

We Are Committed to Becoming a Company  
Most Loved and Trusted by Society



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

**Yamato Holdings Co., Ltd.**

**Legal Affairs & CSR Strategy**

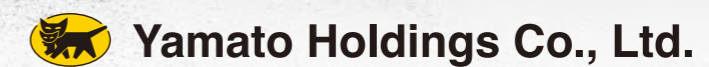
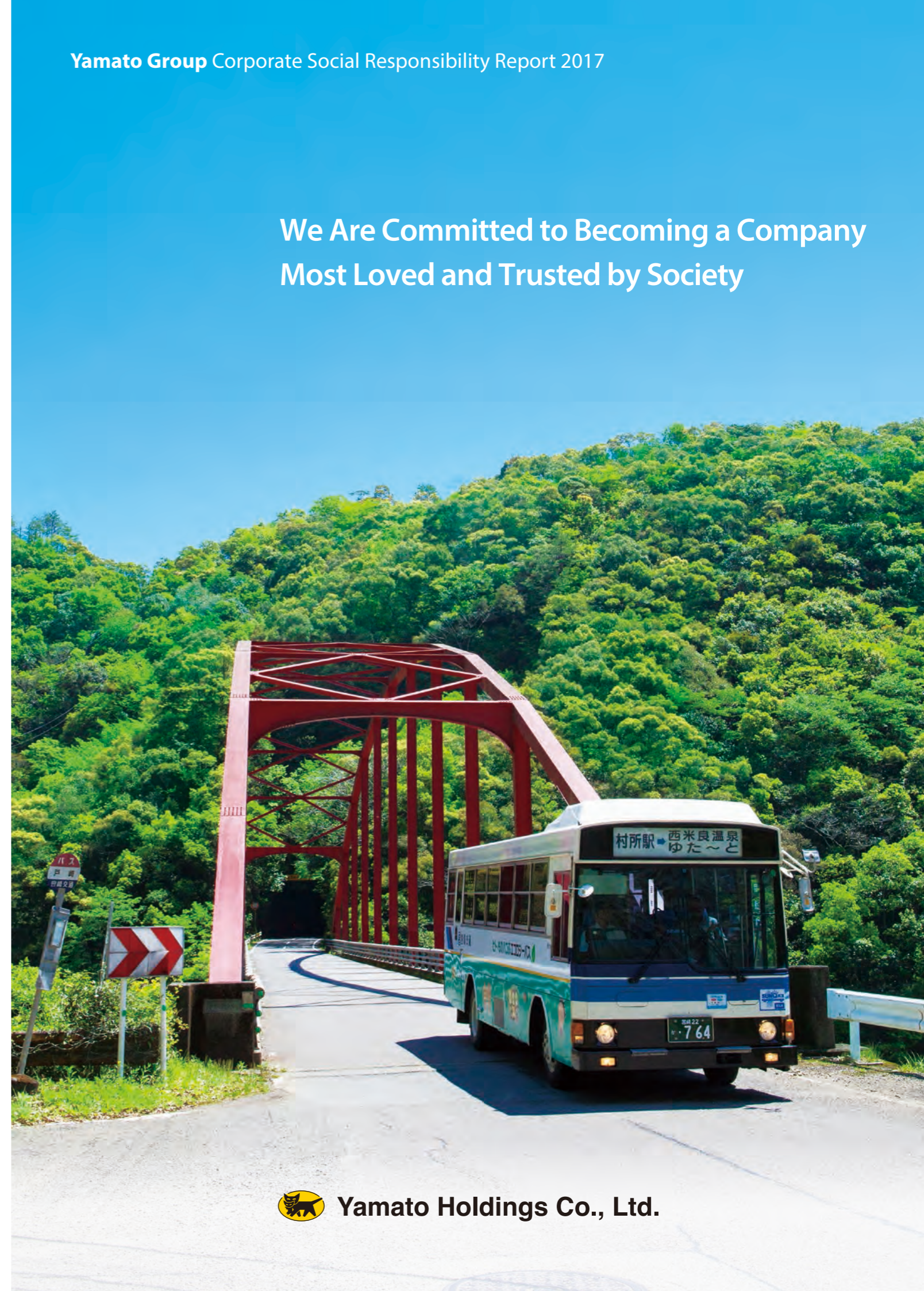
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# We Are Committed to Becoming a Company Most Loved and Trusted by Society

The Yamato Group's goal is to become "a company most loved and trusted by society" by 2019 when it will celebrate its 100th anniversary.

This report introduces readers to our efforts as a company that serves as an important component of social infrastructure.

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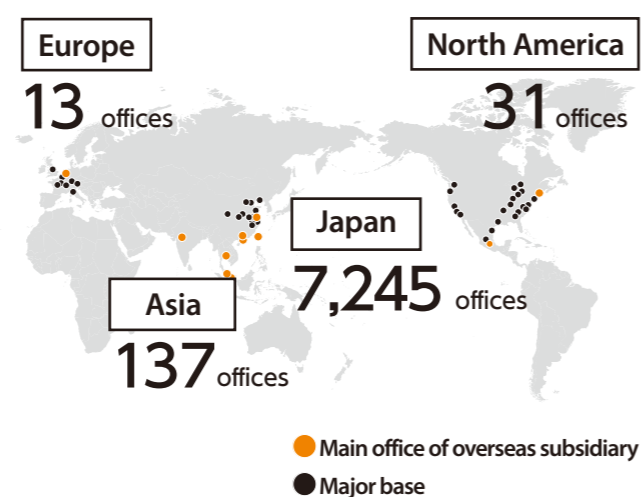
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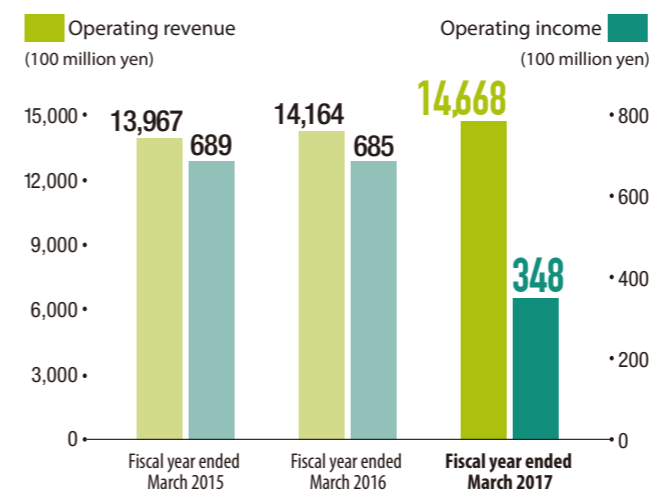
## Company Overview (As of March 31, 2017)

Company name Yamato Holdings Co., Ltd.  
 Headquarters 16-10 Ginza 2-chome, Chuo-ku, Tokyo 104-8125  
 Established November 29, 1919  
 Capital 127,234 million yen  
 Stock Total number of authorized shares: 1,787,541,000  
 Total number of shares outstanding: 411,339,992  
 Number of shareholders 36,390  
 Number of employees 201,784 (consolidated)  
 Business lines Holds the shares of companies running various businesses including the trucking business, governs the management of those companies, and runs related service operations.

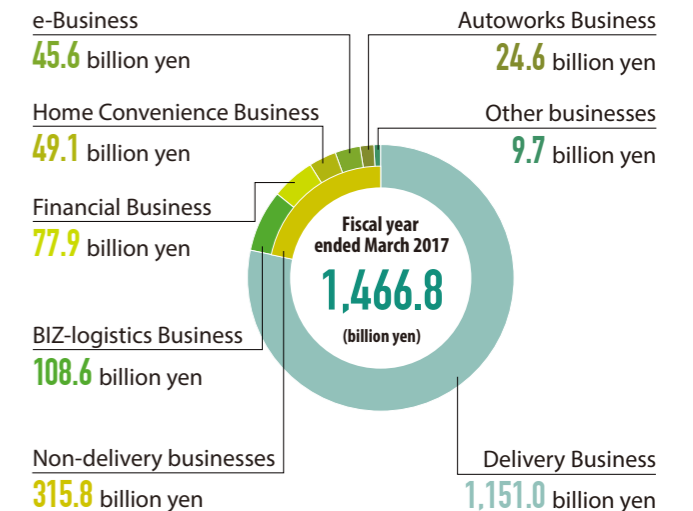
## International Presence (As of March, 2017)



## Operating Revenue and Operating Income (consolidated)



## Breakdown of Operating Revenue (consolidated)





## Delivery Business

### TA-Q-BIN Services Delivering New Forms of Convenience in Japan and in Asia

The small parcel delivery business—most recognized for our TA-Q-BIN services—and domestic air cargo transportation business represent the driving force behind the collective strengths of the Yamato Group.

We also provide the same highly reliable TA-Q-BIN services as in Japan in many parts of Asia, including Taiwan where services started in October 2000, Shanghai and Singapore in January 2010, Hong Kong in February 2011, Malaysia in September 2011, and Thailand in April 2017.

## BIZ-logistics Business

### Helping Corporate Customers Find Solutions to Their Various Logistics Challenges

Our services and solutions focus on the efficient storage and flow of goods. Through close collaboration with our network of international subsidiaries we deliver integrated transport services and provide lifestyle support solutions, while in Japan we offer support with product recalls and logistics for pharmaceuticals.

## Home Convenience Business

### Supporting All Aspects of Living, with a Focus on Moving as well as Furniture/Home Electronics Deliveries and Set Up

We deliver a host of lifestyle support services, including moving as well as the delivery and setup of household items. We also help to make people's lives richer by eliminating inconveniences at home or at work, including delivering rare and unique products from across Japan directly from producer to customer.

## e-Business

### Harnessing ICT to Streamline Customer Business Processes

We deliver services within and outside the Yamato Group under the three key words tracing (leveraging our refined traceability capabilities in logistics) security (delivering added peace of mind), and packaging (aiding early introduction and implementation).

## Financial Business

### Providing a Host of Essential Settlement Services for Product Shipments, Including COD, e-money, and Credit Card Payments

The Yamato Group offers collections, leasing and credit finance at the time of product shipment. We also help customers access increased sales opportunities by facilitating settlements for mail order businesses and B2B logistics.

## Autoworks Business

### Delivering a Broad Range of Services for Transport Providers, from Vehicle Management to Logistics Facility Maintenance

The Yamato Group offers advanced vehicle maintenance solutions and leveraging this experience we provide integrated support to transport providers and bus operators. Our services also include management, development, customization services, as well as the supply of fuel, automotive insurance, and logistics facility maintenance, among others.

**Other businesses** Our other businesses mainly include arterial transport, box charters, and shared services.

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



Yamato Group



### Group Companies (as of June 2017)

**Delivery Business:** Group companies: Yamato Transport Co., Ltd. / Okinawa Yamato Transport Co., Ltd. / Yamato Global Express Co., Ltd. / Yamato Dialog & Media Co., Ltd. / Express Network Co., Ltd. / Yamato Contact Service Co., Ltd. / Yamato Staff Supply Co., Ltd. / Yamato (China) Transport Co., Ltd.

**BIZ-logistics Business:** Group companies: Yamato Logistics Co., Ltd. / Yamato Global Logistics Japan Co., Ltd. / Yamato Multi-Maintenance Solutions Co., Ltd. / Yamato Packing Service Co., Ltd. / Yamato Packing Technology Institute Co., Ltd. / Konan Industry Co., Ltd. / Yamato Transport U.S.A., Inc. / Yamato Transport Mexico S.A.de C.V. / Yamato Transport Europe B.V. / Yamato Logistics (HK) Ltd. / Taiwan Yamato International Logistics Inc. / Yamato International Logistics Co., Ltd. / Shanghai Wai Gao Qiao Bonded Logistics Zone Yamato Warehouse Co., Ltd. / Yamato Transport(s) Pte. Ltd. / Yamato Tidiki Express Pte. Ltd. / Yamato Unyu (Thailand) Co., Ltd. / Yamato Transport (M) Sdn. Bhd. / Yamato Logistics India Pvt. Ltd. / Pt. Yamato Indonesia / Yamato Logistics Vietnam Co., Ltd.

**Home Convenience Business:** Yamato Home Convenience Co., Ltd.

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

**Financial Business:** Yamato Financial Co., Ltd. / Yamato Credit & Finance Co., Ltd. / Yamato Lease Co., Ltd.

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

**Other Business:** Box Charter Co., Ltd. / Yamato Box Charter Co., Ltd. / Yamato Management Service Co., Ltd. / Yamato Multi Charter Co., Ltd. / Kobe Yamato Transport Co., Ltd. / Swan Co., Ltd. / Yamato Asia Pte. Ltd. / Yamato Logistics (HK) Limited / Yamato (China) Co., Ltd.

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



Message from the President

# We Are Committed to Being a Company that Continually Creates New Value for the World and for People

## Helping Resolve Social Issues through Innovation

The Yamato Group will celebrate its 100th anniversary in 2019. Our history is one of innovation, having produced countless new -essential services from time to time, including TA-Q-BIN. This is also the result of our commitment to the world and to people coupled with our pursuit of creating shared value (CSV) in which we realize economic and social value as a company while resolving various customer issues.

Today, Japan is faced with a number of challenges, including a falling birthrate, rising elderly population and depopulation. Taking this situation into account, as a new form of CSV, the Yamato Group is focusing on "Project G (Government)", which calls for helping to resolve social issues through close partnerships with local governments and others. We have examined 1,971 projects as of June 2017 and of these currently 611 are being provided as actual services.

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.

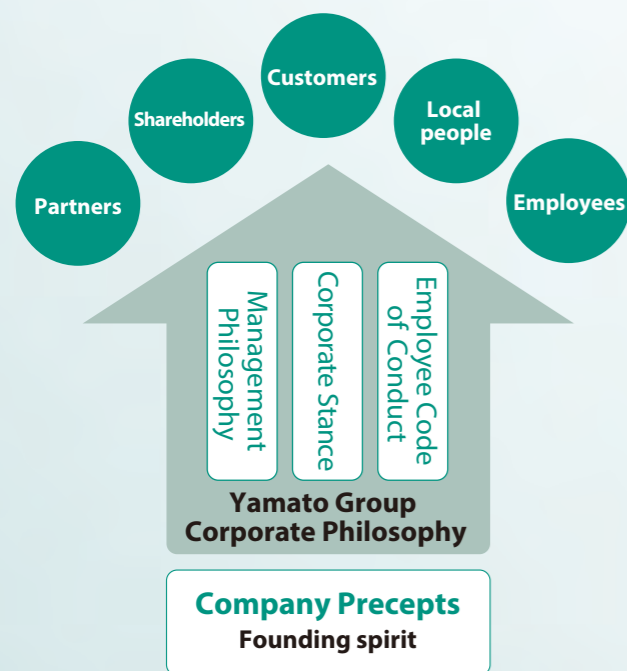
For example, we offer watch-over support for the elderly to regularly check on the well-being of elderly living alone in the community, provide shopping support for those local residents who are unable to travel to stores to do their shopping, and support the expansion of sales channels

for local specialty products to address community issues such as the decline of local industries. In this manner, we are proposing solutions that harness the functions of the Yamato Group based on the issues of the local community.

Our combined passenger-cargo service for TA-Q-BIN transport launched in fiscal 2015 using existing scheduled bus routes received the Minister of the Environment's Prize at the 13th Eco Products Awards. In communities facing depopulation it is becoming more difficult to maintain the scheduled

## ▼ 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

Yamato Group helps to enrich our society by enhancing its TA-Q-BIN network as social infrastructure, creating more convenient services for comfortable lifestyles, and developing innovative logistics systems.

### 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



**Masaki Yamauchi**  
Representative Director, President,  
and Executive Officer





bus network that is one of the main ways for residents to get around. This initiative switches transport of TA-Q-BIN from a truck to scheduled bus operated along the same route, which not only lowers CO<sub>2</sub> emissions, but also provides a new source of income that helps bus operators to maintain their route network. This initiative has been highly praised as a solution to community issues and for its revitalization of communities.

At present, we are working with community bus operators in Hokkaido, Iwate, Hyogo, Kumamoto and Miyazaki prefectures. Yamato Transport has recommended restrictions on cargo transport on passenger vehicles be eased so that these initiatives can be expanded to depopulated areas nationwide and contribute to these communities.

### Creating Value Driven by “Value Networking” Design

The Yamato Group has come up with the Value Networking design, which seeks 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.

In 2013, we opened Haneda Chronogate as the centerpiece of this concept. At the same time, we opened the Atsugi Gateway for the Kanto region in 2013 and the Chubu Gateway for the Chubu region in 2016. Following this, we will open the Kansai Gateway for the Kansai region in October 2017. By combining the overwhelming speed of major logistics hubs with added value functions, our IT, LT and FT solutions, as well as our last one mile TA-Q-BIN network in Japan and Asia, we will evolve distribution and transform not only C-to-C logistics, but also B-to-C logistics as well.

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.

### Promoting Working Style Reform Collectively as a Group as a Top Priority of Management

In the delivery business, recently we have seen significant increases in parcels and tight labor

conditions due to the rapid growth of e-commerce, and as a result, we were unable to keep pace with this growth and our working environment suffered.

As a critical aspect of social infrastructure, the Yamato Group recognizes that it is important for its employees who underpin its services to have a sense of pride, motivation, and passion for what they do, in order for it to live up to the expectations of society and customers. In February 2017, Yamato Transport established “office for reforming working styles”, while other group companies set up “working styles innovation committees”. In this manner, we have begun concerted efforts across all group companies to usher in working style reforms.

We are also working on the structural reform of the delivery business to redesign and innovate the business model of the whole delivery business to better suit the current time frame.

Going forward, we will continually work on working style reform as a key focus of management.

### Promoting Initiatives for Important CSR Issues in Safety, the Environment, Society and Governance

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.” The Yamato Group engages in CSR activities after determining material issues and initiatives with consideration given to its impacts on society, including stakeholders.

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 continue to generate new value and make further efforts to become a company most loved and trusted by society. Your continued support is greatly appreciated.

**Masaki Yamauchi**

Representative Director, President,  
and Executive Officer

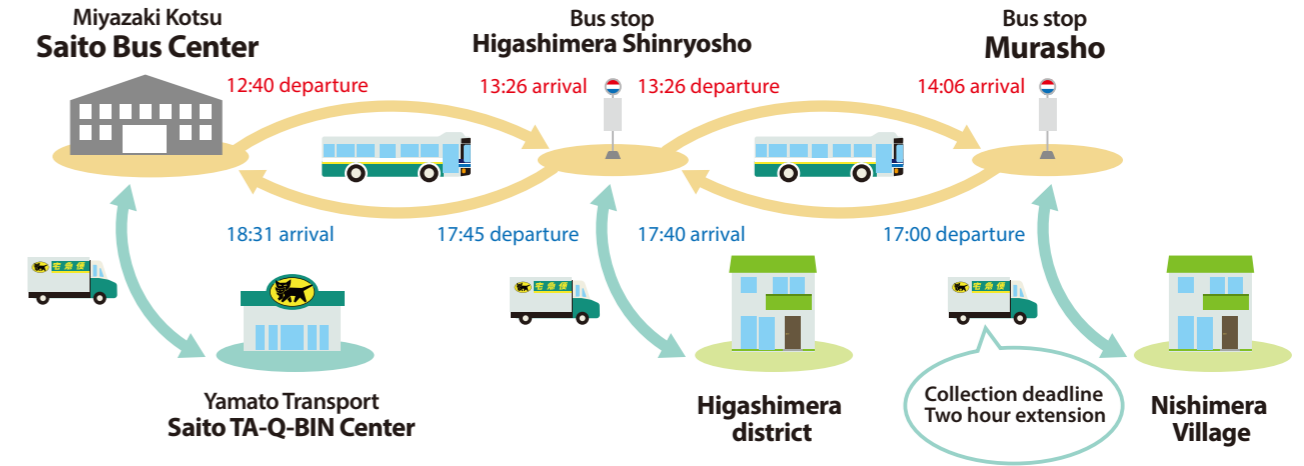




# 1 TA-Q-BIN Deliveries Using Bus Routes Services

## Using Our Combined Passenger-Cargo Operations to Improve Services and Resolve Issues in Local Communities

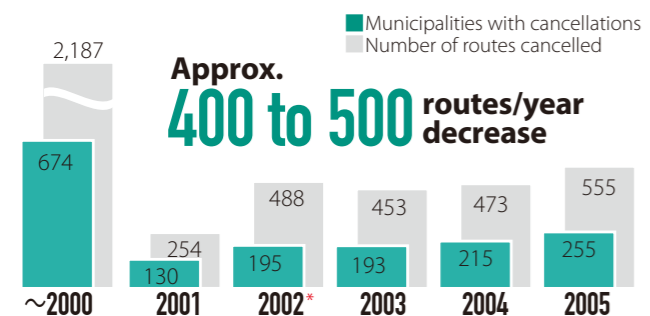
### ▼ Operation flow of schedule bus with specialized refrigerated box on board



### Social Issue

The number of public transportation users in Japan's coastal and mountainous areas of regional cities is declining due to the penetration of automobiles and a population exodus to cities. In particular, scheduled bus services are facing severe challenges, including schedule cutbacks and even closure.

### ▼ Municipalities with Cancelled Scheduled Bus Services and the Number of Routes



\*Revised Road Transportation Act enacted (eliminating supply-demand coordination) in February 2002  
Source: Investigative Report on Bus Operation Formats, etc. published by the Passenger Transport Division, Road Transport Bureau, Ministry of Land, Infrastructure, Transport and Tourism

### Communities are Facing Difficulties in Maintaining Scheduled Bus Services and Other Public Transportation due to Depopulation and Aging Populations

The communities of Higashimera district and Nishimera Village in Saito City, both surrounded by mountains and forests in western Miyazaki Prefecture, have among the largest depopulation and aging population rates in the prefecture. Each year their population declines, while the ratio of elderly living there is around 40%. In these communities, scheduled bus services play an important role as a way for local residents, including the elderly, to get to the urban part

of the city. Increasing productivity of routes with few passengers has become an extremely difficult issue for bus operator Miyazaki Kotsu Co., Ltd.

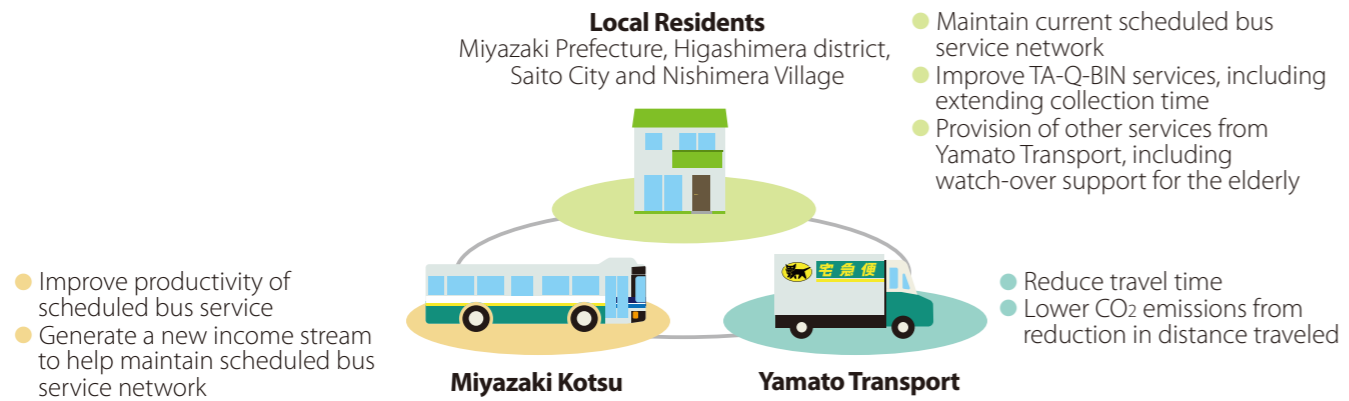
Meanwhile, when delivering TA-Q-BIN parcels to customers in these same communities from Saito City, Yamato Transport has had to send out a delivery truck from its Saito TA-Q-BIN Center in Saito City along a nearly 50km journey taking close to an hour and a half. When considering the return trip, Yamato Transport had to set the cutoff time for parcel collection at 3:00pm for both communities, which has proven to be an inconvenience for customers.

### Combined Passenger-Cargo Operations Offers Benefit for the Local Communities, Miyazaki Kotsu and Yamato Transport

To resolve this issue, Yamato Transport proposed combined Passenger-Cargo Operations, whereby TA-Q-BIN cels would be transported between Saito City and Nishimera Village aboard a scheduled bus service. This involved transporting a mixed cargo of bus passengers and TA-Q-BIN parcels by reducing a few passenger seats to make room for cargo space on a scheduled bus already servicing the area.



## ▼ Benefits of the Three Parties Received from the Combined Passenger-Cargo Operations



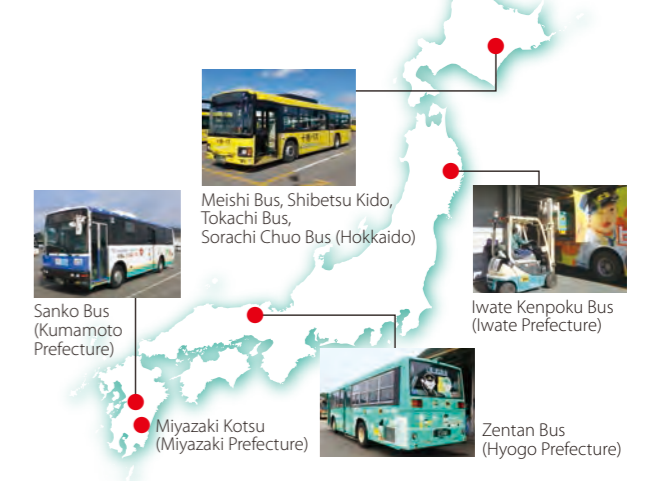
## Offering Scheduled Bus Services that Contribute More to the Community

**Katsumasa Onoue**

General Manager  
Bus Department  
Miyazaki Kotsu Co., Ltd.

When I first heard about this solution from Yamato Transport I was concerned that such an arrangement could hinder scheduled bus operations. In actuality, however, Yamato Transport proposed the service in tune with our existing bus schedules, which means we can provide the same services to our customers as before. I look forward to working with Yamato Transport on other new ventures in the future as a scheduled bus service operator that contributes to local communities.

## ▼ Scheduled Bus Services Using the Combined Passenger-Cargo Operations



This initiative offers benefits to each of the three parties. First, Miyazaki Kotsu is able to increase productivity of its scheduled bus service and generate a new income stream that will help to maintain its route network by transporting TA-Q-BIN parcels using otherwise empty space. Next, Yamato Transport is able to extend the cutoff time for same-day parcel collection to 5:00pm because the Sales Driver (SD) for both communities no longer had to return to the Saito TA-Q-BIN Center, increasing the time spent locally. Also, Yamato Transport is able to reduce CO<sub>2</sub> emissions because of the shorter distance the delivery truck drives. Finally, local residents are able to

access various facilities in the city including hospitals and supermarkets because the bus network is unchanged, which maintains and improves their living standard. In addition, this makes it possible to respond more flexibly to customer requests for changes in delivery times. Furthermore, at the time of delivery the SD can provide watch-over support for the elderly by reporting any changes in customers to the local government, which improves the lifestyle services of local residents.

## Creating a New Service that Is More Convenient and Contributes to Communities

Currently, Yamato Transport offers combined Passenger-Cargo Operations on three scheduled bus routes in Miyazaki Prefecture. In January 2017, Yamato Transport launched the first Cool TA-Q-BIN using this service in Japan between Saito City and Nishimera Village, which is being used to transport local specialty produce grown locally.

The Yamato Group is committed to using various angles to resolve issues and revitalize communities in mountainous regions where aging populations and depopulation is progressing.

## Deploying Our Know-how in Other Communities

**Yuji Sato**

Manager  
Business Development Department  
Miyazaki District Branch  
Yamato Transport Co., Ltd.



We have been able to improve services for customers by reducing the travel time of the SD, which had been around three hours round trip. The fact that we significantly extended the final collection time of the day also pleased our customers very much. We also launched Japan's first Cool TA-Q-BIN combined Passenger-Cargo Operations using refrigeration facilities. I hope to share the know-how from this initiative with other communities in Japan.





# 2 Providing Eco-friendly and Smart Logistics Services

## The First Centralized Delivery Service of its Kind in Japan for Residential Neighborhoods Using ICT



**A Century of Community Development in a Public-Private Venture**

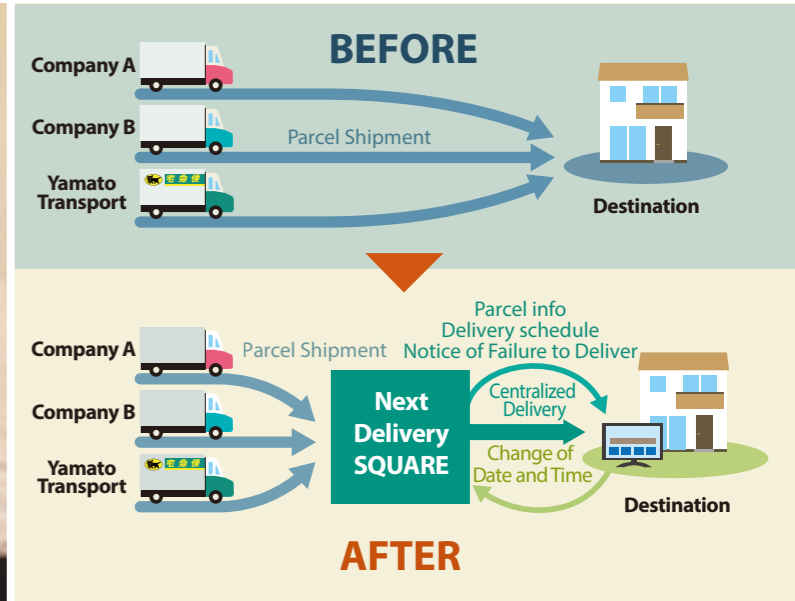
**Tomohiko Miyahara**  
General Manager  
CRE Business  
Development Group  
Panasonic Corporation

Panasonic serves as the representative for the council that operates Fujisawa SST. When I received the proposal, I felt like Yamato Transport had a deep understanding of our vision for this community. I look forward to creating new services together utilizing the functions of the Yamato Group.

**Always Thinking How to Contribute to Community Development**

**Junya Koizumi**  
Branch Manager  
Fujisawa Tsujido Branch  
Yamato Transport Co., Ltd.

Centralized delivery service of parcels to residential neighborhoods was a first-of-its-kind venture in Japan. Customers who use this service have raved, proclaiming it saves them the hassle of picking up their parcel and they know exactly when the parcel will be delivered. I hope to continue working with other companies to contribute to the revitalization of communities with new ideas.



**Social Issue**

Today, Japan faces the issue of depopulation in rural areas, but in urban areas it faces the issue of rising energy usage from higher population density.

**Providing Total Support to Communities Using Eco-friendly and Smart Logistics Services**

Fujisawa Sustainable Smart Town (Fujisawa SST) was established through a partnership between the City of Fujisawa in Kanagawa Prefecture and private-sector companies. As a smart town and hub of residential living, this community is promoting a sustainable, smart life for residents by incorporating new services and technologies with an eye on community development that spans a 100-year time horizon.

Yamato Transport opened Next Delivery SQUARE inside Fujisawa SST in November 2016 as an integrated logistics hub for the entire community. Using this hub, we launched Japan's first-ever a centralized delivery service for an entire residential neighborhood in which all parcel deliveries from other providers go through this facility and Yamato Transport is responsible for the last one-mile.

**Topics**

On October 25, 2016, a centralized delivery service provided at Fujisawa SST became the first in Japan to receive certification from the Ministry of Land, Infrastructure, Transport and Tourism under the Revised Act for Integration and Improvement of Physical Distribution.

**Making Life More Comfortable with On-demand Logistics and Activities in the Community**

In March 2017, Yamato Transport launched a service using ICT where the day's delivery schedule and notices of failure to deliver are streamed live using a smart TV installed in each home. In this manner, we are developing an environment that meets the delivery needs of each household in the community. Changes can be made to the delivery time or designated delivery location from the TV screen, which eliminates the hassle of contacting each individual express home delivery provider and receiving parcels individually. This also cuts back on the number of delivery vehicles on the road, reducing environmental impacts. Also, Next Delivery SQUARE uses LED lighting

and is built from low-carbon construction materials, not to mention it has a photovoltaic power generation system, as a smart facility that generates its own energy. As a result, Next Delivery SQUARE produces about 30% less CO<sub>2</sub> emissions than Yamato Transport's other delivery centers.

The facility also holds traffic safety classes for children and gives children the chance to tour and learn about the work that takes place there. In this manner, Next Delivery SQUARE is committed to community development together with local residents as a member of Fujisawa SST.

Going forward, the Yamato Group will continue to create proposes utilizing the functions of its group companies with the aim of achieving sustainable communities.



# Safety



Be safety aware when driving

The purpose of the meet is to improve the safe driving of professional drivers as well as raise awareness about safety and enhance driving skills across the company.

## With Respect for Human Life as Our Top Priority, We Are Always Striving to Achieve Safety.

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

### The Yamato Group's Major CSR Initiatives

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



Competition involving driving on narrow roads

A total of 56 employees took part, with 50 representing Yamato Transport, three from Okinawa Yamato Transport, and three from Yamato Global Express.

### Initiatives of Note in Fiscal 2016

## The Yamato Transport Nationwide Safety Contest to Raise Awareness About Safety and Improve their Driving Skills

Rigorous pre-department checks



Professional Sales Drivers (SD) who won their regional contests compete against one another in tests, daily inspections, maintenance and driving techniques. In 2016, a new category for female Sales Drivers (SD) was added to the contests.

Delivering parcels with vehicles in tip top shape



As part of our efforts to operate clean and well maintained vehicles, representatives from Yamato Autoworks provided a demonstration of how to use an electric polisher and its effects. Participants learned that another important aspect of safe driving is maintaining their vehicle in tip top shape.



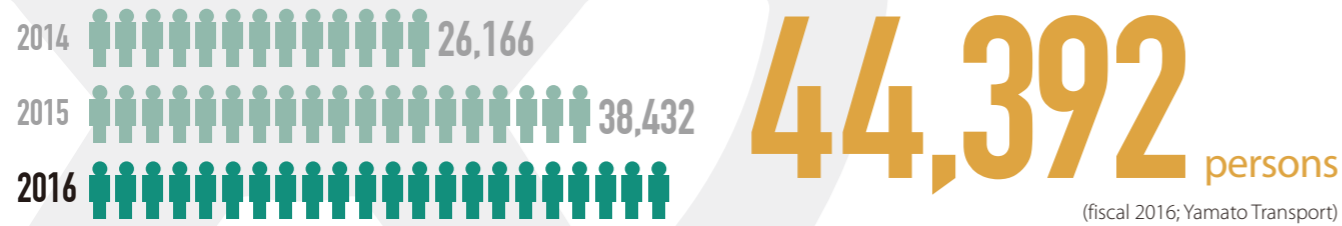
## Training of Sales Drivers

### ● Education to Improve Skills

To improve driving skills, Yamato Group is working to enrich our training programs and provide careful, detailed instructions on a daily basis. At Yamato Transport, Safety Experts and Safety Speakers assigned to district branches provide regular ride-along instruction and training.



### Sales Drivers Who Have Received Ride-Along Instruction from Safety Experts



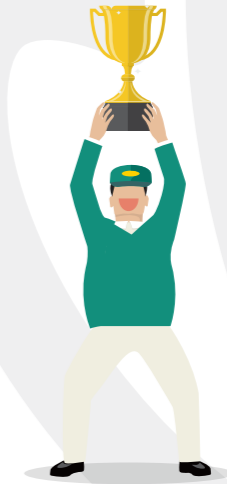
### Safety Training Provided to Employees by Safety Experts



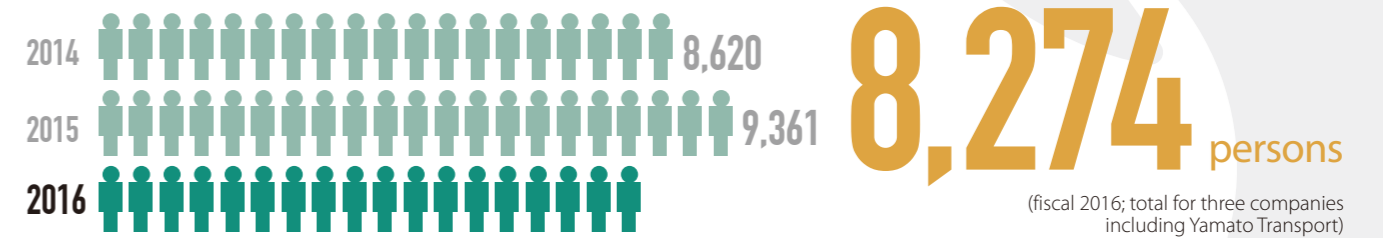
## Promotion of Safety Awareness among Employees

### ● Commendations and Contests

Each year we host The Yamato Transport Nationwide Safety contest so as to promote greater safety awareness and operator skills. Every year, Sales Drivers who excel in safe driving and who remain accident-free are commended or awarded based on the number of years and distance driven accident free.



### Long-Running No-Accident Commendation Awardees



## Establishment of Safety Plan

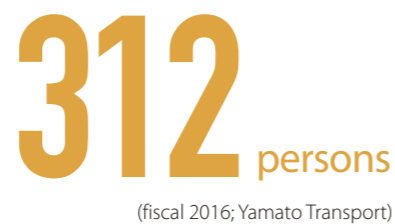
### ● Plan for Ensuring Safety during Transport

The Yamato Group reviews its important measures and plans concerning safety during transport on an annual basis. By making these known to all employees, we are working to reinforce awareness of safety.



Yamato Transport displays posters containing annual targets and initiatives at all of its offices.

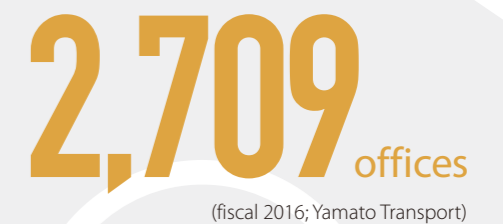
### Safety Experts Stationed Nationwide



### Major Accidents



### Acquisition of the Excellent Safe Driving Business "G-Mark\*" at



\*Symbol mark for certifying Excellent Safe Driving Businesses issued by the Japan Trucking Association



## Promotion of Safety Awareness among Employees

### ● Implementation of the Zero Traffic Accidents Campaign

The Yamato Group implements the Zero Traffic Accidents Campaign in April and September at all group companies, including outside of Japan.



Autumn 2016 Zero Traffic Accidents Campaign poster

#### Zero Traffic Accidents Campaign

Commenced in **1970**



Held annually for **47** consecutive years

### ● Initiatives to Prevent Occupational Accidents

The Yamato Group performs internal sharing of information on near-miss incidents that can lead to major accidents, in an effort to realize safe workplaces. In addition, all group companies implement measures such as forklift safety seminars and Safety Week, which aims to improve safety consciousness.



## Overseas Rollout of Measures to Assure Safety

### ● Safety Measures Matched to Local Traffic Conditions

Even outside of Japan, business sites hold a Drivers' Contest safety meet and also participate in safety events.



Yamato Transport (S) Pte. Ltd. held the 4th Driver's Contest. In fiscal 2016, a representative from the Singapore Police Force was invited to give a talk.



Yamato Transport (M) Sdn. Bhd. takes part in an annual safety event organized by the national government. In fiscal 2016, employees took part in the van and motorbike categories.

## Maintenance of Equipment and Safety Systems

### ● Vehicle Maintenance

Superworks are Yamato Autoworks' 24-hour, 365-day maintenance plants that feature greatly enhanced work efficiency. Of the company's 73 plants nationwide, 23 operate as Superworks.



#### Vehicle Maintenance Plant Superworks



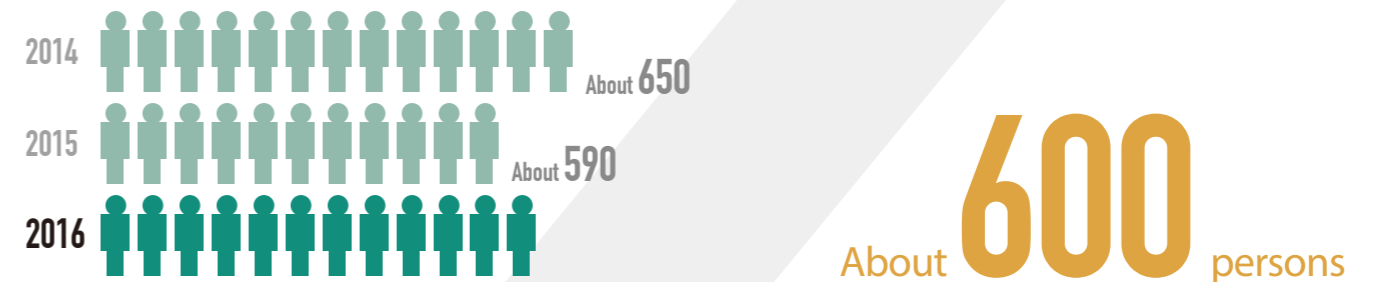
**23** sites

#### Number of Mechanics



**940** persons

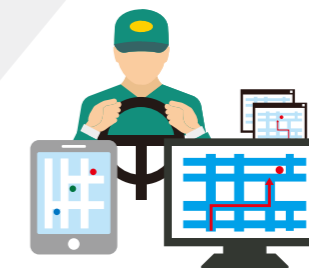
#### Number of Mechanics Who Are Qualified Vehicle Inspector



**600** persons

### ● Adoption of Equipment and Tools

Yamato Transport supports the safe driving of its Sales Drivers by introducing drive records and digitizing safe delivery route maps using the proprietary See-T Navi vehicular system.





# Environment

## Under the Key Word "Necology," We Are Creating 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.

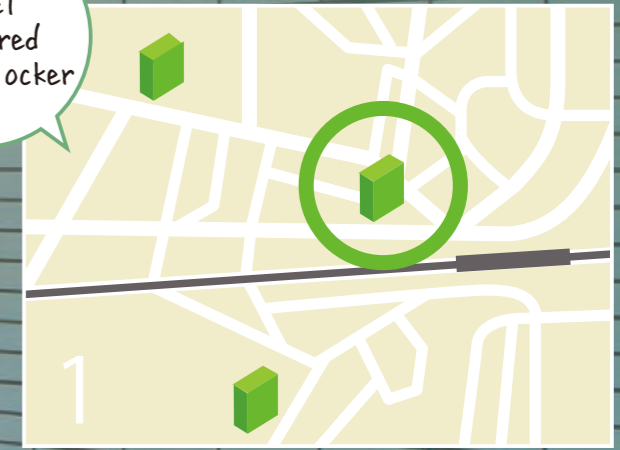
### The Yamato Group's Major CSR Initiatives

Businesses	CO2 emission reductions		Reduction of wastes	
	Initiatives during transport	Initiatives at facilities	Initiatives to reuse and recycle	Initiative to reduce
<b>Delivery</b> Small parcels (TA-Q-BIN, etc.) <div style="float: right;"> <span>Japan</span>  <span>International</span> </div>	<ul style="list-style-type: none"> <li>Eco-driving</li> <li>Adoption of low emission vehicles</li> <li>Promotion of modal shift</li> <li>Environmental impact reduction through cooperative transport</li> <li>Centralized logistics within large mixed-used buildings</li> </ul>	<ul style="list-style-type: none"> <li>Energy-saving initiatives</li> <li>Utilization of natural energy</li> </ul>	<ul style="list-style-type: none"> <li>Label recycling</li> <li>Use of uniforms made from recycled PET bottles</li> </ul>	
<b>Non-delivery</b>			<ul style="list-style-type: none"> <li>Reusing and recycling unwanted articles</li> </ul>	<ul style="list-style-type: none"> <li>Developing eco-friendly packaging materials</li> </ul>
<b>BIZ-logistics</b> Improving logistics and storage solutions <div style="float: right;"> <span>Japan</span>  <span>International</span> </div>			<ul style="list-style-type: none"> <li>Confidential document recycling service</li> </ul>	
<b>Home Convenience</b> Moving services and delivery and setup of household items <div style="float: right;"> <span>Japan</span> </div>			<ul style="list-style-type: none"> <li>Recycling used tires</li> </ul>	<ul style="list-style-type: none"> <li>Reusing rainwater</li> </ul>
<b>Autoworks</b> Vehicle management services <div style="float: right;"> <span>Japan</span> </div>				
<b>e-Business</b> Information system development <div style="float: right;"> <span>Japan</span> </div>				<ul style="list-style-type: none"> <li>Going paperless</li> </ul>
<b>Financial</b> Financial services including payments <div style="float: right;"> <span>Japan</span>  <span>International</span> </div>				
<b>Governance</b>	Compliance / Business Continuity Plan / Information Disclosure and Communication			

### Initiatives of Note in Fiscal 2016

## Reducing CO2 from Re-Delivery by Building a Network of Accessible Parcel Lockers

Parcel delivered to the locker



We promote the use of Parcel Lockers mainly located near railway stations in order to improve customer convenience and reduce environmental impacts from re-delivery.

Receive password



Neopost Group of France and Yamato Group established a joint venture company called Packcity Japan. This company installs accessible Parcel Lockers that can be used jointly by multiple providers, including Yamato Transport.

Pick-up the parcel



In addition to parcel pickup, we plan to offer more convenient and easy services at these locations, including a way to easily send parcels.



## Eco in Transport



Hand-pushed trolleys

### Pursuing Delivery that Involves as Little Use of Vehicles as Possible

In our pursuit of delivery that avoids the use of vehicles whenever possible, the Yamato Group is making use of new three-wheelers (electric bicycles with trailers) and hand-pushed trolleys. For vehicles that are required, we are making a shift to low-emission vehicles. Also, we are making transport more efficient through joint operations with other companies and with a modal shift using trains and ships.

#### Number of New Three-Wheelers

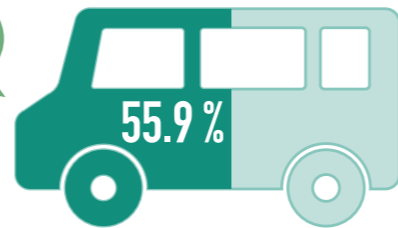


About **5,200**  
(fiscal 2016)

#### Number of Low Emission Vehicles

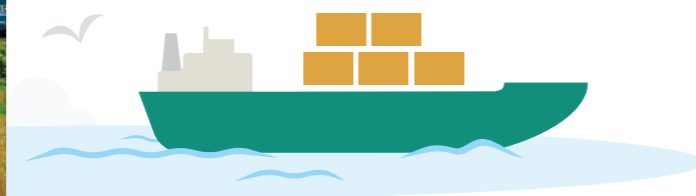
About **28,000**  
(fiscal 2016; Yamato Group total)

Penetration rate of low emission vehicles within the Yamato Group



#### Transport Volume of TA-Q-BIN Sent via Train or Ship

About **430,000** tons  
(fiscal 2016)



See-T Navi installed in a delivery vehicle

### Practicing Eco-Driving

Yamato Transport's proprietary See-T Navi vehicular system helps Sales Drivers to visualize fuel consumption and other aspects of their driving, while eco-driving training and other methods are used to refine eco-driving practices.

#### Number of Vehicles with See-T Navi

About **32,000**  
(fiscal 2016)



## TOPICS

### Launch of the Kuroneko Small Home Appliance Recycling Service

Three years have passed since Japan's enacted the Small Home Appliance Recycling Act, but the collection of small home appliances has not progressed according to the initial target.

As a result, in October 2016, Yamato Home Convenience launched the Kuroneko home appliance recycling service that is used in conjunction with its other moving and lifestyle support services to collect all of the home appliances applicable under the Small Home Appliance Recycling Act.



### Demonstration Testing for Logistics Using Trains

In September and October 2016, five railway and logistics companies including Yamato Transport jointly carried out demonstration testing on logistic using existing railway facilities along Tokyo Metro Yurakucho Line and Tobu Tojo Line.

This demonstration testing targeted cargo transport using the transportation capacity of passenger trains as a solution to social issues facing Japan, including alleviating traffic congestion from logistics, cutting CO<sub>2</sub> emissions, and a shortage of drivers. The data and impacts on passenger transport will be examined to determine the viability of a modal shift from truck transport to passenger trains.





## Eco in Facilities

### Promoting Energy Conservation at Facilities

Incorporating the latest environmental technology that makes use of natural energy, Haneda Chronogate has reduced CO<sub>2</sub> emissions by about 46% compared to other logistics facilities of the same size.

Haneda Chronogate Produces about 46% Less CO<sub>2</sub> Emissions than Other Logistics Facilities Similar in Size.

about **46** %

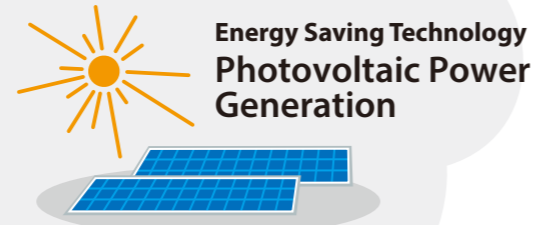
Energy Saving Technology Utilization of Rain Water



Energy Saving Technology Natural light and Natural Ventilation



Haneda Chronogate



Energy Saving Technology Photovoltaic Power Generation

## Eco in Products

### Initiatives to Recycle

The Yamato Group provides a recycling service that collects and dissolves important documents no longer needed by customers using a chemical treatment process.

Important Documents for Disposal

**100** % dissolved



ECOBox system for recycling important documents

### Promoting the Development of Environmentally Conscious Products

The Yamato Packing Technology Institute has developed packaging material that does not require package cushioning, and packaging material that can be easily separated from other waste.



Neco fit, which requires no cushioning



Quick Fit for easy waste sorting

## Eco with Local Communities

### Kuronekoyamato Environmental Class

Yamato Transport holds environmental classes mainly for elementary schools students to convey the importance of the environment. To date, these classes have been held a total of 2,993 times, reaching a cumulative audience of 222,743.

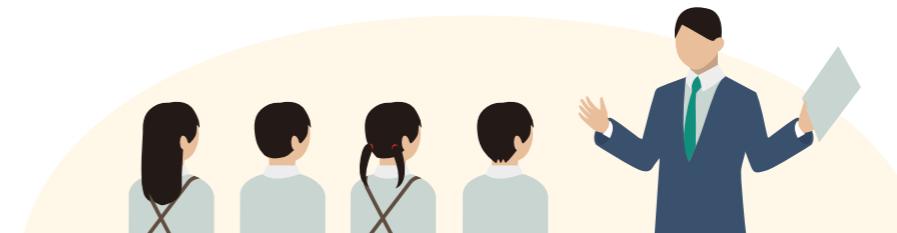


Number of Environmental Classes Held

**128** times  
(fiscal 2016)

Number of Student Participants

**9,240** persons  
(fiscal 2016)



### Travelling Sales of Refurbished Products

Yamato Home Convenience cleans and repairs unwanted home electronics and furniture thrown out during moves and then travels around Japan for Kuroneko Caravan outreach sales of refurbished products.

Kuroneko Caravan Outreach Sales

Held **317** times nationwide  
(fiscal 2016)



Kuroneko Caravan outreach sales of refurbished products

Number of visitors about

**220,000** persons  
(fiscal 2016)

### Participating in Environmental Protection Activities in the Community

Yamato Group companies actively take part in neighborhood clean-up activities as a member of the local community.



# Society

## We Aim to Earn the Trust and Respond to Expectations of All Stakeholders.

The 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.

### The Yamato Group's Major CSR Initiatives

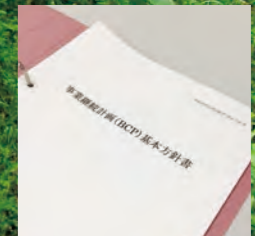
Businesses	Activities to fulfill responsibilities toward stakeholders
<b>Delivery</b> <span style="float: right;">Japan</span> <small>Small parcels (TA-Q-BIN, etc.)</small> <span style="float: right;">International</span>	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p><b>Customers</b></p> <p><b>Improving quality and customer satisfaction</b></p> <ul style="list-style-type: none"> <li>Product development based on customer needs (Ski TA-Q-BIN and Golf TA-Q-BIN, etc.)</li> <li>Initiatives to improve customer service and work quality</li> </ul> </div> <div style="width: 45%;"> <p><b>Shareholders</b></p> <p><b>Appropriate and fair information disclosure / Enhancement of communication</b></p> <ul style="list-style-type: none"> <li>Publication of the annual report and booklets for shareholders</li> <li>Earnings presentations and investor briefings held inside and outside Japan</li> </ul> </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 45%;"> <p><b>Employees</b></p> <p><b>Creation of workplaces to motivate</b></p> <ul style="list-style-type: none"> <li>Education and career development</li> <li>Work-life balance</li> <li>Respect for diversity</li> </ul> </div> <div style="width: 45%;"> <p><b>Local people</b></p> <p><b>Supporting society and education</b></p> <ul style="list-style-type: none"> <li>Music TA-Q-BIN Kuroneko Family Concert</li> <li>Children's Traffic Safety Workshop</li> <li>Kuronekoyamato Environmental Class</li> <li>Yamato Transport Business Seminar for High School Students</li> </ul> <p><b>Promotion of CSV in partnership with local communities</b></p> <ul style="list-style-type: none"> <li>Lifestyle support, sales promotion support and tourism promotion support</li> </ul> <p><b>Support for economic independence for people with disabilities</b></p> <ul style="list-style-type: none"> <li>Initiatives by the Yamato Welfare Foundation</li> <li>Operation of "Swan Bakery" stores, where people with disabilities work.</li> <li>Donations by employees</li> </ul> </div> </div> <div style="margin-top: 10px;"> <p><b>Partners</b></p> <p><b>Fair and unbiased trading / Collaboration for safety and improving service quality</b></p> <ul style="list-style-type: none"> <li>Communication with TA-Q-BIN service partners</li> </ul> </div>
<b>Non-delivery</b>	
<b>BIZ-logistics</b> <span style="float: right;">Japan</span> <small>Improving logistics and storage solutions</small> <span style="float: right;">International</span>	
<b>Home Convenience</b> <span style="float: right;">Japan</span> <small>Moving services and delivery and setup of household items</small>	
<b>Autoworks</b> <span style="float: right;">Japan</span> <small>Vehicle management services</small>	
<b>e-Business</b> <span style="float: right;">Japan</span> <small>Information system development</small>	
<b>Financial</b> <span style="float: right;">Japan</span> <small>Financial services including payments</small> <span style="float: right;">International</span>	
<b>Governance</b>	<b>Compliance / Business Continuity Plan / Information Disclosure and Communication</b>



### Initiatives of Note in Fiscal 2016

## Business Continuity Plan Revised to Reflect TA-Q-BIN's Presence as a Part of Social Infrastructure

We established a business continuity plan (BCP) based on our policy of maximum priority on human life and quickly restoring business operations. Taking into account our response to the Kumamoto Earthquake that struck in April 2016, we created a manual in order to carry out disaster relief and reconstruction assistance in an organized manner, including providing transport of public relief supplies. We will continue to make changes and improvements to our BCP to prepare for future earthquakes directly under the Tokyo Metropolitan Area and in the Nankai Trough, which are likely to occur in the future and expected to cause large-scale damages.





## Efforts for Customers



2nd Sales Driver Customer Service Contest

### ● Improvement of Response Quality

Yamato Transport constantly works to enhance service quality by training and educating employees on how to improve their level of customer service. Yamato Transport also holds a customer service contest regularly. This involves assessing and awarding the customer service (facial expression, gestures, way of talking, choice of words, etc.) of Sales Drivers and Guest Operators who meet customers at TA-Q-BIN Centers and other locations on a daily basis in terms of their product knowledge and communication skills.



4th Operator Customer Service Contest

### ● Improvement of Work Quality

Yamato Transport holds an in-house contest to improve the work quality of employees sorting parcels at Logistics Terminal across Japan and to increase their motivation. This contest includes a competition of sorting speed, accuracy and handling of parcels, a presentation on ideas for improving operational quality being incorporated at each office, and an awards ceremony.



2nd Logistics Terminal Quality Skills Contest

## TOPICS

### Launch of Robo Neko Yamato Project

In April 2017, Yamato Transport initiated demonstration testing jointly with DeNA Co., Ltd. for the development of a next-generation logistics service utilizing autonomous driving. The name of the project is Robo Neko Yamato. The project is scheduled to last for one year until March 2018. This project will combine DeNA's service design know-how for autonomous driving solutions using

IT with Yamato Transport's logistics network to create a logistics service that is more convenient and more in tune with today's open lifestyles.



## Efforts for Partners

### ● Communication with TA-Q-BIN Service Partners

Our Sales Drivers make daily visits to service partners and collect parcels. We also issue the information magazine "Kuroneko-Dayori" to general service partners such as liquor and rice shops.



Information magazine "Kuroneko-Dayori"



TA-Q-BIN Service Partners

About **210,000** stores  
(fiscal 2016)

## Efforts for Shareholders and Investors

### ● Appropriate and Fair Information Disclosure and Enhancement of Communication

We publish an annual report and a booklet for individual shareholders to actively disclose information. We also conduct earnings presentations 4 times per year, as well as overseas briefings for institutional investors in Japan, North America, Europe, and Asia.



Annual report



Individual Shareholder newsletter

### ● External Evaluation of ESG

The Yamato Group actively promotes environmental, social and governance (ESG) initiatives. As a result of our initiatives, we were selected for inclusion in the SNAM Sustainability Index for fiscal 2017, which is administered by Sompo Japan Nipponkoa Asset Management Co., Ltd.





## Efforts for Communities

### ● Yamato Transport Business Seminar for High School Students

Yamato Transport has held business seminars for high school students every year since 2006 in order to broaden the perspectives of students and teach them about their involvement in society so that they can make their own decisions about their future paths. In fiscal 2016, a total of 18 teams and 81 high school students participated.

#### Cumulative Total Number of Participants



2016 is the eleventh year the business seminar was held

**557** persons  
(fiscal 2006 to fiscal 2016)

### ● Children's Traffic Safety Workshop

Yamato Transport holds traffic safety workshops across Japan to educate children in the community about traffic rules and the importance of traffic safety. Since 1998, these workshops have been held a total of 27,871 times, with a total of about 2,900,000 children having participated.



### ● Music TA-Q-BIN "Kuroneko Family Concert"

We initiated the Kuroneko Family Concert series in 1986 with the hope of bringing authentic, great music to the people of all ages across every region in Japan. The year 2015 marked the 30th anniversary of this series. As of 2015, we have held concerts on 302 occasions, with cumulative attendance of about 440,000 people.

#### Number of Visitors



2016 is the thirty-first year the concert was held

About **11,588** persons  
(fiscal 2016)

#### Cumulative Total Number of Participants

About **2,900,000** persons  
(fiscal 1998 to fiscal 2016)

### ● Support for Economic Independence for People with Disabilities

Through the Yamato Welfare Foundation, we are carrying out a variety of initiatives to assist the preparation of economic independence. We operate a total of 29 Swan Bakery outlets across Japan that employ 366 people with disabilities.



## Efforts for Employees

### ● Promoting Work-Life Balance

As of July 2017, three of our companies have received the above certification as "a company that actively supports the balance between work and family life" from the Ministry of Health, Labour and Welfare.

#### Companies Certified

- Yamato Management Service (2015)
- Yamato Logistics (2013)
- Yamato System Development (2011)

#### Number of Employees Who Took Childcare Leave



**715** persons  
of these, 21 were male  
(fiscal 2016)

#### Number of Employees Who Chose Short-Time Working for Childcare

**570** persons  
of these, 14 were male  
(fiscal 2016)

#### Number of Employees Who Took Nursing Care Leave

**33** persons  
of these, 15 were male  
(fiscal 2016)

#### Number of Employees Who Chose Short-Time Working for Nursing Care

**42** persons  
of these, 27 were male  
(fiscal 2016)

### ● Encouraging Diversity

We held the Female Leaders Meeting for female employees who have been with the company at least five years to help them establish their own unique leadership style and to draw out their skills and appetite for success.

### ● Training Matched to Career Plans

We conduct a variety of training programs, including Junior Leader School, intra-group job rotation, global human resources communication training, and training on our corporate philosophy.

### ● Encouraging the Hiring of People with Disabilities

We are endeavoring to make workplaces more accessible to all employees through barrier free designs, and people with disabilities make up 2.15% of our workforce.

#### Number of Employees with Disabilities

**2,310** persons  
(fiscal 2016)



## Initiatives of the Yamato Welfare Foundation

# We Are Supporting the Independence and Social Participation of People with Physical and Mental Disabilities.

The Yamato Welfare Foundation was established in 1993 by the late Masao Ogura, the father of TA-Q-BIN. Since then, it has supported the independence of people with disabilities through a variety of programs.



### Power Up Forum for People with Disabilities

The Power Up Forum is held as a venue for thinking about the possibilities of a new form of welfare that supports the economic independence of people with disabilities together with presenters and for presenting reports about good practices being implemented across Japan.



### Yamato Self-Support Center's Work Transition Support Program

This program supports the independence of participants, from acquiring the necessary knowledge and skills needed for employment, finding employers, and establishing good practices after hiring so that they can work with a sense of excitement and passion.



### "Bridge to Dreams (Yume E No Kakehashi)" School

This group training for welfare facilities encourages action be taken toward establishing a new form of welfare that supports the economic independence of people with disabilities. It is a two-year program that is mainly held in the form of group retreats.



### Kuroneko DM Mail Delivery Business Staffed by People with Disabilities

This program serves as an intermediary for Yamato Transport's Kuroneko DM Mail Delivery Business as part of the company's efforts to provide job opportunities for people with disabilities to play a role in the local community.



### Welfare Subsidy Program for People with Disabilities

This subsidy geared mainly toward facilities and groups for people with disabilities helps to increase the wages of people with disabilities. It also provides scholarships to students with disabilities.



### Presentation of the Masao Ogura Award by Yamato Welfare Foundation

Every year two people are selected to receive this award in recognition of their significant contributions to supporting the independence of people with disabilities by actively working to create and expand work and job opportunities as well as improve working conditions for people with disabilities.



For more information, please visit the following website: Yamato Welfare Foundation: <https://www.yamato-fukushi.jp/>

## The Yamato Group's Global CSR Activities

# We Are Expanding Our CSR Activities Around the World to Be a Company Most Loved and Trusted by Society.

The Yamato Group has operations not only in Japan and Asia, but also in Europe and North America. We are committed to carrying out CSR activities that take into account the unique situation of each region and community.

### Europe Society

Yamato Transport Europe B.V. provided a work experience program for junior high school students attending a Japanese school in Amsterdam.

### USA Society

Yamato Transport U.S.A., Inc. transported the equipment needed for a sports day held at a Japanese school free of charge.

### China Safety

Yamato (China) Transport Co., Ltd. provided safety training to children attending a kindergarten for Japanese nationals in Shanghai to raise their awareness about safety.



### Hong Kong Society

Yamato Logistics (HK) Ltd. participates in the events of a Japanese school every year. In fiscal 2016, these events included a safety class for parents and students as well as sales of Japanese agricultural produce.



### Singapore Society

Thirty-three employees from Yamato Transport (S) Pte. Ltd. participated in a charity event to benefit the elderly and people with disabilities.



### Malaysia Safety

Yamato Transport (M) Sdn. Bhd. provides safety education to children at the Safety Championship Carnival held every year.

