

The Yamato Group: Creating Shared Value (CSV) Initiatives

Based on the concept of Creating Shared Value (CSV), which involves realizing both economic and social value as a company while addressing the needs of customers, the Yamato Group is collaborating with local governments nationwide in an effort to create a totally new business structure.

Establishment of the Next Delivery SQUARE in the Fujisawa Sustainable Smart Town

Making life more comfortable through smart, eco-friendly distribution services

In November 2016, Yamato Transport Co., Ltd. opened the Next Delivery SQUARE in the Fujisawa Sustainable Smart Town (hereinafter, Fujisawa SST).* The Next Delivery SQUARE serves as an infrastructure for comprehensive distribution for all of Fujisawa SST. By providing total support for the day-to-day needs of residents of Fujisawa SST in such ways as on-demand distribution, the Next Delivery SQUARE is contributing to more convenient, comfortable, and secure lifestyles. In doing so, the Next Delivery SQUARE is helping Fujisawa SST, which encourages sustainable lifestyles, progress its transformation into a more open, easy-to-live-in town.

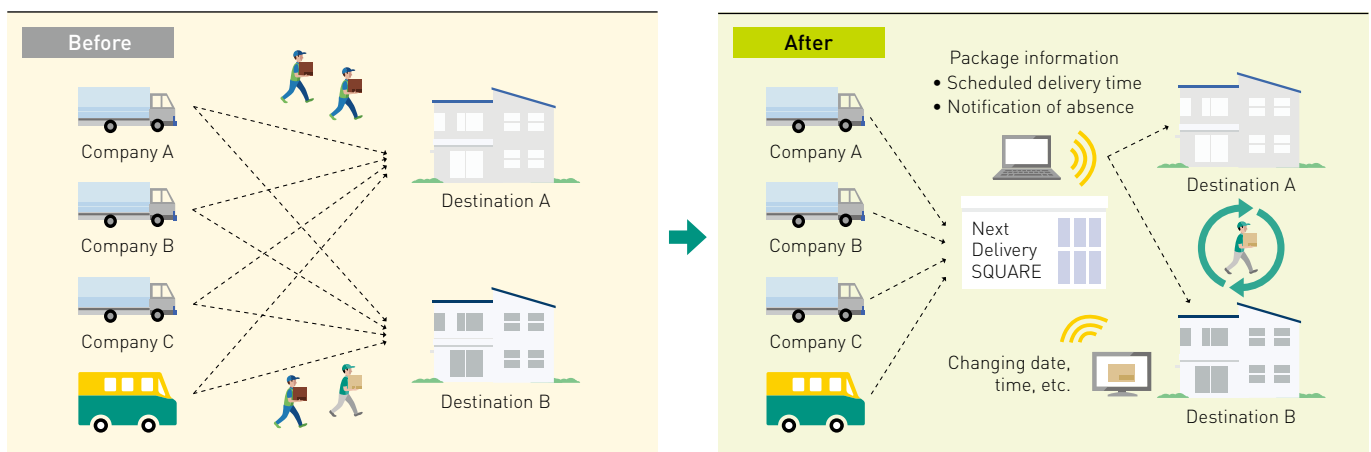
* Fujisawa SST is a "smart town" in Fujisawa City, Kanagawa Prefecture, that aims for sustainable town development over the next 100 years by encouraging sustainable lifestyles for its residents and introducing new services and technologies.

In addition, Yamato Transport employees are conducting programs for children attending kindergartens and elementary and junior high schools located near Fujisawa SST that convey knowledge on traffic safety and the importance of having a job. Through efforts such as these, Yamato Transport employees are working to establish sustainable communities within Fujisawa SST.

Going forward, we will create new ideas grounded in the concept of improving the quality of life for Fujisawa SST residents, including the introduction of systems that allow residents to confirm where a sales driver is and about how long it will take for the driver to arrive, as well as unmanned facilities that enable parcel pickup even late at night.

Overview of the Next Delivery SQUARE

Packages in Fujisawa SST were previously delivered via different door-to-door delivery service providers. Through the Next Delivery SQUARE, Yamato Transport provides a centralized delivery service that makes it possible to deliver packages all at once without having to rely on separate service providers. In addition, the Next Delivery SQUARE integrates all package information and offers delivery notification services through smart TVs installed in all residences in Fujisawa SST. These services transmit all scheduled deliveries for the day and inform residents if a package has arrived while they were away from home. As residents are able to change delivery dates and times and designate delivery locations on the smart TV screen, they no longer need to spend time and effort contacting each individual courier company to receive packages separately. This in turn enables eco-friendly and smart home deliveries.





Change: Advance of social issues, such as Japan's decreasing birthrate and aging population

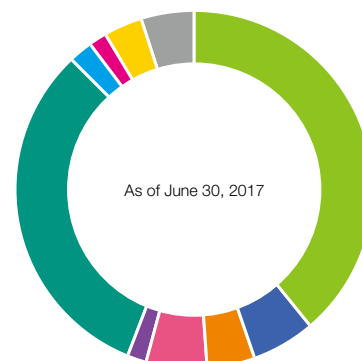
Promotion of CSV in Cooperation with Local Communities (Project G)

In aiming to become the “company most loved and trusted by society,” the Yamato Group is promoting Project G, which engages in revitalizing local communities and resolving issues in cooperation with local governments and local government agencies. Project G's solutions include expanding the sales channels for specialty products and watch-over service support for the elderly all over Japan.

Number of Project G Solutions: **1,971** (As of June 30, 2017)

Breakdown of the 368 Project Agreements with Local Governments

Watch-over support	145	Disaster relief support	117
Shopping support services	20	Hometown tax payments	8
Product support services	15	Combined passenger-cargo operations using buses	6
Tourism promotion support	20	Comprehensive support	13
Event support	6	Other	18



Concluded Agreement with the Tokyo Metropolitan Government to Support the Elderly

To realize local communities in which elderly people and their families can continue to live comfortably and with peace of mind, Yamato Transport entered into an agreement with the Tokyo Metropolitan Government to help support the elderly. Under this agreement, our sales drivers will not only watch over elderly residents, they will also provide support to elderly people suffering from dementia and their families by notifying relevant institutions in cases where they observe signs of fraud or other acts that harm consumers. In doing so, our drivers will help address local issues and invigorate local communities.

Watching Over Elderly People Living Alone

In communities where the population has aged and decreased, Yamato Transport is drawing on its *TA-Q-BIN* network in collaboration with local governments to monitor the health, safety, and other conditions of elderly people living by themselves in a convenient and low-cost manner. Yamato Transport is expanding these efforts to watch over the elderly on a nationwide basis.

We are also working with local governments to regularly deliver periodicals and other materials, and we summarize and report the results of these deliveries to local government agencies. For communities with a large number of elderly people who have difficulty shopping on their own, we offer services that provide shopping assistance to the elderly, in addition to watching over their health. In these ways, we customize our services based on the issues facing individual communities.

Expanding the Development of Combined Passenger-Cargo Operations — *TA-Q-BIN* Transportation via Bus Routes

Our combined passenger-cargo operations represent efforts to switch over a certain portion of truck transportation to transportation via bus by removing a number of seats from buses to make room for cargo. These efforts help bus operators secure new sources of revenue to help maintain bus routes. For local governments in mountainous areas where the population has aged and decreased, these efforts help maintain and improve lifestyle services for local residents through stable public transportation. These efforts also increase the amount of time our sales drivers spend in local communities, thereby allowing them to provide services that are more connected to local community needs. Furthermore, combined passenger-cargo operations help us reduce our environmental burden.

These operations, which commenced in 2015 in Iwate Prefecture, have now been expanded to cover Miyazaki, Hokkaido, Kumamoto, Hyogo, Nagano, and Wakayama prefectures. In addition, starting from January 2017, we began bus operations in Miyazaki Prefecture that allow for Cool *TA-Q-BIN* transportation using special refrigerated boxes.



Bus used in combined passenger-cargo operations (Miyazaki Prefecture)



Special refrigerated box

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 as a 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 Safety Management 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 31, 2017, and part of the goals for the fiscal year ending March 31, 2018, are listed below.

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

Traffic Accidents

Item	Results for the fiscal year ended March 31, 2017	Goal for the fiscal year ending March 31, 2018
No. of serious traffic accidents	4	0
No. of serious work-related accidents	0	0

Source: Yamato Transport's publicly disclosed "Transport Safety Management" information (Japanese-language only)

Results for the Fiscal Year Ended March 31, 2017

Results for the Fiscal Year Ended March 31, 2017

1. Operating expenses for on-board See-T Navi systems ¥336.0 million
2. Long-running no accident commendation awardees amount ¥604.5 million
3. Expenses related to long-running no accident commendation ceremony..... ¥62.0 million
4. Expenses related to Nationwide Safety Meet..... ¥7.1 million
5. Introduction of Event Data Recorders..... ¥62.0 million

Budget Plan for the Fiscal Year Ending March 31, 2018

1. Operating expenses for on-board See-T Navi systems ¥312.0 million
2. Long-running no accident commendation awardees amount ¥567.0 million
3. Expenses related to long-running no accident commendation ceremony..... ¥71.5 million
4. Expenses related to Nationwide Safety Meet..... ¥8.2 million
5. Introduction of Event Data Recorders ¥383.0 million
6. Safety-related training for team leaders..... ¥6.0 million

Training of Sales Drivers Who Prioritize Safety Above All Else

To train excellent drivers who prioritize safety above all else, the Yamato Group has expanded and upgraded its training system and engages in the provision of detailed guidance on a daily basis. Yamato Transport drivers hired following a rigorous aptitude test receive training when they join the Company that includes safety training and other training for approximately one month after they have entered the Company. After earning their internal Yamato licenses, they come to the actual business of driving for the first time. Even after that, they hone their driving skills through training sessions one year after joining, regular ride along instruction and on-the-road patrols by safety experts and managers, and a driving manager aptitude examination once every three years.

Ingraining Safety Awareness into Employees

With the aim of improving the safety driving levels of its professional drivers, maintaining Companywide safety awareness, and improving driving techniques, Yamato Transport holds the Yamato Transport Nationwide Safety Meet. At the Sixth Annual Yamato Transport Nationwide Safety Meet held in October 2016, a new category for two-ton multipurpose automatic transmission vans was added to the existing category for two-ton multipurpose manual transmission vans to respond to the increase in the number of drivers who only have licenses for vehicles with automatic transmission.



Skill test for driving two-ton multipurpose vehicles

Supporting Safety by Thorough Maintenance Management

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 are in operation around the clock throughout the year. Aside from naturally responding quickly in the event of a breakdown, they 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 breakdowns occur by frequently checking the status of vehicles and gathering information. Of the approximately 940 mechanics, the number that hold automobile inspector qualifications, which enable them to carry out complete inspections to determine whether vehicles meet safety standards once maintenance has been completed, has climbed to 600 (as at March 31, 2017). 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

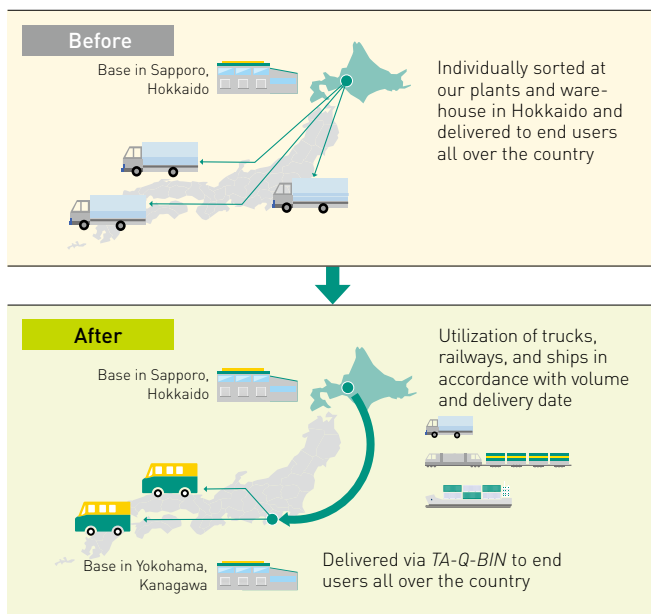
By considering that efforts form part of a corporation's responsibility to society, the Yamato Group refers to its environmental conservation initiatives as "Necology." The Group establishes environment-friendly logistics by thoroughly ensuring the environmental friendliness of all aspects, especially for packaging, transportation, and delivery.

Companywide Promotion of Modal Shift

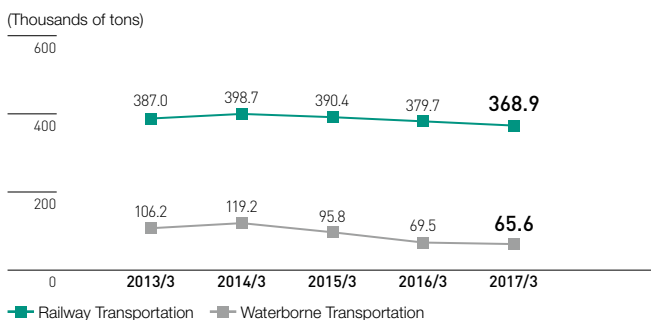
As an initiative designed to reduce CO₂ emissions, the Yamato Group is encouraging all its companies to perform a modal shift to utilize railways as their trunk-route transport. The Group's efforts to bring about an increasing shift away from trucks, by switching to railways or ships when shipping freight from Hokkaido to Kanagawa Prefecture, helped realize a decrease in CO₂ emissions of about 285 tons.

Following an assessment of this initiative, Yamato received the Modal Shift Excellent Business Entity Award (New Development Division) at the 14th Annual Awards Ceremony for Excellent Business Entities Working on Modal Shift that has the Japan Association for Logistics and Transport as its main sponsor.

Utilizing Railways and Ships for Long-Distance Transportation



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



Introduction of Semi-trailers and Full Trailers with New Standards

Through collaboration with automobile and other manufacturers, Yamato Transport has developed and introduced newly standardized connected trailers, the first of their kind in Japan, which have a greater overall length compared with conventional models. These trailers will help us improve the efficiency of high-frequency, trunk-route transportation between *Atsugi Gateway*, *Chubu Gateway*, and *Kansai Gateway*. At the same time, the trailers will help us reduce our CO₂ emissions.

Introduced Vehicle

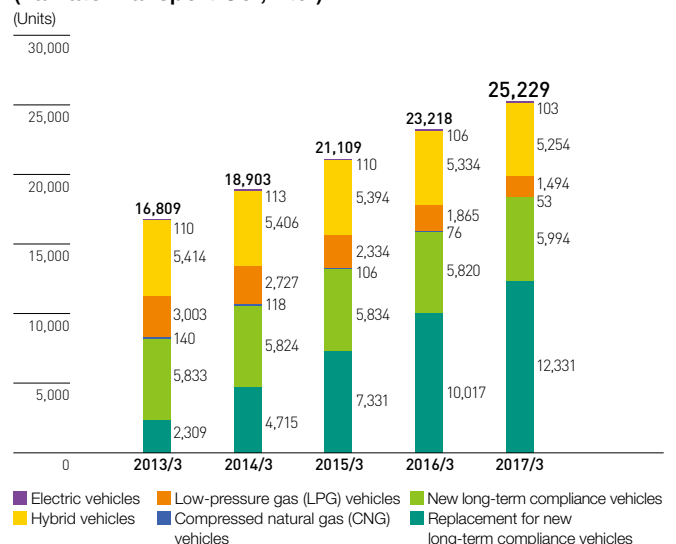
Vehicles introduced in November 2016

- Van-type semi-trailer 8% higher loading capacity than conventional models
- Van-type full trailer 23% higher loading capacity than conventional models

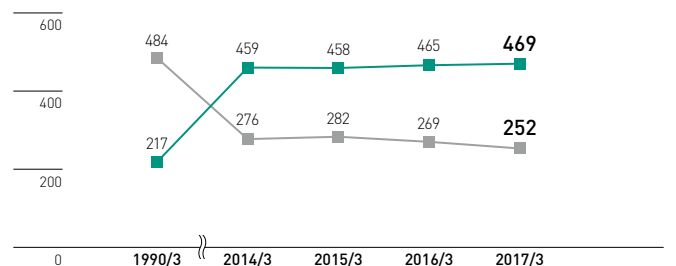
Vehicles introduced in September 2017

- Super-full trailer 25 (25 meter-long connected trailer) 46% higher loading capacity than conventional models

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



CO₂ Emissions from Vehicles (Yamato Transport Co., Ltd.)



Notes: *1. Figures are calculated in accordance with the Ministerial Ordinance on Calculation of Greenhouse Gas Emissions Arising from Business Activities of Specified Emitters.
*2. CO₂ emissions per basic unit = Total CO₂ emissions / Number of parcels delivered via TA-Q-BIN service