

Creating Shared Value (CSV) Initiatives Make the Yamato Group Even Stronger

Rather than being passive with regard to various issues to be faced, we are linking those issues with improvements in Yamato competitiveness by actively addressing them.

Yamato Group Risk/Issue Approach Policies

Risk/Issue	Yamato Group Approach Policies
Labor-intensive business model	<p>Deliveries to coincide with time bands in which a high proportion of customers are at home and raise labor productivity by customers by combining full-time Sales Drivers (SDs) and part-time field cast members (workers involved in pickup and delivery)</p> <p>Aim to combine increased pickup and delivery efficiency with improvements in customer convenience by renewing mission-critical IT systems</p>
Labor shortage	<p>Improve efficiency in work that does not depend on manual labor by digitization and state-of-the-art automated equipment at logistics terminals</p> <p>Develop and encourage diverse ways of working, endeavor to create workplaces in which each and every employee can feel actively engaged, irrespective of their gender, age or nationality</p>
Reduction of shipments due to Japanese population decline	Create business opportunities and plan monetization through the TA-Q-BIN network that is deeply rooted in local communities, such as addressing new needs brought about by an aging population
Convergence of mail order market expansion in Japan	Raise Asia-centric overseas presence and implement growth strategies
Diversification of customer needs	Ascertain the needs of local communities through customer networks that are deeply rooted in local communities, promote the development of new services in response to lifestyle changes
Increase in CO ₂ emissions and waste material volumes	Aim to reduce CO ₂ emissions and fuel consumption by promoting Ecodrive and by not using vehicles for pickups and collections





Promotion of CSV in Collaboration with Local Communities

Based on its idea of CSV (Creating Shared Value), by which Yamato enterprises create common value with local communities through their main businesses, the Group is providing the networks and functions, including information, logistics, and financial settlement, that each Group company possesses to local people, such as local governments, residents, and NPOs. The Company is engaging in Project G (which stands for “government”) with the aim of revitalizing local communities by resolving issues in cooperation with others.

Watch-Over Initiatives for Seniors Provided by Sales Drivers

Across Japan, the Yamato Group is engaging in lifestyle support, which includes confirming the well-being of seniors and shopping for them, and in sales promotion, such as expanding sales channels for special products. Since April 2013, the Company has been delivering monthly periodicals to seniors living alone in the city of Kuroishi, Aomori Prefecture, and making efforts by which a report is made to the local government if an elderly recipient has not been at home for a certain length of time. Yamato Transport has been able to create a mechanism by which a local governmental agency can detect anomalies reliably and at low cost. This has been achieved by having the fees borne by the city according to the number of deliveries, and limiting the work of the sales drivers (SDs) to the delivery and the reporting of absences to the city office. In April 2015, the Company began providing the service to roughly 550 targeted households where a person aged 70 or over was living alone in the town of Fukaura, which faces the same problem, and with which Yamato Transport signed an agreement. Anomalies discovered when delivering a periodical are reported to the town authorities, advancing an initiative that supports the safety of seniors living alone through collaboration between the town and social welfare workers.



Regional Product Sales Channel Expanded Overseas

In July 2014, the Company constructed the Aomori Prefecture General Distribution Platform to support the expanded distribution of the prefecture’s agricultural, forestry, and fisheries products in Japan and overseas. Provision of the “A! Premium” service commenced in April 2015. This service enables agricultural, forestry, and fisheries products from Aomori Prefecture to be delivered to western Japan the following morning and to other Asian destinations, such as Hong Kong, via the shortest or next-day deliveries. As a new channel that even enables the sale of individual items of produce that will have a certain value to producers, offering shortened delivery times and undiminished freshness and quality, the Company is hoping this initiative will give rise to a new form of commercial distribution. Already attracting the attention of the Ministry of Agriculture, Forestry and Fisheries of Japan, I would like to see this developed into a direct delivery service aimed at the higher socioeconomic groups in Asia.



Respect for Diversity

The employment of human resources from a variety of backgrounds develops a new sense of worth and will be linked to the creation of corporate value for the entire Group and the creation of social value for society as a whole. The Yamato Group endeavors to create workplaces in which each and every employee can feel actively engaged, irrespective of their gender, age, or nationality.

Encouraging the Creation of Workplaces in which Women Can Be Active



About 70,000 women are engaged in business operations within the Yamato Group, which means about 35% of all Group employees are female. Each business company creates its own system and environment in which women can remain working. Based on the Act on Advancement of Measures to Support Raising Next-Generation Children, Yamato System Development Co., Ltd. (2011), Yamato Logistics Co., Ltd. (2013), Yamato Transport Co., Ltd. (2014) and Yamato Management Service Co., Ltd. (2015) were accredited by the Ministry of Health, Labour and Welfare for their efforts in supporting child rearing. Centered on the Diversity Promotion Department set up within Yamato Holdings in August 2014, the Yamato Group is making proactive efforts in the creation of workplaces that fully utilize women’s abilities.

Contributing to Employment Creation for People with Disabilities



As stated in its corporate stance, the Yamato Group “assists and advocates for persons with disabilities” and continues its efforts to create employment opportunities for them. One of those efforts is the operation of Swan Co., Ltd., which assists people with disabilities and supports their participation in society through the manufacture and sale of bread. Established in 1998 by Yamato Transport Co., Ltd., and the Yamato Welfare Foundation, Swan Bakery opened its first shop in Tokyo’s Ginza district and currently operates 28 shops nationwide, including directly managed and chain shops. The Yamato Group will continue to help in creating a society in which people with disabilities and able-bodied people can live together.



Safety Measures toward Achievement of Zero Accidents

The Yamato Group deems community streets and roads as the places to carry out its business activities. Based on our corporate stance of thorough safety management that keeps respect for human life as its top priority, the Group thoroughly adheres to its philosophy of placing safety first and business second to maintain respect for human life priority at all times.

Safety Management Disclosure Information

With ensuring the safety of transport business operators as its goal, the Yamato Group has built up a transport safety management system, based on the Transport Management Safety System stipulated by the Ministry of Land, Infrastructure, Transport and Tourism, and remains actively involved in its implementation. Results for the fiscal year ended March 2015 and part of the goals for the fiscal year ending March 2016 are listed below.

Transport Safety Goals and Achievement Status (Yamato Transport Co., Ltd.)

Traffic Accidents

Item	Results for the fiscal year ended March 2015	Goal numerical value for the fiscal year ending March 2016
No. of serious traffic accidents	3	0
No. of serious work-related accidents	0	0
No. of traffic accidents	Year-on-year improvement rate of 2.2%	Fewer than in previous fiscal year

Budget/Results Relating to Transport Safety

Results for the Fiscal Year Ended March 2015

1. On-board *See-T Navi* system Installation expenses..... ¥229.0 million
Maintenance fees..... ¥313.0 million
2. Long-running no accident commendation awardees amount..... ¥620.0 million
3. Expenses related to long-running no accident commendation ceremony.... ¥59.0 million
4. Expenses related to Nationwide Safety Meet..... ¥6.8 million

Budget Plan for the Fiscal Year Ending March 2016

1. On-board *See-T Navi* system maintenance fees..... ¥313.0 million
2. Long-running no accident commendation awardees amount..... ¥575.0 million
3. Expenses related to long-running no accident commendation ceremony.... ¥64.0 million
4. Expenses related to Nationwide Safety Meet..... ¥7.1 million

Introduction of *See-T Navi* Supports Safe Driving

Yamato Transport Co., Ltd., pickup and delivery vehicles are equipped with a unique *See-T Navi* safety and ecological navigation system. This system creates data from SDs' driving and visualizes issues by acquiring and recording speed, distance, and time information. We evaluate driving skills based on such data and rank skills on a seven-step scale from A to G. For example, driving habits that present a low risk of accidents and low environmental impact, such as low-gear starts and the observance of safe driving speeds, raise the ranking. In conjunction with promoting the introduction of *See-T Navi*, we are implementing initiatives, which include sharing case studies at individual branch workshops, and actively supporting the safe driving of our SDs.



The *See-T Navi* system installed in a pickup and delivery vehicle

Supporting Safety by Thorough Maintenance Management

Thorough vehicle maintenance management is indispensable for ensuring transportation safety. The regular checks and maintenance of all Yamato Group vehicles are undertaken by Yamato Autoworks Co., Ltd., which selects vehicles to purchase on the basis of past maintenance histories and conducts detailed checks at optimal times for replacement vehicles.

Covering the more than 4,000 pickup and delivery base locations of the Yamato Group, Yamato Autoworks is responsible for 50,000 vehicles and their maintenance inspections. Their major maintenance factories



Laden with tools, *Repair Works* vehicles are used to undertake roadside maintenance and diagnostic testing

are in operation around the clock throughout the year. Aside from naturally responding quickly in the event of an accident, they also support the mandatory periodic inspections carried out

on vehicles by collective management throughout the year. Furthermore, they perform preventive maintenance to carry out maintenance before failures occur by frequently checking the status of vehicles and gathering information. Of the approximately 880 mechanics, the number that hold automobile inspector qualifications, which enable them to carry out complete inspections to determine whether vehicles that meet safety standards once maintenance has been completed, has climbed to more than 650 (as at March 31, 2015). During maintenance, the accuracy of inspections is raised by double checks by another mechanic who carries out interim and maintenance completion inspections.



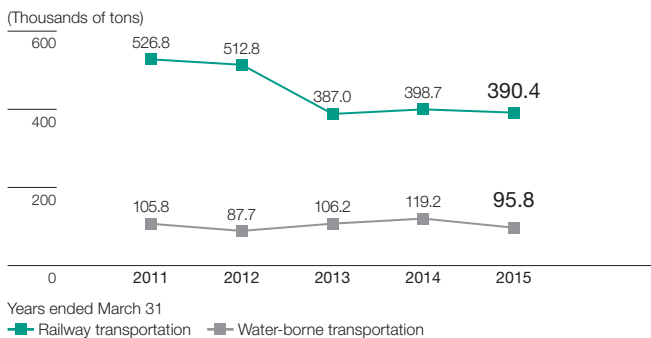
A Thoroughly Ecological Approach to Transportation to Achieve Cost Reduction

The Yamato Group refers to its environmental conservation initiatives as “Necology.” Environmental conservation is a part of a corporation’s responsibility to society, and we encourage every individual employee to be constantly aware of environmental conservation as they conduct their daily tasks in addition to ensuring that our corporate activities remain environmentally friendly. We establish environmentally friendly logistics by thoroughly ensuring the environmental friendliness of all aspects, especially for “packaging,” “transportation” and “delivery.”

Pursuit of Reasonably Priced, Environment-Friendly Transportation

Shifting medium-to-long-distance trunk transportation, which had previously mainly been by truck, to railway or water-borne transportation, Yamato Transport Co., Ltd., is promoting trucks and intermodal transport. Compared with trucks, railway and water-based transport are highly energy efficient, significantly reduce CO₂ emission volumes, help to curb air pollution and alleviate road congestion, and also have a major effect on cost reduction. Furthermore, with a view to reducing CO₂ emission volumes, the Company is engaged in expanding pickup and delivery services by a new trolley (a trailer towed by an electric bicycle) instead of vehicles. Mainly in urban and densely populated areas, we have set up satellite centers to undertake pickups and deliveries without using any vehicles at all, apart from the occasional use of a mini vehicle. At centers that require the use of vehicles for longer distances, the Company is working to reduce the number of vehicles by selecting the pickup and delivery method best suited to the area. For example, use is made of carts, the new trolleys, and mini vehicles for pickups and deliveries in nearby areas and a combination of vehicles and carts in areas further afield.

Modal Shift Volume Trends (Yamato Transport Co., Ltd.)



The new trolley, about 4,700 of which have been introduced

By working to reduce the number of vehicles through collaboration between Group companies, seamless transportation between railways and ferries, and utilization of carts and the new trolleys, the Company is endeavoring to combine various forms of environmental safeguards with logistics solutions.

Development of Environment-Friendly Packaging Materials

At the same time as protecting customers’ important shipments, Yamato Packaging Technology Institute Co., Ltd., is engaged in the development of packaging materials that are easy to use, have high load efficiency, and are themselves made from materials that are easily recyclable after use. Particularly in recent times, there has been a growing need to meet the requests from customers who want to ensure impact buffer capability with cardboard alone, without any of the foam cushioning material that had previously been used. In this regard, we are heat sealing cardboard with a special film in a method that holds a notebook computer securely between the cardboard and the film. In addition to enabling the packaging of PCs, which have different shapes depending on the model, with one type of material, with this method we succeeded in reducing logistics costs, including reducing the overall shipment volume by approximately 23%, while ensuring shock-absorbing properties equal to those of foam-cushioning material by overlapping the cardboard lid.

Low-Emission Vehicle Introduction Patterns (Yamato Transport Co., Ltd.)

