

# Materiality and KPIs



Grow the new Story.  
New logistics, nurturing a new society together.

Large category	Subcategory	Major initiatives	KPIs	Progress in FY2022
Enhancement of comprehensive logistics solutions	① Promotion of services aimed at solving social and environmental issues such as decarbonization	<ul style="list-style-type: none"> <li>Reduction of Scope 1+2 emissions (vs. FY2013) * FY2024 target : 15% reduction</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of GHG emissions of the Company and customers (senders)</li> </ul>	<ul style="list-style-type: none"> <li>Scope 1+2 emissions reduced by 13.4% vs. FY2013</li> <li>Reduced by 4.1% year on year due to reduction of light vehicles (gasoline vehicles), switching to hybrid vehicles and expansion of renewable energy implementation rate</li> </ul>
		<ul style="list-style-type: none"> <li>Percentage of renewable energy in power usage * FY2030 target : 40%</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of environmentally friendly vehicles (Total of EV, HV, CNG and clean diesel) * FY2030 target : 98%</li> </ul>	<ul style="list-style-type: none"> <li>27.8% renewable energy percentage (+13.2 points year on year)</li> <li>64.1% environmentally friendly vehicles (+4.9 points year on year)</li> </ul>
		<ul style="list-style-type: none"> <li>Promotion of initiatives aimed at the creation and expansion of new services and businesses</li> </ul>	<ul style="list-style-type: none"> <li>Consideration of new services and businesses aimed at the resolution of social and environmental</li> </ul>	<ul style="list-style-type: none"> <li>Commencement of environmentally friendly Hikyaku JR Container Transportation Service</li> <li>Expansion of home appliance recycling service aimed at a recycling-oriented society</li> </ul>
		<ul style="list-style-type: none"> <li>Expansion of TMS projects</li> <li>Increased TMS usage rate by existing customers</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of TMS/3PL networks and enhancement of ancillary solutions</li> </ul>	<ul style="list-style-type: none"> <li>TMS operating revenues * FY2023 target : 128 billion yen</li> </ul>
	② Expansion of TMS/3PL networks and enhancement of ancillary solutions	<ul style="list-style-type: none"> <li>Expansion of share of existing customers</li> <li>New lanes, expansion of industries</li> </ul>	<ul style="list-style-type: none"> <li>Expolanka operating revenues * FY2023 target : 137 billion yen</li> </ul>	<ul style="list-style-type: none"> <li>TMS operating revenues : 119.7 billion yen (116.9% year on year)</li> <li>Exceeded previous year due to active proposal-based sales</li> </ul>
		<ul style="list-style-type: none"> <li>Expansion of international and overseas services</li> </ul>	<ul style="list-style-type: none"> <li>Expolanka operating revenues : 207.3 billion yen (54.9% year on year)</li> <li>The volume of marine and air cargo handled decreased significantly from previous year due to excess inventory levels continuing in the United States, etc. Initiatives are midway in the above market environment</li> </ul>	
	④ Improvement of profitability through enhancement of service and improvement of efficiency in express package delivery service	<ul style="list-style-type: none"> <li>Development of new services, strengthening of services peripheral to express package delivery services</li> <li>Expansion of sales in new areas</li> </ul>	<ul style="list-style-type: none"> <li>Number of packages handled * FY2023 target : 1.4 billion</li> </ul>	<ul style="list-style-type: none"> <li>Number of packages handled : 1.41 billion (99.1% year on year)</li> <li>Despite a recovery in economic activity, cargo movement slowed from Q3</li> </ul>
		<ul style="list-style-type: none"> <li>Initiatives to receive appropriate freight tariffs</li> </ul>	<ul style="list-style-type: none"> <li>Average unit price * FY2023 target : 648 yen</li> </ul>	<ul style="list-style-type: none"> <li>Average unit price : 643 yen (-3 yen year on year)</li> <li>Implemented ongoing initiatives to receive appropriate freight tariffs However, decreased slightly due to decrease in large packages from previous year</li> </ul>
		<ul style="list-style-type: none"> <li>Improvement of efficiency of express package delivery services</li> </ul>	<ul style="list-style-type: none"> <li>Operating margin of Delivery Business * FY2023 target : 7.8% (Operating margin is expected to decrease from the previous year due to upfront costs aimed at strengthening internal and external resources.)</li> </ul>	<ul style="list-style-type: none"> <li>Operating margin of Delivery Business : 9.5% (+0.6 points year on year)</li> <li>Implemented appropriate cost controls through improvement of efficiency such as streamlining of personnel and digitalization</li> </ul>
	Expansion of management resources leading to competitive advantages	⑤ Strengthening of domestic and overseas transportation network including alliances	<ul style="list-style-type: none"> <li>Development of management personnel and personnel able to propose solutions</li> <li>Realization of diverse work styles, flexible promotion of personnel</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of SAGAWA Partner Program</li> <li>Holding meetings to promote appropriate transactions</li> </ul>
<ul style="list-style-type: none"> <li>Periodic monitoring of employee engagement indicators</li> <li>Planning and promotion of initiatives through monitoring results</li> </ul>			<ul style="list-style-type: none"> <li>Expansion of alliance partners associated with sales strategy</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of network with local alliance partners contributing to the acquisition of Chinese cross-border e-commerce business</li> </ul>
⑥ Investment in human capital and improvement of employee engagement		<ul style="list-style-type: none"> <li>Promotion of measures through three aspects (strengthening of services, improvement of efficiency of operations, evolution of digital infrastructure)</li> <li>Development of personnel handling DX planning</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of training, etc. aimed at the development of management personnel and solution personnel</li> <li>Promotion of work style reform measures</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of management development program, Women's Career Support Training, next-generation leader training, etc.</li> <li>Introduction of promotion system aimed at early development of young employees</li> <li>Promotion of internal committees, seminars, etc. aimed at fostering a culture of understanding and voluntarily working on D&amp;I</li> </ul>
		<ul style="list-style-type: none"> <li>Hosting accelerator program and strengthening of systems aimed at the creation of new businesses</li> </ul>	<ul style="list-style-type: none"> <li>Affirmative response rate for questions regarding "employee engagement"</li> <li>Affirmative response rate for questions regarding "creating an environment that makes good use of employees"</li> </ul>	<ul style="list-style-type: none"> <li>"Employee engagement" : 57% (±0 points year on year)</li> <li>"Creating an environment that makes good use of employees" : 54% (+1 point year on year)</li> </ul>
⑦ Creation of competitive advantages through investment in DX	<ul style="list-style-type: none"> <li>Promotion of services and measures through DX strategy</li> <li>Promotion of DX planning personnel development activities</li> </ul>	<ul style="list-style-type: none"> <li>Implemented fully digital express delivery invoices</li> <li>Chosen as a DX Stock for second consecutive year due to recognition of DX promotion strategy in the medium-term management strategy</li> </ul>		
⑧ Creation of new value through open innovation	<ul style="list-style-type: none"> <li>Promotion of activities aimed at the creation of new businesses and services</li> </ul>	<ul style="list-style-type: none"> <li>Expanded open innovation activities to ten domestic Group companies</li> <li>Selected four partner companies for proceeding with consideration of commercialization in accelerator program</li> </ul>		
Enhancement of Governance	⑨ Creation of governance structure that meets global standards	<ul style="list-style-type: none"> <li>Strengthening of international legal functions, strengthening of governance of overseas subsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of governance meeting global standards, promotion of initiatives aimed at advancement of compliance</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened internal control systems of overseas Group companies</li> </ul>
	⑩ Ongoing advancement of compliance	<ul style="list-style-type: none"> <li>Establishment of systems and promotion of education aimed at strengthening of preventative legal work and compliance</li> </ul>	<ul style="list-style-type: none"> <li>Promoted security education, harassment education, etc.</li> </ul>	