



IR DAY October 13, 2023

Impact of the 2024 Problem and Seino Holding's Corporate Value Enhancement Efforts

Seino Holdings Co., Ltd. (9076)

Introduction



- Based on the Act on the Arrangement of Related Acts to Promote Work Style Reform enacted on April 1, 2019, vehicle driving operations will be subject to **an upper limit on the number of overtime hours worked starting on April 1, 2024.**
- We are prepared for the 2024 problem, thanks to efforts made early on to improve driver workstyles and diversify transportation. At the same time, **we believe further measures are necessary in the charter business area comprising mostly small and medium-sized operators.**
- Reducing driver working hours will require industry-wide increases in utilization rates per truck and the diversification of transportation methods, **making industry-wide cooperation and collaborations essential.**
- We also consider **the collection of appropriate freight rates to be an ongoing issue** in terms of ensuring that customer prosperity is maintained and the industry grows appropriately — namely, avoiding the risk of transportation disruptions.
- Under the slogan Team Green Logistics, **we will continue to support Japan's logistics industry by opening our logistics infrastructure to Less than Truckload and charter businesses and by taking the lead in solving the industry-wide 2024 problem.**

Contents

01

Logistics Industry 2024 Problem Overview

02

Seino Group Response

03

Industry Response

04

Shipper Response

05

President's Message



01

Logistics Industry 2024 Problem Overview

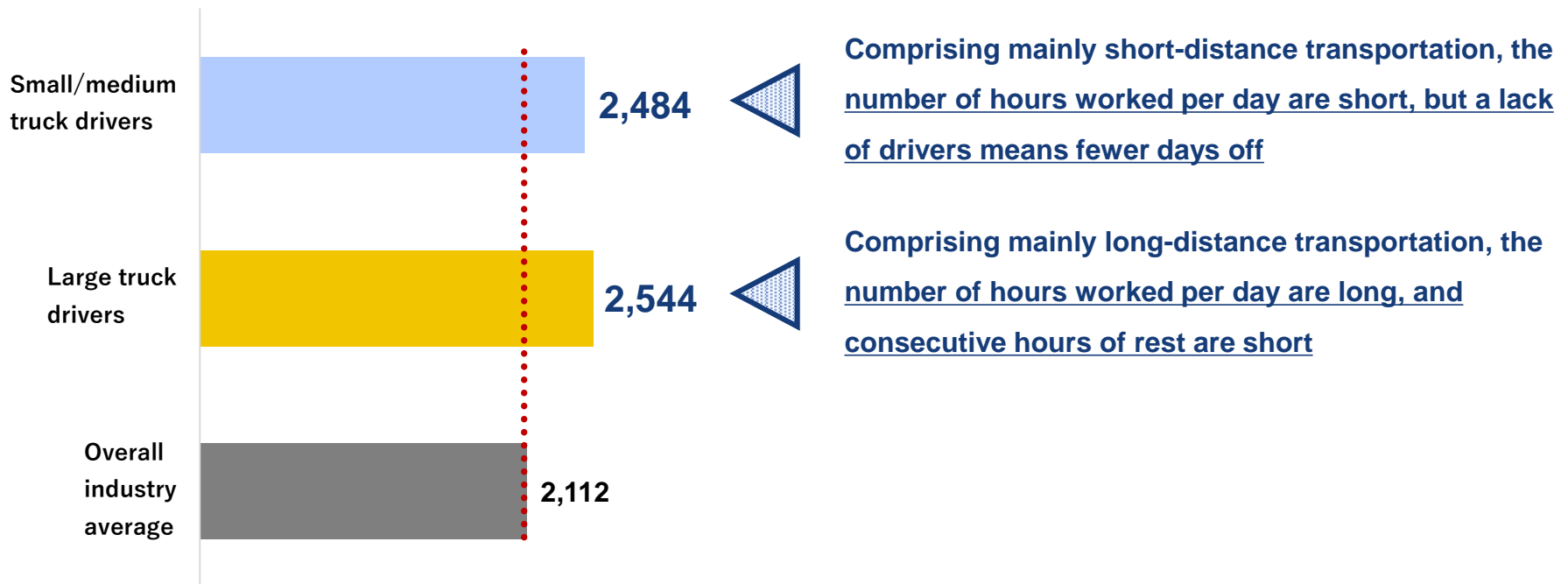
Current Status of Truck Drivers

~ Underlying Factors for Long Working Hours



The 2024 problem resulting from efforts to reduce long working hours has ameliorated burdens on drivers, but increased the risk of transportation disruptions

Truck Driver Annual Work Hours Comparison



Source: 2021 Basic Survey on Wage Structure, Ministry of Health, Labour and Welfare of Japan.

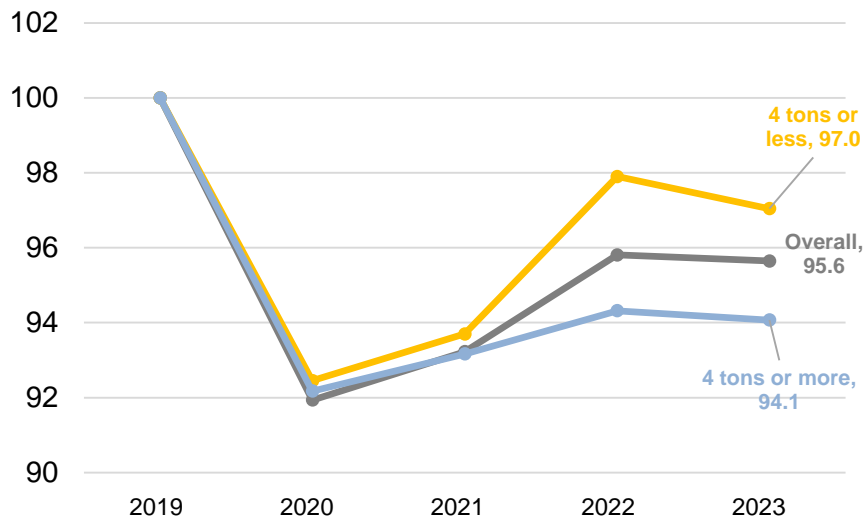
Current Status of Truck Drivers

~Freight Rate Levels and Income~



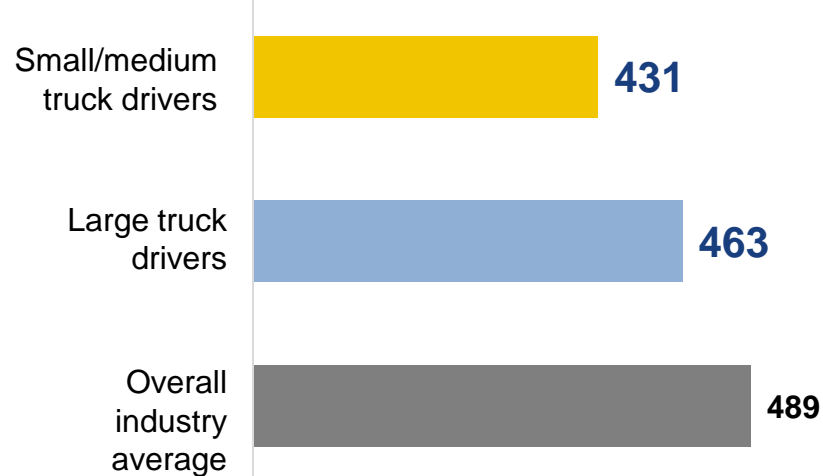
In the BtoB area, freight rates have remained low even after the pandemic due to a decrease in transportation demand caused by inflation and other factors, and as a result, driver annual income remains low

Contracted Freight Rate Index (FY)
[2019 = 100]



Source: Japan Trucking Association

Truck Driver Annual Income (tens of thousands of yen)



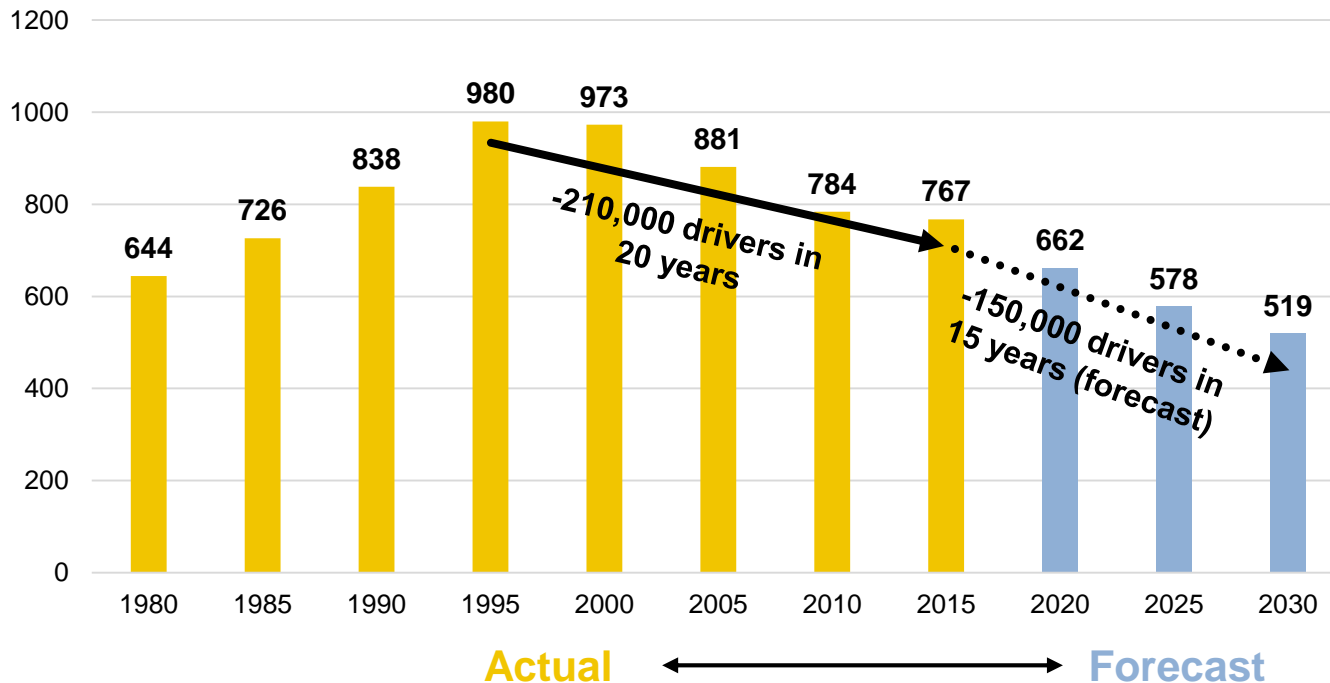
Source: 2021 Basic Survey on Wage Structure, Ministry of Health, Labour and Welfare of Japan.

Risk of Transportation Disruptions Due to Increased Driver Shortages



Driver numbers are trending down after peaking in 1995, and will continue to decline going forward against the backdrop of an aging population. Overtime restrictions add to the risk of transportation disruptions.

Estimated number of road freight transport drivers (thousands of people)



Source: Japan Institute of Logistics Systems "Logistics Concept 2030" 2019 Survey

Driver Working Hours Will Be Reduced from April 2024



On April 1, 2024, the Act on the Arrangement of Related Acts to Promote Work Style Reform will go into effect, reducing the maximum number of overtime hours worked and necessitating the implementation of countermeasures. In the event these restrictions are violated, disciplinary actions will be enforced.

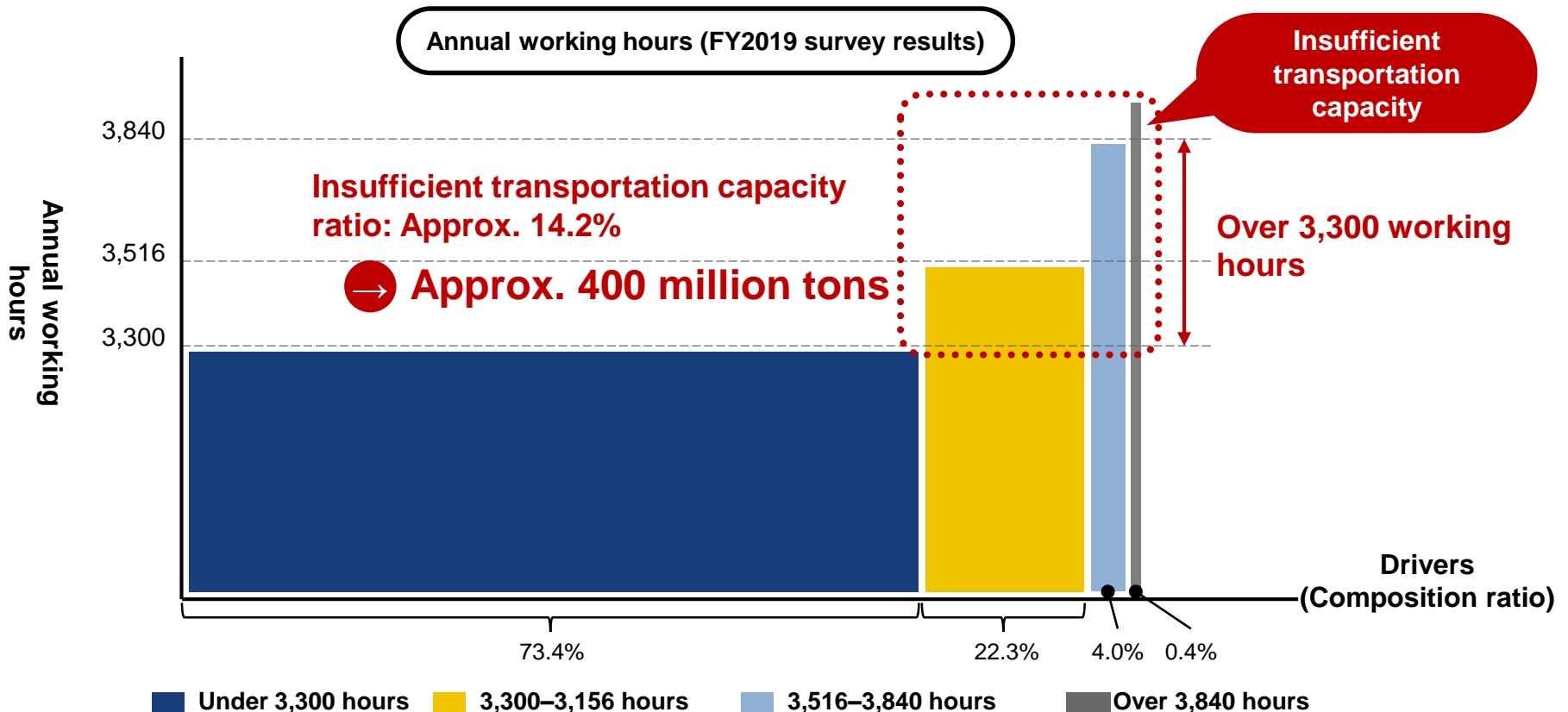
	Pre-revision Up to March 2024	Post-revision From April 2024
Working hours (1 year)	In principle, up to 3,516 hours	In principle, up to 3,300 hours
Working hours (1 month)	In principle, up to 293 hours	In principle, up to 284 hours
Working hours (1 day)	Up to 13 hours (Max 16 hours/15 or more hours limited to around twice per week)	Up to 13 hours (Max 15 hours/14 or more hours limited to around twice per week)
Rest hours	8 consecutive hours or longer	In principle, 11 consecutive hours, no fewer than 9 hours

Source: Ministry of Health, Labour and Welfare “Improvement Standards Notification Revisions”

Conventional Transportation Methods Are Not Viable for Logistics in Japan



The 2024 problem will result in a 14.2% (400 million ton) shortage in transportation capacity, and worsening supply shortages will result in a 34.1% (940 million ton) shortage of transportation capacity in 2030

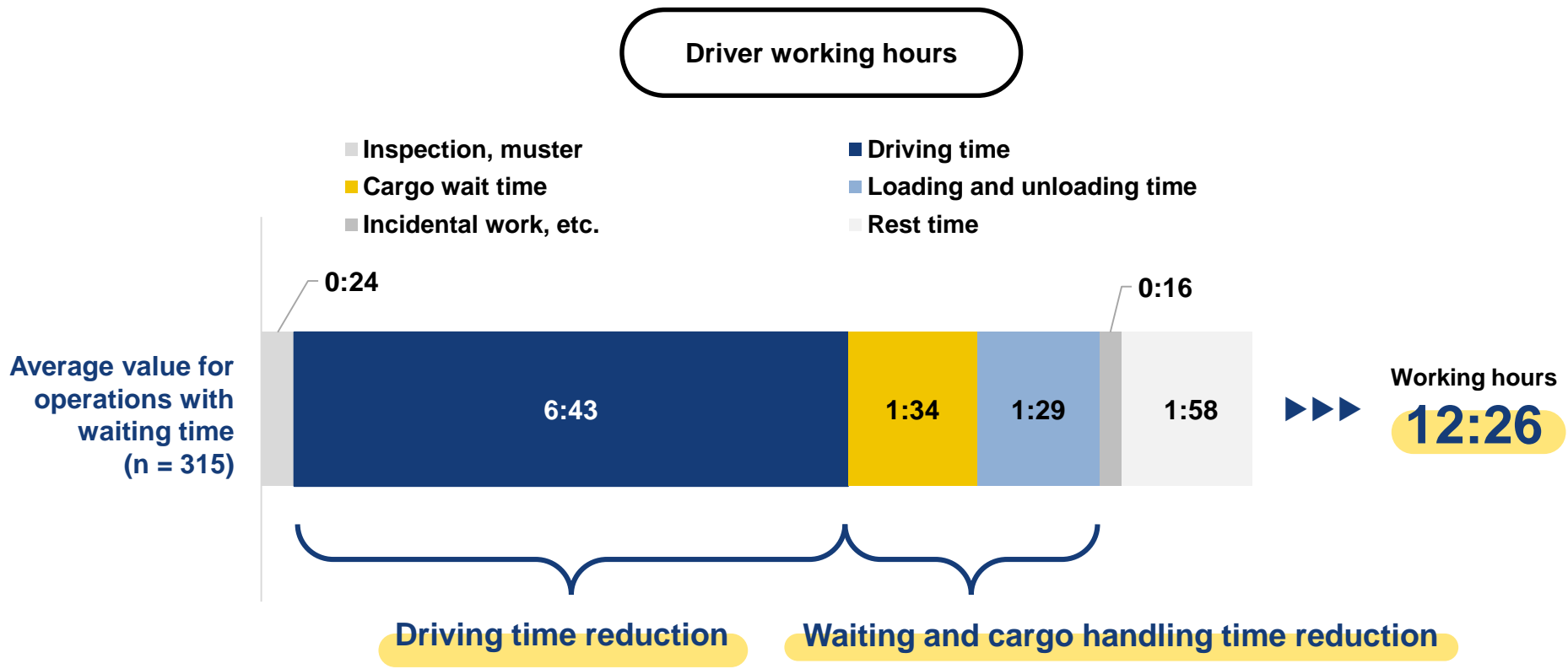


Source: Created based on the Ministry of Health, Labour and Welfare 2021 Fact-finding Survey Report on Truck Driver Working Hours

What Is Needed to Reduce Driver Working Hours



Rectifying driver working hours necessitates reduced driving times (distances), as well as reductions in time spent waiting for, loading, and unloading cargo.



Source: Ministry of Land, Infrastructure, Transport and Tourism "Fiscal 2020 Truck Transportation Conditions Survey Results (Full Report)"



02

Seino Group Response

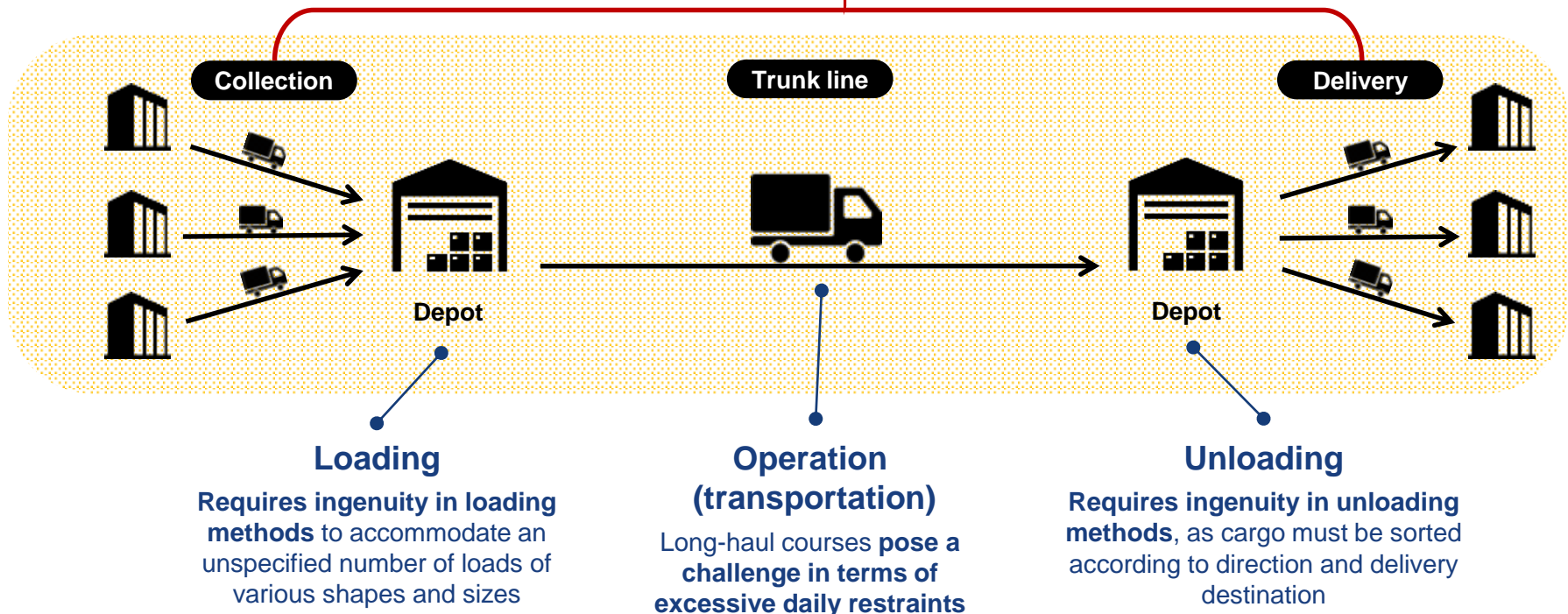
Impact of 2024 Problem on Less than Truckload Operators



Less than Truckload operations, where major carriers have a high share of the market, involves relay-style transportation methods, and measures are already underway to reduce working hours through the use of modal shifts and transit points.

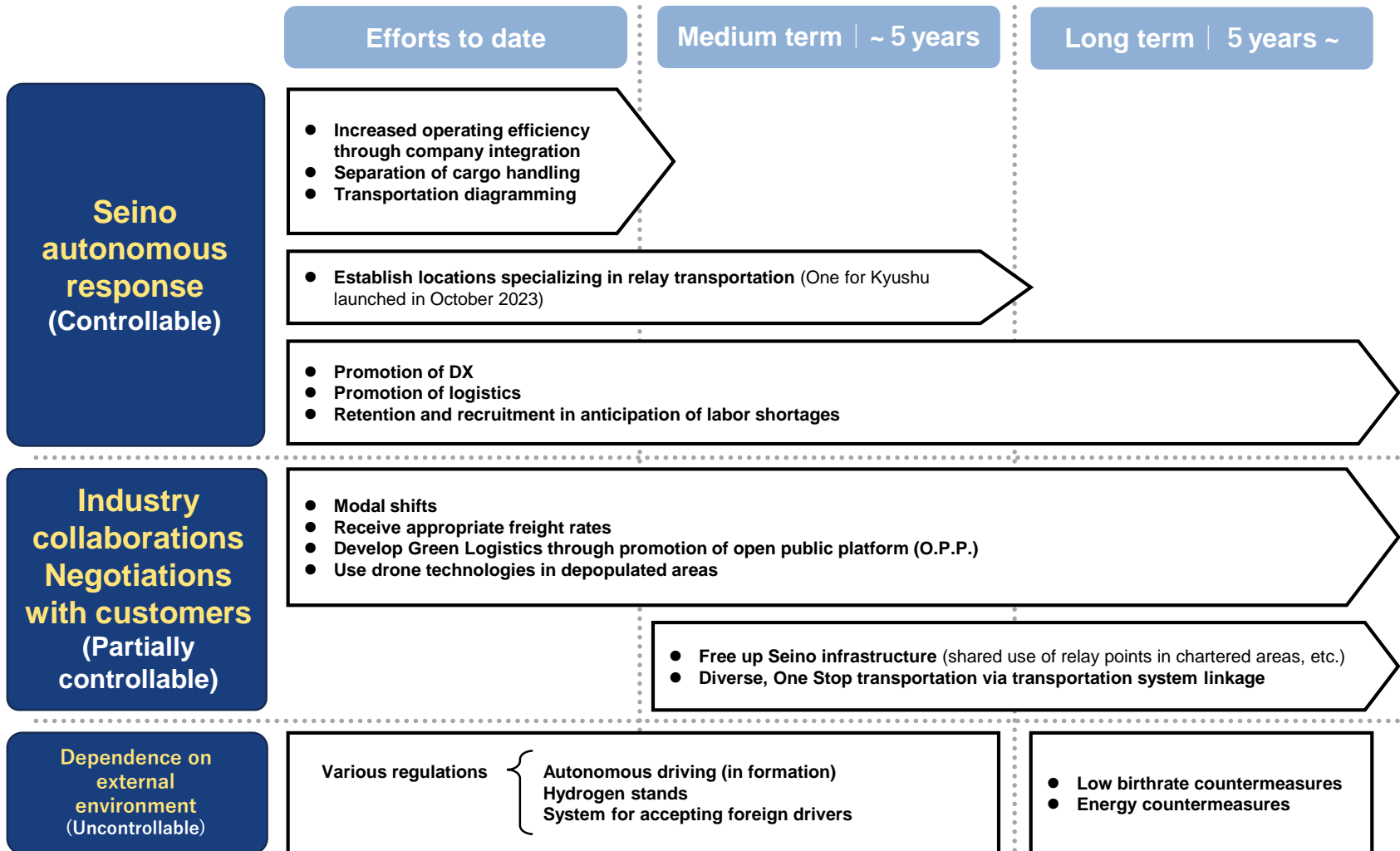
Less than Truckload method and issues

Regarding pickup and delivery, major issue is use of holidays due to manpower shortage



Seino Group 2024 Problem Countermeasures

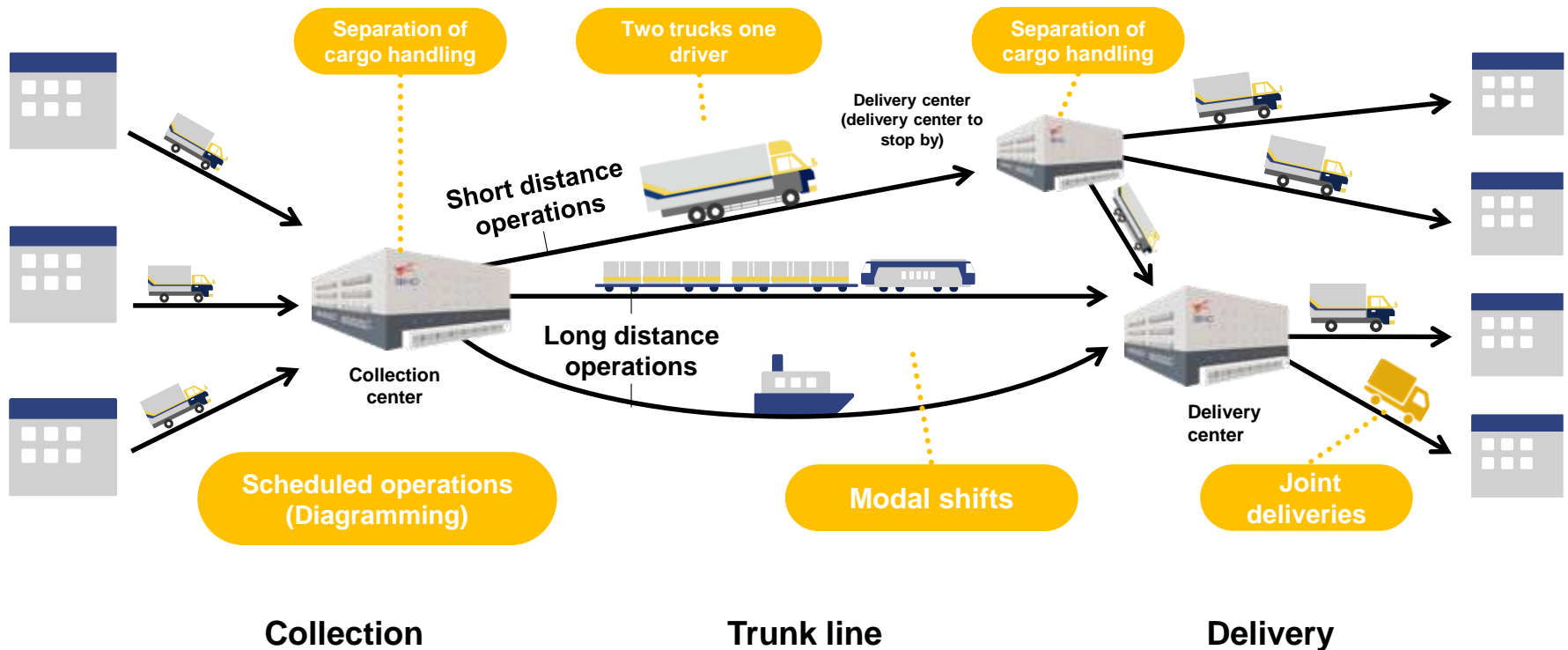
~Taking Action Early~



Promoting Initiatives in Various Aspects



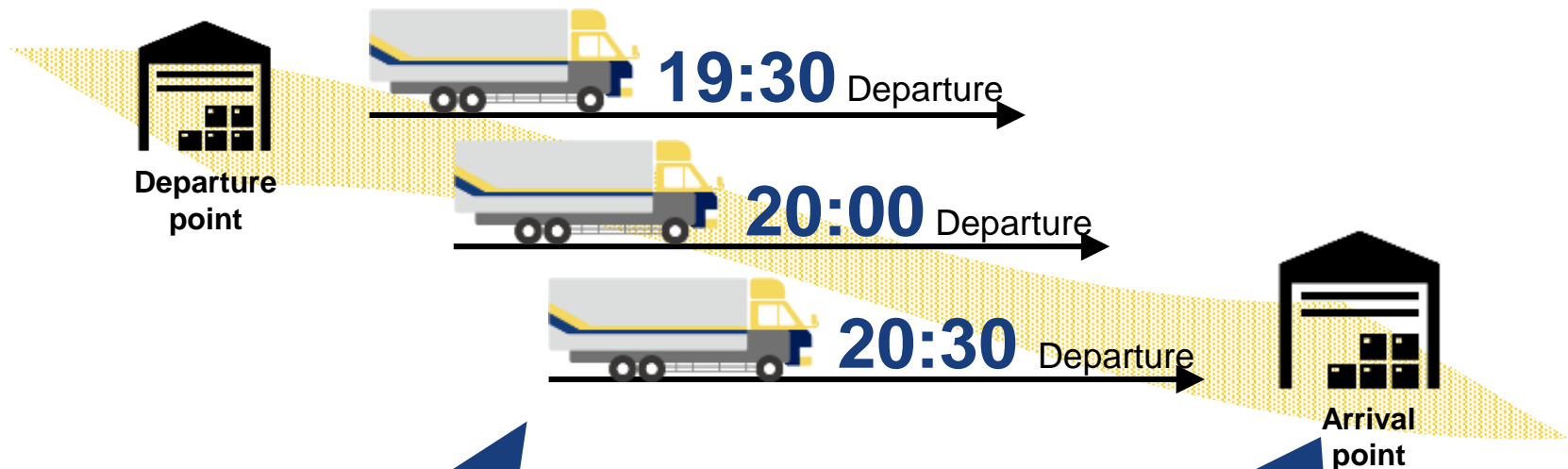
We have already responded to legal revisions associated with the 2024 problem by revising transportation methods and cargo handling systems



Promoting Diagrams Creates a Virtuous Cycle



- The introduction of diagrams in April 2018 has stabilized departure times. As a result, the time cargo is held for departure was reduced and arrival times have also stabilized, contributing to the efficiency of unloading systems.
- Client pursuit of workstyle reforms matches our need for on-time operations, enabling the use of diagrams to quickly take root.



All departure times are diagrammed

Arrival times can be forecast, facilitating unloading preparations

Higher Efficiency Using Various Trunk Line Transportation Methods



40% of transportation further than 600 km is transported without using trucks, contributing to reduced CO₂ emissions



Kangaroo Liner

Modal shift to rail transportation using partially chartered trains

Shifted
304 large trucks' worth

Accelerated quickly with the introduction of dedicated trains starting in 2018.

Kangaroo Liner SS60
Suita (Osaka) ~ Koriyama ~ Sendai
Kangaroo Liner NF64
Nagoya ~ Fukuoka
Kangaroo Liner TF60
Tokyo ~ Fukuyama (Hiroshima)
Etc.

Modal shift to marine transportation

Since 2019, shifted

10 trucks' worth

- Shimizu ~ Oita
- Ariake (Tokyo) ~ Kanda (Fukuoka)
- Tokyo ~ Naha
- Tsuruga (Fukui) ~ Hakata
- Osaka ~ Oita
- Yokosuka ~ Shinmoji



RORO ferry



Double trailer truck

Introduction of double trailer trucks in response to driver shortages

5 courses in operation

- Komaki ~ Fujieda
- Nishi-Hiroshima ~ Himeji
- Nishi-Hiroshima ~ Fukuyama
- Nishi-Hiroshima ~ Shinmei
- + Joint operations with other companies

Two Trucks One Driver Operations on Trunk Lines Leveraging Our Strengths



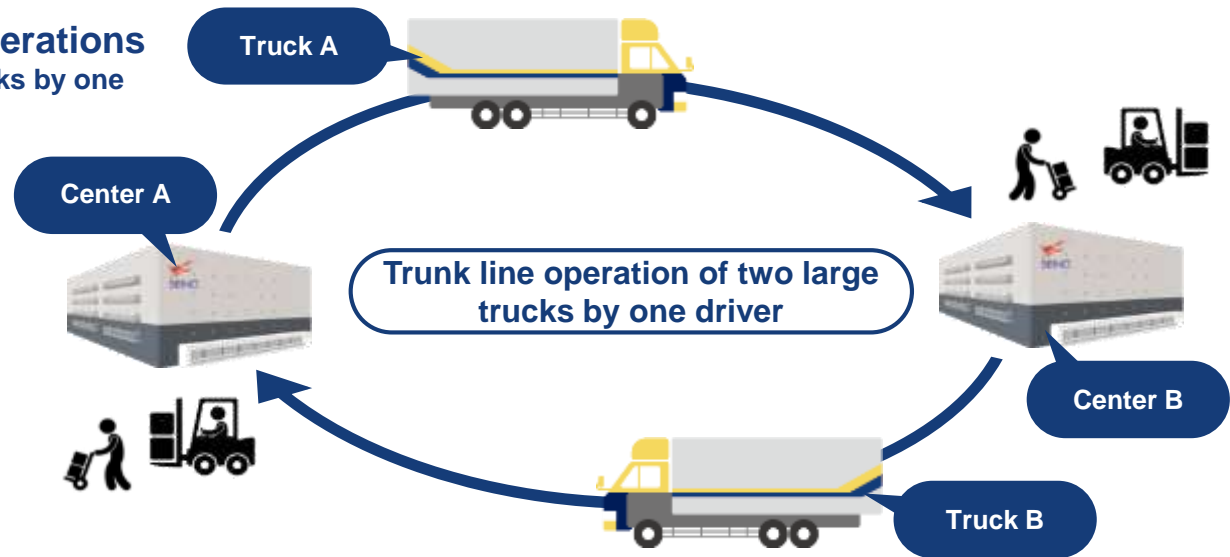
- Maximally leveraging strengths including our format of multi-location delivery in single operations and large vehicle fleet, and separating cargo handling and driving duties, we are able to operate with fewer staff.
- Does not require a towing license, there are no gender or age restrictions due to the separation of cargo handling, and provides a high degree of freedom in operating routes.
- Depending on the distance traveled, further efficiency improvements are underway, including one driver per three, four, or five trucks.

Ex: Two trucks one driver operations (Trunk line operation of two large trucks by one driver)

Promoting **cargo handling separation**

▼

Achieves maximum efficiency operations within driver time constraints



697 large trucks operated by 313 drivers

2 trucks 1 driver **261** courses 4 trucks 1 driver **9** courses
 3 trucks 1 driver **38** courses 5 trucks 1 driver **5** courses

Simplified cargo unloading with unit transportation

Reduces unloading time by unloading cargo in units

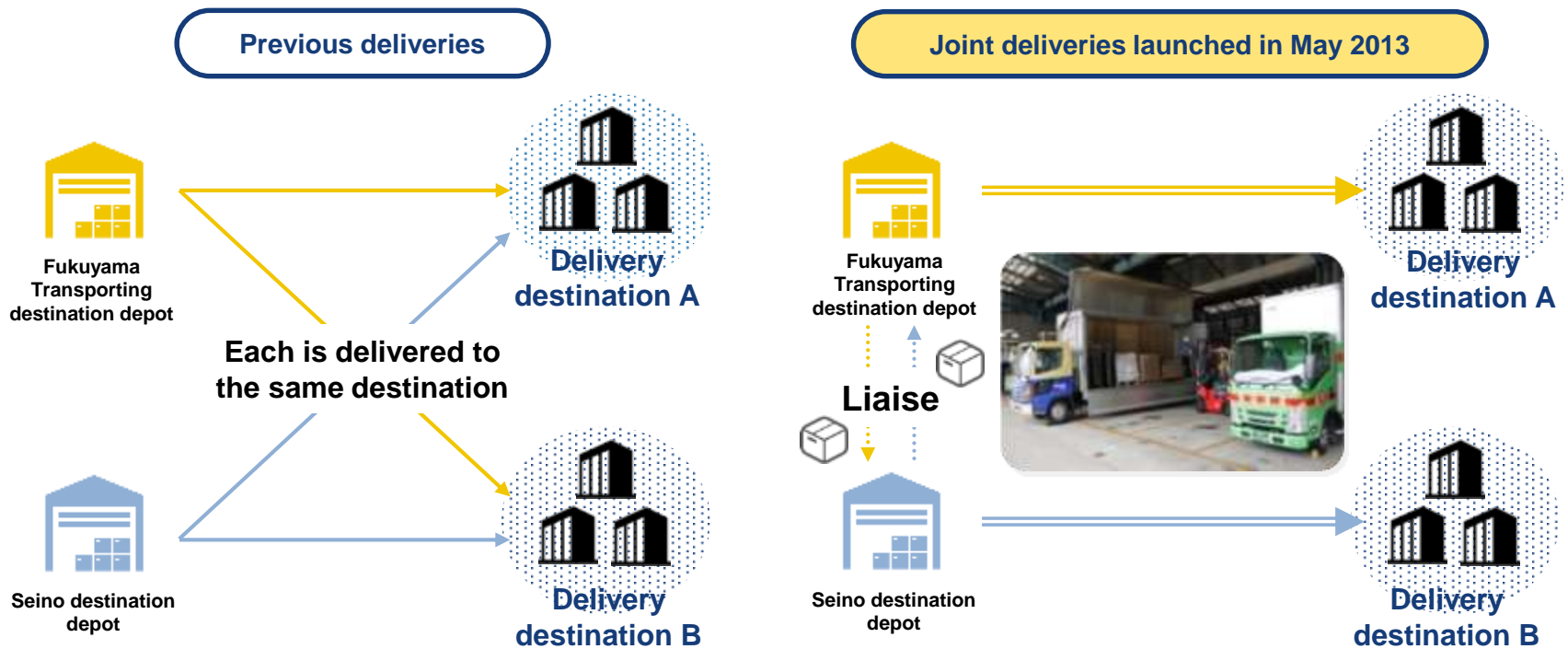


Example of Joint Deliveries

Aimed at Reducing Wait Time at Delivery Destinations



Conducting joint transportation with Fukuyama Transporting, which faces common issues (pain points) caused by long wait times for cargo at delivery destinations, we contributed to reducing wait times by more than one hour and easing cargo acceptance at delivery destinations.

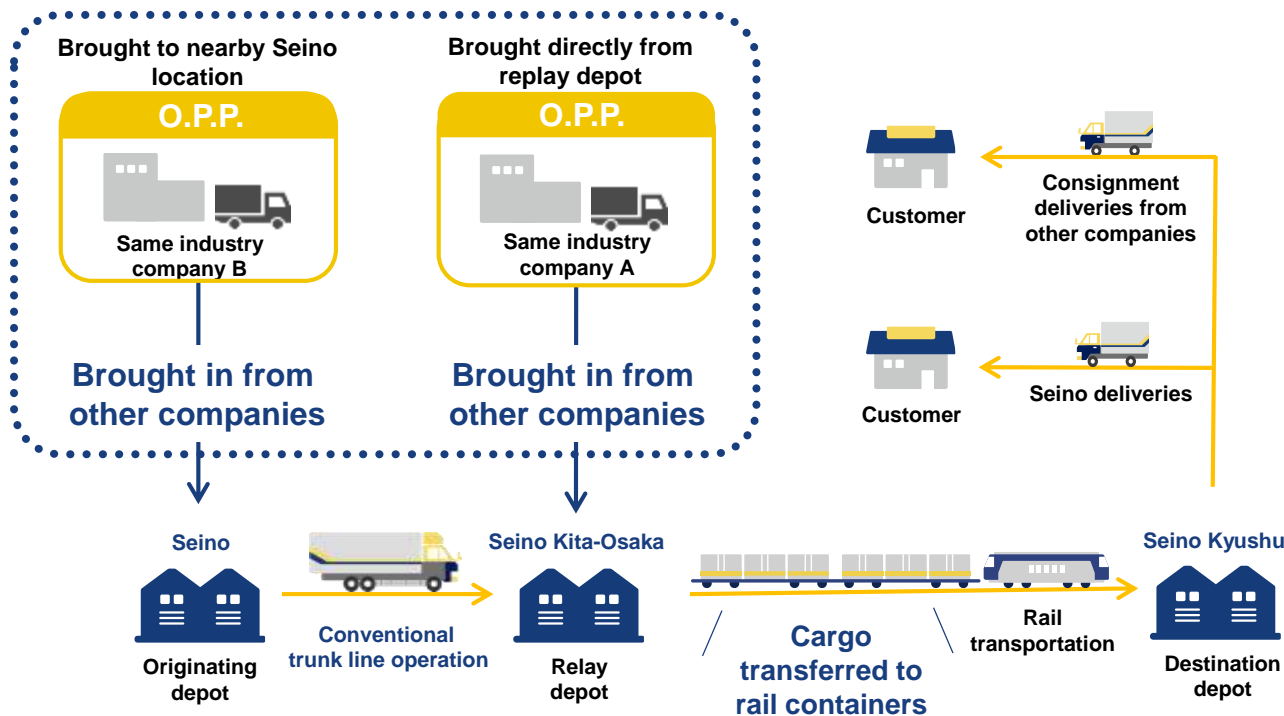


Improving logistics efficiency and maintaining a sustainable, nationwide network

Using O.P.P. to Provide Logistics Infrastructure to a Wide Range of Other Companies



Providing 2024 problem countermeasures to other companies in our industry and assembling partners to achieve Green Logistics



About the Kita-Osaka Hub Center

- Facility specializing in relay transportation mainly to Kyushu that commenced operations in October 2023.
- This specialization strengthens transportation capacity, increases operational efficiency, and realizes Green Logistics by accepting products from other companies in the same industry as well as regional companies.

Reference: Capacity 700 tons/day

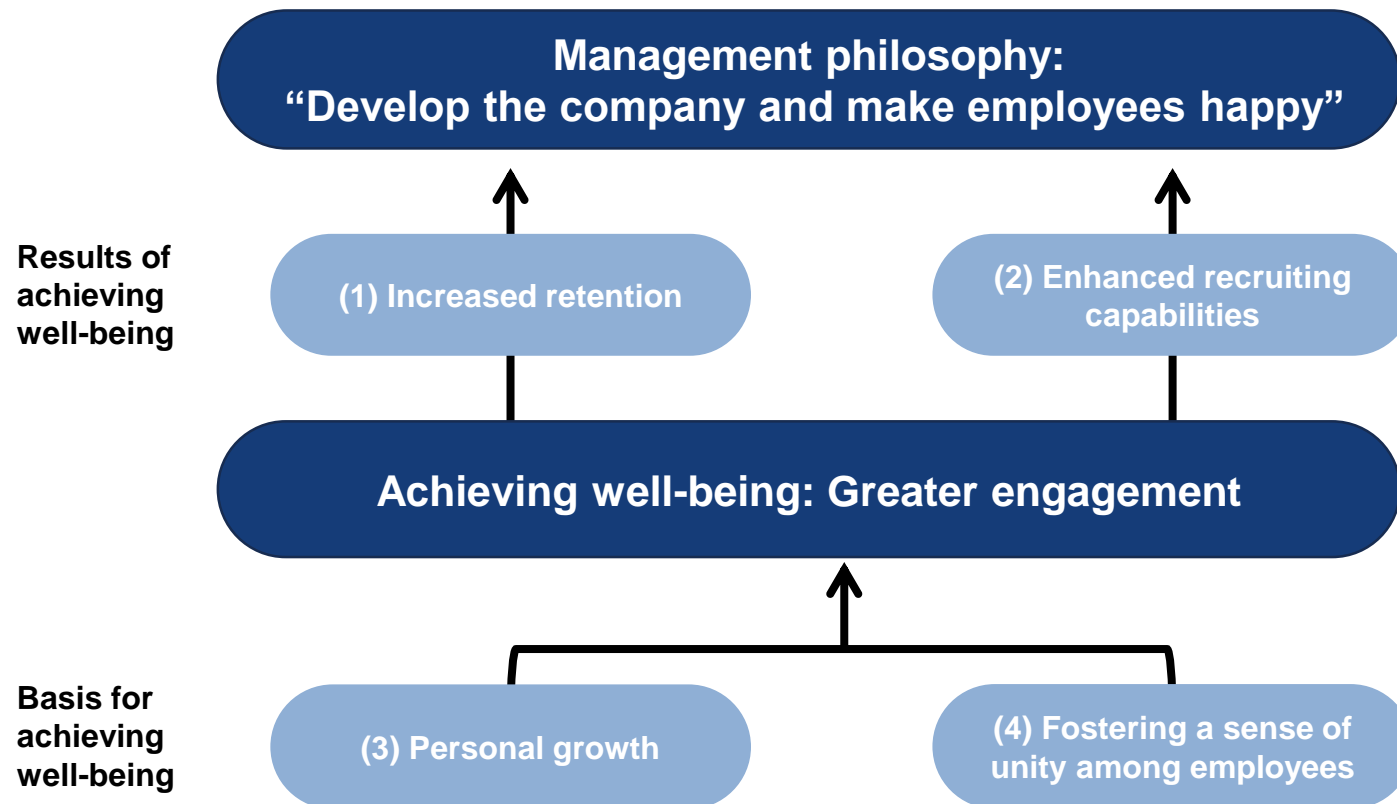
Open Public Platform (O.P.P.)

This concept involves building a logistics platform that is collaborative (open) and can be used by everyone (public), within and outside the Company, regardless of industry category or other differences, to improve the efficiency and value of each platform user, and contribute to industry, the environment, and people's lives as social infrastructure.

Human Capital Strategy: Achieving Well-Being = Satisfying Our Management Philosophy



We define well-being as “our employees’ sense of fulfillment, job satisfaction, and personal growth.” We believe that enhancing employees’ well-being will improve retention and give us an advantage in recruitment.



Efforts to Increase Retention



- **Introduction of group system for drivers**
Strengthens cooperation and collaborations, contributes to workload leveling and stable acquisition of holidays
- **Position change system**
Ensures stable supply of large truck drivers, who are difficult to recruit, by placing importance on a path progressing from pickups and deliveries to route driver
- **Stock ownership plan expansion**
Enhancements to the employee stock ownership plan so that increased corporate value = economic value for employees
- **Licensing acquisition support system**
Contributes to driver retention by partially covering the costs associated with lifting restrictions on driver's licenses
- **Refresh One paid leave**
Contributes to employee retention in first year of employment by offering consecutive paid leave after the first year of employment
- **Fostering camaraderie through Company sports**
Creates a sense of unity among employees through support for the Seino baseball and karate clubs

Toward Even Higher Retention

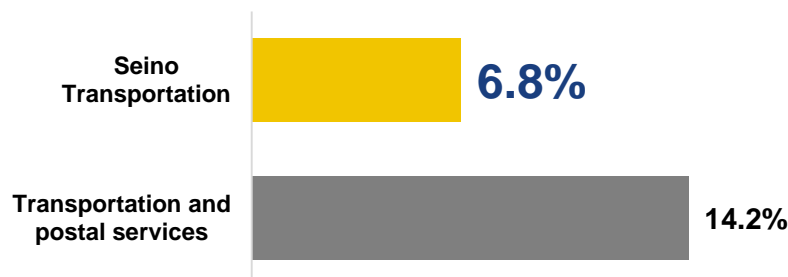


We are promoting initiatives based on our management philosophy aimed at realizing comfortable and rewarding workplaces and employee well-being

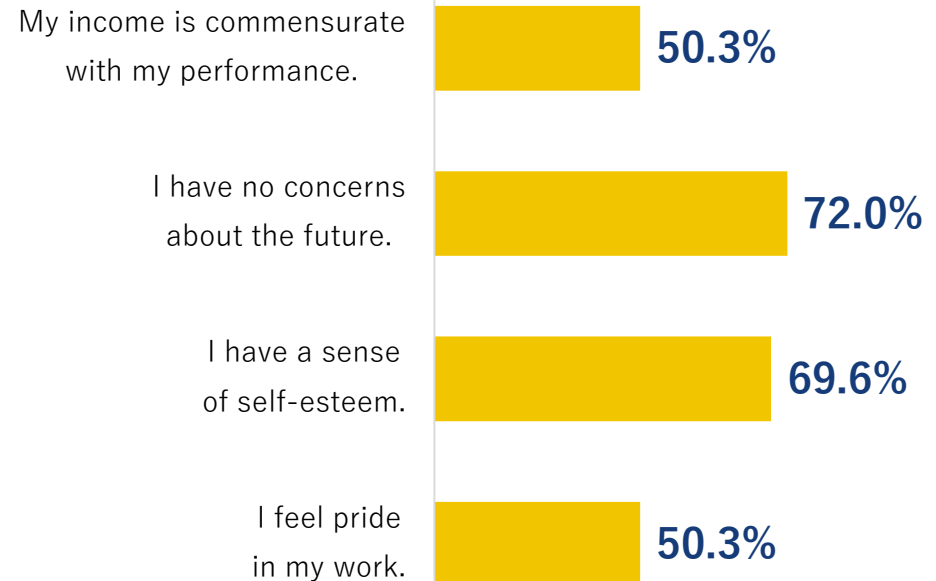
Average number of years employed



Attrition rates



Indicators emphasized in the engagement survey

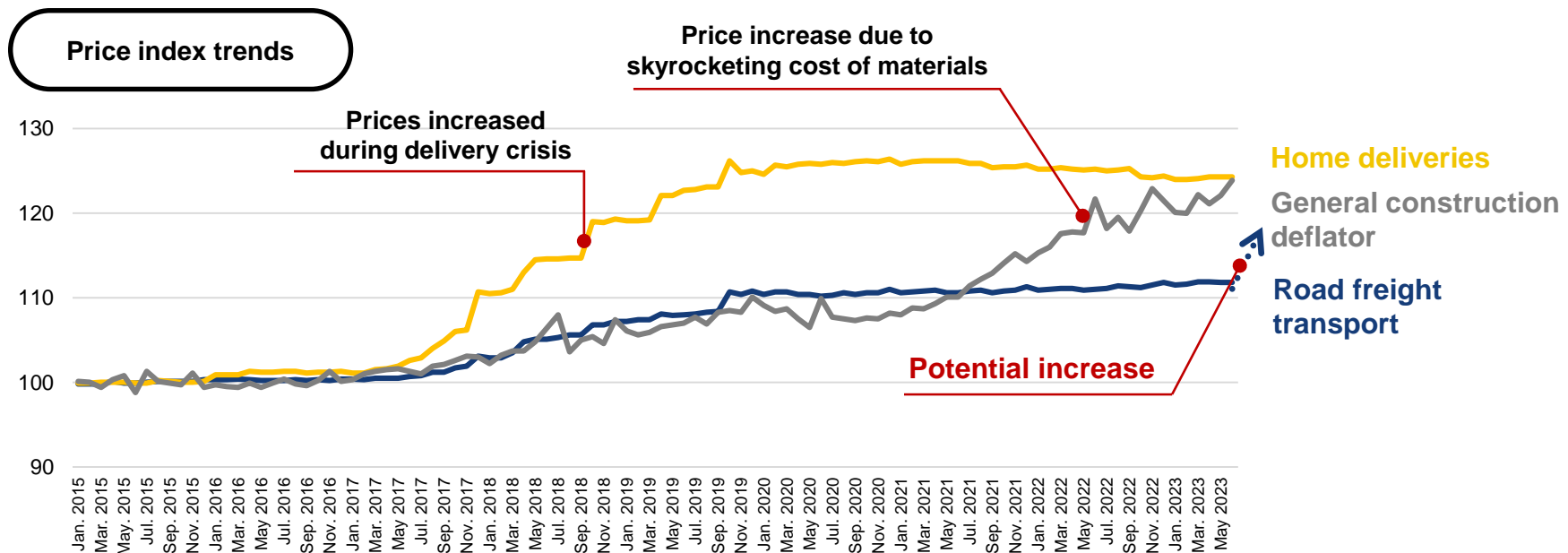


Source: Ministry of Health, Labour and Welfare “2021 Survey on Employment Trends: Hiring and Resignation Rates by Industry” and “2022 Basic Survey on Wage Structure”

Ongoing Issue: Collecting Appropriate Freight Rates



- Costs associated with addressing the 2024 problem are increasing, and although there is a limit to how much companies can do, these costs have yet to be fully passed on.
- As with the 2017 home delivery crisis, the 2024 problem may manifest itself in the next year or later, and the industry may see a rapid pivot toward an emphasis on prices.
- We will promote the collection of appropriate freight rates premised on contributing to the prosperity of our customers through the provision of added value.



Source: Bank of Japan Corporate Services Price Index, Ministry of Land, Infrastructure, Transport and Tourism Construction Cost Deflator



03

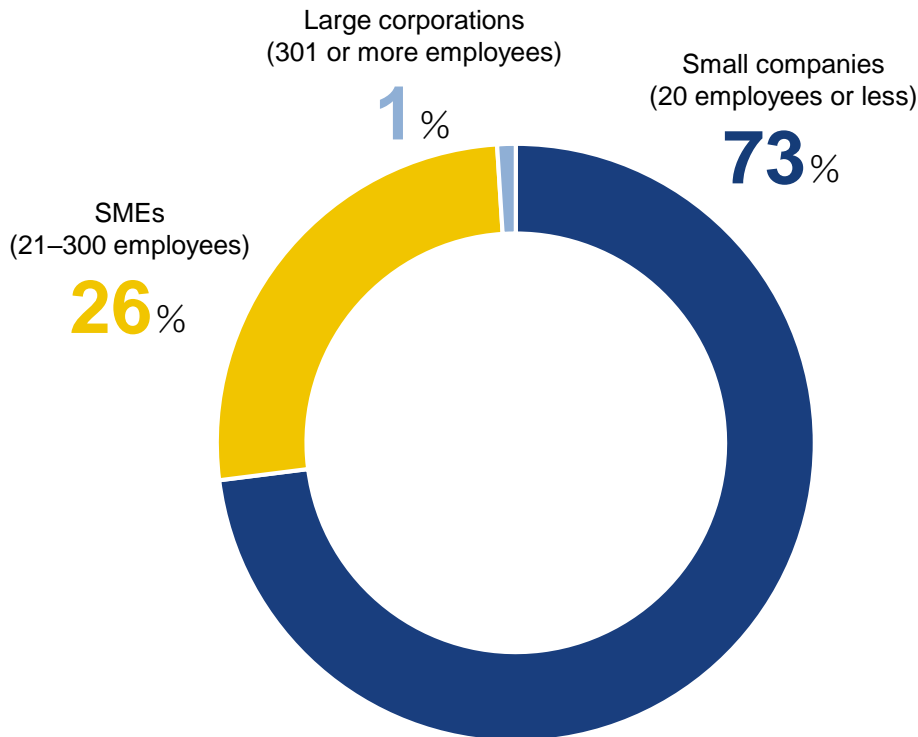
Industry Response

Trucking Industry Overview

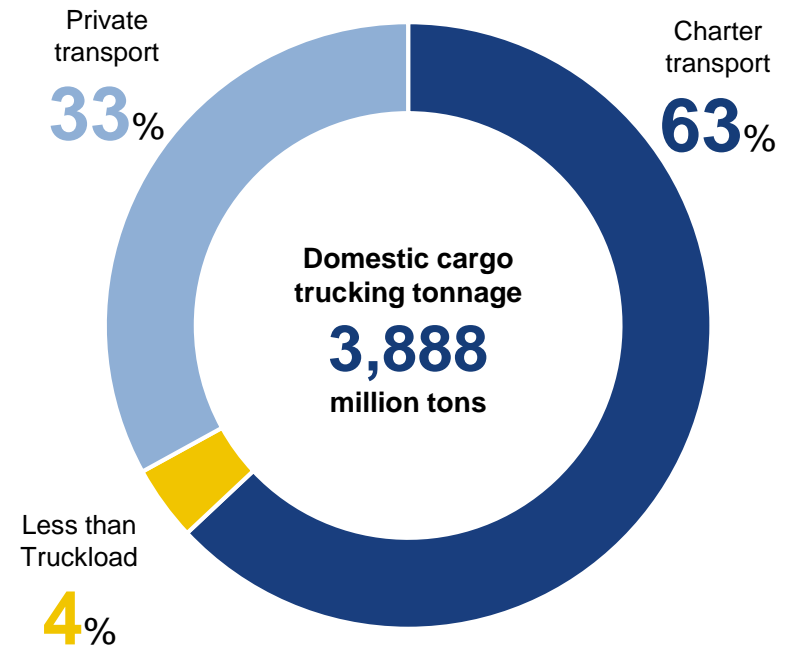


Comprised primarily of SMEs and small companies engaged mainly in charter businesses

Cargo vehicle transport operators



Share of domestic cargo trucking



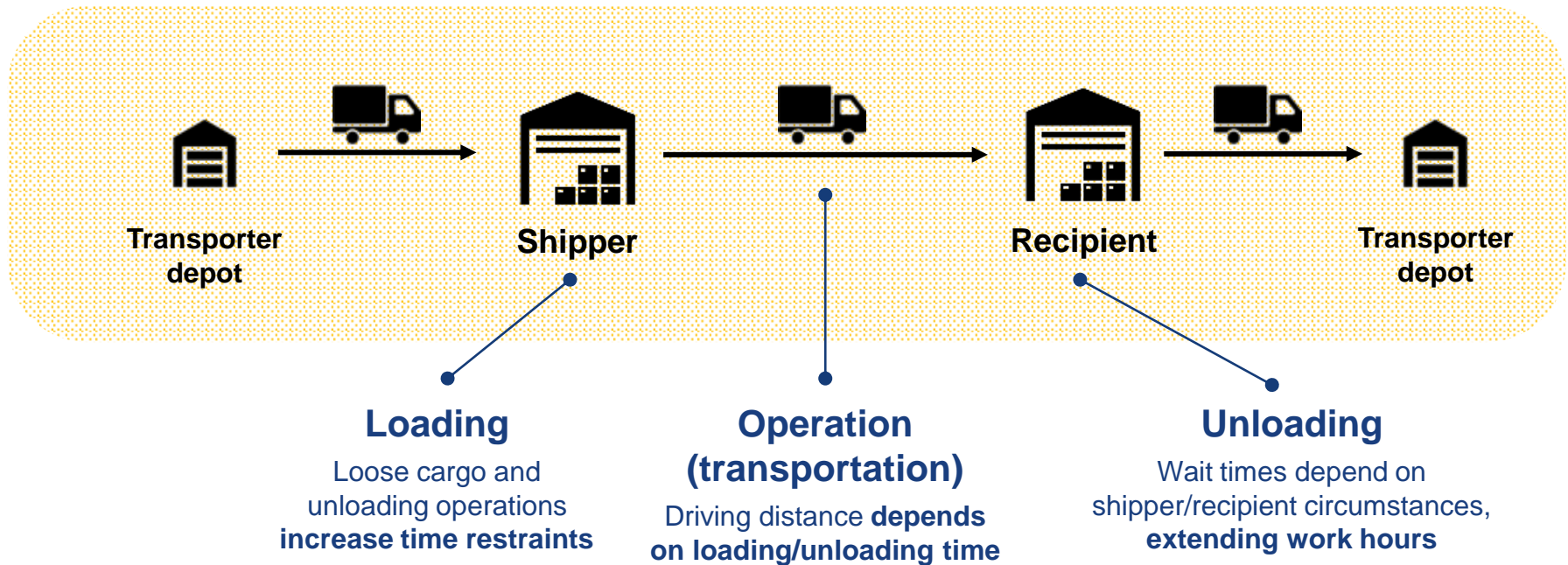
Source: Ministry of Land, Infrastructure, Transport and Tourism

Significant Impact on Charter Business Operators



The problem of hours worked per day and month on long-distance routes within charter transport will result in a shift to shorter distance transportation routes, which may result in lower income.

Charter Transport Flow and Issues



Charter transport is based on self-containment, with one driver loading and delivering goods

Long Working Hours are an Issue in Long-distance Charter Transport

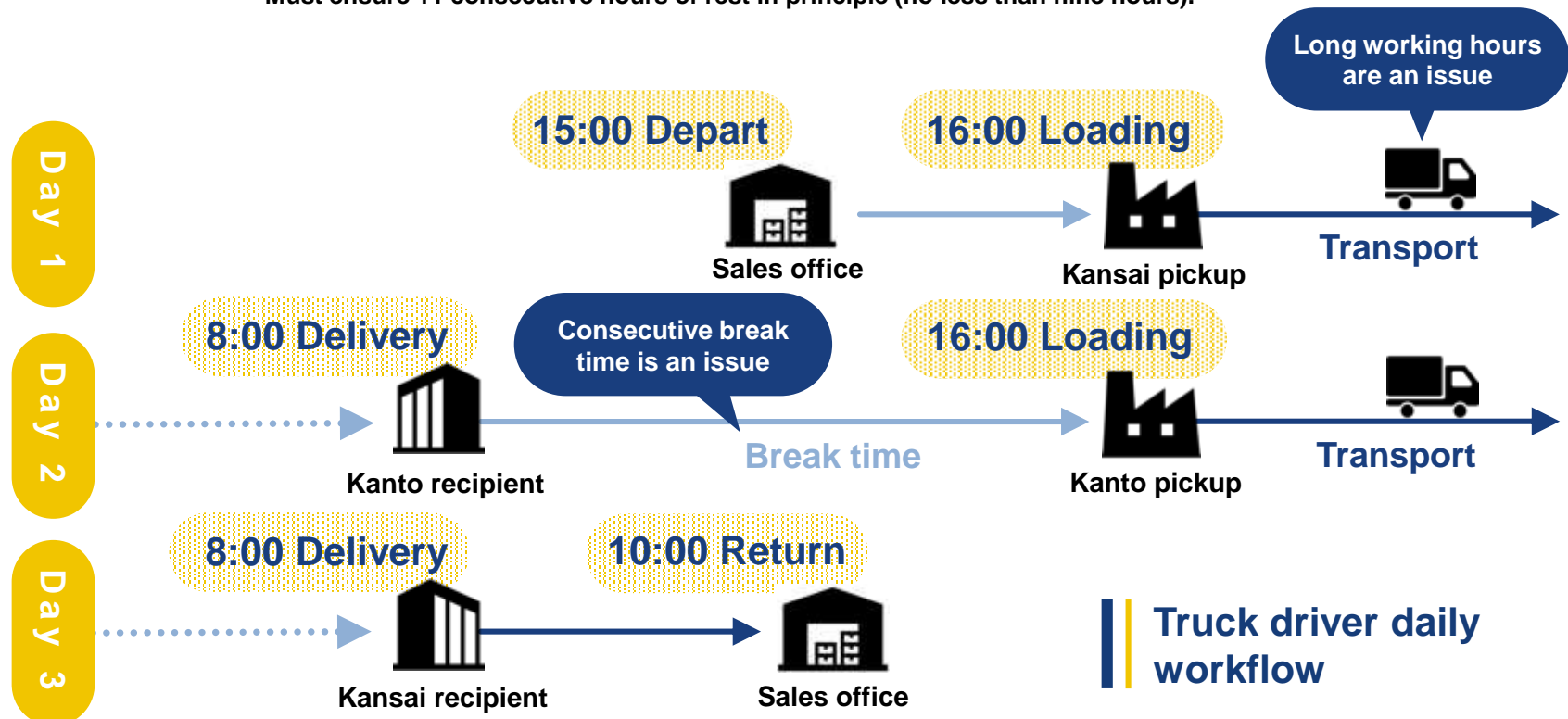


Feature

Japanese business practice is to ship in the evening and deliver the goods the next morning, with operations often conducted at night, what is known in long-distance transportation as three-day (1 night, 3 days) service.

Issues

- Long operating and cargo waiting/unloading times make for **long working hours**.
- Break times are irregular.
- **Must ensure 11 consecutive hours of rest in principle (no less than nine hours).**



Building a Sustainable Logistics Model



Path forward

Long-distance transportation is difficult, and the **need for relay transportation is expected to increase**

Seino initiatives and future issues

- **Opening Seino Group logistics infrastructure as relay centers**, connecting businesses with HACOBELL digital technologies
- **Ensuring convenience is an issue**, including facilitating settlements between businesses



Seino logistics infrastructure

Distribution centers: **736** bases



Digital platform

Registered businesses: **13,000** businesses

Registered trucks: **38,000** trucks

HACOBELL INC. ~Inventing the Next in Logistics~

Aug. 2022

Joint venture established

Shareholders

50.1%: Seino Holdings Co., Ltd.
49.9%: RAKSUL INC.

Business Details

- HACOBELL, a logistics DX platform management service
- HACOBELL Cargo, a cargo shipping and vehicle matching service
- HACOBELL Delivery Vehicle Management, a one-stop DX solution for delivery vehicle operations
- HACOBELL Supporter Program, a service providing total support for transportation operator business environments

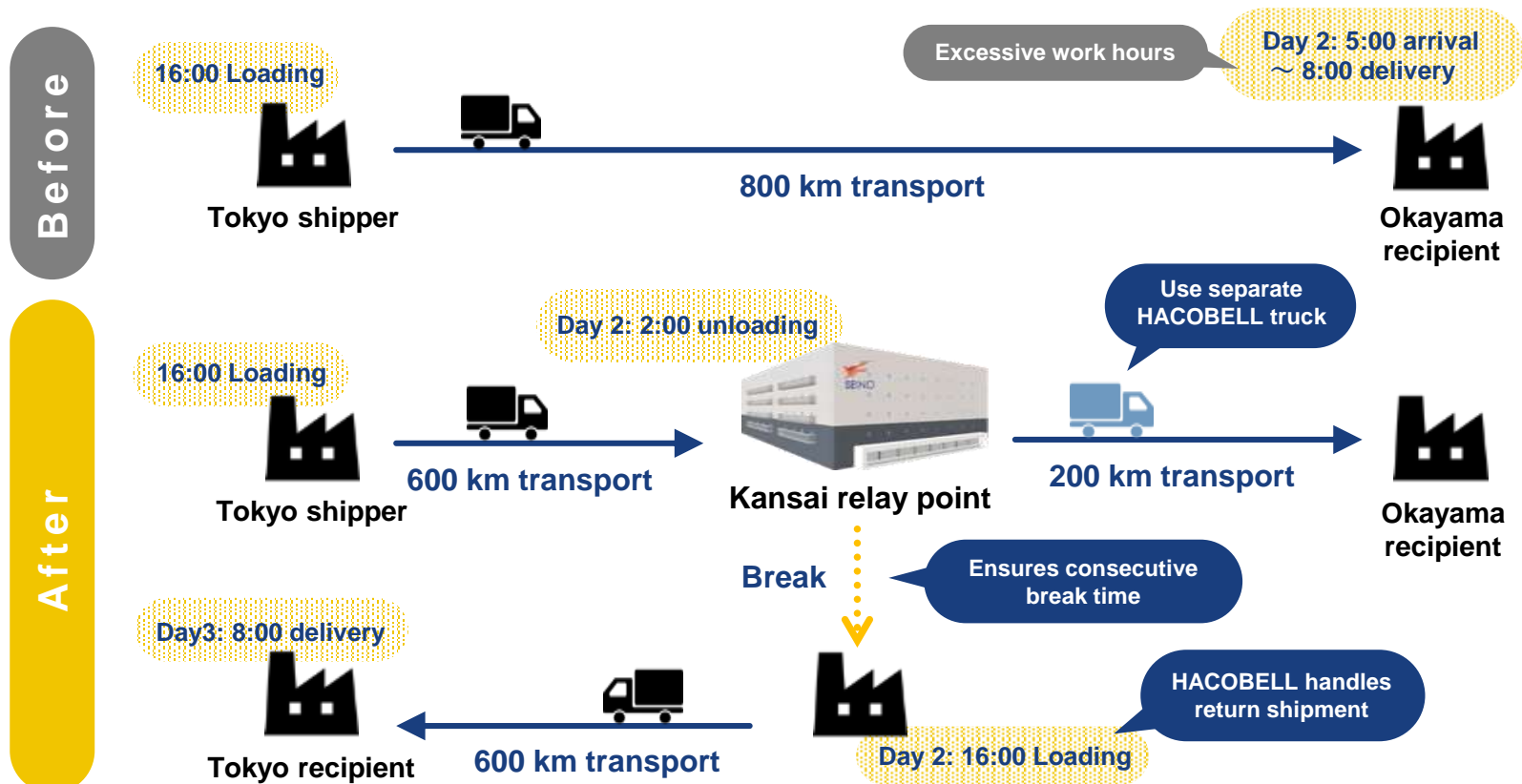
Using Transportation Infrastructure as Relay Points



Opening up our logistics and digital infrastructure to reduce working hours and ensure consecutive break time

Changes in truck driver daily workflow

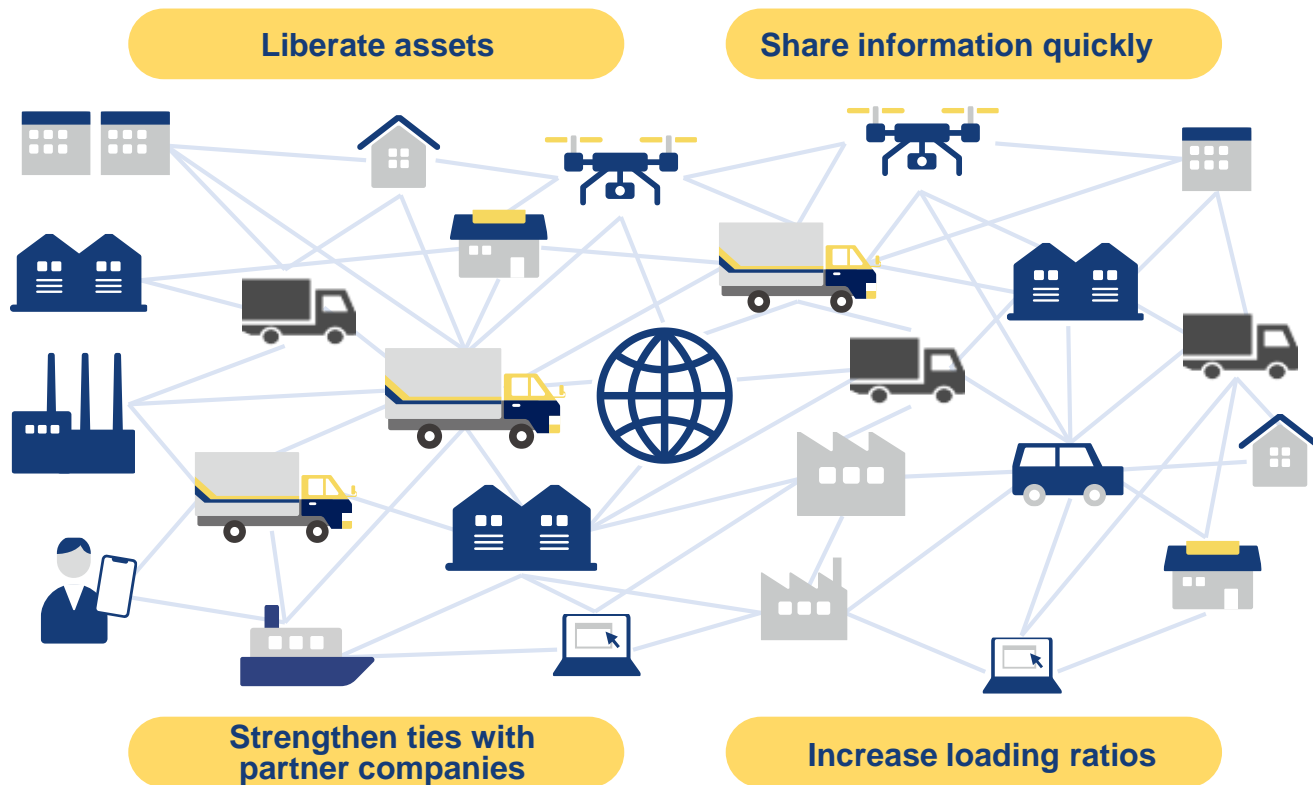
(Assuming transportation from Tokyo to Okayama)



Aiming for the Realization of a Physical Internet

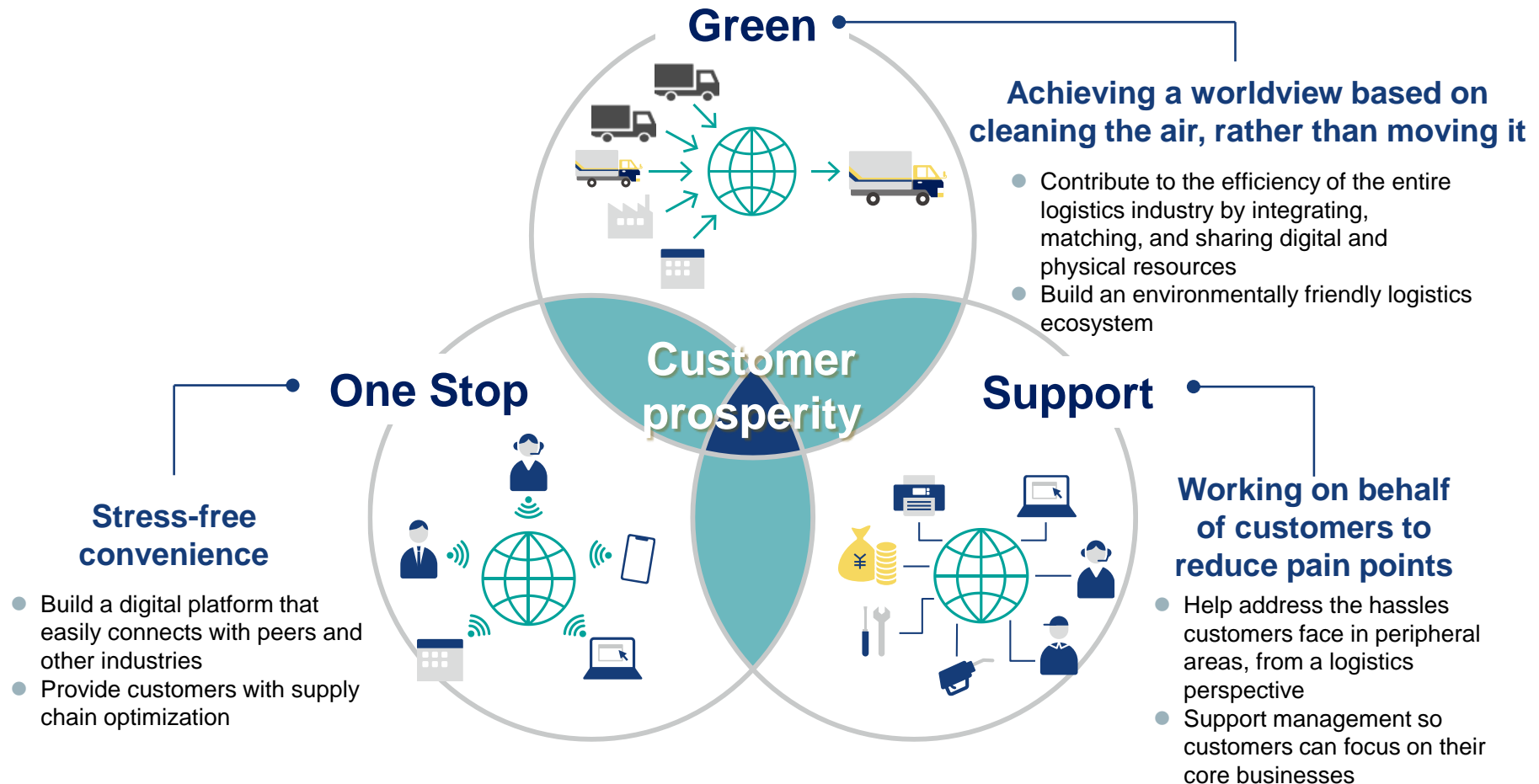


Connect transportation data held by customers and companies in the transportation services business on a digital platform, and contribute to the efficiency of the entire logistics industry with assets that can be openly utilized, such as relay centers.



Fewer people, more efficiency, more Green

Developing Green Logistics Transcending Industry and Company Boundaries



Last Mile Delivery Issues



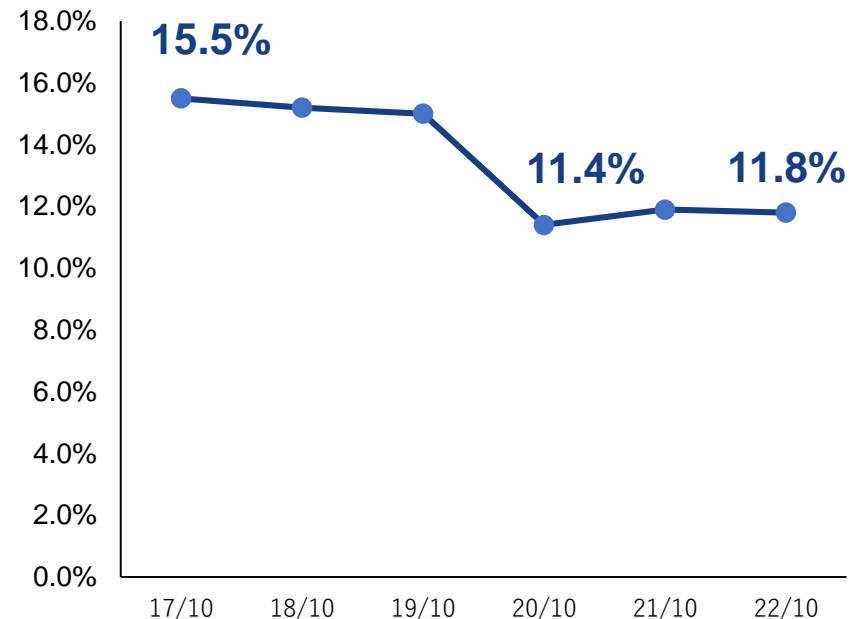
External environment

- Since around 2017, the **e-commerce market has expanded rapidly**, with a substantial increase in sole proprietorships
- **Redeliveries are frequent**

Issues and future points

- Compared to intercompany logistics, **house frontage cases are frequent**
- Potential **problems with long working hours** due to factors including driver shortages and redeliveries
- In depopulated areas, **there is a shortage of drivers and it is difficult to secure large volumes of cargo, resulting in chronic unprofitability**

Redelivery rates



The key is how we structure sustainable last mile logistics

Source: Ministry of Land, Infrastructure, Transport and Tourism “Handling Results of Home Delivery Service, etc.”

Transportation Methods that Reduce Burdens on Drivers and the Environment



OCCO unattended delivery service



Features

- Joint venture established with major e-commerce company Felissimo
- **Consolidates and slows trunk line transportation**
- Local residents make deliveries in their spare time and leave packages **unattended, eliminating redeliveries**
- Consumers receive T-points

Post-in service Konipos



Features

- Delivery service utilizing **Green** (deliveries combining walking and driving) & **Slow** (mail delivery infrastructure) logistics
- Small package post-in service with **approximately 10,000 Group Green Delivery personnel**

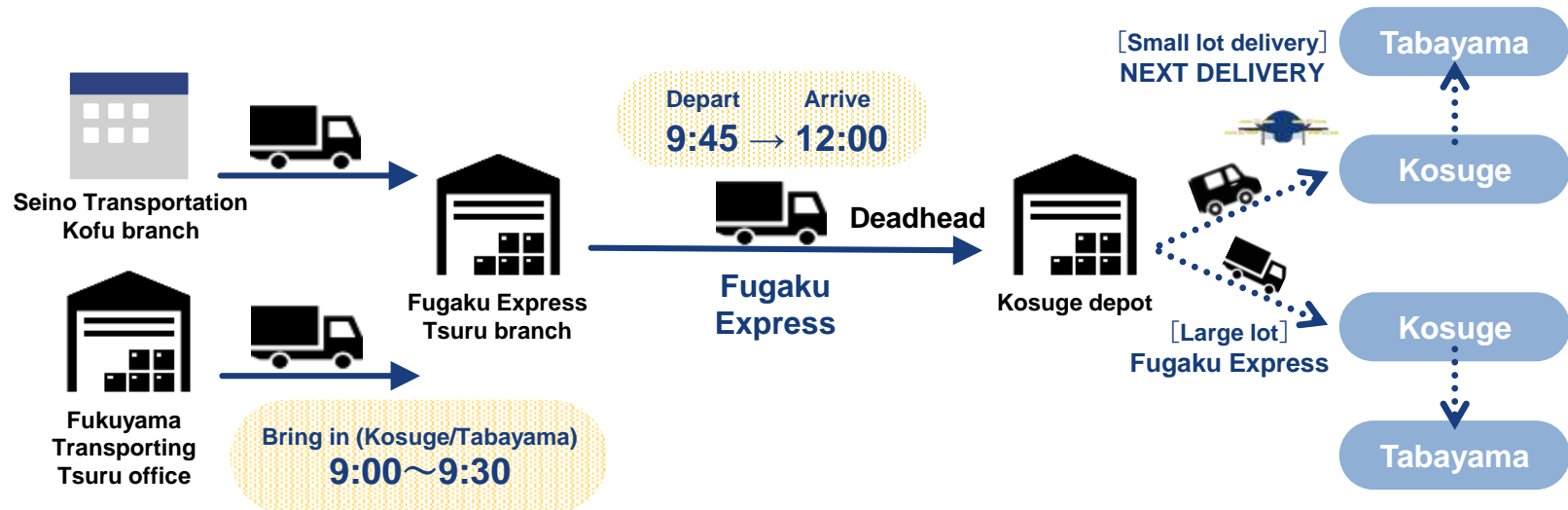
Moving toward new methods that reduce labor shortages and facilitate sustainable transportation

Depopulated Area Logistics Model



Commenced deliveries in the villages of Kosuge and Tabayama, Yamanashi Prefecture, in conjunction with a Less than Truckload logistics company

Joint delivery flowchart



Relay joint deliveries and drone deliveries make logistics sustainable in depopulated areas

CVC Initiatives Implemented Before Industry Peers



2019

CVC established (JPY7.0bn)



2023

New CVC established (JPY10.0bn)



Invests in startups that provide value in the logistics area and throughout the entire value chain.



Shippio

Nealle



Quick
Get

ジョーシス



eicon
Embedding a "Innovation"
in all companies



lazit

RECOTECH

+ minacolor inc.



H/ACOBU

LexxPluss



Promoting the new smart logistics SkyHub®
in cooperation with local governments





04 Shipper Response

Impact of the 2024 Problem on Shippers



1. Business (sales) structure revisions

→ Risk of lost sales

The risk of becoming unable to provide current lead times will force sales structure revisions, including the extension of lead times

2. Operational structure revisions

→ Risk of increased costs

In addition to direct freight rate increases, to maintain current lead times, shippers will be forced to revise their operational structure, including shipping ahead of schedule, revising production and inventory bases, and assisting with transport operator cargo handling work (increasing burden on people)



What needs to be done to help solve your problems?

Logistics Promotion is Key to Issue Resolution



Undertaking logistics from the upstream, we reduce the risk of customer inability to transport with our logistics

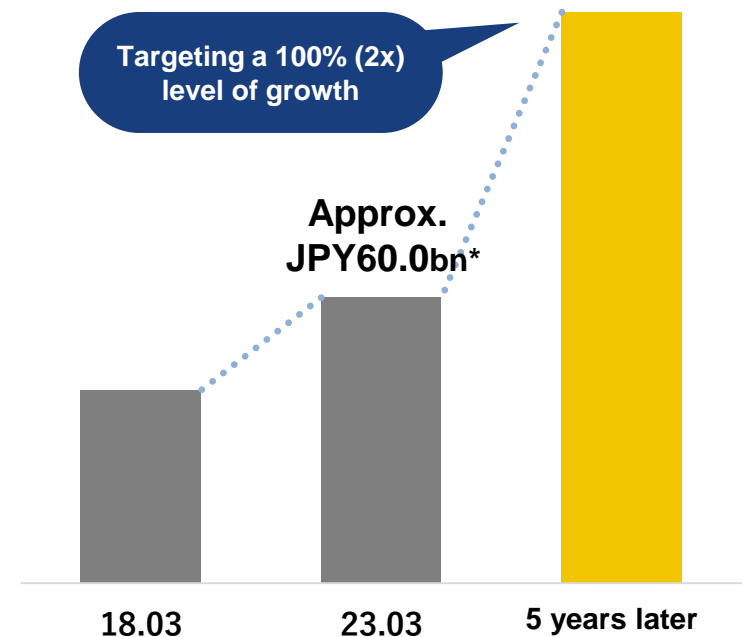
Competitiveness

- Carrying capacity based on nationwide transportation network
- Nationwide operations is an advantage enabling us to provide logistics services utilizing optimal locations
- Abundant human resources, from dedicated salespeople to operational and management personnel
- Integrated distribution centers and truck terminal facilities enable customer inventory to be directly connected to our nationwide network



Contributes to lead time and total cost reductions

Logistics | Sales



*Reference figures for Seino Holdings (management accounting basis), including transportation operating revenue derived from logistics.

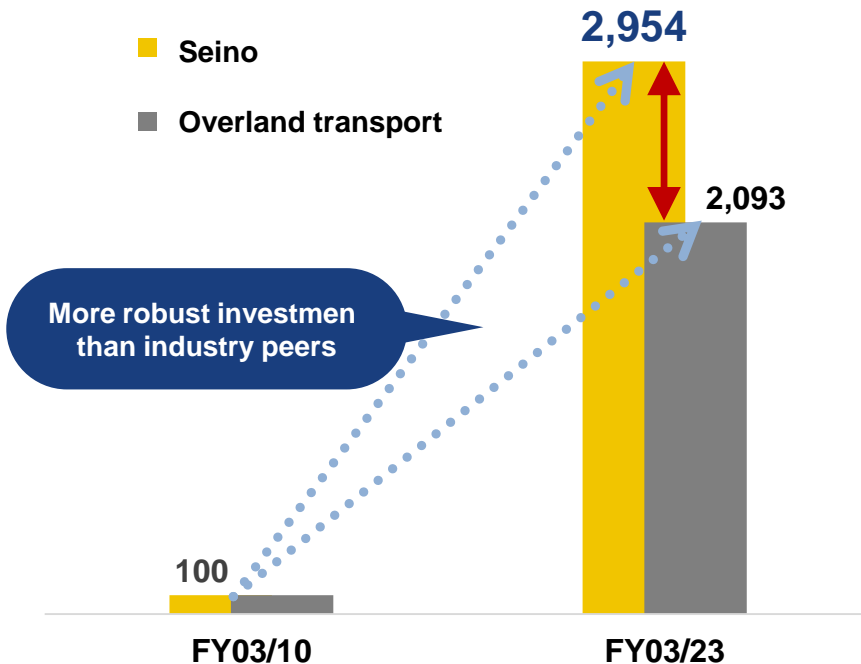
Logistics Infrastructure Strengths



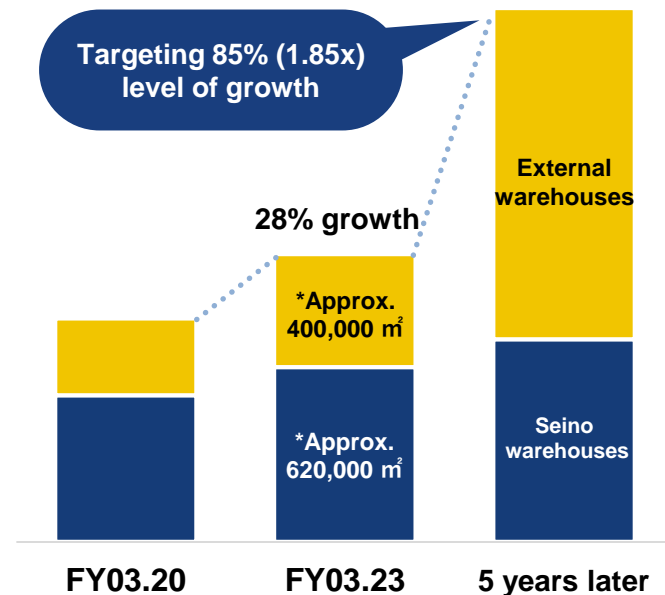
Strengthening logistics infrastructure capabilities through proactive investments in logistics infrastructure and the proactive use of external facilities

Capital investment
[Cumulative from FY03/11, indexed]

Inventory holdings image
< Warehouse floorspace >



Source: Ministry of Finance Company Statistics Survey



*Warehouse floorspace within Seino Holdings

Intangible Asset (IT System Architecture) Strengths



Enhancing logistics operation efficiency and resolving labor shortage issues through the provision of robots and inventory management systems

- Group company Seino Information Service supports customer logistics efficiency in the logistics field
- Provides logistics solutions tailored to each customer's operating environment

Robot introduction example and implementation efficacy

GTP

Automated receiving and shipping work



t-Sort

Automated sorting robot



Robot efficacy
(Company A, healthcare-related industry)

Warehouse staff

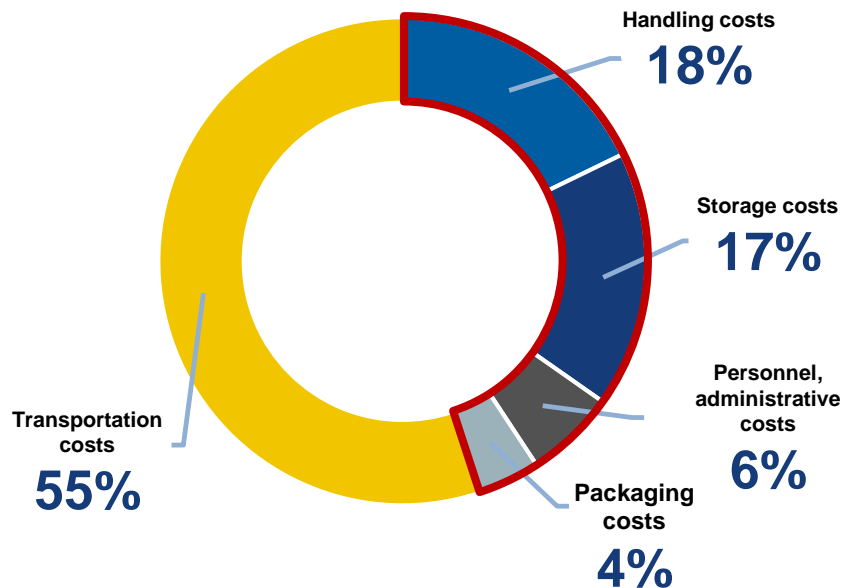
15% reduction

Measures Taking a Broad View of Total Costs is Key



Logistics costs as a percentage of sales are said to range from 5% to 8%, but the logistics unit costs may rise sharply as the 2024 problem becomes more apparent

Fiscal 2022 logistic cost composition



It is important to address rising transportation costs with overall optimization



Seino logistics provide customers with support reducing overall logistics costs

Resolving Customers' Logistics Issues



In handling logistics, Seino enables its customers to focus on their core business, which contributes to their prosperity.



Osada Co., Ltd. Interview Excerpt

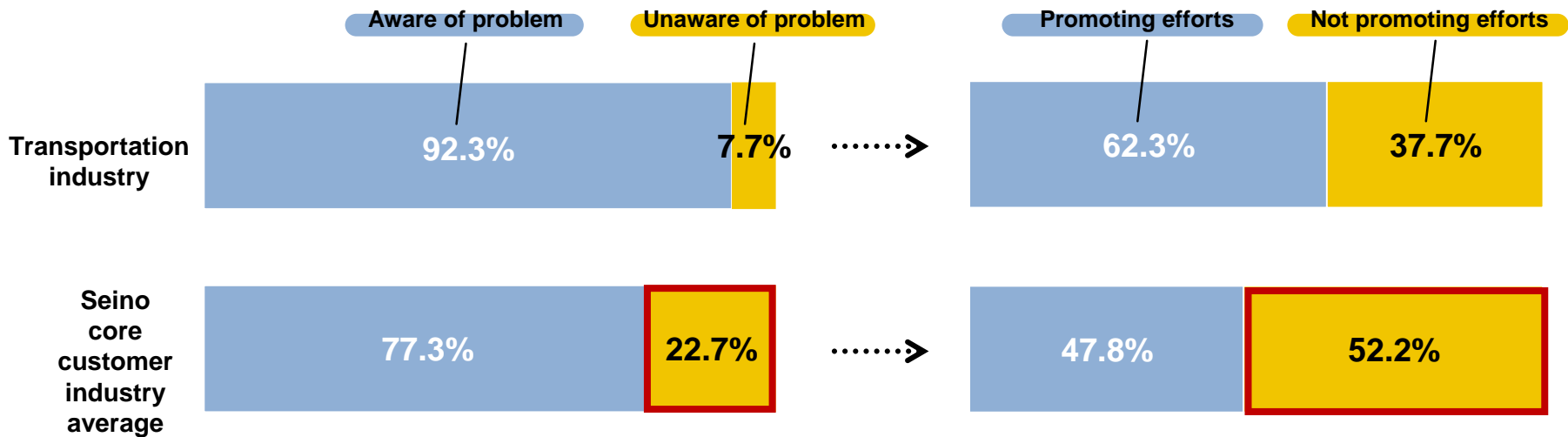
To Resolve the 2024 Problem, We Need to Encourage Shippers to Take Action



As shippers have little awareness of the 2024 problem, their understanding and cooperation is essential for resolving it

Corporate/business awareness of the 2024 problem

Corporate/business efforts to resolve the 2024 problem



Note: Compiled from a quantitative survey of businesses (438 manufacturing companies, 876 transportation companies, 208 wholesale/retail companies, and 185 other companies) conducted by the Ministry of Land, Infrastructure, Transport and Tourism in October 2022.

Cooperation Among Shippers, Transport Operators, and Public Agencies is Essential



Individual business responses are limited



It is critical to build a platform that can be used by businesses



To ultimately resolve the 2024 problem

Shippers, transport operators, and public agencies working together is key to resolving these issues

Policy Packages Supporting Logistics Innovation



- A package of policies targeting logistics innovation was decided at a ministerial meeting held in June 2023
- Further, to achieve results ahead of plan, a logistics innovation emergency package (plan) was announced

Policies targeting logistics efficiency (excerpt)

Logistics GX promotion
~Modal shift, EV trucks~

Efforts to eliminate redeliveries

Promotion of joint transportation in regional logistics, etc.

Utilization and development of a diverse range of human resources including women and young people

Logistics DX promotion
~Cargo and vehicle request system, drone deliveries~

Future actions

Until end-2023 →

Revision of standard **conditions of rates** and carriage, etc.

→ **From 2024** →

Specification of regulatory measures, including the **enactment of legislation at the ordinary session of the Diet**

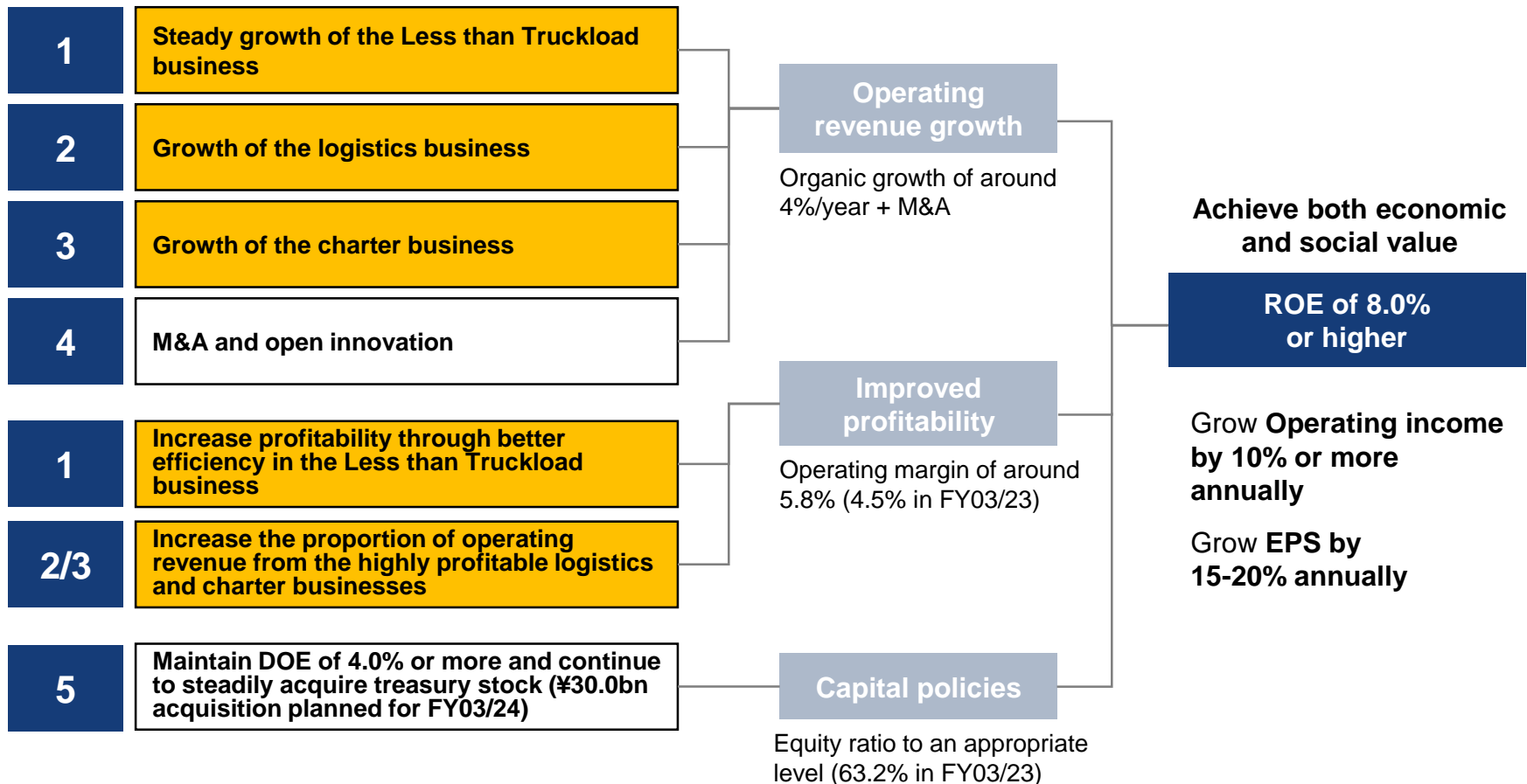
Promoting the realization of sustainable logistics with Team Green Logistics

Seize Opportunities to Address the 2024 Problem and Achieve Roadmap 2028



Aim to achieve ROE of 8.0% within 3-5 years by improving earning power and actively promoting shareholder returns

Drivers of ROE improvement

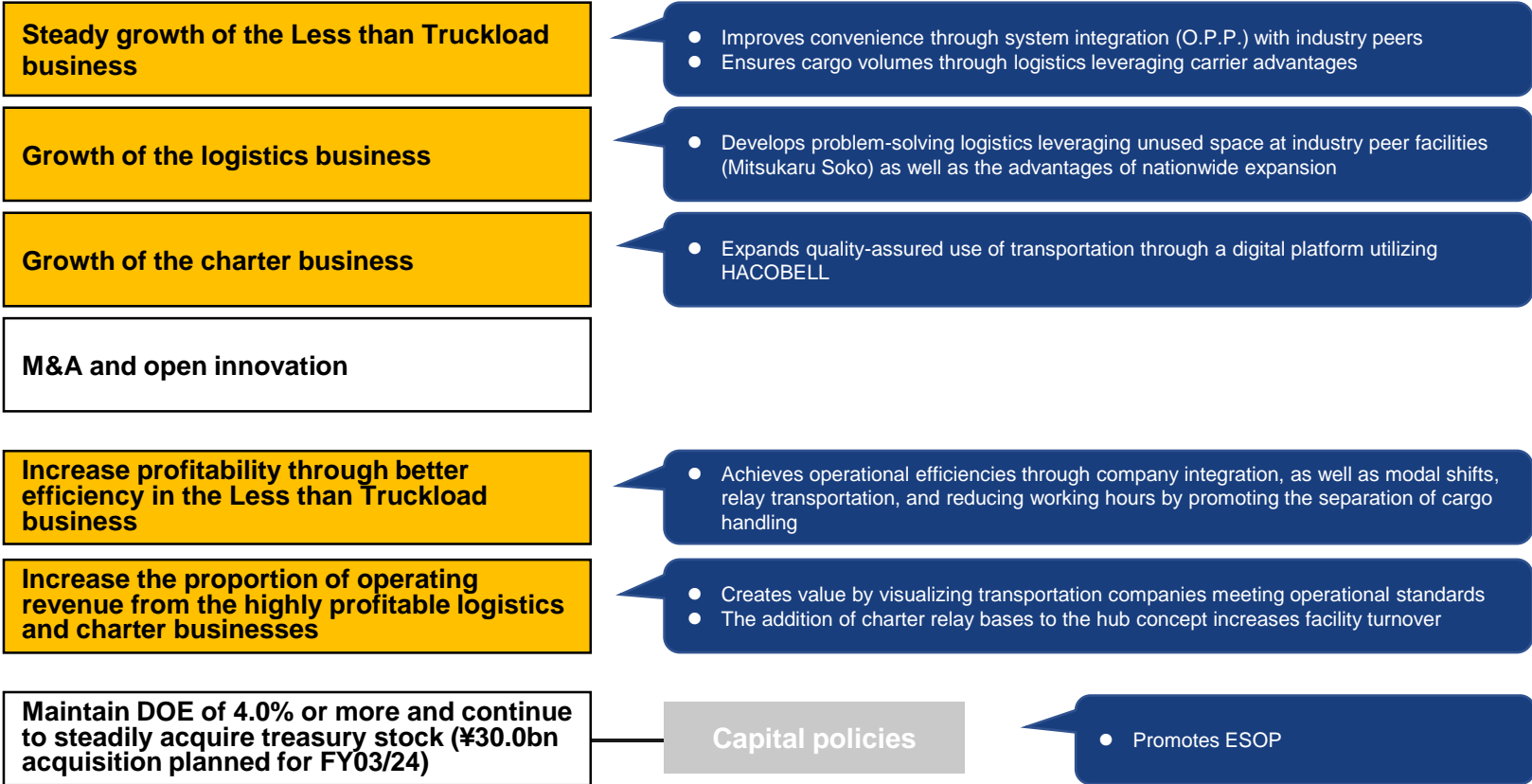


Consistency Between Solutions to the 2024 Problem and Roadmap 2028



Specific measures aimed at overcoming the 2024 problem

Drivers of ROE improvement





05

President's Message

President's Message



- **Although the 2024 problem discussed today is a major social issue**, we will carry forward the social contribution aspirations and thoughts of our founder, Rihachi Taguchi, who launched long-distance transportation in 1946, to contribute to society, and promise to do everything in our power to resolve this issue in a way that avoids disruptions to logistics, the lifeline of the Japanese economy, and contributes to the creation of value for all our stakeholders.
- The resolution of logistics issues **requires One Stop information and infrastructure**, and I am proud that Seino was ahead of other companies in terms **of promoting investments in human resources, infrastructure, and DX**, while **proactively engaging in collaborations with other companies**. **We made particular efforts to retain employees** under the management philosophy “Develop the company and make employees happy.” We believe the value of our human assets will become increasingly important in the coming years.
- To draw on the collective wisdom of multiple stakeholders, including shippers, transportation companies, consumers, and shareholders, and create a sound and sustainable future, **shippers, transportation companies, and public agencies must work together to examine optimal logistics structures and appropriate freight rate levels**. To this end, I hope to engage in a frank exchange of opinions with all our stakeholders.



Appendix

Slogan

Team Green Logistics

Creating together and contributing to the future



We need to optimize sustainable logistics networks in order to address the social issues facing Japan: a declining birthrate, an aging population, and environmental problems.

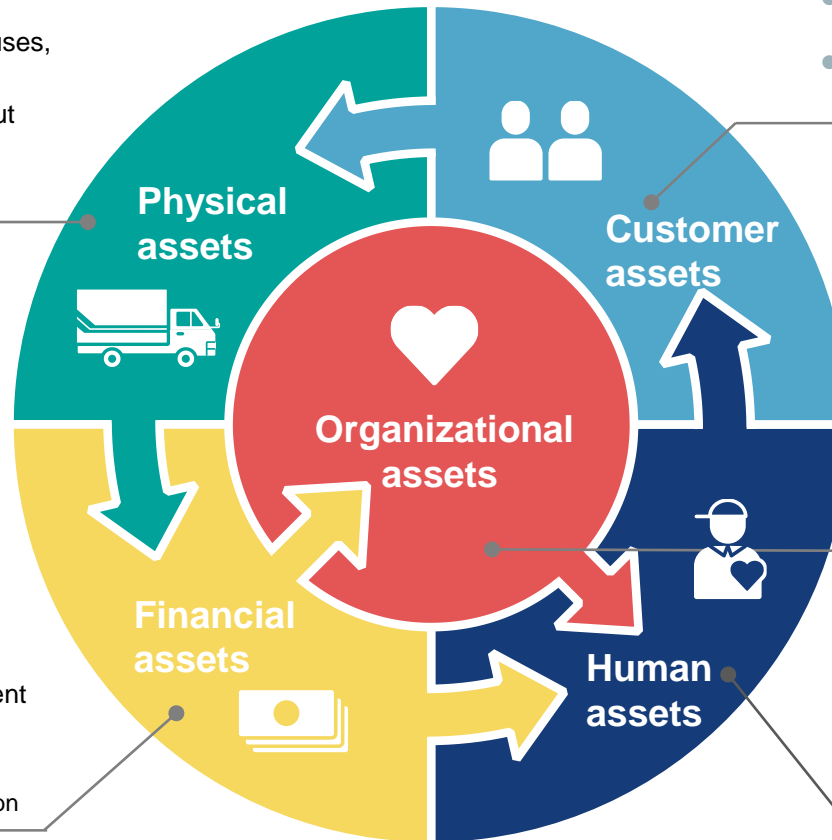
Based on the concept of an open public platform, we will strengthen cooperation with customers and various partners to promote environmental consideration throughout the supply chain, working together to create green logistics.

As we do so, we will strive to create an atmosphere in which all employees keep in tune with our corporate philosophy, respecting each other and contributing to a future in which we “connect hearts and minds” to go beyond logistics and become the company of choice for our customers.

Seino Tangible and Intangible Assets Linked to the Resolution of Industry Issues



- A Japanese leader in logistics infrastructure (terminals, warehouses, trucks)
- 736 distribution centers throughout Japan, and 26,000 vehicles
- Expanding logistics



- Long-term, trust-based relationships with 860,000 corporate customers
- Outsourced logistics operations for leading global companies

- Instillment of philosophy and corporate culture
- No. 1 track record in BtoB trucking
- Diversified transportation network
- Extensive logistics data
- IT systems
- System of collaboration with startups
- Corporate sports that increase sense of contribution

- A balance sheet that facilitates a balance between growth investment and shareholder returns:
Equity ratio: 63.2%
Cash and deposits: More than ¥100.0bn

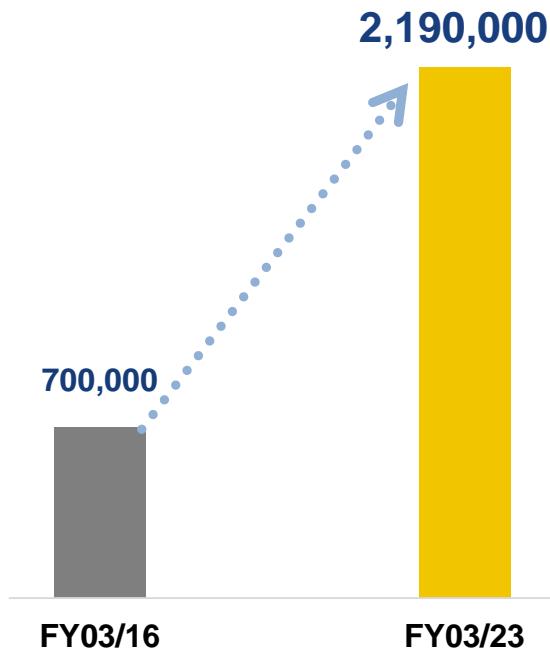
- Transportation group employees: Approx. 27,000
Approx. 17,000 drivers
Approx. 500 dedicated salespeople
- Four new logistics-related departments: Approx. 120 people
- Enhanced engagement and retention

Sharing Goals and Achievements through the Employee Stock Ownership Plan



We provide employees with incentives to enhance corporate value over the medium to long term, while promoting membership in the employee stock ownership plan as a means of enhancing employee benefits.

Shares held



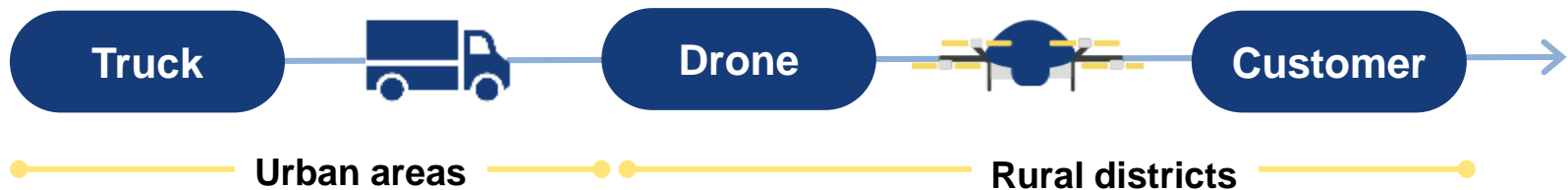
- We will strengthen the employee stock ownership plan so that increased corporate value = economic value for employees.
- Overview of employee stock ownership plan
 - Members: 5,289
 - Shares held: 2,190,000 (16th largest shareholder)
- Incentive plan
 - FY03/22 to FY03/26 (four years)
 - At the end of the period, the amount of increase in the share price during the period will be distributed in proportion to the number of shares accumulated by each member.
- Employees can share in the goal and sense of achievement as we work toward a PBR of more than 1x.

New Smart Logistics Initiatives Example (1)



Kamishihoro, Hokkaido (joint deliveries)

Japan's first land-air consolidated delivery by a drone delivery service provider of packages for a major e-commerce company, involving relay deliveries by truck and drone of goods for joint delivery from Obihiro



Relay delivery from ground transportation driver to drone operator



Transport by drone



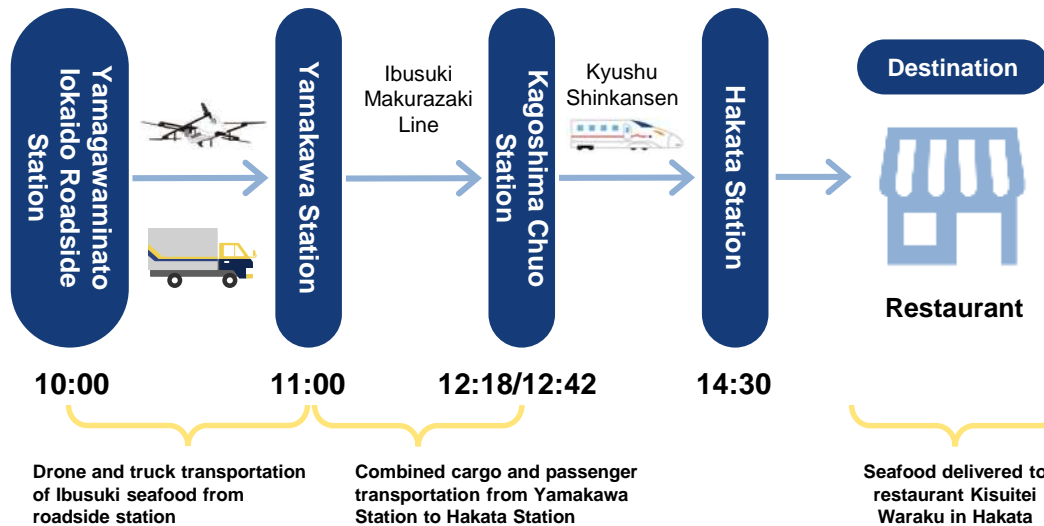
Delivery to customer

New Smart Logistics Initiatives Example (2)



Linkage with JR Kyushu (Kagoshima ⇄ Fukuoka)

Verifying a logistic network combining trucks, drones, and passenger trains (conventional lines and Shinkansen)



JR Kyushu “Hayalbin” service



Pickup and delivery by AirTruck



Loaded onto the Ibusuki Makurazaki Line stopped at Yamakawa Station



Changed to Shinkansen at Kagoshima Chuo Station



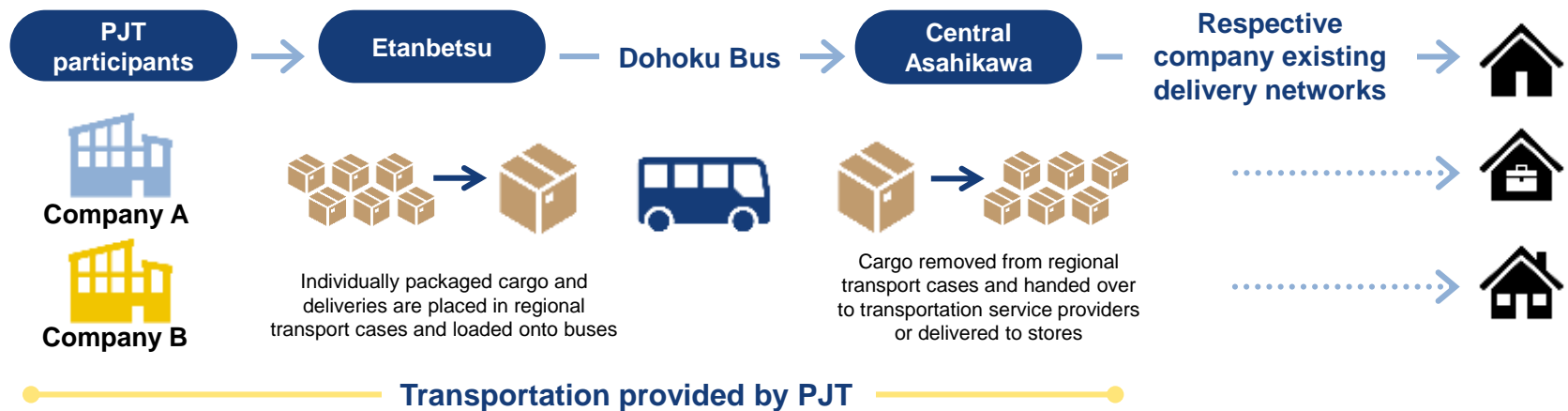
Same-day delivery to shop in Hakata Station

New Smart Logistics Initiatives Example (3)



Advanced example of First One Mile (Asahikawa, Hokkaido)

Local businesses in the Etanbetsu area collaborated on a Green Logistics project aimed at reducing CO2 emissions by consolidating and packaging their own products and transporting them to the city center in local business combining cargo and passengers



Local businesses, rather than delivery companies, are taking the initiative to resolve regional, industry, and environmental issues by “shipping” rather than “delivering”

Declining Driver Numbers ~Licensing System Revisions~



- Due to driver's license revisions in 2017, young adults with standard driver's licenses cannot, in principle, drive two-ton trucks
- Further, four-ton trucks with high transport capacity require a mid-sized or larger special license

Standard license acquisition date	Vehicle Gross Weight (Maximum loading capacity)				
	3.5t (2t)	5t (3t)	7.5t (4.5t)	8t (5t)	11t (6.5t)
Up to June 1, 2007	At acquisition: Standard Currently: Mid-sized (8t) limit				Large-sized
June 2, 2007 to March 11, 2017	At acquisition: Standard Currently: Semi-mid-sized (5t) limit		Mid-sized		Large-sized
March 12, 2017 onward	Standard 18 years or older	Semi-mid-sized 18 years or older	Mid-sized 20 years or older Note: Must hold standard driver's license for two or more years		Large-sized 21 years or older Note: Three or more years

Young people face high hurdles in becoming drivers as they cannot operate trucks with a payload of two or more tons without a semi-mid- or large-sized truck driver's license

Consequences for Failure to Comply with the Improvement Standards Notice



In the event of an Improvement Standards Notice violation, the company will be subject to audits and guidance by the Labour Standards Inspection Office and administrative punishment by the Ministry of Land, Infrastructure, Transport and Tourism. If working hour restrictions are violated, a minimum 10-day vehicle suspension will be imposed.

Items	First violation	Subsequent violations
Five or fewer non-compliance items	Warning	10 day vehicle suspension
Six to 15 non-compliance items	10 day vehicle suspension	20 day vehicle suspension
16 or more non-compliance items	20 day vehicle suspension	40 day vehicle suspension
Violations separate and additional to the above		
One non-compliance item in each issue	10 day vehicle suspension	20 day vehicle suspension
Two or more non-compliance items	20 day vehicle suspension	40 day vehicle suspension

Main sources of discovery

- When a business site is identified based on supervision plans (periodic audits)
- When an incident is reported by an employee working onsite (reporting supervision)
- When industrial or vehicle accidents occur



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