



# Yamato Group Corporate Social Responsibility Report 2014





## Company Overview (As of March 31, 2014)

Company name: Yamato Holdings Co., Ltd. (YAMATO HOLDINGS CO., LTD.)

Headquarters: 16-10 Ginza 2-chome, Chuo-ku, Tokyo 104-8125

Established: November 29, 1919

Registered: April 9, 1929

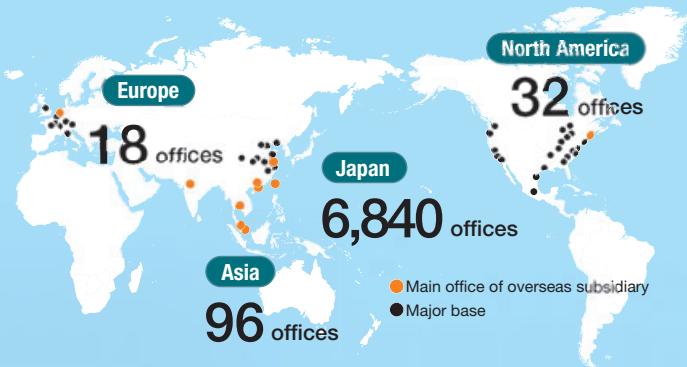
Capital: 127,234,791,077 yen

Corporate stock: Total number of authorized shares: 1,787,541,000  
Total number of shares outstanding: 454,684,992  
Number of shareholders: 35,310

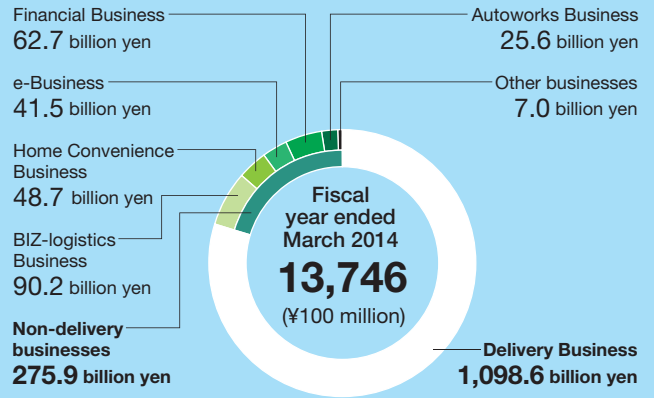
Number of employees: 193,146

Nature of business: Holds the shares of companies running various businesses including the trucking business, governs the management of those companies, and runs related service operations.

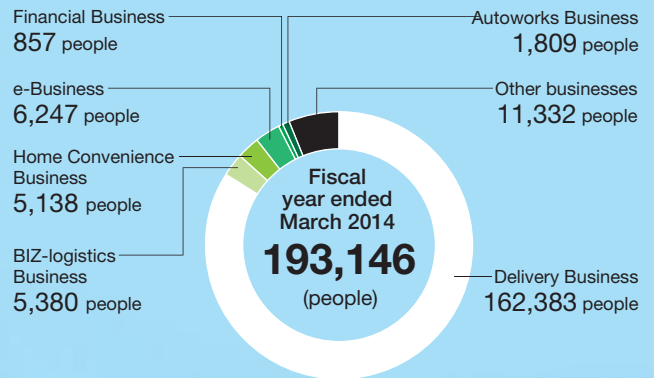
### Regions of business activity



### Operating revenue by business



### Number of employees by business (consolidated)



### Delivery Business

The source of the Yamato Group's collective strength, the Delivery Business offers small parcel delivery services centered on TA-Q-BIN and Kuroneko Mail, as well as domestic air cargo transportation services.



### BIZ-logistics Business

With a focus on logistics, the Biz-logistics Business offers services related to efficient and constructive distribution and storage of goods in cooperation with overseas subsidiaries.



### Home Convenience Business

The Home Convenience Business offers moving services, delivers and installs furniture and electrical appliances, and sells daily necessities, including food.



- Delivery Business:** Yamato Transport Co., Ltd. / Okinawa Yamato Transport Co., Ltd. / Yamato Global Express Co., Ltd. / Yamato Dialog & Media Co., Ltd. / Express Network Co., Ltd. / Yamato Contact Service Co., Ltd. / Yamato (China) Transport Co., Ltd. / Yamato Transport (HK) Ltd.
- BIZ-logistics Business:** Yamato Logistics Co., Ltd. / Yamato Global Logistics Japan Co., Ltd. / Yamato Multi-Maintenance Solutions Co., Ltd. / Yamato Packing Service Co., Ltd. / Yamato Packing Technology Institute Co., Ltd. / Konan Industry Co., Ltd. / Yamato Transport U.S.A., Inc. / Yamato Transport Europe B.V. / Yamato International Logistics (Hong Kong) Ltd. / Taiwan Yamato International Logistics Inc. / Yamato International Logistics Co., Ltd. / Yamato Transport (S) Pte. Ltd. / Yamato Transport (M) Sdn. Bhd. / Yamato Logistics India Pvt. Ltd. / Shanghai Wai Gao Qiao Bonded Logistics Zone Yamato Warehouse Co., Ltd. / Yamato Unyu (Thailand) Co., Ltd. / Pt. Yamato Indonesia
- Home Convenience Business:** Yamato Home Convenience Co., Ltd.

# Aiming to be Asia's No. 1 solutions provider in distribution and lifestyle support



## Editorial policy

This report is created to deepen our stakeholders' understanding of the Yamato Group's stance and initiatives regarding corporate social responsibility (CSR).

At present, the Yamato Group is working as one to advance our long-term DAN-TOTSU Management Plan 2019. This report shows how our employees aim for "DAN-TOTSU" as they work to fulfill our social responsibilities as a company. In reporting on initiatives concerning Safety, Environment, and Society in particular, we worked to make the report easy to read and understand through the format of employees' responses to stakeholders' questions.

The contents of this report, as well as activities and detailed data that are not contained in this report, are available on our corporate website (a list of items available on the website is shown on Page 34). Please also refer to the website.

**CSR in the Yamato Group:** <http://www.yamato-hd.co.jp/csr/>

### ■ Guidelines, etc. referenced

G.R.I. (Global Reporting Initiative), "Sustainability Reporting Guidelines" (G3.1 and G4); Ministry of the Environment, "Environmental Reporting Guidelines" (2012 version)

### ■ Period covered in report

Fiscal 2013 (April 2013 - March 2014)

Performance data is as of the end of March 2014, unless noted otherwise. (Some information from before the target fiscal year and after April 2014 is included in reporting on activities.)

### ■ Scope of report

Safety, environmental, social, and economic aspects of the activities of the Yamato Group.

### ■ Publication

August 2014 (scheduled next publication: August 2015)

## Table of Contents

Company overview and editorial policy .....	1
Message from the President .....	3
<b>Our Major Initiatives in Safety, Environment, and Society .....</b>	<b>7</b>
<b>Economy</b> Overview and major indicators of the medium-term management plan DAN-TOTSU Three-Year Plan STEP .....	7
<b>Feature article</b> Creation of value through the "value networking" design .....	9
<b>Safety</b> With respect for human life as our top priority, we are always striving to achieve safety. ....	13
Prevention of traffic accidents .....	15
Safety measures matched to local traffic conditions .....	17
<b>Environment</b> Under the key word "Necology," we are creating environmentally-friendly logistics. ....	19
Development and promotion of environmentally-considerate packaging materials .....	21
Environmental impact reduction through cooperative transport .....	23
<b>Society</b> We aim to earn the trust and respond to expectations of society. ....	25
Promotion of CSV in partnership with local communities .....	27
Creation of workplaces to motivate employees .....	29
<b>Governance</b> We aim to continue as a corporate group in which each individual holds a high sense of ethics. ....	31
Corporate Governance / Compliance / Business Continuity Plan (BCP) / Information Security	
Third-party opinion .....	33
Comments on the opinion / Yamato Group CSR, Web version List of content items (Japanese Only) ....	34

### e-Business

e-Business is engaged in the development of information systems and sales of system packages. It also provides knowledge that supports the Yamato Group, both inside and outside the group.



### Financial Business

The Financial Business provides services related to collection and settlement of bills at the time of delivery of goods in the logistics system, and operates general leasing business.



### Autoworks Business

The Autoworks Business provides vehicle maintenance services, vehicle management systems, and insurance for truck and bus operators.



### Other businesses

Other businesses include provision of medium- and long-distance arterial transport service, and shared services that consolidate and integrate services provided by group companies.

### Organizations

These organizations provide welfare services and offer benefit programs within the group.

■ **e-Business:** Yamato System Development Co., Ltd. / Yamato Web Solutions Co., Ltd.

■ **Financial Business:** Yamato Financial Co., Ltd. / Yamato Credit & Finance Co., Ltd. / Yamato Lease Co., Ltd. / Yamato Payment Service (HK) Ltd.

■ **Autoworks Business:** Yamato Autoworks Co., Ltd. / Yamato Autoworks Hokushinetsu Co., Ltd. / Yamato Autoworks Okinawa Co., Ltd. / Yamato Autoworks Iwate Co., Ltd. / Yamato Autoworks Shikoku Co., Ltd.

■ **Other businesses:** Box Charter Co., Ltd. / Yamato Box Charter Co., Ltd. / Yamato Staff Supply Co., Ltd. / Yamato Management Service Co., Ltd. / Yamato Multi Charter Co., Ltd. / Kobe Yamato Transport Co., Ltd. / Swan Co., Ltd. / Yamato Asia (S) Pte Ltd. / Yamato Tidiki Express Pte. Ltd.

■ **Organizations:** Pension Fund of Yamato Group / Yamato Group Health Insurance Societies / Yamato Welfare Foundation / Yamato Self-support Center





# Contributing to Japan's Growth Strategy by Evolving Logistics into a Mode of Value Creation



## Creation of Value through “Value Networking” Design

In September 2013, we completed work on Haneda Chronogate, one of Japan's largest integrated logistics terminals.

The Yamato Group has established the “value networking” design. This design calls for evolving logistics services from cost center to mode of value creation through the restructuring of its domestic and international networks, while establishing new infrastructure to support Japan's economic growth strategy through helping its customers carry out logistics reform, regardless of their sector or size of operations. Haneda Chronogate is a critical facility for achieving this “value networking” design. Together with the Okinawa International Logistics Hub, which enables next-day TA-Q-BIN parcel deliveries to Asia, and Atsugi Gateway, the first major logistics terminal for realizing same-day delivery within the Tokyo, Nagoya and Osaka regions, Haneda Chronogate will help speed up logistics, enhance quality and lower costs (see pages 9 to 12).

While opening up new avenues for corporate logistics and international shipping, we are also working closely with local governments to offer a service platform for regional revitalization and local residents, given changes taking place

### Origin of the Corporate Logo

We will transport parcels as carefully as mother cat carries her kitten



The origin of the black cats can be traced back to 1957. Our founding President Yasuomi Ogura took a liking to the cat logo used by Allied Van Lines of the United States, with which Yamato Transport had a business partnership, and after gaining the company's permission, a person in charge of public relations designed the first corporate logo. The design the person chose was actually inspired by a drawing of a cat made by their child.

## Makoto Kigawa

Representative Director, President and Executive Officer  
Yamato Holdings Co., Ltd.

in social structure, such as Japan's aging society and regional depopulation. We refer to this initiative as Project G (Government). As part of this broad project, we are providing shopping assistance services and watch-over services for the elderly, and are currently reviewing the roll-out of some 630 other related services. As of March 2014, around 150 of these services have already been launched (see pages 27 and 28).

## CSR Activities in tune with the Yamato Group Corporate Philosophy

This year marks the 39th anniversary of the Yamato Group's TA-Q-BIN business. In 2019 we will celebrate our 100th anniversary since our founding. During this time, we have created shared value together with local communities through our TA-Q-BIN delivery service and have continually achieved innovations that have fostered a new culture. These efforts have been underpinned by the backbone of our corporate philosophy, "for the benefit of the world and of society," which has been passed down as the founding spirit of our company. This is manifested in the approach and actions of each and every employee. We will continue to provide new value through this type of innovation.

The Yamato Group's CSR activities closely follow the 10 aspects of our corporate stance, including "respect for human life," "promoting environmental protection," and "a corporation trusted by the local community," which form the heart of the Yamato Group Corporate Philosophy.

Among these activities, we place particular emphasis on safety and all employees of the Yamato Group have

dedicated themselves with a strong conviction to achieving zero traffic accidents and zero occupational accidents. This is because, as a corporate group of companies engaged in the transport business that owns more than 50,000 vehicles and uses public roads, we prioritize the safety and peace of mind of those in the local community above all else (see pages 13 to 18).

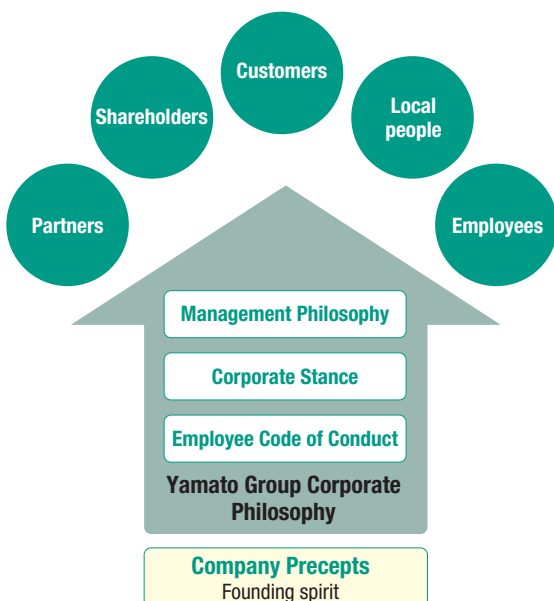
We refer to environmental conservation activities carry out by the entire Yamato Group as "Necology" and our environmental efforts are focused here. Our goal is to establish an environmentally-friendly logistics system in which logistics operations, such as packaging, transportation and delivery, as well as various other kinds of business operation are continually improved from an ecological perspective. In April 2014 we revised the Yamato Group's Environmental Conservation Declaration. In accordance with the philosophy of "Necology," the revised declaration expands the scope of our environmental conservation efforts in all of our business activities and clarifies important areas in which employees will assist our efforts (see pages 19 to 24).

It is often said that Japan lags behind others when it comes to the promotion of diversity, but the Yamato Group already employs a large number of women, people with disabilities, and foreign nationals. Effective August 1, 2014 we will establish the Diversity Promotion Office to foster a culture that capitalizes on its diversity and develop the necessary systems to accomplish this (see pages 29 and 30).

\* Necology: "Neco" comes from the Japanese word for "cat," found in the emblematic logo of the Yamato Group. We have given the name "Necology" to the movement by which this "Neco" (i.e., Yamato) engages in "ecology," and are communicating that name to society.

### Yamato Group Corporate Philosophy

Structural Diagram of the Yamato Group Corporate Philosophy



#### Company Precepts

1. We 'all' represent the company
2. We deliver with a personal touch
3. We work with gratitude and politeness

#### Management Philosophy

The Yamato Group helps enrich our society by enhancing the social infrastructure of TA-Q-BIN networks, creating more convenient services for comfortable lifestyles, and developing an innovative logistics system.

#### Corporate Stance

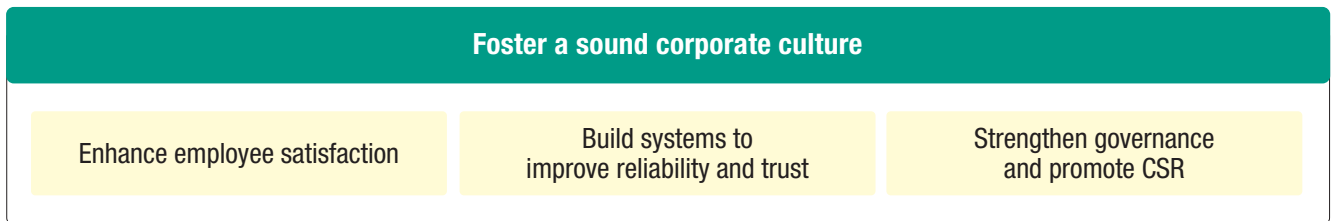
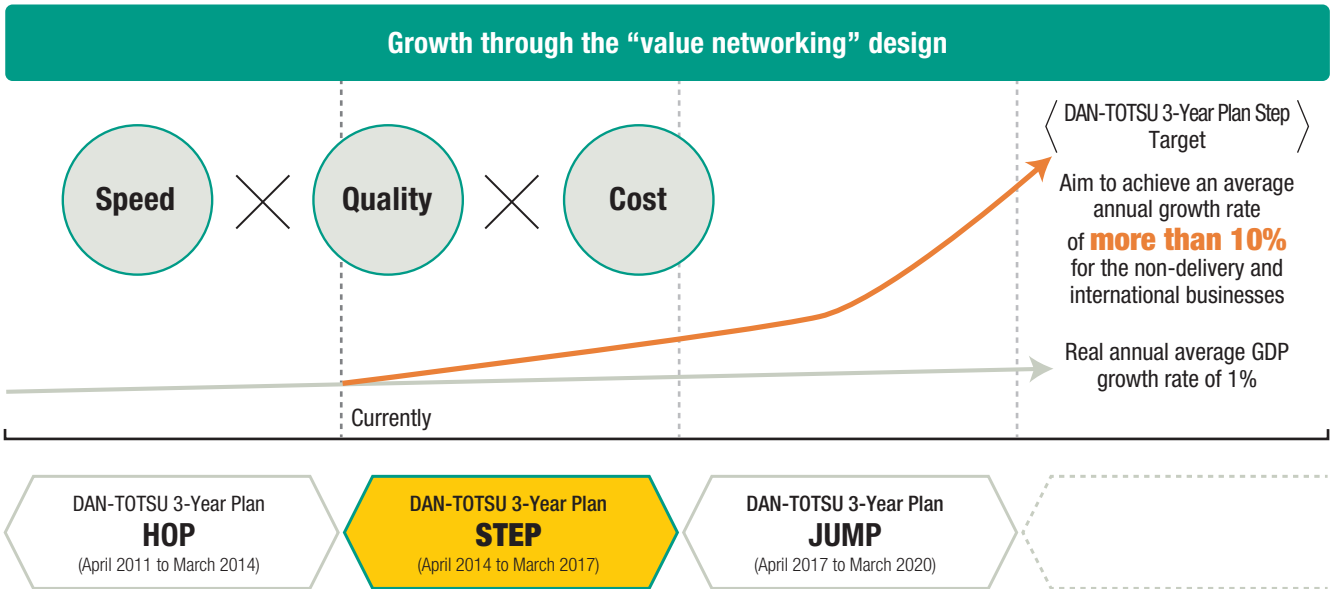
1. Pursuit of customer satisfaction
2. Respect for human life
3. The pleasure of work
4. Adherence to laws and fair practices
5. A corporation trusted by the local community
6. Promoting environmental conservation
7. Protection of personal information
8. Communication and mutual benefits
9. Disclosure of corporate data and accountability practices
10. Response to allegations of corporate misconduct

#### Employee Code of Conduct

1. Our role as a member of society
2. Action based on laws and ethics
3. Strict observation of workplace rules
4. Creation of a work environment that respects human character
5. Maintaining favorable relations with business partners
6. Providing the best possible service to customers

**Commitment Embodied in Long-Term Management Plan DAN-TOTSU Management Plan 2019**

Become Asia’s top provider of logistics and lifestyle support solutions provider  
Carry out the third innovation of using the “value networking” design



\* DAN-TOTSU: Derived from “danzen toppu” (meaning “the top by far”), this expresses our aim to achieve an overwhelming Number One position.

**Progress under the Medium-Term Management Plan and Our Expanding Social Responsibilities**

The Yamato Group is aiming to become Asia’s top logistics and lifestyle support solutions provider by FY 2019, our 100th anniversary. In order to achieve this goal, we established the long-term management plan called DAN-TOTSU Management Plan 2019 in November 2011. Then, in FY 2014 we launched the medium-term management called DAN-TOTSU 3-Year Plan STEP as phase two.

Under this medium-term management plan, the entire Yamato Group will promote the “value networking” design, which will create multiple high value-added business models through a group-wide restructuring effort. At the same time, we will foster a sound corporate culture that builds a stable

foundation for creating and growing businesses by strengthening governance and CSR activities. The goal will be to achieve a balance between both in our corporate management.

During the fiscal year ended March 31, 2014, we enjoyed an increase in earnings from every business segment. Overall the Yamato Group recorded a ¥92.2 billion yen increase sales from its TA-Q-BIN service in the delivery business, marking a record high, driven mainly by an increase in the number of mail-order related parcels handled. Meanwhile, the number of TA-Q-BIN parcels handled internationally increased 40.6% year on year.

In this manner, our TA-Q-BIN centered businesses have become a social infrastructure indispensable to society. We are also fully aware that the Yamato Group’s social responsibilities will continue to grow in lockstep with the implementation of our management plans.

## Strengthening Governance and Promoting CSR

In 2013, we found that company rules on temperature management used in the Cool TA-Q-BIN service were not followed properly. I would like to take this time to apologize to our customers for betraying their trust as well as for causing any trouble and worry. The main causes of this incident were inadequate management to encourage correct operations and an insufficient system to identify feedback from the frontlines that we lacked necessary equipment while incurring an increase in workload. As a solution, we will allocate Quality Training Directors across Japan who will be charged with providing feedback from the frontlines to senior management. We will also introduce a total value management system for TA-Q-BIN and increase the number of cooling units to ensure such an incident never occurs again.

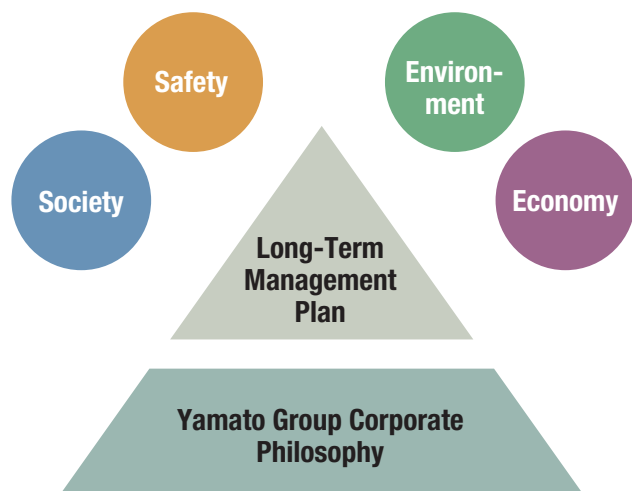
In conjunction with the growth of our international business, in January 2014 we established Yamato Asia Pte. Ltd. in Singapore to serve as our regional headquarters for Southeast Asia. This company will be charged with local market research, business development and network

### The Yamato Group's CSR

The Yamato Group's CSR activities are deployed with a focus on safety, environment, society and economy, in accordance with the Yamato Group Corporate Philosophy.

We have established the strengthening of governance and promotion of CSR as one of the three pillars for our basic strategy in the long-term management plan DAN-TOTSU Management Plan 2019 launched in April 2011.

Efforts to continually build a sound corporate culture will contribute to business activities that comply with laws and align with social norms. In turn this will make it possible for the entire Yamato Group to continue operations indefinitely into the future. For this reason, we are committed to leveraging our collective strengths to promote CSR.



development. It will also be responsible for strengthening governance at our other operating companies across Southeast Asia. As part of our globalization, in April 2014 we became a signatory to the UN Global Compact, a unique strategic platform for companies to advance their commitments to sustainability and corporate citizenship. We also announced our support for the UN Global Compact's four focus areas of human rights, labor, the environment and anti-corruption, and the 10 principles.

The Yamato Group is continually enhancing its corporate value through its activities closely rooted in local communities. However, corporate value is more than just financial value. Collectively enhancing corporate value by improving customer satisfaction, shareholder satisfaction, society's satisfaction and employee satisfaction is a precondition for the growth and sustainability of any company. Within these efforts, CSR activities play a very important role.

The Yamato Group will make further efforts to become "a company most loved and trusted by society" towards the year 2019 when the group will celebrate its 100th anniversary. Your continued support is greatly appreciated.

Representative Director, President and Executive Officer  
Yamato Holdings Co., Ltd.



# Our Major Initiatives in Safety, Environment, and Society



As we advance our long-term management plan, our social responsibilities are growing as well.

The Yamato Group is advancing to achieve the DAN-TOTSU Management Plan 2019, a long-term management plan that aims to expand our delivery businesses, accelerate the growth of our non-delivery businesses, and strengthen our overseas expansion.

As we advance this long-term management plan, the responsibilities that we must fulfill, the expectations of our stakeholders, and our impact on society will all grow larger. As we advance our CSR of safety, environment, society, and economy, we have decided the details of our initiatives based on their importance to the Yamato Group and to our stakeholders, their impact on society, and other factors.

From here on out, we will make even greater efforts to create mechanisms for managing and advancing these major CSR initiatives.



## The Yamato Group's major CSR initiatives

### Delivery businesses

Small parcel delivery business centered on TA-Q-BIN and Kuroneko Mail-BIN, and domestic air cargo transportation business

### Non-delivery businesses

Logistics services between companies, moving business, bill settlement business, information system development business, vehicle maintenance business, etc.

### Overseas businesses

TA-Q-BIN business, overseas moving business, logistics business, forwarding business, and other businesses, in 23 countries in Asia and elsewhere

## Economy

### Overview and major indicators of the medium-term management plan DAN-TOTSU Three-Year Plan STEP

Through the long-term DAN-TOTSU Management Plan 2019 formulated in January 2011, the Yamato Group aims to become Asia's No. 1 solution provider in distribution and lifestyle support by 2019, the year of the Group's 100th anniversary. In order to make our stakeholders' satisfaction "DAN-TOTSU", we are advancing our business along the themes of "More globally" and "Closer to local regions and people's lives."

We divided the 9 years from 2011 to 2019 into three phases: HOP, STEP, and JUMP. Under the first phase, the DAN-TOTSU Three-Year Plan HOP, we worked to complete construction of the Atsugi Gateway and Haneda Chronogate, which boast unprecedented added-value functions. We also worked to expand our international small parcel delivery network using the Okinawa International Logistics Hub, and to otherwise

strengthen our business platform and networks.

Under the DAN-TOTSU Three-Year Plan STEP that began in fiscal 2014, we are leveraging the platform we have built during HOP and continue to strengthen our business platform and networks to enable a major leap forward in the final Three-Year Plan (JUMP).

As we actively advance "value networking" design, we can firm up our cost restructuring through high value-added business model creation and network innovation. At the same time, by establishing governance aimed at fostering a sound corporate culture, we will execute balanced management that enhances the satisfaction of local communities, society, customers, shareholders, and employees with respect to our business, quality, and cost structure.





### Safety

With respect for human life as our top priority, we are always striving to achieve safety.

#### Accident prevention

- Prevention of traffic accidents  
→ P.15
- Prevention of occupational accidents
- Provision of services that support safe and relaxed living
- Safety measures matched to local traffic conditions  
→ P.17

### Environment

Under the key word "Necology," we are creating environmentally-friendly logistics.

#### CO2 emission reductions

- Eco-driving
- Adoption of low-emission vehicles
- Promotion of modal shift
- Energy-saving initiatives
- Environmental impact reduction through cooperative transport  
→ P.23

#### Reduction of wastes

- Promotion of recycling
- Development and promotion of environmentally-considerate packaging materials  
→ P.21

### Society

We aim to earn the trust and respond to expectations of society.

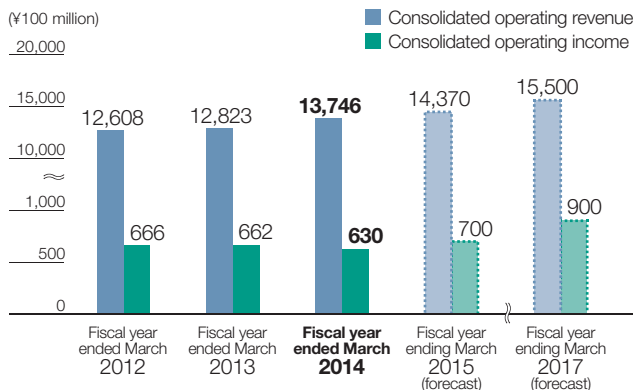
#### Initiatives to fulfill our responsibilities

- Promotion of CSV in partnership with local communities  
→ P.27
- Creation of workplaces to motivate employees  
→ P.29
- Support for social education (Children's Traffic Safety Workshop, the Music TA-Q-BIN, and other activities)
- Support for economic independence for people with disabilities

## Governance

Compliance / Business continuity planning (BCP) / Information security

### Consolidated operating revenue / consolidated operating income



### Operating margin

4.6% → 5.8%  
Fiscal year ended March 2014      Fiscal year ending March 2017 (forecast)

### ROE (return on equity)

6.4% → Over 9.0%  
Fiscal year ended March 2014      Fiscal year ending March 2017 (forecast)

### Volume of international TA-Q-BIN parcels handled

1,665 million → 1,820 million  
Fiscal year ended March 2014      Fiscal year ending March 2017 (forecast)

# Converting logistics into a means of generating value

## “Value networking” design

The Yamato Group offers a new infrastructure to support the economic growth strategies of Japan through logistics reform in any industry, at any scale of business, by transforming domestic and foreign networks to evolve logistics from a cost center into a means of creating value.

We call this overall concept “value networking” design.

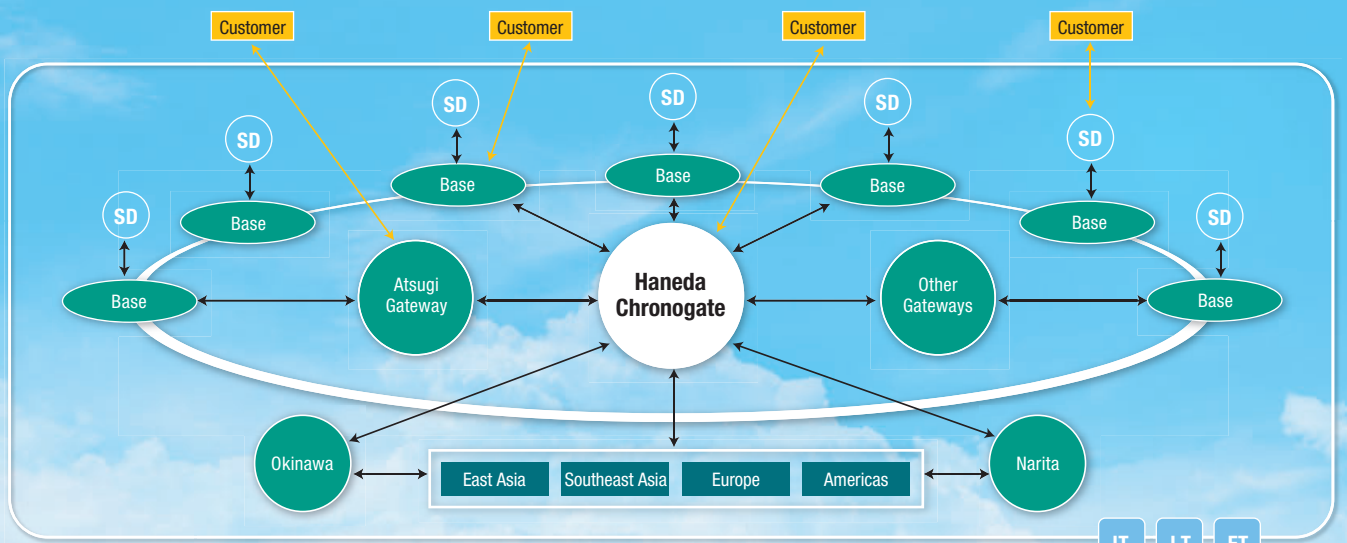
### The five engines of “value networking” design



Value networking

Realization of greater speed, high quality, and lower cost in logistics through network innovation

### Overall concept of “value networking” design



SD: Sales Drivers IT: Information Technology LT: Logistics Technology FT: Financial Technology





# The added-value functions provided by Haneda Chronogate, one of Japan's largest logistics terminals

Haneda Chronogate (Haneda CG), which lies at the core of "value networking" design, will transform customers' logistics by providing value-added functions such as in-house repairs, assembly, processing, and cleaning, in addition to speedy transport taking advantage of its favorable location for linking regions around the country.

- When products arrive from overseas at Haneda Airport or Narita Airport, Haneda CG carries them in as foreign cargo for smooth processing of import customs clearance.

- Haneda CG can perform localization tasks (Japanese labeling, attachment of product manuals, etc.) for imported products even while these retain foreign cargo status.



## On-demand printing

- Following receipt of orders, on-demand printers allow the printing and shipping of only the required number of infrequently-needed pamphlets and DM pieces.
- One-stop handling, from the shipping of products received from customers together with printed items, to order procedures, printing, and delivery, will be possible.

## Speed customs clearance

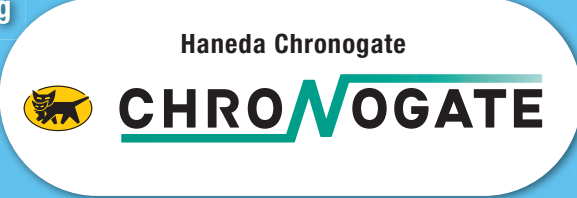


## Bonding and localization



## Cross-merging

- Haneda CG consolidates, packages together, and ships products, components, and other goods manufactured domestically and overseas. This eliminates the need for inventory transfer between customer warehouses and Yamato Group sites, enabling speed shipping.
- Grouped arrival of shipments facilitates more efficient delivery work at the destination.



## Kitting, assembly, maintenance, and repair



- Night-time repair of items arriving by TA-Q-BIN allows return of the items in as little as 24 hours.
- Haneda CG can import products and components from overseas, perform assembly and kitting, and smoothly deliver the items through our domestic delivery network.



## Cleaning and maintenance of medical devices

- Through the installation of equipment for the cleaning and maintenance of medical devices and medical machinery used by hospitals, and the setup of locations for stocking inventory, Haneda CG enables shortening of lead-time and reduction of logistics inventory.



## Aiming for harmonious coexistence with local communities

At Haneda CG, we are adopting the latest equipment for using natural power, including photovoltaic power generation and reuse of rainwater, to significantly lessen our burden on the environment. In addition to a daycare center and sports facilities for community residents, the Haneda CG grounds encompass the Wanosato Park patterned after the "satoyama" regions bordering forests in Japan, along with a biotope that contributes to biodiversity and Swan Bakery, which aims to support the employment and independence of people with disabilities.



Photovoltaic power generation panels



Poppins Nursery School Haneda, authorized by the Tokyo Metropolitan Government

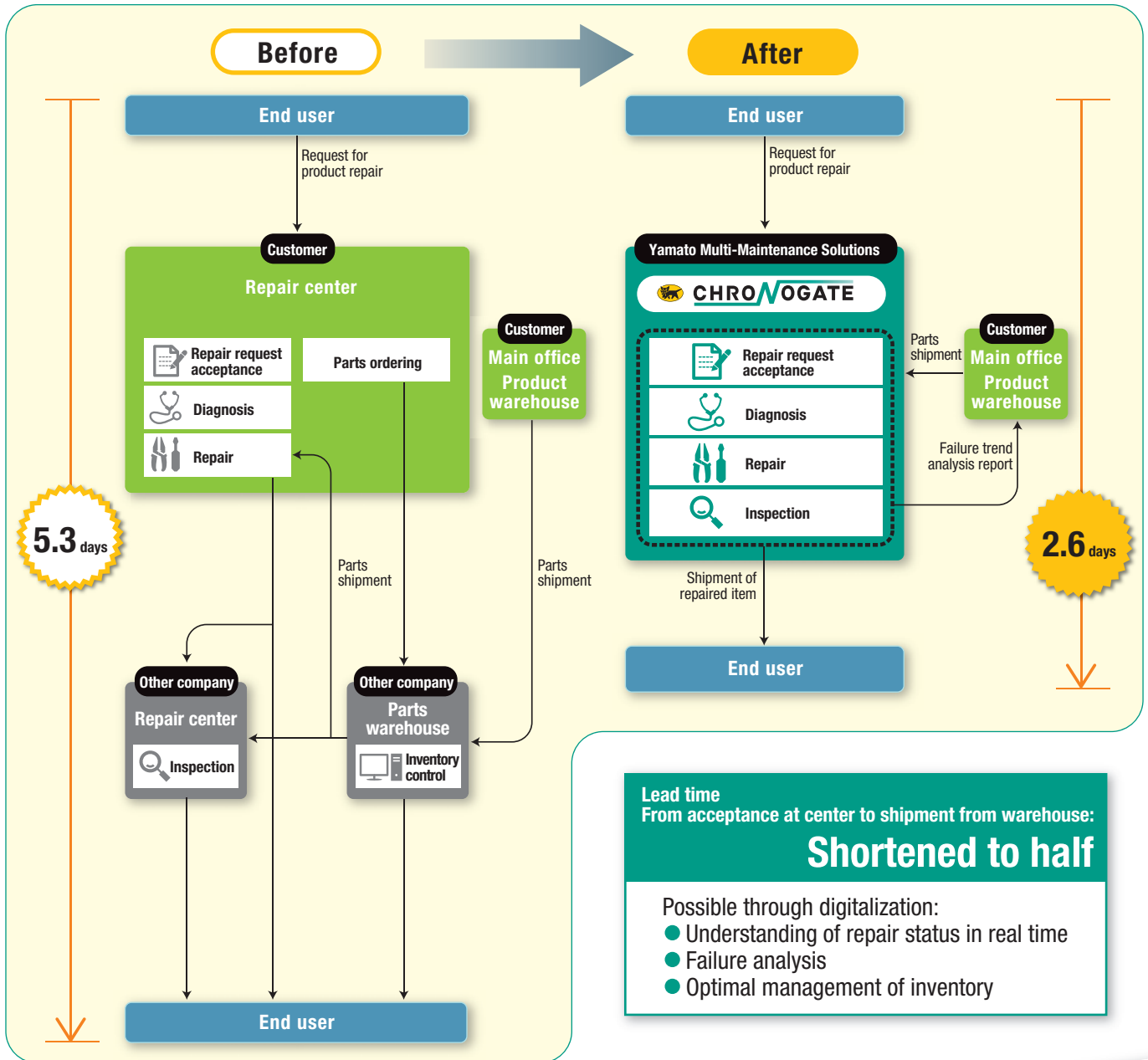


Yamato Forum sports facilities



Value-added services provided at Haneda CG

# For one thing, halving the days required to repair home appliances



Call Center



Digital management of repair status



Inventory control of parts

## Consolidating all repair-related work at Haneda Chronogate and digitizing information improves work efficiency.

Yamato Multi-Maintenance Solutions has launched after-sales service for French-made cooking equipment and small home appliances at Haneda CG.

The customer is the Japanese subsidiary of a French manufacturer. In the past, call center work (acceptance of parts orders for appliances or repair, etc.), repair work (diagnoses, repair, inspection, etc. of faulty products), and logistics work (warehouse stocking, shipment, transport, and inventory management of parts needed for repair) had been divided among multiple sites by the company. At Haneda CG, the company is able to consolidate these operations at one location, and is also able to manage data on information spanning acceptance of faulty products to their return after repair. This has greatly shortened the number of days required for a series of tasks.

By digitizing information, the company was also able to optimize inventory volume for parts needed for repairs, and to reduce costs. It can also analyze causes of failure and inform the manufacturer of trends, which is helpful in improving quality and developing new products. Furthermore, by using TA-Q-BIN to gather and ship products, the company makes maximum use of the Yamato Group's network to ensure sufficient time for repairs.

In this way, the company is responding promptly and surely to customers' repair needs, while also contributing to end-user satisfaction and improvement of the manufacturer's brand.

## From here on out, we will provide services that include proxy importing of parts.

Our objective is to use the above success story as a model to make use of Haneda CG in providing after-sales service solutions to other customers as well. Our target is small and medium-sized foreign manufacturers without sufficient after-sales service networks in Japan. In May 2014, we contracted to provide after-sales service work for a second company at Haneda CG.

Naturally, we will also propose solutions to further enhance added value for existing customers at Haneda CG. As an example, we envision not only logistics work and after-sales service in Japan, but also proxy importing of components and parts from overseas, and customs clearance and storage making use of the bonded warehouses of Yamato Global Logistics Japan.

Yamato Multi-Maintenance Solutions will offer high value-added services for customers' products to the company's many customers within and outside of Japan, making full use of the functions of Haneda CG and the capabilities of knowledgeable staff.



The electric kettle that is a key product of the customer has won over end users for its fast-boiling action, and has become a big hit. With cumulative sales in Japan exceeding 10 million units in 2012, repair needs are high, particularly in winter, requiring Yamato Multi-Maintenance Solutions to rationalize its handling of the product.

### From a customer

**In cooperation with the Yamato Group, we hope to provide even greater satisfaction to our customers.**

#### Takashi Ozawa

General Manager, Consumer Service Division Groupe SEB Japan Co., Ltd.

Japanese subsidiary of France-based Groupe SEB, a leading global manufacturer of cooking equipment and home appliances.

Our objective in the recent initiative was to consolidate all functions of after-sales service into one location, achieve an efficient service quality level, secure flexibility toward seasonal changes, and provide uniform service throughout the year while controlling costs.



The response from customers has been positive since we launched the initiative, and we are grateful to the efforts of the Yamato Group in making this achievement possible. At present, we are considering web-based acceptance of repair requests as well as product sales, and expect to achieve even greater customer satisfaction by making use of the Yamato Group's business infrastructure.

### Yamato Multi-Maintenance Solutions Manager

**We will make the work of customers in Japan and overseas more efficient by further improving our staff's knowledge and technical capabilities.**

#### Kazuyuki Sugiura

Center Director, Haneda Maintenance Center, Maintenance Solutions Department, Yamato Multi-Maintenance Solutions Co., Ltd.

Yamato Multi-Maintenance Solutions Co., Ltd. performs planning, development, proposal, and operational management related to services including appliance repair, maintenance parts delivery, and collection of products in cases such as recalls.

Our customers' products cover about 300 items in 47 categories, including electric kettles, pressure cookers, and vacuum cleaners. In repairing these items and delivering them to end users, the knowledge and technical capabilities of concerned staff is vital. We create repair manuals for each item and strive to perform precise work.



Using Haneda CG, which consolidates the functions of the Yamato Group, we are able to reduce time and costs, and make the work of customers in Japan and overseas more efficient. Our objective is to further improve our service mechanisms and provide service to even more customers.



# With respect for human life as our top priority, we are always striving to achieve safety.

The Yamato Group's business depends on community streets and roads. For us, the safety and security of everyone in the community is of highest importance.

Under the motto "Safety First, Business Second," we strive for safe driving, work at measures aimed at safe transport, and make respect for human life the top priority at all times in our business.





## Major achievements and results in fiscal 2013

Initiatives		Achievements and results
<ul style="list-style-type: none"> <li>● <b>Formulation of safety plans</b></li> </ul>	<p><b>Plans to assure transport safety</b></p>	<ul style="list-style-type: none"> <li>● <b>Three major accidents (1 major traffic accident, 2 major occupational accidents)</b> Under our aim of achieving zero traffic accidents, every year the Yamato Group drafts a plan to assure transport safety, and displays posters with information such as safety goals and alerts at all workplaces.</li> <li>● <b>Safety Experts stationed throughout Japan: 246</b> Yamato Transport in Japan (Yamato Transport (J)) has stationed Safety Experts at every District Branch. These experts in safety measures provide safety instruction to Sales Drivers.</li> </ul>
<ul style="list-style-type: none"> <li>● <b>Training of Sales Drivers</b></li> </ul>	<p><b>Education to improve skills</b></p>	<ul style="list-style-type: none"> <li>● <b>Sales Drivers who have received ride-along instruction from Safety Experts: 29,430</b></li> <li>● <b>Trainees who have taken classes from safety expert lecturers: 37,488</b> At all 69 District Branches in Japan, Yamato Transport appoints one instructor with expert knowledge, in each of three areas: laws and regulations, practical traffic safety, and health and safety.</li> <li>● <b>Safety information magazine and safety calendar</b> Yamato Transport (J) publishes the "Safety First" safety information magazine, the "Driver's Safety Handbook" carried by all Sales Drivers, and the "Safety Calendar," which aids in preventing recurrence of traffic and occupational accidents through analysis of past incidents.</li> </ul>
<ul style="list-style-type: none"> <li>● <b>Promotion of safety awareness among employees</b></li> </ul>	<p><b>Zero Traffic Accidents Campaign</b></p>	<ul style="list-style-type: none"> <li>● <b>Implementation of the Zero Traffic Accidents Campaign → P.15</b> The Yamato Group implements the Zero Traffic Accidents Campaign every spring and autumn. Yamato Transport (J) has conducted the campaign continually since 1970. In the spring of fiscal 2014, the company commended 15 District Branches that achieved zero at-fault accidents involving persons or property during the Zero Traffic Accidents Campaign period.</li> </ul>
	<p><b>Commendations and contests</b></p>	<ul style="list-style-type: none"> <li>● <b>Long-Running No-Accident Commendation awardees: 10,399</b> Every year, Yamato Transport (J), Yamato Home Convenience, Yamato Global Express, and Yamato Multi Charter commend Sales Drivers who excel in safe driving and who remain accident-free.</li> <li>● <b>Yamato Transport Nationwide Safety Meet</b> At the third in-house safety meet held by Yamato Transport (J), 32 winners of meets at 10 branches nationwide and at Okinawa Yamato Transport competed on safety consciousness and driving technique.</li> </ul>
	<p><b>Toward the achievement of safe work environments</b></p>	<ul style="list-style-type: none"> <li>● <b>Occupational accident prevention initiatives</b> The Compliance and Risk Committee, in which all Yamato Group companies participate, drafts and promotes safety measures aimed at achieving safe workplace environments. In addition, all Group companies implement measures such forklift safety seminars and the Safety Week event, which aims to improve safety consciousness.</li> </ul>
<ul style="list-style-type: none"> <li>● <b>Maintenance of equipment and safety systems</b></li> </ul>	<p><b>Vehicle maintenance</b></p>	<ul style="list-style-type: none"> <li>● <b>Completion of construction of the Superworks Nagoya Plant vehicle maintenance plant</b> "Superworks" refers to Yamato Autoworks' 24-hour, 365-day maintenance plants that feature greatly enhanced work efficiency. Of the company's 71 plants nationwide, 22 have been designates Superworks.</li> <li>● <b>Mechanics: About 840, including 530 with vehicle inspector qualifications</b> Yamato Autoworks actively supports its mechanics' acquisition of vehicle inspector qualifications in addition to normal mechanic qualifications. This enables the mechanics to perform completion inspections and confirm that vehicles conform to safety standards following maintenance.</li> </ul>
	<p><b>Adoption of equipment and tools</b></p>	<ul style="list-style-type: none"> <li>● <b>Adopting See-T Navi in delivery vehicles to support safe and Earth-friendly driving</b> The See-T Navi vehicular system developed by Yamato Transport supports safe driving.</li> <li>● <b>Enforcing driver's license checks through the adoption of IT systems</b> In addition to visual confirmation of licenses, Yamato Transport (J) uses IC card licenses to provide support for operation management work and to enforce compliance.</li> </ul>
<ul style="list-style-type: none"> <li>● <b>Overseas rollout of measures to assure safety</b></li> </ul>	<p><b>Safety measures matched to local traffic conditions</b></p>	<ul style="list-style-type: none"> <li>● <b>Drivers' Contest safety meet in Malaysia and Singapore → P.17</b> This contest was held at Yamato Transport (M) and Yamato Transport (S).</li> </ul>



① Nationwide training for Safety Experts    ② Safety Experts ride along to provide guidance  
 ③ Safety Meet competition for driving, inspection, and maintenance skills    ④ Superworks Nagoya Plant, completed in April 2013



# Aiming for “DAN-TOTSU”— ① Prevention of traffic accidents

## Safety First, Business Second.

Community streets and roads are the places where our company carries out its business activities. Embodying our basic spirit of keeping respect for human life as our top priority, we strive to place safety first and business second.

As such, we are working on a variety of programs such as improvement of driving skills in the Sales Drivers (SD) who shoulder our TA-Q-BIN business, adoption of safe driving support systems, and enactment of programs to commend exceptional SDs to demonstrate the Safety First.

### Interviewee

#### Rikuou Osaka

Manager, Social Contribution  
Hakodate District Branch,  
Yamato Transport Co., Ltd.

Mr. Osaka is engaged in proposing and promoting measures as Manager, Social Contribution, to achieve zero accidents in the Hakodate District Branch



**Q** Are there mechanisms in place for accurately assessing the skills of individual Sales Drivers?



**A** Using our safety and ecological navigation system, we thoroughly assess driving skills by visualizing them through data. (Osaka)

The delivery vehicles of Yamato Transport in Japan (Yamato Transport (J)) are equipped with our unique See-T Navi safety and ecological navigation system. This creates data from SDs' driving and makes issues visual, by acquiring and recording speed, distance, and time information. We evaluate driving skills based on these data and rank skills on a seven-step scale from A to G. For example, driving habits that present low risk of accidents and low environmental impact, such as low-gear starts and observance of safe driving speeds, raise the ranking. See-T Navi accurately diagnoses SDs' driving skills to support safer driving.

However, See-T Navi isn't able to do the actual driving. The workplace has to devise ways of making use of the recorded data and evaluations.

The largest issue that the Hakodate District Branch, to which I belong, faced in fiscal 2013 was the low skill ranking of part-time SDs. In response, we analyzed data gained from See-T Navi to create and enact instruction plans for safe driving.



See-T Navi installed in a delivery vehicle.







In ride-along instruction by Safety Experts, we emphasize communication with SDs. We check their attitude toward work and their driving manners, among other things.

**Q What do you do to improve the driving skills of Sales Drivers?**



**A** We are working on a variety of programs such as including the company-wide Zero Traffic Accidents Campaign and measures devised at each District Branch. (Osaka)



Every spring and autumn, the Yamato Group conducts the Zero Traffic Accidents Campaign. At the Hakodate District Branch, we have maintained a record of zero accidents during the Campaign period, doing so for 9 times straight through fiscal 2013. To extend this record, from the second half of fiscal 2013 we've focused on guidance for part-time SDs, an issue that we learned of through analysis of data obtained from See-T Navi.

Part-time SDs' working hours are limited, and even when we release information related to safe driving, the SDs do not have the time to fully digest the information. In response, the District Branch as a whole prepared a system for man-to-man guidance aimed at part-time SDs.

We also strengthened our instruction method by which Safety Experts ride along with all SDs, not only part-time SDs. In addition, Guest Operators (GOP) performing acceptance and other work created posters to make safety cautions and dangerous areas of roads easily understood. Everyone at the District Branch worked as one to achieve zero accidents.

Moreover, during the Campaign period, we cooperated with the Hokkaido police, the Hakodate Metropolitan Traffic Safety Guide Association, and other external organizations to address traffic safety in the region as a whole.

As a result of the diligent activity by everyone at the Hakodate District Branch, the driving skills and safety awareness of SDs, including part-time SDs, increased greatly. On top of that, in fiscal 2014 the Hakodate District Branch achieved zero accidents during the Campaign period for the 10th time straight.



Poster hand-made by GOP.

**Q Shouldn't these exemplary safety initiatives be extended throughout the company?**



**A** We use opportunities like Zero Accident Commendation to present initiatives and best practices, so as to spread these to District Branches nationwide. (Osaka)



Yamato Transport (J) has a Zero Accident Commendation system to recognize outstanding District Branches.

In fiscal 2014, our Hakodate District Branch achieved the top Diamond Award in Zero Accident Commendation. While we're proud of our ongoing zero-accident record itself, these commendations encourage us further and heighten our motivation to achieve safety. What we appreciated even more than the award, though, was the presentation of our initiatives at the commendation ceremony. The Social Contribution Managers of other District Branches who heard the presentation eagerly took notes so as to make use of our activities.

Achieving zero accidents is the goal of every one of over 190,000 employees in the Yamato Group. To achieve this, we hope that District Branches will learn from the exemplary initiatives of other District Branches, and that best practices will spread nationwide.

**Commendations in the Zero Traffic Accidents Campaign, Fiscal 2014 Spring**

Commendation	Recipient (District Branch)
<b>Diamond Award</b>	Yamagata, Hakodate, Eastern Tokyo, Gunma, Kochi, Eastern Hokkaido, Akita, Oita
<b>Gold Award</b>	Nagano
<b>Bronze Award</b>	Aomori, Tokyo, Saitama, Yamanashi, Nagoya, Wakayama, Tsuyama

District Branches receive the Diamond Award for six or more consecutive records of zero accidents during the Zero Traffic Accidents Campaign period, the Gold Award for five, the Silver Award for four, and the Bronze Award for three.

**From the Hakodate Metropolitan Traffic Safety Guidance Committee**



**Please keep up your community-rooted safety awareness activities.**

**Yoetsu Arashida**  
Branch Director  
Hakodate Metropolitan Traffic Safety Guidance Committee, Minamikayabe Branch

Minamikayabe, in the Eastern part of Hakodate City, has a robust *kombu* (seaweed) farming industry. Light trucks are vital for collection and transport of *kombu*. During the National Traffic Safety Campaign held every spring and autumn, persons engaged in *kombu* farming decorate their light truck beds with traffic safety flags, and parade in a line through the streets. We call this the Light Truck Parade.

Every year, the Yamato Transport Hakodate District Branch's Minamikayabe Center participates in the parade with a two-ton truck. We hope that the company will keep up its community-rooted safety awareness activities.



# Safety First in Malaysia

As the Yamato Group accelerates its development overseas, it is growing and expanding its TA-Q-BIN delivery business in Shanghai, Singapore, Malaysia, Hong Kong, and other parts of Asia. Across the ocean, too, we take our principle of “Safety First, Business Second” seriously.



SDs compete with each other on their driving skills.

**Q** Do methods of delivery and skills for safe driving differ according to traffic conditions?



**A** Since traffic jams frequently occur in Malaysia, motorbikes play an active role here. (Fazroll)



Traffic conditions and road conditions differ by country. But regardless of the country, the Yamato Group’s principle of “Safety First, Business Second” remains unchanged.

In Malaysia, roads are under construction everywhere, whether city or countryside. Maintenance of public transportation is also insufficient, and traffic jams occur frequently. Therefore, 40% of all delivery vehicles used by Yamato Transport (M) are motorbikes, which are handy in traffic jams. This is a big difference between Malaysia and Japan.

At Yamato Transport (M), Sales Driver Instructors (SDIs) work to improve the driving skills of us Sales Drivers (SDs). Managers in charge of safety also visit each branch to discuss safety with all SDs.

**Q** Are there opportunities to evaluate the skills of SDs?



**A** Drivers competed on driving skills at the “Drivers’ Contest” safety contest held in 2013. (Fazroll)



On November 18, 2013, the second safety-related Drivers’ Contest was held in Kuala Lumpur at Metro Driving Academy, one of Malaysia’s largest driving schools. The Contest, which has been held since 2012, represents one of the most advanced initiatives within the Yamato Group overseas.

Gathering 20 SD representatives from all 7 branches in Malaysia (10 branches as of August 2014), examinations were held to test driving technique and knowledge in the divisions of Trucks and Motorbikes. I entered the Contest as the Ipoh Service Center representative in the Truck Division. It was a very fruitful day, as I was able to assess my own level through practical and paper tests, as well as exchange information and ideas about safety with other participating SDs.

I gained more confidence by taking the top prize, and at the same time felt the importance of responsibility.

### Evaluation items in the Malaysia Drivers’ Contest

1. Practical test: Automobile and motorbike vehicle inspection skills
2. Practical test: Automobile and motorbike safe driving skills
3. Paper test: Knowledge of the TA-Q-BIN service, safety regulations, and general knowledge.
4. Practical test: Customer service (response methods)
5. Practical test: Driving aptitude check-up



Safe driving skills test for motorbikes.

**Q** What are your goals for the future?



**A** I plan to establish the principle "Safety First, Business Second" even more deeply. (Jookaplee)



Actually, the Drivers' Contest in Malaysia was first proposed by an SD in Yamato Transport (M), who suggested holding the same sort of Drivers Contest conducted in Japan to improve safety skills. It has been almost 3 years since the TA-Q-BIN service started in Malaysia. I feel that the employees' awareness towards safety has risen, and that the "Safety First, Business Second" principle has taken root.

I've heard that Yamato Transport (S) in Singapore, too, launched a Zero Accidents Campaign similar to that in Japan. Also, they began creating route maps, started interviews between SDs and a person in charge of safety and held Drivers' Contest twice since 2013.

Even if the country differs, the desire to treat safety with importance is the same. I believe that letting this principle take firm root, while adjusting the systems to local conditions, will lead to traffic safety in each country in Asia.



The second Drivers' Contest in Singapore featured 18 participating SDs.

#### From a Sales Driver Instructor



**We'll create a Malaysian-style "safety first, business second."**

**Katsuhiko Gokan**  
Sales Driver Instructor (SDI)  
Yamato Transport (M) Sdn. Bhd.

After gaining experience with Safety Instructors while working as an SD in Japan, I was transferred to Malaysia in December 2010, where I work as an SDI instructing local SDs.

Currently, Japanese staffs perform the role of SDIs, but in the future we would like the local staff the role take over. Our goal is to create a system letting local staff promote safety initiatives on their own. Toward that end, I'm working hard to train SDI candidates, in cooperation with Jookaplee, the Manager in Charge of Safety and CSR.

My job is to firmly hand over the safety baton to my colleagues who shoulder the TA-Q-BIN service in this region. My colleagues and I will continue to create a Malaysian-style "safety first, business second."

#### Interviewee

##### Jookaplee Shaibon

Manager in Charge of Safety and CSR  
Yamato Transport (M) Sdn. Bhd.

Mr. Shaibon is planning and implementing Drivers' Contests as the manager responsible for safety in Malaysia as a whole.



#### Interviewee

##### Fazroll Nizam Bin Razali

Ipoh Service Center  
Yamato Transport (M) Sdn. Bhd.

Mr. Razali is the winner of the Truck Division in the Second Malaysia Safety Contest. Has worked as an SD for two and a half years.





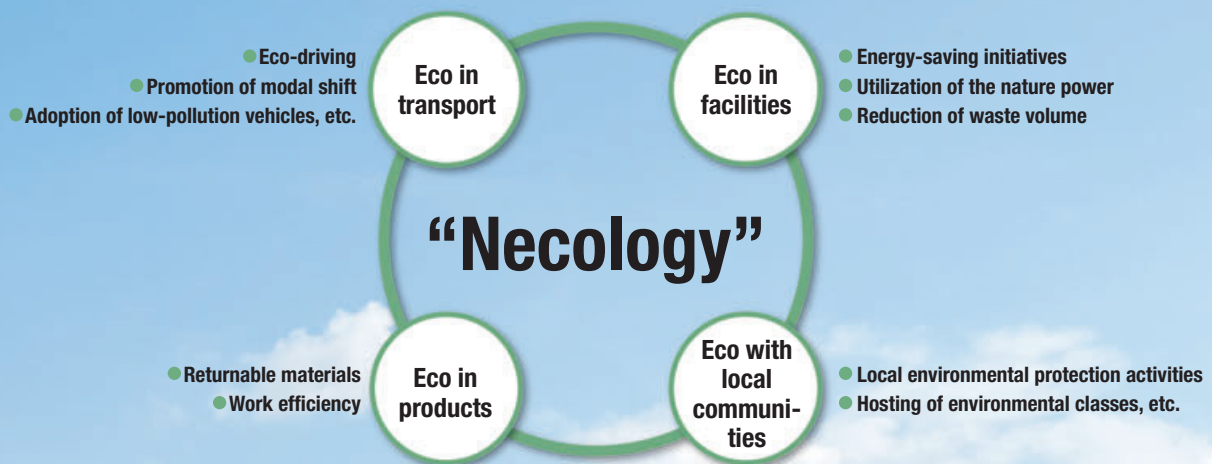
# Under the key word “Necology,” we are creating environmentally-friendly logistics.

Yamato Group refers to our 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”.

We are committed to becoming a company that works hand in hand with the community to build a better society through the provision of these environmentally-friendly products and services.

\* Necology: “Neco” comes from the Japanese word for “cat,” found in the emblematic logo of the Yamato Group. We have given the name “Necology” to the movement by which this “Neco” (i.e., Yamato) engages in “ecology,” and are communicating that name to society.



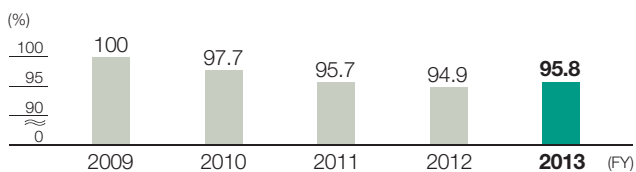


# Major achievements and results in fiscal 2013

Initiatives		Achievements and results
● Eco in transport	Every individual employee will drive in an environmentally-friendly manner each day.	● Adopting our unique safety and ecological navigation in delivery trucks The unique See-T Navi vehicular system of Yamato Transport in Japan (Yamato Transport (J)) supports eco-driving.
	We strive to reduce gas emissions, such as CO <sub>2</sub> , by introducing low-emission vehicles and conducting pickup and delivery using hand pushed trolleys and New three-wheelers (electric bicycle with a trailer).	● Adoption of about 4,000 new three-wheelers (electric bicycles with trailers) Yamato Transport (J) is undertaking expansion of deliveries that do not use motor vehicles. ● Adoption of about 21,000 low-emission vehicles (41.5% of all Yamato Group vehicles) While pursuing deliveries with as little use of motor vehicles as possible, the Yamato Group is promoting the shift to low-emission vehicles for those motor vehicles that are necessary.
	We strive to maximize the efficiency of logistics by promoting joint operations with other logistics providers and modal shift using trains and seafaring vessels.	● Total railway and marine transportation: About 510,000 tons ● Environmental impact reduction through cooperative transport → P.23 The mobile management operation of the Fit Guard, Fit Board, and Fit Rack returnable materials used in the JITBOX Charter service, jointly developed by Box Charter and Yamato Packing Technology Institute, has been well-received and has earned the Prize for Technology Developed to Reduce the Environmental Impact of Freight Transport.
● Eco in facilities	Every individual employee will endeavor to minimize energy consumption and practice energy saving activities.	● Displaying energy conservation posters at all Yamato Group workplaces We worked to conserve energy by enforcing light clothing in summer and by reducing unneeded lighting.
	We utilize renewable energy sources and promote the minimization of energy consumption at our facilities.	● Completion of construction of Haneda Chronogate, one of Japan's largest integrated logistics terminals Incorporating cutting-edge environmental technology using natural energy, Haneda Chronogate is expected to reduce CO <sub>2</sub> emissions by 46% compared with past facilities. In 2014, we were awarded the top prize at the 15th Freight Industry Environmental Awards.
	We strive to reduce waste by promoting green purchasing, recycling and a paperless office.	● Green procurement rate: 80% or higher (improved from fiscal 2012) Where possible, we select and purchase items with the lowest impact on the environment.
● Eco in products	We develop and promote environmentally-friendly products such as returnable packaging materials.	● Development and promotion of environmentally-considerate packaging materials → P.21 We have developed packaging material that does not require package cushioning, as well as packaging material that can be easily separated from other waste.
	We contribute to our customer's efforts to minimize energy consumption by offering solutions to streamline their operations.	● Provision of services that leverage information communication technology (ICT) We supported customers' work efficiency improvements in a variety of industries.
● Eco with local communities	As a member of local communities, we participate in community environmental conservation initiatives.	● Active participation in local cleanup campaigns Companies in the Yamato Group participate in local cleanup activities. As an example, on August 3, 2013, Safety Guides and other staff at the Yamato Global Express Co., Ltd. Kanto District Branch took part in the beach cleanup sponsored by the Yokohama Sports Association.
	We represent the importance of the environment by hosting events such as "environment class".	● We hosted the Kuroneko Yamato Environmental Class 241 times during the year, with 20,700 children participating.

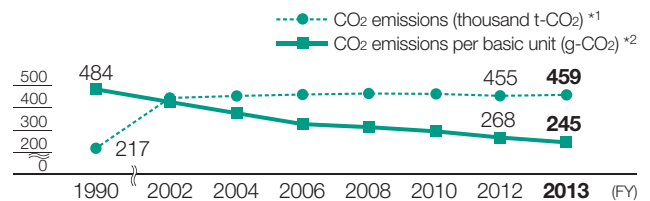
**About CO<sub>2</sub> emissions** In the Yamato Group overall, electrical power cost increases and the construction of new facilities accompanying business expansion resulted in an increase in CO<sub>2</sub> emissions from fiscal 2012. However, Yamato Transport's CO<sub>2</sub> emissions per parcel are decreasing year by year as we implement high efficiency in deliveries.

## CO<sub>2</sub> emissions in the Yamato Group per one hundred million yen operating revenue (including internal transaction), compared to FY 2009



\*. Data cover 31 companies of the Yamato Group in Japan (as of March 2014).  
 · Figures include those calculated by converting from expenses, and estimating the annual amount based on the amount of a specific month.  
 · Figures are calculated in accordance with the Ministerial Ordinance on Calculation of Greenhouse Gas Emissions Arising from Business Activities of Specified Emitters (Ministry of Economy, Trade and Industry and Ministry of the Environment Ordinance No. 3, 2006).

## CO<sub>2</sub> emissions from Yamato Transport (J) vehicles



\*1 Figures are calculated in accordance with the Ministerial Ordinance on Calculation of Greenhouse Gas Emissions Arising from Business Activities of Specified Emitters (Ministry of Economy, Trade and Industry and Ministry of the Environment Ordinance No. 3, 2006).  
 \*2 Total CO<sub>2</sub> emissions  
 Number of parcels delivered via TA-Q-BIN service  
 Number of Kuroneko Mail + packs (TA-Q-BIN equivalent) CO<sub>2</sub> emissions per basic unit



① Deliveries using new three-wheelers ② Uniforms made from recycled PET bottles  
 ③ Participation in local cleanup activities ④ Hosting the Kuroneko Yamato Environmental Class



## Aiming for “DAN-TOTSU”— ③

### Development and promotion of environmentally-considerate packaging materials

# Achieving “Necology” with packaging

Packaging is a must when sending parcels. Yamato Packing Technology Institute is engaged in development of packaging materials that, while protecting customers' important parcels, are easy to use, have high loading efficiency, and are easily recycled after use. The aim is to achieve ecology for logistics, our customers, and society overall.

**Q** Is packaging material something that can be reduced?



**A** We need to balance two types of protection through reduction of packaging and change of materials: protection of parcels and protection of the environment. (Minami)



As an example, when transporting precision machinery or communication equipment, cushioning material to soften shocks is a necessity. This increases the size of parcel boxes and reduces loading efficiency in transport. However, taking that as a reason to reduce packaging more than necessary, or casually switching to other materials, can prevent packaging from playing its important role in the protection of parcels from shocks.

In response, we conduct order-made development of optimal packaging materials, matched to customers' parcels and transport methods, which balance protection of parcels with

protection of the environment. In particular, there is a growing need to eliminate the foam packing that has been used, and to confer shock mitigation capability on packaging using corrugated board only. A major reason for this is that corrugated board is made from a material with established collection and recycling routes, and is easy to recycle.

**Q** What have you devised to balance protection of parcels with protection of the environment?



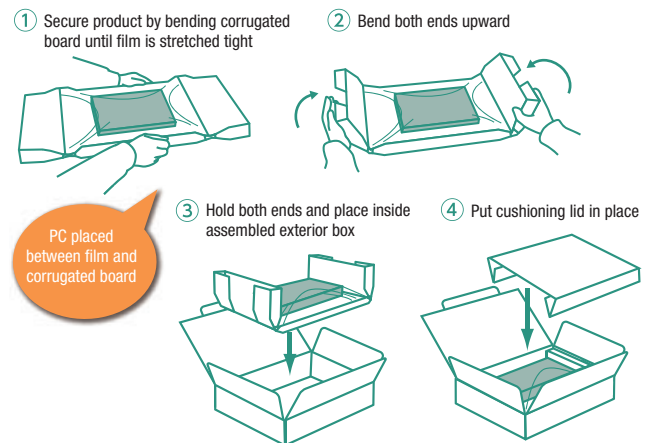
**A** We're working to unify materials, reduce volume, and secure shock mitigation properties. (Minami)



Yokogawa Rental & Lease Corporation, which provides PCs to companies through rental and other means, expressed a desire to get rid of the foam cushioning material they had been using as packaging material and to switch entirely to corrugated board, while making materials more compact at the same time. The company hoped to unify on corrugated board as a single material to facilitate recycling, and to increase the efficiency of storage and loading by conserving space, thereby reducing logistics costs and logistics-related CO<sub>2</sub> emissions.

What the company adopted to meet this need was our proposal to thermally bond a special film to corrugated board, with laptop computers secured between the film and board. In this way, PCs that have differing forms by model can be packaged using a single type of material. We further doubled the corrugated board lid, reducing the height of the exterior box by 3 cm while maintaining the same shock mitigation properties as foam cushioning material, and succeeded in reducing the volume of the parcels overall by about 23%. This made the repeated packaging material design changes and the 100-plus hours of drop testing worthwhile.

#### Changes made to packaging materials



In drop testing, we drop packaging materials from a variety of angles to measure the degree of shock transfer.





**Interviewee**

**Kana Ishikawa**

Senior Associate Packaging Engineer,  
Research and Development Division  
Yamato Packing Technology Institute Co., Ltd.

Ms. Ishikawa joined the company four years ago. She aims to create packaging materials with value, leveraging the design knowledge and technology that she has learned.

**Interviewee**

**Yohei Minami**

Senior Associate Packaging Engineer,  
Research and Development Division  
Yamato Packing Technology Institute Co., Ltd.

Under the motto "simple is best," Mr. Minami is engaged in design and development aimed at minimizing packaging materials.

**Q** Do the changes make the packaging material more complex and difficult to use?

**A** We print procedures on the surface so that anyone can perform the task without mistakes. (Ishikawa)

We devised the packaging material that we proposed to Yokogawa Rental & Lease Corporation so that the task procedures can be conveyed easily. No matter how well designed packaging material is, it can't fully exhibit its functions if it's not used properly. For that reason, we used illustrations on the corrugated board surface to explain assembly and how to put in the PC, to prevent mistakes regardless of who performs the task.

Naturally, before making explanations easy to understand, we first put full consideration into ease of packaging. We believe that reduction of worker labor and appropriate provision of information to end users, along with protection of parcels and protection of the environment, are added values of packaging materials.



We always design with consideration of how to make the explanation easy for end users to understand.

Two years have already passed since use of this packaging material began. We have received a new request from the customer, asking whether we can create materials for packaging several units at once – that is, a request for further reduction of packaging materials. Shipments to large companies often exceed 100 units at once. Success in developing packaging materials to meet this need will let us further reduce workload and environmental impacts, making this a worthwhile challenge.

From here on out, we will continue to achieve "Necology" through Packaging.

**From a customer**

**We have expectations for the Yamato Group's expertise in packaging materials.**



**Kazuo Kuroda**  
Group Leader  
Hashimoto Tech,  
On-Premise Logistics Group  
IT Business Unit,  
Rental Business Headquarters  
Yokogawa Rental & Lease Corporation

Our company has set energy conservation and separation of wastes as themes for environmental preservation. Within this, we have positioned improvement of the packaging material we use in large volumes as a particularly important theme. The new packaging material proposed by the Yamato Packing Technology Institute not only reduces size from previous materials, but also allows easy packaging and easy folding of boxes. It has been well received by customers and is proving useful in creating differentiation from our competitors. The further reduction in size is effective in reducing transport costs for our major accounts.

Light weight, low cost, high strength, and environmental friendliness are the requirements for packaging materials. Reducing transport costs is also an ongoing issue. We will continue to hold expectations for novel solutions that crystallize the Yamato Group's expertise.



# Reducing CO<sub>2</sub> through box-unit charter service

Previously, transporting copiers and other large precision equipment had required chartering an entire truck, meaning reduced loading efficiency and higher transport costs when cargo volume is low. To eliminate this wastefulness, Box Charter developed the JITBOX Charter service (JIT stands for “Just In Time”) that operates on units of roll box pallets, not trucks. This provides a service that is able to reduce both costs and environmental impacts through cooperative transport in cooperation with multiple transport companies.

**Q** How does cooperative transport in units of boxes reduce costs and CO<sub>2</sub>?



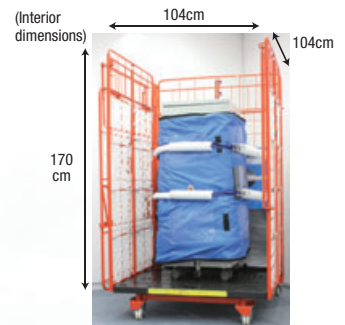
**A** It raises loading efficiency, which allows us to reduce the number of trucks. (Nagai)



JITBOX Charter service is an answer to customers who use single-truck charter transport but find the empty space wasteful. By transporting customers’ parcels in units of single roll box pallets, the service is able to provide quality on par with charter services, at reasonable cost.

In 2006, Yamato Holdings established Box Charter Co., Ltd. as a joint venture with 13 companies including Seino Holdings and Nippon Express, and launched the JITBOX Charter service. The companies accept parcels from customers in units of roll box pallets, aggregate the parcels at sites for arterial transport, and ship to destinations around the country.

This method eliminates empty space in truck beds and reduces the number of trucks on the road, allowing us to reduce both transport cost and CO<sub>2</sub> emissions during transport.



Roll box pallet (When used for “Fit Guard” and “Fit Board”)

Interviewee

**Keiji Makimura**

Assistant Manager, Keihin Terminal Branch Seino Transportation Co., Ltd.

Mr. Makimura was involved in the JITBOX Charter service launch as a Seino Transportation manager.

**Toshihiro Murakami**

Leader of Network Planning Box Charter Co., Ltd.

Mr. Murakami is undertaking improvement of the transport quality that is the essence of our service, as well as the development of new services.

Interviewee

**Yasuhiro Nagai**

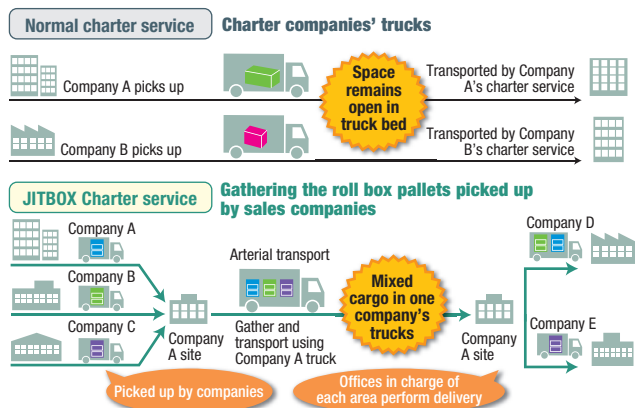
Director of Network Planning Box Charter Co., Ltd.

Mr. Nagai is engaged in improvement of transport quality. He also worked on development of the “Fit Guard,” “Fit Board,” and “Fit Rack” returnables-only packaging materials.



The roll box pallets picked up by the companies are gathered at major sites of the transport companies in charge of arterial transport.

### Reasons for the high loading efficiency of the JITBOX Charter service



**Q** Loading efficiency is clearly increased. But does this reduce packaging materials?

**A** We've lined up a variety of specialty materials that can be used repeatedly, allowing us to reduce customers' packaging materials. (Nagai)



In order to make JITBOX Charter service a more environmentally friendly service with higher transport quality, we're developing a variety of optional services. An example is the "Fit Series" of specialty materials that can be used repeatedly, which we jointly developed with Yamato Packing Technology Institute.

These include "Fit Guard," a reusable cushioning material that makes use of the advanced form-fitting functions and shock-absorbing functions of the FLIX "magical wrapping cloth," the "Fit Board" that uses belts to safely secure precision machinery for transport in roll box pallets, and "Fit Rack," which places machinery components and other loads on shelves with stretch film, without stacking the loads. The use of these removes the need for strict packing of parcels by customers, and enables reduction of packaging materials. Our "Fit Guard," "Fit Board," "Fit Rack," and returnable mechanisms earned the Prize for Technology Developed to Reduce the Environmental Impact of Freight Transport at the 14th Freight Industry Environmental Awards offered by the Japan Federation of Freight Industries in 2013. We believe that "Necology" – that is, the ecology practiced by the Yamato Group – has been well received for its packaging materials as well.

**Q** What are the next goals for the JITBOX Charter service?



**A** We want to incorporate the comments of customers and employees, to make the service more convenient and more useful for society. (Murakami)



The JITBOX Charter service has proven popular with customers. Rather than be satisfied with this, though, we plan to incorporate the opinions of customers and employees to enhance the quality of the service.

For example, we're considering making parcel location information, which can now only be checked on PCs at offices, also visible to drivers over a variety of devices. The ability of drivers to check the location of parcels in real time will lead to improved service.

We don't see JITBOX Charter service as having reached its final form. We hope to develop it into a service that is more convenient and more useful for society.

### Companies participating in JITBOX Charter service



### From a company participating in JITBOX Charter service

### Developing business opportunities by collaborating with transport companies.



**Yasuo Sogo**  
Managing Director  
and Deputy General Manager,  
Sales Headquarters  
Kurume Transportation Co., Ltd

As a transport company based in Kyushu, we operate our business under the motto "Transporting Sincerity." Our business model of operating the JITBOX Charter Service together with major national scale transport companies has turned out to be an innovative service.

On the whole, JITBOX Charter service has proven popular with customers. To further boost customer satisfaction and service volume, we plan to deepen our partnerships and information exchange with other participating companies, and improve transport service in line with the properties of individual parcels.

We hope that Box Charter will take the helm in making the product even more compelling, so that we can operate the service smoothly and can recommend and sell it to customers with assurance.



# We aim to earn the trust and respond to expectations of society.

The Yamato Group seeks to be a company that develops in a sustainable manner together with in our society, by being aware of our social responsibility, while putting importance on dialogue with all of our stakeholders. In addition, through our social contribution activities and businesses, we will continue to solve the problems faced by local communities.





## Major Achievements and Results of FY2013

Efforts		Achievements and Results
● Customers	Improvement of response quality	<ul style="list-style-type: none"> <li>● Implementation of customer service response competition (for customer Service Center operators and Guest Operators) We judge operators in contact with customers on a daily basis, screening their telephone / response skills (facial expressions, conduct, way of speaking, diction etc.), product knowledge, and communication skills, and award those with high marks.</li> </ul>
● Employees	Education / training and career development	<ul style="list-style-type: none"> <li>● Training that matches career plans We conduct a variety of training including "Junior Leader School," "Next Generation Leaders School," and "Global Training".</li> </ul>
	Work-Life Balance	<ul style="list-style-type: none"> <li>● 386 persons took childcare leave / 328 persons worked shorter hours for childcare At Yamato Transport in Japan (Yamato Transport (J)), employees can take childcare leave until the child become 14 months old, if their spouses are on childcare leave and shorter working hours for childcare can be taken until the child finishes fourth grade at elementary school.</li> <li>● Certified by Japan's Ministry of Health, Labour and Welfare as a company that actively supports the balance between work and family life. Yamato System Development was certified in FY2011, followed by Yamato Logistics and Yamato Transport (J) in FY2013.</li> </ul>
	Respect for diversity	<ul style="list-style-type: none"> <li>● Promotion of programs for active engagement of female employees → P.29 We have taken initiatives including conducting career development programs, and the active appointment of female employees in executive positions.</li> <li>● Employment of 1,999 persons with disabilities (Employment rate: 1.95%) We will continue to create a workplace easier for people with disabilities to work in, such as a barrier-free work environment.</li> </ul>
● Partners	Fair and unbiased trading / Collaboration for safety and improving service quality	<ul style="list-style-type: none"> <li>● Communication with about 240,000 TA-Q-BIN dealer stores Daily visits by Sales Drivers and issuing of information magazine "Kuroneko-Dayori".</li> </ul>
● Shareholders	Appropriate and fair information disclosure / Enhancement of communication	<ul style="list-style-type: none"> <li>● Briefings for analysts held 4 times, and visiting institutional investors for briefing in North America / Europe / Asia</li> </ul>
● Local people	Social education support	<ul style="list-style-type: none"> <li>● Music TA-Q-BIN "Kuroneko Family Concert" held total of 283 times, with a total attendance of about 410,000 people.</li> <li>● "Children's Traffic Safety Workshop": held 2,013 times per year, with about 224,000 participants.</li> <li>● "Kuroneko Yamato Environmental Class": held 241 times per year, 20,700 children participated.</li> <li>● "8th Yamato Transport Business Seminar for High School Students": held at 15 schools nationwide, with 74 participants (FY2013)</li> </ul>
	Promotion of CSV in partnership with local communities	<ul style="list-style-type: none"> <li>● Conducted "Shopping Assistance," "Watch-Over Services for the Elderly" and "Crime and Disaster Prevention Support" all over Japan. Total number of cases: 630. Number of agreements for cooperative work entered into with local governments: 138. → P.27 Through our main business, we made efforts for the creation of value that can be shared by enterprises and society (as of June 30, 2014)</li> <li>● Relocation promotion support for regional economic revitalization Yamato Home Convenience provided discounts for moving / "Ienaka" (at-home) services, and was appointed as the "special relocation support ambassador" for "Kochi-Ke", the promotion campaign for relocating to Kochi Prefecture.</li> </ul>
	Support for economic independence for people with disabilities	<ul style="list-style-type: none"> <li>● Assisted in creating a workplace in which people with disabilities can be economically independent Through the Yamato Welfare Foundation, we implemented the "Bridge to Dreams Project (Yume E No Kakehashi Project)" to assist the preparation of "economic independence".</li> <li>● Operation of 28 "Swan Bakery" stores nationwide, where people with disabilities work. Swan operates three directly managed stores and 25 chain stores of "Swan Bakery".</li> <li>● 69,510,000 yen collected through "Natsu No Kampa (summer donation)" Donations were received from the 190,000 employees within the Yamato Group, which was donated to NPO Ashinaga and the Yamato Welfare Foundation.</li> </ul>



① The Contact Center where Customers' calls are received ② Music TA-Q-BIN "Kuroneko Family Concert" delivers a full-scale classic concert  
③ The "Children's Traffic Safety Class" carried out all over Japan ④ A "Swan Bakery" store where people with disabilities work



# Watching over the elderly through TA-Q-BIN.

Based on our idea of CSV (Creating Shared Value) of enterprises creating common values with the community through our main business, Yamato Transport in Japan (Yamato Transport (J)) is undertaking Watch-Over Services for the Elderly, Shopping Assistance, and Emergency Transportation Support During Disasters in cooperation with local governments all over Japan, which have been named the “Project G (Government) and promoted by the entire Yamato Group.

Depending on the regional characteristics and the needs of local governments, the form of these services varies, and so far we have entered into agreements with several local governments nationwide. One of these is Kuroishi City, in Aomori, where we have been successful in implementing Watch-Over Support Services for the Elderly, which could become a model for the rest of Japan in the future.

**Q** What is the Watch-Over Support that Yamato Transport (J) has been undertaking in various locations?

**A** For example, in Kuroishi City, Aomori we deliver periodicals for elderly people living alone, and report to the local government if an elderly person is not at home for a certain length of time. (Koshida)

In the area the Aomori District Branch is in charge of, which includes Kuroishi City, Aomori, more than a quarter of the population is 65 years of age or older. Indeed, about 10% of all households here are elderly people living alone. There has been a lot of media coverage of elderly people dying alone recently, and to prevent this, we need to regularly visit elderly people with no family, and care for them. However, in Kuroishi City, social workers that would normally do this are aging, and there is a shortage in human resource. Therefore the city had been asking private enterprises for cooperation to solve this problem.

So, in April 2013, Yamato Transport started the “Watch-Over Support Services for the Elderly”. We deliver by TA-Q-BIN monthly periodicals published by the City aimed at elderly people living alone. As the Sales Drivers (SD) deliver these TA-Q-BIN in person to the elderly people, each SD could check to see if they are at home, and if they have any health problems. We report to the local government if an elderly person has not been at home for a certain length of time.

Kuroishi City highly appreciates this service, saying it can, ‘get regular insight into the status of elderly people living alone’, and the elderly people who use the service also appreciate the service saying, ‘we have peace of mind because the same SDs comes around the same time each month’. Some SDs have commented saying, ‘it makes our job worth while because we know there are people waiting for us’. Its no easy task for 10 SDs to cover nearly 1,000 homes, but the sense of duty that we are supporting elderly people keeps us inspired.

## Interviewee

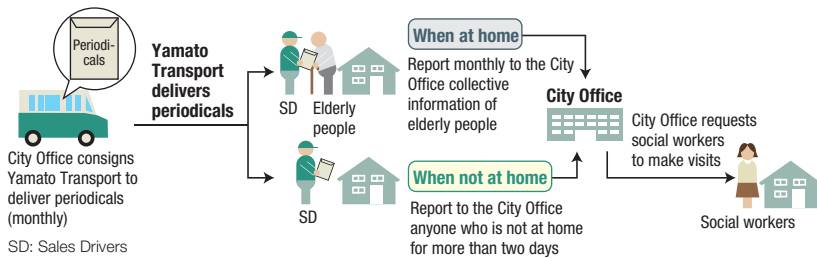
### Mitsuru Koshida

Branch Manager,  
Aomori-Minami Area Branch,  
Aomori District Branch,  
Yamato Transport Co., Ltd.

Mr. Koshida came up with the plan for the “Watch-Over Support Services for the Elderly” in cooperation with Kuroishi City, when he was the Kuroishi Branch Manager. Currently, he serves as the Branch Manager in the neighboring Aomori-Minami Area Branch.

The monthly periodicals for elderly people published by Kuroishi City.

## Mechanism for Watch-Over Support Services for the Elderly



Yamato Transport meets regularly with Kuroishi City to address new issues.

### Q Isn't the cost for Watch-Over Support really high?

**A** Being able to detect any anomalies reliably, without difficulty, and at a low cost: That was the intention of the Watch-Over Support Services for the Elderly designed by Kuroishi City. (Koshida)

As Yamato Transport has been engaged in the watch-over operations through repeated trial and error all over Japan, some challenges had emerged.

For example, for the service that the SD informs the local governmental agency when something wrong is found during delivery of items shopped by senior citizens, the challenge is that only those who received the delivery can be seen, and other senior citizens cannot be checked. On the other hand, for the service that the SD informs local governmental agency of any anomaly found with elderly people at home during regular delivery service, it's an extra service and the burden on the SD is too large.

So, in this case, Yamato Transport asked Kuroishi City to publish a monthly periodical for elderly people living alone, and delivered it to the elderly people's home with fees borne by the city according to the number of deliveries. In this way, by targeting the elderly people who need to be watched over, and by limiting the work of SDs only to the delivery and the reporting of absence information to the City Office, Yamato Transport has been able to create a mechanism by which local governmental agency can detect any anomalies reliably, without difficulty, and at a low cost.

### Q Is the "Watch-Over Support Services for the Elderly" of Kuroishi City sought after in other areas?

**A** Yes. We would like to continue to expand the Kuroishi City model across the country. (Koshida)

For this initiative, by deciding on the rough visiting dates area-by-area, we were able to incorporate the delivery of periodicals into our TA-Q-BIN operation, which is our core business. I think the mechanism of Watch-Over for the Elderly that can be operated without difficulty is something that is required in other regions as well. Therefore, I am very pleased that our initial plan, which we always thought was an amazing breakthrough, and something we wanted to be successful with, is finally being realized.

Our goal for the future is to spread the Kuroishi City model all over Japan, and make it even better. Kuroishi City has asked us whether we can increase the visits to twice a month instead of just once.

It's been more than a year since we started the Watch-Over Support Services for the Elderly. Going forward we want to improve the Kuroishi City model together with the City Office.

### From the Kuroishi City Office



**This has been very helpful in understanding the status of the elderly people.**

**Hideyoshi Muramoto**

Manager, Health and Welfare Department, Kuroishi City Office

The unattended death of elderly people has been considered a social problem for several years now, and we have taken measures where we can, including the installment of watch-over terminals in households. The proposal of the Watch-Over Support Services for the Elderly by Yamato Transport definitely matched the needs of our city. Over a period of months we discussed how we implement it at a reasonably low cost. And then we started our collaboration.

Even though it is "Watch-Over" services, we do not want the elderly people to be too aware that they are being monitored. We know there are some who do not like being monitored. The complete information provided by Yamato Transport has been very helpful to us at the City Office to understand the situation of elderly citizens.



SDs hand over the packages in person, and check on the state of the elderly.



# The power of women, the power of Yamato.

About 67,000 women work within the Yamato Group. This means about 35% of all employees in our group are female.

At Yamato Transport in Japan (Yamato Transport (J)), women are active in a variety of jobs, such as Guest Operators who correspond with customers at TA-Q-BIN Center, Sales Drivers responsible for the collection and delivery of packages, and operators working at Contact Centers. We continue to create a workplace that utilizes the power of such female employees.



Tablets are used for the “NekoPit” terminals, making it even more convenient as customers can use handwriting for inputting information.

**Q** What kind of jobs are the women of Yamato Transport active in?



**A** We are active in various jobs such as Guest Operators and Sales Drivers. (Aoki)

There are about 13,000 women who work as Guest Operators (GOP) like us at Yamato Transport. This is a job where most of the women work, but there are a variety of jobs besides GOP. There are also about 12,000 women who work as Sales Drivers (SD), and there are female SDs working cheerfully at the Otsu-Ojiyama TA-Q-BIN Center where I work. Regardless of their working hours and job type, each and every woman at Yamato Transport can demonstrate their abilities, and I think that there is a culture that respects that in our company.

The main task of us GOPs is answering inquiries by telephone or customers who bring in packages to the TA-Q-BIN Centers. In particular, in dealing with customers on the phone where we cannot see them face-to-face, we try to answer by understanding the customer’s point of view, while always being aware of what it is they want to know.



GOPs often strike up a conversation with regular customers when receiving packages.

**Q** When do you feel that your work is rewarding?



**A** When our customers express that a service is convenient as a result of some idea I came up with. (Hosokawa)

I’ve worked for Yamato Transport for about 17 years, and I feel these days that my job as GOP is rewarding and I enjoy it much more than ever before. Because when I come up with some idea for work, it makes the customers happy.

When elderly customers are struggling with filling out labels, I always recommend them to register as a “Kuroneko Member,” which allows them to easily printout a label on the “NekoPit” terminal. The customers love this system saying, “it’s simple and convenient”, and the NekoPit usage at the Sahodai-Nishi “TA-Q-BIN” Center has increased to about 85%.

These down-to-earth efforts were praised at the “Smile Solution Campaign\*” targeted at GOPs and held within the Kansai Regional Headquarters. Our Sahodai-Nishi TA-Q-BIN Center became number one in NekoPit utilization in the entire Kansai Regional Headquarters district. The award certificate I got at that time has become a piece of treasure for me.

Wanting our customers to use TA-Q-BIN more conveniently: That was the simple thought behind this bit of ingenuity, and now that idea has turned into this achievement. This proved that I too was able to literally offer solutions to solve the needs of our customers.

\* *Smile Solution Campaign*: An initiative to improve customer satisfaction through ideas by all TA-Q-BIN Center. It is held twice a year within the Kansai Regional Headquarters.

**Q How do you balance your work and “life” such as child rearing?**



**A** The company and we ourselves constantly create a system and environment where we can continue to work in. (Aoki)

The Ministry of Health, Labour and Welfare certified companies within our group as “a company that actively supports the balance between work and family life” based on the Next Generation Nurturing Support Measures Promotion Law. This certificate was awarded to Yamato System Development in 2011, Yamato Logistics in 2013, and Yamato Transport in 2014. Our in-house support systems are well equipped, and such systems are explained in an easy-to-understand manner, and are easy to use.

Employees also participate in the development of these systems. When I attended the “Nadeshiko School”, workshops for female employees within the Kansai Regional Headquarters, we discussed the theme of “building a workplace and system where women can work comfortably.” We talked about maternity leave and childcare leave and how it should be for the young people who will join the company in the future. These discussions have been utilized in the system.

I myself had to take sick leave for about a month after I had finished raising my children. I was able to return to my job with the cooperation and understanding of the people around me, and am grateful to them for that.



“Kurumin” Next-Generation Certification Mark

**From our superiors**



**I want the employees to invigorate the branches so customers become fans of Yamato Transport.**

**Koji Onishi**

Branch Manager,  
Horen Area Branch, Nara District Branch  
Yamato Transport Co., Ltd.

I want the employees who work as Guest Operators to invigorate the workplace of the branches, so all the customers who visit us become fans of Yamato Transport. In that respect, Ms. Hosokawa voluntarily goes around the other TA-Q-BIN Centers within the Nara District Branch, to give guidance and advice to GOPs, and this has been very helpful.

Yamato Transport has about 6,000 TA-Q-BIN Centers across the country. Rather than just relying on the system that the company makes, we want to continue to create a workplace where everyone can work comfortably, by every workplace coming up with their own ingenious ideas.

A trusting relationship exists between employees and their superiors, where they can discuss anything.



**Interviewee**

**Hiroe Aoki**

Otsu-Ojiyama TA-Q-BIN Center,  
Shiga District Branch,  
Yamato Transport Co., Ltd.

Ms. Aoki is in her 15th year now as GOP. She always keeps careful support towards customers in mind.



**Interviewee**

**Maki Hosokawa**

Sahodai-Nishi TA-Q-BIN Center,  
Nara District Branch,  
Yamato Transport Co., Ltd.

Ms. Hosokawa has assisted in collection and delivery, and currently works as a GOP.







# We aim to continue as a corporate group in which each individual holds a high sense of ethics.

## Corporate Governance

### Making the securing of sound management, and the achievement of prompt and accurate decision-making and business execution, our basic policy

Yamato Holdings, a pure holding company, and its Group companies make the securing of sound management, and the achievement of prompt and accurate decision-making and business execution, the basic policy upon which we are working to strengthen corporate governance.

Yamato Holdings has established the Board of Directors, the Management Advisory Committee, and the Executive Committee as business management organizations involved in group-wide managerial decision-making, execution and supervision in order to ensure prompt and proper decision-making on important matters.

The Board of Directors consists of 7 directors (including 2 outside directors), who are supposed to serve a one-year term in order to clarify the responsibility of the management for each business year. The Audit & Supervisory Board consists of 1 full-time member of the Audit & Supervisory Board and 2 outside members of the Audit & Supervisory Board, who audit the performance of directors' duties by attending important meetings. In addition, they periodically hold a group member of the Audit & Supervisory Board liaison conference where they discuss audit policy and methods with full-time members of the Audit & Supervisory Board from major group companies with the aim of enhancing group-wide auditing. All outside directors and outside

members of the Audit & Supervisory Board are independent officers pursuant to the Tokyo Stock Exchange Regulations, and their names are registered at the Tokyo Stock Exchange.

## Compliance

### Strengthening internal control for the Group overall

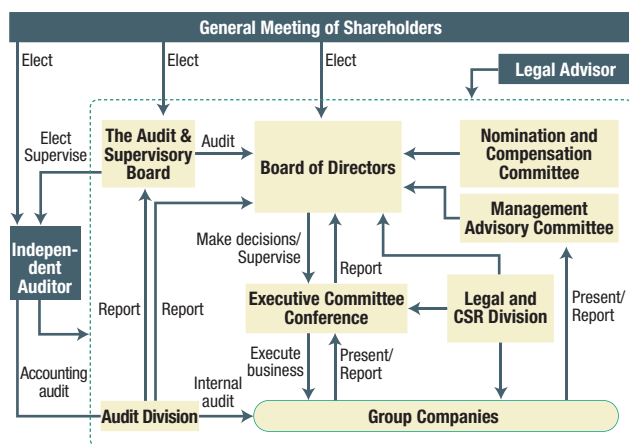
The Yamato Group has established an internal control system in order to promote sound corporate culture in the group a whole, and to enable employees to perform their duties effectively and efficiently without any misbehavior or mistake.

Yamato Holdings has stipulated its basic policy on the internal control system in accordance with the Companies Act, and each group company is working on strengthening internal controls.

In addition, in order to respond to the internal control report system pursuant to the Financial Instruments and Exchange Act, which went into effect in April 2008, we created a post of internal control manager in major group companies, and have made efforts to review business rules and standardize operations. Also, we have established a system in which the auditing section of our company and the internal control section of each major group company can check whether operations have been effectively performed in accordance with the rules, and can seek immediate improvement if they find any deviations.

Internal control over the financial reporting of the Yamato Group as of March 31, 2014 as considered valid, and a report was submitted to the Kanto Local Finance Bureau.

### Corporate governance promotion framework



### Setting the establishment of compliance management as our highest-priority issue

To construct a framework to prevent corporate misconduct in accordance with the laws and regulations and corporate ethics, the Yamato Group is making efforts to ensure compliance management as a top-priority issue for CSR promotion.

We have formulated the Group Corporate philosophy that summarizes the Yamato Group's corporate responsibility for and stance toward society, and have announced our Declaration of Compliance under which we declare our observance of the laws and regulations, corporate ethics, etc. In all business offices of each group company, a poster of our Declaration of Compliance has been put up to give a clear explanation in case of violations using illustrations. It helps to raise employees' awareness and call their attention to compliance.

Officers and employees of the Yamato Group are required to act in good faith in accordance with the above-mentioned corporate philosophy. The departments responsible for compliance risk management of group companies, centering on the Compliance and Risk Committee of Yamato Holdings are working to ensure their observance.

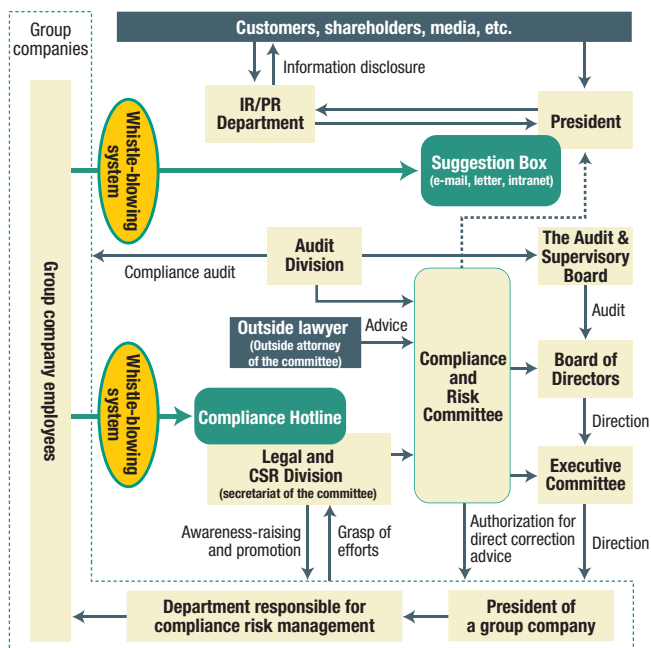
We have also set up a Compliance Hotline and a Suggestion Box as points of contact in our whistle-blowing system, which enable us to directly obtain information on risks in the company by means of notification and consultation by phone or e-mail. They contribute to prevention of compliance violations.

### Establishing a Southeast Asia regional headquarters in Singapore. The Yamato Group has strengthened its governance in the Southeast Asia region.

In January 2014, the Yamato Group established Yamato Asia Pte Ltd. in Singapore to act as our Southeast Asia regional headquarters. We also integrated three companies in the same country into Yamato Transport (S).

While conducting regionally-appropriate market research and business development, we aim to strengthen our governance of companies in the region.

## Compliance and risk management framework



### Concerning inappropriate temperature management in Cool TA-Q-BIN service

In October 2013, Yamato Transport received a report that sorting of parcels in violation of internal rules had been performed in the Cool TA-Q-BIN service. Investigation revealed that sites not thoroughly following rules, including those having made even one violation, numbered 1,269. We immediately launched a Cool TA-Q-BIN Service Quality Improvement Headquarters with President Masaki Yamauchi as head, and drafted measures to discover the causes of the violations and prevent recurrence.

Specifically, we created an action structure by establishing a Cool TA-Q-BIN Service Quality Improvement Department, assigning Quality Training Directors nationwide, and appointing Cool TA-Q-BIN Work Leaders at each site. In addition, we are putting personnel, equipment, and materials in place that are appropriate to the volume of arriving parcels, and are implementing controls over modes of transport. We are also engaged in concrete consideration of adoption of a "total volume management system" to assess in advance the total volume of Cool TA-Q-BIN parcels that can be handled each day, and to accept parcels within that scope of total volume.

See the Yamato Transport website for details.

[http://www.kuronekoyamato.co.jp/info/info\\_131128.html](http://www.kuronekoyamato.co.jp/info/info_131128.html)

## Business Continuity Plan (BCP)

### Leveraging our experience in the Great East Japan Earthquake to effect improvements that will enable appropriate response to major earthquakes

The Yamato Group offers the TA-Q-BIN service as social infrastructure, and is expected to keep offering the steady service even under unforeseeable circumstances. In the wake of the emergence of novel influenza strain (H1N1) in May 2009, we formulated a business continuity plan (BCP).

Based on this BCP, formulated according to response guidelines focusing on maximum priority on human life and on continuation of the TA-Q-BIN business, we addressed the problems caused by the Great East Japan Earthquake that occurred in 2011. Our aim is to prepare for an earthquake occurring directly beneath the Tokyo Metropolitan Area and an earthquake along the Nankai Trough, which are likely to occur in the future and are expected to cause large-scale damage.

## Information Security

### Putting forth our Information Security Assurance Declaration and promoting the acquisition of certifications

The Yamato Group handles important personal information of many customers. We had always maintained strict control over such information, and in March 2003, we announced our "Declaration on Ensuring Information Security" in view of the social situation including frequent leakage of personal information from a company. Since then, we have reinforced information security with an emphasis on "protection of personal information", "confidentiality of corporate information", and "prohibition of falsification and concealment".

For the purpose of ensuring proper and safe handling of personal information, we will strive to familiarize employees with the information security rules, and to increase their educational opportunities. By doing so, we believe we will be able to improve customer trust in our group.

In order to meet social needs, we are actively working to acquire various certifications regarding information security.

### Security-related certifications acquired by group companies (as of June 2014)

Certification, Company name	Year of acquisition
<b>JISQ15001 (Privacymark System)</b>	
Yamato System Development Co., Ltd.	1999
Yamato Financial Co., Ltd.	2006
Yamato Contact Service Co., Ltd.	
Head Office	2006
Ikebukuro Call Center	2011
Adachi-Saitama Call Center	2007
Miyakonojo Intelligent Contact Center	2010
Wakayama Call Center	2012
Tottori Intelligent Contact Center	2013
Tome Contact Center	2013
Kanto Mother Center	2014
Yamato Web Solutions Co., Ltd.	2007
Yamato Logistics Co., Ltd.	2010
Yamato Multi-maintenance Solutions Co., Ltd.	2010
Yamato Management Service Co., Ltd.	2011
<b>ISO27001</b>	
Yamato System Development Co., Ltd.	
Shin-Tokyo IDC	2004
Osaka IDC	2002
Contactless credit card data processing services for large-scale affiliate stores	2009
Credit card terminal installation application form acceptance center operation	2012
CAT joint usage system	2013
Sorting and sending of account transfer request documents	2013
Member contact service	2014
Joint usage-type online statement notification service	2014
Proxy service for emergency invalidation procurement	2014
Yamato Packing Service Co., Ltd.	
Head Office (human resources/general affairs, productivity/quality)	2005
Documents Logistics Company (Tokyo Plant, Saitama Plant)	2005
Yamato Contact Service Co., Ltd.	
Head Office	2007
Ikebukuro Call Center	2011
Adachi-Saitama Call Center	2007
Miyakonojo Intelligent Contact Center	2010
Wakayama Call Center	2012
Tottori Intelligent Contact Center	2013
Yamato Packing Technology Institute Co., Ltd.	
Kanto No. 1 Branch, Operation Center, Business Management Division, Research and Development Office	2009
<b>ISO20000</b>	
Yamato System Development Co., Ltd.	2006
<b>PCIDSS</b>	
Yamato System Development Co., Ltd.	
Credit card settlement service	2006
Web billing service	2011
<b>Registration of Information Security Auditing Firms</b>	
Yamato System Development Co., Ltd.	2004



## Third-party opinion



### Hiroshi Ishida

Executive Director, Caux Round Table Japan  
Visiting Professor, Graduate School of Economics,  
Kyushu University

The Yamato Group has continued steady growth, centered on its delivery business. Now aiming to expand the sales ratio of its overseas-related business, the company is constructing a CSR system and activities geared to the global context, and has now reached a stage of foundation development able to respond to potential risks.

In particular, business development overseas, we must recognize that we face intense public scrutiny not only of environmental aspects, but also of whether our labor practices, including practices in our supply chain, have negative impacts on human rights. Companies are now expected to assess, through appropriate processes including stakeholder engagement, their own business activities and the economic, environmental, and social impacts created by these, and then to report on the process of appropriately addressing these issues.

With the above in mind, I would like to comment on Yamato Group's fiscal 2013 CSR activities.

#### Points for evaluation

The Top Message makes the declaration that the company will "Evolve Logistics into a Mode of Value Creation" in order to contribute to Japan's growth strategies. This indicates that the Yamato Group will not only take up the challenge of addressing social issues through the logistics business, but will also generate new added value. In particular, its "value networking" design is tied to the idea of CSV (Creating Shared Value); I hope this will go beyond the reduction of social costs and also spur innovation in society.

With regard to the temperature management issue that occurred in the Cool TA-Q-BIN service, the apologies from top management and the enactment of improvement measures to prevent recurrence display a stance of sincerity. The key from here on out will be whether the company can continue performing and communicating its activities aimed at restoring trust.

Among its activities, Yamato Group is already engaged in those involving "business and human rights" in the context of global CSR.

First, the Shopping Assistance and the Watch-Over Services for the Elderly, which the company performs in partnership with local governments around the country, could be termed a collaborative project (with other organizations) that involves CSV aimed at resolving problems of the aging society.

In addition, the Swan Bakery shops, now numbering 28 nationwide, are an initiative aimed at the "equal opportunity" that provides lifestyle opportunities to societally disadvantaged persons. This win-win cooperation, which seeks to bring independence to persons with disabilities, is deserving of praise.

The company is working actively to support activity by women, who are working creatively in a variety of workplaces. Women now make up about 35% of all employees. This can be seen as demonstrating the company's progress toward achieving diversity.

#### Future expectations

While continuing to achieve its management strategies and grow, the Yamato Group use this report to explain, in easily understood fashion, how it will respond to the expectations and concerns of stakeholders. It will become more and more important for the company to identify the scope of and the key issues in its CSR activities, and to advance those activities in the Yamato Group's own way.

With the signing of the UN Global Compact in April 2014, Yamato Group has taken a new step forward. However, from here on out, the company's specific activities will be of particular importance. Currently, many companies are starting to perform human rights due diligence in their own value chains, based on the UN Guiding Principles on Business and Human Rights formulated by the UN Human Rights Council. When aiming to achieve a goal of 20% of sales from overseas-related business as stated in the DAN-TOTSU Management Plan 2019, Yamato Group must recognize its social responsibilities as these expand in proportion to the company's growth. In particular, in the Asian region where the company aims to expand its business, it is vital that the company accurately assesses inherent potential risks and, where necessary, enacts preventive measures against these.

I believe that the company, with consideration of its supply chain as well, should in particular properly recognize the following concerns of society with respect to the logistics industry.

- Treatment in the workplace (long working hours; health and safety)
- Discriminatory treatment (differences in treatment based on gender, educational background, nationality, etc.)
- Freedom of association and right to collective bargaining
- Relationships with countries with low recognition of human rights
- Bribery and corruption (facilitation payments)
- Risk of direct involvement in transport of victims of human trafficking

The first step is to hold dialogs with stakeholders to properly grasp their expectations and concerns, and to understand related social issues. The next step is to thoroughly examine whether the results of the dialogs mesh with the company's existing initiatives, then to take inventory of these and identify key issues concerning the future.

In the company's fiscal 2013 CSR activities, there are areas in which the reciprocal connections among initiatives remain difficult to see. Connecting individual activities will enable the Yamato Group overall to deliver a more clear message.

In line with the globalization of the Yamato Group's business, I hope that its CSR activities will also develop in a form matched to global context, and will lead to the capture of further trust by stakeholders.

## Comments on the opinion



### Haruo Kanda

Representative Director and Senior Executive Officer  
Yamato Holdings Co., Ltd.

Thank you very much for your valuable opinions and suggestions about the CSR Report of the Yamato Group.

To deepen understanding concerning the stance and initiatives of the Yamato Group with respect to CSR (corporate social responsibility), in the report we covered a number of specific episodes in the form of responses to questions from stakeholders.

The special feature introduced the “value networking” design for “Evolving Logistics into a Mode of Value Creation”, as well as the added value that will be provided by the Haneda Chronogate, a key facility in the “value networking” design and one of the largest integrated logistics terminals in Japan. Moreover, to resolve issues in communities such as depopulation and the aging of society, we are working to provide a platform for local revitalization and services for citizens in the form of Project G (Government). Within this, our Magokoro TA-Q-BIN service that provides Shopping Assistance and Watch-Over Support for the Elderly received the Grand Prize and the Minister for Internal Affairs and Communications Prize at the 2nd “Platinum Award” sponsored by the Platinum Concept Network and the Platinum Award Steering Committee. We are very pleased to have such an initiative recognized as a “business and human rights” activity in line with the context of global CSR.

From here on out, we will respond to the risks that accompany our business development, and, having reviewed the key issues facing the Yamato Group together with changes in the structure of society, will make our individual CSR activities relevant to these as we actively pursue their execution. Never forgetting the spirit of “for the benefit of the world and of society” that we have carried on since our founding, we aim to become “the company most loved and trusted by society”.

Finally, we would appreciate it if any readers could give us their candid opinions and comments on this report.

### Editor's note

Thank you very much for reading this “Yamato Group CSR Report 2014”.

In addition to summarizing the four pillars of safety, environment, society, and economy, this year we also wrote about the creation of value through the “value networking” design. Moreover, to further increase understanding of the Yamato Group, we structured the report to introduce a list of activity results and detailed case studies.

Our CSR activities are made possible by the cooperation of stakeholders, whom we would like to thank here. We also hope that you can visit the company website to see additional case studies not included in this report. We will strive to enrich the CSR report reflecting the opinions we receive. Your continued support will be greatly appreciated.

Yamato Group CSR Report Editorial Team

## Yamato Group CSR, Web version List of content items (Japanese Only)

### CSR News

Message from the President  
(pages 3-6 in this report)

Our Major Initiatives in  
Safety, the Environment, and  
Society (pages 7-8 in this report)

Business overview of the Yamato Group

Our CSR vision

Management plans

Yamato Group corporate philosophy

### Topics

Creation of value through the “value networking”  
design (pages 9-12 in this report)

### Economy

#### Safety

Aiming for “DAN-TOTSU”

Prevention of traffic accidents (pages 15-16 in this report)

Aiming for “DAN-TOTSU”

Safety measures matched to local traffic conditions  
(pages 17-18 in this report)

Formulation of safety plans

Training of Sales Drivers

Promotion of safety awareness among employees

Maintenance of equipment and safety systems

Occupational health and safety

#### Environment

Aiming for “DAN-TOTSU”

Development and promotion of environmentally-  
considerate packaging materials  
(pages 21-22 in this report)

Aiming for “DAN-TOTSU”

Environmental impact reduction through  
cooperative transport (pages 23-24 in this report)

Environmental management promotion structure

Overall picture of “Necology” activities

Global warming countermeasures

Yamato Transport's three rules for reducing CO<sub>2</sub>  
from transport

Initiatives in driving and transport

Initiatives at workplaces

Resource recycling

Environmental communication

#### Society

Aiming for “DAN-TOTSU”

Promotion of CSV in partnership with local  
communities (pages 27-28 in this report)

Aiming for “DAN-TOTSU”

Creation of workplaces to motivate employees  
(pages 29-30 in this report)

Together with customers

Improvement of response quality

Responding to customers' needs

Together with employees

Together with business and other partners

Together with shareholders and investors

Stakeholder communication

Social contribution activities

Initiatives for CSV

Safety education

Education support

Contribution to environmental protection

Support for economic independence for disabled persons

Hosting of, cooperation with, and participation in events

Other regional contribution

Governance (pages 31-32 in this report)

Policy for Publishing CSR Information

Third-party Opinion (page 33 in this report)

Comparative table of guidelines







**Yamato Holdings Co., Ltd.**

**[Highlights Version]**

This report describes major CSR activities conducted by the Yamato Group as a highlights version. For further details about activities, please visit our corporate website.



●For more information about this report, please feel free to contact us.●

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