

Materiality

New Materiality and KPI list

Materiality	Social issues	Background to selection	Major initiatives	FY2028/3 Targets / KPIs	Related MTMP key strategies	Related SDGs
Enhancement of logistics solutions	Transformation of consumption activities (diversification, increased fluidity, globalization) Shrinking labor force in Japan, increased risk of inability to deliver due to shortages of drivers	Opportunity The transformation of consumption activities is a trend that the Group must closely monitor and respond to promptly in order to continue to be an indispensable presence (= infrastructure) for our customers and society. We recognize that providing diverse solutions to resolve social and customer issues from a global perspective represents an opportunity that the Company should seize for sustainable growth. While driver shortages pose a risk, the fact that the Group has secured sufficient resources provides us with a competitive advantage. We believe that this also gives as an opportunity to provide efficient and stable transportation solutions by utilizing resources both within and outside the Group.	- Provision of logistics solutions that meet diverse needs - Expansion of areas in which we offer proposals in global logistics - Enhancement of quality so that customers choose our services	Expansion in growth areas* for express package delivery services Number of packages handled: +44 million (compared to FY2024) * Real commerce, cross-border e-commerce, low-temperature logistics Sales of low-temperature logistics solutions: +50.0 billion yen (compared to FY2023) Freight forwarding - Air cargo volume: 370 thousand tons - Ocean cargo volume: 330 thousand TEU Customer service quality in express package delivery services: year-on-year improvement every fiscal year	Expansion of domestic service areas and our global logistics infrastructure (1) Strengthening our revenue base through expanding the service competitiveness and improving the efficiency of express package delivery services (2) Building one of the best cold chains in Japan through expansion of low-temperature logistics solutions (3) Enhancing added-value in domestic logistics and expanding the TMS business domain (4) Expanding the customer base and improving profitability of global logistics	
Strengthening of growth platform with personnel and partners	Balancing job satisfaction and economic growth Shrinking workforce	Opportunity Risk Securing human resources in both quantitative and qualitative terms to maintain and expand our business is vital for the Group as we operate in a labor-intensive industry. Failure to secure adequate resources would make it difficult for us to maintain our logistics infrastructure, threatening business continuity and posing the risk of significant financial losses for the Group. On the other hand, we also recognize this as an opportunity. By securing resources for the Company and for partner companies, and securing and developing sufficient personnel with the knowledge necessary for growth, we can expect to see our business grow further. To continuously secure resources, it will be important to make the Company, and by extension the logistics industry, a place that offers appealing work. Aiming to create workplaces that provide job satisfaction by improving environments so that anyone can work comfortably, by evaluated fairly, and receive appropriate compensation will lead to the development of both the Company and the industry.	- Development of human resources who can drive sustainable growth globally - Securing of human resources and improvement of efficiency to support infrastructure - Establishment of a basis to leverage performance that respects human rights and diversity - Construction of sustainable infrastructure through co-creation with partner companies	Number of DX/global personnel developed: 70 persons/year Improvement of employee retention rate Percentage of female managers: 12% Employee engagement Positive response rate: +1 pt. every fiscal year (compared to previous fiscal year) Performance of human rights due diligence, provision/expansion of human rights education Building of partnerships through proper consultation with and support for partner companies	Expansion of management resources to support growth (5) Maintaining and strengthening our service infrastructure, including strengthening of coordination with partner companies (6) Maximizing corporate value through investment in human capital (7) Enhancing business competitiveness through investment in DX, R&D, and the latest technologies	

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Strengthening of measures to address environmental issues	Impact of climate change (Emissions reduction, etc.)	Opportunity Risk Initiatives to address environmental issues have an important social role, but as we are a company that uses vehicles in its operations, they also have a significant impact on our business. If no measures are taken and global warming progresses, there is a possibility that our profits could be squeezed by increased costs associated with adapting to the changed environment. On the other hand, given the growing importance of environmental action in recent years, working on solutions to resolve environmental issues can help consignors reduce their Scope 3 emissions, so it offers the prospect of new business opportunities. In addition, as climate change progresses, we can contribute, as social infrastructure, to emissions reductions across the entire supply chain. For details, see Environment-related Opportunities and Risks (TCFD Report) Web	- Contribution to the establishment of a decarbonized society - Promotion of initiatives for circulation of resources - Construction of a resilient logistics network adapted to climate change	GHG emissions reduction rate (compared to FY2013) * To be disclosed in May 2026 Development and strengthening of recycling-oriented logistics solutions Strengthening of domestic BCM framework, and risk assessments and more powerful risk mitigation measures overseas Strengthening of disaster prevention and disaster support activities		      
Enhancement of safety and compliance	Growing awareness of compliance Increased cyber security risks	Risk Legal compliance is a fundamental prerequisite for business operations. The Group, in particular, conducts numerous transactions with subcontractors and frequently handles important information such as the addresses of consumers as it conducts business. As a company with a declared goal of continuing to serve as infrastructure, the monitoring of compliance with laws and regulations, as well as a compliance structure for ensuring the safety of customers and consumers by mitigating risks such as information leakage, are critical tasks for us. Non-compliance could result in significant impacts such as business suspension risk and reputational risk.	- Fair business operations - Traffic safety and occupational safety - Protection of the privacy of customers and business partners	Implementation and expansion of compliance training for all employees Suppression of long working hours Number of serious personal injury accidents: Zero Provision of security education and updating of security measures	Initiatives for sustainable management (8) Responses aimed at solving social and environmental issues such as decarbonization (9) Enhancing governance to increase corporate value	  
Advancement of governance	Focus on corporate transparency and accountability	Opportunity Risk Advancing governance and administering the Company in a highly transparent manner is essential for executing the strategies to which we have committed. As a listed company, we are also subject to increasing demands to enhance our governance, and we recognize that failure to respond to these demands would be viewed as risks for the Company's growth and damage our corporate value. However, by advancing our governance, transparency and confidence in our growth prospects will increase, resulting in us being perceived as a low-risk enterprise. This will lead to a reduction in our cost of shareholders' equity capital, so we also view it as an opportunity to increase our corporate value.	- Establishment of transparent governance structure and enhancement of its effectiveness - Enhancement of trust with stakeholders	Implementation of measures based on Board of Directors effectiveness evaluations and results of interviews with Officers Initiatives aimed at advancing corporate governance Expansion of dialogue with stakeholders in Japan and overseas - Small meetings with President and Outside Directors: One of each per year - Meetings with institutional investors and analysts: Approximately 300 times per year - Theme-based small meetings: Held on an ad hoc basis (at least three in FY2025) - Expansion of overseas IR		  

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Progress in FY2025/3

Large category	Sub category	Reason for selection, purpose	Major initiatives	KPI	Results for FY2025/3
Enhancement of comprehensive logistics solutions (GOAL)	(1) Promotion of services aimed at solving social and environmental issues such as decarbonization	The Company recognizes that there is an increasing need for the Company to respond to various social issues, such as climate change, the increasing severity of 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 helping our customers build supply chains that are more sustainable and also give more consideration to the global environment.	Reduction of GHG emissions of the Company and customers (senders)	Reduction rate of Scope 1+2 emissions (vs. FY2013) * FY2024 target: 15% reduction Renewable energy percentage in electric power used * FY2030 target: 40% Percentage of environmentally friendly vehicles (total of EVs, FCVs, HVs, CNG and clean diesel vehicles) * FY2030 target: 98%	- Reduction of Scope 1+2 emissions: 22.0% reduction vs. FY2013 3.4% reduction compared to the previous year due to an increase in the renewable energy implementation rate, etc. 56.4% renewable energy percentage (+8.7 points year on year) (preliminary value) (FY2030 target will be reset in accordance with the revision of the decarbonization vision) 92.1% environmentally friendly vehicles (+15.1 points year on year)
	(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 net sales * FY2024 target: 120.0 billion yen	- Expanded cooperating local governments for large appliance collection service(156 local governments, +45 year on year, as of April 1, 2025) - Expanded partnerships with local governments, including comprehensive partnership agreements, disaster agreements, and monitoring agreements (cumulative total of 719 agreements as of April 30, 2025) - Started providing disaster prevention solutions in cooperation with Mitsui Sumitomo Insurance Company, Limited
	(3) Strengthening international and overseas services	We will respond to the expansion of international cargo volumes against the backdrop of medium- to long-term growth of the global economy, by strengthening 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 mile.	- Expansion of share of existing customers - New lanes, expansion of industries	Operating revenue of Expolanka * FY2024 target: 136.0 billion yen	Expanded providing disaster prevention solutions in cooperation with Mitsui Sumitomo Insurance Company, Limited
	(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 operating base for the Group, we will maintain the operating base and achieve sustainable business growth by improving services and profitability through the implementation of investments aimed at improving capacity in anticipation of market growth and improving the efficiency of our operations.	- Development of new services, strengthening of services peripheral to express package delivery services - Expansion of sales in new areas	Packages handled * FY2024 target: 1.38 billion	- Operating revenue of Expolanka: 216.2 billion yen (189.9% year on year) - Both unit price and handling volume exceeded the plan due to the impact of the avoidance of the Red Sea passage and other factors, as well as favorable price negotiations and new acquisitions
			- Initiatives to receive appropriate freight tariffs - Improvement of efficiency of express package delivery services	Average unit price * FY2024 target: 662 yen Operating margin of Delivery Business * FY2024 target: 7.7% (Expected to decrease from the previous year due to the accumulation of expenses related to the 2024 problem including those in partner companies)	- Number of packages: 1.32 billion (95.9% year on year, the figure before the change in the scope of data collection) - Fell below target due to weaker consumer sentiment and an increasingly competitive environment - Average unit price: 662 yen (+14 yen year on year, the figure before the change in the scope of data collection) - Increased due to revisions to reported tariffs from April 2024 and efforts to receive appropriate freight tariffs for each transaction - Operating margin of Delivery Business: 6.8% (-1.1 points year on year) - Decreased due to higher unit prices for outsourcing and additional expenses to maintain employee salary levels - Started a "doorstep delivery" service for leaving packages on the doorstep and nationwide expansion of pickup at post offices to improve customer convenience and reduce redelivery of packages

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Progress in FY2025/3

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Expansion of management resources leading to the creation of competitive advantages	(5) Strengthening 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 [Overseas] Expansion of alliance partners associated with sales strategy	• Expansion of SAGAWA Partner Program • Holding meetings to promote appropriate transactions • Expansion of alliance partners	• SAGAWA Partner Program enhanced communication with partner companies and improved convenience by adding services and functions on the dedicated website • Continuously held meetings to promote appropriate transactions and set up regular communication opportunities with partner companies • Decided to integrate Morrison into the Group to expand our business areas and customer base (completion of share acquisition on May 20, 2025)
	(6) Investment in human capital and improvement of employee engagement	In order to expand businesses other than express package delivery services (such as TMS, 3PL and global businesses), which are growth drivers in the 2030 Vision, it is necessary to acquire and train solution personnel such as global personnel 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 • Periodic monitoring of employee engagement indicators • Planning and promoting initiatives based on monitoring results	• Implementation of training, etc. aimed at the development of management personnel and solution personnel • Promotion of work style reform measures • 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%	• Implementation of management development program, Seminars for Newly Certified GMs, Women's Career Support Training, training to develop solution personnel (GOAL, global, and DX personnel), etc. • Ongoing implementation of internal committees, seminars, etc. to promote DE&I • "Employee engagement": 55% (-1 point year on year) • "Creating an environment that makes good use of employees": 53% (±0 points year on year) • Although the above Group-wide results have not yet improved, about 80% of operating companies received higher evaluations than the previous year for actions taken after the last survey. Planned actions for improvement in FY2025 after analyzing the results for each operating company
	(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	• Promoted joint demonstration experiment of an AI-equipped cargo loading robot with Sumitomo Corporation and Dexterity • Signed a strategic partnership agreement with Google Cloud Japan to enhance integrated logistics functions through the use of DX • Conducted basic and applied training to develop DX personnel
	(8) Creation of new value through open innovation	We will create new value by combining the unique services of start-ups and companies in different industries with the Company's resources, without being constrained by the knowledge and values within the Group.	• 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	• In the open innovation programs, seven partner companies presented co-creation ideas, two of which were selected as collaboration ideas to proceed to the demonstration experiment phase
	(9) Creation of governance structure that meets global standards	As a publicly listed corporate group, all Group companies, both domestic and international, will strive to enhance their governance and compliance, which is 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 of overseas Group companies • Established and developed domestic and international preventive legal systems (personal information protection, compliance with the Subcontract Act, etc.) • Ongoing implementation of security education, harassment education, etc.
Further advancement of governance	(10) Ongoing advancement of compliance				