

Management Resources

Resource characteristics

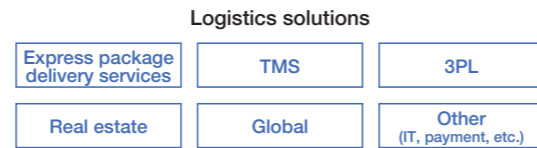
Enhancement measures

Intellectual capital



Insight, know-how and IT infrastructure forming the source for proposal of optimal solutions

Intellectual capital such as insight and know-how accumulated within the Group as we have met the diverse requirements of customers since the Group was founded, and IT infrastructure supporting the promotion of DX are significant management resources that are essential for the Group's growth, leading to the resolution of fundamental issues faced in logistics. GOAL plays a central role in this, serving to provide advanced logistics solutions by connecting the Group's management resources.



Full digitalization of invoice information
(Completed in April 2022)

Common Group IT infrastructure
(SGH platform)

Smart Club members
Approx. **14** million

Number of LINE friends
(as of August 2023)
Approx. **14** million

• Enhancement of logistics solutions through the accumulation of insight and know-how

We will accumulate insight and know-how for making order-made logistics solutions combining the resources of the Group and partner companies centered on GOAL to address customers' logistics issues, and enhance logistics solutions. Furthermore, we are engaged in the development of new services according to changes in needs and lifestyles.

• Evolution of logistics solutions through DX

Based on the Group's common IT infrastructure, we will further promote DX and evolve logistics solutions through partnerships with other companies in the same industry and other industries including start-ups and utilization of technologies such as IoT, AI and robotics.

Human capital



Source of value-added creation

"Our employees" are one of the Group's most important management resources. We propose optimal order-made solutions by understanding needs and discovering wants of customers through day-to-day communication. The Group's strength is GOAL playing a central role to resolve customers' logistics issues based on information gathered by approximately 26,000 SALES DRIVERS. The information gathering capability of SALES DRIVERS and the problem-solving capability of GOAL are the source creating added value.

Furthermore, we will strive to create workplaces in which diverse personnel are able to work without prejudice based on gender, age, disability or nationality to realize the enhancement of corporate value.

Consolidated number of employees
94,087
(including partner employees: 41,819)

Number of SALES DRIVERS
Approx. **26,000**

Employee engagement survey

GOAL members	Employee engagement (positive responses)	Environment for leveraging employees (positive responses)
Approx. 500	57%	54%

Percentage of female employees
33.5%

Percentage of female managers
13.3%

• Development of solution personnel

We will strengthen GOAL personnel, DX personnel and global personnel supporting the enhancement of logistics solutions. We are proceeding with the early development of junior personnel through Group-wide job rotation and the mid-career hiring of personnel with specialized knowledge. For DX personnel in particular, we are placing priority on the development of personnel handling the creation, planning and proposal of services.

• Development of operational personnel

We are continuously engaged in maintaining and retaining personnel handling on-site operations. In addition, we will seek to increase productivity by reviewing operations utilizing IT and the latest technology, and promoting the optimization of assignment of personnel.

• Establishment of the workplace environment

To develop and retain personnel, it is necessary to provide a good workplace environment. Therefore, we will respect diversity & inclusion (D&I), and continuously implement initiatives for the transformation for workstyles and organizational culture centered on the promotion of active participation of women.

Partner companies



Partners supporting business growth

The Group actively coordinates with partner companies in long-haul transportation and the last one mile delivery. This enables dynamic responses according to the number of express delivery packages and the creation of a business model in which profitability is not affected by changes in the number of packages. Strategic alliances have been built not only with fellow transportation companies, but also by partnering with companies in different businesses such as IT companies. We believe it is necessary to rely on our own strength as well as build business partnerships with partners in a wide range of industries to meet the diverse needs of customers and also achieve sustained growth.

Long-haul transportation partner companies
Approx. **310**

Companies providing services together
(Japan Post, Seino Holdings, Japan Freight Railway, CBcloud, etc.)

Delivery supporters
Approx. **3,600** companies

Local governments with agreements
478

TMS partner companies
Approx. **1,620**







• Strengthening of coordination with partner companies

We will strengthen our transportation network by strengthening coordination with partner companies supporting our transportation infrastructure. By sharing each other's challenges and requirements through Appropriate Transaction Promotion Meetings, we will create sustainable and good relationships. Also, we aim to expand and strengthen competitive services and our network by actively promoting alliances with diverse partner companies.

• Creation new value through collaboration

We will engage in the development of new services and resolution of social issues with a variety of partners including start-ups, other companies in the same industry and local governments. We will expand efforts such as partnerships with start-ups through our "HIKYAKU LABO" open innovation activities and participation in field trials through partnerships between industry, government and academia.

Management Resources

	Resource characteristics	Enhancement measures
Financial base 	<p>Sound financial structure</p> <p>The Group will increase earning capacity and stabilize its financial base to further enhance medium- to long-term corporate value by striving to balance investment aimed at future growth, stable and continuous returns to shareholders and internal reserves for the future.</p> <p>Operating margin 9.4%</p> <p>Equity ratio 61.2%</p> <p>ROE 24.1%</p> <p>Free cash flow 193.4 billion yen</p>	<ul style="list-style-type: none"> • Promotion of growth investment We will seek to continuously enhance corporate value by directing internal reserves to growth investments such as facilities, vehicles and DX required from a medium- to long-term perspective. • Realization of stable dividends Our dividend policy in the Mid-Term Management Plan is to keep a consolidated payout ratio of 30% or higher and increase dividends from the previous year and to ensure shareholders continue to hold the Company's shares due to stable dividends.
Logistics facilities and mobility 	<p>Nationwide network</p> <p>The Group is a corporate group with 1,462 locations throughout Japan. We constantly review our network and equipment to increase transportation efficiency and improve productivity. We also contribute to the realization of a sustainable society by introducing environmentally friendly technologies and equipment and reducing CO₂ emissions.</p> <p>Number of locations 1,462 <small>(including Sagawa Express locations: 427 sales offices, 22 transfer centers, 403 small stores)</small></p> <p>Total warehouse floor area <small>(Sagawa Global Logistics)</small> Approx. 1.48 million sqm</p> <p>Number of vehicles 27,435</p>	<ul style="list-style-type: none"> • Enhancement of logistics infrastructure Against the backdrop of the expansion of the e-commerce market, etc., we anticipate that demand for express package delivery services will expand in the medium to long term. We will actively invest in infrastructure related to transportation networks in order to continue to provide stable, high-quality service even if the volume of goods increases. (There are plans to build a large transfer center in Amagasaki-shi, Hyogo in July 2026) • Optimization of transportation network The optimal network and format of logistics facilities are changing day to day, corresponding to changes in lifestyles and demographics. The Group will engage in the reallocation of locations from a medium- to long-term perspective, and also aims to create sustainable logistics infrastructure by promoting improvement of efficiency of operations utilizing advanced technology. Furthermore, we will actively proceed to introduce environmentally friendly logistics facilities. • Diverse mobility combinations We will proceed to invest according to changes in the business environment such as introducing environmentally friendly vehicles for the 27,000 vehicles that form the basis for the Group's transportation capability. The plan is to raise the percentage of environmentally friendly vehicles from 64.1% in FY2022 to 98.0% by 2030. In addition, we will promote the modal shift switching to transportation with lower environmental impact, such as ferries and railways.
Customers 	<p>Customer base spanning all industries and areas</p> <p>The Group provides services to over one million companies, meeting the logistics needs of diverse industries and domains. With the stay-at-home demand and changes in lifestyle during the COVID-19 pandemic, companies that had previously only conducted in-person sales through stores, etc. entered the e-commerce channel, expanding change in distribution routes, leading to the emergence of new markets and the expansion of markets ranging from food to pharmaceuticals. The Group recognizes that target industries and domains are expanding, therefore we will provide solutions leading to the resolution of customers' issues and their business growth by increasing products and services in response to these.</p> <p>Number of customers using services 1 million companies</p>	<ul style="list-style-type: none"> • Expansion of customer base through the enhancement of logistics solutions Against the backdrop including the "2024 problem" for logistics, outsourcing in-house transportation to specialized logistics companies such as our Group is on the rise, and new business opportunities are being created in a wide range of areas in the logistics market. By continuing to provide logistics solutions meeting these new needs centered on GOAL, we aim to enhance our logistics solutions and expand our customer base.
Environmental resources 	<p>Promotion of environmental initiatives leading the industry</p> <p>Promotion of decarbonization is recognized as a priority issue for a corporate group handling social infrastructure in the form of logistics. The Group has been leading the industry with initiatives to reduce environmental impact since the 1990s, such as switching to environmentally friendly vehicles. We also implement preservation activities in the forests we own.</p> <p>Percentage of environmentally friendly vehicles including EVs 64.1%</p> <p>Renewable energy percentage in electric power used 27.8%</p> <p>Area of forests owned 862 ha</p> <p>Number of eco-friendly uniforms used <small>(FY2002-2022)</small> Approx. 3.5 million <small>(equivalent to 17.4 million PET bottles)</small></p>	<ul style="list-style-type: none"> • Realization of decarbonization through the reduction of the Company's CO₂ emissions We aim to be carbon neutral in 2050 by promoting the measures mentioned in the Decarbonization Vision mainly through introduction of environmentally friendly vehicles and renewable energy. We will promote a wide range of measures, including such initiatives as introducing environmentally friendly logistics facilities, "green purchasing" selecting products with little environmental impact, and circulation of resources through eco-friendly uniforms. • Contribution to the reduction of customers' Scope 3 CO₂ We will contribute to the reduction of customers' Scope 3 CO₂ emissions by contributing to creation of efficient supply chains for customers through logistics such as the reduction of the number of vehicles required for transportation. Furthermore, we will promote the development of services required for the realization of a carbon-free society such as visualization of CO₂ emissions related to transportation and the combination of diverse modes of transportation with low environment impact. • Forest preservation and creation of carbon credits We are engaged in maintaining the forest cycle through forest preservation projects by Sagawa Forestry. Furthermore, we will utilize carbon credits created through forests to offset the Group's CO₂ emissions.