

# Value Creation Process

<p><b>Business Environment / Social Issues</b></p> <ul style="list-style-type: none"> <li>• Diversification of customer expectations and needs</li> <li>• Rapid progress of EC adoption in various industries</li> <li>• Declining population and decaying regional infrastructure</li> <li>• Declining working population</li> <li>• Climate change and resource scarcity</li> </ul> <p><b>Further acceleration of the shift toward EC in all industries due to the COVID-19 pandemic</b></p> <ul style="list-style-type: none"> <li>• <b>Lifestyles:</b> Further growth of EC and shift to omni-channel approaches, including non-face-to-face interactions</li> <li>• <b>Logistics structure:</b> Total optimization of inventory and supply routes</li> </ul>	<p><b>Issues Facing the Yamato Group</b></p> <p><b>Management structure centered on TA-Q-BIN</b></p> <p><b>Strategies:</b> TA-Q-BIN alone unable to accommodate rising demand from the EC market and corporate logistics</p> <p><b>Management Systems:</b> Weak management structure for quick decision-making due to dependence on individual skills based on intuition and experience</p> <p><b>Organizational and Corporate Culture:</b> The Yamato Group's sound culture, "Participatory Management," no longer practiced</p>
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## Management Resources / Strengths

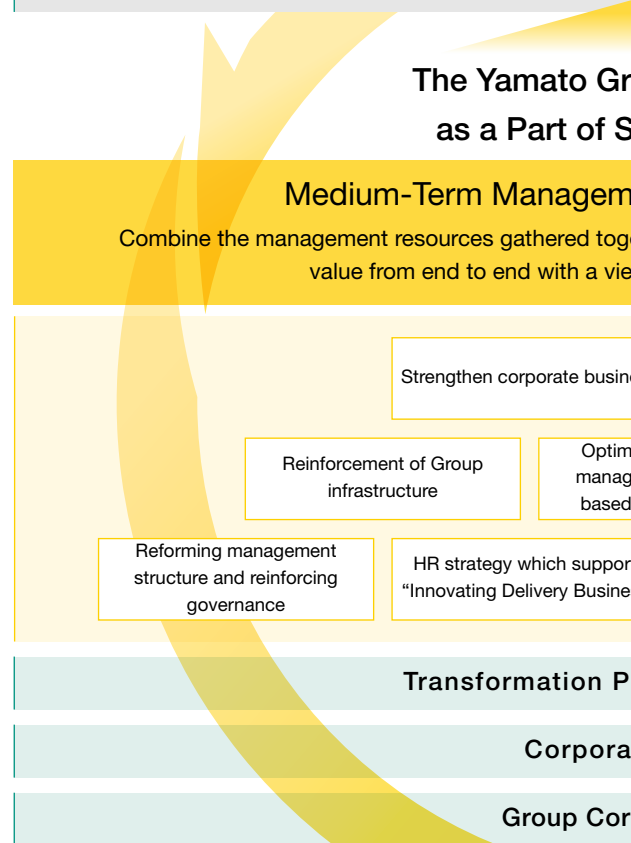
<b>Customer Foundation</b>	<b>Corporate clients</b>	▶ Number of client companies: Over 2 million ▶ <i>Yamato Business Members</i> : Approx. 1.3 million
	<b>Consumers</b>	▶ <i>Kuroneko Members</i> : Approx. 45 million
×		
<b>Human Resources</b>	<b>Sales representatives</b>	▶ Account sales representatives and sales drivers: Over 60,000
	<b>Customer representatives</b>	▶ Guest operators and call center operators: Approx. 25,000
×		
<b>Logistics Network</b>	<b>Base network</b>	▶ Bases and warehouses: Approx. 200 ▶ <i>TA-Q-BIN</i> centers: Approx. 3,700
	<b>Transportation and delivery network</b>	▶ Trunk-route, BtoB middle mile, <i>TA-Q-BIN/EAZY</i> last mile
×		
<b>Information</b>	<b>Physical and digital customer contact points</b>	▶ Account sales representatives, sales drivers, guest operators, call center operators, <i>Kuroneko Members</i> , <i>Yamato Business Members</i>
	<b>Data</b>	▶ Cargo-related data: Over 2 billion parcels a year
×		
<b>Financial Foundation</b>	<b>Soundness</b>	▶ Credit rating: AA-

## Value Creation

**For consumers:** Further enhancing the convenience of delivery services

**For corporate clients:** Supporting corporate value by providing services that also providing support for manufacturing sales, and increasing the quality of life

**For society:** Reducing environmental burden and improving the quality of life



Guided by its Core Values, which represent the Group’s founding spirit, the Yamato Group aims to achieve the goal adopted under its Management Philosophy of contributing to an enriched society. Under the “One Yamato” management structure, we will gather together the management resources that we have long cultivated through our business activities, including our human resources, logistics networks, and customer foundation. Combining these resources in an optimal manner, we will provide value to our individual customers, corporate clients, and society as whole with a view toward transforming our supply chain to respond to the accelerating shift toward EC in all industries. Through these efforts, we will realize sustainable corporate value improvement.

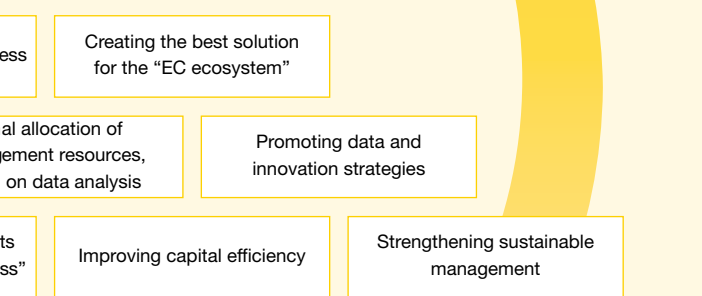


**We Provide**

Enhancement of lifestyles  
 Improvement (not only enhancing logistics efficiency but also management issues such as adjusting inventories, optimizing efficiency of back-office work)  
 Resilience, enhancing environmental resilience, and improving

**Group’s Important Role**  
**Social Infrastructure**

Management Plan “One Yamato 2023”  
 Gather under “One Yamato” in an optimal manner to provide value toward transforming the supply chain



Plan “YAMATO NEXT100”

Corporate Governance

Corporate Philosophy

**Targets (Fiscal year ending March 31, 2024)**

**Financial**

- Consolidated operating revenues: **¥2,000 billion**
- Consolidated operating profit: **¥120 billion**
- Consolidated operating profit margin: **6.0%**
- Profit attributable to owners of parent: **¥72 billion**
- ROE: **10%** or higher

**Environment / Social\***

- Reduce GHG\*<sup>1</sup> emissions: **-10%\*<sup>2</sup>** compared with the fiscal year ending March 31, 2021
- Reduce GHG emission intensity: **-10%\*<sup>2</sup>** compared with the fiscal year ending March 31, 2021
- Use of electricity generated via renewable energy sources: **30%**
- Improvement in operating revenue per employee\*<sup>3</sup>: **+16%** compared with the fiscal year ending March 31, 2021
- Overtime hours per employee: **-20%** compared with the fiscal year ending March 31, 2021
- Annual paid leave utilization: **90%**
- Serious traffic accidents\*<sup>4</sup>: **zero**
- Number of traffic accidents: **-50%** compared with the fiscal year ended March 31, 2020
- Serious occupational diseases\*<sup>5</sup>: **zero**
- Reduce frequency of lost workday injuries: **-20%** compared with the fiscal year ended March 31, 2020

\* Excerpts from Sustainable Medium-Term Plans 2023

\*<sup>1</sup> Greenhouse gas  
 \*<sup>2</sup> In house emissions of consolidated companies in Japan and Swan Co., Ltd.  
 \*<sup>3</sup> Converted number of employees based on different working hours  
 \*<sup>4</sup> Fatal accidents for which the Company is responsible  
 \*<sup>5</sup> Work-related deaths

Please see pages 30–33 for details on environmental and social targets.