

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

Web edition



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Message from the President

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

Masaki Yamauchi

Representative Director, President,
and Executive Officer



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.

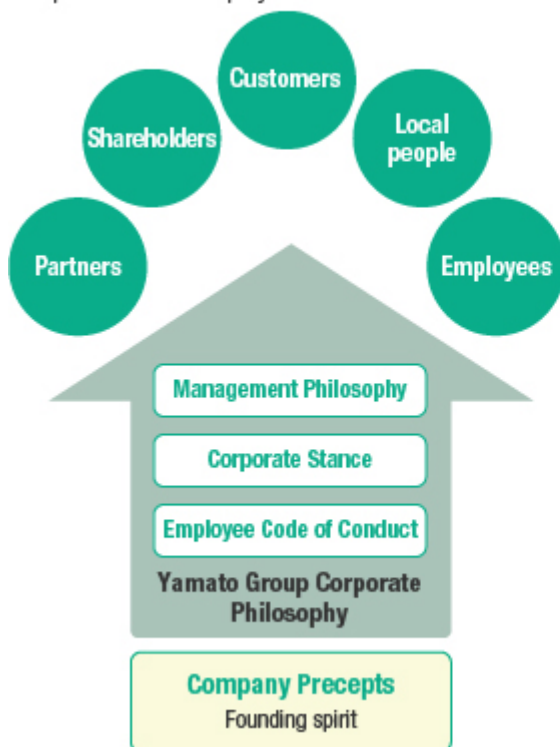
For example, we offer watch-over support for the elderly to regularly check on the well-being of elderly living alone in the community, provide shopping support for those local residents who are unable to travel to stores to do their shopping, and support the expansion of sales channels for local specialty 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 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 CO₂ 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.

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

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

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.

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.

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.

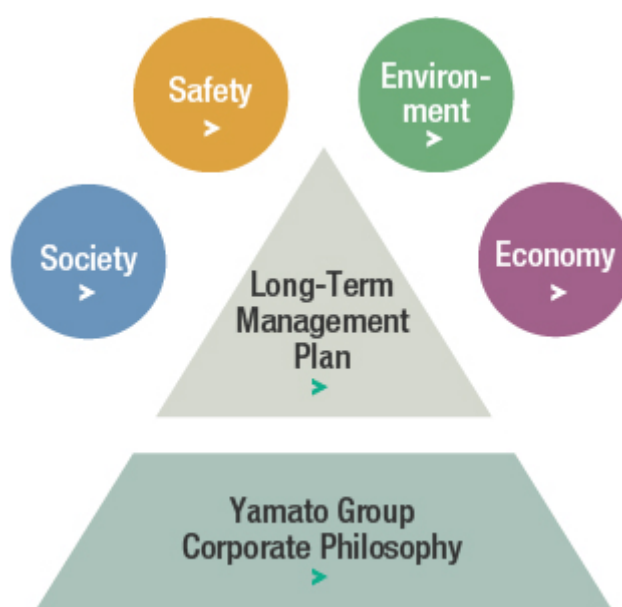


CSR Management

Yamato Group's CSR

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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. Headquarters	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. Medical Logistics Company Kanagawa Medical Center	2006
ISO14001	Yamato Packing Technology Institute Co., Ltd. Headquarters	2008
ISO13485	Yamato Logistics Co., Ltd. Medical Logistics Company Kanagawa Medical Center	2009
Excellent Safe Driving Business Certification (G-Mark)	Kobe Yamato Transport Co., Ltd.: obtained by Osaka Office	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 Global Express Co., Ltd.: obtained by 47 offices as of March 31, 2017	2015
	Yamato Home Convenience Co., Ltd.: obtained by 34 offices as of July 6, 2017	

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.

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.

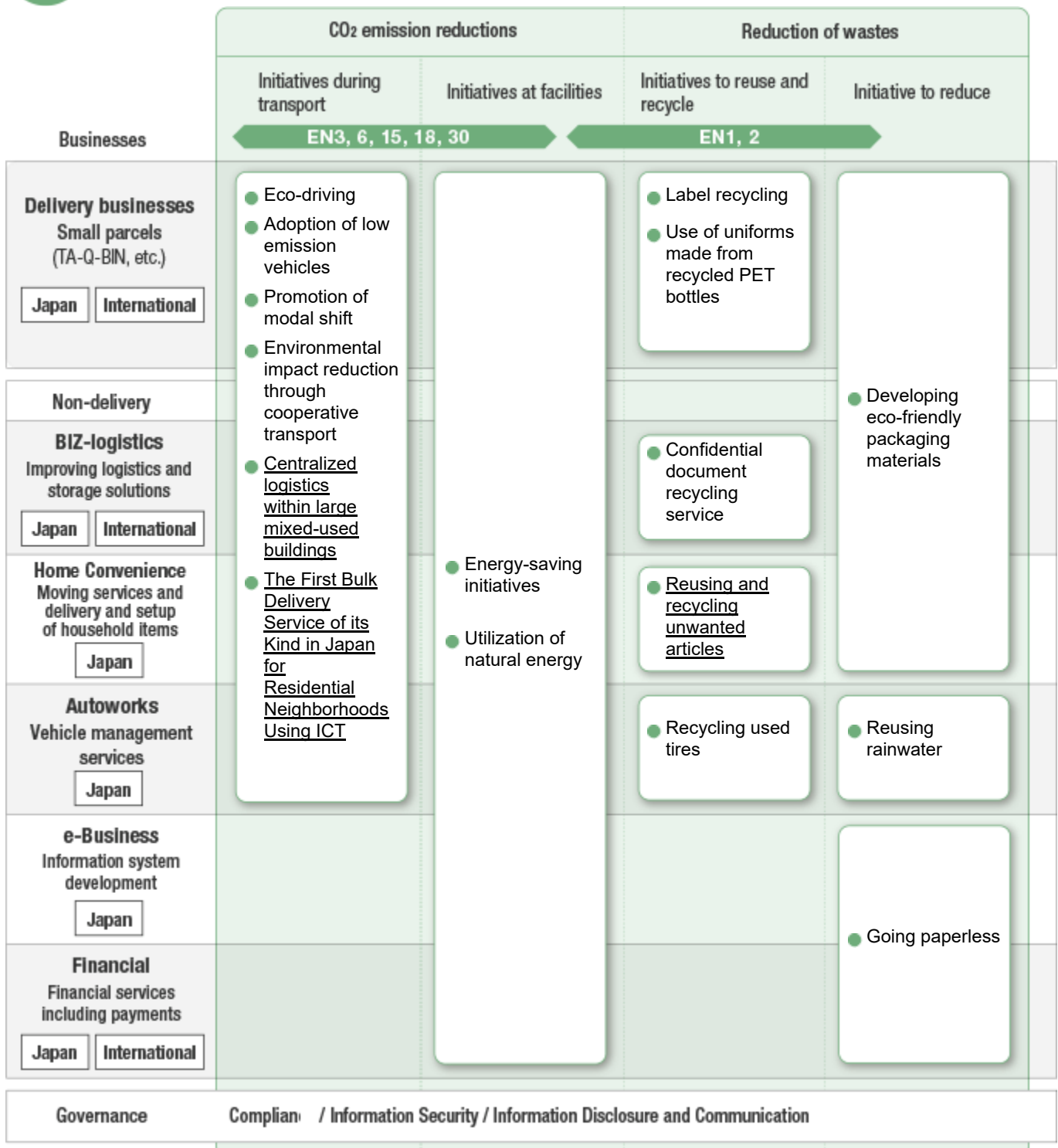
	Accident prevention SO2	Achieving safe workplace environment LA6	Providing security and peace of mind
Businesses			
Delivery businesses Small parcels (TA-Q-BIN, etc.) Japan International	<ul style="list-style-type: none"> ● <u>Prevention of traffic accidents</u> 		<ul style="list-style-type: none"> ● <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>Prevention of dangerous articles being included in air cargo shipments</u> 	<ul style="list-style-type: none"> ● Prevention of occupational accidents 	<ul style="list-style-type: none"> ● Assistance with product recalls
Home Convenience Moving services and delivery and setup of household items Japan	<ul style="list-style-type: none"> ● Safety measures matched to local traffic conditions 	<ul style="list-style-type: none"> ● Mental health care 	<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

Environment

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

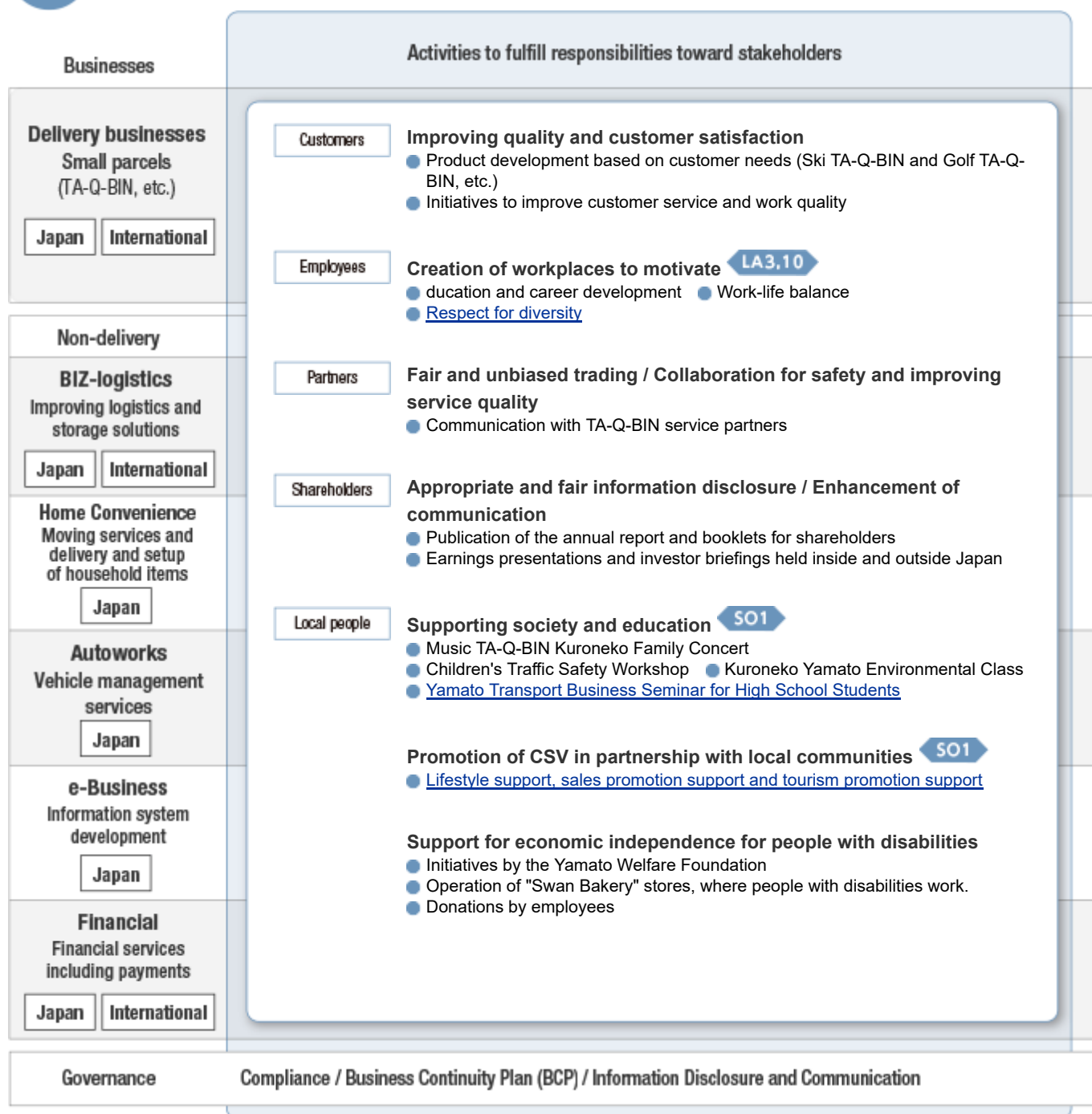


* Sustainability Reporting Guidelines: A set of international guidelines that apply to the creation of CSR/sustainability reports.

- 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



1 **TA-Q-BIN Deliveries Using Scheduled Bus Services**
Using Our Combined Passenger-Cargo Service to Improve Services and Resolve Issues in Local Communities

Feature Article



Miyazaki

- ▼

Maintaining Scheduled Bus Services in Mountainous Communities becoming more Challenging
- ▼

Combined Passenger-Cargo Operations Utilizing Empty Space on Buses
- ▼

Benefits for Miyazaki Kotsu, Yamato Transport and Local Residents
- ▼

Expanding Combined Passenger-Cargo Operations Nationwide
- ▼

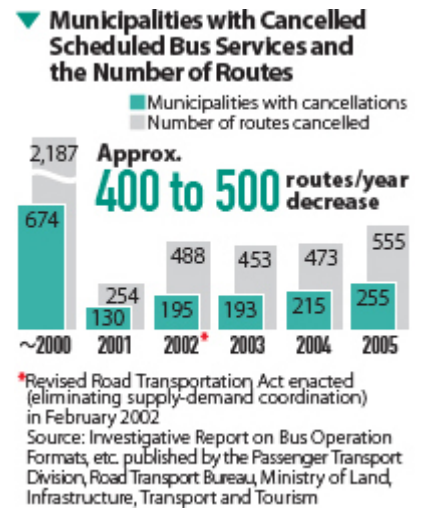
**Voice of Stakeholders
Voice of an Employee**

Social issue

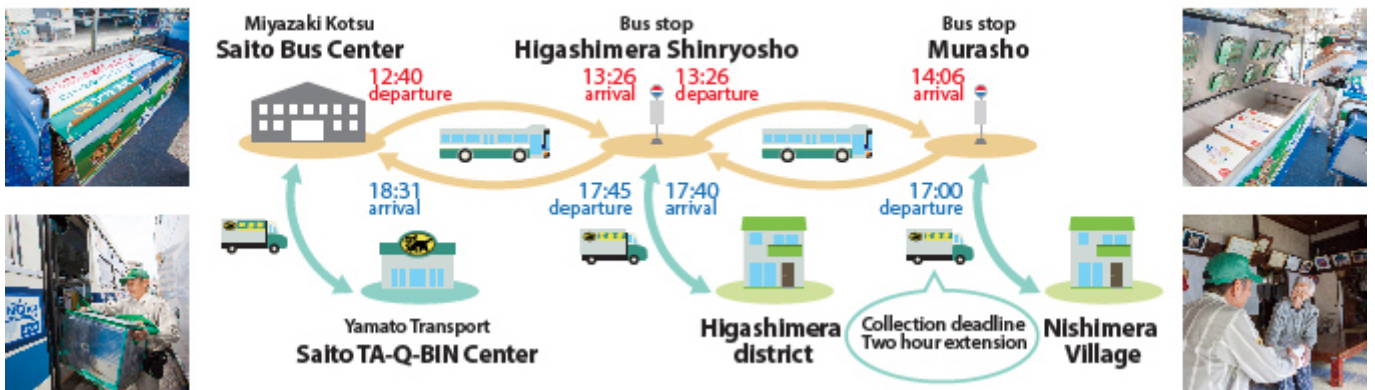
The number of public transportation users in Japan’s coastal and mountainous areas of regional cities is declining due to the penetration of automobiles and a population exodus to cities. In particular, between 400 and 500 scheduled bus service routes have been reduced or eliminated altogether every year since around 2014.

Maintaining Scheduled Bus Services in Mountainous Communities becoming more Challenging

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, the nearly 50km journey for TA-Q-BIN deliveries from Saito TA-Q-BIN Center took close to an hour and a half. When considering the return trip, Yamato Transport had to set the cutoff time for same-day customer parcel collection at 3:00pm for both communities, which has proven to be an inconvenience for customers.



Operation flow of schedule bus with specialized refrigerated box on board



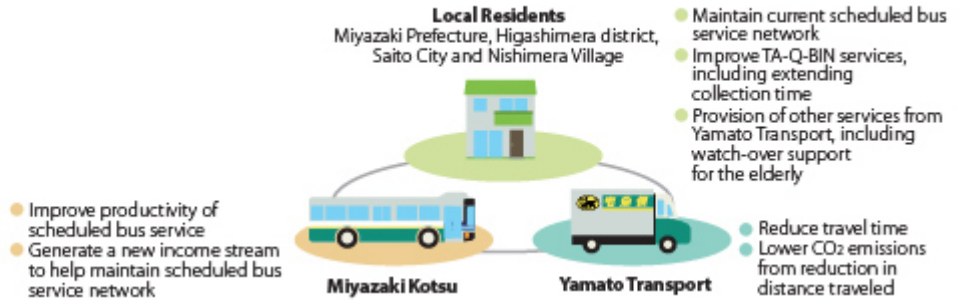
Combined Passenger-Cargo Operations Utilizing Empty Space on Buses

To resolve this issue, Yamato Transport proposed combined passenger-cargo operations, whereby TA-Q-BIN parcels 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.

First, a Yamato Transport Sales Driver (SD) carries the parcels to be delivered to customers in both communities from the Saito TA-Q-BIN Center to the Miyazaki Kotsu Saito Bus Center, and then loads them onto the bus. These parcels are carried by the bus and then handed over to SD responsible for each community at bus stops along the way.



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



Benefits for Miyazaki Kotsu, Yamato Transport and Local Residents

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 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 CO₂ 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 because the SDs can spend more time in both communities. 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.

Topics

Received the Minister of the Environment’s Prize at the 13th Eco Products Awards

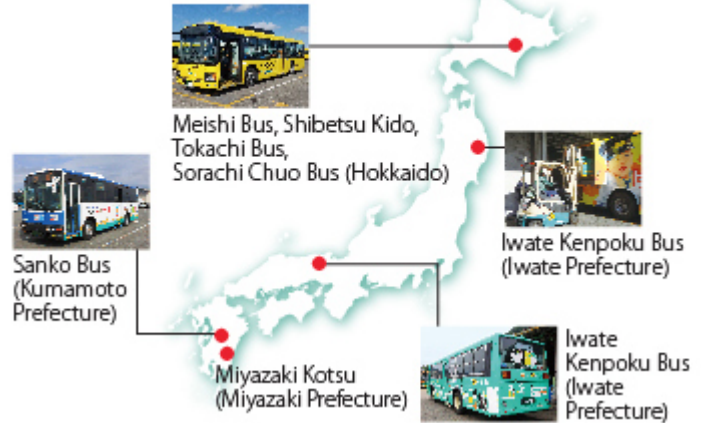
In December 2016, our combined passenger-cargo operations for TA-Q-BIN transport using existing scheduled bus routes received the Minister of the Environment’s Prize at the 13th Eco Products Awards.

In addition to reducing CO₂ emissions by switching from truck to scheduled bus transport on certain routes, we received strong praise for the wide reaching effectiveness of this service that goes beyond reducing environmental impacts to provide an added level of convenience closely in tune with the needs of rural communities.





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



Expanding Combined Passenger-Cargo Operations Nationwide

Yamato Transport currently 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.

Also, currently we are working on other combined passenger-cargo operations with local governments and companies in other parts of Japan, including Hokkaido, Iwate, Kumamoto and Hyogo prefectures, in addition to Miyazaki Prefecture (as of June 2017). 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.

Voice of Stakeholders

Offering Scheduled Bus Services that Contribute More to the Community

From the very beginning when I was presented with the proposal, I had a very positive attitude during the review process because there were many benefits in store for Yamato Transport, our company, and the local community. However, I was concerned that the loading of parcels could hinder scheduled bus operations.

In actuality, Yamato Transport provides the service in tune with our existing bus schedules, which means we can provide the same services to our customers as before. Since the start of services, customers have praised this novel approach as a good idea. Together with Yamato Transport, I have also taken a look at special packing materials for maintaining the freshness of products during extended transport for the launch of Cool TA-Q-BIN services.

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.



Katsumasa Onoue
General Manager
Bus Department
Miyazaki Kotsu Co., Ltd.

High expectations for the future expansion of this service

Nishimera Village's population is around 1,000, making it the smallest in the prefecture. In the future, this community will see its population become older and more and more people will rely on buses for making a trip to the supermarket or hospital located in urban areas. Given this, I believe it is important to maintain scheduled bus services for local community members. In addition, if more people find it difficult to go out shopping, there will also be a need for shopping support and other services.

I hear from businesses that ship fresh foods that the service is now more convenient because the final collection cutoff time for TA-Q-BIN has been extended. I expect this service to play a role in revitalizing our community once we see an increase in shipments of local specialty items such as citron, sweetfish and Nishimera salmon, among others.



Kusuo Sakamoto
Chairman
Nishimera Chamber of
Commerce and Industry

Voice of an Employee

Deploying Our Know-how in Other Communities

The combined passenger-cargo operations launched first in Iwate Prefecture mainly involved transporting parcels between offices and sorting centers called bases where parcels arrive from inside and outside the prefecture. The service in Miyazaki Prefecture is different because it relies on combined passenger-cargo operations on bus routes to deliver parcels directly to the homes of customers.

We have been able to reduce the workload of SD by reducing travel time 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 Cool TA-Q-BIN combined passenger-cargo operations using refrigeration facilities, in order to increase volume of temperature-sensitive parcels, such as local specialty products. This is the first such service of its kind in Japan, and so I hope to share know-how for similar services in other communities in Japan.



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



2 Providing Eco-friendly and Smart Logistics Services
The First Centralized Delivery Service of its Kind in Japan for Residential Neighborhoods Using ICT



Feature Article

▼
For Sustainable Urban Living

▼
Centralized of Parcels from Multiple Providers

▼
Delivering On-demand Logistics with Centralized Management of Parcel Information

▼
Implementing Various Initiatives as a Member of the Community

▼
Voice of Stakeholders
Voice of an Employee

Social issue

In recent years, there has been a significant increase in the percentage of people living in cities with a population of greater than 200,000 because of local government mergers and a higher concentration of people living in urban areas. As a result, this has caused increase energy usage and encouraged local governments across Japan to carry out a large number of projects for developing low-carbon and sustainable urban infrastructure.

For Sustainable Urban Living

Society is beginning to recognize the need for sustainable development and changing conventional approaches to economic development and growth given the increasing seriousness of environmental issues. Today, Japan's regions face challenges such as depopulation while its urban areas are using a growing amount of energy due to the greater concentration of populations. To address these issues, a large number of urban development projects are underway throughout Japan with the focus on the keywords of eco, smart and sustainable, because of the need to create sustainable approaches to living in urban areas.



Centralized Delivery of Parcels from Multiple Providers

Fujisawa Sustainable Smart Town (Fujisawa SST) was established through a partnership between the City of Fujisawa in Kanagawa Prefecture and private-sector companies. It is located a close distance from the Shonan shoreline, which is a famous surfing destination. 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 is now working on an evolution of smart logistics infrastructure to underpin community development there in a partnership with the town's information network and community, in light of the environmental goals Fujisawa SST has set for itself. In November 2016, Yamato Transport opened Next Delivery SQUARE inside Fujisawa SST as an integrated logistics hub for the entire community. Using this hub, we launched a centralized delivery service in which all parcel deliveries from other providers go through this facility and Yamato Transport is responsible for the last one-mile. We have provided centralized delivery services for commercial facilities, but this marks the first service of its kind in Japan for residential neighborhoods.

POINT Certified under the Revised Act for Integration and Improvement of Physical Distribution

On October 25, 2016, the 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.



Delivering On-demand Logistics with Centralized Management of Parcel Information

Next Delivery SQUARE is now able to manage information on parcels delivered within Fujisawa SST by consolidating the parcels of other providers at the same location. In March 2017, we began providing services utilizing this information. By streaming the day's delivery schedule and notices of failure to deliver using a smart TV installed in each home, we have developed an environment for meeting the delivery needs of residents and created an on-demand logistics system. 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. We also improve safety by making use of hand-pushed trolleys and new three-wheelers (electric bicycles) for deliveries around the neighborhood. We have also launched a special site introducing specialty product sales, lifestyle support services such as cleaning services, and information about events held by Next Delivery SQUARE. At the same time, we are making life more convenient and fulfilling for local residents by disseminating information through their smart TVs about new services such as ordering fresh fish from the Port of Odawara that is delivered the same day it is caught.



POINT Eco-friendly Delivery Center

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 CO₂ emissions than Yamato Transport's other delivery centers.

Implementing Various Initiatives as a Member of the Community

At Next Delivery SQUARE, Yamato Transport employees lead the Children's Traffic Safety Workshop to raise traffic safety awareness among children attending kindergarten or elementary and junior high school in the

area around Fujisawa SST. Employees also give these children the chance to tour and learn about the work that takes place there during mini internships on routes with SD to convey the importance of work. In this manner, Yamato Transport is committed not only to transporting parcels, but also to community development together with local residents as a member of the community.

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

Voice of Stakeholders

A Century of Community Development in a Public-Private Venture

Panasonic serves as the representative for the council that operates Fujisawa SST. Fujisawa SST began considering the importance of a sustainable lifestyle that is safe and security, instead of just environmentally friendly, following the Great East Japan Earthquake of 2011. In 2012, when I received this proposal from Yamato Transport, I felt like Yamato Transport had a deep understanding of our vision for this community. Yamato Transport explained the details of this service during town meetings involving area residents, which led to its adoption.

Fujisawa SST provides an environment where it is easy to test out new businesses using cutting edge technologies like AI and IoT. I look forward to rolling out new services that will contribute to the development of this community by utilizing the functions of the Yamato Group.



Tomohiko Miyahara
General Manager
CRE Business Development
Group
Panasonic Corporation

Looking Forward to Tackling New Challenges for the Needs of Local Residents

My department is responsible for developing the residential systems used inside Fujisawa SST. One of these systems is the smart TV installed in each residence. The number of customers under contract has increased since the launch of Yamato Transport's on-demand services. Also, the delivery service of fresh fish from the Port of Odawara has been a hit with local residents because they get to enjoy the surprise of not knowing which fish they will receive each day and, of course, the delicious taste of these fish caught on the same morning they are delivered.

I feel Yamato Transport's strength is its ability to propose various solutions focused on the needs of local residents. They really understand the concept and meaning of this community, so I really look forward to working with them to tackle new challenges in the future.



Takashi Kameda
Manager
System Services Department /
Business Creation Department
Fujisawa SST Management
Company

Voice of an Employee

Always Thinking How to Contribute to Community Development

When I heard I was being transferred to Next Delivery SQUARE in Fujisawa SST, honestly I felt uneasy about whether the job would be a good fit for me. Centralized delivery of parcels to a residential neighborhood was a first-of-its-kind venture in Japan, but since the launch, 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.

The mini internships planned since the inception of this facility have been a huge hit, and we plan on continuing these in the future. With the goal of increasing what we offer to make this community even better, we encourage SD to actively walk the community and talk with local residents to identify issues. I hope to continue working with other companies in Fujisawa SST to contribute to the revitalization of communities with new ideas.

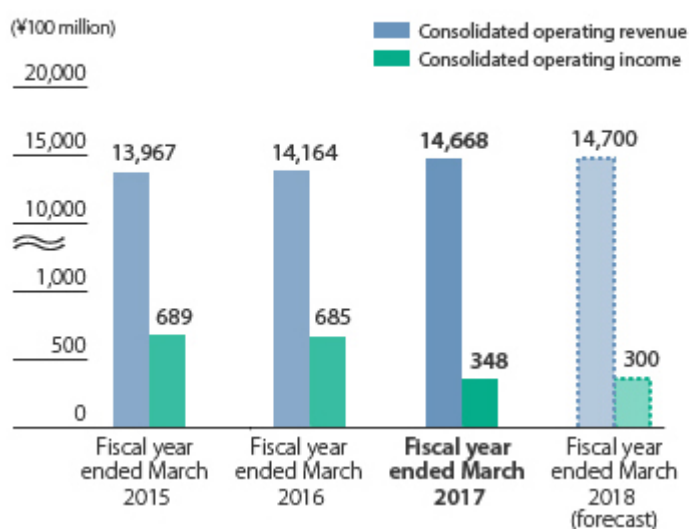


Junya Koizumi
Branch Manager
Fujisawa Tsujido Branch
Yamato Transport Co., Ltd.

Economy

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

Consolidated operating revenue / consolidated operating income



Operating margin

2.4 %

Fiscal year ended March 2017

ROE (return on equity)

3.4 %

Fiscal year ended March 2017

Volume of international TA-Q-BIN parcels handled

1,867 million

Fiscal year ended March 2017

Safety



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.



Results of Initiatives in Fiscal 2016

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"> ● 4 major accidents (4 major traffic accidents, 0 major occupational accidents), including no-fault 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: 312 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 and/or managers: 44,392 ● Safety training provided to employees by Safety Experts: 2,331 times ● 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.
<ul style="list-style-type: none"> ● Promotion of safety awareness among employees 	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 in April and September at all group companies, including outside of Japan. Yamato Transport (J) has conducted the campaign continually since 1970. In fiscal 2016, the spring session focused on temporary stops, secondary stops and pointing and calling, while the autumn session covered the theme of practicing TTS*. As a result of these efforts, we achieved our goal of zero traffic accidents. * Temporary stops (stop), secondary stops (indicate), pointing and calling (identify)
	Commendations and contests	<ul style="list-style-type: none"> ● Long-Running No-Accident Commendation awardees: 8,274

		<p>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.</p> <ul style="list-style-type: none"> ● Yamato Transport Nationwide Safety Contest At the sixth safety contest held by Yamato Transport (J), 56 winners of contest at branches nationwide, at Okinawa Yamato Transport, and at Yamato Global Express competed on safety consciousness and driving technique. From this time, the two-ton MP van category (automatic transmission) was newly created. Also, the Tohoku District Branch of Yamato Home Convenience held a driving contest. 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 71 plants nationwide, 23 have been designated Superworks. ● Mechanics: About 940 (including 600 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 Safety managers, CSR managers and Safety Experts from Shanghai, Hong Kong, Singapore, Malaysia and Taiwan observed the Yamato Transport Nationwide Safety Meet held in Japan and learned about new safe driving methods. These individuals are now rolling out what they learned in their own country using customized approaches.

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 2016

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 5,200 new three-wheelers (electric bicycles with trailers) Yamato Transport (J) is undertaking expansion of deliveries that do not use motor vehicles. Adoption of about 28,000 low-emission vehicles (55.9% 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 430,000 tons Reduction of environmental impacts in cooperation with a tram company Yamato Transport (J) and Yamato Logistics have balanced flexible transport and CO₂ emissions reductions by shifting certain shipments of candies from Hokkaido to event venues via railway and marine transport. We were recognized with an Award for Excellent Business Entities Working on Modal Shift

		(New Business Development Category) at the 14th Excellent Business Entities Working on Modal Shift 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: 83.7% (0.4 percentage point increase compared to fiscal 2015) 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 128 times during the year, with approx. 9,240 children participating.

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.



Results of Initiatives in Fiscal 2016

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"> ● Implementation of training led by an outside instructor We actively hold training led by an outside instructor. At Atsugi District Branch, we held hospitality training led by customer service instructors who were trained by outside instructors.
	Work-Life Balance	<ul style="list-style-type: none"> ● 715 persons took childcare leave / 570 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 July 2017, three of our companies are certified by Japan's Ministry of Health, Labour and Welfare as a company that actively supports the balance between work and family life.. Yamato Management Service (2015), 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 the Female Leaders Meeting for female employees who have been with the Yamato Group at least five years to draw out their skills and appetite for success as leaders. Through the session for supervisors, we explained what is expected of supervisors in terms of promoting the more active role of women in the workplace.

		<ul style="list-style-type: none"> ● Employment of 2,310 persons with disabilities (Employment rate: 2.15%) 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 210,000 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 visited institutional investors for briefings 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.
Local people	Social education support	<ul style="list-style-type: none"> ● Music TA-Q-BIN "Kuroneko Family Concert" held 9 times per year, with attendance by 11,588 people. Cumulative 311 concerts with a total attendance of about 450,000 people. ● "11th Yamato Transport Business Seminar for High School Students" Participation by 18 schools and 81 persons in fiscal 2016. Cumulative participation by 100 schools and 557 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 1,754 times per year, with more than 180,000 participants. Cumulative 27,871 times with participation by a cumulative about 2,900,000 persons (held every year since 2005) ● Kuroneko Yamato Environmental Class 128 times per year with participation by about 9,240 people Cumulative 3,121 times with participation by a cumulative 231,979 persons (held every year since 2005)
	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: 1,971 (611 cases in operation) Number of agreements: 368 (as of the end of June 2017) 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	<ul style="list-style-type: none"> ● 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 persons with disabilities ● Nationwide operation of 29 "Swan Bakery" stores employing people with disabilities. ● Fund raised through the Natsu No Kampa (summer donation) program: 72.89 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

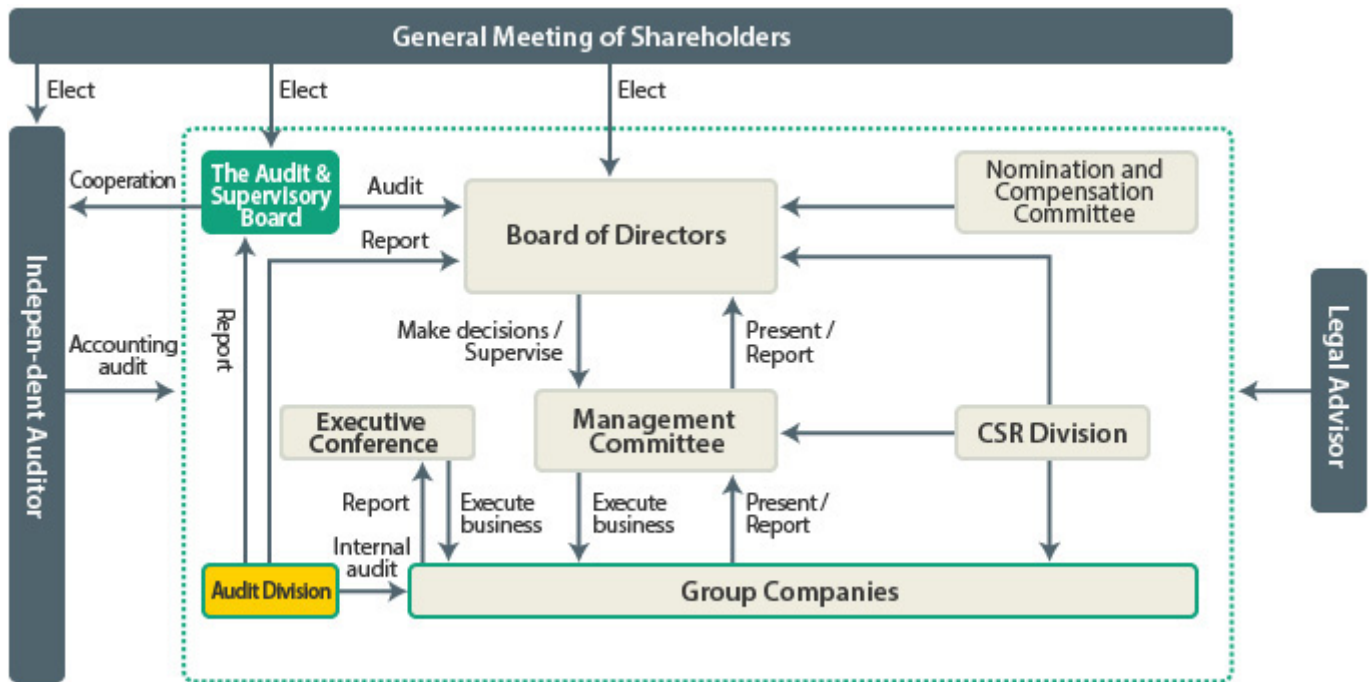
Making the securing of sound management, and the achievement of prompt and accurate decision-making and business execution, our basic policy

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 8 directors (including 3 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 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, 2017, with a report submitted to the Kanto Local Finance Bureau.

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

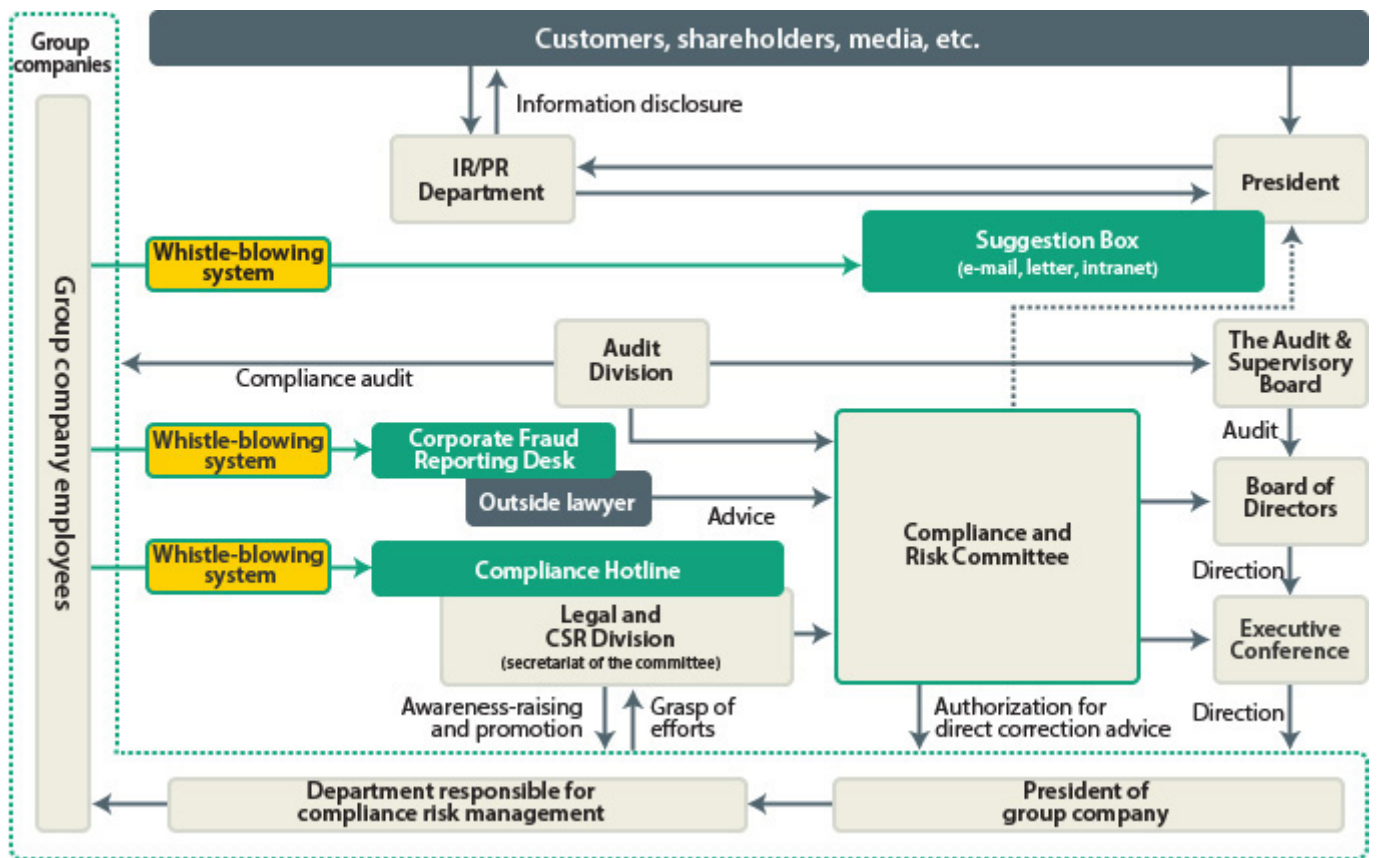
To construct a framework to prevent corporate misconduct in accordance with the laws and regulations and corporate ethics, the Yamato Group is making efforts to ensure compliance management as a top-priority

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.

Compliance and risk management framework



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 quick restoration of our businesses, we addressed the problems caused by the Great East Japan Earthquake (2011) and the Kumamoto Earthquake (2016). Using what we learned from these responses, we made an additional manual that will enable us to assist the reconstruction of disaster-affected areas in an organized manner, including cooperation for transporting public relief supplies in disaster-affected areas. We continually review response and preparations 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, so as to heighten the effectiveness of our response.

Topics

Helped to Relocate Important Cultural Properties following the Kumamoto Earthquake

On the night of April 14, 2016 when the initial shaking of the Kumamoto Earthquake began, employees at the Kyoto Artwork Branch of Yamato Logistics were hard at work preparing for the Maruyama Okyo exhibit that was to take place the next day at the Yatsushiro Municipal Museum. The exhibit was canceled due to the earthquake, and with aftershocks continuing, Yamato Logistics worked with museum curators to relocate all of these important pieces of artwork to protect them from possible damage. The exhibit was finally held one year later in April 2017.

The Yamato Group will continue to ensure it can quickly carry out the necessary response to disasters or other emergencies.

Customer voice

The understanding and cooperation of everyone at Yamato Logistics was integral to the successful relocation our works of art following the Kumamoto Earthquake. We were able to save these important cultural properties thanks to everyone's passion and commitment as well as their careful handling and attention.

Ryoji Torizu
Chief Curator
Yatsushiro Municipal Museum



Exhibit setup work (April 2017)

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."

In 2016, we implemented our first campaign to raise awareness about information security across the entire Yamato Group, including overseas subsidiaries. As part of this, each of our group companies carried out their own unique measures for raising awareness based on their own situation.

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 2017)

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.	2006
	Yamato Management Service Co., Ltd.	2011
	Yamato Credit & Finance Co., Ltd.	2016
ISO27001	Yamato Transport Co., Ltd.	
	Headquarters	2015
	Haneda Chronogate	2017
	Atsugi District Branch	2017
	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.	
	Headquarters	2009
	Packaging Testing Center	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	2006
	Web billing service	2011
Registration of Information Security Auditing Firms	Yamato System Development Co., Ltd.	2004

Awards & Recognition

Year and month received	Awards, etc	Recognized by	Recipient
2016			
October	First to receive certification for an integration and streamlining plan under the Revised Act for Integration and Improvement of Physical Distribution	Ministry of Land, Infrastructure, Transport and Tourism	Yamato Transport Co., Ltd.
November	Recognized with an Award for Excellent Business Entities Working on Modal Shift at the 14th Excellent Business Entities Working on Modal Shift (New Business Development Category)	Japan Association for Logistics and Transport	Yamato Transport Co., Ltd.
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

(August 2017)

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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 in August 2017, his research on Project G conducted to date, as well as assessment of the Yamato Group Corporate Social Responsibility Report 2017*.

* The Yamato Group Corporate Social Responsibility Report 2017 covers the period of fiscal 2016 from April 2016 to March 2017, including information about activities before or after fiscal 2016. 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: Corporate Stance, Setting of Materiality, Contents of Implementation, System and Others" and "CSR Report: Objectivity and Ease of Understanding" as described in the Yamato Group Corporate Social Responsibility Report 2017 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 Stance, Setting of Materiality, Contents of Implementation, System and Others

<Areas of Excellence>

The title of the Message from the President in the Yamato Group Corporate Social Responsibility Report 2017 states “We are committed to being a company that continually creates new value for the world and for people,” which represents the belief that “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 (difficulties) based directly on customer feedback and their experience on the frontlines, and as a result the company itself fulfills its corporate social responsibilities as 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.

In this manner, the Yamato Group, which is set to celebrate its 100th anniversary in 2019, has created a number of innovative services, including TA-Q-BIN. It can be said that this is the result of the Yamato Group’s pursuit of creating shared value (CSV) in which the company creates economic and social value at the same time as resolving customers’ issues.

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 2017 explains that up to June 2017 a total of 1,971 projects have been considered, with 611 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 CSV. The number of these projects and services continues to increase with each passing year, as the number of projects as of June 2017 was 1971 and services totaled 611, compared with June 2016 when there were 1770 projects and 529 services, marking an increase of 201 projects and 82 services, respectively. 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 in April 2016, the lifestyle support service was launched with the collaboration of the Yamato Group, Urban Renaissance Agency and the City of Tama as a project focused on suburban 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.

Furthermore, in the Yamato Group Corporate Social Responsibility Report 2017, Feature Article 1 examines the collaborative model involving the combined passenger-cargo operations and its win-win relationship involving local residents, Miyazaki Kotsu and Yamato Transport in Miyazaki Prefecture. The article also explains how Cool TA-Q-BIN is being promoted since January 2017 as the next step based on experiences gained thus far. Additionally, Feature Article 2 explores the Yamato Group's total community support through eco-friendly and smart logistic services provided to Fujisawa Sustainable Smart Town, a smart city with progressive initiatives taking place throughout the community. The article also explains how the Yamato Group is working for improving livability by providing on-demand logistics services and promoting activities in the community. Through these efforts, the Yamato Group is implementing an urban business model that seeks to solve social issues in urban areas, including rising energy usage from concentrated populations. In this manner, the Yamato Group presents further challenges it addresses using its platform and based on its experience working collaboratively with various players. In addition to its existing watch-over support and lifestyle support (shopping support, etc.) for the elderly, combined passenger-cargo operations, disaster reconstruction assistance, tourism support, regional revitalization support, and international development support, among others, the Yamato Group is carrying out more in-depth efforts to address various social issues (difficulties), including sustainable frameworks for mountainous regions, collaborative business models for expanding the possibility of business expansion by regional players, lifestyle support in suburban areas, development of progressive business models, and expansion based on collaborative experiences.

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 noted on the cover of the 2017 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 (Updates and Issues)>

■ Update from the Third-Party Opinion for the Yamato Group Corporate Social Responsibility Report 2016 and Areas in Need of Future Improvement

I pointed out the following areas in need of future improvement within my third-party opinion for the Yamato Group Corporate Social Responsibility Report 2016.

- (1) Check the themes for CSR improvements and put these continual improvements into practice
- (2) Define approaches to CSR in tune with overseas expansion
- (3) Establish a mechanism and share information across the entire value chain that can more clearly verify how each and every employee, who forms part of the precept “We ‘all’ represent the company,” should be involved in CSR and CSV
- (4) Regarding Project G, make it easier for employees to engage in trial and error approaches to issues on the frontlines
- (5) Encourage greater mutual learning and interaction in putting Project G into practice nationwide

- (6) Regarding Project G, provide established models to other communities and establish a system for promoting and encouraging trial and error in each individual location
- (7) Regarding Project G, establish a system for designing and building mechanisms collaboratively that address specific systematic issues (evolve into a more collaborative style)
- (8) Regarding Project G, make it easier to grasp the overall picture of projects being implemented nationwide
- (9) Expand Project G using the collective strengths of the Yamato Group

I conducted interviews with relevant parties in August 2017 to monitor the progress of efforts regarding each of these areas in need of future improvement. Below, I will examine the progress of improvements based on these interviews and the contents of the Yamato Group Corporate Social Responsibility Report 2017.

(1) Check the themes for CSR improvements and put these continual improvements into practice

The Yamato Group is working to expand its delivery business, grow its non-delivery business and reinforce its overseas expansion. As a result, the social responsibilities expected of it have grown larger. For this reason, the Yamato Group clarifies 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, I pointed out “every year the Yamato Group is expected to check the themes for CSR improvements and putting them into practice” as an area in need of future improvement within the third-party opinion for the Yamato Group Corporate Social Responsibility Report 2016

In the Yamato Group Corporate Social Responsibility Report 2017, new pages were allocated in the highlights version (booklet) to the three areas of “safety,” “the environment” and “society,” where details of initiatives were explained clearly and commentary was provided on symbolic practices, as “Initiatives of Note in Fiscal 2016.” Also, in the full online report version (website), a section called “Results of Initiatives in Fiscal 2016” was established to provide more detailed commentary on the nature of initiatives as well as results and outcomes. In these sections, outcomes are illustrated using quantitative data as much as possible.

As a result of these improvements, it is now possible to examine the Yamato Group’s themes for CSR improvements along with responses and results, which is a change I commend.

Based on such improvements, I would like the Yamato Group to establish the habit of implementing the Plan, Do, Check, Action (PDCA) cycle in advance for themes for CSR improvements. These themes should be set in advance under a clear basis (in addition to reporting them after the fact in the report) and then openly shared using the corporate website or other means. Also, where possible, I would like a similar verification and information sharing to take place for the third-party opinion of the report, too.

(2) Define approaches to CSR in tune with international expansion

The Yamato Group is working to strengthen its overseas expansion. In my third-party opinion for the Yamato Group Corporate Social Responsibility Report 2016, I pointed out “define approaches to CSR in tune with international expansion” as an area in need of future improvement.

In the Yamato Group Corporate Social Responsibility Report 2017, a new page called “The Yamato Group’s Global CSR Activities” was added in the booklet version. The online edition enables searches and sharing of overseas initiatives on the newly established social contribution activity search page. As a result, the Yamato

Group, which continues to grow globally, now provides information about its CSR activities outside of Japan based on the local situation on the ground.

In the future, I would like the Yamato Group to determine the situation and work continually to share the latest information, with the idea of publishing more in-depth information about its global CSR activities on its website as well as enriching these CSR activities under certain hypotheses.

- (3) Establish a mechanism and share information 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**
- (4) Regarding Project G, make it easier for employees to engage in trial and error approaches to issues on the frontlines**
- (5) Encourage greater mutual learning and interaction in putting Project G into practice nationwide**
- (6) Regarding Project G, provide established models to other communities and establish a system for promoting and encouraging trial and error in each individual location**

During the interviews I conducted in August 2017, I was told that meetings to review CSR/CSV are held at each branch semi-annually. These meetings serve as a venue for participants to share and learn about each others' best practices, too. I also learned that the Yamato Group is aware of the issue that it needs to communicate more effectively internally when it comes to CSR. I would like to see the Yamato Group broaden the way it shares and articulates information. For example, it should use not only the booklet and online versions of this report, but also highly visible posters in the workplace and other means such as articles in its company newsletter to explain and familiarize people with how each and every employee, who represent the precept “We ‘all’ represent the company,” is involved in CSR/CSV so as to lead to detailed actions in the future.

With Project G taking place nationwide in Japan, it is becoming more important to promote mutual learning and mutual influence. Each individual project under Project G involves various forms of trial and error on the frontlines, which has led to a steady and continual evolution of efforts. Various forms of assistance are also being provided to further promote trial and error on the frontlines. In the future, so as to further promote mutual learning inside the Group, I expect these efforts to become more efficient by improving in-house communications with regard to issues directly faced during trial and error on the frontlines and sharing the details of actions taken to promote and support these efforts.

- (7) Regarding Project G, consider a system to support such collaboration to address specific issues (evolve into a more collaborative style)**

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 the main format across the Yamato Group through its trial and error approach on the frontlines. As a result, mechanisms are being established 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, requires in some cases a trial and error

approach through actual practice 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.

In the future, I would like Yamato Group to identify and publish issues related to the further promotion and penetration of Project G as well as the situation of improvements on a fiscal year basis.

(8) Regarding Project G, make it easier to grasp the overall picture of projects being implemented nationwide

As an area in need of future improvement in the Yamato Group Corporate Social Responsibility Report 2016, I pointed out that the booklet and website versions provide 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.

In the Yamato Group Corporate Social Responsibility Report 2017, the online version included more introductions of actual practices and updated information, resulting in improved content overall. Additionally, the Yamato Transport website offers more information on examples of its community solutions and initiatives, while links are also provided from the online version of the report. This indicates that a number of improvements have been made over the 2016 report.

(9) Expand Project G using the collective strengths of the Yamato Group

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.

■ Areas in Need of Future Improvement from the Yamato Group Corporate Social Responsibility Report 2017

Society expects more in the way of working style reform at the Yamato Group, given that it is a company that forms a critical aspect of social infrastructure.

In the Yamato Group Corporate Social Responsibility Report 2017, commentary is provided about working style reform in the Message from the President section and regular actions being taken, but there is no dedicated section for the topic. I imagine that there was a limit as to the details that could be provided about measures and actions being implemented given the timing of the publication, but working style reform is an important theme that requires attention. Therefore, together with implementing more effective working style reform, the Yamato Group should in the future provide more information on this topic within its online CSR report, updating information where possible.

As my third-party opinion, I have pointed out the following areas in need of future improvement. I would like the Yamato Group to examine these areas in the next fiscal year and beyond.

- (1) Further entrench the use of the Plan, Do, Check, Action (PDCA) cycle by establishing themes for CSR improvement in advance
- (2) Examine and share the third-party opinion
- (3) Strive to determine the situation and work continually to share the latest information, with the idea of publishing more in-depth information about its global CSR activities on its website as well as enriching these CSR activities under certain hypotheses.
- (4) Carry out internal communication on CSR more effectively. Broaden the way information is shared and articulated. For example, familiarize people with how each and every employee, who represent the precept “We ‘all’ represent the company,” is involved in CSR/CSV so as to lead to detailed actions in the future.
- (5) Regarding Project G, so as to further promote mutual learning inside the group, make efforts more efficient by improving in-house communications with regard to issues directly faced during trial and error on the frontlines and sharing the details of actions taken to promote and support these efforts.
- (6) Identify and publish issues related to the further promotion and penetration of Project G as well as the situation of improvements on a fiscal year basis
- (7) Expand Project G using the collective strengths of the Yamato Group
- (8) Together with implementing more effective working style reform, provide more information on this topic within its online CSR report

2. CSR Report: Objectivity and Ease of Understanding

<Areas of Excellence>

The Yamato Group Corporate Social Responsibility Report has been provided in an abridged highlights version (booklet) and a full online report version (website) since fiscal 2016. Currently, the booklet version is shortened, with more detailed and exhaustive commentary reserved for the online version, while current trends and data of note appear in the booklet 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 booklet version in paper form with comprehensive and exhaustive information 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, since fiscal 2016 the booklet version has been reduced in size to focus on and emphasize certain content, making it 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 continuously explore its future style and design of reporting based on how the report is actually utilized.

The booklet version for fiscal 2017 focuses on the areas of “safety,” “the environment” and “society” just like the fiscal 2016 version, but new introductory pages have been created for each section, special emphasis has been given to “Initiatives of Note in Fiscal 2016” and smaller sub-articles have been added in the “Topics”

area of these sections. In this manner, innovative changes have been made to focus on particularly noteworthy initiatives that took place in fiscal 2016.

Additionally, information regarding important initiatives for safety, the environment and society only appeared in the company's website in fiscal 2016, but this information was presented in the booklet version of the report in fiscal 2017. This conveys which areas the Yamato Group is focusing CSR efforts on in particular.

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 detailed content within each year's feature articles section.

The online version of the fiscal 2017 report now features search page for social contribution activities. Until now information has appeared categorized by "safety," "society" and "the environment," but the ability to search by activity theme, region, and company name now makes it possible to easily view the integrated details of activities being implemented by the Yamato Group. Going forward, I would like to see the Yamato Group make changes to the way it collect information so that it can add this information to its website as needed, given the fact that many initiatives are being implemented on its frontlines.

The special feature articles on the company's website provide additional content over the booklet version and also brief articles representing the voices of stakeholders and employees, which indicates efforts were made to convey more detailed information than before.

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

<Areas in Need of Future Improvement>

■ Update from the Third-Party Opinion for the Yamato Group Corporate Social Responsibility Report 2016 and Areas in Need of Future Improvement

In my third-party opinion for the Yamato Group Yamato Group Corporate Social Responsibility Report 2016, I pointed out the following as areas in need of future improvement.

- (1) Provide relative data and make it easier to detail annual changes in numerical benchmarks and indicate the direction and challenges based on such
- (2) Indicate advancements in domains where definitions and quantification of results is difficult
- (3) Examine relationships with the latest trends in ESG (environment, society, governance) and impact investments
- (4) Use the website to provide a greater sense of how the Yamato Group's CSR is continually in flux
- (5) Elaborate each year on the improvement themes for approaches to CSR reporting

I conducted interviews with relevant parties in August 2017 to monitor the progress of efforts regarding each of these areas in need of future improvement. Below, I will examine the progress of improvements based on these interviews and the contents of the Yamato Group Corporate Social Responsibility Report 2017.

(1) Provide relative data and make it easier to detail annual changes in numerical benchmarks and indicate the direction and challenges based on such

(2) Indicate advancements in domains where definitions and quantification of results is difficult

Overall, I commend the fact that explanations use data, but in my third-party opinion for the Yamato Group Corporate Social Responsibility Report 2016, I pointed out “Provide relative data and make it easier to detail annual changes and indicate the direction and challenges based on such” as an area in need of improvement. 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 shows 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, I pointed out Yamato Holdings needs to supplement 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).

In the Yamato Group Corporate Social Responsibility Report 2017, efforts were made particularly on the company’s website to present numerical data and disclose information that was identified, which included providing more information about annual changes and using graphs to explain the overall situation of the Yamato Group in the fields such as the environment. I would like the Yamato Group to continue identifying annual changes and providing more detailed numerical benchmarks going forward. However, for some domains it may be difficult to provide numerical data due to technological and cost reasons, while for other domains it may be challenging to define and quantify results. In such cases, I still would like Yamato Holdings to carefully supplement explanations about the benefits provided to society and to detail annual changes or gaps so as to indicate advancements.

(3) Examine relationships with the latest trends in ESG (environment, society, governance) and impact investments

I pointed out “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 an area in need of improvement in my third-party opinion for the Yamato Group Corporate Social Responsibility Report 2016.

In regards to this area, while it has made progress with adding articles and disclosing numerical data, I still would like to see the Yamato Group continue to examine this area going forward.

(4) Use the website to provide a greater sense of how the Yamato Group’s CSR is continually in flux

Online information can be revised and distributed quite easily. As an area in need of improvement in my third-party opinion for the Yamato Group Corporate Social Responsibility Report 2016, I pointed out that “the 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.”

In the Yamato Group Corporate Social Responsibility Report 2017, the Yamato Group has enabled more multifaceted sharing of information by establishing a search page for social contribution activities. Going forward, I would like the Yamato Group to utilize this mechanism to continuously disseminate information.

(5) Elaborate each year on the improvement themes for approaches to CSR reporting

Approaches to CSR reporting can be improved in a sustained manner every year, and therefore, I would like Yamato Holdings to continue to share more detailed information on its annual improvements and updates going forward to show what policies are used to make these annual improvements.

■ Areas in Need of Future Improvement from the Yamato Group Corporate Social Responsibility Report 2017

By indicating its approach and relationship with the Sustainable Development Goals (SDGs), the Yamato Group could be able to promote collaboration with various other players more easily, including at a global level. Toward this end, I would like the Yamato Group to consider how it will approach the SDGs.

The Yamato Group should update as necessary its website whenever there is updatable content given its relationship with the establishment of the medium-term management plan and other matters.

As my third-party opinion, I have pointed out the following as areas in need of future improvement. I look forward to the Yamato Group examining these areas in next fiscal year and beyond.

- (1) Use more numerical benchmarks, ascertain annual changes, and indicate advancements in domains where definitions and quantification of results is difficult
- (2) Examine relationships with the latest trends in ESG (environment, society, governance) and impact investments
- (3) Use the activity search page to continuously share information and provide a greater sense of how the Yamato Group's CSR is continually in flux
- (4) Elaborate and share each year on the improvement themes for approaches to CSR reporting
- (5) Indicate approach to and relationship with the Sustainable Development Goals (SDGs)
- (6) Update as necessary its website whenever there is updatable content given its relationship with the establishment of the medium-term management plan and other matters.

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.

The booklet version of this year's CSR report focuses on specific initiatives from fiscal 2016 in the areas of safety, the environment, and society, while the online version features the new addition of a search page for activities to make it easier to search through the CSR activities of the group, so as to foster greater understanding among stakeholders about the Yamato Group's CSR activities.

The initiatives introduced in both represent the outcome of Yamato Group employees' thinking about what they can do to make a difference for customers in the communities they serve. I am honored to hear Mr. Tamamura commend us for making greater progress in the resolution of various social issues through these initiatives.

Working style reform represents a top priority of management because we are committed to our people and providing a workplace with a sense of motivation and pride. I would like to report on those initiatives we could not present in this year's CSR report using the CSR news section of the Yamato Holdings website and other means.

Additionally, recent there has been a rallying cry for the realization of sustainability. For example, there is rapidly growing awareness in Japan, too, about the need to achieve the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015 and to be mindful of ESG investments. The Yamato Group will actively disclose information in these areas, effectively summarize disclosed information, and figure out innovative ways to communicate it to stakeholders in a consistent manner.

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 answer 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 2016 (April 2016 - March 2017)

Performance data is as of the end of March 2017, unless noted otherwise. (Some information from before the target fiscal year and after April 2017 is included in reporting on activities.)

Scope of report

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

Publication

October 2017 (scheduled next publication: October 2018)

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.