

Large category	Subcategory	Reasons for selection, purpose	Major initiatives	KPIs	Progress in FY2023
Enhancement of comprehensive logistics solutions	(1) Promotion of services aimed at solving social and environmental issues such as decarbonization	The Company recognizes that it is increasingly required to respond to various social issues, such as climate change, increasingly severe disasters, and the declining birthrate and aging population. Through the logistics solutions provided by the Group, we aim to reduce the burden on society and the environment by building a supply chain that is more sustainable and environmentally friendly for our customers.	Reduction of GHG emissions of the Company and customers (senders)	Reduction of Scope 1+2 emissions (vs. FY2013) * FY2024 target: 15% reduction	- Scope 1+2 emissions reduced by 19.6% vs. FY2013 - Reduced by 7.1% year on year due to expansion of renewable energy implementation rate
				Percentage of renewable energy in power usage * FY2030 target: 40%	- 47.7% renewable energy percentage (+19.9 points year on year) - The introduction plan is moving ahead of schedule, and the target will be achieved during FY2023
				Percentage of environmentally friendly vehicles (Total of EV, HV, CNG and clean diesel) * FY2030 target: 98%	- 77% environmentally friendly vehicles (+13 points year on year)
			Consideration of new services and businesses aimed at the resolution of social and environmental issues	Promotion of initiatives aimed at the creation and expansion of new services and businesses	- Started delivery service using next-generation biodiesel with I8 - Expanded use of Hikyaku JR Container Transportation Service and home appliance recycling service
	(2) Expansion of TMS/3PL networks and enhancement of ancillary solutions	Customers are demanding more advanced logistics solutions due to a declining workforce, evolving technology, and the diversification of their services. By strengthening functions and proposal capabilities in "areas other than express package delivery services," we will expand our proposal areas and services to the entire supply chain of our customers.	- Expansion of TMS projects - Increased TMS usage rate by existing customers	TMS sales * FY2024 target: 120 billion yen	- TMS sales: 113 billion yen (94.4% year on year) - Decreased from the previous fiscal year due to the absence of projects related to COVID-19, etc. (increased year on year when excluding special factors related to COVID-19)
	(3) Strengthening of international and overseas services	The Company will respond to the expansion of international cargo volume against the backdrop of medium- to long-term growth of the global economy by strengthening its global and overseas services, including cargo to and from Japan. We will contribute to the expansion of our customers' international business and increase the Group's volume of goods in the Last One Mile.	- Expansion of share of existing customers - New lanes, expansion of industries	Expolanka operating revenues * FY2024 target: 136 billion yen	- Expolanka operating revenues: 113.8 billion yen (54.9% year on year) - Ocean and air cargo volumes declined due to the slowdown of the global economy, and freight rates remained at the same level - Expanded sales of logistics services by strengthening customs clearance and forwarding functions in North America through M&A
	(4) Improvement of profitability through enhancement of service and improvement of efficiency in express package delivery service	In the express package delivery services business, which is an important business base for the Group, we will maintain our business base and sustainable business growth through improvement of service and profitability by promoting investments to increase capacity and improve operational efficiency in anticipation of market growth.	- Development of new services, strengthening of services peripheral to express package delivery services - Expansion of sales in new areas	Number of packages handled * FY2024 target: 1.38 billion	- Number of packages handled: 1.37 billion (97.4% year on year) - Decreased due to weakening of household consumer spending caused by soaring domestic prices, etc.
			Initiatives to receive appropriate freight tariffs	Average unit price * FY2024 target: 662 yen	- Average unit price: 648 yen (+5 yen year on year) - Implemented ongoing initiatives to receive appropriate freight tariffs
			Improvement of efficiency of express package delivery services	Operating margin of Delivery Business * FY2024 target: 7.7% (Operating margin is expected to decrease from the previous year due to accumulation of expenses due to addressing the 2024 problem including partner companies)	- Operating margin of Delivery Business: 7.9% (-1.6 points year on year) - Although the profit margin declined from the previous year due to a decrease in the number of packages handled, the target level was achieved through cost control measures such as a review of vehicle allocation (7.8% target in FY2023) - Opened Sagawa Express official LINE account, contributing to the improvement of absence redelivery
Expansion of management resources leading to competitive advantages	(5) Strengthening of domestic and overseas transportation network including alliances	In an environment of a shrinking workforce and aging drivers, we will maintain and expand our domestic transportation and delivery network by strengthening alliances with diverse partners. Overseas, we plan to expand revenues by leveraging alliances with leading local partners.	[Japan] Strengthening of relationships with partner companies and expansion of support system	- Expansion of SAGAWA Partner Program - Holding meetings to promote appropriate transactions	- Expanded SAGAWA Partner Program targets and enhanced communication through additional functions on the dedicated website - From the end of FY2022, we regularly held Appropriate Transaction Promotion Meetings, confirmed requests from partner companies (cooperating companies), and set up a forum for discussions
			[Overseas] Expansion of alliance partners associated with sales strategy	Expansion of alliance partners	- We expanded our network by linking Expolanka with two North American logistics companies acquired in FY2022
	(6) Investment in human capital and improvement of employee engagement	In order to expand businesses other than express package delivery services (TMS, 3PL, global, etc.), which are the growth drivers in our SGH Vision 2030, it is necessary to acquire and develop solution personnel such as global and DX personnel. We will expand the human resource base to "create a competitive advantage for the next generation" by fostering a corporate culture that allows for new challenges.	- Development of management personnel and personnel able to propose solutions - Realization of diverse work styles, flexible promotion of personnel	- Implementation of training, etc. aimed at the Development of management personnel and solution personnel - Promotion of work style reform measure	- Implemented management development program, Women's Career Support Training, next-generation leader training, etc. - Ongoing implementation of internal committees, seminars, etc. to promote DE&I
			- Periodic monitoring of employee engagement indicators - Planning and promotion of initiatives based on monitoring results	- Affirmative response rate for questions regarding "employee engagement" * FY2024 target: 57% - Affirmative response rate for questions regarding "creating an environment that makes good use of employees" * FY2024 target: 55%	- "Employee engagement": 56% (-1 point year on year) - "Creating an environment that makes good use of employees": 54% (-1 point year on year)
	(7) Creation of competitive advantages through investment in DX	In addition to a shrinking workforce and evolving technology, express package delivery services are likely to face a different competitive environment than in the past against the backdrop of factors such as the diversification of customer services. By combining technology with the Group's resources, we will realize DX and expand services that can solve various issues faced by society and our customers.	- Promotion of measures through three aspects (strengthening of services, improvement of efficiency of operations, evolution of digital infrastructure) - Development of personnel handling DX planning	- Promotion of services and measures through DX strategy - Promotion of DX planning personnel Development activities	- Launched a joint demonstration test of an AI-equipped cargo loading robot with Sumitomo Corporation and Dexterity - Conducted basic training and planning workshops to develop DX personnel
	(8) Creation of new value through open innovation	We will create new value by crossing our resources with the superior, proprietary services possessed by startups and companies in other industries, without being limited by the Group's internal knowledge and values.	Hosting accelerator program and strengthening of systems aimed at the creation of new businesses	Promotion of activities aimed at the creation of new businesses and services	- Nine partner companies presented ten co-creation ideas in the accelerator program
Further strengthening of governance	(9) Creation of governance structure that meets global standards (10) Ongoing advancement of compliance	As a publicly listed corporate group, all Group companies, both domestic and international, will strive to enhance their governance and compliance, the fundamental foundation for achieving transparency and credibility of their activities to their stakeholders.	- Strengthening of international legal functions, strengthening of governance of overseas subsidiaries - Establishment of systems and promotion of education aimed at strengthening of preventative legal work and compliance	Strengthening of governance meeting global standards, promotion of initiatives aimed at advancement of compliance	- Continued activities to strengthen internal control systems at overseas Group companies - Ongoing implementation of security education, harassment education, etc.