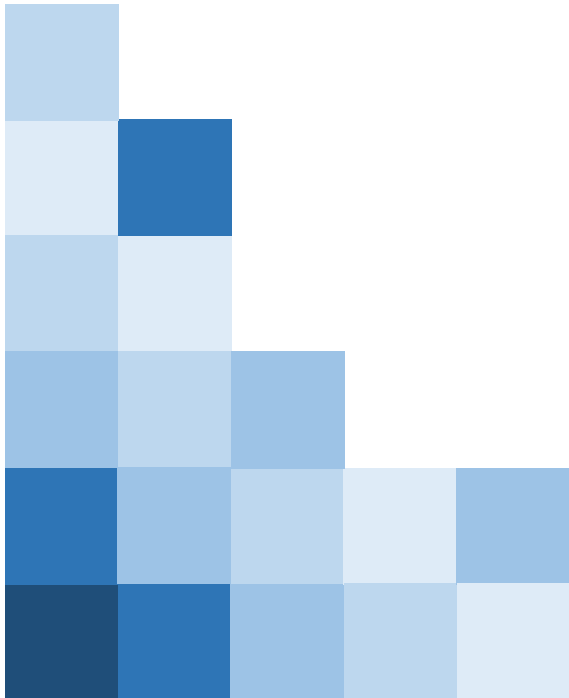


Sagawa Express

ESG Data 2023



<Environment>

Greenhouse Gas Emission Reduction Targets

■ Greenhouse gas (GHG) reduction targets

- FY2030: Reducing Scope 1 and 2 CO₂ emissions by 46% (* compared to FY2013)
- FY2050: Aiming for carbon neutrality

■ Measures to reduce CO₂ emissions

- Introducing environmentally friendly vehicles such as EVs
- Expanding the ratio of renewable energy in electricity consumption
- Promoting modal shift

Progress in Reducing GHG Emissions

Targets and Results

(Unit: t-CO₂)

		FY2013 (base value)	FY2022	FY2024	FY2030
Target	Scope 1 and 2	393,862	345,620	334,900	212,685
	Reduction rate	—	12.2%	15.0%	46.0%
Results	Scope 1 and 2		343,783		
	The value in parentheses is the ratio to the target value.	393,862	(-1,837)	—	—
	Reduction rate		12.7%		
	The value in parentheses is the ratio to the target value.	—	(0.5%)	—	—

Targets and Results

Air Pollution Prevention

	Unit	FY2024 target	FY2022 target	FY2022 results
Vehicle NOx emission	%	35% reduction compared to FY2020	No target value due to the target being set in FY2022	27.8% reduction compared to FY2020
Main measures	<ul style="list-style-type: none"> Introducing environmentally friendly vehicles / Promoting vehicle electrification (EVs, FCEVs) 			

Reduction of Water Consumption

	Unit	FY2024 target	FY2022 target	FY2022 results
Water withdrawal intensity (per employee)	%	4% reduction compared to FY2020	2% reduction compared to FY2020	26.9% increase compared to FY2020
Main measures	<ul style="list-style-type: none"> Promoting company-wide reduction activities 			

Reduction of Waste

	Unit	FY2024 target	FY2022 target	FY2022 results
Industrial Waste Discharged Externally	%	4% reduction compared to FY2020	2% reduction compared to FY2020	24.4% reduction compared to FY2020
Main measures	<ul style="list-style-type: none"> Promoting recycling 			

Promotion of Resource Circulation

	Unit	FY2024 target	FY2022 target	FY2022 results
Amount of recycled stretch film	%	200% increase compared to FY2022	No target value due to the target being set in FY2022	183.4% increase compared to FY2020
Main measures	<ul style="list-style-type: none"> Recycling stretch film used for transportation 			

Reduction of Energy Consumption

	Unit	FY2024 target	FY2022 target	FY2022 results
Energy consumption intensity	%	4% reduction compared to FY2020	2% reduction compared to FY2020	4.0% increase compared to FY2020
Main measures	<ul style="list-style-type: none"> Strengthening energy management - Expanding the installation of LED lighting 			

Biodiversity Conservation

	Unit	FY2024 target	FY2022 target	FY2022 results
Number of times employees participate in conservation activities for the company-owned "Forest of Takao 100 years"	times	10 times a year	10 times a year	9 times a year
Main measures	<ul style="list-style-type: none"> Implementing conservation activities (10 times a year) - Conducting an assessment through an ecosystem monitoring survey (4 times a year) 			

Total Resource Inputs (INPUT)

Total Energy Input

		Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Renewable energy	Electricity	GJ	1,273	1,137	6,352	83,266	☑ 226,630
	Biogas	GJ	1,160	833	1,028	809	☑ 495
Non-renewable energy	Electricity	GJ	740,459	739,050	754,288	712,248	☑ 581,158
	City/Town gas	GJ	686,002	536,738	461,102	371,552	☑ 311,431
	Propane	GJ	8,311	7,493	6,902	6,195	☑ 5,509
	LNG	GJ	999	1,256	1,060	435	0
	Diesel	GJ	2,822,425	2,867,891	2,961,829	3,081,909	☑ 3,125,687
	Gasoline	GJ	570,651	576,109	585,157	565,833	☑ 533,262
	Kerosene	GJ	4,931	4,665	4,499	3,530	☑ 3,292
	Heavy oil	GJ	3,910	4,223	3,715	3,793	☑ 3,754
Total		GJ	4,840,122	4,739,394	4,785,932	4,829,570	☑ 4,791,217
Energy input intensity per delivered package		MJ	3.7	3.6	3.4	3.4	3.4

• Boundary / Scope of coverage: Sagawa Express Co., Ltd. (All business sites inside Japan)

• No electricity sales

■ Calculation method

• Electricity: Calculated using unit conversion from MWh to GJ (3.6 GJ/MWh) (We revised the coefficient to convert electricity from MWh to GJ and electricity figures in GJ from FY2018 have been restated.)

• Fuel / Gas: Calculated using corresponding emission factors, etc. from the "List of Calculation Methods and Emission Factors in Calculation, Reporting and Publication Systems," based on the Act on Promotion of Global Warming Countermeasures (Global Warming Countermeasures Act)

• City gas: Calculated at the rate of 44.8 GJ/thousand m³

• Intensity: Energy input (Unit: MJ) / (Number of packages delivered by a home delivery service (Unit: piece) + Number of packages delivered by a mail delivery service (10 packages converted to one package delivered by a home delivery service))

• Indicators marked with "☑" are assured independently by KPMG AZSA Sustainability Co., Ltd.

Raw Material Input

		Unit	FY2020	FY2021	FY2022
Raw materials (packing materials)					
Paper	New materials	kg	1,272,242	1,116,284	976,551
	Recycled materials, etc.	kg	911,119	882,881	962,102
Polypropylene	New materials	kg	69,883	64,494	48,393
	Recycled materials, etc.	kg	0	0	0
Sofkloth	New materials	kg	10,545	1,101	1,816
	Recycled materials, etc.	kg	0	0	0
Polyethylene	New materials	kg	14,494	8,109	12,466
	Recycled materials, etc.	kg	47	74	159
Cotton	New materials	kg	791	0	0
	Recycled materials, etc.	kg	0	0	0
Polyester	New materials	kg	159	265	437
	Recycled materials, etc.	kg	0	0	0
Polyolefin	New materials	kg	0	8,080	8,242
	Recycled materials, etc.	kg	0	0	0
Recycled material ratio		%	40	42	48
Raw materials (uniform)					
Polyester	New materials	kg	2,945	4,114	1,403
	Recycled materials, etc.	kg	29,439	28,018	15,725
Cotton	New materials	kg	414	1,173	43
	Recycled materials, etc.	kg	589	1,639	65
Polyurethane	New materials	kg	69	95	31
	Recycled materials, etc.	kg	0	0	0
Recycled material ratio		%	90	85	91

• Boundary / Scope of coverage: Sagawa Express Co., Ltd. (All business sites inside Japan)

■ Calculation method

• Calculated based on the recycled material ratio (%)

• FY2020 data for raw materials was partially revised from previously published data.

Water Withdrawal

	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Tap water	thousand m ³	726	723	731	729	857
Industrial water	thousand m ³	4	2	0	0	0
Total	thousand m³	730	725	731	729	857
Water withdrawal intensity (per employee)	m ³	13.4	12.8	12.5	13.0	15.8

- Boundary / Scope of coverage: Sagawa Express Co., Ltd. (All business sites inside Japan)
- The scope of data collection expanded to include small stores as tenants from FY2022 data collection
- Calculated using the water withdrawal intensity per floor area for some business sites where the actual amount of water withdrawal could not be determined
- Confirmed that there were no water sources that were significantly affected by water withdrawal through evaluating and confirming water risks (quantitative risks) periodically by using the water risk map "AQUEDUCT" prepared by the World Water Resources Institute
- Intensity: Water withdrawal (unit: m³) / Number of employees
- Indicators marked with "☑" are assured independently by KPMG AZSA Sustainability Co.,Ltd.

Output of Environmental Load (OUTPUT)

Greenhouse Gas (GHG) Emissions

Greenhouse Gas (GHG) Emissions			Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Scope1	Energy-related CO ₂	Diesel	t-CO ₂	193,153	196,264	202,693	210,910	213,906
		Gasoline*1	t-CO ₂	38,263	38,629	39,236	37,940	35,756
		Natural gas	t-CO ₂	31,891	24,863	20,847	16,491	13,653
		LNG	t-CO ₂	49	62	52	21	0
		Kerosene	t-CO ₂	335	316	305	240	223
		Heavy oil A	t-CO ₂	271	293	257	263	260
		City/Town gas	t-CO ₂	2,256	1,854	2,105	2,004	1,849
		Propane gas	t-CO ₂	491	443	408	366	325
	Non-energy-related GHG (CO ₂ equivalent)	HCFC*2	t-CO ₂	123	187	123	2	45
		HFC*3	t-CO ₂	5,511	6,340	5,530	5,889	5,857
		Dry ice	t-CO ₂	-	-	-	2,263	2,468
		Scope 1 Total		t-CO ₂	272,343	269,251	271,557	276,389
Scope2	Energy-related CO ₂	Electricity	t-CO ₂	105,310	100,182	91,559	83,188	☑ 69,440
Scope3	Scope 3 Total		t-CO ₂	878,300	962,084	1,123,640	1,064,132	☑ 1,372,508
Total	Scope 1 and 2 Total		t-CO ₂	377,653	369,433	363,116	359,577	☑ 343,783
	Scope 1, 2, and 3 Total		t-CO ₂	1,255,953	1,331,518	1,486,756	1,423,710	☑ 1,716,291
Intensity	CO ₂ emission intensity per unit of sales*4		t-CO ₂	0.41	0.38	0.35	0.34	0.32
	CO ₂ emission intensity per delivered package*5		g -CO ₂	289.1	280.9	257.6	250.4	241.1
	Vehicle emission intensity		g -CO ₂	201.6	197.5	186.5	184.8	184.6
	Non-vehicle emission intensity		g -CO ₂	87.5	83.3	71.2	65.6	56.4

• Boundary / Scope of coverage: Sagawa Express Co., Ltd. (All business sites inside Japan)

• Kerosene, heavy oil A, city/town gas, propane gas, HCFC, and HFC have been included in the scope of greenhouse gases since FY2019. Emissions in and before FY2018 have been retroactively recalculated. Dry ice has been included since FY2021.

*1 Including high octane gasoline *2 Hydrochlorofluorocarbon *3 Hydrofluorocarbon

*4 Intensity: Total CO₂ emissions (The sum of Scope 1 and Scope 2; Unit: t) / Operating revenue (Unit: million yen)

*5 Intensity: Total CO₂ emissions (The sum of Scope 1 and Scope 2; Unit: g) / (Number of packages delivered by a home delivery service (Unit: piece)

+ Number of packages delivered by a mail delivery service (10 packages converted to one package delivered by a home delivery service))

■ Calculation method

• Scope1:Excluding CO2 emissions from biological sources (biogas combustion 23,370m³)

• Scope1 (Fuel・Gas) : Calculated by multiplying fuel and gas consumptions by corresponding emission factors, etc. in the "List of calculation methods and emission factors for calculation, reporting, and publication systems" based on the Act on Promotion of Global Warming Countermeasures.

• Scope1 (Fluorocarbon) :Calculated by multiplying the amount of leakage of each type of fluorocarbons by the global warming potentials in accordance with the Act on Promotion of Global Warming Countermeasures.

• Scope2(Electricity):Calculated by multiplying electricity consumption by corresponding emission factors, etc. from "Emission factors by electric utility (for calculation of GHG emissions of specific emitters) — R3 Results — R5.1.24" published by Ministry of the Environment and Ministry of Economy, Trade and Industry. (For sites where the electricity supplier is unknown, the "national average emission factor" for the subject year is used.)

• Indicators marked with "☑" are assured independently by KPMG AZSA Sustainability Co.,Ltd.

Scope 3 CO₂ Emissions

		Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Cat.1	Purchased goods and services	t-CO ₂	777,716	838,907	916,930	924,533	☑ 74,438
Cat.2	Capital goods	t-CO ₂	48,150	43,431	126,355	60,359	☑ 43,815
Cat.3	Fuel- and energy-related emissions not included in scope 1 or scope 2	t-CO ₂	31,868	57,746	58,289	57,298	☑ 53,881
Cat.4	Upstream transportation and distribution	t-CO ₂	Included in the calculation of Scope 1				☑ 1,175,627
Cat.5	Waste generated in operations	t-CO ₂	2,429	2,298	2,759	2,405	☑ 5,527
Cat.6	Business travel	t-CO ₂	1,839	2,474	1,343	1,435	☑ 1,716
Cat.7	Employee commuting	t-CO ₂	15,066	15,883	16,924	16,913	☑ 16,372
Cat.8	Upstream leased assets	-	Included in the calculation of Scope 1				
Cat.9	Downstream transportation and distribution	-	Included in the calculation of Scope 1				
Cat.10	Processing of sold products	-	Processing of sold products is not applicable				
Cat.11	Use of sold products	-	Since sold products are packing materials, such as cardboard boxes, there are no CO ₂ emissions associated with their use.				
Cat.12	End-of-life treatment of sold products	t-CO ₂	1,231	1,346	1,040	1,189	☑ 1,131
Cat.13	Downstream leased assets	-	Included in the calculation of Scope 2				
Cat.14	Franchises	-	No applicable franchises				
Cat.15	Investments	-	Not applicable as the company is not an investment business				

• Boundary / Scope of coverage: Sagawa Express Co., Ltd. (All business sites inside Japan)

* Some changes made to Scope 3 calculation methods and accounting categories from FY2022 data collection (mainly for Categories 1, 4, and 5)

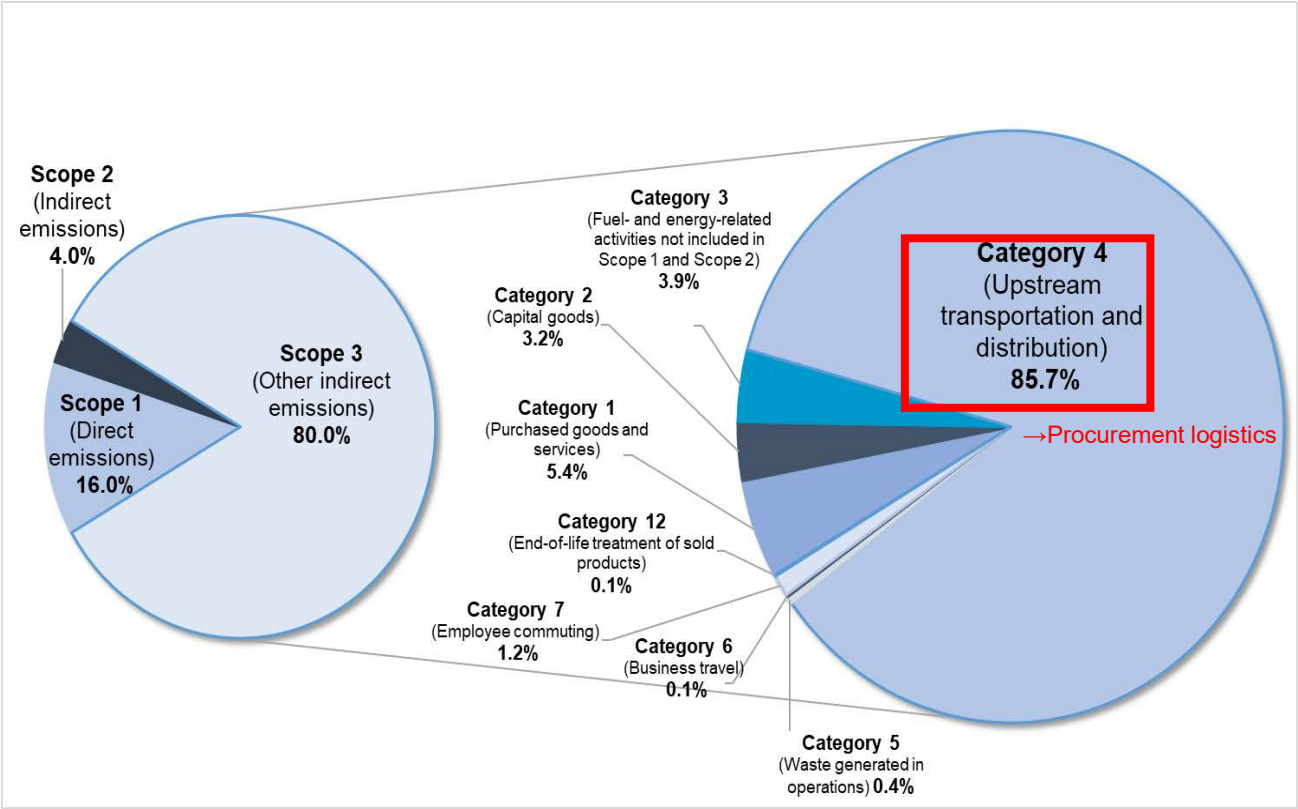
(For CO₂ emissions related to outsourced transportation, which had been recorded in Category 1 until FY2021, the scope of aggregation was reviewed in light of the actual transaction status. As a result, they have been recorded in Category 4 since FY2022.)

• Indicators marked with "☑" are assured independently by KPMG AZSA Sustainability Co.,Ltd.

Toward Reducing CO₂ Emissions throughout the Supply Chain

Sagawa Express focuses on LCA (life cycle assessment) in its delivery operations. Using the assessment results, we are working to reduce CO₂ emissions from procurement logistics operations, which account for the majority of Scope 3 CO₂ emissions. In order to reduce the number of trucks used in procurement logistics, we promote a modal shift and plan to establish a new large-scale relay center in the Kansai area (Amagasaki City, Hyogo Prefecture) in July 2026, consolidating the existing four relay centers in the area. By doing so, we aim to reduce CO₂ emissions.

■ Greenhouse Gas (GHG) Emissions by Type and Scope 3 Emissions by Category



Climate Change Measures Taken Together with Our Business Partners

Sagawa Express supports the decarbonization activities of partner companies through the Greening Program for Relevant Businesses^{*1} in Eco-Action 21.^{*2} We hold free study sessions to learn about how to create and operate an environmental management system in order to obtain Eco-Action 21 certification, taking the lead in inviting relevant companies to participate. By encouraging partner companies to disclose environmental information and conduct environmental activities, such as reducing CO₂ emissions, through Eco-Action 21, we aim to reduce CO₂ emissions throughout the logistics supply chain in the transportation sector.

^{*1} Greening Program for Relevant Businesses: A program organized by major companies that want to promote environmental initiatives in their value chains through Eco-Action 21 and business organizations that want to strengthen the environmental responsiveness of their members and member companies

^{*2} Eco-Action 21: A third-party certification and registration system for environmental management systems established by the Ministry of the Environment. Eco-Action 21 website (<https://www.ea21.jp/>)

<Number of companies participating in the Greening Program for Relevant Businesses> 15 companies

Emission Factors for Calculating CO₂ Emissions in Scope 3

Category		Source Description / Calculation method / Emission Factors
Cat.1	Purchased goods and services	<ul style="list-style-type: none"> Covers Products, etc. purchased by Sagawa Express (talligating from purchasing management system, etc.) CO₂ emissions = Procurement amount of purchased products and services x CO₂ emission intensity Emissions factors are based on the "Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain Ver3.3"(Ministry of the Environment) and LCI database IDEA version 2.3 (National Institute of Advanced Industrial Science and Technology (AIST) Safety Science Research Division IDEA Laboratory, General Incorporated Association Sustainable Management Promotion Organization).
Cat.2	Capital goods	<ul style="list-style-type: none"> Covers fixed assets acquired in the reporting year for Sagawa Express CO₂ emissions = Fixed asset acquisition amount × CO₂ emission intensity Emissions factors are based on the "Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain Ver3.3"(Ministry of the Environment) .
Cat.3	Fuel- and energy-related emissions not included in scope 1 or scope 2	<ul style="list-style-type: none"> Covers Fuel (diesel, gasoline, CNG, LNG, city/town gas, propane gas, kerosene, and fuel oil A) and electricity used across Sagawa Express CO₂ emissions = Fuel (diesel, gasoline, CNG, LNG, city/town gas, propane gas, kerosene, and fuel oil A) and electricity used across Sagawa Express × CO₂ emission intensity Emissions factors are based on the "Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain Ver3.3"(Ministry of the Environment) and the LCI database IDEA version 2.3 (National Institute of Advanced Industrial Science and Technology (AIST) Safety Science Research Division IDEA Laboratory, General Incorporated Association Sustainable Management Promotion Organization).
Cat.4	Upstream transportation and distribution	<ul style="list-style-type: none"> Covers outsourced transportation (line-haul transportation [trucks, trains, ships], subcontracted collection and delivery vehicles, outsourced delivery, air transport, and TMS [individual charter transport]), etc. for Sagawa Express CO₂ emissions = Outsourced transportation activity amount x CO₂ emission intensity Emissions factors are based on the "List of Calculation Methods and Emission Factors in Calculation, Reporting and Publication Systems" (the Ministry of the Environment), the "Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain Ver3.3"(Ministry of the Environment) , and the LCI database IDEA version 2.3 (National Institute of Advanced Industrial Science and Technology (AIST) Safety Science Research Division IDEA Laboratory, General Incorporated Association Sustainable Management Promotion Organization).
Cat.5	Waste generated in operations	<ul style="list-style-type: none"> Industrial and general waste generated from Sagawa Express business activities CO₂ emissions = Amount of outsourced disposal of industrial waste generated from Sagawa Express business activities × CO₂ emission intensity + Disposal cost of general waste × CO₂ emission intensity Emissions factors are based on the "Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain Ver3.3"(Ministry of the Environment).

Category		Source Description / Calculation method / Emission Factors
Cat.6	Business travel	<ul style="list-style-type: none"> Covers Sagawa Express employees $\text{CO}_2 \text{ emissions} = \text{Business travel expenditure for Sagawa Express employees} \times \text{CO}_2 \text{ emission intensity} + \text{Fuel usage for business travel using company-owned vehicles} \times \text{CO}_2 \text{ emission intensity}$ Emissions factors are based on the "Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain Ver3.3"(Ministry of the Environment) and the LCI database IDEA version 2.3 (National Institute of Advanced Industrial Science and Technology (AIST) Safety Science Research Division IDEA Laboratory, General Incorporated Association Sustainable Management Promotion Organization).
Cat.7	Employee commuting	<ul style="list-style-type: none"> Covers Sagawa Express employees $\text{CO}_2 \text{ emissions} = \text{Number of employees per business site} \times \text{Average number of days commuted} \times \text{CO}_2 \text{ emission intensity}$ Emissions factors are based on the "Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain Ver3.3"(Ministry of the Environment).
Cat.8	Upstream leased assets	<ul style="list-style-type: none"> Included in the calculation of Scope 1
Cat.9	Downstream transportation and distribution	<ul style="list-style-type: none"> Included in the calculation of Scope 1
Cat.10	Processing of sold products	<ul style="list-style-type: none"> Processing of sold products is not applicable
Cat.11	Use of sold products	<ul style="list-style-type: none"> Since sold products are packing materials, such as cardboard boxes, there are no CO_2 emissions associated with their use.
Cat.12	End-of-life treatment of sold products	<ul style="list-style-type: none"> Packing materials $\text{CO}_2 \text{ emissions} = \text{Weight of sold products} \times \text{CO}_2 \text{ emission intensity}$ Emissions factors are based on the LCI database IDEA version 2.3 (National Institute of Advanced Industrial Science and Technology (AIST) Safety Science Research Division IDEA Laboratory, General Incorporated Association Sustainable Management Promotion Organization).
Cat.13	Downstream leased assets	<ul style="list-style-type: none"> Included in the calculation of Scope 2
Cat.14	Franchises	<ul style="list-style-type: none"> No applicable franchises
Cat.15	Investments	<ul style="list-style-type: none"> Not applicable as the company is not an investment business

Industrial Waste Discharged Externally

	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Non-hazardous waste	t	4,527	4,408	5,169	4,385	3,899
Hazardous waste	t	0.18	0.01	1.15	0.84	10.55
Total	t	4,527	4,408	5,170	4,386	<input checked="" type="checkbox"/> 3,909
Waste generation intensity per business site	t	5.6	5.4	6.4	5.4	4.9
Final disposal amount	t	-	-	1,339	1,154	1,026
Amount of recycled used products	t	-	-	3,906	3,588	3,739

- Boundary / Scope of coverage: Sagawa Express Co., Ltd. (All business sites inside Japan)
- Hazardous waste refers to “specially controlled industrial waste” as defined by Act on Waste Management and Public Cleansing
- Intensity: Industrial waste discharged externally (Unit: t) / Number of business sites
- The amount of recycled used products refers to the collected amount of waste plastic (stretch film, PP bands) and cardboard boxes.
- Indicators marked with "☑" are assured independently by KPMG AZSA Sustainability Co.,Ltd.

Water Discharge

	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Water discharge	thousand m ³	471	728	729	725	<input checked="" type="checkbox"/> 855

- Boundary / Scope of coverage: Sagawa Express Co., Ltd. (All business sites inside Japan)
- The scope of data collection expanded to include small stores as tenants from FY2022 data collection
- Calculated using the water discharge intensity per floor area for some business sites where the actual amount of water discharge could not be determined
- In FY2018, only business establishments where the amount of sewage water discharge could be ascertained were included in the calculation, but starting in FY2019, the amount of water withdrawal was considered to be the amount of water discharged and was included in the calculation, even for sites where the actual amount of water discharged could not be ascertained.
- Indicators marked with "☑" are assured independently by KPMG AZSA Sustainability Co.,Ltd.

Chemical Substance Discharge

	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Nitrogen oxide (NOx)	t	320	266	230	214	166
Particulate matter (PM)	t	6	5	5	4	4
Sulfur oxide (SOx)	t	0	0	0	0	0
Volatile organic compound (VOC)	t	0	0	0	0	0

• Boundary / Scope of coverage: Vehicles (excluding light vehicles) used by Sagawa Express Co., Ltd. (All business sites inside Japan)

■ Calculation method

• Emission factors are based on the “Automobile Usage Management Plan Report” prepared by the Ministry of Land, Infrastructure, Transport and Tourism.

Average NOx Value (g/kWh)

	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Average NOx value	g	0.3	0.3	0.2	0.2	0.2

• Boundary / Scope of coverage: Sagawa Express Co., Ltd. (All business sites inside Japan)

• The unit “GJ” converted to “kWh” for calculating the total amount of energy input (diesel, gasoline, natural gas)

Reduction Effect

Energy Reduction Contribution

	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of installation cases of LED lighting systems	cases	11	79	77	1	0
Energy consumption reduction through the installation of LED lighting systems	GJ	18,995	29,824	58,221	38,969	0

- Reduction of electricity consumption through the installation of LED lighting systems (The number of locations where a LED lighting system was installed from FY2015 to FY2021 was 386, and there were no such locations in FY2022.)

- Reduction effect calculated for one year from the month of installation

■ Calculation method

- Electricity: Appended Table 3 of the Ordinance for Enforcement of the Act on the Rational Use of Energy used

Greenhouse Gas (GHG) Emission Reduction

		Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Scope1	Modal shift	t-CO ₂	143,053	145,890	146,651	127,388	147,401
Scope2	Solar power generation (In-house power generation)	t-CO ₂	181	154	98	204	182
	Renewable energy (Purchase amount)	t-CO ₂	0	0	153	13,765	26,668
	Green Energy Certificate (Purchase amount)	t-CO ₂	0	0	578	557	535
	Installation of LED lightning	t-CO ₂	975	1,460	2,745	1,771	0
Offset	Reduction through offset credits	t-CO ₂	0	6.1	0.3	0.6	0.2
Total		t-CO₂	144,210	147,510	150,225	143,685	174,786

- Boundary / Scope of coverage: Sagawa Express Co., Ltd. (All business sites inside Japan)

■ Calculation method

- Scope 1 (Modal shift): CO₂ reduction effect calculated based on the environmental load without modal shift
CO₂ emission intensity [g-CO₂/ton-km] from the “Amount of CO₂ Emissions per Transport Volume (Cargo)” published by the Ministry of Land, Infrastructure, Transport and Tourism used
- Scope 2 (Solar power generation): 23 business sites with solar power generation equipment
Emission factors are based on “Emission Factors by Electric Utility (for Calculation of GHG Emissions of Specific Emitters)” published by Ministry of the Environment and the Ministry of Economy, Trade and Industry.
- Scope 2 (Renewable energy / Green Energy Certificate): Purchased renewable energy and Green Energy Certificates
Emission factors are based on “Emission Factors by Electric Utility (for Calculation of GHG Emissions of Specific Emitters)” published by Ministry of the Environment and the Ministry of Economy, Trade and Industry.
- Scope 2 (Installation of LED lightning): Reduction effect compared to the year before installation
Emission factors are based on “Emission Factors by Electric Utility (for Calculation of GHG Emissions of Specific Emitters)” published by Ministry of the Environment and the Ministry of Economy, Trade and Industry.

Reduction of the Number of Trucks through Modal Shift

	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Railway (Super Rail Cargo)	units	15,960	16,227	16,261	14,674	16,259
Railway (except Super Rail Cargo)	units	30,299	34,429	35,959	29,457	66,059
Marine transport (Ferry)	units	52,687	49,991	53,699	55,432	65,082
Total	units	98,946	100,647	105,918	99,563	147,401

■ Calculation method

- CO₂ emission intensity [g-CO₂/ton-km] from the "Amount of CO₂ Emissions per Transport Volume (Cargo)" published by the Ministry of Land, Infrastructure, Transport and Tourism used

Environmental Accounting

Environmental Accounting Cost

Category	Major activities	Unit	FY2021		FY2022	
			Environmental investment	Environmental cost	Environmental investment	Environmental cost
(1) Business area cost		million yen	238	1,443	234	1,345
1. Pollution prevention cost	Air pollution prevention, water pollution prevention, noise prevention (Installation of soundproof walls, car wash equipment, etc.)	million yen	4	6	2	6
2. Global environmental conservation cost	Prevention of global warming and ozone layer destruction (Introduction of natural gas trucks, solar power generation systems, energy-saving equipment, etc.)	million yen	226	323	230	326
3. Resource circulation cost	Waste disposal, water saving, recycling of tires	million yen	8	1,114	2	1,013
(2) Upstream/Downstream cost	Promotion of green purchasing	million yen	-	354	-	357
(3) Administration cost	Introduction of an environmental management system, environmental advertising, environmental education, disclosure of environmental information	million yen	-	8	-	9
(4) R&D cost	Development of services that contribute to environmental conservation	million yen	-	0	-	17
(5) Social activity cost	Donations to environmental conservation organizations inside/outside Japan, environmental awareness activities, cleanup activities	million yen	-	11	-	10
(6) Environmental remediation cost	Asbestos dust countermeasures	-	-	-	-	-
(7) Safety measures cost	Vehicle inspection as safety measures, employee education, safety awareness activities	million yen	-	5,093	-	5,586
Total		million yen	238	6,910	234	7,324

• Upstream/downstream cost and green purchasing promotion cost have been calculated since FY2021.

Environmental Conservation Effect

Environmental performance indicator		Unit	FY2021	FY2022	Environmental conservation effect (FY2021 – FY2022)
Diesel		kl	81,748	82,909	-1,161
Kerosene		kl	96	90	6
Heavy oil		kl	97	96	1
Natural gas ^{*1}		thousand m ³	7,395	6,122	1,273
LNG		kg	7,960	0	7,960
City/Town gas ^{*2}		thousand m ³	898	829	69
Propane gas ^{*3}		kg	121,954	108,440	13,514
Gasoline		kl	16,354	15,412	941
Electricity		kWh	187,680,000	161,430,000	26,250,000
Renewable energy ^{*4}	In-house solar power generation	kWh	450,000	420,000	420,000
	Purchased	kWh	32,850,000	62,540,000	62,540,000
Water (water withdrawal)		thousand m ³	729	857	-128
Water (water discharge)		thousand m ³	725	855	-131
Industrial water (water withdrawal)		thousand m ³	0	0	0
Industrial water (water discharge)		thousand m ³	0	0	0
Number of recycled PET bottles ^{*4, 5}		bottles	1,089,509	581,944	581,944

• Boundary / Scope of coverage: Sagawa Express Co., Ltd. (All business sites inside Japan)

• The environmental conservation effect is calculated simply based on whether it has increased or decreased compared to FY2021.

*1 Natural gas used at on-site gas stations is calculated after temperature and pressure corrections.

*2 City/town gas is calculated based on the values on invoices from suppliers that do not make temperature or pressure corrections.

*3 The values (m³) on invoices from suppliers are converted into weight at the rate of 2.07 kg/m³.

*4 The environmental conservation effect of renewable energy and recycled PET bottles is calculated based on actual results.

*5 The effect that is thought to have contributed to the recycling of PET bottles through the use of uniforms made from PET bottles is described in terms of the number of PET bottles.

(Conversion value: Uniform weight (short sleeve: approx. 175 g; long sleeve: approx. 240 g) × Number of uniforms × Amount of polyester used per uniform

(cotton: 65%; sweat-absorbing and quick-drying: 100%) × 1 (recycling rate of polyester used: 100%) ÷ 30 (weight of a 500 ml PET bottle: 30 g)

■ Calculation method

• Reference : “Environmental Accounting Guidelines 2005” published by the Ministry of the Environment

• Acquisition of assets of 200,000 yen or more is recorded as an investment.

• Depreciation of environmental facilities/equipment is calculated using a four-year flat-rate depreciation method.

• Labor cost is calculated using the following formula : Environmental activity hours × Average labor cost per hour per employee at Sagawa Express.

<Social>

Targets and Results

Employee Health Indicator

	Unit	FY2024 target	FY2022 target	FY2022 results
Periodic health checkup participation rate	%	100	100	100

Labor Practices

	Unit	FY2024 target	FY2022 target	FY2022 results
Percentage of labor agreements concluded	%	100	100	100

*1 Agreement regarding overtime work and holiday work

*2 Percentage calculated based on the number of employees, excluding temporary employees

Education on Human Rights Issues (Discrimination / Harassment)

	Unit	FY2024 target	FY2022 target	FY2022 results
Participation rate for e-learning on discrimination / harassment	%	100	100	99.5
Reference: Number of participants	persons	—	—	54,048

Occupational Accident

	Unit	FY2024 target	FY2022 target	FY2022 results
Occupational accident rate	%	—	1.3% or less	1.6

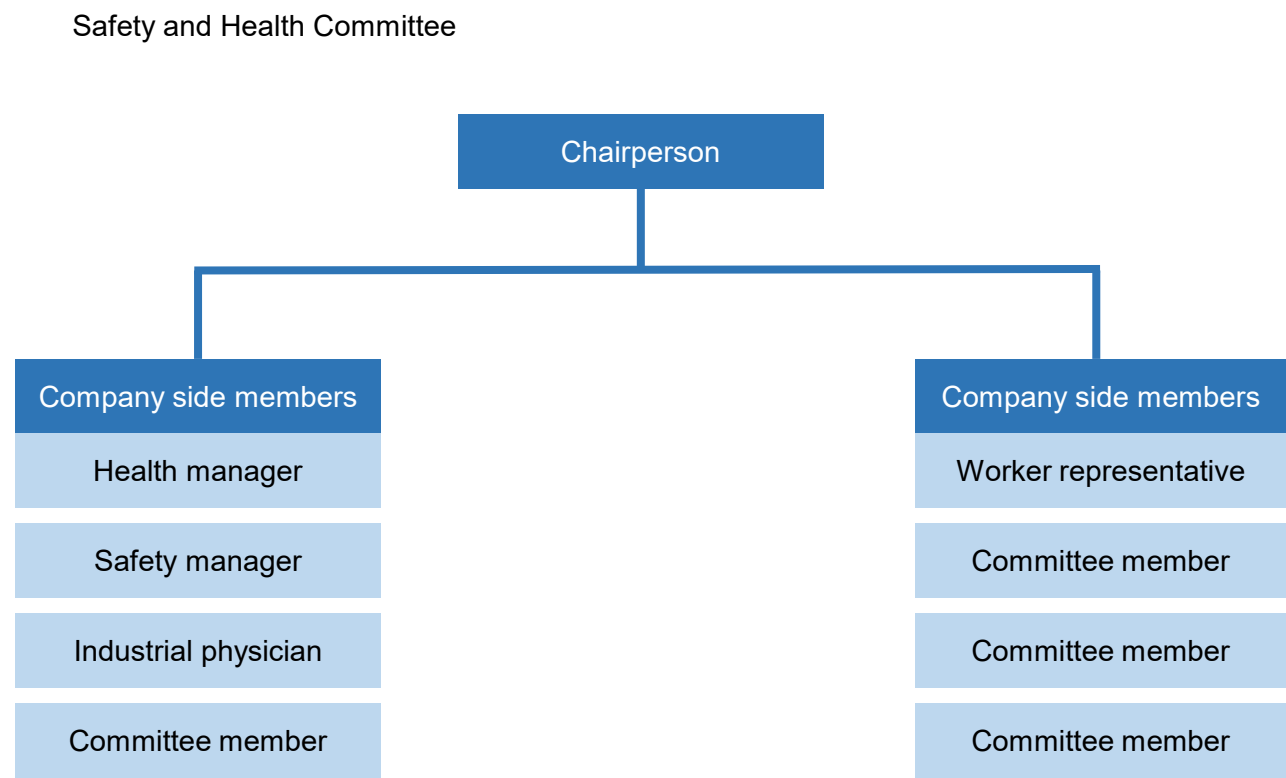
Dialogue between Management and On-Site Employees

	Unit	FY2024 target	FY2022 target	FY2022 results
Number of times Sagawa Official Communication (SOC) is held	times	36	30	30
Number of employees participating in Sagawa Official Communication (SOC)	persons	288	180	180

* Sagawa Official Communication (SOC): An initiative for direct exchange of views between management and on-site employees

Occupational Safety and Health Structure

A Safety and Health Committee is established at a business site with 50 or more employees at any given time, and the committee meets monthly to discuss issues related to employee safety and working hours. Specific safety and health measures are considered and implemented at each business site.



Committee members are appointed from the office based on laws and regulations, and safety and health committee meetings are held every month.

Fair Evaluation System

Sagawa Express employs a goal-based personnel evaluation system in order not only to provide appropriate treatment and placement of employees according to their performance but also to improve the growth of individual employees and the performance of organizations. During the six-month evaluation cycle, goals are set at the beginning of the term, the degree of goal achievement is evaluated in daily work, and superiors provide feedback and advice to their subordinates regarding their work as appropriate. The end-of-term evaluation of employees is determined by relative evaluation based on two axes: the performance results of employees and the performance evaluation of organizations to which they belong.

Training for Human Resources Development

Training-Related Summary

FY	Number of employees (persons)	Number of participants (persons)	Percentage (%)
2022	54,076	17,785	32.9

Major Rank-Specific Training

Training name	Timing of participation	Number of participants
New Employee Basic Training	At the time of joining the company	1,633
SD Independence Certification Training	In accordance with internal regulations	1,715
New Employee Follow-Up Training	One year after joining the company	1,481
Supervisor Induction Training	At the time of promotion	617
Section Head Induction Training	At the time of promotion	305
Director Pre-Arrival Training	After unofficial notice	39
Director Induction Training	Within 6 months after promotion	42

e-Learning Participation Summary

FY	Number of employees (persons)	Number of participants (persons)	Percentage (%)
2022	54,076	54,048	99.5

Major Contents Implemented

Name of content

- Education on ethics and codes of conduct
- Basic policy on D&I activities
- Employment of people with disabilities (Employment support month for people with disabilities)
- Revision of the childcare leave system

Major contents among the contents implemented throughout the year are listed.

Supplier Questionnaire regarding CSR

The SG Holdings Group has established the Business Partner CSR Guidelines to share awareness with its business partners (suppliers). Sagawa Express conducts a CSR questionnaire survey for domestic business partners.

<Survey results> Number of companies surveyed: 46 companies; Response rate: 93.5% (survey conducted for suppliers of office supplies, etc.)

Training on Sustainable Procurement

With the aim of realizing sustainable procurement, we provide training on sustainable procurement for employees in the purchasing sector. In the training, participants share a common understanding of the importance of sustainable procurement and various risks in the supply chain. They also learn how our company should respond to requests for sustainable procurement from society and customers.

<Training participation rate of employees in the purchasing sector> 100%

<Governance>

Targets and Results

Compliance

	Unit	FY2024 target	FY2022 target	FY2022 results
Criminal prosecution for accidents/incidents related to compliance	cases	—	—	0
Number of cases of exposure due to a price cartel	cases	—	—	0
Number of cases of exposure related to corruption	cases	—	—	151
Number of whistleblowing (consultation) / internal denunciation cases (Compliance Hotline)	cases	—	—	151

Education on Compliance

	Unit	FY2024 target	FY2022 target	FY2022 results
Participation rate for e-learning on ethics and codes of conduct	%	100	100	99.5
Reference: Number of participants	persons	—	—	54,048

< ESG Data Third-party Assurance >

To ensure the reliability of our reported numerical data, at Sagawa Express, part of our environmental data is assured by third-party. Moving forward, we will continue to acquire third-party assurance to improve the reliability and transparency of our data.

- Greenhouse gas emissions (Scope 1, Scope 2, Scope 3)
- Industrial Waste Discharged Externally, Water Withdrawal and Water Discharge

Since our FY2022 figures, we have received third-party assurance from KPMG AZSA Sustainability Co., Ltd.



Independent Assurance Report

To the President of Sagawa Express Co., Ltd.

We were engaged by Sagawa Express Co., Ltd. (the "Company") to undertake a limited assurance engagement of the environmental performance indicators marked with ☒ for the period from April 1, 2022 to March 31, 2023 included in its Sagawa Express ESG Data 2023 (the "ESG Data") for the fiscal year ended March 31, 2023.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the ESG Data.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the ESG Data, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the ESG Data and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting the Company's X Frontier and Saitama Sales Office selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the ESG Data are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the ESG Data.

Our Independence and Quality Management

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Management 1, we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Kazuhiko Saito, Partner, Representative Director
KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
February 29, 2024