Strengthening Sustainable Management

Now, when society as a whole is facing many urgent issues, such as climate change, labor, human rights, inequality, and COVID-19, it is becoming increasingly important that corporations also diligently face these issues and participate in resolving them. In January 2020, the Yamato Group announced "YAMATO NEXT100," its long-term grand design for its management. In it, we set out two visions: "Connect. Deliver the future via green logistics," which consists of four targets, including realizing virtually zero CO_2 emissions by fiscal 2050, and "Through co-creation and fair business activities, help create a society that leaves no one behind,'that leaves no one behind,'"[1] which consists of six targets that will help improve the quality of people's lives. The recently formulated sustainable Medium-Term Environmental Plan 2023 and Medium-Term Social Plan 2023 are comprehensive sustainable medium-term plans that set out specific actions to be taken on each important material issue (materiality) and targets to be achieved by 2023 in order to realize these visions. Going forward, we aim for the sustainable development of society and business by implementing these measures in our business activities.

[1] To leave no one behind: Basic philosophy of the SDGs

Vision and Materiality for Sustainable Management

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

▶ Materiality Identification Process

STEP 1 Refine Choices for Materiality

Based on international frameworks, such as the GRI Standards, the Sustainability Accounting Standards Board (SASB), ISO 26000, and the Sustainability Development Goals (SDGs), as well as ESG research items that investors consider to be of high importance to the Group's business, we considered the risks and opportunities of the Group's business based on performance data and refined our choices for materiality that will contribute to increasing the corporate value of the Yamato Group, as well as create a sustainable society.

STEP 2 Hold Stakeholder Dialogues (Implemented in November 2011)

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

STEP 3 Formulate the Transformation Plan "YAMATO NEXT100"

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

▶ Vision for the Environment and Society

Environmental Vision | "Connect. Deliver the future via green logistics"

The Yamato Group will further promote its vision of "Connect. Deliver the future via green logistics." By leveraging cutting-edge connections between data, people, and resources, we will increase the efficiency of transportation and provide delivery that is better for the planet, our lifestyles, and the economy. We will also support a strong, smart society by striving toward virtually zero CO_2 emissions and by creating business models based on sustainable resource use and consumption.

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

As a social infrastructure company, the Yamato Group will contribute to improving the quality of life of various people, including employees and customers, by reducing and eliminating various inequalities and obstacles in society. We will do this by delivering goods and value to everyone through fair and efficient business processes. By promoting digital innovation and our strengths offline, as well as co-creation with various partners, we will be a leader in solving social challenges and creating a society that leaves no one behind.

▶ Environment

Materiality	Priorities	Goal	Value Created
Energy & Climate	**Carbon neutrality**	■ Carbon neutrality by 2050[2]	■ Driving renewable energy growth by stimulating demand ■ Mitigating climate risks such as natural disasters ■ Promoting widespread use of innovative low-carbon technologies ■ Facilitating the availability of low-carbon products
Atmosphere	**Logistics that protect the atmosphere**	■ Reduction of air pollutants from vehicles (reduction of NOx and PM from urban area deliveries)	■ Contributing to the health of local communities by preventing air pollution ■ Utilizing data to optimize transportation, thereby reducing traffic
Resource Conservation & Waste	**Resource efficient logistics and business**	■ Use of environmentally friendly materials and shift to delivery using reusable and minimal packaging	■ Shifting to a circular economy by creating resource recovery networks ■ Improving efficiency and economic gains by leveraging the sharing economy
Resilience of Companies & Society	**Logistics infrastructure that promotes a society in harmony with the environment**	■ Strengthened collaboration to combat environmental changes	■ Fostering collaboration to support a sustainable society ■ Improving society's resilience to climate change ■ Promoting a low-carbon society through smart mobility

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

▶ Social

Materiality	Priorities	Goal	Value Created
Labor	**Creating work environments that are fair, worker-friendly, and engaging**	■ Achievement of "decent work"[3] by 2030 by creating workplaces that are employee friendly and that foster employee engagement	■ Enabling employee work–life balance ■ Promoting physical and mental health of employees ■ Ensuring enough workers to continue stable business activities ■ Providing a model of industry best practices related to labor practices
Human Rights & Diversity	**Creating a vibrant society that respects human rights and diversity**	■ Empowerment of socially vulnerable people	■ Promoting a society where human rights are respected and protected ■ Sparking innovation through diverse ideas ■ Creating job opportunities for diverse individuals, including women and people with disabilities ■ Reducing and eliminating social inequality and obstacles
Safety & Security	**Ensuring road and occupational safety, improving quality of services and business processes**	■ Establishment of business processes that can significantly reduce accidents on the road and at worksites	■ Creating safe cities ■ Ensuring health and safety of employees ■ Providing a sense of security and well-being
Data Utilization & Security	**Robust information security, utilization of data from operating vehicles and from transportation for social impact**	■ "Creating Shared Value" by utilizing data	■ Protecting personal data (respecting human rights) ■ Solving environmental and social challenges
Supply Chain Management	**A resilient and sustainable supply chain that considers the environment and society**	■ Creation of a resilient and robust supply chain and co-creation model	■ Continuing to ensure appropriate and stable business activities ■ Mitigating reputational risks ■ Creating synergy from environmental conservation activities ■ Providing an efficient and robust labor practice model
Community	**Building strong communities through co-creation**	■ Creation of a business model that accelerates the revitalization of local economies	■ Revitalizing local economies ■ Improving Japan's global competitiveness through regional revitalization ■ Building a foundation for co-creation of a sustainable society

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