

Message from the President

Becoming a Company That Can Create New Delivery Methods and Value beyond Delivery

Yutaka Nagao

Representative Director,
President and Executive Officer

From the fiscal year ending March 31, 2022, we have been promoting the medium-term management plan "One Yamato 2023" based on the One Yamato management structure that focuses on the new Yamato Transport, which centralizes the management resources of nine Group companies. We are engaging in structural reforms with the aim of evolving from an operating structure centered around our *TA-Q-BIN* service to a company that can provide value covering the entire business process of our customers. In the first year of "One Yamato 2023," the fiscal year ending March 31, 2022, we have been implementing new strategies aimed at medium- to long-term growth, while at the same time responding to increasing demand, particularly in EC, where growth is accelerating. In anticipation of growth in the future, we are flexibly responding to issues and quickly implementing the strategies set out in "One Yamato 2023."

Centralizing Management Resources and Providing End-to-End Value for Customers

Up to now, the Yamato Group's business has focused on its *TA-Q-BIN* service, which is its main point of contact with customers' businesses and their day-to-day lives. Looking at this in terms of the supply chain for our corporate clients, it means that services were focused on last mile logistics. Over the three years of the medium-term management plan, we will be expanding our provision of value to the upstream domains of the corporate clients who have been using our services to date.

Currently, approximately 90% of the total *TA-Q-BIN* delivery amount comprises pickup from our corporate clients and, out of these, approximately half by sales drivers. The remaining half are shipments from relatively large corporate clients and are handled by the account sales representative. To expand the scope of our value provision for these clients we

must deepen our knowledge and understanding of our customers' businesses and embed ourselves into their businesses. We aim to reinforce the account management system for One Yamato, which centralizes management resources, and to be chosen by companies as a partner that solves management issues for customers by bringing together our sales representatives, managers, and executive personnel through the utilization of the knowledge of specialized personnel who have been invited from outside the Company.

Furthermore, we will accelerate the provision of logistics solutions that meet the needs of customers and promote initiatives to achieve One Yamato management on a regional basis and become closer to our customers. This will enable us to optimally allocate management resources more effectively.

Prioritizing the Creation of an EC Logistics Network

In recent years, the rate of online shopping has been increasing at an ever growing pace due to changes to lifestyles and consumption behavior. As the EC (e-commerce) user base expands, the sales methods of our corporate clients and their businesses themselves have been changing. We must promote the creation of a new EC logistics network to realize Yamato's sustainable growth and continue responding to expanding EC needs.

The existing *TA-Q-BIN* network was created as an optimal framework for meeting the transportation needs of an unspecified number of customers throughout Japan. Meanwhile, responding to EC needs by shipping large volumes from specific locations through the existing network is not an optimal solution from both a functional and cost standpoint.

Accordingly, we are promoting the creation of a new network that meets the demands of major EC operators, particularly in urban areas where cargo is focused. Through these efforts, we will achieve profit growth for Yamato, while supporting the growth of EC, by reducing costs through the simplification of the operation process for EC freight.

This new EC logistics network has been created to handle over 10% of the overall *TA-Q-BIN* delivery amount during the fiscal year ending March 31, 2022 and approximately 20% in the final year of "One Yamato 2023."

Furthermore, we will change the existing network into one that more effectively meets the needs of consumers and corporate clients.

Responding to Corporate Clients through Account Management under One Yamato

Responding to corporate clients through One Yamato and providing value in the upstream domains of the wide range of customers who use our *TA-Q-BIN* service are vital when strengthening corporate business. From April 2021, we launched our new account

management structure and are working to provide value to our customers.

Our sales drivers face small-lot corporate clients on a daily basis. By enhancing our strengths of pickup and delivery and developing of an

Message from the President

environment in which sales drivers can focus on pickup and sales activities, we will interact more closely with customers' lifestyles and businesses and provide value that has roots in the needs of regional customers.

Additionally, to provide value to customers through One Yamato, it is vital that account sales representatives make proposals that contribute to solving our customers' issues based on customer feedback obtained by sales drivers. In the fiscal year ended March 31, 2021, society changed rapidly due to the impact of the spread of COVID-19, creating numerous issues for our customers' businesses. Under these circumstances, the Yamato Group was able to rapidly provide solutions based on information from sales drivers, such as support for our customers who have been focusing their businesses on physical stores to start up EC businesses. In the fiscal year ending March 31, 2022, we

Promoting Data-Driven Management

The data-driven management that the Yamato Group is aiming to develop will enable us to visualize management through the utilization of data and make management decisions in a more objective and scientific manner. If our management resources are insufficient to meet demand and our workload exceeds capacity, our frontline employees will be unable to fully respond, which will lead to a drop in quality. Conversely, if we over-allocate management resources for the workload, Company profits will suffer. To carry out management based on this principle, we must have a data-driven response for all of our decisions.

Rebuilding a Customer-Oriented Network and Utilizing Facility Strategies for Improving Productivity

We are promoting initiatives to appropriately reallocate our network of approximately 110 business

began operation of this process as a system across the entire organization.

At our overseas businesses, we previously promoted the expansion of *TA-Q-BIN* in Asia as a strategy, but it was difficult in some respects to be self-reliant. Over the past few years, we have discontinued our overseas *TA-Q-BIN* service and created circumstances that enable us to make a new start. Based on the One Yamato management structure, the Group companies we have developed in each country are promoting initiatives to provide supply chain solutions to customers both domestically and overseas, rather than promoting business locally.

We will maximize the value we provide to customers through initiatives including reviewing our organizational structure to further refine account management, continuously developing sales personnel, and strengthening our ability to design and provide solutions that meet customers' needs.

To date, we have increased our understanding of the digital field and made progress with the organization of our data by considering how we can realize the management we envisage and what data we need to collect to achieve this. By analyzing customer demand for each segment based on this data, keeping in close communication with customers who have a particularly high shipping amount, and increasing the accuracy of demand forecasts that reflect recent information, we will allocate management resources effectively, increase the quality of our service, further improve the working styles of our employees and business partners, and enhance profitability.

warehouses, 70 sorting facilities, and 3,500 *TA-Q-BIN* centers* across Japan based on demand and workload forecasts through data analysis. This is the biggest goal of this initiative for rebuilding a customer-oriented network.

Furthermore, we will reconsider the functions of logistics facilities, as well as their reallocation, with the aim of achieving high profitability. For example, we currently carry out manual procedures, particularly sorting operations, at the current *TA-Q-BIN* centers. To promote laborsaving measures, we must first redesign operations at sorting facilities, not as an extension of what we have done in the past but

under a new concept. This is an area that we will examine by utilizing outside knowledge.

Redefining the functions of bases that are suitable for the future by, for example, considering the introduction of new facilities and automated equipment, developing a

Reinforcing Sustainable Management and Changing Risks into Growth Opportunities

The Yamato Group, which operates together with various stakeholders, including shareholders and investors; a diverse range of customers, from businesses to consumers; and over 220,000 employees, as well as the external partners and business partners we work with on a daily basis and local communities, is naturally responsible for addressing social issues. Furthermore, ESG and sustainability initiatives are fundamental elements of a logistics company's competitive strategies and are seen as not only risks that can have

working environment that ensures an even higher level of safety, and creating a pleasant space for customers and employees, will lead to the medium- to long-term improvement of productivity.

* As of September 30, 2021

a major impact on the business but also as differentiators and sources of added value for achieving sustainable growth. The Yamato Group formulated Sustainable Medium-Term Plans 2023 to realize its environmental and social visions as set out under "YAMATO NEXT100" and achieve virtually zero greenhouse gas emissions* by 2050. First, we will promote initiatives for each important material issue (materiality) in our business activities to achieve our targets for the next three years. * In-house emissions (Scope 1 and Scope 2)

Responding to Climate Change and Energy Management

In recent years, disasters caused by abnormal weather have become more frequent. For the Yamato Group, which has a wide customer base and a logistics network that covers the whole of Japan, climate change is a serious risk that could have a negative impact on our customers' businesses, damage the logistics network, and even affect business continuity.

To reduce our environmental burden, we have been promoting the switch to vehicles that emit fewer greenhouse gases; the introduction of methods for pickup and delivery that do not emit greenhouse gases, such as hand-pushed trolleys and bicycles; and the use of electricity generated via renewable energy sources. To further accelerate initiatives to achieve virtually zero greenhouse gas emissions by 2050, as set out in our long-term targets, we are actively engaging in the introduction of small, commercial-use EVs, the implementation of field tests for the next generation of modes of pickup and delivery that do not

emit greenhouse gases, and the development of vehicles in collaboration with car manufacturers. While there are issues surrounding commercialization, we expect to introduce next-generation vehicles into our last mile pickup and delivery operations in the near future.

Additionally, looking toward the future, we must develop specific plans and initiatives for solving issues regarding the procurement and storage of renewable energy. This is a topic that is strongly connected to the previously mentioned strategies for facilities, and we must reevaluate the purpose of facilities in terms of overall energy management. To achieve this mission, Yamato Transport established the new Green Innovation Development Department in October 2021. This department is focused on promoting environmentally friendly initiatives to achieve our long-term targets and to realize our environmental vision, which will have a positive effect on not only Yamato but also the logistics industry and society as a whole.

Becoming a Company That Further Contributes to the Achievement of an Enriched Society

Due to the spread COVID-19 and the progress of digitalization, changes to people's lifestyles have accelerated alongside the significant changes to the flow of business, services, and goods. The Yamato Group's Management Philosophy states that it will contribute to the creation of an enriched society. In line with this philosophy, we want to become a Group that contributes even more to achieving an enriched society as a company that works closely with consumers and businesses.

We are proud of the value that logistics services can offer society. To maximize this value, we are working to thoroughly reinforce our logistics domain as a professional

in the field during the three-year period of "One Yamato 2023." We will achieve further growth and the improvement of corporate value in the medium to long term by meeting the needs of our diverse customers, becoming a company that provides extensive end-to-end value for our customers' businesses, deepening our knowledge of consumers and our customers' businesses throughout this process, and creating new delivery methods and value beyond delivery.

February 2022




Message from the Chief Financial Officer



We will steadily implement structural reform initiatives based on the medium-term management plan “One Yamato 2023.” We aim to improve corporate value over the medium to long term by promoting digital transformation and the reinforcement of Group infrastructure while maximizing the value we provide to customers by focusing on the centralization of management resources in growth domains.

Toshizo Kurisu

Executive Officer and Vice President
Responsible for overseeing Finance, Public Relations and Digital

● Promotion of Structural Reform Aimed at Sustainable Growth

Amid changes to people’s lifestyles and the structure of the logistics industry that have been spurred by the global spread of COVID-19 and the acceleration of the shift to EC (e-commerce) in all industries, we have met rapidly increasing demand and increased revenues in the fiscal year ended March 31, 2021. This was achieved by proceeding with initiatives based on the transformation plan “YAMATO NEXT100,” which we formulated in January 2020 as a grand design for our management over the medium to long term. Furthermore, we achieved an increase in profit by optimally allocating management resources based on data analysis and demand forecasting to improve the efficiency of pickup and delivery and trunk-route transportation, as well as by creating a new delivery network in cooperation with our delivery partners to expand pickup and delivery capacity and optimize costs.

In January 2021, we formulated the medium-term management plan “One Yamato 2023,” which is scheduled to finish in the fiscal year ending March 31, 2024. Additionally, we launched a new Group management structure in April 2021 that is centered on the new Yamato Transport, which centralizes the management resources for each Group company.

We formulated the medium-term management plan “One Yamato 2023” with the transformation plan “YAMATO NEXT100” as a foundation and based on the accelerated changes to the business environment spurred by the COVID-19 pandemic. The plan includes targets for the fiscal year ending March 31, 2024 for consolidated operating revenues of ¥2,000 billion, consolidated operating profit of ¥120 billion, a consolidated operating profit margin of 6.0%, and ROE of over 10%. We will also promote structural reform initiatives with the aim of sustainable growth beyond the end of the fiscal year ending March 31, 2024 and medium- to long-term improvement of corporate value.

We are promoting the main initiatives of “One Yamato 2023” across the entire Group, including the creation of an “EC ecosystem”; the strengthening of the corporate logistics business; the reinforcement of Group infrastructure, which includes reviewing the location of services and promoting business process re-engineering (BPR); and the promotion of data strategies focused on the shift to data-driven management

to further increase the Yamato Group’s growth potential and profitability in the first year of the plan (the fiscal year ending March 31, 2022). We are also working to improve our business management in line with the new structure.

● Financial Strategy and Investment Aimed at Creating Future Cash Flows

Investment decisions are made based on whether or not they will increase corporate value over the medium to long term. In the three-year period between the fiscal years ending March 31, 2022 and the fiscal year ending March 31, 2024, we expect to invest a cumulative ¥400 billion to promote the main initiatives of “One Yamato 2023.”

Of this amount, we plan to invest a total of ¥200 billion in growth. This includes ¥100 billion for digital investments to revamp core systems and expand the functions of the new delivery service *EAZY*, which is geared toward e-commerce companies; ¥50 billion for investments in buildings, such as automating logistics operations and establishing work consolidation centers; and ¥50 billion for developing automated warehouses and equipment for supply chain solutions, such as the distribution of pharmaceuticals.

In addition, as current investments to maintain the business, we expect to invest ¥60 billion in the extension and structural alteration of logistics facilities, ¥60 billion in the replacement of vehicles and introduction of environmentally friendly vehicles, ¥50 billion in the expansion and replacement of management systems related to existing services and internal personnel safety, and ¥30 billion in the replacement of sorting equipment for parcels and equipment related to service provision.

Through these investments, we aim to increase growth potential and profitability by achieving growth in the EC and Corporate business domains and improving productivity in the areas of transport and delivery services, sorting, and administrative work through the optimal allocation of management resources based on data analysis and the strengthening of Group infrastructure. Furthermore, in response to changes in the business environment and customer needs, we will implement optimal investments in areas such as the examination and implementation of proactive collaboration with external partners, regardless of our policy of self-reliance, in domains

that require management speed or resilience in response to the fluctuation of demand.

In regard to financial strategy, as a company responsible for social infrastructure, our basic policy is to maintain and improve financial soundness, taking into account business continuity; the impact of COVID-19, which remains uncertain; and increasingly severe disasters.

In terms of fundraising, we will do so in a timely and appropriate manner, with an awareness of financial soundness and efficiency. We will strive to maintain our credit rating (AA-, Rating and Investment Information, Inc.) while keeping in mind an optimal capital structure from the perspective of financial stability.

In April 2020, we transferred 60% of the issued common share of Yamato Lease Co., Ltd. to Fuyo General Lease Co., Ltd. to strengthen the competitiveness of the lease service business and achieve joint ventures with partner companies aimed at expanding business domains. We also transferred 51% of the issued common share of Yamato Home Convenience Co., Ltd. to ART MOVING COMPANY Co., Ltd. in January 2022 to further increase convenience for customers in the moving market.

We will continue to promote initiatives, such as reorganization in anticipation of future business growth and reallocation of management resources to highly profitable businesses, with the aim of improving capital efficiency.

● Basic Stance on Capital Policies and Shareholder Returns

In regard to capital policy and shareholder returns, we will consider timely and appropriate measures based on the future growth potential (operating revenues) and profitability (operating profit margin) of our businesses, financial soundness (status of cash creation, cash and cash equivalents, and capital adequacy ratio levels), investment progress, capital efficiency, and other factors, with a basic policy of stable dividends (with an awareness of the ratio of dividends to shareholders’ equity). The key indicators for capital policies will be ROE of 10% or more (fiscal year ending March 31, 2024), a dividend payout ratio of 30% or more, and a total return ratio of 50% or more (cumulative for the period from

the fiscal year ended March 31, 2021 to the fiscal year ending March 31, 2024).

In the fiscal year ended March 31, 2021, we paid dividends of ¥46 per share and achieved a payout ratio of 30.4%. In the fiscal year ending March 31, 2022, we plan to pay out an interim dividend of ¥23 per share (already paid), a final year dividend of ¥23 per share, and a full-year dividend of ¥46 per share.

● Changes to Segment Disclosure of Financial Results

Following the launch of the new management structure in April 2021, we have changed the classification of reportable segments from the first quarter of the fiscal year ending March 31, 2022. We changed from six business segments to two business segments—the Retail Business Unit, which engages in providing high-quality, small-lot transportation services, including *TA-Q-BIN*, and providing value that meets the needs of consumers and regular business clients, and the Corporate Business Unit, which engages in providing value across the entire corporate logistics supply chain, including the upstream and downstream business domains. Furthermore, this fiscal period is the first year of the new “One Yamato” management structure and we are engaging in a phased enhancement of segment information. To ensure that all of our shareholders and investors understand the Yamato Group’s financial situation, we will continue striving to disclose information in an appropriate and timely manner.

● Improvement of Corporate Value over the Medium to Long Term

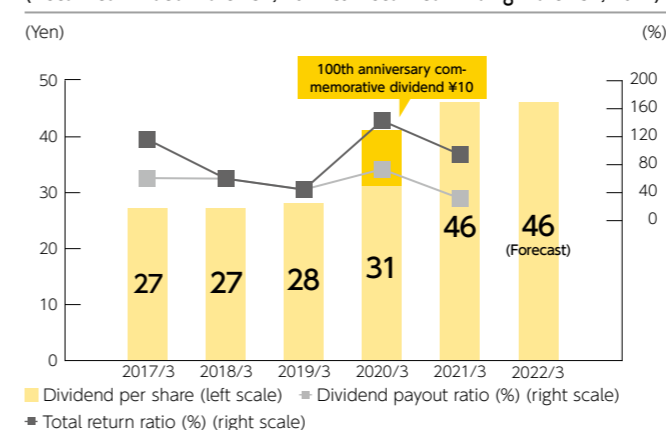
The Yamato Group has positioned ROE as a key indicator for improving shareholder value. We will strive to improve ROE by increasing profitability through optimizing the allocation of management resources and implementing growth strategies while remaining cognizant of an optimal capital structure.

Additionally, we will continue to strengthen corporate governance to achieve sustainable growth and a sustainable society. We will also promote Groupwide efforts to achieve the sustainable targets for society and the environment established in Sustainable Medium-Term Plans 2023, based on our sustainability vision and material issues (materiality) as laid out in “YAMATO NEXT100.”

As part of this, we will endeavor to enhance information disclosure based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) while identifying and evaluating the risks, opportunities, and impacts associated with climate change in recognition of its importance in improving the Yamato Group’s corporate value over the medium to long term and realizing a sustainable society.

Going forward, we will aim to improve corporate value through not only the financial aspect of enhancing ROE but also the promotion and disclosure of initiatives aimed at the sustainable development of society and the business and through constructive dialogues with all of our shareholders and investors.

Shareholder Return Results and Forecasts* (Fiscal Year Ended March 31, 2017 to Fiscal Year Ending March 31, 2022)



* The forecast dividend figures are the figures announced on November 12, 2021.

Medium-Term Management Plan “One Yamato 2023”

(From the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2024)

Under “One Yamato 2023,” the medium-term management plan due to conclude at the end of the fiscal year ending March 31, 2024, we will offer value to individual and corporate customers, as well as society as a whole. We will accomplish this by combining the management resources centralized under One Yamato into an optimal form and supporting the entire supply chain, from suppliers and manufacturers to consumers, based on the accelerated adoption of EC in all industries brought on by rapid changes to lifestyle and the distribution structure.

Main Initiatives of “One Yamato 2023”

- 1. Optimal allocation of management resources based on data analysis
- 2. Reinforcement of Group infrastructure
- 3. Transformation into a partner that supports the entire supply chain
- 4. Creation of the “EC Ecosystem”
- 5. Promotion of data and innovation strategies
- 6. Reform of management structure and reinforcement of governance
- 7. HR strategies that support the “innovating delivery business”
- 8. Improvement of capital efficiency
- 9. Strengthening of sustainable management

Main Initiative 1. Optimal Allocation of Management Resources Based on Data Analysis

Through development of the database and the advancement of algorithm development, we are improving the accuracy of the demand and workload forecast for each region and promoting the optimal allocation of Group management resources to respond to the changing and diversifying needs of customers, both individual and corporate. Furthermore, in addition to optimizing and standardizing the transportation process, including trunk-route transportation, we will improve the productivity of the entire network by increasing the time employees spend with customers on the front line and expanding pickup and delivery capabilities. We will accomplish this by appropriately allocating personnel and vehicles at each base, as well as through operation work reform, automation, and digitalization.

Main Initiative 2. Reinforcement of Group Infrastructure

We aim to reinforce the value we offer to customers and improve productivity through the following methods: “reinforce value offered through reallocation of bases and expansion of functionality and improve productivity,” “optimize transportation functions, add functions, and expand to an open delivery network,” and “promote business process re-engineering (BPR).”

1 Reinforce value offered through reallocation of bases and expansion of functionality and improve productivity

- Pickup and delivery bases**
 - ▶ Reallocate facilities owned by various Group companies in the TA-Q-BIN network
 - Establish bases in optimal locations to improve service level
 - Consolidate transportation between facilities and other operations
- Sorting facilities**
 - ▶ Reinforce functions and improve productivity through automation by digitalizing and consolidating operations in certain facilities
 - Expand sorting capacity by as much as 50%

2 Optimize transportation functions, add functions, and expand to an open delivery network

- ▶ Reallocate trunk-route, middle mile, and last mile transportation functions of various Group companies in the network and further promote the total optimization of transportation and delivery processes
- ▶ Utilize local networks that can cope with high-frequency, small-to middle-lot deliveries and develop Yamato’s original TMS (Transport Management System), thereby expanding transportation functions that cater to the diverse needs of each region
- ▶ Make sophisticated pickup and delivery tools to further strengthen collaboration with partners, such as EAZY CREW, which caters to diverse customer needs related to EC. Expand support to partner companies through efforts such as building portal sites for drivers, providing leased vehicles, and enriching safety training and welfare

3 Promote business process re-engineering (BPR)

- ▶ Promote operational efficiency across the Company, through the standardization and digitalization of administrative operations, with the Professional Service Function Division taking the lead
- Cut down on administrative work by **approximately 40%*** (create time and contact points with customers for employees on the front line)
- ▶ Optimize group sourcing and procurement
- Consolidate sourcing and procurement at the Group level, with a focus on fair and sustainable trading practices, thereby optimizing costs

* Rough estimate of effects of initiative at the end of the fiscal year ending March 31, 2024 (compared with the fiscal year ended March 31, 2021)

Main Initiative 3. Transformation into a Partner That Supports the Entire Supply Chain

We aim to become a management partner for our corporate clients by providing consistent business solutions to the downstream, midstream, and upstream supply chains through strategic account management and by supporting the innovation of supply chains and business processes and the implementation of structural reforms.

⇒ For more details, please refer to page 28.

Main Initiative 4. Creation of the “EC Ecosystem”

We are reinforcing initiatives aimed at establishing an EC ecosystem in which EC operators, customers, and delivery persons can enjoy the benefits of the accelerated progress of EC adoption in all industries. ⇒ For more details, please refer to page 24.

Main Initiative 5. Promotion of Data and Innovation Strategies

In addition to the renewal of our core systems, we are strengthening the development of our digital data and reinforcing our digital platform in order to further advance the use of data. Furthermore, starting with the KURONEKO Innovation Fund, which was established in April 2020, we are promoting the reinforcement of open innovation through activities such as discovering and collaborating with start-up companies and investing in start-ups to create new business. ⇒ For more details, please refer to page 32.

Main Initiative 6. Reform of Management Structure and Reinforcement of Governance

From April 2021, we launched a new Group management structure that focuses on the new Yamato Transport, which centralizes the diverse management resources of each Group company. We have implemented measures that optimize management systems in order to maximize corporate value by effectively utilizing the management resources of the Group.

Main Initiative 7. HR Strategies That Support the “Innovating Delivery Business”

Under the new management structure, we will renew the HR system in order to clarify the roles and responsibilities of each employee on the front line, thereby improving the evaluation process, and to train specialized personnel in the business divisions and function divisions, who will grow to become top performers and leaders of the Yamato Group. ⇒ For more details, please refer to page 42.

Main Initiative 8. Improvement of Capital Efficiency

We will improve shareholder value through timely and appropriate measures based on stable dividends (with an awareness of DOE), taking into account the future growth potential (operating profit) and profitability (operating profit margin) of our businesses, financial soundness (status of cash creation, cash and cash equivalents, and capital adequacy ratio levels), investment progress, capital efficiency, and other factors.

Targets (Fiscal year ending March 31, 2024)	ROE of over 10%*1	Dividend payout ratio of over 30%	Total return ratio of over 50%*2	*1 Fiscal year ending March 31, 2024 *2 Cumulative ratio of the fiscal year ended March 31, 2021 to the fiscal year ending March 31, 2024
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Main Initiative 9. Strengthening of Sustainable Management

To promote sustainable management, we aim to establish a medium-term plan and targets through the fiscal year ending March 31, 2024, with the aim of realizing our two visions set forth for the creation of a sustainable future.

⇒ For more details, please refer to page 34.

Planned Figures for “One Yamato 2023”

Performance Targets					Investment Plan ¥400 billion	
	2021/3 Results	Target	2024/3 Growth	Growth rate		
Consolidated operating revenues	¥1,695.8 billion	¥2,000 billion	+¥304.1 billion	+17.9%	▶ Growth Investments: ¥200 billion	
Consolidated operating profit	¥92.1 billion	¥120 billion	+¥27.8 billion	+30.3%	▶ Current Investments: ¥200 billion	
Consolidated operating profit margin	5.4%	6.0%	+0.6pt.	-	Forecast of Future Growth (Fiscal year ending March 31, 2024)	
Consolidated ordinary profit	¥94.0 billion	¥120 billion	+¥25.9 billion	+27.6%	▶ Consolidated Operating Profit ¥120 billion (+30.3% compared with the fiscal year ended March 31, 2021)	
Profit attributable to owners of parent	¥56.7 billion	¥72 billion	+¥15.2 billion	+27.0%	▶ Operating Revenue per Employee* +15% compared with the fiscal year ended March 31, 2021	
ROE	10.0%	Over 10%	-	-	▶ Composition of Operating Expenses Other expenses Personnel expenses Subcontracting expenses 55% in the fiscal year ended March 31, 2021 50% in the fiscal year ending March 31, 2024	

* Converted number of employees based on different working hours

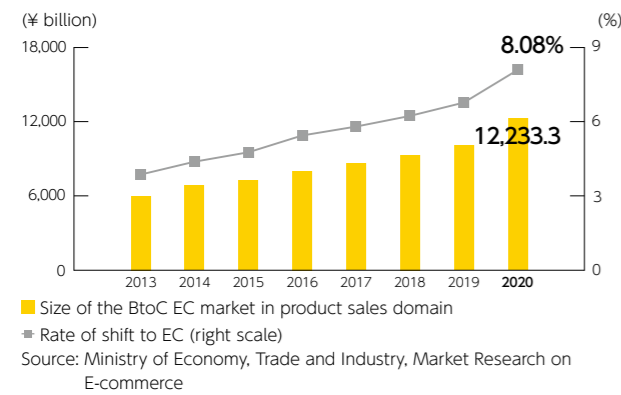
Creation of the “EC Ecosystem”

The adoption of e-commerce (EC) is accelerating in all industries, to the point where almost everything is available through EC, regardless of the product or service. EC growth through initiatives, such as the expansion of the functions of EAZY, a delivery service for the EC market; support for the creation of a supply chain for EC operators, from receiving orders to shipping and delivery; and the creation of an EC logistics network, will lead to the profit growth of the Yamato Group.

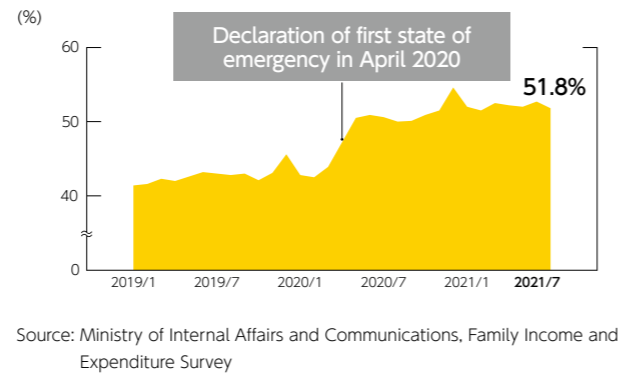
Continued Growth of the EC Market

- Further growth expected domestically as the rate of the shift to EC is comparatively low compared with countries such as the United States and China, despite the continued growth of the EC market
- Further expansion of the EC user base and more established use of EC as a result of changes in lifestyles and consumption behavior due to the COVID-19 pandemic

Size of the BtoC EC Market in Product Sales Domain and Rate of Shift to EC

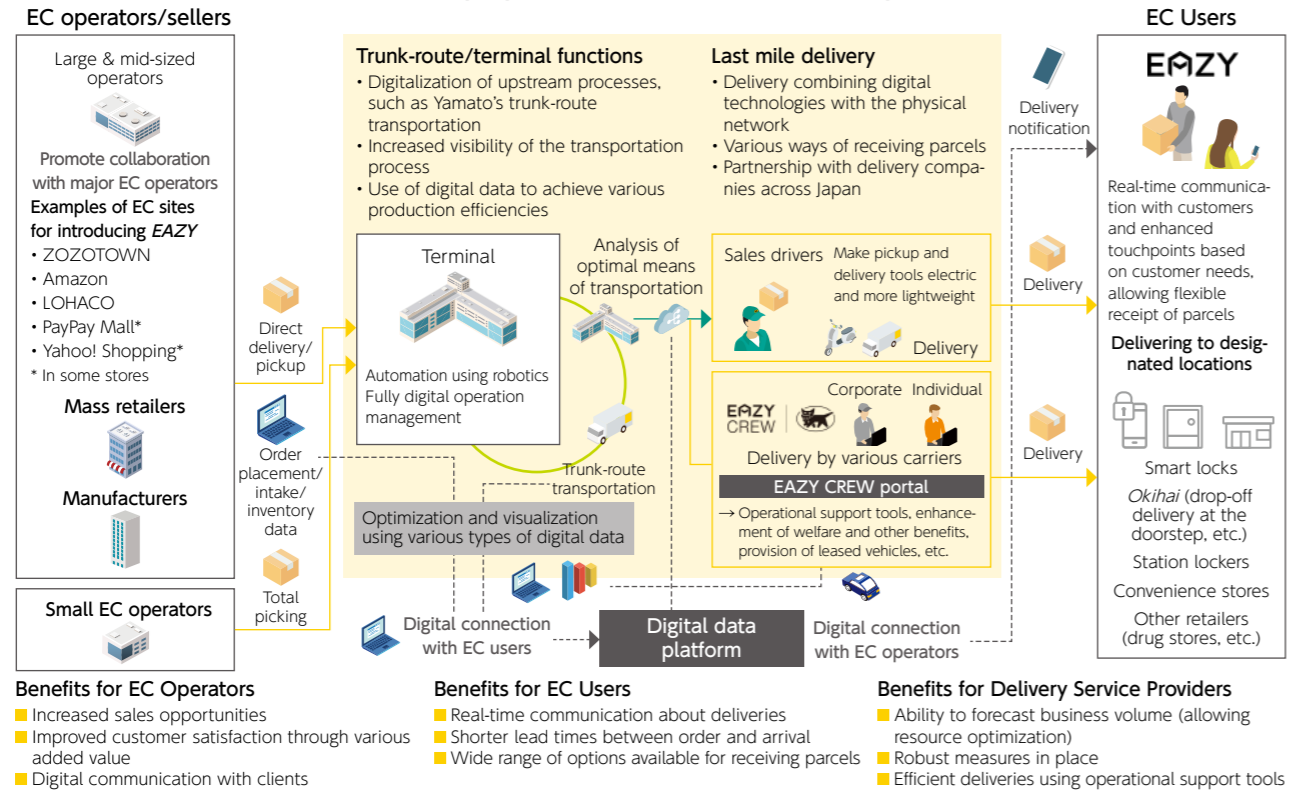


Percentage of Households Using EC



Overview of the EC Ecosystem

Creation of a New “Delivery System” That Connects EC Operators and Consumers



Improvement of Convenience for EC Users

By connecting EC users, EC operators, and delivery service providers in real time using digital information, we will thoroughly enhance the convenience, safety, and efficiency of purchasing, sending, and receiving parcels and help realize sustainable growth in the EC domain.

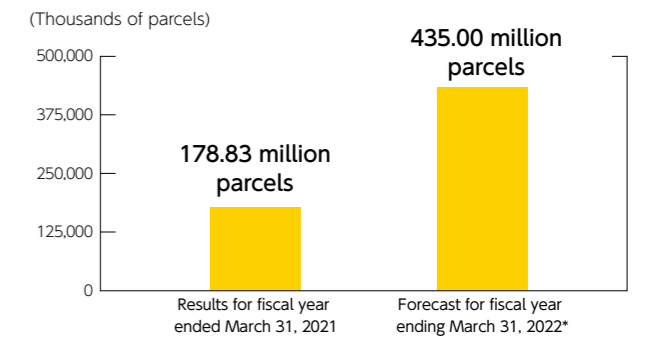


EAZY—A New Delivery Service for the EC Market (Launched in June 2020)

Features of EAZY

- 1. Responding to diversifying needs for non-face-to-face delivery**
 - Front door
 - Storeroom
 - Reception / custodian
 - Delivery boxes
 - Garages
- 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**

EAZY Delivery Amount



EAZY will increase convenience for EC users and enhance value provided to EC operators by utilizing digital information and expanding the functions of the service. For more details, please refer to page 32.

Provision of Added Value for EC Operators

We are supporting business growth for EC operators by providing total solutions in not only last mile processes but also upstream manufacturing processes, such as the delivery of goods to warehouses, warehouse operations, and sorting.



Renewal of Fulfillment Service Aimed at Improving Convenience for EC Operators

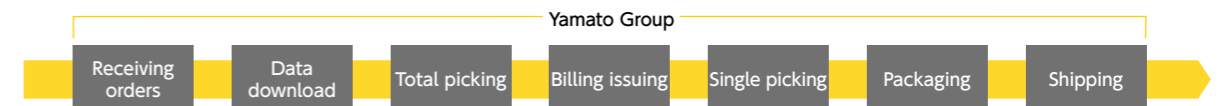
From April 2021, Yamato Transport and Yahoo Japan Corporation renewed their fulfillment service, which uses Yamato Group warehouses to carry out a series of operations on behalf of the stores of Yahoo! Shopping and PayPay Mall, from receiving orders for products to their storage and shipping, and have begun to provide nationwide flat rate shipping by size.

be introduced more quickly and be easier to use, thanks to web-based processing and “uniform nationwide shipping rates by size” offered through the cooperation of both companies.

Additionally, because the Yamato Group warehouses enable smooth shipping, the packages will be eligible for “Blue Ribbon Delivery” as defined by Yahoo! Shopping and PayPay Mall, which is expected to improve the probability that the merchants will be selected by users.

Previously, individual estimates had to be provided at the time of contract formation and procedures had to be completed in writing. After the renewal, the service will

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



Creation of the "EC Ecosystem"

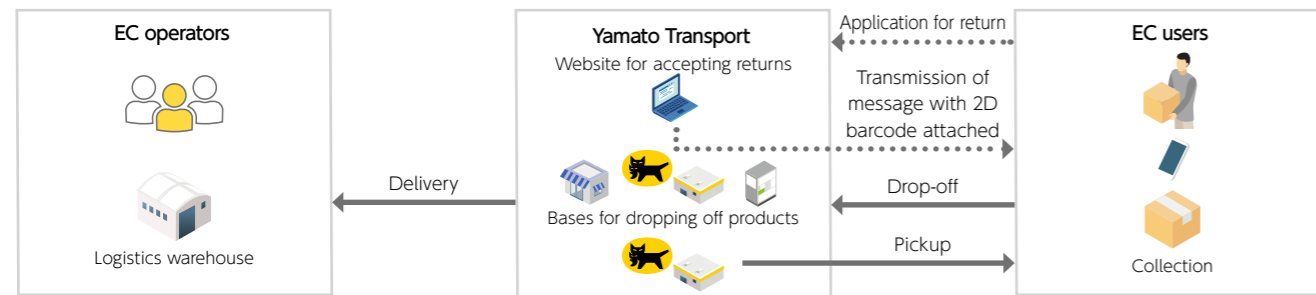
Launch of a Digital Return and Shipping Service for EC Operators

From August 2021, Yamato Transport launched a digital return and shipping service for EC operators, which links the return system provided by Doddle Parcel Services Ltd. and Yamato's delivery network, with the aim of improving convenience for customers returning EC products.

This service simplifies the return process, which traditionally required EC users to make a return request by phone or prepare a return slip, through the digitalization

of the return process and operations and enables the return of products without a return slip from the nearest TA-Q-BIN center, PUDO station, or certain convenience stores. EC operators can improve operational efficiency when processing returns and can easily build a package that includes the creation of a website for accepting returns, reducing initial costs, and enabling them to launch this service quickly.

Digital Return and Shipping Service



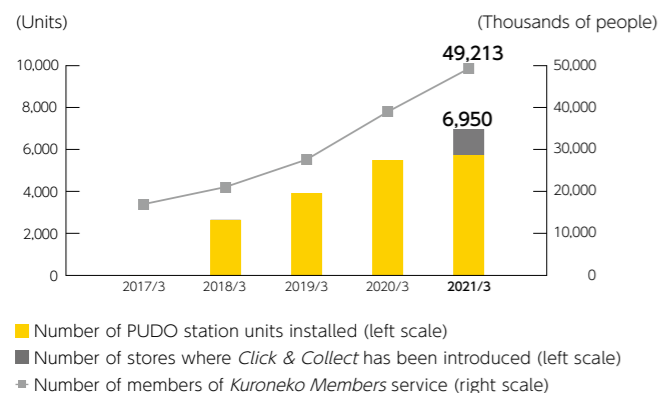
Benefits	EC Operators:	<ul style="list-style-type: none"> Easy creation of website for accepting returns, enabling fast, low-cost introduction of service Reduction in workload, such as operations for accepting returns and printing invoices
	EC Users:	<ul style="list-style-type: none"> Ability to complete entire process, from making a return request to sending the product, via smartphone Ability to select various shipping methods provided by Yamato Transport to fit unique lifestyles
Results of Introduction	Launched for official online stores of Gap and Banana Republic, which are operated by Gap Japan K.K., on August 26, 2021	

Provision of Diverse Pickup Experiences for EC Users

EAZY, a delivery service for the EC market, provides pickup experiences outside of the home that fit the lifestyles of EC users in addition to responding to *okihai* (drop-off delivery at the doorstep and other locations) needs. This not only improves convenience for EC users but also contributes to the enhancement of productivity by reducing the frequency of redelivery.



Number of PUDO Station Units Installed/Number of Stores Where Click & Collect Has Been Introduced/Number of Members of Kuroneko Members Service



PUDO Stations (Open-Type Parcel Lockers)

- Open-type parcel lockers that can be designated as redelivery addresses for parcels and locations for picking up products purchased through EC sites
 - 24-hour TA-Q-BIN pickup and shipping* at the convenience of EC users
- * Applicable services only

Click & Collect

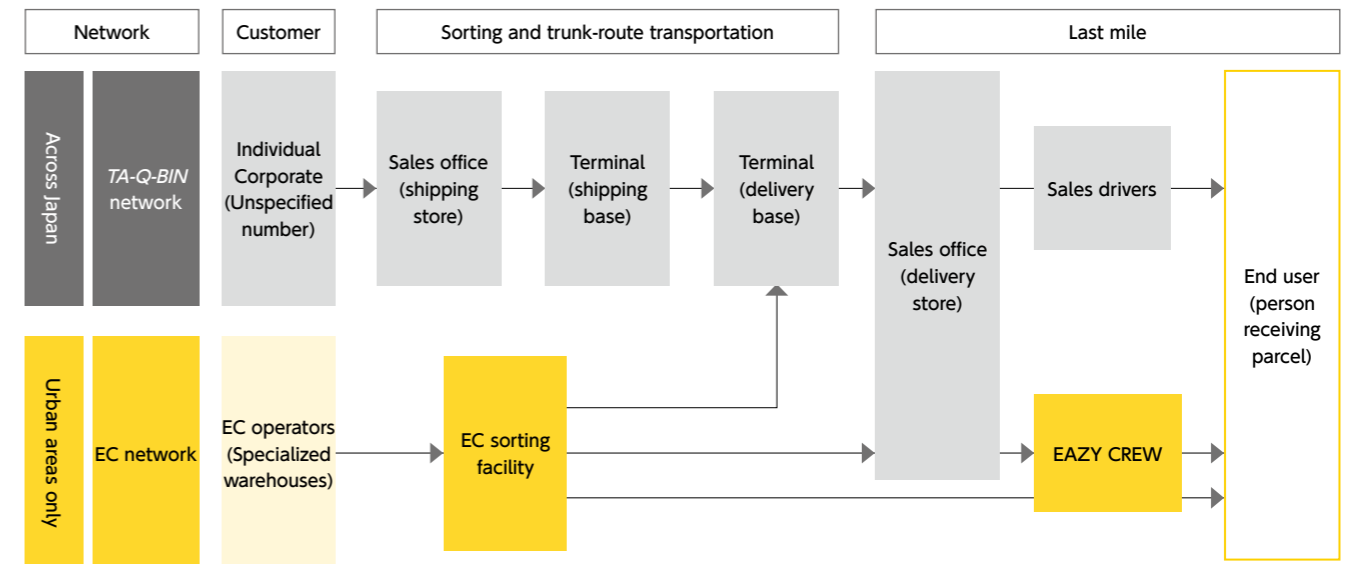
- Service enabling EC users to pick up products bought on specific EC sites at supermarkets, drugstores, and other places familiar to them in their daily lives
- Initiatives that contribute to increased sales opportunities for pickup stores due to the effect of additional purchases and the attraction of new customers, in addition to enhancing convenience for EC users

Creation of Logistics Network

In order to capture the growing demand for EC and realize profit growth, we are promoting the creation of a specialized EC logistics network, which has a different cost structure from the existing TA-Q-BIN network, in urban areas where demand is focused.



EC Logistics Network



Concept of EC Logistics Network

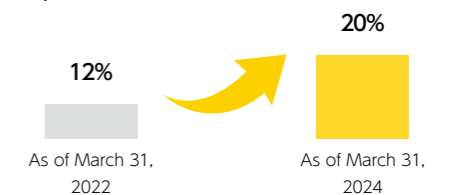
Creation of Specialized EC Network with Different Cost Structure

- Simplification of operational process
- Efficient sorting and delivery, specializing in EC parcels

Network That Can Flexibly Respond to Fluctuations in Demand

- Deployment of resources in response to customer demand
- Provision of varied delivery costs by strengthening collaboration with partners

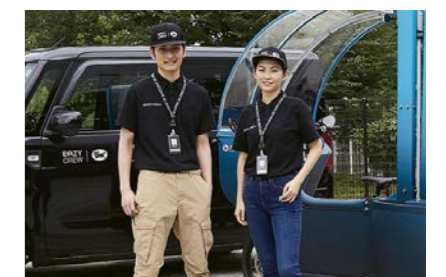
Percentage of Overall Delivery Amount Handled by EC Logistics Network (expected)



EAZY CREW

Number of registered personnel: Approx. 11 thousand (Approx. 60 thousand sales drivers) Note: As of September 30, 2021

	Sales drivers	EAZY CREW
Type	Employee (employment contract)	Corporate partner (outsourcing contract)
Main function	Sales, pickup, delivery, etc.	Specialized EC delivery
Product	All	EAZY
Area covered	Nationwide	Specialized regions (urban areas)



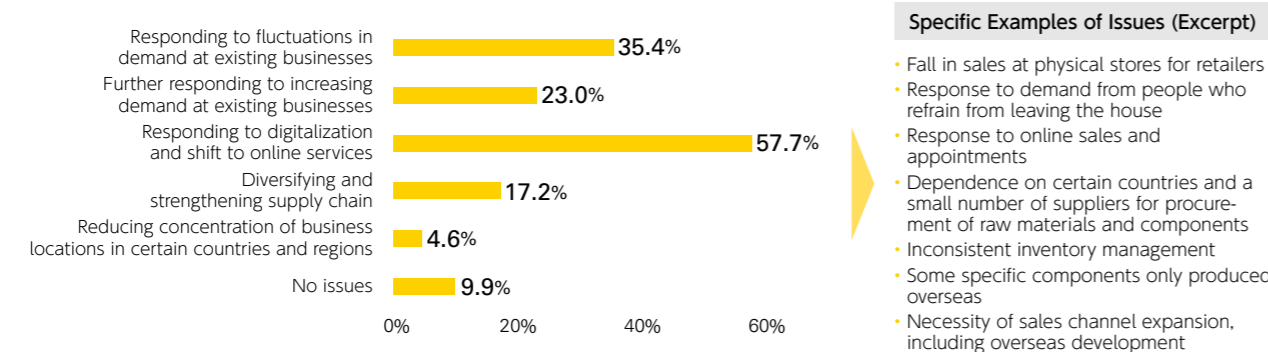
Transformation into a Partner That Supports the Entire Supply Chain

We aim to become a management partner (LLP: Lead Logistics Partner) for our corporate clients by providing consistent business solutions to the downstream, midstream, and upstream supply chains through strategic account management and by supporting the innovation of supply chains and business processes, as well as implementing structural reforms.

Changes to the Business Environment Surrounding Corporate Clients

- Increasing need for support for online sales due to changes in lifestyle and consumption behavior, with further development of omni-channel approaches to sales expected
- Review of the purpose of supply chains after the disruption of the COVID-19 pandemic from the perspective of business continuity and inventory management

Issues That Surfaced during the COVID-19 Pandemic

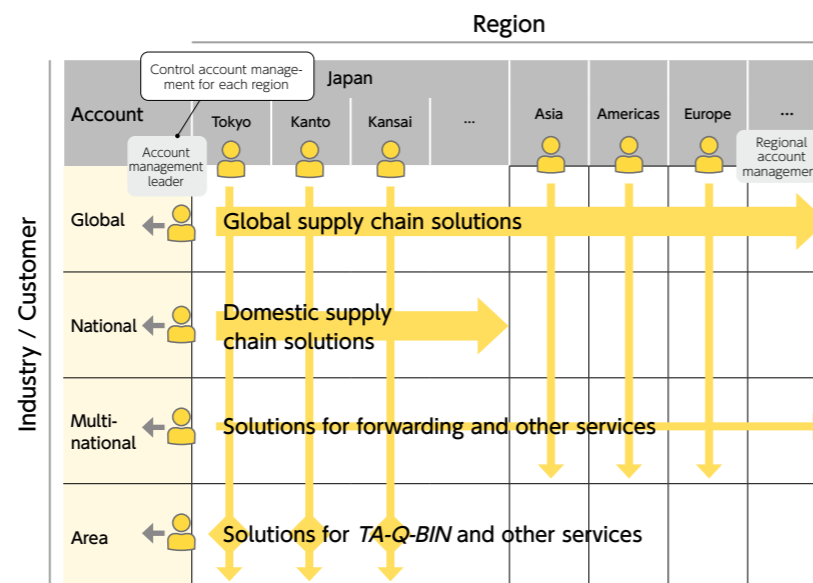


Source: Created by Yamato based on "The Impact of COVID-19 on Business Activities and Response to New Business Development and Creation of Demand in the Post-COVID-19 Era" (available in Japanese only), published by the Ministry of Finance
 Note: Interviews conducted with a diverse range of companies in the manufacturing and non-manufacturing industries between September and mid-October in 2021, with 1,228 companies responding (multiple responses)

Improvement of Account Management System

We are striving to improve our account management system to understand and meet the business needs of our customers, based on the One Yamato management structure.

- Shift from the existing regional management of each region and country to a comprehensive account management system that crosses regions and countries
- Achieve business growth by not only providing solutions to individual customers but also expanding to customers in the same industry
- Design and provide solutions to optimize the entire supply chain, from downstream to midstream and upstream (right diagram: global and national accounts)
- Expand the range of value provided to customers, starting with the *TA-Q-BIN* and forwarding transportation services (right diagram: multi-national and area accounts)



Solutions for *TA-Q-BIN*, Forwarding, and Other Services

Support for Customer Business Growth Starting with Transportation Services



We are striving to expand the value we provide to meet the needs of our corporate clients, starting with the provision of the *TA-Q-BIN* and forwarding transportation services.

Expanding the Size of *TA-Q-BIN* to Meet the Transportation Needs of Corporate Clients

In recent years, our corporate clients have been facing difficulties with securing trucks for long-distance travel due to issues such as the aging of truck drivers and a shortage of skilled workers. In light of these issues, the Yamato Group is aiming to strengthen services that meet not only the delivery needs but also the medium- to

large-lot transportation needs of our customers.

As part of this, we expanded the size of parcels handled by *TA-Q-BIN* in October 2021. Going forward, we will expand the value we provide to corporate clients by meeting needs such as the transport of multiple units or lots and transport by total weight.

Meeting the Global Supply Chain Needs of Customers during the COVID-19 Pandemic

We are providing a cross-border land transportation full truckload (FTL) and less-than-truckload (LTL) service, which utilizes a cross-border land transportation network that connects Singapore to mainland China via mainland Southeast Asia, for customers facing issues due to the disruption of marine and air transportation in Asia. Additionally, we are meeting the needs of our customers during the COVID-19 pandemic by contributing to the maintenance of a just-in-time system for customer supply chains within Asia. We are also providing a multimodal transportation service that is prepared for just-in-case scenarios, namely transportation by land to a port or

airport in mainland China that then connects to marine or air transportation when it is difficult to secure marine and air space between various Southeast Asian ports and Europe and the Americas.



Yamato Group Cross-Border Land Transportation Network →



Supply Chain Solution

Design and Operation of Advanced Logistics That Support the Promotion of Next-Generation Pharmaceutical Distribution

By combining our knowledge of One Yamato management resources and the handling of pharmaceuticals and by being responsible for pharmaceutical distribution, from design to operation, the Yamato Group is striving to provide value to corporate customers who are involved in next-generation medicine.



Logistics That Support the Distribution of the COVID-19 Vaccine

We have designed and created a logistics operation structure to transport the COVID-19 vaccine, which is vulnerable to shocks and vibrations and needs strict temperature controls, to local vaccination centers. This structure utilizes comprehensive, real-time control of factors including transportation status, changes in temperature, and location information.

carrying out ultra-low temperature and frozen transportation that is appropriate for refrigeration facilities at the delivery location, based on the requirements of local governments, as a result of transport operations that utilize specialized materials that maintain a set temperature.

We are contributing to the maximization of the storage period and maintenance of quality for the vaccine by

We will evolve the supply chain solutions we have created through these vaccine logistics into a logistics platform that supports pharmaceutical distribution and a social infrastructure that will support next-generation medicine.

Transformation into a Partner That Supports the Entire Supply Chain

Supply Chain Solution

Provision of Supply Chain Solutions to Customers Engaging in Omni-Channel Approaches to Sales

Retailers are developing online and offline omni-channel approaches to sales, and a key issue is the optimization of logistics and inventory. Through the provision of our solution model, known as CDC*1 + DP,*2 we are engaging in solving the issues of our corporate clients.

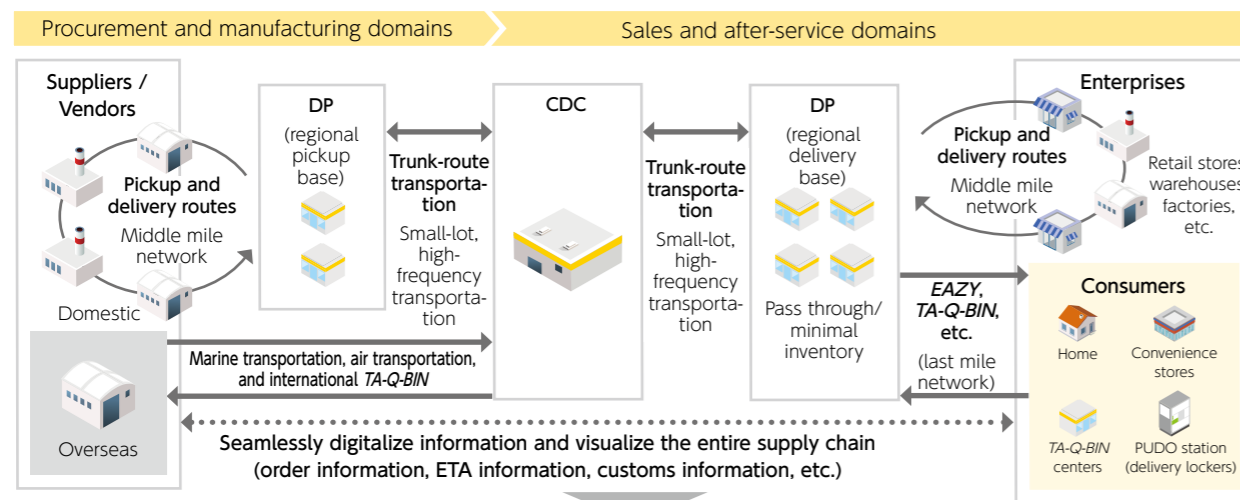


*1 Central Distribution Center *2 Depot (regional delivery center)

Solution Model

- ▶ Reduce the overall inventory volume by consolidating inventory for enterprises and consumers (such as EC inventory) at CDCs, and by standardizing and sharing this inventory
- ▶ Mobilize customers' omni-channel sales inventory and optimize inventory and logistics by centralizing their management
- ▶ Provide optimal modes of transportation (TA-Q-BIN, EAZY, pickup and delivery routes, etc.) through TMS*

* Transport Management System



Value Provision

Suppliers / Vendors	Sellers	Retailers / Consumers
<ul style="list-style-type: none"> • Standardize and simplify shipping operations • Optimize inventory 	<ul style="list-style-type: none"> • Optimize inventory and minimize overall logistics costs • Cope with diverse and rapidly changing demand 	<ul style="list-style-type: none"> • Maximize selling space (use retail space as showrooms) • Enable accommodation of diverse purchasing methods

Entrance into a Strategic Partnership to Create an Optimal Supply Chain

In April 2021, L'OCCITANE JAPON K.K. and Yamato Transport agreed on a strategic partnership to realize the creation of an optimal supply chain for all stores throughout Japan and on the official online site with the aim of improving the satisfaction of all customers who purchase L'occitane products.

By combining the Yamato Group's detailed delivery network in Japan and overseas with a network of over 110 warehouses, constantly mobilizing the inventory of stores and official online sites in one place on the

network, and using TMS to control the optimal transportation method for each situation, we aim to eliminate uneven inventory levels and shortages, reduce transportation costs, and achieve fast shipping and delivery. We will increase the satisfaction of buyers through an optimal supply chain that provides benefits such as an environment where sales people can focus on selling products, an accelerated delivery date for products purchased on the official online site, and the diversification of methods for receiving products.

Based on the One Yamato management structure, we are aiming to become management partners for customers by being completely customer-oriented and by supporting initiatives such as supply chain reform, business process reform, and structural reform.

We will achieve growth in the Yamato Group by contributing to the improvement of customers' corporate value and the enhancement of customer value.

Hiroshi Etani Senior Managing Executive Officer, Yamato Transport Co., Ltd.
Responsible for Overseeing Corporate Sales and Global Strategy

After working as manager at PT. ITOCHU Indonesia, general manager at ITOCHU Logistics Jakarta, general manager at ITOCHU Logistics Shanghai, and managing director at ITOCHU Logistics Singapore, Mr. Etani's work history includes experience as global customer director at DHL Global Customer Solutions, director and general manager of the sales division for TNT Express, deputy general manager of the logistics business at Rakuten Group Inc., CEO and president director of JP Rakuten Logistics, Inc., executive officer and assistant CEO at MITSUI-SOKO LOGISTICS Co., Ltd., and president and representative director of CMA CGM Japan K.K. He joined the Yamato Group in November 2020 and became managing executive officer responsible for Global SCM Business Division at Yamato Transport Co., Ltd. in April 2021. He has been in his current position since February 1, 2022.



Proposing Global Supply Chain Solutions through the One Yamato Management Structure

At present, we are striving to be thoroughly customer-oriented and provide solutions through a customer axis, not just the conventional functional axis based on our One Yamato management structure that focuses on Yamato Transport, which centralizes the management resources of nine Group companies.

Up to now, the Yamato Group had a transportation and delivery network that supported TA-Q-BIN operations, and each Group company had created their own logistics facilities, such as transportation and delivery networks and logistics centers for each function. Under the One Yamato management structure, we have developed a middle mile network for corporate customers from hub base terminals and an increasing number of logistics centers integrated with base terminals, as well as promoted the centralization of Group trunk-route transportation and the integration of our facilities. As Yamato continues carrying out structural reforms, we aim to provide a range of solutions to customers through our logistics bases and the transportation and delivery network. One example of this is our Central Distribution Center + Depot (CDC + DP) model, which is a solution model that other companies cannot provide (please see page 30 for more details).

Furthermore, if the products in this model are procured and manufactured overseas, the inventory and logistics of procurement and manufacturing domains must also be improved to optimize the entire supply chain. Accordingly, Yamato is returning its focus to the upstream of the customer supply chain and actively implementing proposals for solutions during the procurement and manufacturing stage.

As part of this effort, we are providing a management service for visualizing offshore inventory that is in transit. This service enables the reservation of inventory before a ship arrives and the delivery of goods by unloading cargo directly from a ship, bypassing port warehouses. This, in turn, enables the reduction of the response time to customer orders and the lead time for delivering goods, as well as the effective control of total inventory on the supply chain.

Under the previous Yamato Group management structure, we were unable to maximize the value we provided to customers as we were proposing these domestic and international solutions separately. Therefore, from the fiscal year ending March 31, 2022, we have created a global account management structure. Our aim is to provide value across our customers' entire supply chains by focusing on the overall income and expenditure

of our global network, rather than the independent profitability of our local subsidiaries in each country. Under this policy, we have clarified the positioning and roles of our local subsidiaries and partner companies in each country. Additionally, we deploy account management leaders to countries where our customers' decision-makers are located and propose a combination of solutions that meet their global supply chain needs.

Responding to Significant Changes in the Global Supply Chain

Since entering the 2020s there have been major upheavals and changes in the global supply chain and international logistics due to the COVID-19 pandemic and the conflict between China and the United States. While the first requirement when setting up logistics is the establishment of a just-in-time (JIT) system, people are becoming more aware of the importance, from a business continuity perspective, of preparing for just-in-case (JIC) scenarios through the establishment of a JIC system.

The disruption created by the COVID-19 pandemic, including insufficient port functions, a shortage of shipping containers, and a lack of air transport, has created a situation where we have no choice but to respond to JIC scenarios on a daily basis. The 3As of supply chain management (SCM) are said to be agility, adaptability, and alignment, but never has there been a greater need for agile and adaptable logistics than now. We face customers with a strong awareness of this fact.

For example, there was a rapid growth in emergency air transport needs, such as for automobile components being sent from Japan and other Asian countries to North America, following the disruption of marine transport from spring 2021 onward. However, we have been able to meet the requests of our customers through the use of charter flights in coordination with major airline companies and rapid, appropriate land transportation arrangements by our North American subsidiaries.

Furthermore, since 2020 there has been a shortage of shipping containers. In the region between the Malay Peninsula, mainland Southeast Asia, and China, we have been meeting the global supply chain needs of our customers during the COVID-19 pandemic by utilizing the Yamato Group's cross-border land transportation network to not only contribute to the maintenance of a JIT system in our customers' supply chains but also provide a multimodal transportation service that is prepared for just-in-case scenarios (please see page 29 for more details).

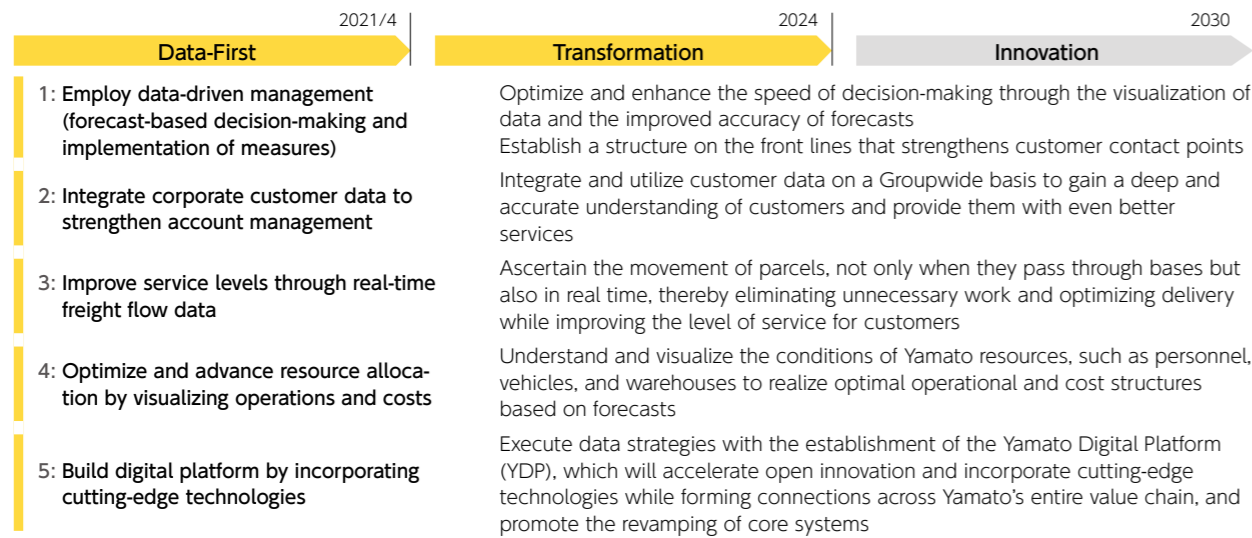
Through these initiatives we will grow our business by providing value across our customers' entire supply chains while building a relationship of trust with our customers.

Promotion of Digital Strategies for the Shift to Data-Driven Management

We are promoting Groupwide digital transformation (DX) with the aim of changing the organization and operations and of drastically reforming all of our Group businesses through digital technology. With the shift to data-driven management as a fundamental strategy, in addition to updating the existing core systems, we are engaging in the maintenance of digital data and the strengthening of our digital foundation to further advance the utilization of data. We are supporting the digital aspects of our growth strategy through expansion of the Yamato Digital Platform (YDP), which focuses on data acquisition mechanisms that utilize cutting-edge cloud technology.

► Shift to Data-Driven Management

The Yamato Group is led by the Digital Function Division, which deploys approximately 270 internal DX personnel, and is promoting DX initiatives in collaboration with each business division and function division while also utilizing the knowledge of external partners. Under the medium-term management plan "One Yamato 2023," which concludes in the fiscal year ending March 31, 2024, we expect to make digital investments of ¥100 billion. We are also promoting the creation of a system infrastructure that supports the implementation of data-driven management and the acceleration of business development.



● Promotion of Optimal Allocation of "Operational Design" by Forecasting Workload Based on Data Analysis

The existing *TA-Q-BIN* operations relied on experience and intuition to deploy management resources (personnel, vehicles, facilities, and other resources) at the branch level in each region. This led to issues such as the actual workload becoming unreasonable and wasteful and a lack of flexibility to cope with regional and seasonal differences in workload as the allocation of management resources was optimized for each region.

To resolve these issues, we are promoting structural reform based on the transformation plan "YAMATO NEXT100," which began in the fiscal year ended March 31, 2021, and striving to use data analytics to forecast workloads and improve truck loading efficiency to realize the optimal allocation of management resources. From the fiscal year ending March 31, 2022, we have created an environment for carrying out machine learning operations (MLOps) and automated

the process for taking in the latest business performance data, learning the data, and running it through a machine learning model that forecasts future workloads based on past business performance results. As a result, we have been able to more accurately forecast the workload and necessary number of vehicles for each of our approximately 3,500* *TA-Q-BIN* centers three months in advance by improving processing speed and the frequency of machine learning. By combining the knowledge we have accumulated on the front line with the latest information regarding these forecasts and large- and medium-lot corporate clients collected by the account manager, the Retail Business Division is promoting the optimal allocation of resources and the optimization of costs and is striving to provide stable operations and enhance profitability.

* As of September 30, 2021

DX Initiatives That Support the Creation of an EC Ecosystem



EAZY, a delivery service for the EC market, is promoting the enhancement of customer experiences and the optimization of operations by utilizing various digital data based on the newly created system infrastructure, rather than the existing core system.

● Provision of New Pickup Services for EC Users

Launch of Field Tests for More Secure *Okihai* Delivery System That Utilizes a Digital Key

Our *EAZY* service can provide *okihai* deliveries, such as drop-off deliveries at the doorstep, according to our customers' wishes. However, we have been unable to make deliveries at condominiums with auto-locks, despite the customer requesting *okihai* delivery, because the number of delivery boxes is limited and the outer door cannot be unlocked if the recipient is not at home. Furthermore, from a security standpoint there have been concerns about non-residents easily entering condominiums.

Therefore, we developed a platform capable of managing the digital keys of numerous companies and commenced field tests in March 2021 for a new feature of *EAZY* that can unlock the auto-lock outer doors using these digital keys. Through this feature, we will achieve enhanced convenience for customers based on high

levels of security by issuing a one-time password for unlocking the outer doors to a specialized app for *EAZY* CREW.

We will continue with field tests aimed at commercialization and aim to expand to approximately 10,000 buildings across Japan during the fiscal year ending March 31, 2022.

► When Customers Living in Condominiums Choose *Okihai* Delivery in Front of their Doorstep



Launch of Delivery via 2D Barcode Slip with Aim of Reducing the Risk of Personal Information Leaks during *Okihai* Delivery

As contactless delivery becomes more widespread, some customers are concerned about the risk of personal information leaks when packages with the receiver's information are delivered through *okihai* delivery.

In June 2021, through collaboration with EC operators, we commenced deliveries using a 2D barcode slip that enables customers to pick up their deliveries safely. By using a 2D barcode slip, users can safely choose the *okihai* delivery option and we can reduce the risk of

leaks as the receiver's personal information is not displayed on the package.

► 2D Barcode Slip Service



● Introduction of a Delivery Support App with the Aim of Enhancing Delivery Efficiency for *EAZY* CREW

We introduced a specialized app for *EAZY* operations in response to an increase in pickup options, such as *okihai*, to achieve efficient delivery for the *EAZY* CREW.

🚚 Support for Delivery Operations

We create delivery routes based on delivery times and addresses by digitalizing the information on delivery slips. Additionally, we support the efficient delivery operations of the *EAZY* CREW by displaying delivery locations on a map.

📦 Standardization and Optimization of Vehicle Loading Operations

We visually display where packages should be placed in a vehicle based on the delivery route when reading the barcode on the delivery slip. We reduced the time taken to pack a vehicle by approximately 20% during field tests, as even beginners can carry out operations efficiently based on the screen display.

► Vehicle Packing Screen



Automatic configuration of packing location

Strengthening of Sustainable Management

“Connect. Deliver the future via green logistics”

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



Now, when society as a whole is facing many urgent issues, such as climate change, labor shortages, human rights, inequality, and COVID-19, it is becoming increasingly important that corporations also diligently face these issues and participate in resolving them.

The Yamato Group is promoting sustainability management based on Sustainable Medium-Term Plans 2023, which set out specific actions to be taken to address each important material issue (materiality) and targets to be achieved by 2023 in order to achieve long-term targets, such as our environmental and social visions for a sustainable future and virtually zero greenhouse gas emissions by 2050.

Sustainability Promotion System

We established a dedicated department to oversee the Groupwide promotion of sustainability. Additionally, we deployed personnel responsible for sustainability at each Group company to promote sustainability management Groupwide.

With the president as chairman and members comprising the general managers of each business division and function division of Yamato Transport and the presidents of major Group companies, the

Yamato Group Environment Committee and the Yamato Group Social Promotion Committee meet once a year and share information about and discuss issues related to sustainability. Additionally, key agenda items are appropriately discussed and resolved at Management Committee meetings and Board of Directors meetings.



Pursuit of Sustainable Management

Identifying Material Issues

To improve the corporate value of the Yamato Group over the medium to long term and realize a sustainable society, we have identified important, priority material issues to be addressed through the following process.

STEP 1 Refine Choices for Material Issues

Based on international frameworks, such as the GRI Standards, the Sustainability Accounting Standards Board (SASB), ISO 26000, and the 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 material issues (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 2019)

We listened to our stakeholders' opinions on the choices for material issues (materiality) refined in STEP 1 and held stakeholder dialogues to confirm their validity.

Formulating the Transformation Plan "YAMATO NEXT100"

On January 23, 2020, the Yamato Group announced its grand design for its management over the medium to long term, the transformation plan "YAMATO NEXT100."

This plan will focus on structural reforms, including "sustainability initiatives under the theme 'management embodying the environment and society,'" one of the infrastructure reforms, to realize a sustainable 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 services that are better for the planet, our customers' lifestyles, and the economy. We will also support a strong, smart society by striving toward virtually zero greenhouse gas emissions*1 and by creating business models based on sustainable resource use and consumption.

*1 In-house emissions (Scope 1 and Scope 2)

Social Vision Through co-creation and fair business activities, help create a society that "leaves no one behind"*2

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.

*2 To leave no one behind: Basic philosophy of the SDGs

Sustainable Medium-Term Plans 2023

We formulated Sustainable Medium-Term Plans 2023 in January 2021 to strengthen the Yamato Group's sustainable management.

Details on Sustainable Medium-Term Plans 2023 can be found on our corporate website.
https://www.yamato-hd.co.jp/english/assets/pdf/2021_03_news.pdf
 For ESG-related numerical results, please see "ESG Data."
<https://www.yamato-hd.co.jp/english/csr/esg/performance.html>



Medium-Term Environmental Plan 2023

We formulated targets for total volumes of emissions and for areas in which the logistics industry can contribute to the widespread use of innovative technologies, such as materials and vehicles, to drastically reduce the environmental burden of business activities. We will target initiatives and business opportunities in collaboration with diverse partners to increase the resilience of customers, partners, and local communities, and to create environmental value.

Materiality	Overview	Main Targets (Fiscal year ending March 31, 2024)	Related SDGs
<p>Energy & Climate Mitigate climate change</p>	Reduce greenhouse gas emissions by using electricity generated via renewable energy sources, enhancing transportation efficiency through the utilization of digital technology, and reducing the use of dry ice, etc.	<ul style="list-style-type: none"> Reduce greenhouse gas emissions by 10% compared with the fiscal year ended March 31, 2021*1 Reduce greenhouse gas emission intensity by 10% compared with the fiscal year ended March 31, 2021*1,2 Use 30% of electricity generated via renewable energy sources 	
<p>Atmosphere Clean up the skies (prevent air pollution)</p>	Pursue transportation that reduces the effects of air pollutants emitted by vehicles and cleans up skies in local communities	<ul style="list-style-type: none"> Reduce NOx and PM emissions from vehicles by 25% compared with the fiscal year ended March 31, 2021*3 Introduce vehicles that emit fewer air pollutants 	
<p>Resource Conservation & Waste Promote resource conservation and reduce waste</p>	Drastically reduce environmental burden and promote the use of technology and create opportunities for minimizing environmental impact	<ul style="list-style-type: none"> Use 55% renewable resources and recycled materials for paper materials*4 Reduce landfill disposal rate (final disposal rate) to 5% or less*5 Provide products utilizing recycled materials and resource saving materials 	
<p>Resilience of Companies & Society Support a society that combats environmental changes</p>	Collaborate with diverse partners to increase resilience of stakeholders and local communities and create environmental value	<ul style="list-style-type: none"> Advance green logistics in collaboration with our business partners Collaborate with society to improve environmental resilience (conduct demonstrations of vehicles that use renewable energy and electric vehicles that increase resilience and share information about mitigating climate change) Provide environmentally friendly products and services*6 	

Reinforce Environmental Management

Medium-Term Social Plan 2023



We included initiatives that meet international standards and needs in the plan to achieve an enriched society through our business activities. These targets also cover labor and human rights, and we endeavor to respect diverse personnel and create a working environment that enables employees to play an active role. Furthermore, we engage in resolving social issues together with the supply chain and local communities.

Materiality	Overview	Main Targets (Fiscal year ending March 31, 2024)	Related SDGs
<p>Labor Create a work environment where employees can thrive</p>	Implement a high-value-added model for labor and promote "decent work"	<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 ended 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>	Respect human rights, recognize diversity, and create a framework for human rights due diligence	<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 ended 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>	Maintain traffic and labor safety and provide reliable service	<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*7 <p>Note: All items are for consolidated companies in Japan and Swan Co., Ltd.</p>	
<p>Data Utilization & Security Create an information security infrastructure</p>	Create an information security infrastructure and create businesses that utilize data to resolve social issues	<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*8 	
<p>Supply Chain Management Develop a common understanding with stakeholders</p>	Build a stable business infrastructure through sound, resilient supply chains	<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>	Establish corporate citizenship activities that are unique to the Yamato Group. Create a business model that revitalizes local economies	<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 In-house emissions of consolidated companies in Japan and Swan Co., Ltd. (Scope 1 & Scope 2)
 *2 tCO₂e/operating revenues of ¥100 million
 *3 The range refers to Yamato Transport Co., Ltd.
 *4 Paper materials refer to cardboard for shipping, pickup and delivery materials, etc.
 *5 Equivalent to reduction by half compared with the past

*6 Products and services with environmental value and a low burden on the environment
 *7 Number of work-related fatalities and injuries from accidents at worksites resulting in at least one lost day of work per million working hours
 *8 For Yamato Transport Co., Ltd.

Environmental Strategies for Realizing a Sustainable Society

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 its business and create environmental value that contributes to the development of society.

To realize our environmental vision of “Connect. Deliver the future via green logistics,” we will challenge ourselves to resolve identified material issues. We set zero greenhouse gas (GHG) emissions (in-house emissions) as a long-term target, with 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 GHG 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.



chairperson of the Yamato Group Environment Committee and reports important matters discussed by the committee to the Board of Directors, as the overall supervisor responsible for the environmental management system.

Executive officers in the environmental field, directors of business divisions and function divisions, and presidents of Group companies are responsible for ensuring the

implementation, maintenance, and supervision of environmental management, and also responsible for conditions for enabling execution, which involves preparing necessary management resources, among other duties. As a general rule, all managers and heads of frontline organizational structures are also responsible for managing environmental risks and opportunities, including climate, as environmental managers.

► Strategy

The Yamato Group holds discussions to identify and assess Groupwide climate-related risks, opportunities, and financial impacts, as well as management approaches and strategies.

Under Medium-Term Environmental Plan 2023, which was formulated in January 2021, we set medium-term environmental targets and specific actions to be taken. Based on this plan, we will promote initiatives to reduce GHG emissions by using electricity generated via renewable energy sources, enhance transportation efficiency by utilizing digital technology, and reduce the use of dry ice,

among other initiatives. We also plan to implement scenario analysis based on numerous climate change scenarios in the fiscal year ending March 31, 2023. We will utilize the results when considering business strategies and these results will be reflected in our next management plan.

 For details on climate-related risks and opportunities, expected impacts, management, and our strategy, please refer to the our corporate website. <https://www.yamato-hd.co.jp/english/csr/environment/tcfd.html>

► Risk Management

The Board of Directors deliberates on the identification of material issues (including climate) and the Group's vision; long-term targets, including the reduction of GHG emissions; and Medium-Term Environmental Plan 2023 (targets and strategies). Performance with respect to environmental targets, such as progress in the reduction of GHG emissions; the status of the response to environmental issues, including climate transition risks; compliance with laws and regulations; audit results; and plans for the next fiscal year are reported to Environment Committees at each level (attended by the above management team members and executives) for monitoring, supervision, and evaluation, in accordance with the Group's corporate governance system. Specifically, these matters are reported from the frontline, organizational level Environment Committee, which meets

four times a year, to the Division Environment Committee (four times a year); the environment committees of each Group company (once a year); the Yamato Group Environment Subcommittee, which discusses the four environmental issues (three times a year); and the Yamato Group Environment Committee (once a year). These reports are also subject to top management reviews by the president and are reported to the Board of Directors for supervision. In this way, we appropriately manage environmental risks, including climate change risks, in Companywide management processes. We also regularly review the effectiveness of environmental management and strive for continual improvement by holding stakeholder dialogues and incorporating the opinions of employees and experts in the decision-making process, among other methods.

► Indicators and Targets

To mitigate the risks of climate change and expand opportunities, the Yamato Group has set targets to reduce its medium- to long-term GHG emissions. To achieve our medium-term targets, we will utilize electricity generated via renewable energy sources, optimize transportation by making full use of digital technology, and reduce the use of dry ice for refrigerating packages, among other initiatives.

■ Long-Term Targets:
Achieve virtually zero GHG emissions by 2050*1

■ Medium-Term Targets:
Reduce GHG emissions by 10%*2 compared with the fiscal year ended March 31, 2021

Reduce GHG emission intensity by 10%*2 compared with the fiscal year ended March 31, 2021

Use 30% of electricity generated via renewable energy sources

*1 In-house emissions (Scope 1 and Scope 2) *2 In-house emissions of consolidated companies in Japan and Swan Co., Ltd. (Scope 1 and Scope 2)

Yamato Group Environmental Policy


We carry out business activities that contribute to environmental conservation in line with our environmental policy. We established the Yamato Group Environmental Policy in 2021 with an awareness of our responsibility as a part of social infrastructure, as set out in our Management Philosophy. The policy, which was established through decisions made by the Board of Directors and reflects the

opinions of our stakeholders, including employees and experts, is a commitment that demonstrates the intentions of the Yamato Group. Based on this policy, as a sustainable part of social infrastructure we will implement initiatives on a daily basis that support an enriched society in the future.

Yamato Group Environmental Policy

The Yamato Group pursues business activities that contribute to the protection of the environment as a company working toward the well-being and enrichment of society in the future. As part of a sustainable social infrastructure, we provide environmentally friendly goods and services, protect the earth's environment, which is the basis of life for present and future generations, and contribute to the realization of the well-being and enrichment of society.

- 1. Reduction of Environmental Burden and Prevention of Pollution
- 2. Provision of Sustainable Goods and Services
- 3. Environmental Management and Compliance
- 4. Collaboration and Communication

 For details on the Yamato Group Environmental Policy, please refer to the our corporate website. <https://www.yamato-hd.co.jp/english/csr/esg/policy.html#anc-08>

Initiatives Based on Recommendations of the TCFD

The Yamato Group continually identifies and evaluates the risks, opportunities, and impacts associated with climate change, in recognition of its importance on increasing corporate value over the medium to long term and realizing a sustainable society. Furthermore, the Group engages in enhancing information disclosure based on the recommendations of the 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, creating opportunities, and helping to realize a low-carbon society.

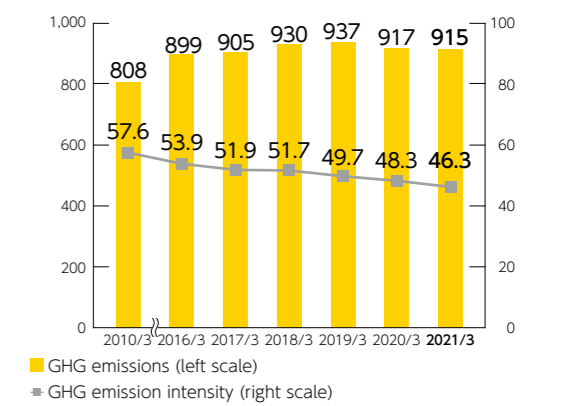
* TCFD: Task Force on Climate-related Financial Disclosures, which was established by the Financial Stability Board (FSB)

► Governance

The Yamato Group has established an environmental management system under the supervision of its Board of Directors, with the Yamato Group Environment Committee

as the main decision-making body, which deliberates, makes decisions, and supervises with regard to environmental issues, including climate change. The president serves as

GHG Emissions/GHG Emission Intensity
(Thousand tCO₂e) (tCO₂e/operating revenues of ¥100 million)



Note: Some data from the fiscal years ended March 31, 2018, 2019, and 2020 has been revised.

Environmental Strategies for Realizing a Sustainable Society

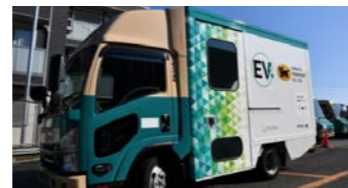
Highlights

▶ Low-Carbon Transition for Transportation and Offices

The Yamato Group is advancing the reduction of its GHG emissions through a shift toward the use of vehicles with lower GHG emissions, such as hybrid vehicles and EVs (electric vehicles), and the heavy use of electric power-assisted vehicles and hand-pushed trolleys for pickup and delivery services in urban areas (as of March 2021, the Yamato Group owns approximately 4,100 electric bicycles, approximately 4,200 hybrid vehicles, and 570 electric vehicles). During the two-year period between the fiscal year ended March 31, 2020 and the fiscal year ended March 31, 2021, we introduced 500 small-sized, commercial-use EVs, which can be driven without a medium-sized vehicle driver's license. Going forward, we will aim to replace 5,000 vehicles, half of our small-sized pickup and delivery vehicles, with EVs by 2030.

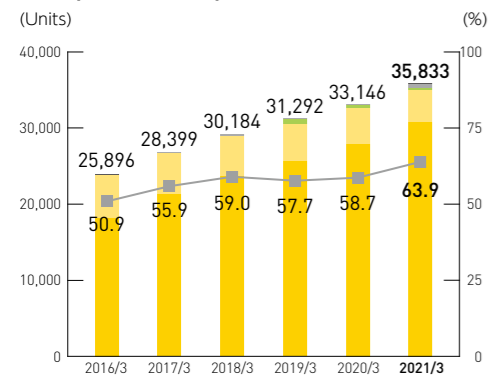
Additionally, we will continue to perform field tests of new EVs and FCVs (fuel cell vehicles), including medium-sized trucks for long-distance travel, with other industries, carry out investigations and collaborative research into automated mobility with the aim of realizing low-carbon transportation and preventing air pollution, and implement a modal shift (rail and sea transports).

Other initiatives for reducing GHG emissions include installing LED lights in buildings, switching to electricity generated via renewable energy sources, and reducing the use of dry ice for refrigerating packages.



Medium-sized commercial-use EV

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



■ New long-term compliance vehicles
 ■ Hybrid vehicles ■ Liquefied petroleum gas (LPG) vehicles
 ■ Electric vehicles (EVs)
 ■ Compressed natural gas (CNG) vehicles
 * Percentage of low-emission vehicles among all Yamato Transport vehicles (right scale)

Introduction of Low-Carbon Vehicles

▶ 2018: 100 EVs



▶ 2020: 570 EVs



▶ 2030 (target): 5,000 low-carbon vehicles



Compact Mobile Refrigerator D-mobico

Yamato has collaborated with DENSO CORPORATION to develop a compact, lightweight, portable refrigerator. The shape and dimensions of the thermal boxes can be selected depending on cargo size and the amount being delivered, making it possible to respond flexibly to various delivery needs. Powered by a mobile battery, D-mobico does not require dry ice, nor does it draw energy from the engine to refrigerate its freight.

This helps reduce GHG emissions and improves the vehicle's fuel efficiency.



Sales driver using D-mobico



Highlights

▶ Establishment of New Green Innovation Development Department to Respond to Climate Change across the Supply Chain

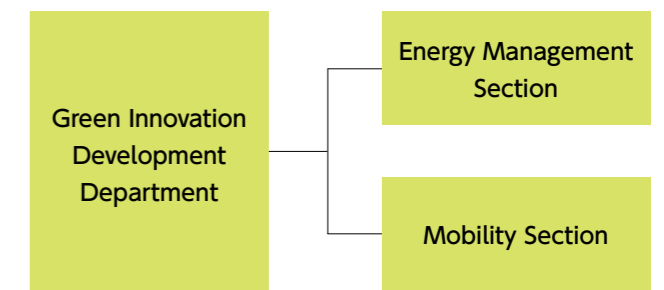
In October 2021, Yamato Transport established the new Green Innovation Development Department with the aim of achieving carbon neutrality by 2050. Within the department, we established the Energy Management Section and the Mobility Section to promote green logistics through measures such as reducing GHG emissions.

The Green Innovation Development Department will engage in solving social issues through methods including the introduction of EVs and renewable energy sources, which we will promote as sustainable initiatives. It will engage in resolving issues related to not only Yamato's GHG emissions but also climate change across the entire logistics industry.

The Energy Management Section examines the utilization of energy-saving technology and the use of electricity generated via renewable energy sources, in addition to working to reduce the Yamato Group's GHG emissions.

The Mobility Section engages in the research, demonstration, and implementation of the latest technologies, starting with mobility.

The Yamato Group, led by the Green Innovation Development Department, is working toward the target of virtually zero GHG emissions by 2050 and will continue to promote environmentally friendly initiatives, not only within Yamato but also across the whole logistics industry and society.



Naoto Ozawa

Green Innovation Development Department
 Manager of Mobility Section

Issues Identified in the Introduction of EVs and the Way Forward

Since our introduction of EVs in 2013 and the subsequent experience we have accumulated through their operation, the Yamato Group has come to understand the various issues associated with further expanding the introduction of EVs in the transportation industry.

One issue is that vehicles must be easy to work in and practical for the driver, in addition to being environmentally friendly, if they are to be sustainable. With this in mind, we will continue working together with car manufacturers on this issue.

Another issue, is the concern regarding the impact on Japan's energy system, such as the repercussions of the increase in electricity consumption on the power system and the hurdles for transport companies, including the burden of the charging infrastructure necessary when introducing EVs and the rising cost of procuring renewable energy as demand increases in the future. Against this background, the Green Innovation Development Department, together with our transportation and delivery partners, will continue to promote various initiatives for achieving green logistics throughout Japan, in addition to measures such as the introduction of energy-saving technology and EVs and the use solar power and other renewable energy sources.

HR Management That Supports the Shift to an “Innovating Delivery Business”

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. Under the new One Yamato management structure, we are promoting the creation of a framework that enables human resources who face customers on the front line, lead the Group, and are responsible for specialized fields, to play an active, rewarding role and that enables the Yamato Group to focus on initiatives for sustainable growth.



Promotion of HR Strategies That Support the Shift to an “Innovating Delivery Business”

1. Development of frontline human resources to reinforce our frontline capabilities

To further enhance the job satisfaction of frontline employees, we are striving to clarify the roles required of each employee and to promote the creation of a framework for evaluating and promoting leaders by clearly visualizing the results achieved in relation to these roles. Additionally, we are promoting the creation of a framework that supports the front line from the perspective of recruitment, training, and business process re-engineering (BPR) in order to create customer-facing time for employees and further reinforce frontline capabilities.

2. Creation of an HR system to develop specialized human resources linked with management structural reform

We are striving to create an HR system that enables the necessary specialized human resources to perform at a high level in order to thoroughly reinforce our core logistics business and create new businesses for sustainable growth.

3. Introduction of a talent management system and strengthening of mid-career hires

We have introduced and are promoting the utilization of a talent management system in order to maximize the performance of each employee in line with their career progression and to objectively identify any shortages that can be filled by mid-career hires.

4. Creation of academy and training structure

We have launched an academic organization that has deployed 120 internal instructors and are promoting the creation of a training structure to function as the core of human resource development at the Yamato Group. We are aiming to enhance our organizational capabilities through the reinforcement of education based on position, with a focus on executives, and professional training in each business domain, including specialized human resources.

Additionally, we launched an original digital training program, which aims to raise the digital literacy of all employees, including management, and to accelerate the training of human resources in the digital domain.

5. Reinforcement of sustainability measures, which focus on labor, human rights, and diversity issues

To build an organization where each employee can create cross-organizational partnerships, perform at a high level, and feel a sense of satisfaction, we are improving the working environment from the perspective of being employee-friendly and rewarding and are promoting the creation of a workplace that ensures good communication.



Highlights

▶ Launch of Yamato Digital Academy to Train Human Resources in the Digital Domain

In the fiscal year ending March 31, 2022, we launched the Yamato Digital Academy (YDA) training program, which aims to raise the digital literacy of employees, including management, and accelerate the training of human resources in the digital domain.

We aim to realize data-driven management by holding

lectures on a training curriculum based on position for select employees from each division of Yamato Transport. Going forward, we will sequentially develop this training program at each Group company and plan to hold lectures for approximately 1,000 Group employees over a three-year period.

Curriculum for All Employees

Comprises programs for basic DX (digital transformation) training, digital data application, etc.

Target: leaders of all divisions,* corporate units, regional branches, etc.

Curriculum for Management

Comprises programs for analysis of management resources essential for DX, risk awareness improvement, etc.

Target: management, including the president, and management executive candidates

Curriculum for DX Training

Comprises programs for improving IT skills, as well as business design, architecture, data science, and other skills

Target: employees of the Digital Function Division

* Employees selected from the Retail Business Division, the Corporate Business Division, the Global SCM Business Division, the EC Business Division, the Transport Function Division, the Platform Function Division, and the Professional Service Function Division

▶ Sustainable Medium-Term Plans 2023: Key Targets

Labor

Improve operating revenue per employee
(through high-value-added work)

Overtime hours per employee
-20%
compared with the fiscal year ended March 31, 2021

Annual paid leave utilization
90%
(enabling work-life balance)

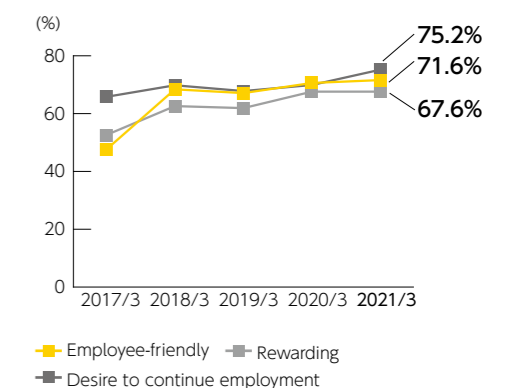
Highlights

▶ Working Styles Awareness Surveys

We have been conducting Working Styles Awareness Surveys for employees across the Yamato Group to understand the current working environment and make improvements.

There was an overall improvement of figures in the survey for the fiscal year ended March 31, 2021. While the workload and the stresses of infection prevention may have increased as a result of a sudden increase in customer demand due to the impact of the spread of COVID-19, an increase in the “employee-friendly” response is believed to be a result of management sending messages to employees and the appropriate establishment and support of the business structure. Additionally, the increase in positive responses regarding “desire to continue employment” was believed to be a result of the impact of an increase in pride in work, business, and the Company due to the increase in social needs during the COVID-19 pandemic. 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.

Working Styles Awareness Survey



HR Management That Supports the Shift to an “Innovating Delivery Business”

► Sustainable Medium-Term Plans 2023: Key Targets

Human Rights & Diversity

Attendance at human rights training for all employees 100%	Percentage rate of employees with disabilities 2.5%	Number of female managers (executives) Double the number compared with the fiscal year ended March 31, 2021 and ensure 10% of all managers are female
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Highlights


► Human Rights Due Diligence

We are endeavoring to create a working environment that is employee-friendly and rewarding by improving working styles.

Additionally, we have implemented human rights due diligence based on the UN Guiding Principles on Business and Human Rights to make this more widespread both inside and outside the Yamato Group. We are working to identify Groupwide human rights risks by holding stakeholder dialogues with external experts. We formulated the Yamato Group Human Rights Policy in 2021 with the aim of realizing an enriched society as set out in our Management Philosophy. We will strengthen our initiatives for respecting human rights based on this policy, which sets out the Yamato Group’s intention to respect human

rights and the actions to take to achieve this. In the fiscal year ended March 31, 2021, we implemented sustainability management training regarding human rights for a total of 574 managers and executives (managerial personnel) to further encourage the understanding of human rights. They learned about human rights trends overseas and the level of human rights due diligence required by other companies. By the fiscal year ending March 31, 2024, we will expand this human rights training to all employees.

Furthermore, we are participating in the Human Rights Due Diligence Working Group held by Global Compact Network Japan and are endeavoring to create a human rights due diligence system within the Yamato Group.

 Please see the our corporate website for details on the Yamato Group Human Rights Policy.
<https://www.yamato-hd.co.jp/english/csr/esg/policy.html>

► Promotion of Advancement for Female Employees

Since 2017, we have implemented women leaders meetings for all female employees and have sent employees to female cross-industry training and training with external groups. Additionally, we will continue aiming to create a

working environment across the entire Yamato Group where women can play an active role by holding supervisor sessions to train female subordinates and further support their advancement, among other efforts.



Women leaders meeting



Supervisor sessions

Measures for Safety and Peace of Mind That Support Sustainable Growth

The Yamato Group owns a large number of vehicles and uses public roads as its principal place of business. For that reason, the Group’s operations have a major impact on society, and we thus place significant importance on ensuring the safety of local communities. Additionally, traffic safety is considered to be a part of the occupational safety of the employees who drive our vehicles.

Based on its stance of respecting human life and ensuring safety, as laid out in the Group Corporate Philosophy and Corporate Stance, the Group thoroughly adheres to its philosophy of placing safety first and business second in the workplace, positioning respect for human life as a priority at all times. Our partner companies and business partners also share our philosophy of respecting human life and ensuring safety and endeavor to ensure safety in all of their business activities.

We are promoting occupational health and safety initiatives to provide even better services for customers based on the stance that the safety and health of the over 220,000 employees that support the Yamato Group, in addition to transportation safety, is the foundation for the sustainable growth of the Group. Furthermore, we are committed to improving service quality to ensure customer satisfaction.



— Promotion of Transportation Safety Management

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 collaboration between those on the transportation front lines and those in administrative divisions in order to enhance the effectiveness of its transportation safety management. Each company where transportation safety management is

implemented regularly conducts top management reviews, reflects on business performance and results, identifies any problems or issues, and makes improvements accordingly. Also, in regard to important information on such matters as serious transportation-related accidents, the Group maintains a framework for sharing such information with the Corporate Division of Yamato Transport, which oversees the Group, in an effort to promote transportation safety on a Groupwide level.

► Sustainable Medium-Term Plans 2023: Key Targets

Safety & Security

Number of serious traffic accidents (fatal traffic accidents for which the Company is responsible) Zero	Number of traffic accidents -50% compared with the fiscal year ended March 31, 2020	Number of serious occupational diseases (work-related deaths) Zero	Frequency of lost workday injuries* -20% compared with the fiscal year ended March 31, 2020
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Note: For consolidated companies in Japan and Swan Co., Ltd.

* Number of work-related fatalities and injuries per million working hours

► Performance

	2017/3	2018/3	2019/3	2020/3	2021/3
No. of serious traffic accidents*1	3	1	1	2	4
No. of serious work-related accidents*2	0	1	1	0	0

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

*2 Deaths from work-related accidents

Measures for Safety and Peace of Mind That Support Sustainable Growth

Initiatives for Ensuring Safe Transportation

The Yamato Group takes the occurrence of serious incidents extremely seriously and the Safety Department of the Corporate Division is at the center of promoting initiatives for ensuring even greater safety. We are working to improve the frontline working environment across each business division and function division through efforts including the creation of a system for training safety experts and the enhancement of safety training. At the same time, we are promoting the integration of Groupwide standards and frameworks for safety management.

Compliance with laws and creation of a working environment that ensures safety

- ▶ Introduction of tools that support appropriate safety management operations that adhere to laws, such as roll calls and daily inspections
- ▶ Unification of signage in stores and promotion and periodic risk assessment of the 2Ss (*seiri*, or organization, and *seiton*, or tidiness)
- ▶ Avoidance of risks on a regional basis through introduction and inspection of safety equipment

Implementation of safety training enhanced by experts and managers

- ▶ Training after entry to the Company and after one year of work

- ▶ In-house license system
- ▶ Regular ride-along guidance by safety experts and managers
- ▶ Training based on driver aptitude examinations (once every three years)
- ▶ Training that utilizes equipment such as dash cams
- ▶ Creation of a safety guidance skills test and safety guidance system for safety experts

Implementation of campaigns and initiatives aimed at enhancing safety awareness

- ▶ Campaigns to ensure zero traffic accidents
- ▶ In-house driving contest (Yamato Transport Nationwide Safety Meet)*
- ▶ Campaigns to prevent occupational diseases
- ▶ Child traffic safety classroom*
- ▶ Commendation awards for zero traffic accidents
- ▶ Acquisition of "G mark" (Motor Truck Transportation Business Operator Safety Assessment Project)

* During the fiscal year ended March 31, 2020, these were not carried out in light of the COVID-19 pandemic.



Traffic safety training video

Highlights

Implementation of Safety Guidance Skills Test and Further Reinforcement of Safety Guidance System

We launched a safety guidance skills test at Yamato Transport in the fiscal year ended March 31, 2020 to create a system that enables efficient safety guidance by enhancing the safety guidance skills of safety experts and helping them maintain a certain level of skill. The safety experts attend seminars that develop knowledge, skills, and leadership capabilities and the test assesses their retention

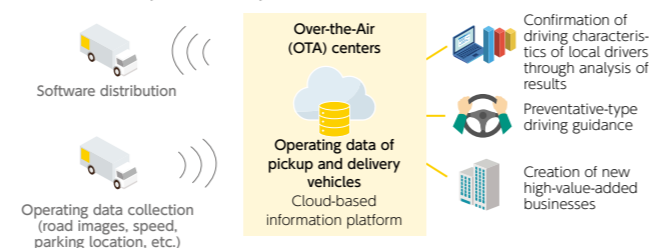
of the safety guidance knowledge and skills acquired during training. Additionally, from September 2021, we further reinforced the safety guidance system and improved and unified safety training by transferring safety leaders who have completed the safety guidance skills test and fulfill certain standards to the expert personnel system.

In-Vehicle Terminals with Communication Functions That Integrate Dash Cams and Digital Tachographs

Yamato Transport is equipping all pickup and delivery vehicles with integrated in-vehicle terminals that gather operating data, such as road images collected from dash cams and driving routes created through information obtained from GPS antennas, as well as the conventional digital tachographs that collect information such as speed and parking location. The operating data collected is automatically transferred and stored in real time via communication lines to a cloud-based information platform. Furthermore, we have enabled our sales drivers to focus on safer driving through the realization of automated recordings of near-miss experiences, a laborsaving setting to start and end recording when driving, and automated updates of software on terminals. By visualizing and analyzing operating data that is centrally managed through in-vehicle terminals, safety

experts and other personnel can gain a more detailed understanding of the driving characteristics of each sales driver and realize even more detailed preventative-type training for safe driving that is tailored to each driver's driving characteristics.

Nationwide Pickup and Delivery Vehicles (With In-Vehicle Terminals Installed)

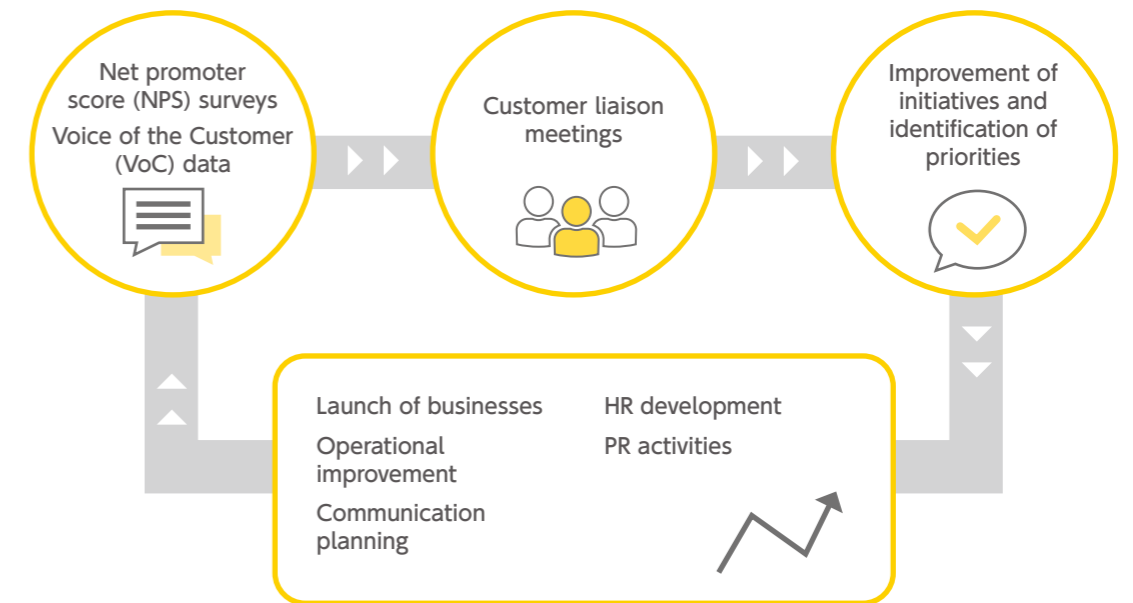


Quality Management

At the Yamato Group, we are promoting strategies, such as being more customer driven and improving data utilization, to further improve customer experiences. By maintaining and improving service quality from the perspective of both consumers and corporate clients and meeting their expectations, we hope to achieve our aim of

continuing to have the highest quality rating.

We use evaluations by each customer and expectations of corporate clients as the starting point for a Groupwide improvement cycle to enhance customer service evaluations and the value we provide.



Understanding of Customer Evaluations through Net Promoter Score (NPS) Surveys

We utilize NPS,* which is an indicator for measuring customers' degree of attachment to and trust in a company or brand and how likely they are to recommend it, to visualize our relationship with customers and improve engagement. At Yamato Transport, we investigate evaluations from individual and corporate customers centered on three perspectives: issues related to our Company, comparisons with competitors, and the norms of society, which play a role in improvements.

* NPS* (net promoter score) is a customer loyalty index that measures and quantifies how much loyalty (including trust, attachment, and favorable impression) customers have toward our products and services.

Creation of Voice of the Customer (VoC) Database

We are creating an integrated database to comprehensively analyze customer opinions and evaluations acquired through NPS surveys; inquiries by telephone, email, or chat applications; and digital logs. Additionally, we are able to visualize the understanding and analysis of current circumstances by linking with business intelligence (BI) tools and identifying areas that need improvement.

Customer Liaison Meetings

At customer liaison meetings led by management, we share details of customer evaluations of the Yamato Group as a whole, as well as complaints and requests, to formulate and prioritize measures to improve customer experiences.