

**We are committed to becoming a company
most loved and trusted by society**

Web edition

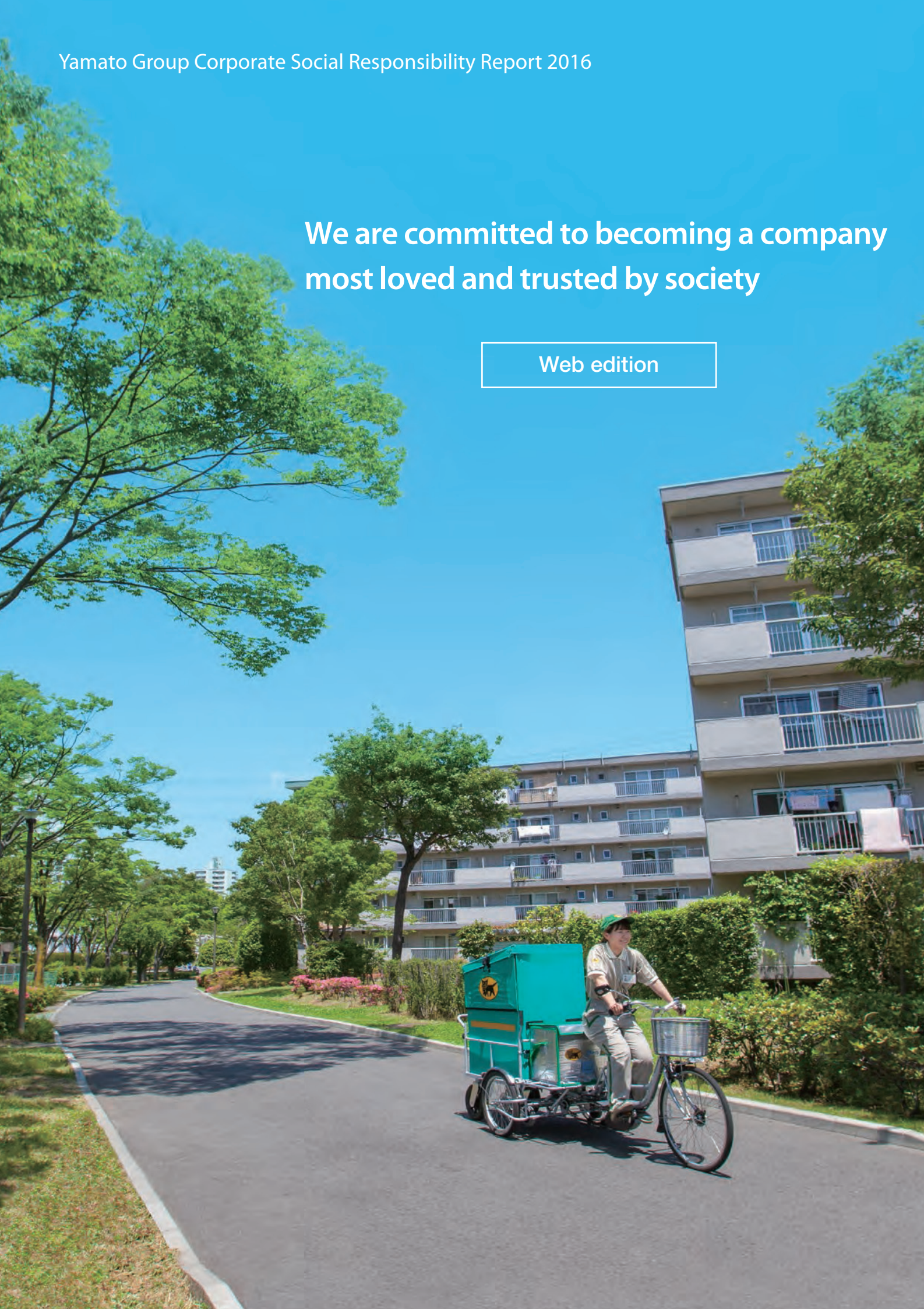


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Message from the President



Creating New Value

TA-Q-BIN celebrated its 40th anniversary in January 2016. The number of TA-Q-BIN parcels we handle in Japan has exceeded 1.7 billion annually, demonstrating just how widely used this service has become as a way of sending small parcels between not only consumers but from business to consumer and from business to business. Over the years, we have rigorously examined our businesses not only from an economic aspect, but also safety, the environment and society as well, so that we can fulfill our corporate social responsibilities (CSR) as a company whose logistics services centered on TA-Q-BIN form an important piece of social infrastructure. Looking ahead, we recognize that our social responsibilities will grow as we expand our business operations, and so we must devote even greater efforts to fulfilling our responsibilities to society.

In addition to initiatives for fulfilling our corporate social responsibilities, we are also focusing on Project G (Government), which calls for helping to resolve social issues through close partnerships with local governments and others. We have examined 1,770 projects as of June 2016 and of these currently 529 are being provided as actual services. Rural Japan is faced with depopulation, a falling birthrate and rising elderly population, as well as deteriorating finances, which have caused government services for local residents to be scaled back or eliminated altogether. Other issues include the growing disparity between urban and rural areas as well as the decay of local industries. Given this situation, as part of the Yamato Group's approach to Creating Shared Value (CSV), we are turning the information technology (IT), logistics technology (LT), and financial technology (FT) of our group companies into platforms through partnerships with local people, NPOs as well as similar companies operating in the community to tackle local issues together with local governments. For example, we offer watch-over support for the elderly by delivering periodicals published by local governments once a month as TA-Q-BIN in order to regularly check on the well-being of elderly living in the community. We also



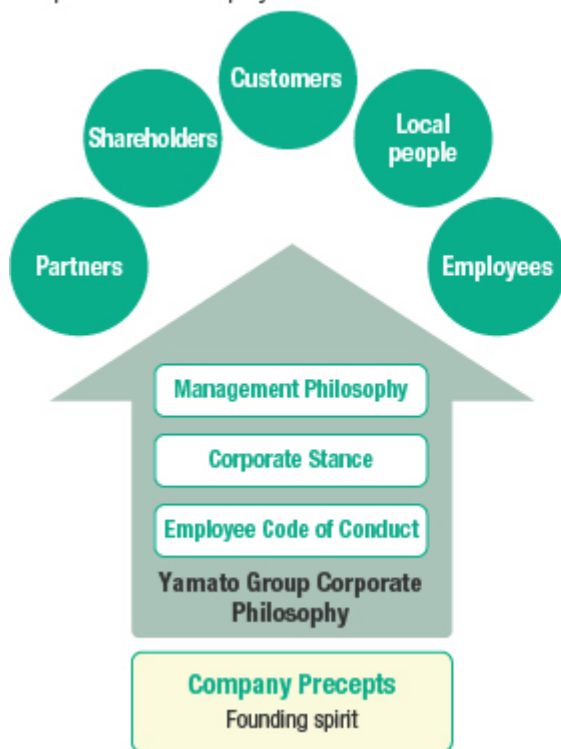
Lifestyle Support Service launched in Tama New Town

provide shopping support for those local residents who are unable to travel to stores to do their shopping. In this manner, we are proposing solutions that harness the functions of the Yamato Group based on the issues of the local community. In April 2016, we launched the new lifestyle support service as a model for revitalizing local communities in urban areas. Through this service we are aiming to make Tama New Town a more attractive place to live by improving convenience for local residents through solutions made possible with the know-how and expertise of the Yamato Group, Urban Renaissance Agency and the City of Tama.

Going forward, we hope to create more new services through Project G that are considered to be social infrastructure and contribute 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 protection
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

Promotion of the “Value Networking” Design

Yamato Group, under its long-term management plan ending in fiscal 2019 called “DAN-TOTSU Management Plan 2019,” is aiming to become “Asia’s No. 1 solutions provider in distribution and lifestyle support,” becoming the undisputed leader (DAN-TOTSU) in customer satisfaction, shareholder satisfaction, social satisfaction, and employee satisfaction. The second phase of this process involves the “DAN-TOTSU Three-Year Plan STEP,” under which we are promoting the “Value Networking” design and the fostering of a sound corporate culture.


The “Value Networking” design will seek to evolve logistics from a cost to a means for generating value by restructuring our network in Japan and international markets in an effort to support Japan’s growth strategy through logistics restructuring that involves all customer business segments and sizes. To promote this concept, in 2013 we opened Haneda Chronogate as the centerpiece of this concept. This facility will transform customers’ businesses 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 and internationally.

We are also moving forward with plans to construct gateway logistics terminals in every major region of Japan. These facilities will have cutting edge sorting facilities that enable highly efficient sorting, which will make it possible for same-day deliveries between major cities, reduce transport costs, and alleviate labor shortages. In 2013, we opened the Atsugi Gateway for the Kanto Region and we plan on opening the Chubu Gateway for the Chubu Region in 2016 and a new gateway in the Kansai Region in 2017.

In terms of overseas shipments, we have worked to expand exports of Japanese agricultural and fisheries products. We have also expanded International Cool TA-Q-BIN services to include Hong Kong, Taiwan, Singapore and Malaysia so that Japan’s fresh seasonal foods can be shipped in small lots at frequent intervals to maintain straight-from-the-producer freshness.

Moving forward, under the “Value Networking” design, we will seek to increase the speed of customer distribution like never before, while cutting costs and improving quality.

Medium-term Management DAN-TOTSU Three-Year Plan STEP (Fiscal 2014 - Fiscal 2016)

Vision for 2019	Asia’s No. 1 solutions provider in distribution and lifestyle support							
Concept	Promote “Value Networking” design and the fostering of a sound corporate culture							
Basic Group Strategies	<p>Basic Group Strategy (1)</p> <p>Restructure network to create higher added value business models</p> <p>Seamlessly integrate our core competence of last one mile services in Japan and Asia to enhance customer satisfaction underpinned by customer-driven solutions and cost competitiveness</p> 	<p>Basic Group Strategy (2)</p> <p>Strengthening Governance and Promoting CSR</p> <p>Reinforce foundation for business growth and mitigate risks associated with business expansion</p> <table border="1" data-bbox="1082 1818 1471 2002"> <tr> <td>Society's satisfaction</td> <td>Provide reliable quality with peace of mind</td> </tr> <tr> <td>Employee satisfaction</td> <td>Further entrench corporate philosophy</td> </tr> <tr> <td>Shareholder satisfaction</td> <td>Sound financial standing</td> </tr> </table>	Society's satisfaction	Provide reliable quality with peace of mind	Employee satisfaction	Further entrench corporate philosophy	Shareholder satisfaction	Sound financial standing
	Society's satisfaction	Provide reliable quality with peace of mind						
Employee satisfaction	Further entrench corporate philosophy							
Shareholder satisfaction	Sound financial standing							

Promoting initiatives for important CSR issues in safety, the environment and governance

Yamato Group will celebrate its 100th anniversary in 2019. Over the past century, we have constantly pursued innovation that delivers both economic and societal value while resolving customer issues. This pursuit has resulted in a number of world's first services and solutions. The foundation for sustaining this approach to business is the fostering of a sound corporate culture, which is cited as one goal of the "DAN-TOTSU Three-Year Plan STEP." Yamato Group's CSR is defined as living up to the trust and expectations of all stakeholders by fulfilling responsibilities in not only the economy, but in safety, the environment, and society, based on the 10 aspects of our corporate stance, including "respect for human life," "a corporation trusted by the local community" and "promoting environmental protection," and which form the heart of the Yamato Group Corporate Philosophy.

In particular, with regards to safety, everyone at the Yamato Group is working with a strong conviction to achieving zero traffic accidents and zero occupational accidents. We operate a fleet of more than 50,000 vehicles and use public roads as part of our transport operations, which is why community-friendly driving as well as ensuring people's safety on the road is of paramount concern to us.

In terms of the environment, we refer to environmental protection activities carried out across the Yamato Group as "Necology." In addition to the packaging, transport and delivery process of logistics, we are also working diligently to reduce the ecological impact of our other business activities to ensure that our logistics is as environmentally friendly as possible.

Yamato Group's CSR

Yamato Group's CSR activities are deployed with a focus on safety, the 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.



Strengthening Governance

We are working to strengthen corporate governance with the fundamental goal of ensuring the soundness of management as well as facilitating swift and appropriate decision making and business execution. In fiscal 2015, we formulated our own guidelines on corporate governance.

We revised our business continuity plan (BCP) based on our response to the earthquake that struck Kumamoto Prefecture in April 2016 and to prepare for the highly likely scenario of a major earthquake striking directly under the Greater Tokyo Metropolitan Area or in the Nankai Trough off the coast of Central Japan, leading to catastrophic damages. As we move forward with the globalization of our businesses, we became a signatory to the UN Global Compact, a framework advocated by the UN for achieving sustainable growth, in April 2014 and stated our support for the four fields of focus (human rights, labor, the environment and anti-corruption) and 10 principles.

We also recognize that corporate value extends beyond mere financial assessments such as operating income to include customer satisfaction, shareholder satisfaction, social satisfaction and employee satisfaction. We believe that enhancing overall corporate value including CSR activities will link with the continual and sustained growth of the Yamato Group. Going forward, the Yamato Group will make further efforts to become a company most loved and trusted by society. Your continued support is greatly appreciated.

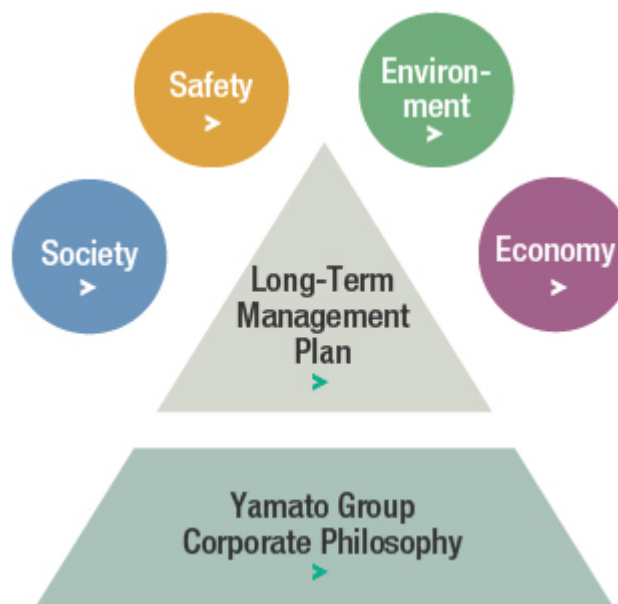
CSR Management

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CSR Management System

Yamato Group companies obtain external certification for quality, safety and the environment, among other areas, in order to heighten the effectiveness of their CSR activities. Certifications obtained in fiscal 2016 are outlined below.

* See the "[Information Security](#)" section for certifications obtained for information security.

Certifications held by Yamato Group companies

Certification	Company name	Year obtained
ISO9001	Yamato Packing Technology Institute Co., Ltd.	2008
	Business Management Division	2008
	Operation Center	2008
	Research and Development Office	2008
	Kanto No.1 Branch	2008
JIS Q 9001:2008/ISO 9001:2008	Yamato System Development Co., Ltd.	
	Regional Sales Division	
	Chiba Logistics System Center, Tokyo Branch	1997
	Tokyo SLC, Tokyo Branch	2008
	Shin-Tokyo Logistics System Center, Tokyo Branch	2005
	Chubu Logistics System Center, Chubu Branch	2007
	Chubu Logistics System Center (Inazawa), Chubu Branch	2007
	Osaka Logistics System Center, Kansai Branch	2007
	Osaka Logistics System Center (Higashi Yodogawa), Kansai Branch	2007
	Osaka Minato Logistics System Center, Kansai Branch	2011
	Haneda On-demand Center, Tokyo Branch	2014
	Haneda On-demand Center (Oi Office), Tokyo Branch	2005
	Haneda On-demand Center (Oi Office #2 Center), Tokyo Branch	2005
	System Solutions Company	2003
Shin-Tokyo IDC	2006	
	Yamato Logistics Co., Ltd.	2006
	Medical Logistics Company	
	Kanagawa Medical Center	
ISO14001	Yamato Packing Technology Institute Co., Ltd.	2008
	Business Management Division	2008
	Operation Center	2008
	Packaging Solutions Business Division	2008
	Research and Development Office	2008
	Kanto No.1 Branch	2008
ISO13485	Yamato Logistics Co., Ltd.	2009
	Medical Logistics Company	
	Kanagawa Medical Center	

Excellent Safe Driving Business Certification (G-Mark)	Kobe Yamato Transport Co., Ltd.	2012
	Okinawa Yamato Transport Co., Ltd.	2015
	Yamato Transport Co., Ltd.: obtained by 2,402 offices as of March 31, 2014	
	Yamato Multi Charter Co., Ltd.: obtained by all offices	2016
	Yamato Box Charter Co., Ltd.: obtained by 40 offices as of March 31, 2016	2016
	Yamato Global Express Co., Ltd.: obtained by 58 offices as of May 31, 2015	2015

Our Major Initiatives

The Yamato Group has identified as well as carries out initiative to manage and maintain materiality based on its unique businesses, strategies, and impacts on society.

The Yamato Group is working hard 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 implement this long-term management plan, the responsibilities that we must fulfill, the expectations of our stakeholders, and our impacts on society will all grow larger.

As we satisfy our CSR in terms of safety, the environment, society, and economy, we have decided the details of our initiatives based on their materiality to the Yamato Group and to our stakeholders, their impact on society, and other factors. In order to advance our information disclosure in the future, in fiscal 2014 we examined information we disclose for important initiatives referencing the Sustainability Reporting Guidelines Version 4 *.



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

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

Society We aim to earn the trust and respond to expectations of stakeholders. ▼



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

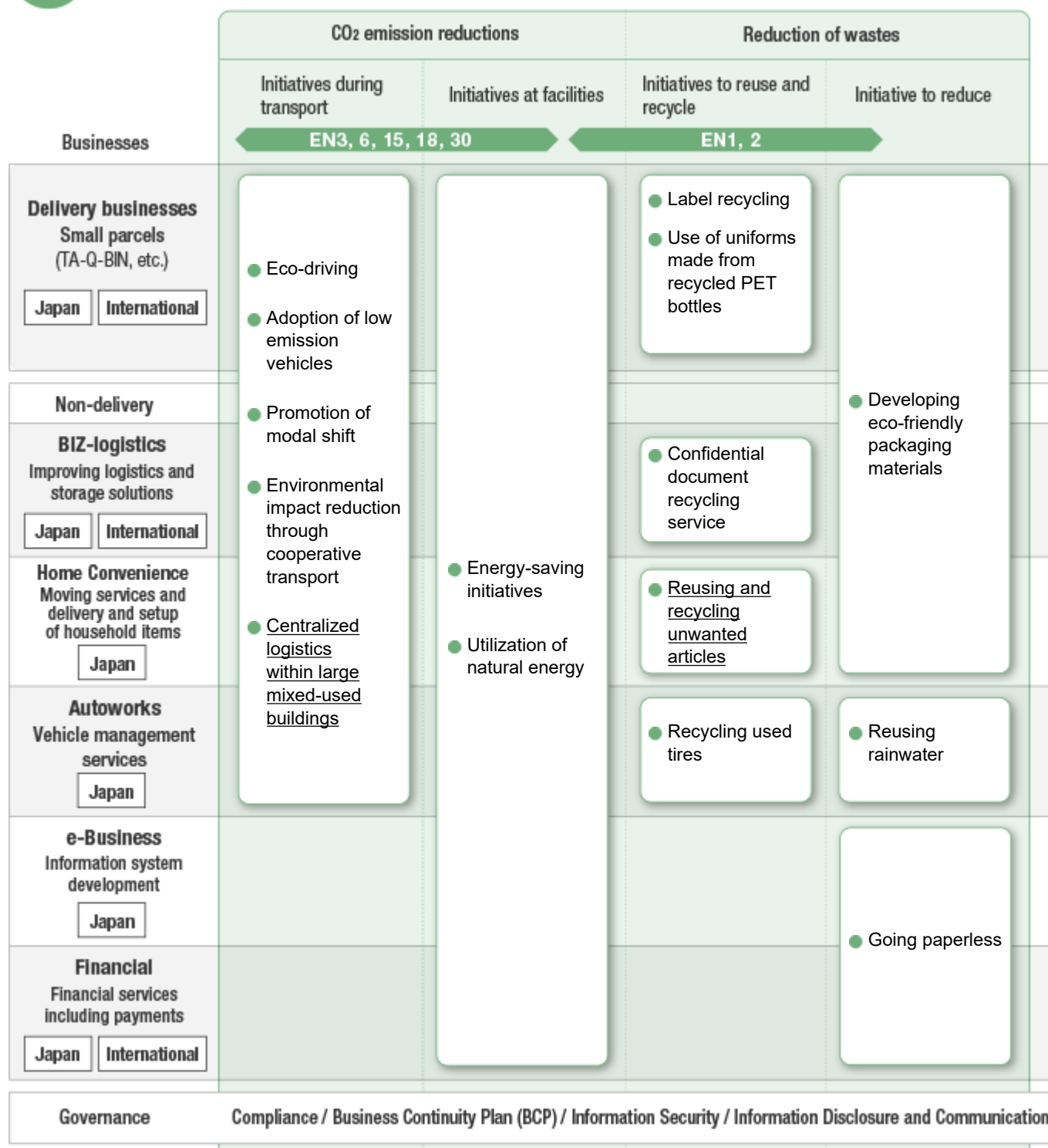
	Accident prevention SO2	Achieving safe workplace environment LA6	Providing security and peace of mind
Businesses			
Delivery businesses Small parcels (TA-Q-BIN, etc.) Japan International	<ul style="list-style-type: none"> ● <u>Prevention of traffic accidents</u> 		<ul style="list-style-type: none"> ● <u>Proper handling of confidential information</u>
Non-delivery BIZ-logistics Improving logistics and storage solutions Japan International	<ul style="list-style-type: none"> ● <u>Ensuring Air cargo safety</u> ● Safety measures matched to local traffic conditions 	<ul style="list-style-type: none"> ● Prevention of occupational accidents ● Mental health care 	<ul style="list-style-type: none"> ● <u>Assistance with product recalls</u>
Home Convenience Moving services and delivery and setup of household items Japan			<ul style="list-style-type: none"> ● Home security
Autoworks Vehicle management services Japan			<ul style="list-style-type: none"> ● Truck, bus and other vehicle management and maintenance solutions
e-Business Information system development Japan			<ul style="list-style-type: none"> ● <u>Securing information security for products and services</u>
Financial Financial services including payments Japan International			
Governance	Compliance / Business Continuity Plan (BCP) / Information Security / Information Disclosure and Communication		

* Sustainability Reporting Guidelines: A set of international guidelines that apply to the creation of CSR/sustainability reports.

- SO2** Operations with significant potential or actual negative impacts on local communities
- LA6** Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender



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

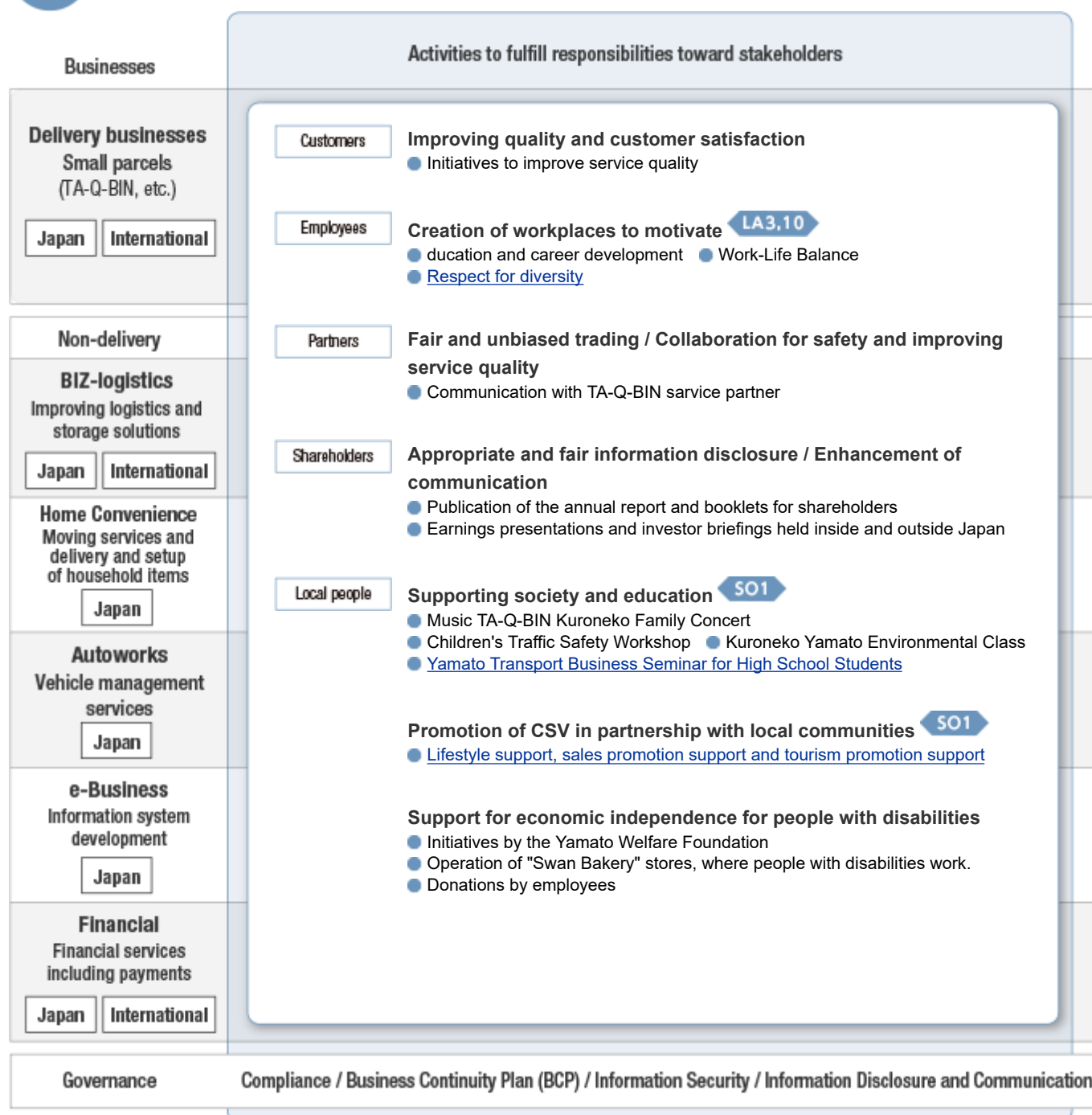


* Sustainability Reporting Guidelines: A set of international guidelines that apply to the creation of CSR/sustainability reports.

- EN3 Direct energy consumption within the organization
- EN6 Reduction of energy consumption
- EN15 Direct greenhouse gas (GHG) emissions (Scope 1)
- EN18 Greenhouse gas (GHG) emissions intensity
- EN30 Significant environmental impacts of transporting product and other goods and materials used for the organization's operations, and transporting members of the workforce
- EN1 Materials used by weight or volume
- EN2 Percentage of materials used that are recycled input materials

Society

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



* Sustainability Reporting Guidelines: A set of international guidelines that apply to the creation of CSR/sustainability reports.

LA3 Return to work and retention rates after parental leave, by gender

LA10 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programs

Supporting people's daily lives using community hubs

Tokyo's Tama New Town was master planned and developed as Japan's largest new town.

Nearly 50 year have passed since it was first developed and amid the emergence of issues caused by changes in the lifestyles of residents, Yamato Group launched its lifestyle support service as an all new initiative.



Revitalizing the local community with the lifestyle support service



Launching a number of services that address community issues



Providing employment opportunities to local residents



As a new model case for community revitalization in urban areas



Voice of Stakeholders
Voice of an Employee



Revitalizing the local community with the lifestyle support service

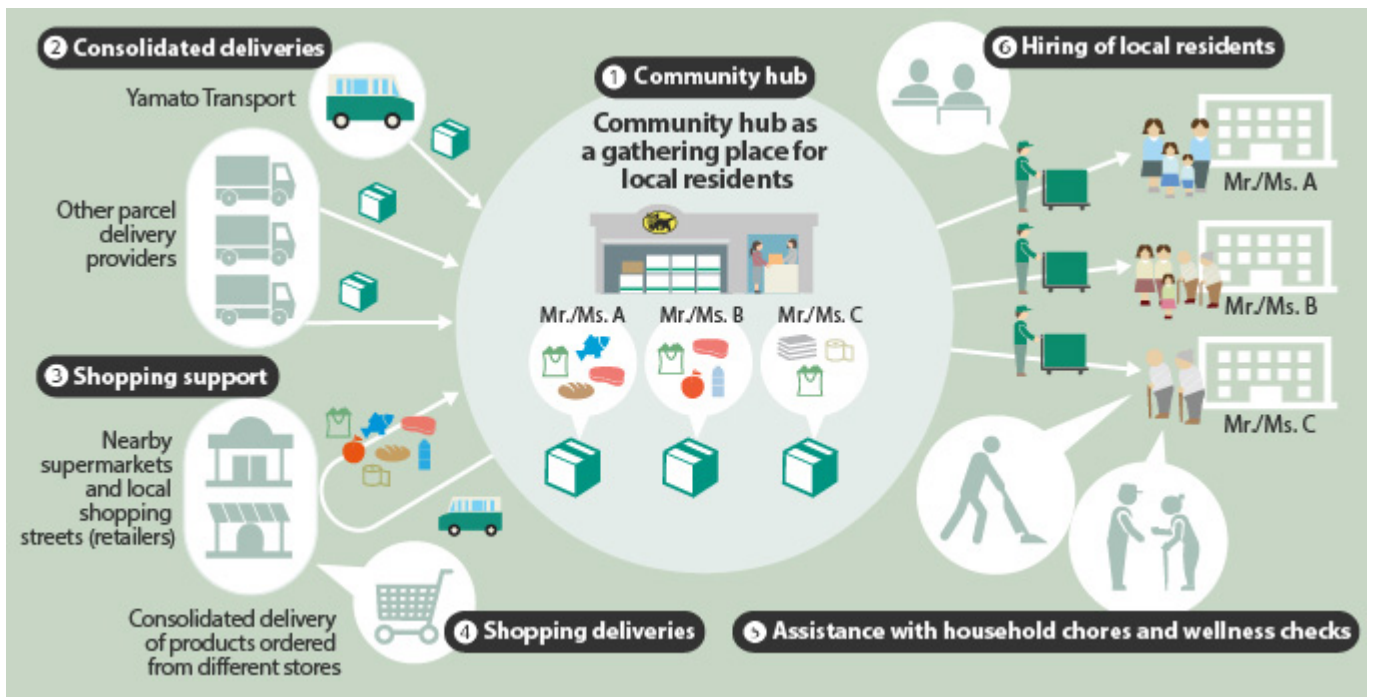
On April 28, 2016, Yamato Group launched the lifestyle support service with the aim of enriching the lives of people living in Tokyo's Tama New Town area.

Tama New Town is a vast area covering some 2,884 hectares spreading across Tama City, Hachioji City, Inagi City and Machida City in Tokyo. It represents Japan's largest new town developed during the period of rapid economic growth to increase the number of people living in urban areas.

Currently, Tama New Town has a population of around 200,000. However, the mix of residents has changed dramatically, caused by the graying of those who first moved into the area in the 1970s and the exodus of younger generations to attend school, find employment or get married. Today, about 50 years after it was first developed, the Tama New Town area needs to redefine itself by creating an environment where the elderly can continue to live and making itself attractive to draw in new younger generations.

Yamato Group is working on Project G, which aims to solve community issues through its businesses and through partnerships with local governments and other companies. As part of this project, we work to revitalize local industries by expanding the sales channels of local specialty items and to provide living assistance to local residents in the form of shopping support and wellness checks.

Our new lifestyle support service provided in Tama New Town represents a compilation of the knowledge and know-how of Yamato Group, the Urban Renaissance Agency, and the City of Tama, which is in turn used to improve the convenience of residents, encourage inflows of young people raising children, and promote a community where multiple generations are linked together. The ultimate goal is to make the mature Tama New Town a more appealing community for all.



Launching a number of services that address community issues

At Neko Support Stations newly set up within housing complexes as a community hub, Neko Support Café sessions are held with the assistance of Comprehensive Regional Support Centers. Going forward, events targeting younger generations raising children will be held to further revitalize local communities.

The lifestyle support service offers a host of services that aid the lifestyle of local residents with the help of the local government and private-sector companies.

For example, Yamato Transport provides consolidated deliveries that include parcels of other providers, so residents can receive parcels from many different providers at the same time. This will reduce the number of delivery trucks in the community and result in lessening environmental impacts and reducing traffic accidents. The shopping support service allows residents to order goods by telephone, over the Internet, and in-person at a “Neko Support Station” and have goods delivered from retailers to their home. We have seen a steady increase in users of this service because many people felt inconvenienced by shopping since few supermarkets are located nearby. The household chore assistance service has seen an increase in inquiries from local residents and based on feedback received we plan on expanding the types of services offered.



Providing employment opportunities to local residents

Currently, Neko Support Stations located in Tama City have been set up within the Nagayama and Kaidori complexes. They employ a combined staff of 13 people. Both locations plan on hiring more local residents to provide services, with the goal of providing employment opportunities in the local community. Also, some of the tasks can be performed by the elderly, so we hope to make Neko Support Stations a place of employment for elderly living in the community, too.



As a new model case for community revitalization in urban areas

These services were launched with the hope of solving social issues in suburban areas, but during the launch process, the Urban Renaissance Agency and the City of Tama also requested that we create services for not only the elderly, but younger generations, too, and that we help to establish an environment that encourages interaction between many different generations. Since commencing services, we have also received various feedbacks from users and community organizations. Some of our employees have received advice directly, such as decorating the office more to make it inviting and bringing tables to the front to encourage greater

interaction. We are now working to make services more convenient, pleasant and easy for residents, while incorporating their feedback. First, we are handing out leaflets and opening facilities to local community groups to raise the visibility of the Neko Support Station among local residents.

Yamato Group will continue to work closely with the Urban Renaissance Agency, City of Tama and local residents so that its initiatives in Tama New Town serve as a new model case for the future revitalization of other urban areas.

Voice of Stakeholders

Looking forward to future proposals from new vantage points

One of the missions of the Urban Renaissance Agency is to form mixed communities where multiple generations interact and help one another. We feel that the lifestyle support service has the potential to aid these efforts. Since being asked for assistance by the Yamato Group in spring 2015, we have set up a council for fostering interaction between local groups already working on community revitalization in Tama New Town and worked toward gaining the understanding and cooperation of the local community. As a result, we believe the service is meeting the expectations of people inside and outside complexes, as the opening ceremony was attended by a large number of people. I look forward to the Yamato Group presenting proposals for services that improve the quality of life from all new vantage points as a partner in our goal of living and community development that allows many different generations to live along side one another in a vibrant community.



Yuichi Oka
Director General of East
Japan Rental Housing Office
Urban Renaissance Agency

A progressive model for new towns across Japan

The Nagayama and Kaidori complexes were among the first in Tama New Town to be settled, and so they face the common challenges of improving access to shopping and creating places and opportunities for resident interaction, given the drop in the number of stores and the graying of the local population. The lifestyle support service, which combines logistics efficiency with living support, is expected to connect these facilities and local residents and help to resolve these common challenges. The opening of the Neko Support Stations have yielded great success in providing a place to share information about municipal services, provide employment opportunities to local residents, and offer spaces as a community hub.

Going forward, we will make efforts to improve initiatives and raise visibility in an effort to provide a progressive model for new towns across Japan.

In addition, the City of Tama has concluded agreements with Yamato



Shunichi Iihashi
Manager in Charge of Urban
Policy
Planning & Policy Department
Tama City

Transport to watch over the elderly and provide information about damages to roads. We expect the Yamato Group to continue to contribute its unique know-how to the city moving forward.

Voice of an Employee

Addressing individual customer issues to make services a fixture in the local community

The lifestyle support service represents a new initiative to provide complex support services for lifestyles in suburban areas where population aging is becoming a major issue, through partnerships with local people and our TA-Q-BIN network. Since launching the service in April 28, 2016, every day has been filled with trial and error to please customers in the community. The Neko Support Station, which aims to be a community hub, has received a number of consultations and requests regarding household chores and shopping from customers in person, which makes me feel keenly aware of the high expectations placed in this service. In order to continually provide services needed by the local community, first we will focus on listening to customer feedback and providing services that meet people's needs to please all of our customers. In turn, it is our hope that as a result this service will serve as a model for other forms of living support in urban areas.



Keisuke Watanabe
Branch Manager
Neko Support Tama New
Town Branch
Western Tokyo District Branch
Yamato Transport Co., Ltd.

Watching over the elderly with our TA-Q-BIN network

Since 2010, Yamato Transport has embarked on a number of trial-and-error concepts while working closely with local governments throughout Japan to tackle the issue of watching over elderly living alone as part of Project G.

As of June 2016, we have concluded agreements with 125 local governments and have worked on various initiatives to address issues faced by local communities.



Providing greater peace of mind to elderly living alone in their own communities



Efforts to watch over the elderly began with one employee's experience



Also launched services prioritizing support for the shopping disadvantaged



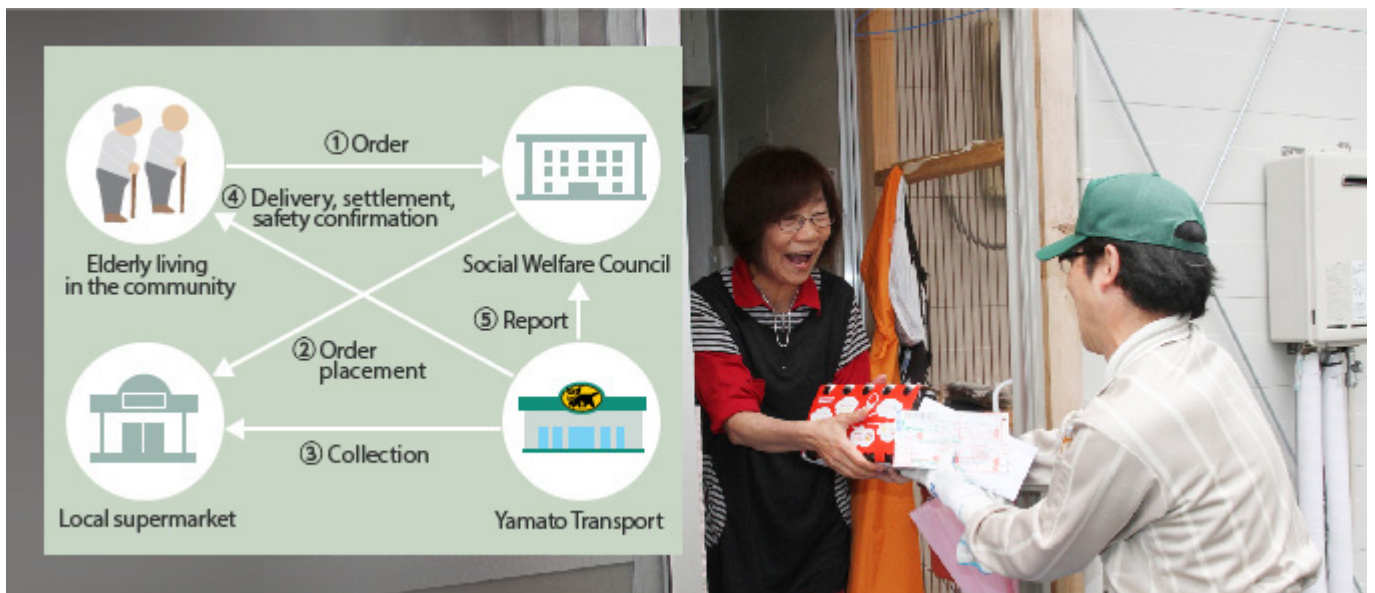
Initiatives to watch over the elderly are spreading across Japan



Providing greater peace of mind to elderly living alone in their own communities

With the birthrate declining and more people moving to urban areas, Japan is expected to see an increase in depopulated areas and an aging population. In recent years, the problem of elderly dying alone in their home has become a social issue. To prevent the elderly without relatives from dying alone, more than one person needs to watch over the elderly living alone. However, in more and more cases, there is a lack of younger generations, local governments and social workers who can fulfill this role and care for the elderly.

As a result, Yamato Transport works on watching over elderly utilizing its extensive nationwide TA-Q-BIN network in concert with local governments. This initiative, which emphasizes watching over elderly in person, is being expanded nationwide while undergoing trials and errors during the process of creating a sustainable mechanism.



Efforts to watch over the elderly began with one employee's experience

In September 2010, our very first initiative to watch over the elderly began in Nishiwaga Town, Iwate Prefecture.

The idea for this service originated from a Sales Driver (SD) who worked in Iwate Prefecture. One of his

customers who he often saw along his delivery route died alone, which led the SD to come up with a concept for watching over the elderly using Yamato Transport's network. Amidst a number of trials and errors conducted during the commercialization process, the Nishiwaga Town Council of Social Welfare requested this service be rolled out in small depopulated communities and, given strong demand for assistance with shopping, we came up with the Magokoro TA-Q-BIN service, which combines watch over services with shopping assistance.

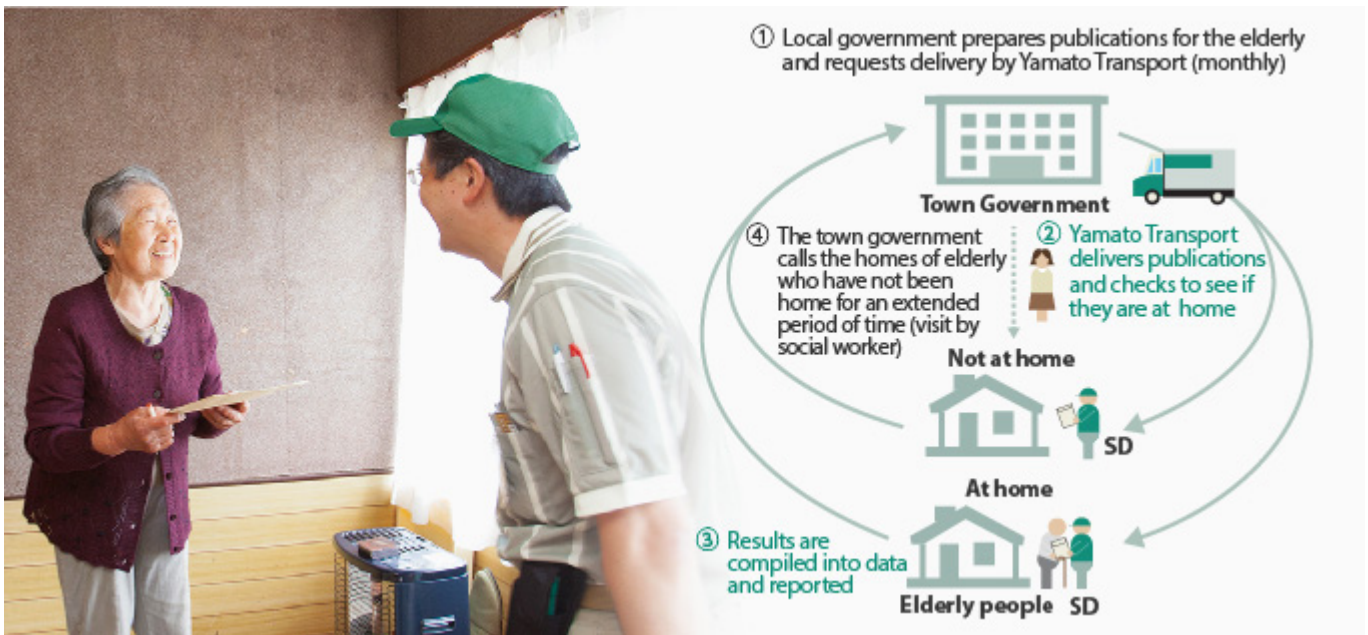
The Magokoro TA-Q-BIN service allows elderly who find it difficult to go shopping to order products by telephone, with these products supplied by a local supermarket. Afterwards, a Yamato Transport SD delivers their order and also checks on their health and if they are okay, reporting their findings back to the Social Welfare Council. This home delivery service addresses the two issues facing the elderly living alone of dying alone and being shopping disadvantaged with a single service.



Also launched services prioritizing support for the shopping disadvantaged

Another model case combining shopping support with watch over services for the elderly can be found in Otoyō Town, Kochi Prefecture. With more than 50% of its population elderly, Otoyō Town is considered a marginalized community. Depending on where they live in the town, residents face the challenge of having to travel long distances for their daily shopping because of the town's geographic location where individual communities dot an expansive mountainous area and a declining number of stores due to depopulation. Elderly who cannot drive face a particularly difficult burden.

In November 2012, we launched the Otoyō Delivery Service for all residents of the town after receiving consultations from local stores. Residents simply place an order with participating stores by telephone or fax, the store then packs the order and a Yamato Transport SD delivers it. Additionally, SD report to the town government or the fire department if they find that an elderly customer is not feeling well at the time of delivery, adding an element of watching over the elderly to this solution.



Initiatives to watch over the elderly are spreading across Japan

Currently, Yamato Transport offers watch over services for the elderly and shopping support utilizing its TA-Q-BIN network in various parts of Japan. In order to sustain these initiatives over the long term, it is essential that we alleviate the burden placed on SD in the field and participating local governments. One example is the watch over support service for the elderly in Kuroishi City, Aomori Prefecture. This service involves Yamato Transport delivering publications created by the city government for elderly living alone once a month as TA-Q-BIN, with the SD checking to see if the elderly are home and their health condition, reporting the results back to the city. Using this mechanism, we are now able to help the city find elderly in need of care with a low cost and effortless service. Similar initiatives are now underway in Fukaura Town, Aomori Prefecture, Himi City, Toyama Prefecture, and Nishiwaki City, Hyogo Prefecture.

* For more about the watch over service offered in Fukaura Town, Aomori Prefecture, please see [“Yamato Group Corporate Social Responsibility Report 2015 \(Web edition\)”](#).

Revitalizing local economies by expanding sales channel with International Cool TA-Q-BIN

Yamato Group launched International Cool TA-Q-BIN services in 2013 in an effort to deliver fresh seasonal foods from Japan to markets in Asia using frequent small volume shipments. This service helps to expand sales of highly competitive agricultural and marine produce from throughout Japan to overseas markets.



Helping increase sales of highly competitive Japanese agricultural and marine produce in international markets



International Cool TA-Q-BIN helping to support communities far away from the Greater Tokyo Metropolitan Area



Helping expand sales channels through agreements concluded with local governments across Japan



Helping increase sales of highly competitive Japanese agricultural and marine produce in international markets

In recent years, there has been growing demand in Asian markets for Japanese agricultural and marine products because they are prized as safe foods. The Government of Japan, too, is promoting the development of sixth order industries and expansion of exports of agricultural and marine products given the trend for greater free trade as exhibited in the TPP* and other agreements.

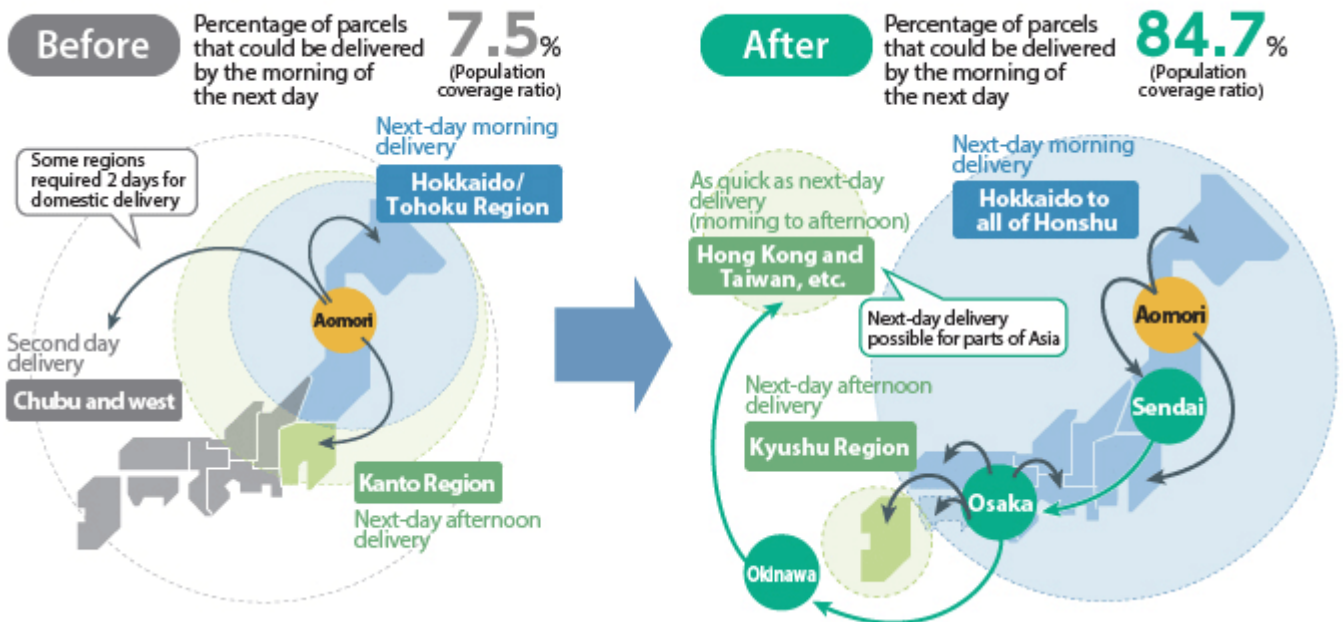
However, there are very few cold international logistics services that transport small parcels in small lots, and as a result there has been demand for a mechanism to transport agricultural and marine products in a manner that ensures freshness is maintained. There were also issues facing producers who wanted to expand their sales channels into overseas markets.

To address these issues, Yamato Group launched the world's first international integrated small-lot cold transport service for Hong Kong called International Cool TA-Q-BIN. Since then, we have expanded service coverage to include Taiwan, Singapore, and Malaysia.

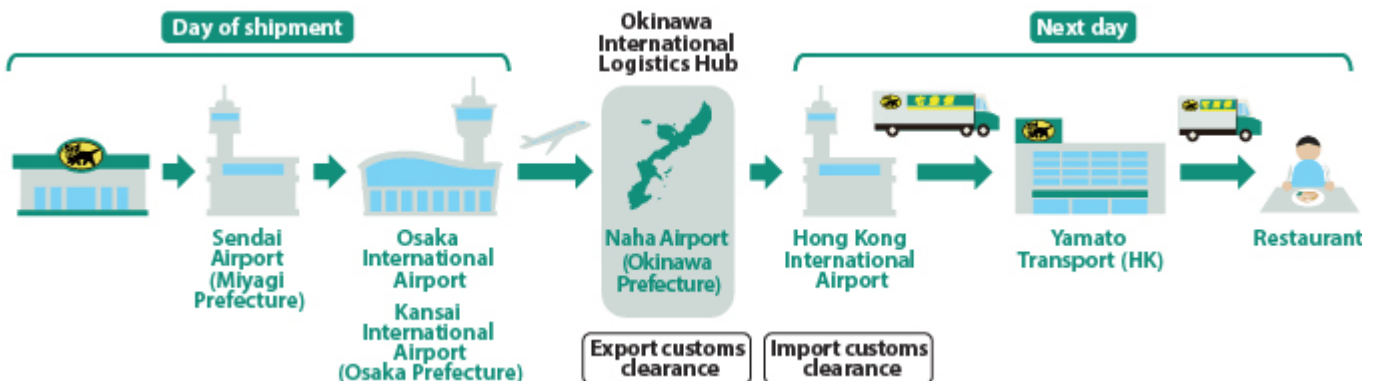
* Trans-Pacific Partnership

Changes in delivery coverage achieved with Yamato Transport's services

→ Ground route → Air route



Transport Route between Aomori-Hong Kong and Number of Days in Transit



International Cool TA-Q-BIN helping to support communities far away from the Greater Tokyo Metropolitan Area

Communities located far from the major consumption area of the Greater Tokyo Metropolitan Area and other urban locations have felt a strong sense of the challenges in term of expanding sales channels for their agricultural and marine produce. One such community is Aomori Prefecture. The prefecture is a major source of agricultural and marine produce. It boasts Japan's largest yield of apples, garlic, greater burdock and nagaimo (Chinese yam), and it is also a major source of seafood such as flounder, scallops and sea urchin. Conventional logistics systems limited the areas that these items could be sent to by the next day.

With this in mind, Yamato Transport concluded an agreement with Aomori Prefecture in July 2014 to build an integrated transport platform for Aomori Prefecture. This marked the start of our efforts to deliver speedy transport solutions for the prefecture's agricultural and marine produce.

First, we established a new arterial route between Aomori and Sendai separately from our ordinary TA-Q-BIN arterial transport routes. For areas from the Chubu to Kyushu regions where it was difficult to offer next-day deliveries, we used the air transport network linking Sendai with Osaka and then transported items by ground from Osaka. As a result, the percentage of parcels with destinations in Japan that can be delivered by the next day in the morning increased significantly from 7.5% to 84.7%. Also, we are now able to deliver parcels as soon as the next day to Hong Kong and Taiwan by sending them from Osaka to Okinawa. As a result, we have created a distribution channel that has expanded sales channels for these items, as high end restaurants not only in Japan, but also overseas have selected ingredients from Aomori Prefecture to use in their menus.

Topics

Yamato Transport received the Minister of Land, Transport, Infrastructure and Tourism Award for the International Cool TA-Q-BIN service at the first Nihon Service Award sponsored by SPRING

The International Cool TA-Q-BIN service is able to deliver single parcels containing fresh seasonal produce from throughout Japan to destinations in Asia as quickly as the next day, ensuring the same quality as in Japan, by using speedy international transport services utilizing our Okinawa International Aerial Logistics Hub. This service received high marks for providing international integrated cold transport services utilizing the company's refrigerated air cargo containers, fixed-temperature sorting facility, and a fleet of refrigerated vehicles at the destination in a number of Asian countries.

Additionally, our efforts to connect producers and business persons in Japan with overseas restaurants through partnerships with municipalities across Japan were acclaimed for contributing to the expansion of sales channels of agricultural and marine produce.



Presentation ceremony for the 1st Nihon Service Award



Helping expand sales channels through agreements concluded with local governments across Japan

Efforts to aid in the expansion of sales channels for local products have spread to every corner of Japan as of March 2016, including Kumamoto Prefecture, Ehime Prefecture, Miyazaki Prefecture, Mie Prefecture, Nagasaki Prefecture, Akita Prefecture and Iwate Prefecture. In Nagasaki Prefecture, we continue to provide proposals that solve the transport needs of individual communities, such as facilitating transport from remote islands in particular. We are also helping the expansion of sales opportunities for local products from various angles, including holding business meetings with overseas buyers, helping carry out export procedures, and establishing e-commerce sites online.

Economy

Overview and Major Indicators of the Medium-term Management Plan DAN-TOTSU Three-Year Plan STEP

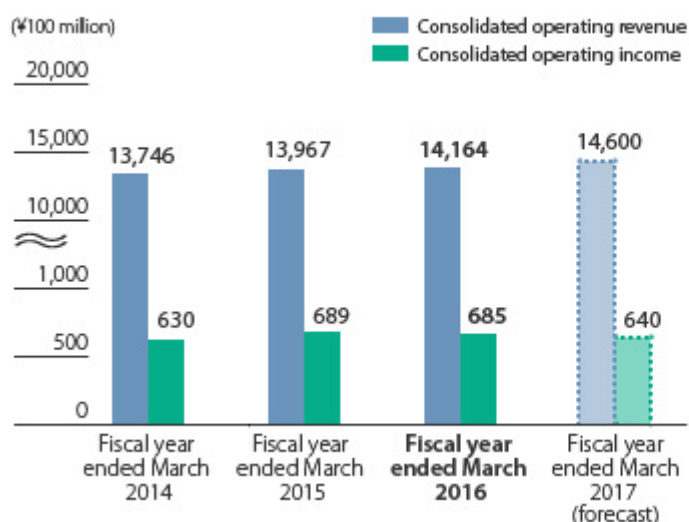
Through the long-term DAN-TOTSU Management Plan 2019 formulated in January 2011, the Yamato Group aims to become "Asia's No. 1 solution provider in distribution and lifestyle support" by 2019, the year of the Group's 100th anniversary. In order to make our stakeholders' satisfaction "DAN-TOTSU," we are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

Consolidated operating revenue / consolidated operating income



Operating margin

4.8 %

Fiscal year ended March 2016

ROE (return on equity)

7.1 %

Fiscal year ended March 2016

Volume of international TA-Q-BIN parcels handled

1,731 million

Fiscal year ended March 2016

Safety



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

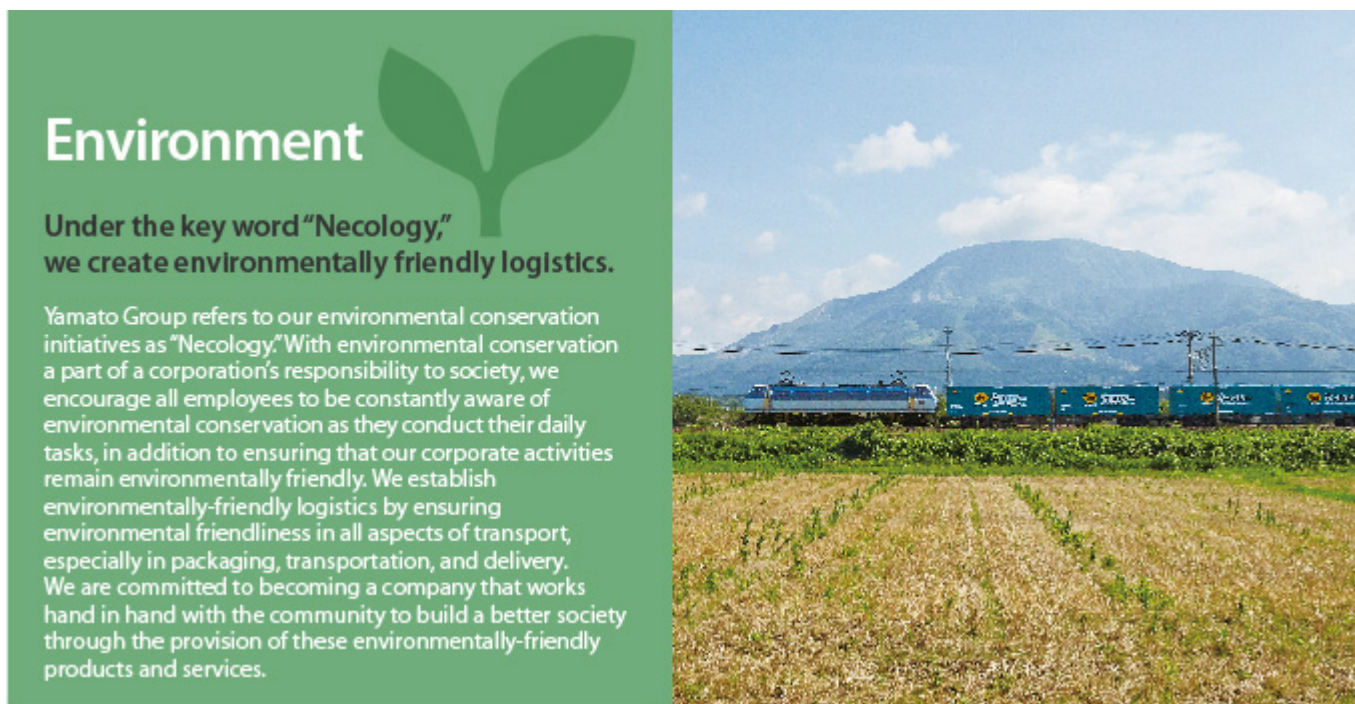
Yamato Group's business depends on community streets and roads. For us, the safety of everyone in the community is of highest importance. Under the motto "Safety First, Business Second," we strive for safe driving, work at measures aimed at safe transport, and make respect for human life the top priority at all times in our business.



Results of Initiatives in Fiscal 2015

Initiatives		Achievements and Results
<ul style="list-style-type: none"> ● Formulation of safety plans 	Plans to assure transport safety	<ul style="list-style-type: none"> ● 7 major accidents (7 major traffic accidents, 0 major occupational accidents) The Yamato Group aims to reduce traffic accidents to zero. Every year, Yamato Transport (J) formulates a plan to assure transport safety, and displays posters providing information on safety goals and initiatives at all offices. ● Safety Experts stationed nationwide: 301 At District Branch, Yamato Transport Co. Ltd. has stationed safety training directors. These experts in safety measures provide safety instruction to Sales Drivers.
<ul style="list-style-type: none"> ● Training of Sales Drivers 	Education to improve skills	<ul style="list-style-type: none"> ● Sales Drivers who have received ride-along instruction from Safety Experts: 38,432 ● Trainees who have taken classes from safety expert lecturers: 20,303 At all 69 District Branches in Japan, Yamato Transport (J) appoints three instructors with expert knowledge, one in each of three skills: laws and regulations, practical traffic safety, and health and safety. ● Safety information magazine and safety calendar Yamato Transport (J) publishes the safety information magazine "Safety First" with safe driving tips and other information for Sales drivers, the "Driver's Safety Handbook" carried by all Sales Drivers, and the "Safety Calendar" that aids in training to improve risk sensitivity.

	Zero Traffic Accidents Campaign	<ul style="list-style-type: none"> ● Implementation of the Zero Traffic Accidents Campaign The Yamato Group implements the Zero Traffic Accidents Campaign every spring and autumn. Yamato Transport (J), which has conducted the campaign continually since 1970, conducted the autumn fiscal 2015 Zero Traffic Accidents Campaign with the aim of achieving zero accidents under the theme of safety at intersections (both off-street locations * and when entering/leaving the road), and ensuring driving considerate of children, bicycle riders, the elderly, and motorbikers. * Not only parking lots, but also onsite at customer facilities
● Promotion of safety awareness among employees	Commendations and contests	<ul style="list-style-type: none"> ● Long-Running No-Accident Commendation awardees: 9,361 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. ● Yamato Transport Nationwide Safety Meet At the fifth safety meet held by Yamato Transport (J), 56 winners of meets at branches nationwide, at Okinawa Yamato Transport, and at Yamato Global Express competed on safety consciousness and driving technique. From this time, the female drivers category and driving management category were newly created. In addition to this, Employees of Yamato Multi Charter Co., Ltd. actively participated in outside drivers' contests.
	Toward the achievement of safe work environments	<ul style="list-style-type: none"> ● Initiatives to prevent occupational accidents The Yamato Group performs internal sharing of information on near-miss incidents that can lead to major accidents, and formulates and carries out measures to achieve safe workplace environments. In addition, all group companies implement measures such as forklift safety seminars and Safety Week, which aims to improve safety consciousness.
● Maintenance of equipment and safety systems	Vehicle maintenance	<ul style="list-style-type: none"> ● Vehicle maintenance plant Superworks: 23 sites Superworks are Yamato Autoworks' 24-hour, 365-day maintenance plants that feature greatly enhanced work efficiency. Of the company's 73 plants nationwide, 23 have been designated Superworks. ● Mechanics: About 940 (including 590 with vehicle inspector qualifications) 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.
	Adoption of equipment and tools	<ul style="list-style-type: none"> ● Enforcing driver's license checks through the adoption of IT systems In addition to visual confirmation of licenses, Yamato Transport (J) uses portable information devices to check IC card licenses, providing support for operation management work and enforcing compliance through IT. ● Adopting See-T Navi in delivery vehicles to support safe and Earth-friendly driving Yamato Transport's proprietary See-T Navi onboard vehicle system supports safe driving with features that include digitized delivery route maps.
● Overseas rollout of measures to assure safety	Safety measures matched to local traffic conditions	<ul style="list-style-type: none"> ● Safety measures matched to local traffic conditions Our company holds a Drivers' Contest safety meet in Singapore and Malaysia, and also participates in safety events.



Environment

Under the key word "Necology," we create environmentally friendly logistics.

Yamato Group refers to our environmental conservation initiatives as "Necology." With environmental conservation a part of a corporation's responsibility to society, we encourage all employees 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 ensuring environmental friendliness in all aspects of transport, especially in 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.

Results of Initiatives in Fiscal 2015

Initiatives		Achievements and Results
<ul style="list-style-type: none"> Eco in transport 	<p>Every individual employee will drive at all times in an environmentally-friendly manner.</p>	<ul style="list-style-type: none"> Adopting our unique safety and ecological navigation system in approximately a cumulative 32,000 delivery trucks The unique See-T vehicular system of Yamato Transport (J) boosts the precision of eco-driving through visualization of fuel and other driving conditions.
	<p>We strive to reduce gas emissions, such as CO₂, by introducing low-emission vehicles and conducting pickup and delivery using hand-pushed trolleys and New three-wheelers (electric bicycle with a trailer).</p>	<ul style="list-style-type: none"> Adoption of about 5,000 new three-wheelers (electric bicycles with trailers) Yamato Transport (J) is undertaking expansion of deliveries that do not use motor vehicles. Adoption of about 26,000 low-emission vehicles (50.9% of all Yamato Group vehicles) In our pursuit of delivery that avoids the use of vehicles whenever possible, the Yamato Group is making use of new three-wheelers and hand-pushed trolleys. For vehicles that are required, we are making a shift to low-emission vehicles.
	<p>We strive to maximize the efficiency of logistics by promoting joint operations with other logistics providers and modal shift using trains and seafaring vessels.</p>	<ul style="list-style-type: none"> Total volume handled by rail and marine transportation: About 450,000 tons Reduction of environmental impacts in cooperation with a tram company Approx. 1,800 tons of CO₂ emissions were eliminated by utilizing rail transport on the

		Shinkansen from Kyushu to Kanto. This achievement was recognized with the Top Prize for Excellent Modal Shift Businesses at the 13th Modal Shift Initiative Awards organized by the Japan Association for Logistics and Transport.
● Eco in facilities	Every employee will endeavor to minimize energy consumption and practice energy saving activities.	<ul style="list-style-type: none"> ● Displaying of Environmental Protection Declaration posters and Indoor temperature setting stickers in all Yamato Group offices We are working to conserve energy by enforcing "Cool Biz" light summer wear and by reducing unneeded lighting.
	We utilize renewable energy sources and promote the conservation of energy at our facilities.	<ul style="list-style-type: none"> ● Adoption of the latest environmental technology at Haneda Chronogate Incorporating the latest environmental technology that makes use of natural energy we achieved a CO₂ reduction of 46% compared to conventional facilities. Also, we were able to recycle 100% of unnecessary items arising from facilities.
	We strive to reduce waste by promoting green purchasing, recycling and a paperless office.	<ul style="list-style-type: none"> ● Green purchasing ratio: 83.3% (roughly the same as the fiscal 2013) We strive to select and purchase items with the least impact on the environment.
● Eco in products	We develop and promote products using returnable materials and other environmentally-friendly products.	<ul style="list-style-type: none"> ● Development and promotion of environmentally-friendly packaging materials The Yamato Packaging Technology Institute has developed packaging material that does not require package cushioning, and packaging material that can be easily separated from other waste.
	We propose work efficiency solutions and contribute to customers' energy conservation.	<ul style="list-style-type: none"> ● Provision of services that leverage information communication technology (ICT) We provide joint transport services for products, joint usage-type online statement notification services, and other services to support more efficient work by customers in a variety of industries.
● Eco with local communities	As a member of local communities, we participate in community environmental conservation initiatives.	<ul style="list-style-type: none"> ● Active participation in local cleanup campaigns
	We hold environment classes to convey the importance of the environment.	<ul style="list-style-type: none"> ● We hosted the Kuroneko Yamato Environmental Class 228 times during the year, with approx. 15,820 children participating.

Society



We aim to earn the trust and respond to expectations of all stakeholders.

Yamato Group seeks to be a company that develops in a sustainable manner together with 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.



Results of Initiatives in Fiscal 2015

Initiatives		Achievements and Results
Customers	Improvement of response quality	<ul style="list-style-type: none"> ● Implementation of customer service response competition (for customer Service Center operators, Guest Operators and Sales Drivers) We evaluate operators who are in daily contact with customers, awarding those who score well in screening of response skills (facial expressions, conduct, way of speaking, diction etc.), product knowledge, and communication skills.
Employees	Education / training and career development	<ul style="list-style-type: none"> ● Participation in outside contest Four employees participated in the nationwide Telephone Customer Service Contest sponsored by the Japan Telecom Users Association and one participant from the Fukuoka Call Center was runner up.
	Work-Life Balance	<ul style="list-style-type: none"> ● 600 persons took childcare leave / 474 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. ● We are certified by Japan's Ministry of Health, Labour and Welfare as a company that actively supports the balance between work and family life. As of April 2015, four of our companies have received the above certification: Yamato Management Service (2015), Yamato Transport (J) (2014), Yamato Logistics (2013), Yamato System Development (2011)

	Respect for diversity	<ul style="list-style-type: none"> ● Promotion of programs for active engagement of female employees We held a career design seminar for female employees at BIZ Logiformation to boost employee motivation through opportunities to learn the basics of career design and to consider career paths. In 2015, skill improvement training was held for all female executives in an effort to enhance the management skills of participants. ● Employment of 2,317 persons with disabilities (Employment rate: 2.19%) We will continue to create a barrier-free workplaces conducive to work by people with disabilities.
Partners	Fair and unbiased trading / Collaboration for safety and improving service quality	<ul style="list-style-type: none"> ● Communication with about 220,000 TA-Q-BIN service partners Our Sales Drivers make daily visits to service partners. We also issue the information magazine "Kuroneko-Dayori" to general service partners such as liquor and rice shops.
Shareholders	Appropriate and fair information disclosure / Enhancement of communication	<ul style="list-style-type: none"> ● We publish an annual report and a booklet for shareholders to disclose information. ● Briefings for analysts held 4 times, and visiting institutional investors for briefing in North America / Europe / Asia We conduct briefings for analysts 4 times a year, as well as overseas briefings for institutional investors in North America, Europe, and Asia.
	Social education support	<ul style="list-style-type: none"> ● Music TA-Q-BIN "Kuroneko Family Concert" held 9 times per year, with attendance by 15,008 people. Cumulative 302 concerts with a total attendance of about 440,000 people. ● "10th Yamato Transport Business Seminar for High School Students" Participation by 19 schools and 95 persons in fiscal 2015. Cumulative participation by 82 schools and 476 persons (conducted every year since 2006) The program received the Examination Committee Incentive Prize in the Awards for Companies Promoting Youth Experience Activities by the Ministry of Education, Culture, Sports, Science and Technology. ● "Children's Traffic Safety Workshop" held 1,983 times per year, with more than 210,000 participants. Cumulative 26,117 times with participation by a cumulative 2,802,852 persons (held every year since 2005) ● Kuroneko Yamato Environmental Class 204 times per year with participation by about 15,820 people Cumulative 2,993 times with participation by a cumulative 222,743 persons (held every year since 2005)
Local people	Promotion of CSV in partnership with local communities	<ul style="list-style-type: none"> ● Lifestyle support, sales promotion support, tourism support etc. ● Total number of cases: 1,293 (495 cases in operation) Number of agreements: 276 (as of the end of April 2016) Through our main business, we make efforts to create value that can be shared by enterprises and society.

Support for economic independence for people with disabilities

- **Support for the creation of workplaces 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".

- **Arrangement of Kuroneko direct mail delivery work for 1,651 persons with disabilities**

- **Nationwide operation of 29 "Swan Bakery" stores employing people with disabilities.**

Swan operates three directly managed Swan Bakery stores and 24 franchise stores.

- **Fund raised through the Natsu No Kampa (summer donation) program: 7,316 million yen**

About 200,000 employees in the Yamato Group raised funds for the Yamato Welfare Foundation and NPO Ashinaga.

Governance

We Aim to Continue as a Corporate Group in which Each Individual Holds a High Sense of Ethics

Corporate Governance

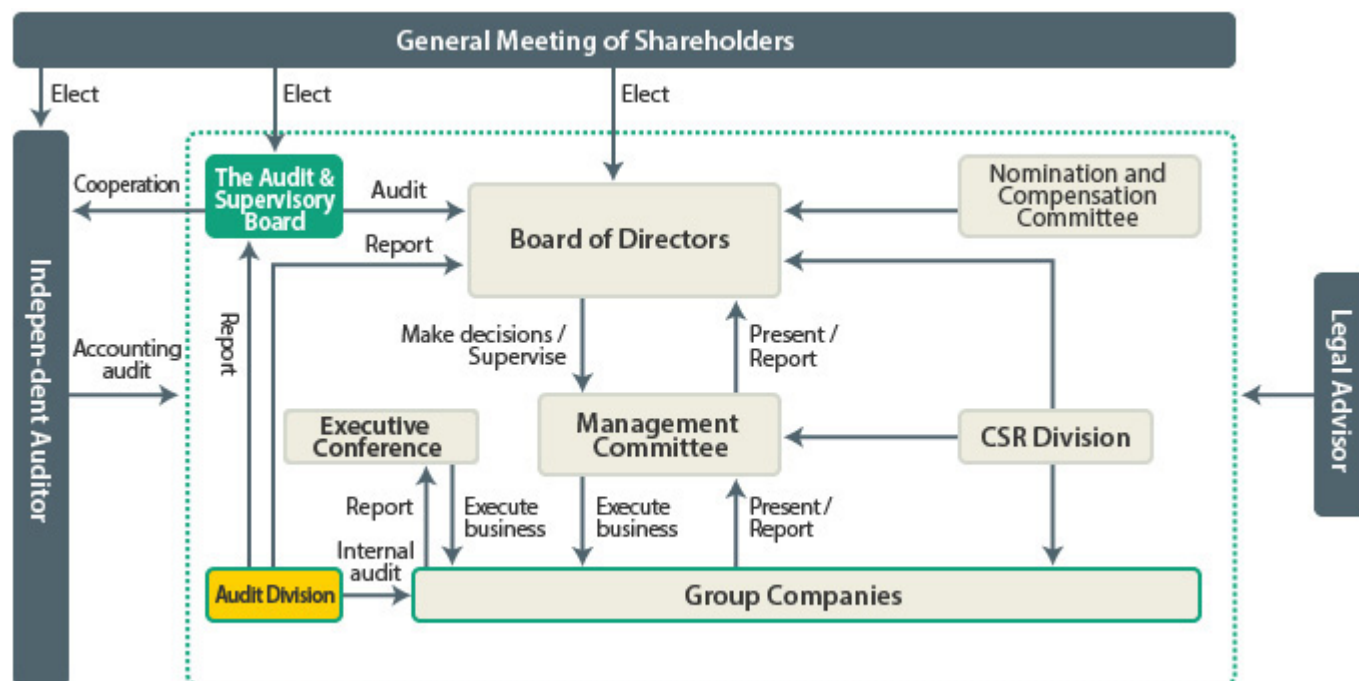
Making the securing of sound management, and the achievement of prompt and accurate decision-making and business execution, our basic policy

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 policies upon which we work to strengthen corporate governance.

Yamato Holdings has established the Board of Directors, the Management Committee, and the Executive Conference as business management organizations involved in group-wide managerial decision-making, execution, and supervision, creating a structure to carry out prompt and proper decision-making on important matters.

The Board of Directors consists of 5 directors (including 2 outside directors) who serve one-year terms, during which the directors clarify the responsibilities of management for the fiscal year. The Audit & Supervisory Board consists of 2 full-time Audit & Supervisory Board members and 2 outside Audit & Supervisory Board members, who audit the performance of directors' duties through actions including attendance at Board of Directors meetings and other important meetings. In addition, the auditors periodically hold Group Auditors' Liaison Meetings to discuss auditing policy and methods with full-time Audit & Supervisory Board members from major group companies, with the aim of enhancing auditing functions across the Group. All outside directors and outside Audit & Supervisory Board members are independent officers pursuant to Tokyo Stock Exchange Regulations, and their names are registered at the Tokyo Stock Exchange.

Corporate governance promotion framework



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 as 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. We have also constructed a framework by which the section in charge of audits in Yamato Holdings and the sections in charge of internal control in major group companies check whether work is being conducted effectively in accordance with rules, and seek immediate remediation of any deviations. Internal control involving financial reporting by the Yamato Group was found to be valid as of March 31, 2016, with a report submitted to the Kanto Local Finance Bureau.

In accordance with the enactment of the Act on the Partial Revision of the Companies Act and the Ministerial Ordinance on the Partial Revision of the Ordinance for Enforcement of the Companies Act, Etc. on May 1, 2015, within our basic policy concerning the creation of internal control systems we revised frameworks for ensuring the properness of work by the Yamato Group and frameworks related to auditing, in order to conform with our current situation. We revised these to incorporate specific and clear expressions, in line with the statutory revisions.

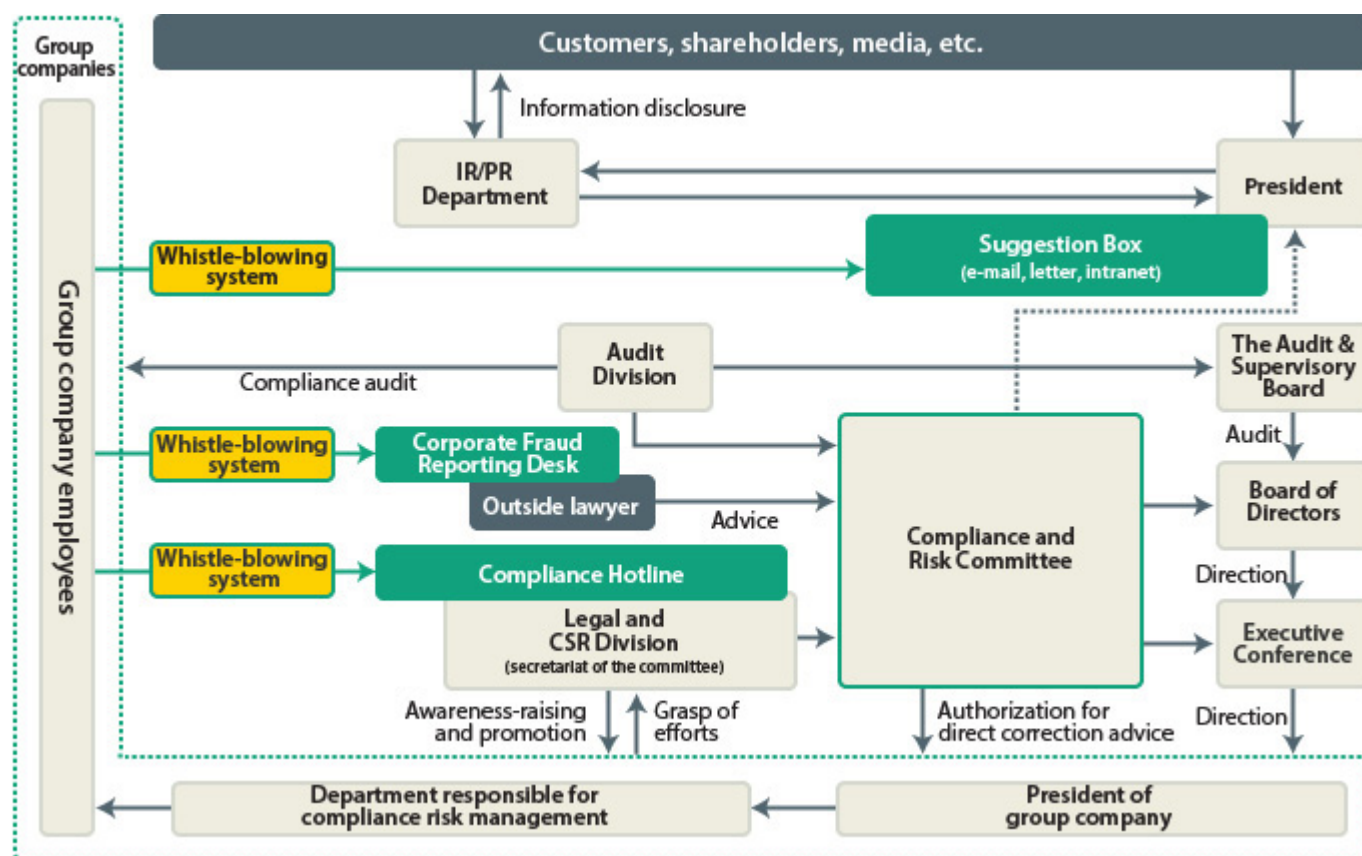
Setting the establishment of compliance management as our highest-priority issue

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.

Compliance and risk management framework



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 Corporate Fraud Reporting Desk, 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.

Business Continuity Plan (BCP)

Leveraging our experience from past earthquakes 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 (2011) and the Kumamoto Earthquake (2016). 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 addition, for each of our group company workplaces we are actively working to acquire various certifications regarding information security.

Security-related certifications acquired by group companies (as of August 2015)

Certification	Company name	Year of acquisition
JISQ15001 (Privacymark System)	Yamato System Development Co., Ltd.	1999
	Yamato Financial Co., Ltd.	2006
	Yamato Contact Service Co., Ltd.	
	Head Office	2007
	Tokyo Call Center	2015
	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
	Kansai Mother Center	2015
	Yamato Web Solutions Co., Ltd.	2007
	Yamato Logistics Co., Ltd.	2010
	Yamato Multi-maintenance Solutions Co., Ltd.	2010
	Yamato Management Service Co., Ltd.	2011
ISO27001	Yamato Transport Co., Ltd.	
	Headquarters	2015
	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
	Operations related to (new) registration of terminal installation application forms, account transfer systems (development), credit card terminal installation application form acceptance center operation (development), online application acceptance service, settlement NW, settlement information DB	2015
	Yamato Packing Service Co., Ltd.	
	Head office (human resources, general affairs, planning, information)	2005
Documents Logistics Company (Sales Department, Sales Department Administration Division, Planning Department, Tokyo Plant, Saitama Plant, Haneda Plant)	2005	
Yamato Contact Service Co., Ltd.		
Head Office	2006	
Tokyo Call Center	2015	
Saitama Call Center	2007	
Miyakonojo Intelligent Contact Center	2010	
Wakayama Call Center	2012	
Tottori Intelligent Contact Center	2013	
Tome Call Center	2013	
Kanto Mother Center	2014	
Kansai Mother Center	2015	

	Yamato Packing Technology Institute Co., Ltd. Kanto No. 1 Branch, Operation Center, Packaging Solutions Business Division, Business Management Division, Research and Development Office	2009
	Yamato Logistics Co., Ltd. Confidential Document Secure Solutions Division	2016
ISO20000	Yamato System Development Co., Ltd.	2006
PCIDSS	Yamato System Development Co., Ltd. Credit card settlement service Web billing service	2006 2011
Registration of Information Security Auditing Firms	Yamato System Development Co., Ltd.	2004

Awards & Recognition

Year and month received	Awards	Recognized by	Recipient
2016			
June	Logistics Environment Conservation Award, 17th Logistics Environment Awards	Japan Association for Logistics and Transport	Yamato Transport Co., Ltd.
June	Minister of Land, Infrastructure, Transport and Tourism Award, 1st Nihon Service Awards	Service Productivity & Innovation for Growth (SPRING)	International Cool TA-Q-BIN
2015			
February	Low Carbon Cup 2015 Special Mention Judges Award	Low Carbon Cup Executive Committee (supported by the Ministry of the Environment and Platinum Concept Network)	Yamato Holdings Co., Ltd.
February	18th Environmental Communication Awards Excellence Award for Global Warming Prevention Measure Reporting (Global Environmental Forum Director's Award)	Ministry of the Environment and the Global Environmental Forum	Yamato Group Corporate Social Responsibility Report 2014 (highlights version)
February	FY 2014 Awards for Companies Supporting Youth Learning Activities Honorable Mention Judges Award	Ministry of Education, Culture, Sports, Science, and Technology	Yamato Transport Co., Ltd.
January	18th Environmental Management Survey 2nd in Transportation Category	Nikkei Inc.	Yamato Holdings Co., Ltd.
2014			
December	FY 2014 Minister's Award for Transport Businesses with an Excellent Environmental Track Record	Minister of Land, Infrastructure, Transport and Tourism	Yamato Transport Co., Ltd.
November	3rd Healthy Life Expectancy Awards Excellence Award in the Companies Category (awarded by the Director-General of the MHLW Health Service Bureau)	Smart Life Project Secretariat (Cancer Control and Health Promotion Division, Health Service Bureau, Ministry of Health, Labour and Welfare)	Yamato Group Health Insurance Society
November	8th METI Minister's Awards for Best Contributors to Product Safety Special Prize	Ministry of Economy, Trade and Industry	Yamato Multi-Maintenance Solutions Co., Ltd.
September	7th Japan Society of Health Support Science Awards Winner of the Practical Activities Category	Japan Society of Health Support Science	Yamato Group Health Insurance Society
July	2nd Platinum Awards Grand Prize and Minister of Internal Affairs and Communications Award	Platinum Awards Steering Committee (Platinum Concept Network)	Yamato Holdings Co., Ltd.
May	15th Logistics Environment Awards	Japan Association for Logistics and Transport	Yamato Transport Co., Ltd.

Third-Party Opinion

Masatoshi Tamamura

Professor
Faculty of Policy Management
Keio University



Orientation of this Third-Party Opinion and Points to Note

This Third-Party Opinion was written based on the author's interviews with relevant parties inside and outside the company, his field research on Project G in Iwate Prefecture and Aomori Prefecture conducted in June and August 2016, as well as assessment of the Yamato Group Corporate Social Responsibility Report 2016*.

* The Yamato Group Corporate Social Responsibility Report 2016 covers the period of fiscal 2015 from April 2015 to March 2016, including information about activities before or after fiscal 2015. The report is further published in both an abridged highlights version (booklet) and full online report version (website). This Third-Party Opinion covers both formats. In writing this Third-Party Opinion, the author also referred to the Yamato Group's past corporate social responsibility reports published on its website in order to review the company's PDCA cycle and check trends in its approach to CSR (the Environmental Report for fiscal 2000 to fiscal 2003, the Environmental Sustainability Report for fiscal 2004, and the Corporate Social Responsibility Report for fiscal 2005 onward).

This Third-Party Opinion examines the Yamato Group's "Approach to CSR: System for Defining and Implementing Corporate Stance/Materiality" and "CSR Report: Objectivity and Ease of Understanding" as described in the Yamato Group Corporate Social Responsibility Report 2016 using an independent perspective from the Yamato Group based on the author's expertise. In turn, this Third-Party Opinion provides the author's views broken down by areas of excellence and areas in need of future improvement.

1. Approach to CSR: Corporate Attitude, Contents of Implementation, Defining Matters of Weight, System

Areas of Excellence

The Yamato Group Corporate Social Responsibility Report 2016 states “based on its corporate philosophy, CSR represents the very essence of management.”

The company’s fundamental approach underpinning its corporate philosophy is indicated as the company precepts established in 1931 that contain the company’s founding spirit. In particular, the first precept states, “We ‘all’ represent the company.” The company’s website explains that employees identify themselves as an integral part of the Yamato Group and that the company highly values this spirit where corporate management represents a combination of the strengths of each and every employee.

Employees, who individually have contact with society, maintain a stance closely imbued by the precept “We ‘all’ represent the company.” Management policy dictates that employees play an integral role in the company’s corporate social responsibilities, which can be viewed as a strength, I believe.

In actuality, the Yamato Group’s employees have developed and established various services to address social issues based directly on customer feedback and their experience on the frontlines, and as a result the company itself fulfills its corporate social responsibilities as a company that forms an important piece of social infrastructure. As a widely known example, I would like to cite TA-Q-BIN, a small parcel delivery service empire established by the company forty years ago so that consumers could know when a parcel would be picked up or delivered. This was followed by a number of services that address difficulties in society, such as TA-Q-BIN Collect, a payment on delivery service essential to the spread of online and mail order shopping, Cool TA-Q-BIN, for delivering fresh produce, and Time Period Delivery, designating a time when a parcel will be delivered.

The Yamato Group is also implementing Project G (Government), which seeks to address social issues through close partnerships with local governments and organizations as a means to furthering the use of Yamato Group solutions. The Yamato Group Corporate Social Responsibility Report 2016 explains that up to June 2016 a total of 1,770 projects have been considered, with 529 of these projects now being implemented as actual services.

Project G is seeking to build a collaborative social system that utilizes the strengths of all stakeholders involved, including local governments and organizations, as a means of the Yamato Group creating shared value (CSV).

The number of these projects and services continues to increase with each passing year. Employees with a keen sense of the issues through their experience on the frontlines and with customers are establishing collaborative mechanisms with various players based on their strong sense of motivation and providing the Yamato Group’s logistics technology, information technology and financial technology as a platform, which results in collaborative projects with local governments and organizations. As a result, the Yamato Group is making forward progress with solving difficult to address social issues, having a positive impact on society in every corner of Japan.

Project G has focused mainly on initiatives with local governments in regional areas of Japan, but as covered in the Yamato Group Corporate Social Responsibility Report 2016, the lifestyle support service was launched

in April 2016 with the collaboration of the Yamato Group, Urban Renaissance Agency and the City of Tama as a project focused on urban areas. Additionally, in fiscal 2015, through its International Cool TA-Q-BIN service, the Yamato Group is using its robust international network alongside local governments such as Aomori Prefecture to help connect restaurants outside of Japan with local Japanese producers, creating a new innovation only possible by the Yamato Group. In addition to its watch over services for the elderly and lifestyle support (shopping support, etc.), consolidated cargo, disaster reconstruction assistance, tourism promotion support, and regional revitalization assistance, now the Yamato Group has added living support in urban areas and international business development support to the mix. This demonstrates that the Yamato Group is implementing more focused and complex solutions.

I believe the Yamato Group is well on its way to fulfilling its goal of becoming “a company most loved and trusted by society” as “Asia’s No. 1 solution provider in distribution and lifestyle support,” by the year 2019 when it will celebrate its 100th anniversary as noted at the beginning of the 2016 report. This is because Project G is addressing social issues through collaboration with various players as a company that forms an important piece of social infrastructure and thanks to its style of focusing on the contributions of each and every employee, who maintain direct contacts with society.

Areas in Need of Future Improvement

Yamato Holdings is working to expand its delivery business, grow its non-delivery business and reinforce its overseas expansion, all under the long-term management plan “DAN-TOTSU Management Plan 2019.” As a result, the social responsibilities expected of it have grown larger. I praise Yamato Holdings for its efforts to clarify materiality within its CSR initiatives based on a review and understanding of the impacts of its corporate philosophy and resulting expectations of stakeholders.

Given this assumption, every year Yamato Holdings is expected to check the themes for CSR improvements as well as to focus on considering its approaches to CSR together with its overseas expansion and putting these continual improvements into practice.

Additionally, I anticipated that Yamato Holdings can increase the number of its strengths by establishing a mechanism across the entire value chain that can more clearly verify how each and every employee, who form part of the precept “We ‘all’ represent the company,” should be involved in CSR and CSV. This is likely already being put into practice, but by sharing greater details about its implementation and future policies, I believe the company’s stance will become clearer.

Project G is a way of promoting the Yamato Group’s philosophy since its origin, which makes its acceleration, establishment and advancement important.

I believe approaches to Project G can be categorized as follows:

Project G 1.0: Enable elements (platforms) maintained by the company to be provided to society

Project G 2.0: Establish mechanisms for responding to the needs of society

Project G 3.0: Establish collaborative models with various players to create shared value

As indicated in the feature articles section of the report, I believe that the Project G 3.0 model has become main format across the Yamato Group through its trial and error approach on the frontlines. As a result, mechanisms are being created that create new innovation in society and that advance solutions to social issues.

Going forward, I expect these level 3.0 projects to be promoted further across Japan to raise the bar higher.

The domain of social issues addressed by Project G, however, cannot necessarily be identified beforehand in terms of how issues should be addressed and in some cases a trial and error approach is needed to elucidate the fundamental essence of issues. These projects also face the challenge of meeting the needs of social system or social program design and reform. The approach in such situations should be to facilitate trial and error approaches among Yamato employees on the frontlines tackling the issue or to advance a more collaborative model to establish a system for designing and building mechanisms collaboratively that address specific programs.

It will be important for Project G to be expanded to every corner of Japan to encourage greater mutual learning and interaction. Also, when providing an established model to another community, trial and error in each individual location will become important. I expect the Yamato Group to establish such a system for promoting and encouraging these types of efforts.

The Yamato Group Corporate Social Responsibility Report 2016 (print and website versions) provides commentary on the uniqueness of Project G through the feature article and other sections, indicating its role and value to the Yamato Group. At the same time, though, it is rather difficult to grasp the situation of the countless projects being implemented across Japan. The overall impression of this nationwide Project G is quite appealing, which by itself should lead to new collaboration. I believe the Yamato Group needs to consider nationwide collaboration and building a system to support such collaboration.

The Yamato Group engages in the delivery, BIZ-logistics, home convenience, e-business, financial, autoworks, and many other businesses. Several Project G projects are already being implemented that leverage such collective strengths of the Yamato Group, but efforts should be made moving forward to further advance such projects and heighten connectivity with its businesses to increase the effectiveness. I expect the Yamato Group to consider approaches with potential from various perspectives.

In either case, I would like to see the Yamato Group clarify and publish issues faced from the further promotion and spread of Project G and the status of any improvements on a fiscal year basis.

2. CSR Report: Objectivity and Ease of Understanding

Areas of Excellence

The Yamato Group Corporate Social Responsibility Report 2016 features an abridged highlights version (print) and a full online report version (website). Currently, the print version is shortened, with more detailed and exhaustive commentary reserved for the online version, while current trends and data of note appear in the print version.

The format, delivery, and utilization methods of a CSR report needs to be tailored to the viewpoints and strategies of each individual company.

The print version in paper form with comprehensive and exhaustive information (as has been the format until now) has been attractive, but because many of the Yamato Group's products and services such as TA-Q-BIN are used by the general public, making a print version easy to distribute and convenient to browse. It is important to modify how information is delivered based on the perspective of emphasizing stakeholder

engagement, and I expect the Yamato Group to explore its future style and design of reporting based on how the report is actually utilized.

The online version uses the Internet to foster communication by making the Yamato Group's stance toward CSR and CSR initiatives more easily understood through videos and other formats unique to the Internet. Links are also provided to previous feature articles to encourage greater understanding. The Yamato Group is also focusing the attention of stakeholders by offering more details content within each year's feature articles section.

Generally, for its CSR report, the Yamato Group has put a system in place for stable communication by enhancing content and improving explainability by combining the report into a print and online version. I expect the Yamato Group to further advance its communication with stakeholders using this platform.

Areas in Need of Future Improvement

I commend the fact that explanations use data, but I would like the future directions and issues to be elucidated by providing information that captures annual changes as well as relative data. I also noticed a gap in the presence and comprehensiveness of data based on the matter being discussed. For example, in the field of safety, in most cases the achieved results (outcome and impacts) were indicated using data, which indicates thorough efforts are being made with safety, an important topic of concern for Yamato Holdings. For the environment and society, too, information is provided quantitatively to every extent possible and I noticed information about outputs and qualitative explanations. Although there are domains where definitions and quantification of results is difficult, Yamato Holdings needs to supplemental explanations about the benefits provided to society in these cases and to detail annual changes or gaps so as to indicate advancements (even if qualitative in nature).

Yamato Holdings should also appeal information disclosures and numerical data compliant with the latest trends in ESG investment and impact investing. Investor relations and CSR, however, have different aims and goals, so Yamato Holdings will need to closely examine relationships and policies (instead of completely integrating both).

As for the impacts provided by Project G, which forms Yamato Holdings' CSV, I expect there to be KPI for each individual project, so I would like Yamato Holdings to establish a scope for which it can disclose this information and then indicate the current situation and progress made overall, which will further enhance the effectiveness of these efforts.

Online information can be revised and distributed quite easily. Yamato Holdings already shares information about awards, agreements and events through the CSR News section. By more strategically sharing the status of CSR implementation and the situation after each event and agreement, visitors to the website will be able to have a greater sense of how the Yamato Group's CSR is continually in flux.

As for approaches to CSR reporting, I would like Yamato Holdings to share more detailed information on its annual improvements and updates to show what policies are used to make these annual improvements continuously.

Response to Third-Party Opinion

I would first like to thank Mr. Tamamura for his very valuable feedback and suggestions regarding the Yamato Group's CSR activity reporting.

This report focuses on specific case studies in the areas of safety, the environment, and society, along with relevant data.

Ahead of 2019, our 100th anniversary, feature articles this year highlight our watch-over initiative for the elderly and the lifestyle support service in our aspirations to become "a company most loved and trusted by society."

I am very honored to to hear Mr. Tamamura to say, "the Yamato Group is making forward progress with solving complex social issues, having a positive impact on society in every corner of Japan," with regard to these initiatives.

Going forward, we will strive to make the report more accessible and easier to understand for all stakeholders by providing a clear direction with regards to the Yamato Group's CSR initiatives as well as progress based on past data.

The efforts of all of our employees in Japan and abroad, including Sales Drivers on the front lines, are the driving force behind the Yamato Group's growth and the positive reputation our CSR initiatives have earned.

We stand committed to giving back to local communities collectively as a group of companies, while also emphasizing our culture and philosophy when it comes to ensuring our employees have pride in their work and answering the question of what they can do to make a difference for customers in their community.



Tomoki Otani

Yamato Holdings Co., Ltd.

Senior Executive Officer

Legal Affairs & CSR Strategy

Policy for Publishing CSR Information

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.

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 2015 (April 2015 - March 2016)

Performance data is as of the end of March 2016, unless noted otherwise. (Some information from before the target fiscal year and after April 2016 is included in reporting on activities.)

Scope of report

Safety, environmental, social, and economic aspects of the activities of the [Yamato Group](#).

Publication

October 2016 (scheduled next publication: October 2017)

Third-Party Opinion

In order to increase the objectivity and reliability of our CSR reports, we have received a [third-party opinion](#).

Participation in the UN Global Compact

In April 2014, the Yamato Group joined the UN Global Compact, a framework in which the UN and businesses work together to realize sustainable growth.

The Yamato Group supports the 10 principles of the UN Global Compact and by practicing these principles in its business operations the Yamato Group is contributing to the sustainable development of society and the fostering of a sound corporate culture in accordance with the medium-term management plan called DAN-TOTSU Three-Year Plan STEP.

1. About the UN Global Compact

The UN Global Compact was first advocated by former UN Secretary-General Kofi Annan at the World Economic Forum held in January 1999. As of February 2014, 12,139 businesses in 145 countries are participating in the UN Global Compact. Participating businesses carry out business activities that enable sustainable growth in society based on international guidelines on human rights, labor, environment, and anti-corruption.

For more details, please see the website of the [Global Compact Network Japan](#).

2. About the 10 Principles

The UN Global Compact summarizes shared values formed and approved by the world in the form of 10 principles covering the four areas of human rights, labor, environment, and anti-corruption.

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.