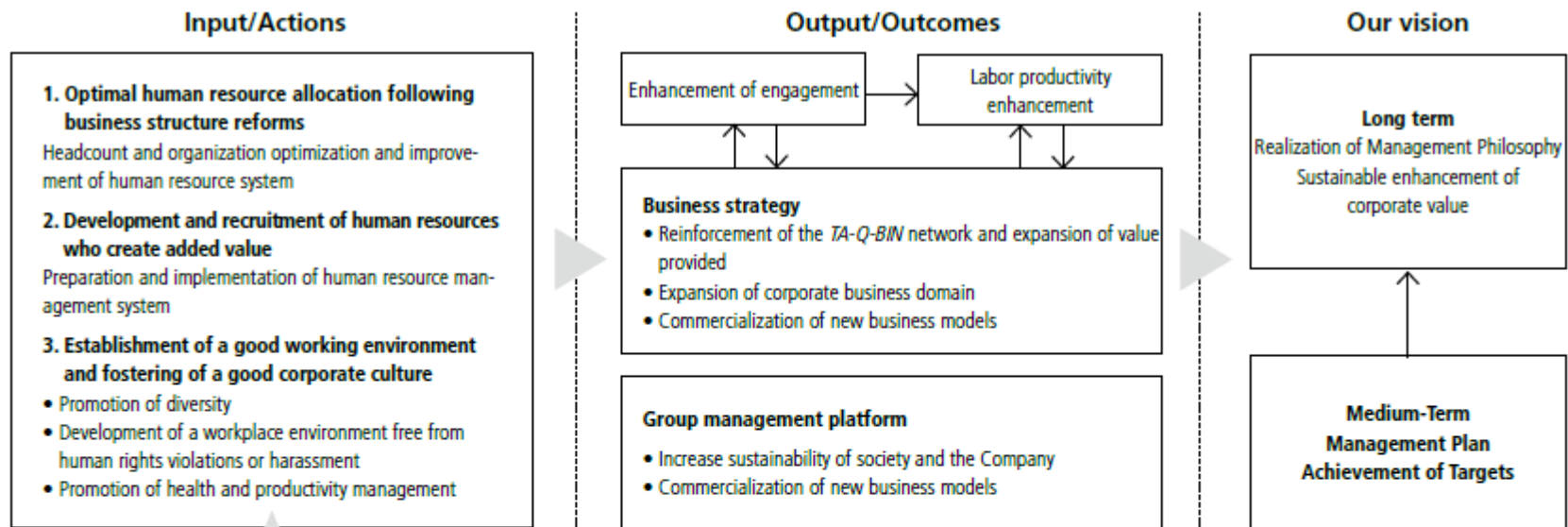
Image of Yamato Group Human Resources Management Policy

Management philosophy : Help enrich our society



3-2. Overview of Human Resources Strategy in "SX2030"

- Promote human resource strategies that are linked to management strategies and lead to sustainable enhancement of corporate value



Vision for human resources strategy

- Build a "Learning Organization" that can proactively transform its human resource portfolio, including its skillset
- Maximization of frontline capability through strengthening the middle-management layer (middle up, middle down)

Current Challenges

- Transform skillset centered on *TA-Q-BIN*
- Strengthen management capability of managers
- Promote understanding of strategies and measures from head office to the front lines

Priority Measures

- Strengthen expertise to be able to resolve essential issues
- Strengthen measure execution capabilities through dialogue and follow up
- Continuously promote measures from a medium- to long-term perspective

3-3. Improve workplace environment / Foster organizational culture (1) Outline of Measures

- Integrate and promote initiatives to enhance the ease and motivation of work for diverse employees, thereby improving employee engagement

Comfort and job satisfaction of diverse employees
(Improvement of Employee Experience Value (EX))



Increased engagement
(Employee-friendly, desire to continue employment, sense of growth, sense of contribution to the Company, rewarding)



* Diversity, Equity and Inclusion

3-4. Improve workplace environment / Foster organizational culture (2) Promotion structure

- Promote initiatives through the “Operational Improvement Committee” and “EX Promotion Committee”, based on the fundamental policy of “Listening to employees' voices, reflecting them in initiatives, and feeding them back to employees”

Basic Policy

Promotion structure

1 Listen to employees' voices

- Analyze employees' voices collected through awareness surveys, etc.

2 Reflect employees' voices to initiatives

- Plan, implement and verify initiatives based on hypotheses

3 Deliver the company's message to employees

- Communicating the results of initiatives, as well as what the company is thinking, through committee meetings and internal newsletters



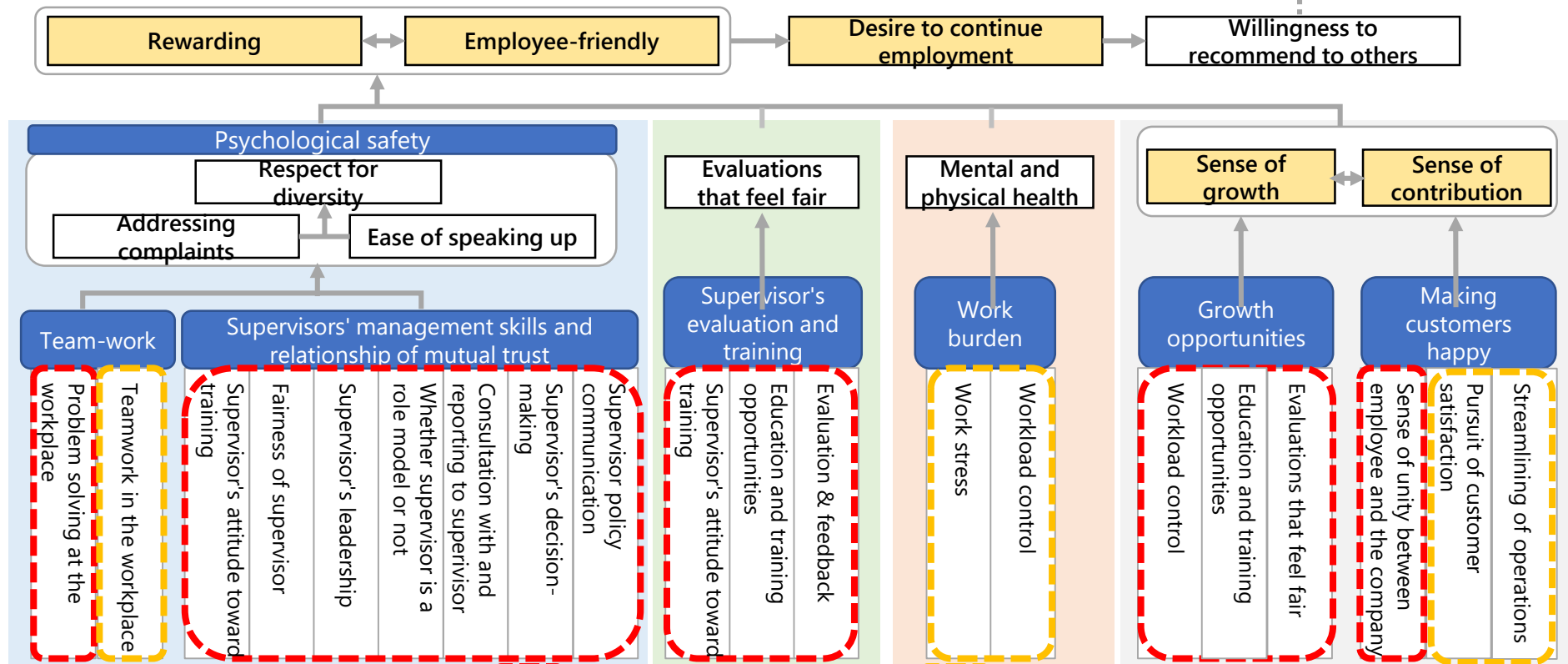
3-5. Improve workplace environment / Foster organizational culture (3) Analyze of Surveys

- Prioritize strengthening supervisors' (managers') capabilities by analyzing the results of Employee Awareness Surveys
 - Started workplace discussions of managerial personnel and operational managers from FY2023/3

■ Relation with metrics in the Employee Awareness Survey

Assumed to lead to capacity development through mediation of strategies, investments, etc.

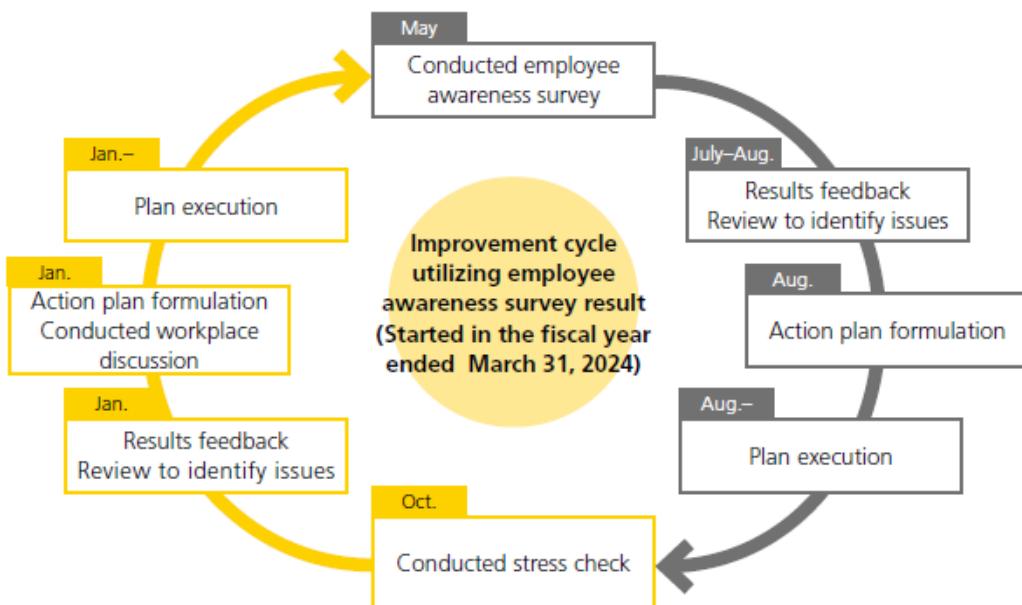
Demonstration of capacity (grow earnings)



3-6. Improve workplace environment / Foster organizational culture (4) Strengthen PDCA

- Based on the results of employee awareness surveys, engage in an improvement cycle through workplace meetings, to promote better working conditions and greater job satisfaction (starting from FY2024/3)

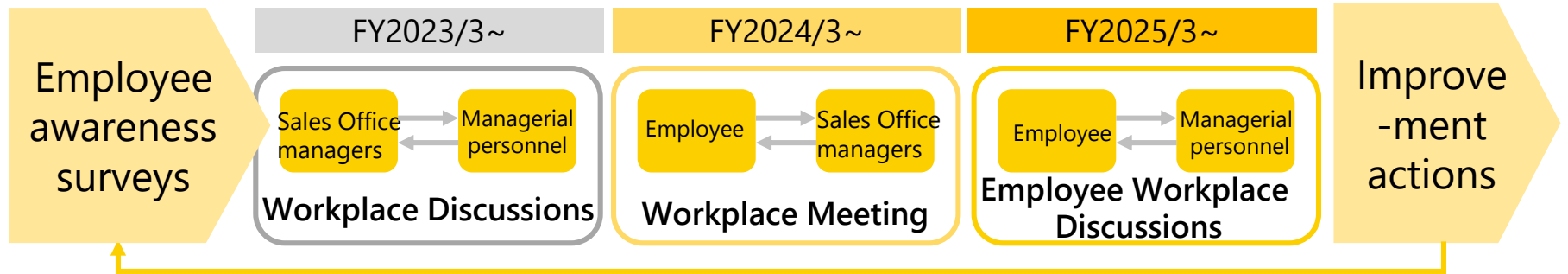
Overview of workplace improvement cycle



- 1 Identify issues to be addressed through employee awareness survey at each workplace
- 2 Conduct workplace meetings where operational managers (Sales Office managers etc.) and employees work together to resolve issues through dialogue
- 3 Implement a cycle of i) conduct employee awareness surveys every six months, ii) assess the effects of initiatives, and iii) review and make improvements

3-7. Improve workplace environment / Foster organizational culture (5) Enrich dialogue with employees

- Workplace discussions between managerial personnel and employees have started from FY2025/3, to enhance the effectiveness of the workplace improvement cycle

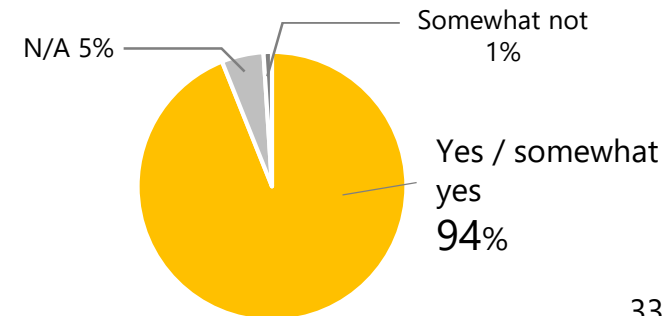


➤ Employee Workplace Discussions (conducted at all 92 Regional Branches)

Employees representatives from each facility share the issues and best practices from their workplaces, exchange opinions with employees from other locations, and hold discussions with management-level officers to address the issues



94% of participants responded favorably in survey
 Q. "Was it worth participating?" (n=1,970)



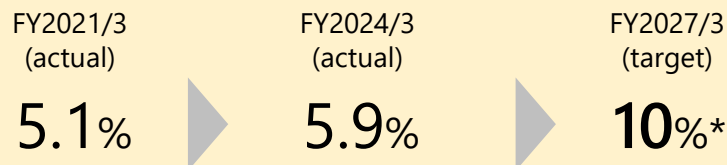
3-8. Improve workplace environment / Foster organizational culture (6) Women's empowerment

- Create an environment that brings out the best of diverse talent, thereby fostering a culture that embraces diverse opinions, and build a work environment that facilitates the creation of new value

Initiatives through FY2024/3

- Program to develop female Sales Office Managers and follow-up after appointment
 - Create group of employees aiming for management positions (mentoring, career awareness surveys, etc.)
- 69 trainees
10 assigned (FY2024/3)

➤ KPI: Ratio of female managers

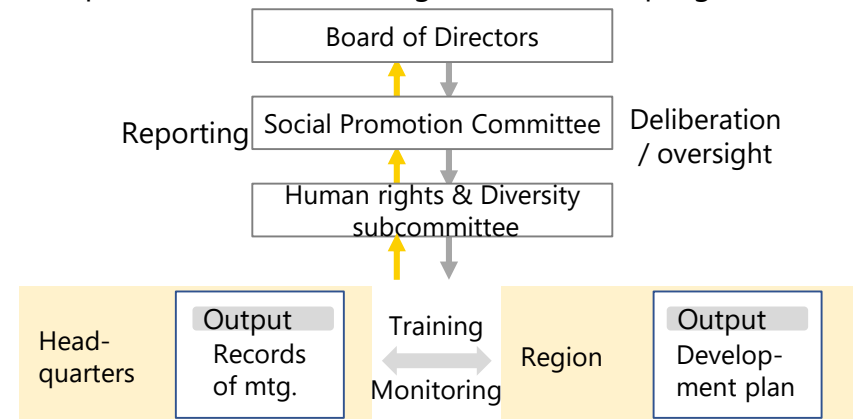


Initiatives in FY March 2025 onwards

- Assign and develop talent in a way that aligns with individual characteristics and career aspirations of employees, including for positions other than Sales Office Managers

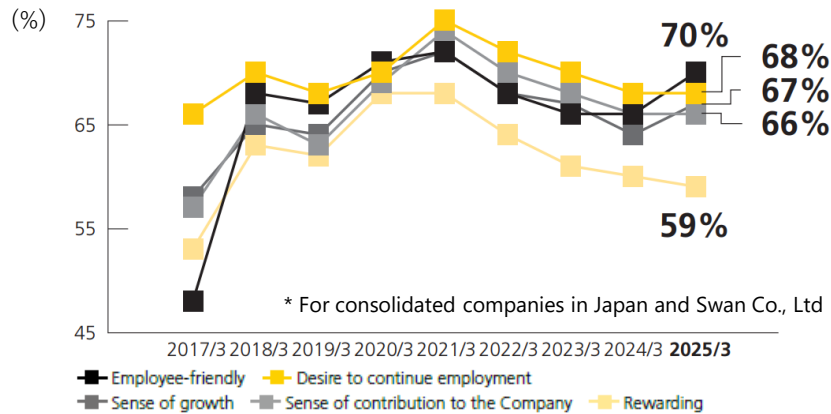
Strengthen talent development

- Select candidate personnel from each region, and create individual profiles (including career aspirations, qualities, and placement positions)
- Set plans for placements and talent development for each candidate
- Regional Headquarters and headquarter collaborate to develop talent and conduct regular reviews of progress



3-9. Trend of Employee Awareness Survey results

- As a result of focusing on enhancing the skills of managers, this fiscal year's Survey showed an improvement in scores related to management by supervisors (average of +5.6 points), leading to improvements in 'employee-friendly' and 'sense of growth'



Metrics	Positive responses (YoY)
Employee-friendly	70% (+4pt.)
Sense of growth	67% (+3pt.)
Desire to continue employment	68% (±0pt.)
Sense of contribution to the Company	66% (±0pt.)
Rewarding	59% ((1)pt.)

Analysis results

- The downward trend in scores from FY2021/3 to FY2024/3 is believed to be primarily due to insufficient dissemination of strategic understanding among employees, and inadequate support from managers to subordinates
- After prioritizing the strengthening of management skills of managers, the survey for FY2025/3 showed an improvement in scores related to 'supervisor management' across various items (average of +5.6 points), leading to improvements in 'employee-friendly' and 'sense of growth' among employees

Initiatives for FY2025/3 onwards

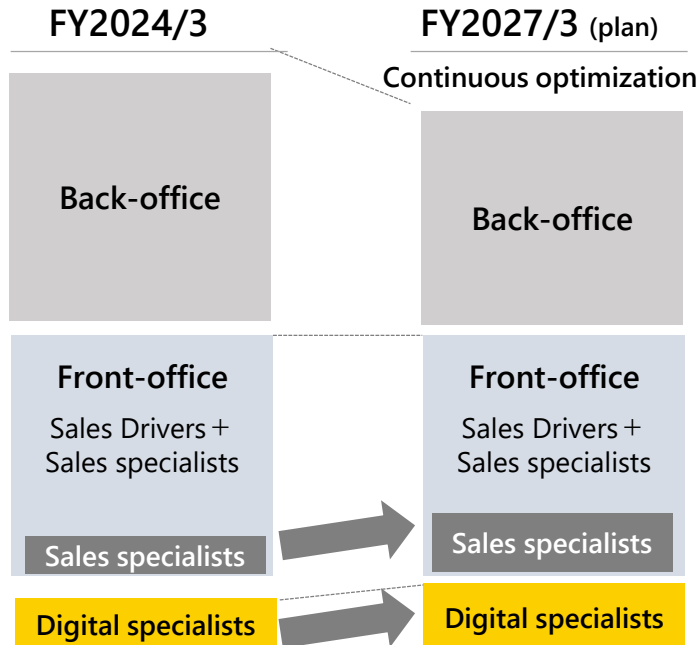
- The key to improving employee engagement lies in strengthening the management skills of supervisors, such as listening to subordinates' voices and reflecting them in initiatives
- Hold discussions where employees and the management engage in direct dialogue at all Regional Branches enhancing opportunities for dialogue
- Promote initiatives based on employee feedback through the "EX Promotion Committee" and the "Operational Improvement Committee"

3-10. Optimal allocation of human resources

- Reassign talent and streamline the organization, to allocate management resources to priority areas

► Our aspiration

- Enhance productivity of the entire network through structural reforms
- Optimize the organization and workforce, shifting personnel from back-office to front-office roles
- Deploy specialized personnel in key areas such as sales and digitalization



► Process for optimal allocation

- ① Visualization of quality & quantity of talent
- ② Find and allocate talent
- ③ Post-assignment support
- ④ Evaluation / assessment
- ⑤ Reskilling / reassignment

► Initiatives

In FY2024/3

- Visualize roles and positions necessary to realize strategies
- Make the talent pool visible, and build a foundation for utilizing HR data
- Control back-office headcount using organizational rules and headcount management based on 'Span of Control' of managers
- Start an internal job posting system

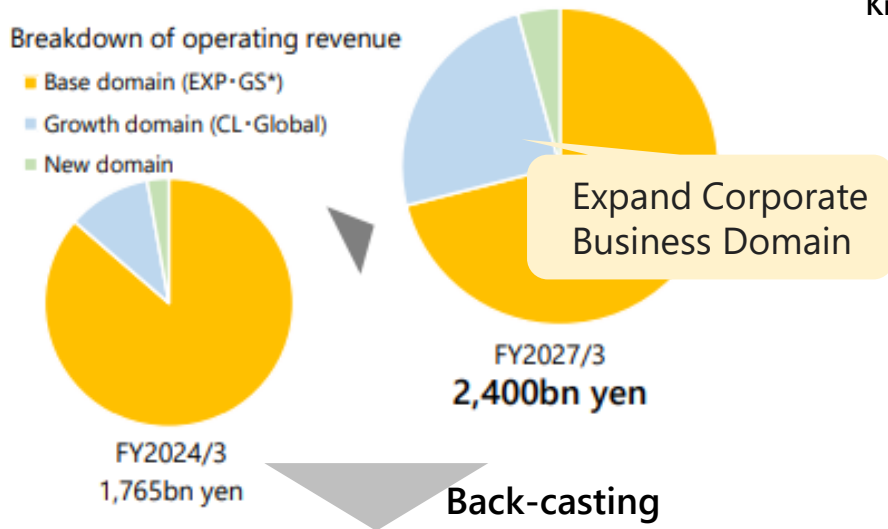
FY2025/3 onwards

- Establish dual-track career paths to secure specialized talent, and make the HR system/policy more competitive in the market
- Streamline back-office departments and reallocate personnel to the front-office, mainly in growth areas
- Develop training curriculums for acquiring practical skills, and strengthen reskilling initiatives

3-11. Recruiting and developing talent that creates value

- Systematically promote the hiring and development of sales personnel, by utilizing a talent map to visualize the capabilities of each employee, in order to expand the growth areas of CL and the Global business

Business portfolio reform

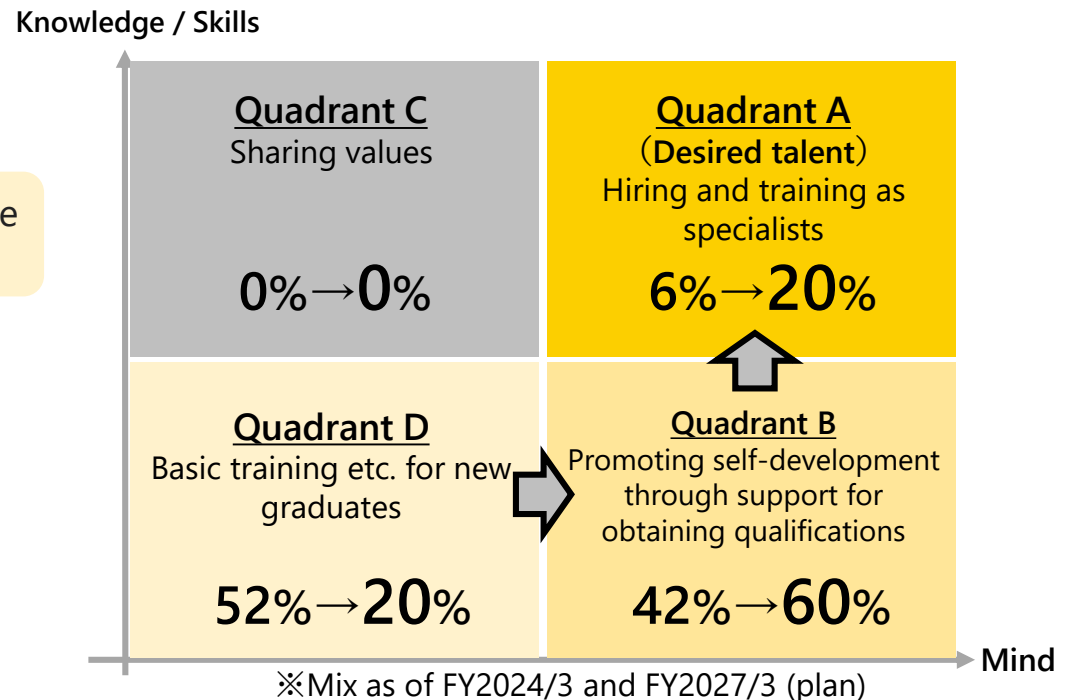


Appoint the right personnel to key positions in the growth domain (e.g. global sales, solution sales, and solution design)

Current
(FY2024/3)
322 positions

To-be
(FY2027/3)
352 positions

Targeted talent map (as of FY2027/3)

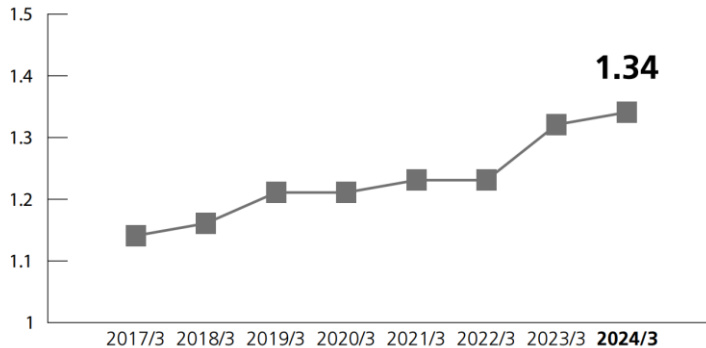


【Major initiatives in FY2025/3】

- Hiring 10 specialists (logistics design, M&A and other areas)
- Supporting 167 employees obtaining qualifications (languages and international logistics expertise)

3-12. Trend of human productivity

- The challenge is to generate value-add, by bringing out the best of employees, to improve profitability (expansion of net income)



Definition of 'human productivity'

①(Consolidated operating revenue – consolidated outsourcing expenses)

② Consolidated personnel expenses

Analysis results

- For the FY2024/3, both operating revenue and net income declined due to the decrease in parcel delivery volumes and lower income from logistics and international transportation ①
- After reviewing the organization and personnel structure following structural reforms of the business, made progress in optimizing personnel expenses ②
- While figures improved due to reviewing the organization and personnel, the challenge is to create value-add (grow net income) by further utilizing employees' capabilities

Initiatives for FY2025/3 onwards

Grow net income ①

- Strengthen the hiring and development of talent to generate value-add
 - Apply the methodology of hiring and development of corporate sales personnel using the talent map, to the EXP business (Corporate Domain)
 - Design job definitions and career paths to encourage the growth of each Sales Driver

Optimization of Personnel Expenses ②

- Raise salary levels to attract talented personnel
- Optimize the organization and headcount, mainly for the back-office

4. Building sustainable relationships with transportation partners

4-1. Overview of building sustainable relationships with transportation partners

- Yamato Group outsources approximately 90% of its TA-Q-BIN trunk-route transportation to transportation partners. In light of the “2024 Problem” etc., focusing on building appropriate relationships with transportation partners

2024 Problem

Background: Industry environment and business practices that lead to shortage of drivers

April 2024-

Amendments to the law, aimed at ensuring the sustainability of domestic logistics

Emerging risk of “Inability to transport”

Challenge of industry

- (1) Improve work conditions to secure drivers
- (2) Review long-distance operations

Risk factors for the Yamato Group

- (1) Compliance risks
- (2) Risk of lower capacity in long-distance transportation
- (3) Risk of higher unit transportation costs

Key initiatives

1. Strengthen governance

- (1) Regular communication
- (2) Briefings on improvement measures for transportation partners
- (3) Dedicated call center for transportation partners
- (4) Continuous employee training
- (5) Outside experts

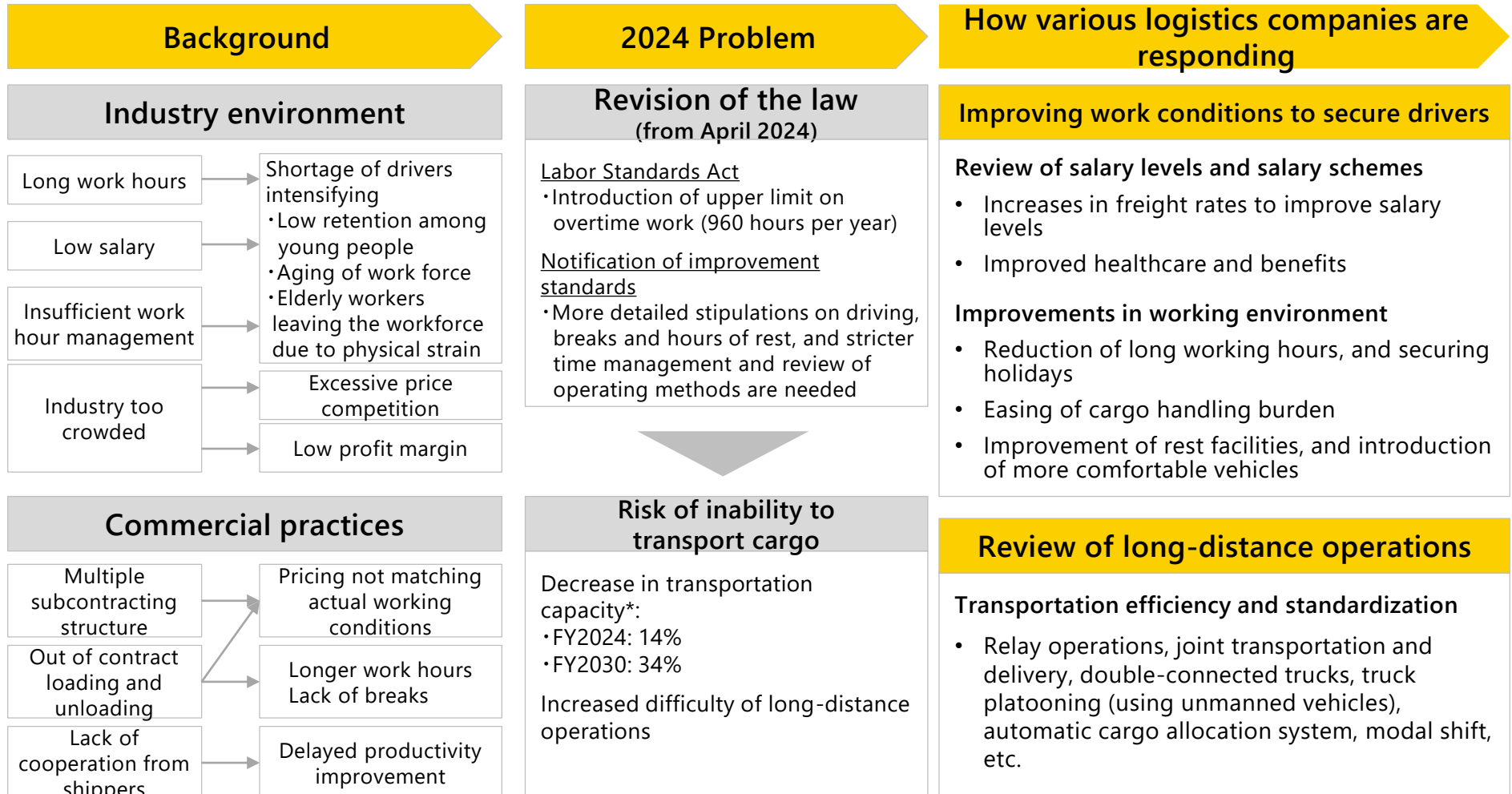
2. Measures to address the “2024 Problem”

- (1) Improvement of work environment and optimization of freight and fee structure
- (2) Review of long-distance operations

3. Use IT system to grasp business conditions and enhance governance

4-2. Overview of the "2024 Problem"

- Regulations on working hours, etc. were tightened from April 2024, in order to ensure the sustainability of domestic logistics



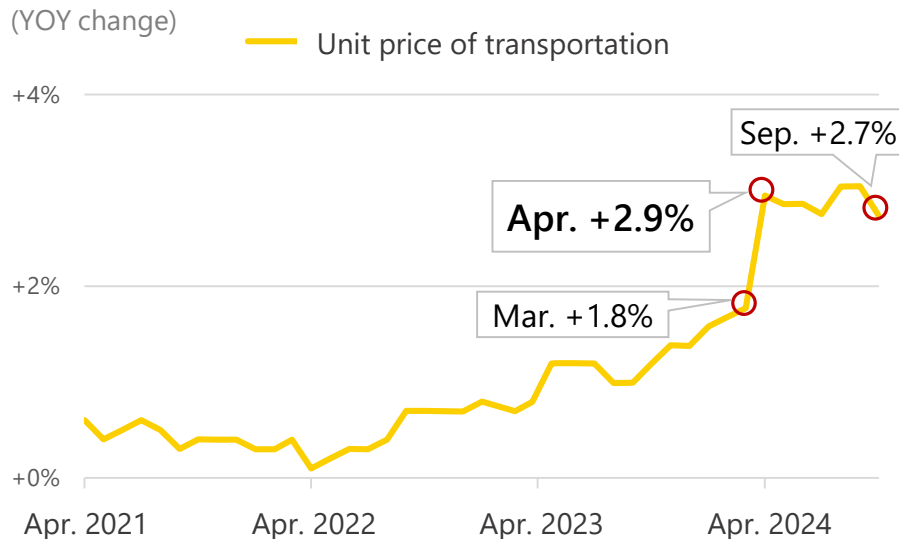
*Source: "3rd Study Group for Realization of Sustainable Logistics". Figures are estimates for scenario in which no measures are taken

4-3. Current status of transportation unit price and capacity in the logistics industry

- The increase in unit transportation costs has accelerated from April 2024
- Although transportation capacity is on the rise, it is crucial to improve transportation efficiency with the cooperation of shippers, in anticipation of the upcoming driver shortage

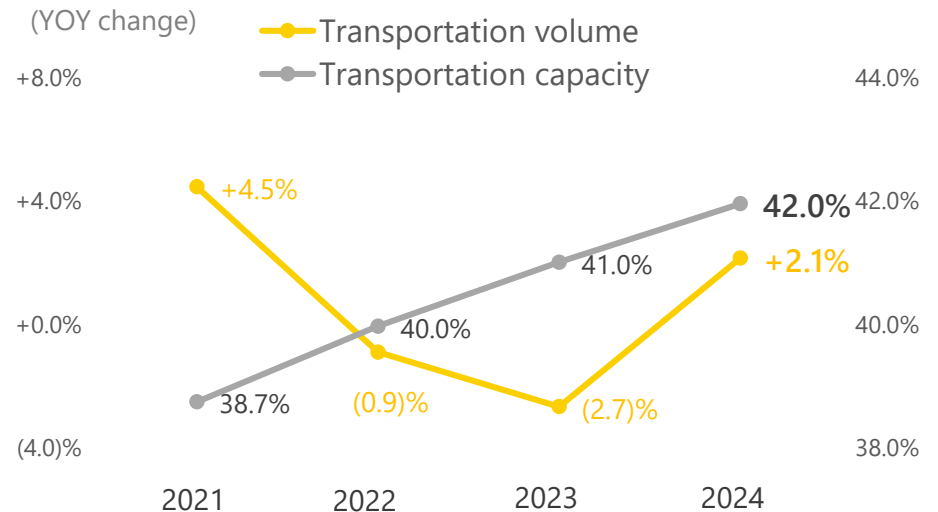
Trucking unit price

- The rate of increase has expanded by approx. 1% since April 2024, and remains at around +3% yoy



Trucking capacity

- Transportation volume in 2024 increased 2.1% yoy
- This is due to the improvement in transportation efficiency, but further efforts are needed in view of the upcoming driver shortage



Source: Bank of Japan, "Price Index of Corporate Services (Road Freight Transport)"

Copyright 2024 Yamato Holdings Co., Ltd. All rights Reserved

Source: Compiled using April-August cumulative data from Ministry of Land, Infrastructure, Transport and Tourism, "Vehicle Transport Statistics (Freight, Standard Trucks_Maximum Loading Capacity of 3 Tons or Above)"

4-4. Initiatives to strengthen governance

- Promote regular communication, and make use of dedicated call centers, outside experts, etc.

1 Regular communication

- Conduct supplier surveys of all partners
- Communication at least **once every quarter***, including price discussions

*Reference

At least once a year is obligatory under the "Promotion Standards" of the Act on the Promotion of Small and Medium-Sized Subcontractors.

2 Briefings on improvement initiatives for transportation partners

- Conducted for key partners and by region, starting in May 2024 (three times in total, in September and November)
- Explained Yamato Transport's initiatives to build appropriate relationships, and the contact point for receiving opinions and consultations

3 Dedicated call center for transportation partners

- Established a dedicated 24-hour, 365-day service window in June 2024 for transportation partners in order to build a closer relationship
- Promoting problem-solving on a case-by-case basis, while respecting the privacy of the callers

4 Continuous employee training

- Conduct a variety of briefings, including reconfirmation of prohibited conduct, how to respond in such occasions, the contract template, and how to use management tools
- Video learning tools are also used depending on the content

5 Outside experts

- Use of outside experts to strengthen governance
- Establish a system for **monitoring, advising, and reporting to senior management on the status of various initiatives** with transportation partners

4-5. Specific measures in response to the “2024 Problem”

- In addition to initiatives described in the previous page, Yamato is improving the work conditions and environment for transportation partners, and reviewing long-distance operations, in light of the 2024 Problem

Key measures

1 Improved work conditions and environment for transportation partners

- Labor cost support and fuel surcharges have begun in 2022. Currently considering unifying the fare setting to an easy-to-understand scheme, based on distance and time
- Monitoring of actual operations and establishment of a cycle for improvement (see next page for details)

2 Review of long-distance operations

- Reviewing operational routes, including relay transportation, mainly in areas where delivery is made the next afternoon or the day after next in the TA-Q-BIN services
- Promoting modal shift to railroads, ferries, etc.

Reference: Roll Box Pallet (RBP)



- Box-shaped pallets with wheels, for TA-Q-BIN operations (dimensions: 110 x 110 x 170 (cm))
- Loading efficiency is lower compared to "bulk loading", in which cargo is loaded directly onto trucks by hand, due to gaps on the 4 sides of the pallet, but the **total efficiency of storage, loading & unloading, and transportation can be improved**

	Bulk loading	RBP*
Loading and unloading time	Longer loading and unloading times, and longer waiting time for cargo, too	Shorter loading / unloading / waiting time, and higher vehicle turnover Pick-up deadline can be delayed
Workload	Lots of carrying, leading to high physical burden	Large quantities can be transported at one time, causing little physical burden
Cargo protection	Cargo can move easily, leading to high risk of damage	Enclosure prevents cargo collapse, with low risk of damage
Safety	High risk of injury from falling luggage during operations	Less risk of injury from falling cargo

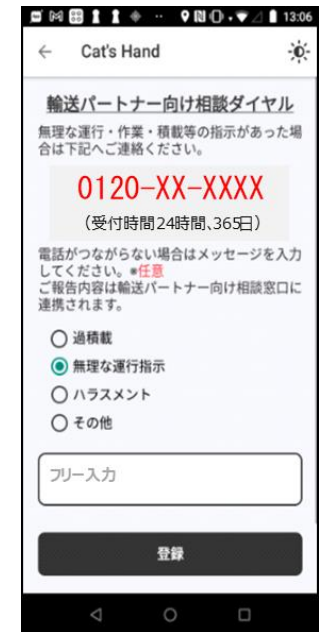
*Items in **bold font** represent benefits to the transportation partner

4-6. Grasping the actual status of business operations and strengthening governance using IT systems

- Distributing mobile terminals to drivers, in order to monitor the status and the effects of measures and detect problems early to take countermeasures, and to do so without placing a burden on transportation partners
- In addition, administrative tools are being developed to crosscheck data with transportation partners

Tool	What is being monitored	Examples of functions
Portable terminals	<ul style="list-style-type: none"> Long work hours Long cargo waiting time Incidental work not covered in the contract 	<ul style="list-style-type: none"> Recording of time spent from standby to release Recording of work hours
	<ul style="list-style-type: none"> Overloading Unreasonable requests of work or transportation 	<ul style="list-style-type: none"> Loading limit function Avoidance function for unreasonable transportation or work requests
Administrative tools	<ul style="list-style-type: none"> Long cargo waiting time Incidental work not covered in the contract 	<ul style="list-style-type: none"> Web-based management of operational data Contract management function on a per-route basis Automatic calculation of waiting time and incidental work charges Web-based management of operational data (under development) Function that corrects misreported rest time (under development) Email report function (under development)
	<ul style="list-style-type: none"> Long work hours Overloading Unreasonable requests of work or transportation 	

Image of mobile terminal (Avoidance function screen)

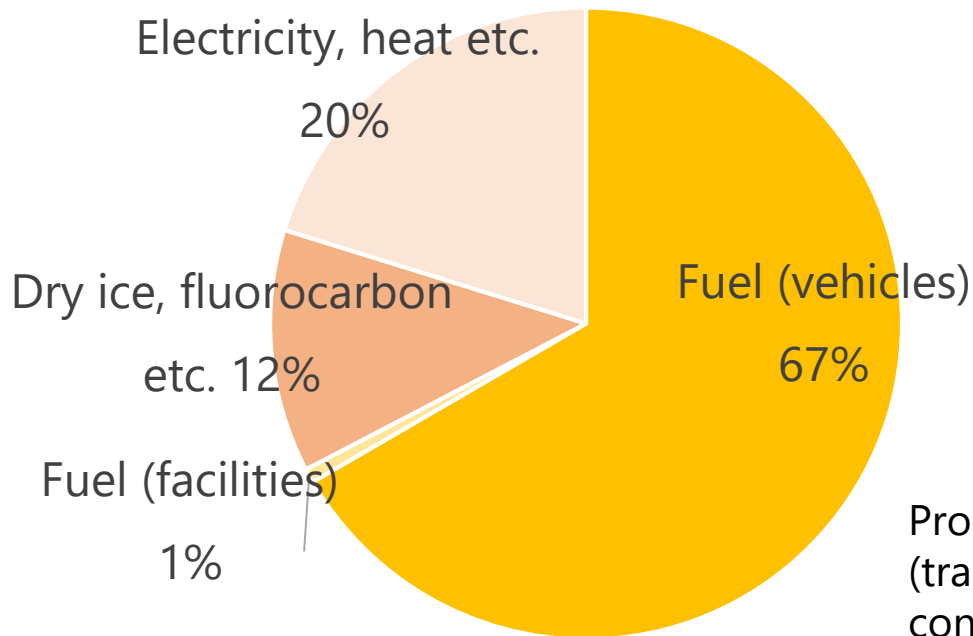




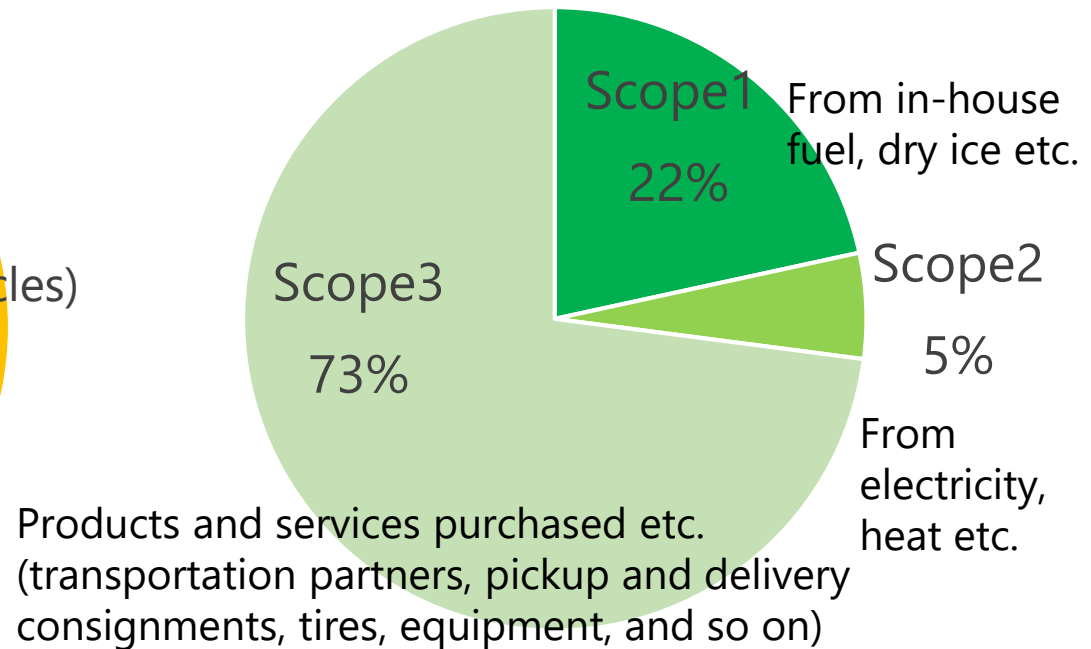
**YAMATO
GROUP**

Ref. CO2-based emission rate by origin and scope (FY2024/3)

▶ CO2-based emission rate by origin (Scope 1 & Scope 2)

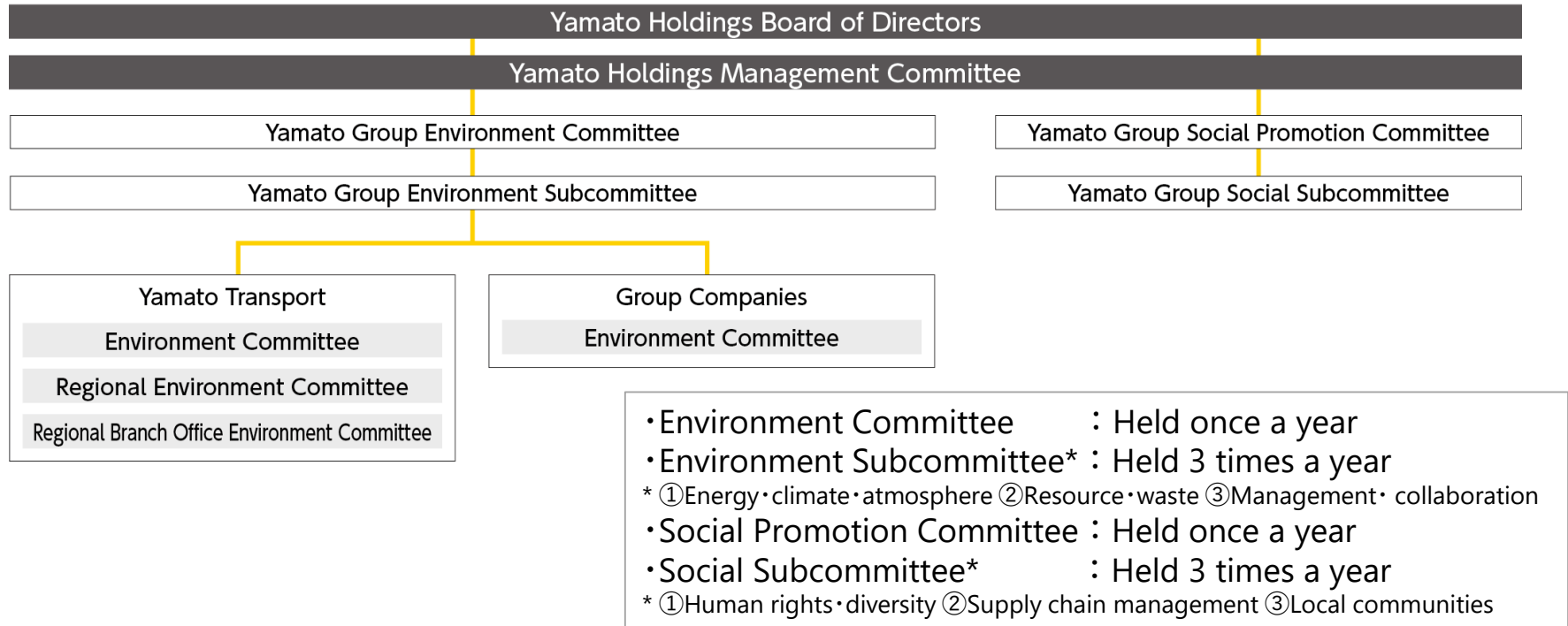


▶ CO2-based emission rate by scope



Ref. Sustainability Promotion Structure and governance

■ Sustainability Promotion Structure



■ Compensation of Directors

Mid-to-long term performance-linked, share-based compensation
(variable compensation) introduced in FY2022/3

Performance
indicators

ROE, ROIC, total shareholder return,
ESG indicators (greenhouse gas emissions)

Ref. External certifications and assessments

(As of Dec 1, 2024)

Organization	Metric, name, etc.	Yamato HD's certification
MSCI	MSCI NIHONKABU ESG Select Leaders Indexes MSCI Japan ESG Select Leaders Index MSCI Japan Empowering Women (WIN) Select Index	Included in the index AA (Max AAA)
FTSE	FTSE4Good Index Series FTSE Blossom Japan Index FTSE Blossom Japan Sector Relative Index	Included in the index 4.2 (Max 5)
S&P	S&P/JPX Carbon Efficient Index	Included in the index
SOMPO Asset Management	SOMPO Sustainability Index	Included in the index
CDP		Climate change A- (A~D)
Morningstar	Morningstar Japan ex-REIT Gender Diversity Tilt Index	Included in the index

Disclaimer

This material is intended for informational purposes only and is not a solicitation or offer to buy or sell securities or related financial instruments. Ultimately it is the responsibility of investors to select and buy securities and the Company assumes no responsibility for investors who act on the basis of this material.