

Yamato Group Corporate Social Responsibility Report 2013

COMPANY PROFILE



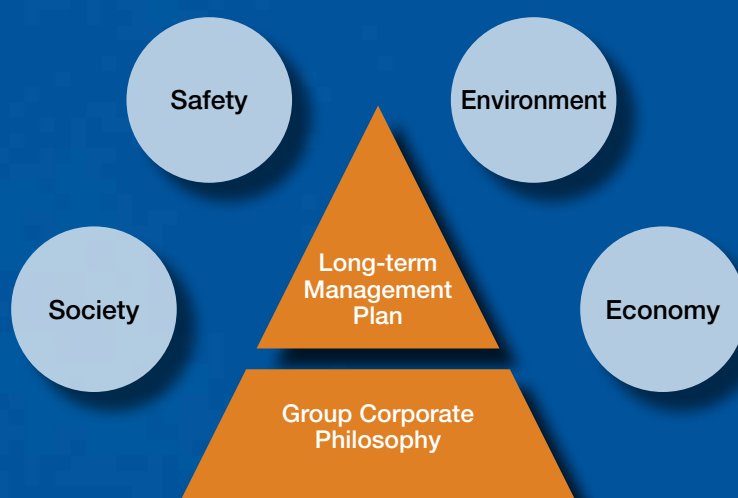
Yamato Holdings Co., Ltd.

CSR Perspectives of the Yamato Group

The Yamato Group conducts Corporate Social Responsibility (CSR) activities from the four perspectives of Safety, Environment, Society and Economy, in conformity with Yamato Group Corporate Philosophy.

The “DAN-TOTSU Management Plan 2019”, which is a long-term management plan launched in April 2011, lays out a policy of “strengthen governance and promote CSR” as one of its three basic strategies.

The Yamato Group believes that the continual process of building sound corporate culture will make a positive contribution to the promotion of business activities in accordance with the law and social norms, and will enable the sustained growth of the overall group. To that end, we are making concerted efforts to promote CSR.



CONTENTS

CSR Perspectives of the Yamato Group	01
Group Corporate Philosophy	02
Top message	03
Topics 2012	05
Feature article We were, we are and we are going to	07
Interview: The idea of “for the benefit of the world and of society” creates a business	07
Aiming for regional revitalization through shopping assistance and watch-over services	09
Provide support for stores facing procurement difficulties, and help shopping-disadvantaged people	11
Delivery of seasonal products from various areas in Japan to Asian countries via the Okinawa International Logistics Hub	12
Economy	
01 Corporate overview of the Yamato Group	13
Safety	
01 “See-T Navi” is a system that supports safe and earth-friendly driving. Use of the system is promoted by the motivation and innovation of the staff of each “TA-Q-BIN” Center.	15
02 Any vehicle must be restored to a “completely safe” condition before it is released from the maintenance plant. We keep this in mind when performing maintenance work.	17

Environment	
01 “Necology(ネコロジー)” means ecological activities conducted by Kuroneko Yamato. This is the key word for environmental conservation activities promoted by the Yamato Group.	19
02 “Necology(ネコロジー)” in Ehime” promoted collectively by all employees. Energy-saving measures by encouraging electricity-saving and eco-driving	21
Society	
01 We want to bring real good music to all people regardless of age or region. Interview : Norichika Iimori	23
02 The used goods traveling sale started as part of reconstruction support for the areas affected by the Great East Japan Earthquake. The activities have now been expanded to all over Japan.	25
Donation of 10 yen per TA-Q-BIN Parcel Delivered Report on the Financial Support Program for the “Great East Japan Earthquake Living and Industrial Base Reconstruction and Recovery Fund”	27
Foundation of CSR management	31
Third-party opinion	33
Title list of articles included in the web version of “Yamato Group CSR Report”	34

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.

Structural Diagram of the Group Corporate Philosophy



Corporate Stance

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

Employee Code of Conduct

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

Editorial policy

This report aims to deepen the understanding of each stakeholder (e.g. customers, employees, partners, local people and shareholders) listed in the Group Corporate Philosophy about the Yamato Group's attitude and efforts toward CSR (Corporate Social Responsibility).

It is designed for a wide variety of readers, and we focus on making it readable and understandable.

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

Corporate Website of Yamato Holdings Co., Ltd. [CSR Activities]

WEB <http://www.yamato-hd.co.jp/csr/>

[Target period]

FY 2012 (from April 2012 to March 2013)

Performance data are as of the end of March 2013. If this is not the case, a description is given.

(The activity report mentions some activities conducted before the target year and after April 2013).

[Scope]

Activities related to environmental conservation, highly-social activities and economic activities, which are conducted by each company of the Yamato Group (See pages 13-14.)

[Reference indicators]

"Sustainability Reporting Guideline 2006" by GRI

"Environmental Reporting Guidelines (Fiscal Year 2012 Version)" by the Ministry of the Environment

[Information disclosure]

Detailed information about finance and investor relations is disclosed in an annual report (issued once a year) and a business report (issued twice a year).

WEB <http://www.yamato-hd.co.jp/investors/>

[Third opinion]

In order to ensure better objectivity and reliability of this report and the content on the corporate website, we have sought a third opinion.

[Publication]

August 2013 (scheduled next publication: August 2014)

Top message

The Yamato Group has made efforts to create new values in cooperation with society, and will continue these efforts.

Awareness of our company's role in providing social infrastructure

The year 2013 is the 38th anniversary since Yamato Group launched the TA-Q-BIN business, and the year 2019 will mark the 100th anniversary of its founding. At present, it is normal for us Japanese to use TA-Q-BIN, delivery services, in our daily life. We believe that customers use our service as part of the social infrastructure, just like electricity, water and gas. In recent years, we often hear about “CSV (Creating Shared Value) which was proposed by Michael Porter, a professor of Harvard University, a new concept of an ideal corporate attitude that is considered more appropriate than CSR (Corporate Social Responsibility). The concept is that “a corporation should try to find a common value together with local communities, and to realize it through their core business.” Applying this concept to our own business, it can be said that we have found a common value through our delivery service, and have created a new culture together with local communities. Behind the creation of the new culture lies the fact that each of our employees fully understands our corporate philosophy, “for the benefit of the world and of society”, which has been passed down since our company was founded, and which is manifested in their behavior (Please see pages 7-8).

Today, changes in social structure due to the aging society, regional depopulation and declining population are a major issue. Our company is working on this issue with the national and local governments. For example, in cooperation with the commerce and industry association in Ootoy Town, Kochi Prefecture, which is a so-called “marginal village” where a majority of the population

is aged 65 or older, we are making efforts to facilitate regional revitalization through shopping assistance using local stores and watch-over services for the elderly (Please see pages 9-10). We call such efforts “Project G (Government)”, and are promoting them in various parts of the country.

“Value - Networking” Design

The Yamato Group has formulated “Value - Networking” Design that can be a new infrastructure supporting the economic growth strategy in Japan. To realize it, we need to evolve logistics into a “means of creating added-value” by renovating domestic and foreign networks, and to advance “logistics reform” regardless of the type of business and business scale of customers. As the first step, we started 24-hour customs clearance operations in 2012 as part of the Okinawa International Logistics Hub, and also started to offer next-day delivery for International TA-Q-BIN. In addition, a progressive approach to deliver local specialties produced in various areas in Japan from Okinawa to customers in Asian countries has already been taken (please see page 12).

In August 2013, a large-scale logistics terminal, “Atsugi Gateway”, opened in Atsugi City for the purpose of realizing same-day delivery within the Tokyo, Nagoya and Osaka regions. “Haneda Chronogate”, one of the largest comprehensive logistics terminals in Japan which can be a transportation node between Japan and foreign countries, will be completed in September 2013. We strive to drastically improve all three elements of logistics, i.e. speed, cost and quality, by integrating the very speedy services offered by the above facilities, our own information technology (IT), logistics technology



President
Yamato Holdings Co., Ltd.

M. Higawa

(LT) and financial technology (FT), and a last-one-mile network in Japan and Asia.

To that end, we will propose the best logistics reform for customers not by allowing each group company to offer services separately, but by integrating their functions. For example, we undertake all processes in Internet sales of a major wholesale company, from the creation of a website to delivery, so as to help the company explore new business opportunities all over the country. In particular, a wider selection of products in stores located in remote islands or depopulated areas, where store owners had difficulty purchasing stocks, has contributed to solving the social issue of support for shopping refugees in such areas (please see page 11).

As a member of society

The Yamato Group conducts CSR activities based on the ten precepts of corporate stance listed in our corporate philosophy, including “respect for life”, “promoting environmental conservation” and “a corporation trusted by the local community”. Above all, all members of the group are working to ensure “safety” with faith as a corporate group that operates a transport business and owns 50,000 or more vehicles. Specifically, we place top priority on securing local residents’ safety and security, and make efforts to prevent traffic and industrial accidents (please see pages 15-18).

With regard to “environment”, we call environmental

conservation activities conducted by the Yamato Group as a whole “Necology” and try to establish an environmentally-friendly logistics system in which logistics operations, such as packaging, transportation and delivery, as well as any other kind of business operation, will be improved from an ecological perspective. In collaboration with regions which have a world heritage-listed site and local governments which are making serious efforts to resolve environmental issues, including those selected as future cities under the Future City Initiative, we have introduced electric cars. We are also deploying new techniques in various part of the country, including parcel collection and delivery without using vehicles and joint projects with local high school students (please see pages 19-22).

The Yamato Group will strive to further increase our “corporate value” through local community-based activities. We believe that our corporate value reflects not only financial evaluation based on business profits, etc., but also a comprehensive evaluation based on satisfaction of customers, shareholders, societies, and employees. We also believe that our concerted efforts to increase our corporate value, including CSR activities, will contribute to the group’s continued growth and sustainability. The Yamato Group will make further efforts to become “a company most loved and trusted by society” towards the year 2019 when the group will celebrate its 100th anniversary. Your continued support will be greatly appreciated.

Topics 2012

Yamato Group's activities in FY 2012

June 2012



First "Children's Traffic Safety Workshop" held overseas

—The "Children's Traffic Safety Workshop" is supposed to be held in all places where TA-Q-BIN services are provided.

The "Children's Traffic Safety Workshop" was launched by Yamato Transport Co., Ltd. in 1998 in the hope of protecting children from traffic accidents. In Japan, over 2,100,000 children in total have participated in the workshop so far.

In June 2012, the "Children's Traffic Safety Workshop" was first held in China. In November of the same year, the workshop was also held in two Japanese kindergartens in Shanghai jointly by Yamato (China) Transport Co., Ltd. and Yamato International Logistics Co., Ltd. In the workshop, 150 children participated in the programs to learn "how to cross at the crosswalk", "what dangers lie under the car", "car blind spots" and other issues, and many of them raised their hands actively in the question-and-answer session. The "Children's Traffic Safety Workshop", which has become well-established in local communities in Japan, will also be held in foreign countries.

November



New "Building and Town Management Promotion Office"

—Support for "town development" combining logistics within the facility and within the area

An increasing number of large-scale commercial complexes have been established in Japan, and as a result, there is an increasing demand for measures to improve logistics efficiency within the facility, to reduce the burden on the surrounding environment, and to maintain security. Up to now, Yamato Transport Co., Ltd. has offered services to improve convenience and comfort for facility users through logistics delivery within the facility, and at the same time, the company has realized the reduction of carbon dioxide emissions and has ensured regional safety by reducing the number of delivery vehicles. In November 2012, the "Building and Town Management Promotion Office" was created at the head office. The aim is to establish a "logistics system within the facility or area" that realizes consolidated delivery in the facility, and a "building and town management service" integrated with town development, which is not limited to pickup and delivery within the facility.

August



"Intelligent Contact Center" established in cooperation with Tottori Prefecture and Tottori City

—Contribution to promotion of local employment and local revitalization

Tottori Prefecture and Tottori City were passionate to attract companies to the region and had created excellent subsidy programs in order to facilitate local industrial development, employment development, and revitalization, while Yamato Contact Service Co., Ltd. and Yamato Transport Co., Ltd. had tried to enhance and consolidate their call centers by securing qualified human resources. It was found that both parties had the same goal, and they established the "Intelligent Contact Center" in Tottori City in August 2012 (Photo: agreement signing ceremony held in May).

The center promotes local employment, collectively accepts telephone inquiries to Yamato Transport Co., Ltd. from five prefectures in the Chugoku District, and runs telemarketing operations, including management of a call center that takes care of transmission and reception of messages, and clerical work on behalf of client companies.

January 2013



Provision of a new service that integrates "Kuroneko Yamato Official Application" and "Neko Pit"

—More convenient "Neko Pit" becomes available in the tablet version.

In January 2013, Yamato Transport Co., Ltd. added the function of reservation for issuing a shipping label to the "Easy Label Issuing Service" of "Kuroneko Yamato Official Application", an i-phone application that is presently available, and started a service to print a reserved shipping label from a store terminal "Neko Pit" installed in each "TA-Q-BIN" Center, etc. "Neko Pit" terminals, which have been available only in a desktop version, become available in a tablet version so that customers can use them more easily. A "handwriting input" function was also added so as to enable them to prepare a shipping label as if they are filling out a paper shipping label.

November



Start of the earliest next-day delivery of "International TA-Q-BIN" to the overseas regions connected by the TA-Q-BIN network

—Significant reduction of lead time by use of the Okinawa International Logistics Hub

Yamato Holdings Co., Ltd., Yamato Transport Co., Ltd., and Okinawa Yamato Transport Co., Ltd. launched a next-day delivery of "International TA-Q-BIN" to the Asian region on November 15, 2012. The use of the Okinawa International Logistics Hub in which we can conduct 24-hour customs clearance operations enabled speedy delivery to the Asian region. We started with a delivery of document packs. The rates remain unchanged and the number of days required for delivery, which was three or four, has been reduced significantly. Furthermore, the parcels are delivered to the destination by a Sales Driver maintaining as high a delivery quality as in Japan. We will strive to bring together all the companies of the Yamato Group to establish the "Asian door-to-door integrated delivery platform" that our group aims for.

* Photo taken when the presidents of the above three companies visited the Okinawa Prefectural Office to meet Mr. Hirokazu Nakaima, Governor of Okinawa Prefecture (second right), on June 4, 2012

March



Start of demonstration operation of electric light trucks

—Intended to improve collection and delivery efficiency, and reducing CO₂ emissions

Yamato Transport Co., Ltd. aims to reduce CO₂ emissions under the three principles for reducing CO₂ emissions in transportation, i.e., "Avoid using", "Choose an eco-friendly vehicle", and "Ways of using vehicles", and is working to realize more efficient collection and delivery services. In March 2013, we started demonstration operation of electric trucks used for delivery services in collaboration with Toyota Motor Corporation and Hino Motors, Ltd. Vehicles used for demonstration operation are environmentally-friendly, emission-free and low-noise trucks whose drive system and refrigerator-freezer are battery-powered. Demonstration operation will continue for about one year to verify adaptability and practical application to collection and delivery services.

Recognition from Outside the Company

2012

June Received the Special Award for Physical Distribution of the 13th Environmental Grand Prize for Physical Distribution
"Use of Streetcars for Low-carbon Parcel Transportation"
[Yamato Transport Co., Ltd. and Keifuku Electric Railroad Co., Ltd.]
Organized by: Japan Federation of Freight Industries



August Selected as the top winner of the 2nd Social Innovator Koshien
"Striving toward Integration among Local Communities, Government, and Private Sectors-Magokoro TA-Q-BIN"
(Distinctive regional efforts combining shopping assistance and watch-over, which have been made in some towns in Iwate Prefecture, including Nishiwaga and Otsuchi)
[Mayumi Matsumoto, Manager, Business Development, Iwate District Branch, Yamato Transport Co., Ltd.]
Administrative office: ISL Center for Social Innovation

*Social Innovator Koshien: A competition-style presentation intended to find, foster and support such entities as venture companies and NPOs, which are working for resolution of various social problems. Seven out of sixteen nationwide entrants will advance to the finals to make a presentation, and one top winner (to receive the highest award) will be selected.

December Received the 2012 Environment Minister's Award for Global Warming Prevention Activity in the category of implementation of countermeasures
"Promotion of Environment Conservation Activity with Necology as the Key Word"
[Yamato Transport Co., Ltd.]
Sponsored by: Ministry of the Environment

2013

January Ranked third in the distribution industry of the 16th Environmental Management Survey
[Yamato Holdings Co., Ltd.]
Organized by: Nikkei Inc.

*Environmental Management Survey: Aims to compile a ranking of companies by evaluating how they achieve a good balance between environmental measures and improvement in operational efficiency, with regard to survey items such as environmental management promotion system, countermeasures against global warming, and resource recycling.

March Received the 2013 Key Firm of Integrity Award for Excellence
[Yamato Holdings Co., Ltd.]

Reason:

- The company is working for participation of all employees in management under the basic spirit of the company precepts "We 'all' represent the company".
- The company is making efforts for regional revitalization and support of the elderly through cooperation with governments, local residents and regional corporations utilizing management resources, including business locations in the country, Sales Drivers, company employees, and information networks.
- Voluntary support activities in which company employees have been engaged since the Great East Japan Earthquake are highly valued.

Organized by: Council for Key Firm of Integrity Awards

Co-sponsored by: Japan Corporate Governance Network, and Integrex Inc.

*Key Firm of Integrity Award: For this award, excellent companies are selected based on a survey on corporate social responsibility (CSR), corporate ethics, compliance, internal control, etc.



The idea of “for the benefit of the world and of society” creates a business

——CSV efforts by the Yamato Group

It is now being proposed that companies should try to create value which can be shared with society, which is a new concept called CSV (Creating Shared Value). The employees of the Yamato Group believe that the TA-Q-BIN service as our core business has created new values with our customers, and fully reflects the CSV concept. Therefore, we will talk about the history and the future of CSV efforts, “for the benefit of the world and of society”, by the Yamato Group.

Senior Manager in charge of the 100th Anniversary
Memorial Project
Yamato Holdings Co., Ltd.

Miki Shiratori



Manager, Division of Business Strategy
Yamato Transport Co., Ltd.

Yoshihiro Hikichi



The idea, “for the benefit of the world and of society”, will continue to flow like underground water.

Past

“TA-Q-BIN” service created with customers

—Speaking of the history of the Yamato Group, I hear that you are in charge of the 100th Anniversary Memorial Project, Mrs. Shiratori?

Shiratori: Yes. I prepared a chronological table taking a look back at the company history, and am now gathering historical records. The chronological table reveals what has been flowing through the company without any change like underground water even though times have changed.

—What exactly is it?

Shiratori: The purpose of a company is to generate profits, as a matter of course. But our company has maintained the spirit of “making customers’ lives more convenient” and “making customers happy” based on the underlying idea, “for the benefit of the world and of society”, which has led to the creation of new businesses. This spirit has never changed since the company was founded. It is also embodied in the three company precepts established by the founder, Yasuomi Ogura, in 1931. The first precept “We ‘all’ represent the company” comes readily to our mind, but the precept that better represents the spirit is the second one ...

Hikichi: “We deliver with a personal touch”.

Shiratori: That’s it. We should deliver a parcel with the sender’s cordiality. It is our company’s basic philosophy, which have been passed down from generation to generation in our DNA.

—You mean such a thought has led to the creation of new services?

Hikichi: Something always happens in the course of actual delivery services, and Sales Drivers (SDs)

need to have hundreds of millions of dialogues with customers. Such dialogues will give SDs many clues as to how to make customers happy. Those clues will be steadily embodied at the initiative of the field site under the motto, everybody is involved in management. I think that this service-creation process, which can be expanded smoothly everywhere in the country, is the reason why we have been able to create new services and values with customers. I mean the process exactly reflected the concept of CSV.

Shiratori: We have developed our TA-Q-BIN service by identifying customer needs. For example, when an SD saw producers send their vaunt agricultural and marine products using ice and Styrofoam boxes so that they could be delivered to customers still retaining their freshness, the SD thought “cold goods should be kept refrigerated during delivery to maintain their freshness and taste”. This led to the development of the Cool TA-Q-BIN service.

Hikichi: Customers’ deeds and words for SDs served as a trigger to create some other services, such as Time Zone Delivery Service and Ski TA-Q-BIN.

Shiratori: Indeed, answers lie in the field. It may be said that this corporate culture created with customers is unique to the Yamato Group, which has always offered community-based services as close to customers as possible.

Present

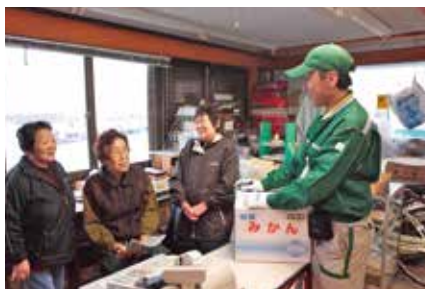
The Yamato Group works together with local communities.

—Is the process still going on?

Hikichi: Yes, the Yamato Group is now working on “lifetime lifestyle support platforms” as one of three strategic pillars. At present, changes in social structure due to the aging



A walk-in truck and an SD when the Cool TA-Q-BIN service started



An SD enjoying a conversation with local customers

Hundreds of millions of dialogues with customers give us clues about our services.

society, regional depopulation, etc., are a major issue. Under such circumstances, SDs, who consist mainly of home-grown workers, observe how their towns are changing and think what they can do about it. They try to offer additional services that will help the community based on the TA-Q-BIN service.

Shiratori: In some regions, there had been a shopping assistance service for residents in depopulated areas and the elderly as a service provided independently by each region. But it was difficult to establish a system to continuously provide such a service.

—What accelerated the approach to establish a system?

Hikichi: Local revitalization in cooperation with local authorities was placed in the 2011 medium-term management plan as one of the basic strategies. The approach was scaled up by consolidating the projects in each region and sharing them throughout the country. Now, there are about 200 projects, including those whose plans have just been proposed, and it is expected that there will be more projects.

—It seems that Ootoyo Town in Kochi Prefecture mentioned in the feature article is one of the representative cases.

Hikichi: The project implemented in the town is to offer shopping assistance and watch-over services for the elderly in a “marginal village” where one out of two residents is aged 65 or older. It is also focused on activation of local stores in cooperation with the commerce and industry association, which is innovative. It can be a model case of local revitalization.

—What are the future issues?

Hikichi: The strength of the Yamato Group is the capacity to procure any kinds of resources through information technology (IT), logistics technology (LT) and financial technology (FT). However, it is not our intention to take the place of

local industries which had already existed. We intend to create a platform and to make a proposal to work with local people. After they decide to join the platform, we will discuss how each of us should make profits. This is our goal and task.

Shiratori: It is a service that can be provided only by a company close to customers. I expect it will be expanded further in various forms.

Future

Continuing to create new values

—What kind of future efforts are you planning?

Hikichi: First, we will try to enhance the convenience of customers by upgrading networks. I think that the key to success in domestic networks is to devise ways of offering a same-day delivery service as absolute value while pursuing higher quality. If we could realize such a same-day delivery service, a revolutionary change will occur in the Japanese logistics industry.

—How about overseas operations?

Hikichi: I expect that the trend of sending fresh specialty products from various regions in Japan to foreign countries will be accelerated through use of the Okinawa International Logistics Hub. This is because producers always have the desire to let consumers enjoy good products in fresh condition to gain a high reputation. We would like to help such producers to open up a new market.

Shiratori: As a company, we would like to continue our efforts to contribute to the growth of the society in Japan.

—What is your outlook for the Yamato Group's CSV activities?

Hikichi: As mentioned in our talks about the past, present and future of our activities, our company has created new values and culture by picking up on clues from customers. We will continue to respond to local



customer needs at home and abroad without stopping this trend.

Shiratori: One keyword highlighted in the 100th anniversary project is “to deliver”. The greatest strength of the Yamato Group is to offer a delivery service in the last-one-mile network. Even if the world changed significantly, we would never lose contact with customers by delivering parcels. Therefore, it is expected that the Yamato Group will be able to continue its CSV activities if all responsible employees perform their work with a conscious awareness of management.



"I had been afraid of becoming unable to go shopping because I had problems with my knees and lower back, but it was reassuring when this service started," said Ms. Fujiko Nishimura living in the Higashidoi District.

Aiming for regional revitalization through shopping assistance and watch-over services

The "Lifetime lifestyle support service" by Yamato Transport Co., Ltd. started in Otoyo Town, Kochi Prefecture

Yamato Transport Co., Ltd. is promoting the "Lifetime lifestyle support service" in many parts of the country. Sales Drivers who have been rooted firmly in local communities think and act for themselves with the idea of what is needed to energize their own town and people. Otoyo Town is a depopulated area with a population of about 5,000 people, where one out of two residents is aged 65 or older. Revitalization of local stores in cooperation with the commerce and industry association was added to the service from a new viewpoint.

"TA-Q-BIN" Center is established in the town, and reliable Sales Drivers deliver goods.

Otoyo Town in Nagaoka County, Kochi Prefecture is located in the center of the Shikoku Mountains. A delivery truck

goes up a steep slope in the mountain area. The truck is used for "Otoyo Delivery Service" which launched in November 2012 to offer shopping assistance and watch-over services for the elderly.

Otoyo Town, surrounded by a rich natural environment, is affected by rural depopulation and an aging society, and is now the only marginal village in Shikoku, where a majority of the population is aged 65 or older. In consequence, the number of "shopping disadvantaged" who have difficulty purchasing daily necessities, including the elderly, has increased rapidly. Some people living in an area with no store spend over 2,000 yen for a taxi to the center of town in order to make a bulk purchase. Under such circumstances, Yamato Transport Co., Ltd. was approached about joining a project.

"First, we received an inquiry from a store as to 'whether we could offer a service to deliver goods purchased by the elderly to their home'. Soon after that, we received a request for proposal from the local commerce and industry association on a new service of shopping assistance and watch-over services for the elderly," said Harutaka Tanibuchi, Manager, Business

Development, Kochi District Branch, Yamato Transport Co., Ltd.

The association was also talking to some other companies about the request, but finally chose Yamato Transport Co., Ltd.

"Yamato Transport was the only company that could respond to a wide range of our requests, including 'use local stores instead of big supermarkets outside the town', 'deliver goods from a sales office in the town within the day' and 'appoint reliable delivery staff who can get acquainted with residents'," said Takahiro Ito, Management Consultant of the Otoyo Town Commerce and Industry Association.

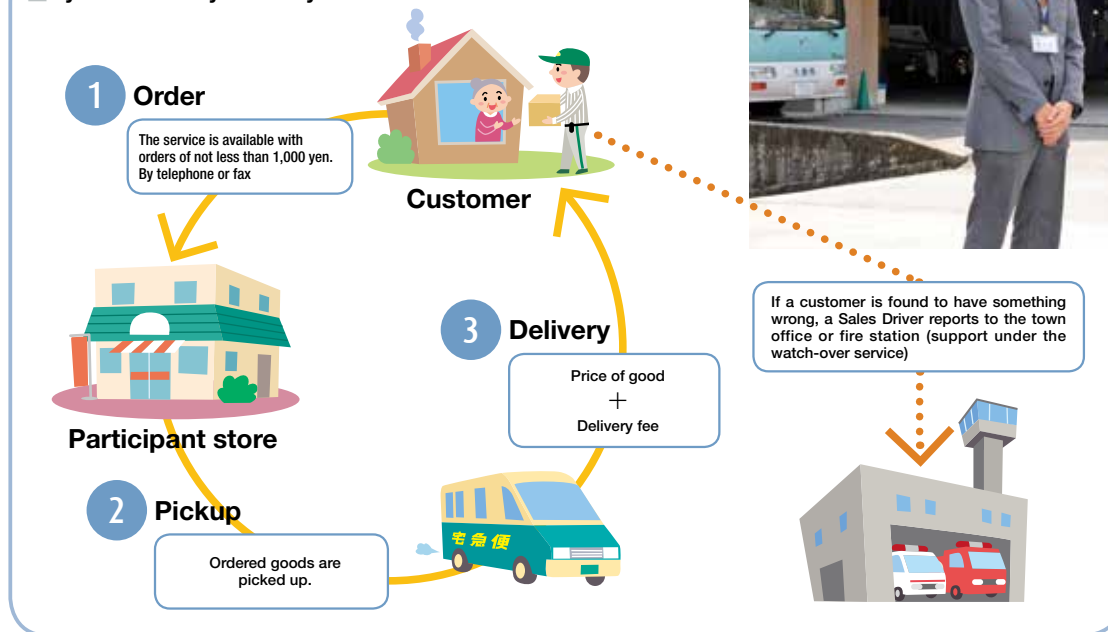
The "Otoyo Delivery Service" is geared toward all town people. When a customer places an order by telephone or fax with any of 11 stores in town (as of June 2013) which participate in the project, the ordered goods will be delivered to the customer's home by Yamato Transport Co., Ltd. The service is available with orders of not less than 1,000 yen, and when an order is placed by 11:00 a.m., ordered goods can be delivered within the day. Delivery fees are partly subsidized by Kochi Prefecture so as to reduce the burden of customers as much as possible,

Manager,
Business Development
Kochi District Branch
Yamato Transport Co., Ltd.

Harutaka Tanibuchi



■ System for "Otoyo Delivery Service"



and enable them to use the service comfortably. When a Sales Driver (SD) delivers goods to the house of an elderly customer, the SD is supposed to check his/her physical condition and report to the town office or fire station when finding something wrong with him/her.

"Ten out of twelve SDs at the Reihoku Center that I supervise are local residents in Otoyo Town. They have become acquainted with many customers, and watch over them empathically and attentively," said Manager Tanibuchi.

Think about how to deal with a problem on a case-by-case basis

"Yamato Transport is now committed to offering the Lifetime lifestyle support service throughout the country. The characteristics of the project in Otoyo Town are that an official partnership has been formed between three parties, i.e., the town office, the commerce and industry association, and Yamato Transport, and that the major goal is to promote regional revitalization using local stores."

Mr. Jun Okamoto who runs "Friend Store Okamoto", a participant store, explained to us with a smile while preparing a delivery of ordered goods, as follows.

"My store had once served as a kind of convenience store in the region and had also delivered goods to 150 households. Recently, I've got older and found it difficult to deliver goods, and I was thinking about closing the store. But at least one store should remain in each community to support local people's daily lives. So, I was really relieved to know that this service had started. I am glad that my customers seem to be satisfied."

Not many stores have participated in Otoyo Delivery Service yet because there are lots of things that stores have to do, such as acceptance of orders, picking out ordered goods, and packing, the number of participating stores is still small. Nevertheless, participant store owners are highly motivated in the belief that they can help revitalize their home town. Manager Tanibuchi who was born and raised in Kochi Prefecture also shows his passion for the project in

the hope that his home town will remain lively forever.

"Our customers and participant stores often tell me that Yamato Transport started a good service, and how much they appreciate the service. I am so glad that Yamato Transport is of some help to my home town. There may be many other areas affected by rural depopulation and an aging society. Therefore, we would like to further improve this delivery service and disseminate it all over the country as the 'Otoyo Town Model'."

Six months have passed since the project started, and the number of users has increased to about 100. Meanwhile, we have received new requests, such as "I want to see goods with my own eyes before making a decision whether or not to buy them."

"We have solved the immediate problem at the very beginning. I assume that some more problems may come along, so I will try to think carefully what we can do to solve them as they arise."

I hope that the people will rely on the Yamato Group like their immediate family with whom they can discuss anything when they are in trouble."



"Friend Store Okamoto", a grocery store which has been operating since 1926. The store owner and SD enjoy conversations every day.



The Commerce and Industry Association made a banner as an advertising campaign for the Delivery Service. When delivering goods to the house of an elderly customer, an SD is supposed to check the customer's physical condition and fill out a "Customer Check Sheet" (photo on the right).



Provide support for stores facing procurement difficulties, and help shopping -disadvantaged people

Online wholesale service for small-sized retailers realized by cooperation between all Yamato Group companies

For a major food wholesale company seeking an online sales outlet, the Yamato Group launched an all-out effort to build a system consisting of a set of processes, including creation of a website, inventory control, delivery, and settlement. The "Tonya Kokubu Online Wholesaling" is striving to meet the needs of small-sized retailers, and has about 10,000 members as of March 2013.

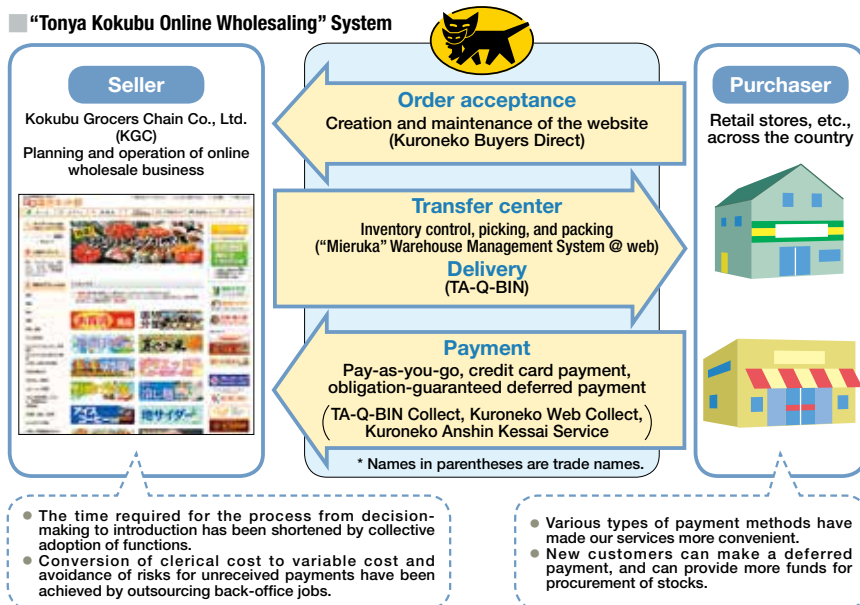
Release sellers from worry

Kokubu Grocers Chain Co., Ltd., a 100%-owned subsidiary of a major food wholesaler Kokubu & Co., Ltd., planned a business for "online wholesale", with the aim of entering into a business relationship with small-sized retailers, which had been difficult to establish in the past, and eliminating "shopping-disadvantaged people." At first, we were offered a chance to handle logistics only. However, it was found that the Kokubu Group and the Yamato Group had a common objective of eliminating "shopping disadvantaged people," and we decided to establish a joint system to offer the "Tonya Kokubu Online Wholesaling" service.

"System management for a set of processes, including creation of the website, order acceptance, and inventory control, is entrusted to Yamato System Development Co., Ltd.; delivery is ensured by use of the TA-Q-BIN network of Yamato Transport Co., Ltd.; and online payment services are provided by Yamato Financial Co., Ltd. and Yamato Credit & Finance Co., Ltd.," said Seiji Okada.

The service has some features, including a variety selection of 10,000 or more items and accessibility that enables to respond to orders from anywhere in Japan, such as depopulated areas and isolated islands, covered by the TA-Q-BIN network. Above all, the greatest feature is to make it possible to

■ "Tonya Kokubu Online Wholesaling" System



sell goods on credit.

Keiichiro Matsuo says, "The Kuroneko Anshin Kessai Service enables us to undertake to handle all processes, including billing, acceptance of payment, and provision of a guarantee for receivables based on credit accommodation allowed to a buyer. It is difficult for a seller to allow credit to a new purchaser in online sales in which the seller cannot do business face-to-face. But it is necessary to focus on selling goods on credit in order to make a success of an online wholesale business. This is a service that satisfies

such a demand."

Yamato Financial Co., Ltd. also offers a cash-on-delivery service (TA-Q-BIN Collect) and a credit-card settlement service. "No other group can offer all three types of settlement services. This is a system that provides various sales aids very effectively," said Masato Okada.

For the benefit of customers and local communities

S. Okada receives the feedback from retailers who had been too small to do business with major companies, saying that they feel lucky to join the online wholesale system. "If local retailers procure stocks smoothly, shopping disadvantaged people in the surrounding area will be eliminated. I'm glad our business could be of some help."

"I expect we will help customers to seek sales outlets and expand their market by combining the Kuroneko Anshin Kessai Service with various other services provided by the Yamato Group," says Matsuo.

"It would be a waste not to utilize our group's capability of consistently offering infrastructures, including systems, logistics and finance. Each group company is expected to use their ingenuity for continued contribution to regional revitalization," says S. Okada.

Assistant Chief
Logistics and Financial Business
Division
Yamato Credit & Finance Co., Ltd.

Keiichiro Matsuo

Assistant Manager
Mail Order Solutions Company
Yamato System
Development Co., Ltd.

Seiji Okada

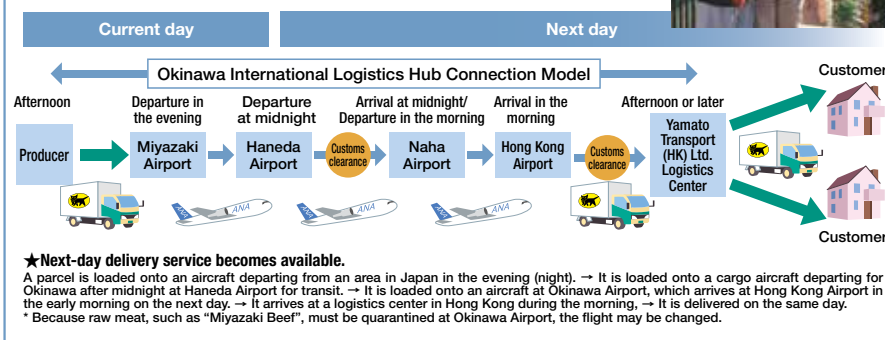
Chief Manager
B2B Payment Service
Company
Yamato Financial Co., Ltd.

Masato Okada



Delivery to customers in Hong Kong

Image for transport process (in the case of shipment from Miyazaki Prefecture)



Delivery of seasonal products from various areas in Japan to Asian countries via the Okinawa International Logistics Hub

Asian region transport network realized by cooperation between Okinawa Prefecture, ANA, and the Yamato Group

Various areas in Japan and Asian countries are connected at an extraordinary speed via the Okinawa International Logistics Hub. This transport network was established as the first step toward the "Asian Door-to-door Integrated Delivery Platform" that the Yamato Group aims to build, and efforts to enhance the network have been made for the revitalization of agriculture and fisheries in Japan.

Greatly shortened lead-time

In November 2012, Yamato Transport Co., Ltd. launched a next-day delivery service (document packs only) for International TA-Q-BIN to the Asian region via the Okinawa International Logistics Hub (the service was extended to small parcels other than document packs, excluding Cool TA-Q-BIN, on May 27, 2013). This service was realized using 24-hour customs clearance operations in Okinawa in cooperation between All Nippon Airways Co., Ltd. (ANA) which operates cargo flights, and the Yamato Group which offers a last-one-mile pickup and delivery service for shipment arrived or to be sent. This new Asian region transport network has significantly improved delivery speed; for example, a delivery from an area in Japan to Hong Kong which had taken three or four days became a next-day delivery service for the shortest turnaround time.

Miyazaki Beef is sold out quickly.

"I was in China on business at that time, and received a request from a person in charge of an e-commerce (Internet mail order business) in Hong Kong. The person said 'Japanese food is very popular in Hong Kong, so we would like to sell more products in cooperation with Yamato Transport', and 'we would like to offer products to Hong Kong customers through a new door-to-door next-day delivery service from producers to consumers'. Then, as an anticipatory and limited approach to international small-lot refrigerated transport, we started to export food products from the JA (Japan Agricultural Cooperatives) Miyazaki Prefectural Economic Federation of Agricultural Cooperatives to Hong Kong," said Gyonan Shu, who is in charge of the International TA-Q-BIN service in the Division of Global Business Development.

"I heard that Japanese seasonal fruits were appreciated by people in

Hong Kong because Hong Kong has different climate from Japan. Therefore, we decided to export and sell a typical seasonal fruit, citron Hyuganatsu, and a local specialty, Miyazaki Beef. The number of orders was more than expected. Unlike normal parcels, we had our first experience of handling fresh food, especially beef, so we had many preliminary discussions with the JA Miyazaki Prefectural Economic Federation of Agricultural Cooperatives about necessary procedures, such as custom clearance, and temperature setting."

Miyazaki Beef was sold out quickly, and the sales volume of Hyuganatsu was beyond expectation. The approach completed successfully, and after that we continued to work with the same e-commerce section on selling fully-ripened mangos and Earl's Favorite Melons from Miyazaki Prefecture, and specialty products from other prefectures in Kyushu, and delivering them to customers in Hong Kong.

"People in Hong Kong had never used a service to deliver food from a production area in Japan to their home. And they are very interested in Japanese food. We would like more people in Hong Kong to enjoy delicious food produced by various areas in Japan at home. We hope to build a network to connect all areas in Asia someday."

Delivery of seasonal food from Miyazaki to Asia by speedier transport than ever before

General Manager
Planning and Public Relations Office
JA Miyazaki Prefectural Economic Federation of
Agricultural Cooperatives

Toshio Wada

The JA Miyazaki Prefectural Economic Federation of Agricultural Cooperatives has worked actively on exports to Asia focusing on Hong Kong, and established a resident office in Hong Kong in 2012. However, Miyazaki's agricultural and dairy products had not yet been recognized, and a risk of prolonged transport of fresh products for export was a major issue. The approach to international small-lot refrigerated transport which started in April 2013 was challenging because the product to be exported was raw beef, but it was completed successfully. Producers are showing a willingness to continue exporting products, saying "we would like more people in Asia to get to know carefully-selected, high-quality Miyazaki-grown agricultural and dairy products which are safe, secure, and delicious." We expect further expansion of the International TA-Q-BIN service.



Division of Global
Business Development
Yamato Transport Co., Ltd.

Gyonan Shu



Corporate overview of the Yamato Group

The Yamato Group, whose pure holding company is Yamato Holdings Co., Ltd., consists mainly of six business segments. Making use of the management resources of the whole group, we are striving to further increase our corporate value by promoting our long-term management plan, the “DAN-TOTSU Business Plan 2019” launched in April 2011.

Corporate overview

Company name	Yamato Holdings Co., Ltd.	Nature of business	Holds the shares of companies running various businesses including the trucking business, governs the management of those companies, and runs related service operations
Headquarters	16-10, Ginza 2-chome, Chuo-ku, Tokyo 104-8125		
Established	November 29, 1919		
Registered	April 9, 1929		
Capital	127,234,791,077 yen		
Number of employees	177,454		(As of March 31, 2013)



Delivery

This is the core business that builds the Yamato Group's collective strength, and offers small parcel delivery services centered on TA-Q-BIN and Kuroneko Mail, and domestic air cargo transportation services.

Yamato Transport Co., Ltd./ Okinawa Yamato Transport Co., Ltd./ Yamato Global Express Co., Ltd./ Yamato Dialog & Media Co., Ltd./ Express Network Co., Ltd.
Yamato (China) Transport Co., Ltd./ Yamato Transport (S) Pte. Ltd./ Yamato Transport (HK) Ltd.



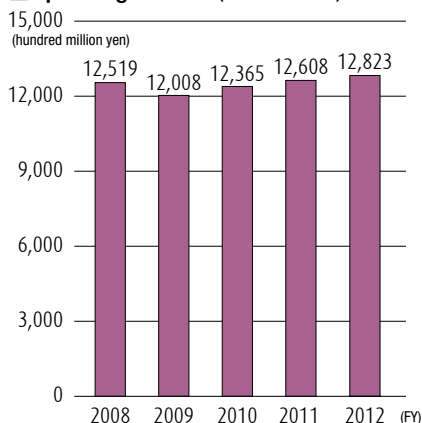
BIZ-logistics

Mainly involved in the logistics business, and offers various services related to efficient and constructive distribution and storage of goods in cooperation with overseas subsidiaries.

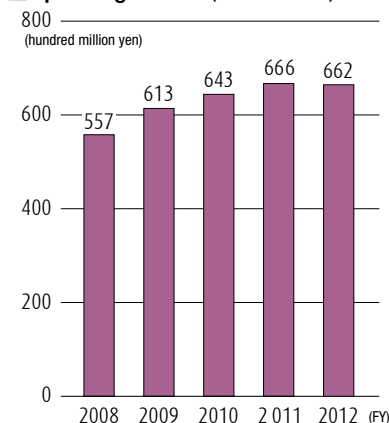
Yamato Logistics Co., Ltd./ Yamato Global Logistics Japan Co., Ltd./ Yamato Multi-Maintenance Solutions Co., Ltd./ Yamato Packing Service Co., Ltd./ Yamato Packing Technology Institute Co., Ltd./ Konan Industry Co., Ltd.
Yamato Transport U.S.A., Inc./ Yamato Transport Europe B.V./ Yamato International Logistics (Hong Kong) Ltd./ Taiwan Yamato International Logistics Inc./ Yamato Asia Pte. Ltd./ Yamato International Logistics Co., Ltd./ Yamato Transport (M) Sdn. Bhd./ Yamato Logistics India Pvt. Ltd./ Shanghai Wai Gao Qiao Bonded Logistics Zone Yamato Warehouse Co., Ltd./ Yamato Unyu (Thailand) Co., Ltd.

Business data

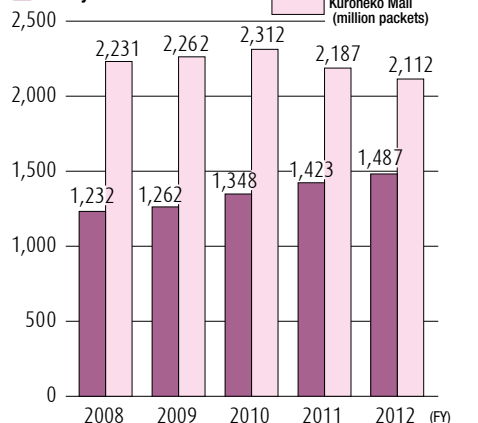
Operating revenue (consolidated)



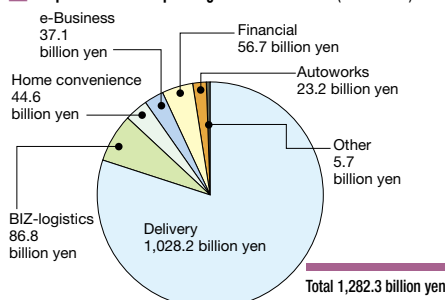
Operating income (consolidated)



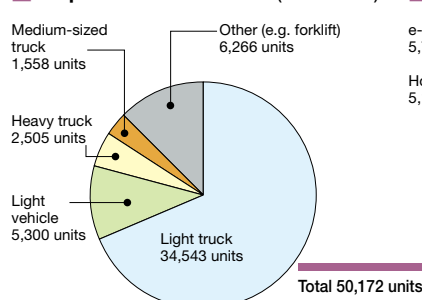
Delivery Volume of Small Parcels



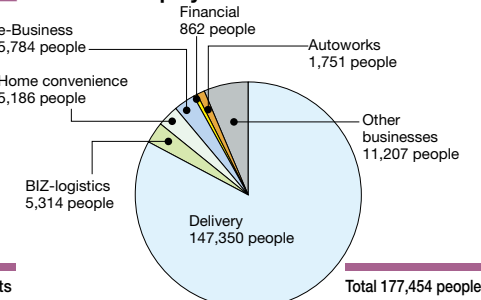
Composition ratio of operating revenue in FY 2012 (consolidated)



Composition ratio of vehicles (consolidated)



Number of employees





Home convenience

Offers moving services, delivers and installs furniture and electrical appliances, and sells daily necessities, including food.

Yamato Home Convenience Co., Ltd.



e-Business

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

Yamato System Development Co., Ltd./ Yamato Web Solutions Co., Ltd./ Yamato Contact Service Co., Ltd.



Financial

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

Yamato Financial Co., Ltd./ Yamato Credit & Finance Co., Ltd./ Yamato Lease Co., Ltd.
Yamato Payment Service (S) Pte. Ltd./ Yamato Payment Service (HK) Ltd.



Autoworks

Offers vehicle maintenance services, vehicle management systems, and various types of insurance for truck and bus corporations.

Yamato Autoworks Co., Ltd./ Yamato Autoworks Hokushinetsu Co., Ltd./ Yamato Autoworks Okinawa Co., Ltd./ Yamato Autoworks Iwate Co., Ltd./ Yamato Autoworks Shikoku Co., Ltd.

Other

Provision of the medium- and long-distance arterial transport service, and the shared service consolidating and integrating services provided by each group company

Box Charter Co., Ltd./ Yamato Box Charter Co., Ltd./ Yamato Staff Supply Co., Ltd./ Yamato Management Service Co., Ltd./ Yamato Multi Charter Co., Ltd./ Kobe Yamato Transport Co., Ltd./ Swan Co., Ltd.

Organizations

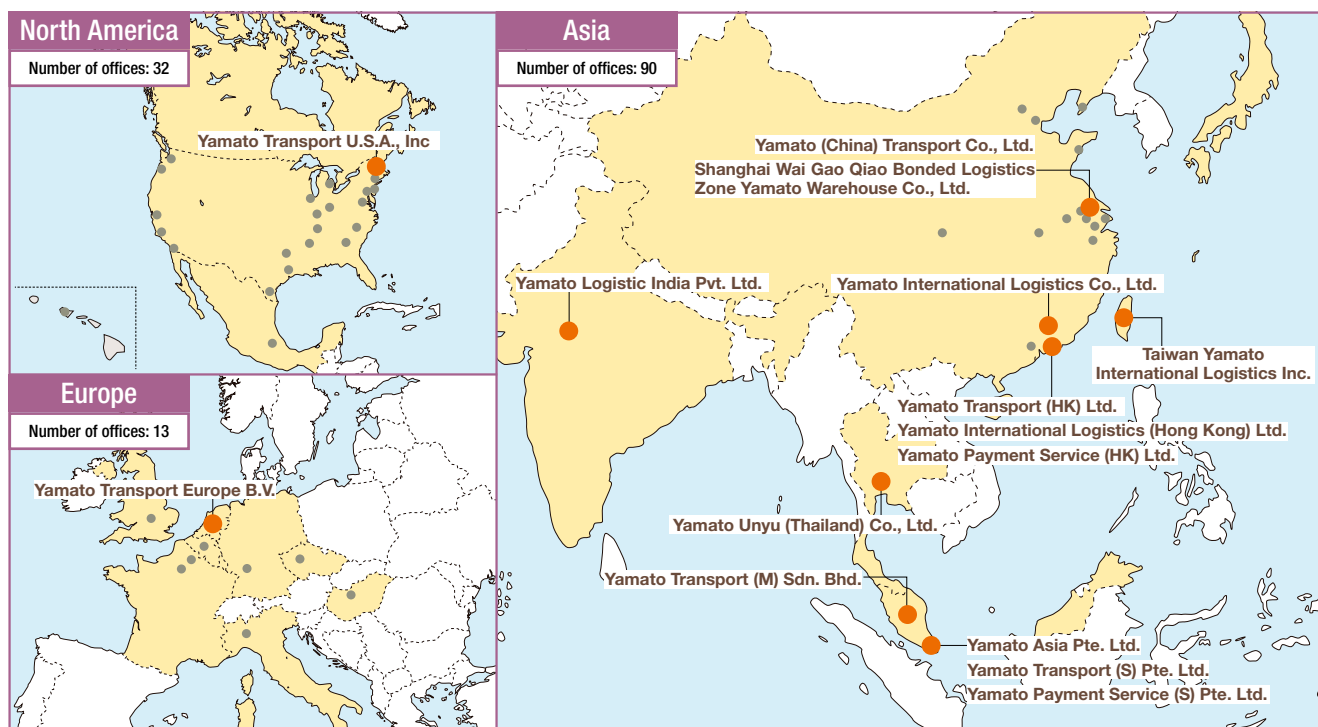
The aim of these organizations is to promote welfare services and offer benefit programs in the group.

Pension Fund of Yamato Group, Yamato Group Health Insurance Societies, Yamato Welfare Foundation, Yamato Self-support Center
(* Company names are as of August 1, 2013)

Overseas business expansion

The Yamato Group has 15 overseas subsidiaries, and is now doing business in 23 countries. In anticipation of the gradual elimination of economic barriers with Asian countries, we are promoting group-wide efforts to enhance overseas business centered on the TA-Q-BIN service.

(The number of offices is as of May 31, 2013. ● main office ● major base)



“See-T Navi” is a system that supports safe and earth-friendly driving.

Use of the system is promoted by the motivation and innovation of the staff of each “TA-Q-BIN” Center.

“See-T Navi” is an original vehicle-mounted system introduced by Yamato Transport Co., Ltd. in March 2010. Installation of the system has already been completed all over the country, and the system is now providing strong support for Sales Drivers’ safe driving. The staff of each “TA-Q-BIN” Center are seeking ways to make the most of the system and enhance their efforts.



A safety training director gives guidance to an SD, riding in a truck with him/her, using data from the See-T Navi system and checking the risks he/she may face. The director tries to make him/her aware of the problems that he/she should overcome at the next stage to make him/her drive more safely. This photo was taken when a director was giving guidance to an SD.



1



2



3

- 1 Before riding in a truck, each SD should start up the See-T Navi system from his own mobile phone terminal.
- 2 After roll call, the operation manager shakes hands with SDs and sends them off, saying “Drive carefully and have a nice day!”
- 3 Since the Nagoya Daiko Center of Aichi District Branch is located in the same building as the regional HQ, Manager Goto (right) can exchange information with safe training directors and SDs frequently.

Use of the system is promoted through the efforts of the staff of each “TA-Q-BIN” Center. If Sales Drivers become aware of their problems, they can prevent an accident.

Yamato Transport Co., Ltd. is promoting efforts to make the most of the See-T Navi system by allowing “TA-Q-BIN” Center staff to play a central role.

First, a total of 10 members, who were expected to serve as “See-T Navi Promoters” and take the lead in promoting use of the system, were selected from all employees across Japan. The promoters have played a central role in holding presentation meetings to explain how to utilize the system in each area. In addition, the “See-T Navi Report” was issued in November 2012 with the aim of introducing good examples and obtaining maximum use more widely.

“Sales Drivers (SDs)” regard the See-T Navi system as a tool for making them aware of problems in their driving to be overcome at the next stage. The data they can obtain is an indicator of safe driving. We, safety training directors responsible for supporting SDs, analyze the data, such as the frequency of sudden turns of the steering wheel, and give effective guidance according to individual SDs. We would like to identify common risks by analyzing data on SDs who caused an accident and contribute to preventing accidents,” said Takeshi Yasui, the Safe Training Director of Aichi District Branch, who serves as the See-T Navi Promoter of the Chubu Regional HQ.

“Visualization” of driving skills enables SDs to improve through friendly competition.

In the Aichi District Branch, the See-T Navi system was introduced in almost all delivery vehicles in September 2011.



4 The daily driving reports and grade reports of SDs who get a good score are posted in the center to improve safety awareness.

5 The daily driving reports printed out from the See-T Navi system are checked by a safety training director every day, and are used for individual guidance.



However, in August 2012, when about a year had passed since its introduction, an SD who belongs to the TA-Q-BIN center for which Director Yasui was responsible caused an accident. Director Yasui was shocked by the accident caused by an experienced SD who had once served as Leader, "TA-Q-BIN" Center.

The SD says that the face of Director Yasui suddenly came into his mind at the moment of the accident.

"The cause of the accident was carelessness. The director said only a brief word 'How did this happen?' I will never forget his words. I felt sorry for disappointing the director who trusted me as a reliable SD."

Director Yasui delegated to him a task to assist safety management in the TA-Q-BIN center. The director says, "The person who caused the accident has the greatest shock. I hoped that he would think what he should do to protect local people, his dearest family, and himself, and will understand what safety is, and what was the primary cause." Then, the director encouraged him to serve as a model to other SDs by getting a perfect score on the See-T Navi system.

"As a matter of course, the aim is to continuously ensure safe driving, and a perfect score is merely a goal. I think that if a clear goal is set, the achievement of the goal will make it easy for him to go on to the next step. There are few SDs who can get a perfect score by driving a delivery vehicle for a full day. It means he could achieve a great thing".

Thus, the SD took up the challenge of getting a perfect score.

"Because I had caused a nuisance to others, I felt I had no choice but to do it. I carefully checked the daily report on the See-T Navi system every day to confirm which items I got marks taken off for. I continued to review my way of driving with patience, and focused on starting a vehicle in low gear and maintaining a safe speed. My efforts finally paid off three months later, and I was able to get a perfect score".

His efforts produced a synergistic effect on other SDs in the TA-Q-BIN center, and as a result, all of them improved their score.

"As he informed other SDs of his score every day, they felt tempted to

try to get a better score like him. Then, the atmosphere in the workplace was getting better and better," says Director Yasui.

The See-T Navi system has a promising future as a tool full of possibilities.

Atsuhiko Goto, Manager of Chubu Regional HQ, who promotes operation of the See-T Navi system, encourages SDs to become an "Eco-SD" in cooperation with Director Yasui.

"The regional HQ started the 'Eco-SD certification system' in FY 2013. It is a system in which an SD who can drive with attention to safety and environment, is certified based on both digital data on the See-T Navi system and non-digital guidelines given by a safety training director who rides in the truck with him/her. If more SDs are certified, they will deepen their understanding of the philosophy of Yamato Transport Co., Ltd., "safety first, business second", and will be able to work on safe driving in concrete terms.

"There are still many things that can be done for safety by use of the See-T Navi system. It is a tool full of possibilities. I am glad to be involved in the system as a promoter. We look forward to using the system in the future," says Director Yasui. Yamato's efforts for safety never end.

Safe Training Director
Social Contribution
Division
Aichi District Branch
Yamato Transport Co., Ltd.

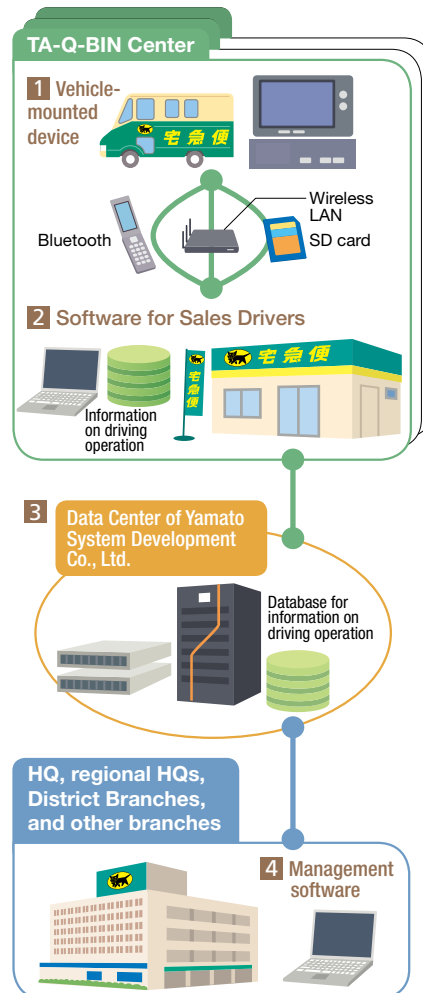
Takeshi Yasui



What is See-T Navi?

This is a vehicle-mounted safety and ecological navigation system developed and introduced by Yamato Transport Co., Ltd., in March 2010 with the aim of achieving zero accidents. It supports human-oriented environmentally-friendly driving by converting details about SDs' driving into digital data, that is, by visualizing them.

Image of the See-T Navi system



1 Vehicle-mounted device

- A display device with a high-end CPU is equipped with Bluetooth and a wireless LAN. Use of a touch panel increases user-friendliness.
- It is integrally equipped with a digital tachograph and a drive recorder approved by the Ministry of Land, Infrastructure, Transport and Tourism.
- In addition to acquisition and recording of data on three statutory factors (vehicle speed, distance and time), it provides voice warning for idling, starting a vehicle without using low gear, etc., and fuel consumption information.

2 Software for Sales Drivers

- Carries out routine tasks, including output of the daily driving report. Further, it enables drivers to register parking spots, drive ban zones and dangerous areas on the electronic map, and to access the data collected by vehicle-mounted devices.

3 Data Center

- Information on data registered in the electronic map and data on driving operation are managed in the Data Center of Yamato System Development Co., Ltd.

4 Management software

- Enables the personnel in charge of management in the HQ, regional HQ, District branches, and other branches to access and analyze data on driving results of vehicles under jurisdiction until the preceding day by items, such as "vehicle", "driver" and "branch", and to give guidance.



Any vehicle must be restored to a “completely safe” condition before it is released from the maintenance plant. We keep this in mind when performing maintenance work.

Yamato Autoworks Co., Ltd. is in charge of inspection and maintenance for 50,000 or more vehicles of the Yamato Group. Our state-of-the-art plant, Superworks, called a “dream plant”, where mechanics with high technological skills are refining their maintenance abilities every day, supports the safety of the Yamato Group.



Superworks Saitama Plant
Yamato Autoworks Co., Ltd.

Akira Kawata

Superworks plants give ample consideration to efficiency, quality, people and environment.

Superworks Saitama Plant is located in Midori Ward, Saitama City. A Superworks plant is a dream plant operated by Yamato Autoworks Co., Ltd., which ensures both high work efficiency and quality, as well as giving consideration to workers and the environment. Akira Kawata is a mid-career mechanics who has been working for the company for fourteen years. He was performing maintenance on a delivery truck of Yamato Transport Co., Ltd., putting a cart full of personal work tools on his side in the well-lighted work floor with natural light.

“I was transferred to this plant at its opening in 2012. It was the first time that I worked at a Superworks plant. I felt the layout of the plant was well thought out and well organized so that workers could perform maintenance smoothly”.

What Kawata likes most is a Twin Power Lift, which has been uniquely

upgraded.

“This lift can lift up one heavy vehicle or two small vehicles at the same time. Because it enables us to work standing up without crouching, we can focus on our work with less physical burden. We can also change a wheel standing up by using a high-lift wheel dolly. A person can get under a vehicle, so three or four mechanics perform maintenance on a vehicle at the same time.”

We follow a revolutionary process in which maintenance work starts when a vehicle that has arrived is lifted up, and ends when it is brought down.

Although Superworks plants are operated for 24 hours a day and 365 days a year, we are engaged in ecological activities in all aspects to the greatest extent possible. There are various environment-conscious efforts, such as floor heating through the use of waste oil generated in the maintenance process, a vacuum system free from polluting air, photovoltaic power and electricity storage systems, installation of LED lights throughout the facility, and



Superworks Saitama Plant: One of the features of Superworks is a “one-direction” traffic line that enables mechanics to perform maintenance on a vehicle without reversing it.



1 Twin Power Lift: As the rear lifting arm moves according to the size of a vehicle body, it can handle various types of vehicles from light vehicles and heavy trucks.



2

2 High-lift wheel dolly: Combines two functions of a forklift and a dolly. It allows workers to remove tires from a vehicle which is lifted up, and to perform maintenance on parts around tires in a comfortable posture.



3

3 Vacuum system: Allows to vacuum up dust and collect it through a pipe. It does not pollute air, and does not create extra work to deal with dust (i.e., flushing them with water and drying).

use of filtered rainwater for washing vehicles.

Acquisition of broad knowledge and skills to protect the safety of vehicles and people

The mission of a maintenance plant is to protect the safety of vehicles and thus people. Kawata's belief about it won't waver.

"Now that I am engaged in maintenance, I keep it firmly in mind that any vehicle must be restored to a "completely safe" condition before it is released from the plant".

Over 70% of mechanics working at Superworks have obtained the national qualification of vehicle inspectors, and their high technological skills enable us to offer safe and secure services. In the maintenance process, two different mechanics are supposed to conduct an interim inspection and a completion inspection, respectively, to ensure double checkups. We strive to promote safety measures by sharing information in a safety meeting held once a month, in which all workers participate, and a case study meeting held in all plants when any maintenance accident happens.

Nevertheless, unforeseen situations always happen. When receiving an SOS from a vehicle in operation, Kawata must hurry off to the troubled vehicle in a repair service car called "Repairworks".

"Yamato Transport offers the Time Zone Delivery Service, and every customer waits for a parcel to arrive as quickly as possible. Therefore, we are prepared to solve any trouble within an hour".

Since Superworks are not plants affiliated with a specific manufacturer, it is necessary to handle various types of vehicles. Even when we hurry off in Repairworks, we can't provide prompt and accurate treatment without sufficient knowledge and information.

Kawata also shows a willingness to obtain qualifications to acquire broad knowledge and skills, and has already

obtained a total of 11 qualifications, including the qualifications of vehicle inspectors and low-tension electrical handlers. The Head Office provides support for motivated mechanics by conducting a training seminar that allows them to attend from all over the country through a teleconference system.

We will continue improving technical skills in order to keep working as a mechanic.

Kawata says that he loved cars when he was a child. He got a job as a mechanic in which he found his calling, and spends quality time with fellow workers.

"I would like to keep working as a mechanic so far as my physical strength permits. It's good for me to keep working as a mechanic when I get older. I will try to continue improving my skills so that I will be able to become a mechanic who everyone admires."

According to Kawata, because he handles many vehicles of the Yamato Group, he can now distinguish the engine sounds of the Yamato Group's vehicles.

"An emblem of our black cat trademark is attached to the chest of our work clothes, and I have the conscious desire to protect the safety of the Yamato Group. Even when I cannot see a car with my own eyes, I can recognize a Yamato's walk-through truck and that it is in good condition by hearing the sound of its engine from the street, and I smile in contentment".

Vehicle maintenance system of Yamato Autoworks Co., Ltd.

As of the end of March 2013

Maintenance plants:

71 plants across the country

Superworks:

21 plants

Mechanics:

840 people

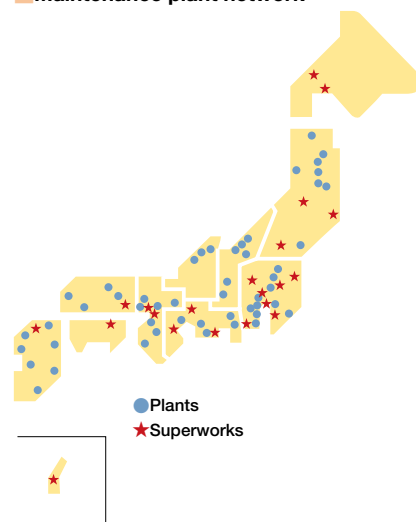
Those who have obtained the qualification of vehicle inspectors:

530 people

A total of 71 maintenance plants across the country cover 4,000 or more delivery service bases of the Yamato Group. They are operated under comprehensive management throughout the year, conduct frequent checkups, and accumulate information. Thus, "preventive maintenance" which means to perform maintenance on a vehicle before it breaks down.

The Yamato Group requires that all vehicles should receive a vehicle inspection once a year and a periodic inspection once every three months at a plant of Yamato Autoworks Co., Ltd.

Maintenance plant network



ネコロジー

“Necology” means ecological activities conducted by Kuroneko Yamato. This is the key word for environmental conservation activities promoted by the Yamato Group.

“Necology” is based on the following three principles:

1. Encourage every employee to be engaged in environmental conservation activities.
2. Establish an environmentally-friendly logistics system, especially for “packaging”, “transportation”, and “delivery”.
3. Fulfill customers' hope for contribution to environmental conservation whenever they use Kuroneko Yamato's services.

With the motto of “Necology”, we will make every possible effort to contribute to realize a low-carbon society.

1

Packaging

FLIX

Yamato Packing Technology Institute Co., Ltd. carries out research and development regarding the “Neco-fit” Series, which are returnable packaging materials using a “magical wrapping cloth” FLIX that can be used over and over again, and continue to make improvements on them. Collection and return of Neco-fit materials allow us to reduce CO₂ emissions generated by disposal of cardboard boxes, etc.



Neco-fit Series
“FLIX Type 12”,
a reusable “magical wrapping cloth”

Eco-mail

A partial packaging system in which packaging is completed by just attaching an address label and a tamper-proof tape sold by Yamato Packing Service Co., Ltd. It significantly contributes to resource-saving and waste reduction.



Just attach a tape here.

2

Transportation

We are working on reducing CO₂ emissions according to three principles: “avoid using” vehicles as much as possible, when using a vehicle “choose an eco-friendly one”, and “devise ways of using” at all points.

[Avoid using]

Delivery using a trolley or a New three-wheeler

We promote the “bus-route style” delivery system, in which an SD parks the truck in a predetermined parking space, and delivers parcels using a trolley or a New three-wheeler (electric bicycle with a trailer) from there.



New three-wheeler

Modal shift

Yamato Transport Co., Ltd. makes a shift from medium- and long-distance arterial transportation to railway and marine transportation, and promotes intermodal transportation with trucks. It significantly contributes to reduction of CO₂ emissions.



Great effect on air pollution control and traffic congestion relief

[Choose an eco-friendly one]

Introduction of low-emission vehicles

All necessary vehicles are being replaced by low-emission vehicles. About 39% of all vehicles owned by Yamato Transport Co., Ltd. are low-emission vehicles as of the end of March 2013.

Moreover, Yamato Transport Co., Ltd. introduced a hundred light commercial electric vehicles manufactured by Mitsubishi Motors Corporation from FY 2011 to FY 2012. We promoted introduction of these vehicles in cooperation with local authorities by choosing areas where advanced environmental efforts have been made, including “future cities”, and areas such as a World Heritage site, etc., which needed to take environmentally-friendly action.



Vehicle delivery ceremony at Aichi and Nagoya District Branch (March 1, 2013)

Vehicle delivery ceremony in Yakushima Island designated as a World Heritage site (March 19, 2013)



[Devise ways of using]

Utilization of the See-T Navi system (See pages 15-16.)

This is a safe and ecological navigation system unique to Yamato Transport Co., Ltd. It provides strong support for safe, environmentally-friendly driving by converting details about SDs' driving into digital data, that is, by visualizing them.



Introduction of the system was completed in all 69 District Branches in FY 2012.

Promotion of eco-driving

Drivers of the Yamato Group always try to drive with sufficient attention to people and the environment.

1	When starting or accelerating a car	Start a car in low gear Increase/decrease the pressure on the accelerator gradually
2	When driving a car at normal speed	Maintain a safe distance between cars Prevent extreme speed fluctuation
3	When driving a car at low speed or stopping a car	Release the accelerator early Active use of engine braking
4	Other	Stop idling, etc.

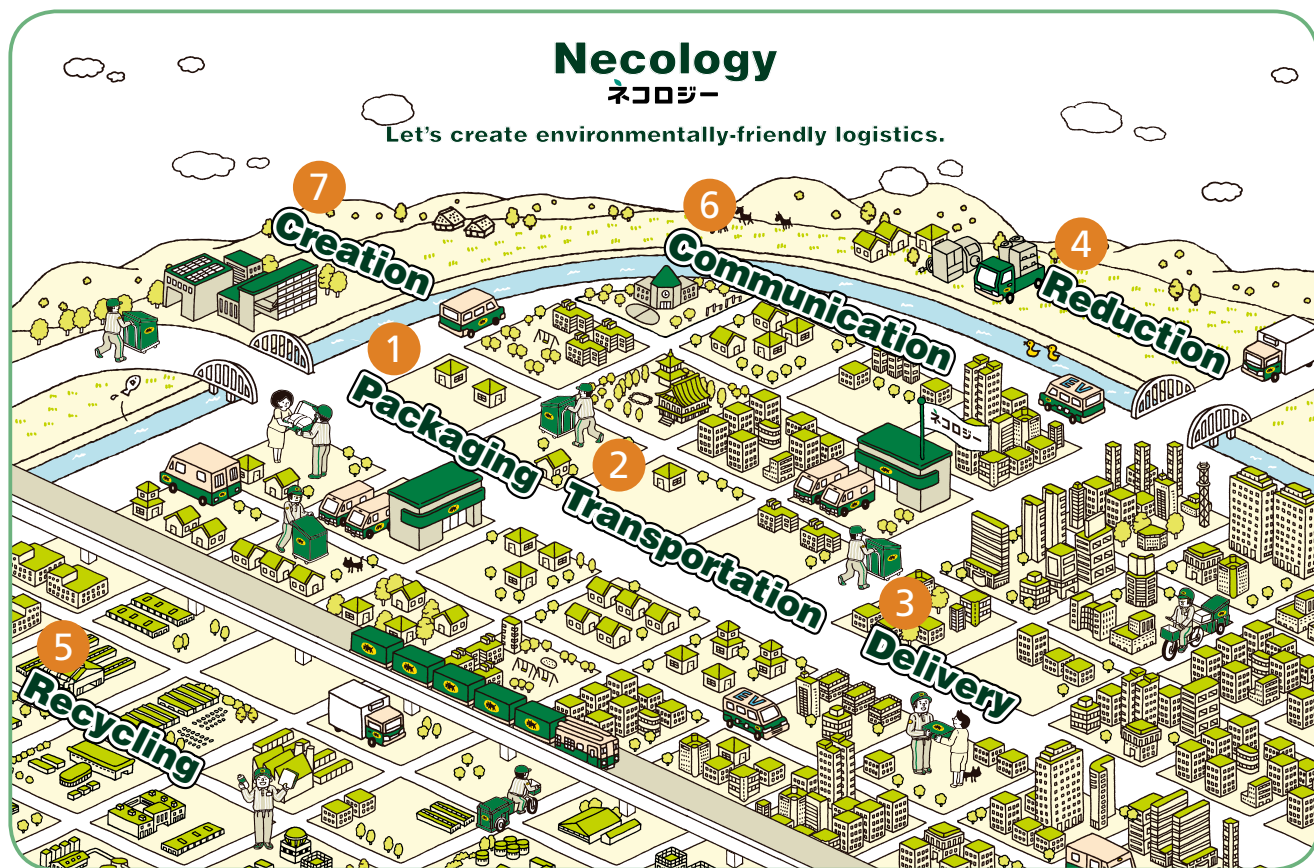


Image of "Necology"

3 Delivery

"TA-Q-BIN Delivery Method Selectable Service"

The service is geared toward those who have signed up for Kuroneko Members, which is a membership system for individual customers (free of charge). It allows a member customer to receive an e-mail notice of the delivery schedule before a parcel is delivered via the TA-Q-BIN service, and also allows the customer who received the e-mail notice to designate the desired date and time of delivery and the method of receipt (place of receipt). As a parcel can be delivered by visiting the destination only once, the service contributes to environmental conservation. We always think of "ecological activities that can be carried out with customers".

(* Members should accept the terms of use).



The place of receipt can be chosen from our "TA-Q-BIN" Center, TA-Q-BIN agencies (e.g. convenience stores), the recipient's home-delivery box, the recipient's workplace, etc.

4 Reduction

"Reduction" of CO₂ emissions by introducing LED lights without decreasing brightness leads to environmental protection.



Yamato System Development Co., Ltd. Toyoko Office

6 Communication

The "Kuronekoyamato Environmental Class" aims to communicate the importance of protecting the environment to the next generation of children.



The class has been conducted about 2,300 times, and participated by 170,000 children since it started in Autumn in 2005.

5 Recycling

We are trying to devise ways to reuse and recycle materials used only once without disposing of them.



PET bottles are recycled twice. First, they are recycled as uniforms, which will be recycled as automobile interior parts later.



7 Creation

Solar panels are installed on the roofs of the center buildings of Yamato Transport Co., Ltd. We are participating in experiments to provide energy produced by the photovoltaic power system to local communities.



Demonstration experiments are made in Toyota City and Kitakyushu City.

ネコロジー

“Necology in Ehime” promoted collectively by all employees Energy-saving measures by encouraging electricity-saving and eco-driving

Necology is the Yamato Group’s environmental conservation activity promoted by every employee. In Ehime District Branch of Yamato Transport Co., Ltd., employees are making concerted efforts for energy-saving, including electricity-saving and reduction of travel distance, and have achieved substantial results. The keyword for these activities is the “collective strength of all employees”.



Bus-route style delivery system: A system in which an SD parks the truck in a predetermined parking space on the route like a bus stop, and delivers parcels using a trolley, etc., to receivers’ addresses.

It is possible to save electricity if all employees think about it and make concerted efforts to achieve it.

A green trolley of Yamato Transport Co., Ltd. is moving smoothly along the nostalgic street in Dogo Hot Springs, the oldest spa resort in Japan. The man who is watching it with a smile is Toshikazu Goda, Manager, Social Contribution Division, Ehime District Branch. He exercises his strong leadership for promoting the environmental conservation activities called “Necology” in Ehime.

“I keenly realized the importance of energy when I was involved in transporting relief goods to the areas affected by the Great East Japan Earthquake. I thought we should start with what we can do in the Ehime District Branch, and launched an ‘electricity saving promotion project’ in 2011 to take a thorough look at waste of electricity. Under this project, we have taken various measures, including partial switch-off of fluorescent lamps and use of power-saving outlets. Our motto is “low-cost electricity-saving measures”.

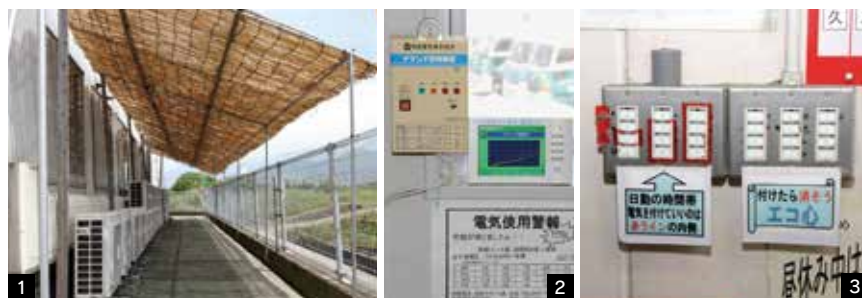
In order to promote electricity-saving measures from the bottom up, it was essential for him to communicate with about 1,000 employees.

“I actively encouraged younger generation employees to promote measures, and assigned one of them as a leader of electricity-saving. When I asked for electricity-saving plans in the office, I received surprisingly diverse ideas from various employees”.

For example, the idea of installing hand-made bamboo blinds as a canopy top to protect the outdoor units of air conditioners from sunlight was proposed by an employee, and was implemented. As a result of electricity-saving measures



Manager,
Social Contribution Division
Ehime District Branch
Yamato Transport Co., Ltd.
Toshikazu Goda

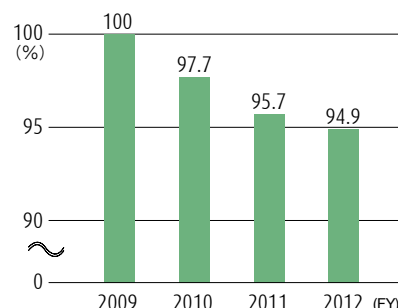


- 1 Hand-made bamboo blinds to protect the outdoor units of air conditioners from direct sunlight
- 2 Power demand monitoring device installed with cooperation of the electric power company, which sounds an alarm when the electricity usage exceeds a specified value
- 3 Switches that allow us to see at a glance which light should be turned off according to the time zone
- 4 Deluxe "S-rank Badge": A letter "S" means a special driver.
- 5 A list of SDs who have achieved good results are posted on a bulletin board.

The Yamato Group's target for reducing CO₂ emissions

More than **3%** reduction of CO₂ emissions per sales unit in FY 2013 compared to 2009 levels

Changes in CO₂ emissions in the Yamato Group (per one hundred million yen operating revenue, compared to FY 2009)

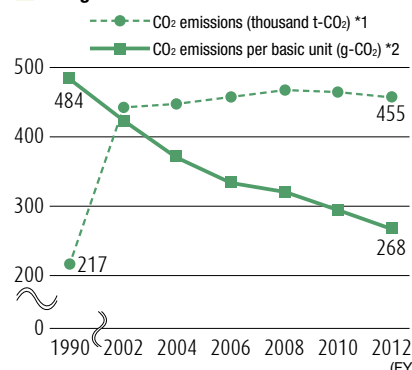


* Data cover 31 companies of the Yamato Group in Japan (as of March 2013).

- Figures include those calculated by converting from expenses, and estimating the annual amount based on the amount of a specific month.
- Figures are calculated in accordance with the Ministerial Ordinance on Calculation of Greenhouse Gas Emissions Arising from Business Activities of Specified Emitters.

Current situation of CO₂ emission reduction by Yamato Transport Co., Ltd.

Changes in CO₂ emissions from vehicles



*1 Figures are calculated in accordance with the Ministerial Ordinance on Calculation of Greenhouse Gas Emissions Arising from Business Activities of Specified Emitters.

*2 CO₂ emissions per basic unit

$$= \frac{\text{Total CO}_2 \text{ emissions}}{\text{Number of parcels delivered via TA-Q-BIN service} + \text{Number of Kuroneko Mail packs (TA-Q-BIN equivalent)}}$$

Yamato Transport Co., Ltd. "Three Principles for CO₂ Emission Reduction in Transportation"

- "Avoid using" vehicles as much as possible
- "Choose an eco-friendly vehicle" when using
- Devise "ways of using vehicles" at all points

promoted collectively by all employees, we achieved 10% reduction in electricity usage during the summer in Ehime District Branch on a year-on-year basis. In recognition of the above approach, Manager Goda received the Shikoku Bureau of Economy, Trade and Industry Director-General's Award from the Ministry of Economy, Trade and Industry in the category of persons of distinguished services to energy management in February 2013.

Travel distance reduction campaign triggered by a question "Why should the bus-route system be introduced?"

Another approach taken in Ehime District Branch is the "Travel Distance Reduction Campaign for Reduction of CO₂ Emissions in Transportation" conducted as a company-wide campaign in 2012. The campaign was promoted with a focus on promoting the "bus-route style" delivery system in which an SD parks the truck in a predetermined parking space, and delivers parcels using a trolley, etc., to receivers' addresses. We started with the foundation by reviewing route maps and examining the locations of parking spaces.

"We invested our energy in making Sales Drivers (SDs) understand the reason 'why the bus-route system should be introduced'. We established a system to give guidance in collaboration between three divisions (Division of Business Reformation, Education, and Social Contribution Divisions), and as field education, each safety training director

gave an SD guidance on the procedures of loading to delivery on a one-to-one basis".

SDs started to fill out their "visual check form" every day to record their target travel distance and the actual travel distance they drove with the aim of raising awareness of reducing travel distance. As a result, the travel distance in FY 2012 was reduced by 87.9% from the previous year.

"We succeeded in fully introducing the bus-route style delivery system and ensuring proper delivery by following predetermined pickup and delivery routes and parking the truck at a predetermined parking space, which brought about substantial results. Since May 2012, the 'S-rank Badge System' which is unique to Ehime District Branch, was launched. When I evaluate the staff, I should bear in mind that I focus on those who have tried hard in their posts, let alone those who have achieved good results" says Manager Goda.

During the course of various efforts, there has been a significant change in the atmosphere in the workplace.

"The workplace atmosphere has been brightened up. SDs talk to me with a smile, for example, saying 'I got grade B (in the See-T Navi system)!' This is one of the substantial results brought about by our efforts. By regarding environmental conservation activities as our own issue, we will start new voluntary efforts and continue to contribute to local communities".

We are working with students in the Mechanical Engineering Course of Toyo High School on the development of an environmentally-friendly delivery tool.



A development team hearing opinions from workers in the field to find out what kind of improvements should be made in a trolley and a trailer. (Matsuyama Sanbancho Center)

Ehime Prefectural Toyo High School and Ehime District Branch are now working together to develop a trolley friendly to people and the environment. Before beginning production, we held an environmental class so that students could learn about the Yamato Group's measures to reduce CO₂ emissions, and offered them an opportunity to take a demonstration ride on a New three-wheeler and use a trolley. Taking advantage of the technological skills of students in the Mechanical Engineering Course, the development team, which aims to increase the use of ecological delivery tools, has produced various prototypes, including a trolley that can cushion the shock on uneven roads, and a delivery box coated with heat shield paint that avoids an increase in temperature in the hot sun. The team has also carried out many experiments using those prototypes.

We want to bring real good music to all people regardless of age or region.

Interview

Conductor of the Music TA-Q-BIN “Kuroneko Family Concert” **Norichika Imori**

The Music TA-Q-BIN “Kuroneko Family Concert”, which has been held in various parts of Japan in the hope of bringing good music to all different kinds of people from small children to adults, marks its 28th anniversary in 2013. Mr. Norichika Imori has served as a conductor in all concerts held since 2008. He has developed lots of innovations as musical director of the Yamagata Symphony Orchestra, and has built a small orchestra into a “miraculous orchestra” that can draw a great audience equivalent to 180% of the seating capacity. We had an interview with such a “Innovative Maestro”.

The Music TA-Q-BIN is my lifework.

I wouldn't miss it.

—You have conducted many orchestras, including the Yamagata Symphony Orchestra, and I hear you will assume your new post in an orchestra in 2014. I presume you must be very busy with your work, but you accepted our request to conduct all of the Music TA-Q-BIN “Kuroneko Family Concerts” held since 2008. What does “Kuroneko Family Concert” mean to you, Mr. Imori?

Imori: When I was 35 years old, I thought about what goals I should set myself as a conductor. The first goal was to become aware of my specialized genre. The second goal was to show people the attraction of orchestral music. And the third goal was to provide “education”. I was sure that I should convey my experience and music-related

knowledge and trivia to children and aspiring musicians someday.

—Such goals led to “Kuroneko Family Concert”, didn't they?

Imori: Yes. After that, I gradually became aware that my specialized genre as the first goal was Beethoven and Mahler. A vision of how to convey the attraction as the second goal took shape in my mind. When I began to think about education as the third goal, I was offered the role of conducting this concert. Therefore, it is my lifework, and I would never miss it no matter how busy I am.

—What impressed you most in past concerts?

Imori: We performed with a local choir in each concert. Some of those choirs were excellent with very high skills and motivation. I think it was a miracle we had such excellent choirs because we could never have met

them if we had not visited various parts of Japan. I also met a person who had listened to the Music TA-Q-BIN concert as a child, and joined my orchestra after growing up. I feel the concert has built a connection with people.

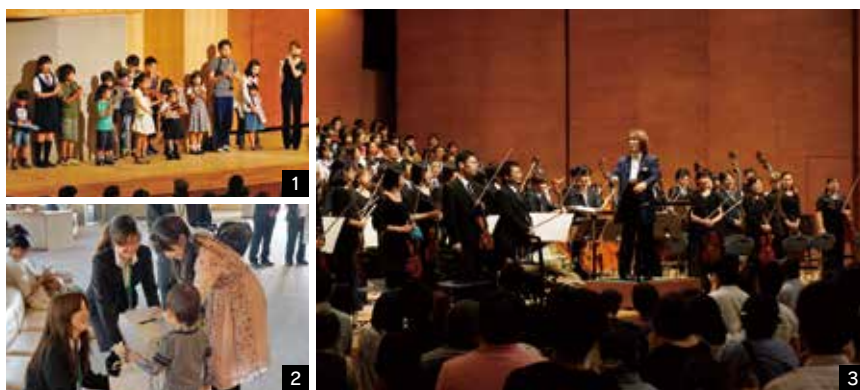
This project is rich in potential. I hope it will continue for 100 years.

—You seem to get more involved in the content of the project.

Imori: When “Kuroneko Family Concert” was restructured in 2006, I furnished some ideas. I hoped to create a concert in which “everyone from children to adults can listen to real music performed by a professional orchestra,” “children can actively participate in the performance, not just listening to music,” and “we produce great original songs”. The concept remains unchanged. I have discussed different ideas with the production



In the concert held at Colony Culture Hall (Kofu City, Yamanashi Prefecture) on October 8, 2012, a choir specially organized by 6 local groups (total 150 members) was given a valuable opportunity to perform with the Tokyo Symphony Orchestra.



1 Children played their own musical instruments at the "We are all members of the Kuroneko Musical Band!" corner.
 2 A donation box for orphans from automobile accidents is placed in the lobby.
 3 All people in the hall become one, and are filled with emotion and a warm feeling at the end of the performance.

staff in many meetings, and we have brushed up the program by making alterations every year.

—Do you think the chorus song "Ametsuchi-no-uta" to be performed in all concerts in 2013 will be the first great original song?

limori: I had composed some original songs for the "Musical Story" corner. However, that song was first composed by asking other creators: the lyric was written by Nozomu Hayashi who majored in Japanese Literature and was also known as an essayist, and the melody was created by Maki Ueda who was a promising young songsmith and received a lot of attention in the world of group singing. It is a beautiful song that will dwell in people's heart once they hear the melody line. It would be great if many of the songs produced in "Kuroneko Family Concert" could be sung by various choirs across Japan, and could become standard Japanese chorus songs. Thus, I think "Kuroneko Family Concert" is a project which has a lot of possibilities.

—As a final question, what is your impression of the Yamato Group hosting the concerts?

limori: I saw President Kigawa of Yamato Holdings Co., Ltd., on television the other day. He was talking about efforts for "shopping assistance" and "watch-over" services for the elderly living in a depopulated area. I thought such efforts might have a lot in common with the concept of "Kuroneko

Family Concert". For example, it is really difficult for an orchestra to give a performance in a town with a population of about 10,000 people from the efficiency perspective. However, the Yamato Group tries to listen to the voices of even a small number of people, and grant their wishes to enjoy a concert. Then, Yamato Group sends an orchestra preferentially to a sparsely populated area. I think that's one of the distinguishing characteristics of the Yamato Group.

This project allows us to perform about ten concerts a year, and the Yamato Group is the only corporation that has continued such a big project for 28 years. Yamato is great! Please continue the project until it marks its 100th anniversary".

—Thank you very much.

Norichika limori

Graduated from the Conducting Course of Toho Gakuen School of Music, and went to Berlin to study in 1986. Stays active in the music world at home and abroad since assuming the position of resident conductor of the Tokyo Symphony Orchestra in 1994. Now serves as musical director of the Yamagata Symphony Orchestra, permanent conductor of the Tokyo Symphony Orchestra, regular conductor of the Izumi Sinfonietta Osaka, conductor laureate of the College Operahouse Orchestra, and principal guest conductor of the Wurttemberg Philharmonic Orchestra. Scheduled to serve as principal conductor of the Japan Century Symphony Orchestra from April 2014.



Music TA-Q-BIN "Kuroneko Family Concert"

(Started by restructuring the former "Music TA-Q-BIN - Talk & Concert" in 2006)

Year when the first concert was held:

1986

Total number of concerts held:

277 (1986-2012)

Guests invited

Approx. 400,000 people (1986-2012)

Yamato Group's efforts for "social and environmental education"

Culture	Music TA-Q-BIN "Kuroneko Family Concert"				
Environment	Kuronekoyamato Environmental Class				
Economy	Hosting a pavilion in the "KidZania"		Business Seminar for High School Students		
Society	Children's Traffic Safety Workshop				
	3	6	9	12	15

Children's Traffic Safety Workshop

Held in various parts of Japan in hopes of protecting children from traffic accidents. Over 2.1 million children have participated in the workshop.



Kuronekoyamato Environmental Class

A class by dispatched instructors to support the environmental education of elementary school students. The aim is to allow them to think about global warming.

Hosting a pavilion in the "KidZania"

We host the "Delivery Center" pavilion in the "KidZania (Tokyo and Koshien)" where children can learn about the structure of society by having job experience.

Business Seminar for High School Students

Aims to help high school students recognize the connection with society, and choose the course of their lives on their own.

The used goods traveling sale started as part of reconstruction support for the areas affected by the Great East Japan Earthquake.

The activities have now been expanded to all over Japan.

The “used goods traveling sale” was an attempt by Yamato Home Convenience Co., Ltd. to go to the disaster areas and sell used home electronic appliances at a bargain price. This attempt, which won popularity, started with going around each and every evacuation center, and understanding the needs of afflicted people.



1



2



3

- 1 A market was held at the parking space of the Ishinomaki Hebita Center of Yamato Transport Co., Ltd. (June 2013).
- 2 Handmade signboards and banners were set up for advertising along the road.
- 3 Goods were also displayed inside a truck, where a special step ladder for customers was placed.

In the Ishinomaki Hebita Center of Yamato Transport Co., Ltd. in Ishinomaki City, Miyagi Prefecture on June 9, 2013, the staff of Yamato Home Convenience Co., Ltd. were carrying goods out of a truck, and were arranging them quickly and efficiently at the parking space in preparation for the opening of the “used goods traveling sale” market.

Shinichiro Saito, Crew Leader of the Koriyama Branch, was also participating in preparations with a practiced hand.

This is the place where the first “used goods traveling sale” market was held in response to strong requests from afflicted people on April 26, a month and a half after the Great East Japan Earthquake. And Saito is the person who took the lead in the project there.

Crew Leader of Koriyama Branch
Yamato Home Convenience Co., Ltd.
Shinichiro Saito



The traveling sale market started in Ishinomaki City in April 2011, and has been held in various regions, such as Kesennuma City, Ofunato City and Rikuzentakata City. The photos were taken in May 2011 at the traveling sale venues: Kesennuma Tanakamae Center (left) and Ofunato Center (right) of Yamato Transport Co., Ltd.

A notebook filled with the requests from afflicted people

At that time, Saito was working as a moving service driver at the Sendai Branch, and was hit by the earthquake in the branch office building on March 11, 2011. The building survived the earthquake undamaged, but his apartment in Sendai City was half destroyed and his parents' house in Kesennuma City was swept up by the tsunami. Fortunately, his family members were safe. Right after the earthquake, Saito started to go around evacuation centers with his colleagues.

"We delivered supplies, such as our own brand drinking water and blankets, while going around asking what we could do. We received so many compelling requests that my notebook was filled with scribbled notes. Many people requested home electric appliances, such as refrigerators, washing machines, and TV sets".

Also, when the staff of Headquarters made a tour of inspection in the afflicted areas, which Saito accompanied, it was found that there was a shortage of home electric appliances in each living environment, such as temporary housing, their own home, and evacuation centers. Yamato Home Convenience Co., Ltd. is a company that accepts disused goods which are sold or provided free when customers use our moving service, and repairs and sells the goods at 10 recycle centers across the country. So, it occurred to us that we could transport those goods using the Yamato Group's logistics network, and hold an open-air market. Starting from Ishinomaki, the "used goods traveling sale" market has been held to sell goods at bargain prices all over the country.

"What we took great pains to do was to procure sufficient products to meet customer needs. Although we had planned to hold an open-air market for two days, all goods were often sold out in a day. But we didn't mind struggling to collect goods because we knew the market was good for people who were waiting for it to open, and said "Thank you" to us when it did.

Saito was transferred to the Sendai

Recycle Center in May, and regularly held traveling sale markets in three afflicted prefectures, i.e., Iwate, Miyagi and Fukushima. They received requests from customers at many places where they went, then decided goods to prepare and procured those goods, and held traveling sale markets at the weekends. They continued their activities. The goods needed by people changed from home electric appliances to furniture and, in autumn, heating appliances. The market was held over 40 times in the Tohoku Region until December.

The unified name "Kuroneko Caravan" We will visit anywhere, even depopulated areas and remote islands.

The "used goods traveling sale", which started as part of reconstruction support, has now been expanded to 10 Recycle Centers across the country, and the market was held 182 times all over the country in 2012. It was given a unique name, "Kuroneko Caravan", in 2013. Taking advantage of our experience in afflicted areas, we started a traveling sale in depopulated areas and remote islands. We are planning to offer goods and services, 70-80% of which are common throughout the country, and the remaining 20-30% of which are suitable to the region.

"We are seeking to satisfy various regional needs, including weeding, snow removal, transportation of big furniture, and change of car tires. Our company, which normally offers a moving service, is better suited to solving such problems. Customers have different needs, so we would like to offer services that meet each customer's needs".

As a driver, Saito was transferred to the Koriyama Branch in Fukushima Prefecture in November 2012. He is taking the lead in "Kuroneko Caravan" in Fukushima where there has been a delay in recovery from the earthquake due to the nuclear plant accident, and many areas are kept isolated.

Taking advantage of know-how gained in the moving service, Yamato Home Convenience Co., Ltd. has created various services that satisfy customer needs.

Training of technical drivers

Promoting training of technical drivers who can handle both delivery and installation of major home appliances as part of the major home appliance delivery service or the moving service.



Move-out unwanted goods collection service

Unwanted furniture and home electronic appliances abandoned by users of the moving service are collected. Usable ones are repaired and reprocessed, and then sold at 10 recycle centers across the country.



"Easy Clearing Pack" "Memorabilia Disposition Service"

In response to requests from customers who want to "clear out" or "dispose of" their personal items but have no one who they can ask for help, two services were launched in 2012. They include clearing up after someone's passing.

* Yamato Home Convenience Co., Ltd. has obtained a secondhand dealer license.

Donation of 10 yen per TA-Q-BIN Parcel Delivered

Report on the Financial Support Program for the “Great East Japan Earthquake Living and Industrial Base Reconstruction and Recovery Fund”

The Great East Japan Earthquake that occurred on March 11, 2011 robbed its victims of the essentials for living and their industry. The damage to fishery and agriculture, in particular, was so serious that immediate assistance from both the public and private sectors was badly needed.

The Yamato Group, which has had long-standing relationships with the people and industries of the areas devastated by the earthquake through the TA-Q-BIN service, decided that it would launch a program to “donate 10 yen per TA-Q-BIN parcel delivered” for one year in order to support reconstruction of local bases for living and the recovery of the fishery and agricultural industries, and announced this on April 7, 2011.

Yamato Welfare Foundation, which had already started support activities as a public interest incorporated foundation, was appointed by the Minister of Finance to receive “specially designated donations”, for which

donors can benefit from exemption from taxation. On July 1, we launched a program called the Great East Japan Earthquake Living and Industrial Base Reconstruction and Recovery Fund. The Yamato Group has decided to funnel all donations from individuals, corporations, and organizations through fundraising activities. In order to secure the validity and objectivity of the use of donations, we established the “Reconstruction Support Selection Committee” consisting of third-party members. In selecting beneficiaries, we adopted the basic policy of “visible support, fast support, and effective support”, and focused on doing something the private sector could do, including support for projects that would have difficulty attracting government financial support, as well as contribution to establishing a new donation model.

This financial support program launched in August 2011 is divided into five stages. From the first through fifth stages, a total of 14,266 million yen was given to

finance 31 projects. Although fundraising activities and acceptance of applications for the financial support program ended on June 30, 2012 (total donations received amounted to 14,284,480,751 yen.), we will continue to support these projects until they have all been completed.

Members of “The Great East Japan Earthquake Reconstruction Support Selection Committee”

Chair: Kazunari Uchida, Waseda University Graduate School Commercial Science Professor and Waseda University Business School Professor

Members: Hitoshi Ieda, Tokyo University Social Infrastructure Studies Professor and Vice-President of the Japan Society of Civil Engineers (in charge of Earthquake Damage); Takeo Koizumi, Tokyo Agriculture University Professor Emeritus, Ph.D. in Agriculture; Yumiko Noda, Pricewaterhouse Coopers Co., Ltd., Partner in PPP and Asia Pacific Representative of Governmental Infrastructure; and Haruo Hayashi, Kyoto University Disaster Prevention Research Institute Mega-Earthquake Research Center Professor

List of beneficiaries

First stage financial support (decided on August 24, 2011)

*The applying organization and the amount of financial support given are indicated in parentheses.

1 Ocean Floor Cleaning Material and Equipment Purchase Support Project (Miyagi Prefecture/ 100 million yen)

For the purpose of removing debris on the deep ocean floor, financial support was provided for making, purchasing, and repairing “dragnets specially designed to remove debris”. A total of 18 dragnets were delivered to each fisheries cooperative association. On March 12, 2012, debris removal from the ocean floor inside Sendai Bay started. On the 18th, 18 boats with dragnets went out to 30-meter deep offshore grounds to commence full-fledged debris removal.



2 Extremely Fresh Seafood Supply Facilities Preparation Project (Miyagi Prefecture/ 600 million yen)

Financial support was provided for building ice-making units at five fishing ports in the prefecture (Ishinomaki, Onagawa, Shizugawa, Oshika, and Haden-ya). In particular, the introduction of slurry ice makers which demonstrate higher performance than those used before the earthquake made it possible for fish to be preserved in fresh condition quickly and evenly without damaging the fish. As a result, they contributed to enhancing the commercial value of fishery products.



3 Fish Farming Material and Equipment Emergency Procurement Project (Miyagi Prefecture/ 500 million yen)

Because aquaculture equipment is not covered by government financial support, financial support for repairing and installing equipment was provided to various aquaculture organizations in the prefecture, such as nori seaweed, oyster, wakame seaweed, and silver salmon. For example, the Miyagi Fishing Cooperative Association Shichigahama Branch introduced a machine capable of producing 7,000 sheets of nori seaweed per hour, aiming at regaining the catch volume which had ranked 5th in the country before the earthquake.



4 Seafood Processors' Production Recovery Support Project (Iwate Prefecture/ 1,600 million yen)

In order to revitalize the fishery industry, coordinated efforts have to be made to bring all of the fishing, aquaculture farming, and seafood processing industries back to life. However, the government needed time to provide financial support to private-sector seafood processing companies. Therefore, financial support for reconstructing plants was provided to 107 seafood processing companies. Specifically, financial support was used for purchasing and repairing machinery and equipment to process fishery products into canned products and frozen processed food, and for building refrigerator/freezer facilities and warehouses.



5 Emergency Measures Project for Stabilization of Fish Prices (Iwate Prefecture/ 403 million yen)

Financial support for transporting, storing, and loading/unloading fishery products in cold storage warehouses in various areas, such as Sendai, Morioka, Hachinohe, and Choshi, was provided to a total of 36 companies in 4 seafood processing industry organizations, which were located along the coast in the prefecture and whose cold storage warehouses were destroyed. The aim was to stabilize the price of fish by preserving the freshness of purchased fishery products using cold storage warehouses in remote locations.



6 Yotsukura Port Local Area Promotion Facility “Koryu-kan” Restoration Project (Specific Non-profit Cooperation Yotsukurabu/ 180 million yen)	
<p>Financial support was provided for reconstruction of the Koryu-kan (exchange center) in the roadside station “Yotsuruka Port” (Yotsukura Town, Iwaki City, Fukushima Prefecture). It is a place that used to have a produce stand that offered local agricultural and fishery products and a restaurant using them, where local people met and socialized with others and local information was transmitted. The loss of such functions due to the earthquake threatened the livelihood of producers of agricultural and fishery products. Therefore, it was necessary to reconstruct it as soon as possible.</p>	
7 “Aquamarine Fukushima” Heat Source Facility Installation Project (Foundation Fukushima Marine Science Museum/ 80 million yen)	
<p>Financial support was provided for renovating the heat source equipment in Aquamarine Fukushima (Onahama, Iwaki City), an aquarium which was the central base of Fukushima Prefecture’s tourism where one million people visited every year. The heat source equipment, which controls the water temperature and the air conditioning, is essential to feed and exhibit fish. The new heat source was installed in a site on higher land than before, and resumed operations in December 2011.</p>	
8 Agricultural Production Recovery Project (Sukagawa Iwase Agricultural Cooperative Association / 255 million yen)	
<p>Financial support was provided for building one large low-temperature warehouse by consolidating six warehouses owned by the Sukagawa Iwase Agricultural Cooperative Association (Sukagawa City, Fukushima Prefecture), which had been destroyed by the earthquake. Sukagawa City is known as a rice-producing region. The new warehouse has new functions such as a low-temperature storage capability, which former warehouses did not have, as well as instruments to measure radioactivity that permit inspection of all bags of rice while leaving them on a conveyer belt.</p>	
9 Fishery Infrastructure Emergency Restoration Project (Minamisanriku Town/ 347 million yen)	
<p>Financial support was provided for constructing provisional facilities, including a fish market, wakame seaweed workspace, and oyster handling facilities. Above all, a provisional fish market, which was completed at Shizugawa Port in October 2011, was the first project financed by this support program. This is because completion of the market before chum salmon came back would affect the recovery of the fishery industry in Minamisanriku Town which boasted the largest catch volume of chum salmon in Miyagi Prefecture.</p>	
Second stage financial support (decided on October 11, 2011)	
1 Fishery Community Facilities Restoration Support Project (Iwate Prefecture/ 97 million yen)	
<p>Financial support was provided for installing fishery community facilities, such as fishing boat winches and cargo handling cranes, at 61 fishing ports in the prefecture, including Kurosaki Port and Ryori Port. These facilities helped to harvest abalone and cultured wakame seaweed without missing the harvest season. Because a winch is necessary for a fishing port, an engine-driven one was also installed so that it could be used even in the absence of electricity.</p>	
2 Ice Making and Storage Unit Recovery Support Project (Iwate Prefecture/ 248 million yen)	
<p>Financial support was provided for constructing an ice-making and storage unit for the Ofunato Port Fish Market (Ofunato City), which boasted the largest catch volume in the prefecture. The construction of the unit was a government-subsidized project, and 2/9 of the subsidized costs to be borne by Iwate Prefecture and Ofunato City were paid through this financial support program. The new unit completed in July 2012 can produce three times as much ice as the previous unit, and the storage capacity has increased by about 33%.</p>	
3 Fish Market Management Base Recovery Project (Kamaishi City Federation of Fishing Cooperative Associations/ 155 million yen)	
<p>Financial support was provided for installing a mobile ice crushing vehicle and a sterilized cold seawater supply system (20t) at the Second Kamaishi Fish Market located in Shinhama-cho district in Kamaishi City, and a sterilized cold seawater supply system (30t) at the Shinhama-cho Fish Market. The mobile ice crushing vehicle supplies ice quickly in the market building, and the sterilized cold seawater supply system preserves the freshness of fish in sterilized seawater at 1 degree Celsius without damaging the fish.</p>	
4 Agricultural Production Restoration Emergency Measures Project (Miyagi Prefecture/ 1,324 million yen)	
<p>Financial support for preparing production facilities and agricultural machinery was provided to 93 agricultural entities which aimed to resume farm operations promptly. Beneficiary entities included growers of strawberry, tomato, Japanese parsley, rice, carnations, etc., and producers of miso paste using locally-grown materials. For example, four farmers got together to establish a business corporation for a strawberry farm, and a farmer moved to another place to resume farming operations.</p>	
5 Noda Village Day-care Center Reconstruction Project (Social Welfare Corporation Noda Village Day-care Center/ 280 million yen)	
<p>Noda Village Day-care Center (Noda Village, Iwate Prefecture) succeeded in evacuating all children and staff from its building washed away by the tsunami, which was called a “miraculous evacuation”. Financial support was provided for relocating the building to higher ground and reconstructing it. A government subsidy should be provided for restoring a building to its original form, in principle, and cannot be provided for relocating a building. Therefore, this financial support program was used. The day-care center was relocated to a building with a larger garden on a 1 km inward hill over 17 m higher.</p>	

6 Soma Port Marine Container Distribution Base Installation Project

(Soma City/ 103 million yen)

Financial support was provided for installing temporary cargo handling equipment for marine container logistics, including substituting cranes and reach stackers. The Soma Port had focused on handling container cargos since 2009, but all equipment was destroyed by the earthquake and tsunami. It was expected to take 3-5 years to restore them according to plans made by the national and prefectural governments. Therefore, this financial support program was used to restart business as early as possible to avoid losing customers.



Third stage financial support (decided on December 12, 2011)

1 Ice Making and Storage Unit Recovery Support Project

(Iwate Prefecture/ 758 million yen)

Financial support was provided for constructing ice-making and storage units in 13 fish markets in some cities, including Kuji, Miyako and Kamaishi. It is essential to have an ice supply unit in the fish market to process fishery products collectively and to keep them fresh, as well as to stably maintain the catch volume. In the case of Nodamura Port, high-performance slurry ice makers were introduced to improve the operational efficiency and the freshness of fishery products.



2 Fishery Community Facilities Restoration Support Project

(Iwate Prefecture/ 880 million yen)

Financial support was provided for restoring fishery product processing plants of 16 fishing cooperative associations and marine product processing cooperative associations in the prefecture. In Kuji City, a mackerel processing unit was introduced in a food factory, and a tunnel freezer to freeze processed products instantaneously on a belt conveyor was introduced in a refrigerating plant. In Fudai Village, processing equipment to boil and squeeze wakame seaweed was introduced.



3 Kawauchi Village Highland Produce Cultivation Plant Construction Project

(Kawauchi Village, Fukushima Prefecture/ 300 million yen)

Financial support was provided for constructing an up-to-date hydro-culture plant in Kawauchi Village, where residents had been forced to evacuate their houses due to the Fukushima Daiichi Nuclear Power Station accident and the village mayor had declared that they would return to the village in January 2012. In the village, rice-paddy acreage has still been limited due to the effects of radiation. Therefore, the village aims to restore agriculture by artificial lighting (fully-closed) hydro-culture of vegetables using the underground water with which the village is endowed.



4 "The Greater Soma Mental Care Center: Nagomi" Construction Project

(Special Non-profit Corporation: Association to Create a New Mental Health and Welfare System in Soso/ 30 million yen)

Financial support was provided for establishing and operating the "Greater Soma Mental Care Center: Nagomi" (Soma City, Fukushima Prefecture). The center will have a mental clinic to protect the health of patients with mental illness and their family, as well as those who feel stress about their experience with the disaster and life in temporary housing. It will also provide meeting room visits in the temporary housing area.



5 Rikuzen Takada City Takekoma Day-care Center New Building and Reconstruction

(Social Welfare Corporation Rikuzen Takada City Hoiku Kyokai/ 234 million yen)

Financial support was provided for relocating the building destroyed by the tsunami to higher ground and reconstructing it. A government subsidy should be provided for restoring a building to its original form, in principle, and cannot be provided for relocating a building. Therefore, this financial support program was used. The site for relocation was 10 m higher than the former one, and the area was expanded by about 150%.



Fourth stage financial support (decided on February 22, 2012)

1 Fishery Community Facilities Restoration Support Project

(Iwate Prefecture/ 966 million yen)

Financial support was provided for restoring equipment necessary for distribution of super-fresh fishery products and cargo handling facilities in 13 fish markets in the prefecture, including Kuji City, Miyako City and Kamaishi City. In the Hirono Town Yagi Fish Market, a device to sterilize and cool seawater, and send it to the market, and an insulated water storage tank, were installed. In the Miyako City Fish Market, a market administrative building and a freshness tank were installed.





2 Shichigahama Fishery Promotion Center Construction Project

(Miyagi Prefecture Fishery Cooperative Association/ 570 million yen)


Financial support was provided for reconstructing the Shichigahama Fishery Promotion Center (Shichigahama Town, Miyagi County), which had been the only place in Miyagi Prefecture to produce nori seaweed seedlings. The center had been engaged in intermediate breeding not only of seedlings of nori seaweed, but also fish and shellfish as a base for fisheries development. In the new three-story high building, some equipment, such as a temperature control system and seawater sterilization systems, has been upgraded. It also has an evacuation center.





3 Farmland Recovery and Restoration (Domestic Soy Beans) Project (Soma City, Fukushima Prefecture/ 300 million yen)	
Financial support was provided for purchasing agricultural machinery, including tractors, which were expected to be leased from Soma City to an agricultural corporation in the city. The agricultural corporation, which had been established by volunteer farmers in the city, planned to cultivate, process and sell soybeans, instead of the rice and vegetables grown previously, because it became difficult to grow them due to salt damage from the tsunami. In autumn 2012, soybeans were harvested for the first time.	

4 Local Agricultural Infrastructure Emergency Installation Project (Fukushima Prefecture Tozai Shirakawa Agricultural Cooperative Association/ 270 million yen)	
To the Tozai Shirakawa Agricultural Cooperative Association which exercises jurisdiction over Shirakawa City, Higashi-shirakawa County and Nishi-shirakawa County, financial support was provided for constructing two agricultural warehouses in order to consolidate and reorganize the five previous ones damaged by the earthquake. In the previous warehouses, farm harvests could be stored only at room temperature, while in the new ones, which are larger than the previous ones, farm harvests can be stored at low temperature. They are also equipped with radiation measuring instruments.	


Fifth stage financial support (decided on April 17, 2012)


1 Ocean Floor Cleaning Material and Equipment Purchase Support Project (Miyagi Prefecture/ 58 million yen)	
First stage financial support had been provided for making, purchasing, and repairing “dragnets specially designed to remove debris” in order to remove debris on the ocean floor inside the bay and offshore in Miyagi Prefecture. At this stage, additional financial support was provided for enhancing the effect of these dragnets	


2 Temporary Seafood Processing Plant Installation Project (Kesennuma Seafood Processing Cooperative Association/ 177 million yen)	
To 10 seafood processing companies which aimed to restart operation in the temporary seafood processing complex in Kesennuma City, financial support was provided for constructing buildings, and purchasing equipment and devices. The financial support was used for paving roads and establishing large drainage treatment facilities on the premises, as well as for installing equipment, such as a smoke-drying room to smoke bonito, a shark fin compression packing machine, and a fish cutter to make salted semi-fermented squid, in each company.	

3 “Iwate Sanriku” Yume-Afureru Fishing Industry Business Model Creation Project (Sanriku Fishery Production Cooperative/ 130 million yen)	
To the Sanriku Fishery Production Cooperative formed by a group of fishermen in Okirai district in Ofunato City after the earthquake, financial support was provided for purchasing fishing boats, CAS (Cells Alive System) freezers, up-to-date fishing gear, equipment for aquaculture, vehicles, etc. By using the above equipment, the cooperative aims to make the shift to a new-style fishing industry by processing caught fishery products into finished products that meet consumer needs and selling them.	

4 Ono Town Regional Public General Hospital Installation Project (Public Ono Town Local General Hospital Business Group/ 2,000 million yen)	
Financial support was provided for reconstructing the Old Building of the Public Ono Town Local General Hospital, which was the only general hospital in the region consisting of Ono Town, Tamura City, Hirata Village, Kawauchi Village, and Iwaki City. The hospital had the Old Building and the New Building, and it was pointed out that the Old Building was in danger of falling because it had been damaged severely. The reconstructed building is scheduled for completion in November 2014.	

5 Construction of the Kashima Welfare Hospital and Attached Senior Medical Center Koju-en (Fukushima Prefecture Welfare and Agricultural Cooperative Federation/ 1,000 million yen)	
Financial support was provided for constructing a new building of the Senior Medical Center Koju-en (Minami-soma City), which was attached to the Kashima Welfare Hospital. Most part of the Soso region, including Minami-soma City, was designated as the evacuation zone of the nuclear power plant accident. Koju-en was located outside the evacuation zone, and quite a few elderly evacuees came to this hospital. The hospital did not have enough beds to accommodate them, and decided to construct a new building to increase the number of beds.	

6 Ground Work for Construction Site for the Provisional School Building and Construction of the Provisional School Building (Naraha Town, Fukushima Prefecture/ 191 million yen)	
Financial support was provided for constructing a temporary school building which will be used by two elementary schools and a junior high school run by Naraha Town. Most of the town was designated as the evacuation zone of the nuclear power plant accident. In order to enable evacuated children to study in a single location, the town decided to construct a temporary school building by borrowing part of the campus of Iwaki Meisei University (Iwaki City) on a two-year lease. A temporary school building, special classrooms and an indoor gymnasium were completed in December 2012.	

7 Fukushima Prefectural Nature Park Matsukawa Area Coastal Damage Prevention Forest Reforestation Project (Green Area Creation Study Group/ 130 million yen)	
Financial support was provided for planting trees in the disaster-prevention forests to be restored on the embankment, and for growing and supplying tree seedlings. Trees used in this project are “locally fit seedlings” that are selected in view of regional characteristics. The goal is to restore the coastal disaster prevention forests, and promote seedling growing as a new industry in Soma City. The first seedlings are scheduled to be planted in 2014.	

Foundation of CSR management

— in order for the Yamato Group to be trusted by society

“Strengthen governance and promote CSR” is one of the basic strategies in the long-term management plan, “DAN-TOTSU Management Plan 2019”. We aim to be a corporate group trusted by society, which allows all employees to share the corporate philosophy and maintains high ethical standards.

Corporate governance

With the aim of ensuring sound management, encouraging prompt, proper decision-making and execution of business, and enhancing corporate value, Yamato Holdings Co., Ltd. as the pure holding company and each group company is striving to strengthen corporate governance.

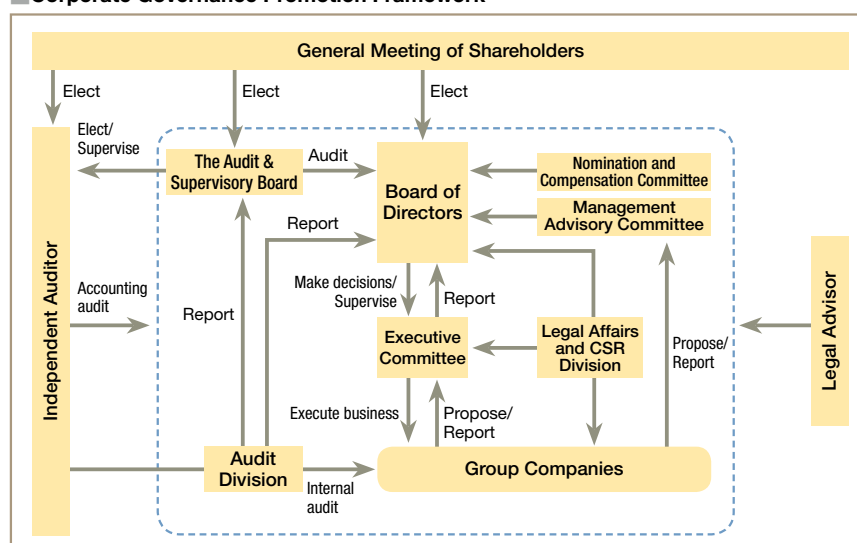
Yamato Holdings Co., Ltd. has established the Board of Directors, the Management Advisory Committee, and the Executive Committee as business management organizations involved in group-wide managerial decision-making, execution and supervision in order to ensure prompt and proper decision-making on important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

The Board of Directors consists of 7 directors (including 2 outside directors), who are supposed to serve a one-year term in order to clarify the responsibility of the management for each business year. The Audit & Supervisory Board consists of 1 full-time member of the Audit & Supervisory Board and 3 outside members of the Audit & Supervisory Board, who audit the performance of directors' duties by attending important meetings. In addition, they periodically

hold a group member of the Audit & Supervisory Board liaison conference where they discuss audit policy and methods with full-time members of the Audit & Supervisory Board from major group companies with the aim of enhancing group-wide auditing. All

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

Corporate Governance Promotion Framework



Compliance

Internal control

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

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

In addition, in order to respond to the internal control report system pursuant to the Financial Instruments and Exchange Act, which went into effect in April 2008, we created a post of internal control manager in major group companies, and have made efforts to review business rules and standardize operations. Also, we have established a system in which the auditing section of our company and the internal

control section of each major group company can check whether operations have been effectively performed in accordance with the rules, and can seek immediate improvement if they find any defects.

Internal control over the financial reporting of the Yamato Group as of March 31, 2013 was considered valid, and a report was submitted to the Kanto Local Finance Bureau.

Strict observance of compliance

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 to 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

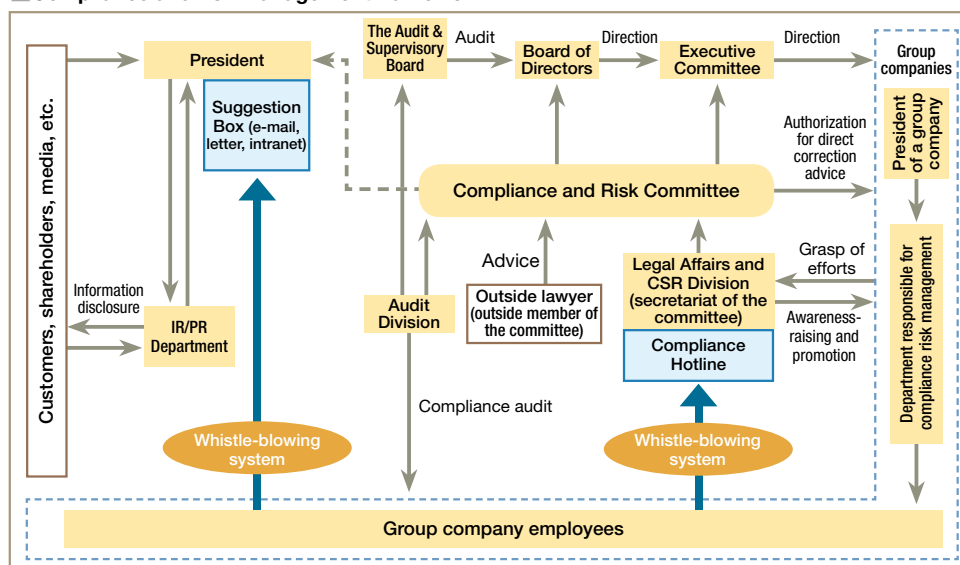
Poster of Declaration of Compliance put up in all business offices of the Yamato Group



corporate philosophy. The departments responsible for compliance risk management of group companies, centering on the Compliance and Risk Committee of Yamato Holdings Co., Ltd., are working to ensure their observance.

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

Compliance and risk management framework



Business Continuity Plan (BCP)

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 the BCP formulated according to response guidelines

focusing on “maximum priority on human life” and “continuation of TA-Q-BIN business”, we addressed the problems caused by the Great East Japan Earthquake that occurred in 2011. Utilizing our experience of that earthquake, we are making various improvements one after another so that we can respond to a great earthquake more appropriately. The aim is to

prepare for an earthquake occurring directly beneath the Tokyo Metropolitan Area and an earthquake along the Nankai Trough, which are likely to occur in the future and are expected to cause large amounts of damage. We will continue reviewing and improving our plan in an effort to minimize damage and restore transportation networks as early as possible.

Information Security

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

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

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

Security-related certifications acquired by group companies (as of June 2013)

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	2006
	Ikebukuro Call Center	2011
	Adachi-Saitama Call Center	2007
	Miyakonojo Intelligent Contact Center	2010
	Wakayama Call Center	2012
	Tottori Intelligent Contact Center	2013
ISO27001	Yamato Web Solutions Co., Ltd.	2007
	Yamato Logistics Co., Ltd.	2010
	Yamato Multi-maintenance Solutions Co., Ltd.	2010
	Yamato Management Service Co., Ltd.	2011
	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
	Yamato Packing Service Co., Ltd.	
	Head Office (human resources/general affairs, productivity/quality)	2005
	Documents Logistics Company (Tokyo Plant, Saitama Plant)	2005
	Yamato Contact Service Co., Ltd.	
	Head Office	2007
PCIDSS	Ikebukuro Call Center	2011
	Adachi-Saitama Call Center	2007
	Miyakonojo Intelligent Contact Center	2010
Registration of Information Security Auditing Firms	Wakayama Call Center	2012
	Tottori Intelligent Contact Center	2013
	Yamato Packing Technology Institute Co., Ltd.	
	Kanto-Tokyo Regional Branch, Operation Center, and Packing Technology Institute	2009
	Yamato System Development Co., Ltd.	
	Credit card settlement service	2006
	Web billing service	2011
	Yamato System Development Co., Ltd.	2004

Third-party opinion

General Manager
Management Planning and Marketing Group
Lloyd's Register Quality Assurance Limited
(LRQA) Japan

Hideki Tomita



My first impression is that this CSR Report is easy to read and simple to understand. I was able to read, at one sitting, the highlighted version with about 30 pages because of its simple structure and uniquely interesting content. This is a “reader-friendly report” that enables general consumers to understand the group’s CSR efforts smoothly and automatically even if they have no basic knowledge of CSR.

One of the reasons why I think the report is reader-friendly is that the company precepts and corporate philosophy are linked to specific activities. This means that the cases cited in the report have been backed up by the company precepts and corporate philosophy. Therefore, these activities are consistent, and readers can easily understand their content. I think it is difficult to conduct such activities unless employees engaged in them are aware of the company precepts and corporate philosophy.

The second reason is the way the Yamato Group defines CSR activities. We added “safety” as particular perspective to “economy, society, and environment”, commonly-used triple bottom line of sustainability, to make it four perspectives. As a result, important issues regarding the Yamato Group’s CSR activities have become clear. The solution of these issues will give answers to the safety-related questions naturally raised with regard to the Kuroneko Yamato delivery service, with which all Japanese are familiar. Service users will be more satisfied with safety.

The third reason is that the report cites many interesting cases. Japan is facing various social problems, including marginal villages, an aging society, small-scale enterprises, and overseas marketing of local products, and many readers have little opportunity to appreciate these problems. The group’s unique experiences of presenting solutions to such problems through the service will make such readers more aware of them.

It may be said that this is a textbook case of good practices for CSV (Creating Shared Value). However, the report reveals that all employees, including Sales Drivers assimilated into the community, have always been trying to understand the social needs of each customer and region, to seek solutions through services, and to sustain inventive approaches, long before Professor Porter proposed the concept of CSV. As can be seen from the awareness of company precepts and corporate philosophy mentioned above, I think that they would never make achievements in CSV like that if they took only

temporary measures by taking advantage of a recent boom.

In addition, the structure of the report is well thought out, and appropriate number of pages are devoted to the description of reconstruction support projects which were priorities last year. The aim is to report CSR activities to readers in terms of continuity.

Next, let me tell you what I expect from the CSR Report in the future. Firstly, the results and achievements of activities should be clarified. In addition to usual readers of the CSR Report, various stakeholders, for example, overseas investors who hold a large percentage of shares, have an interest in the CSR activities of the Yamato Group. It is expected that more detailed results, including quantitative data based on international standards, will be disclosed to readers who have little opportunity to know about CSR activities in their daily lives. I think it is more effective to actively publicize the good practices introduced in the report on the website, and to show how they have achieved results or why they have not achieved expected results. By doing so, the degree of completion of the CSR report can be further improved while maintaining the readability of the highlighted version.

Secondly, business continuity management should be strengthened. Because the services offered by the Yamato Group have already been recognized as social infrastructure, the group should never cease its business operations. There will be more emerging business risks, including natural disasters, pandemics, cyber terrorism, and disruptions of traffic infrastructure. Under such circumstances, it is expected that the Yamato Group will promote more systematic efforts to avoid secondary effects on society caused by cessation of its business operations. If the Yamato Group can continue business by flexibly responding to any risk, it is possible that the services offered by the Yamato Group could replace the function of other forms of social infrastructure disrupted by a disaster. I’m sure these services will change from a “convenient” social infrastructure to an absolutely “essential” social infrastructure.

And lastly, more emphasis should be put on direct communication with consumers. No matter how excellent the report is, it does not always catch the attention of the general public. Rather, many of your excellent activities may not be known. On the other hand, the services offered by the Yamato Group are directly linked to the daily lives of almost all people, at least in Japan. Taking advantage of these numerous direct contact points, I expect that you will try to continuously provide information on CSR activities conducted by the Yamato Group via actual services, and not only in writing.

One of your company precepts is that “we deliver with a personal touch.” This means that your delivery service aims to deliver not just “goods”, but also the “sender’s cordiality”. It would be great if people could feel the “Yamato cordiality” attached to each parcel. If this happens, it is reasonable to assume that the Yamato Group will become “a company most loved and trusted by society”.

Comments on the opinion

Managing Executive Officer in charge of CSR
Yamato Holdings Co., Ltd.

Kenichi Shibasaki



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

This report aims to give many specific examples based on interviews so that readers can deepen their understanding of the Yamato Group's stance and efforts for CSR (corporate social responsibility). In this regard, I am so glad that our report was appraised as a "reader-friendly report". Considering the disclosure of active data as a future issue, we will strive to improve the report on CSR activities.

The feature article "We were, we are and we are going to" shows that our TA-Q-BIN service has created new value together with local customers. We are still making such value-creating efforts, which have been characterized as CSV activities of the Yamato Group. Such efforts were appraised as consequences of employees' daily actions, not temporary measures, and we are encouraged to disseminate information on such efforts to many people via actual services. Taking positive comments on our efforts as a sign of encouragement and keeping in mind the idea of "for the benefit of the world and of society", which has been passed down since our company was founded, we will continue to actively promote CSR activities with the aim of becoming "a company most loved and trusted by society".

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

Editor's note

Thank you very much for reading this "Yamato Group CSR Report 2013".

In addition to four perspectives of "safety, environment, society and economy", the report for this year devotes several pages to feature articles about CSV efforts by the Yamato Group, and a report on financial support projects for the Great East Japan Earthquake. All these CSR activities have been conducted with the cooperation of stakeholders, including employees. We would like to take this opportunity to express our deepest appreciation to all stakeholders. Detailed case examples are available on our corporate website, which will be of help. We will strive to enrich the CSR report reflecting the opinions we receive. Your continued support will be greatly appreciated.

Legal Affairs and CSR Division
Yamato Holdings Co., Ltd.
Ayaka Minato and Satoshi Miura

Title list of articles included in the web version of "Yamato Group CSR Report"

CSR News

CSR Vision

- Group Corporate philosophy
- Long-term Management Plan

Top Message (pages 3-4 in this report)

Topics 2012 (pages 5-6 in this report)

Feature Article "We were, we are and we are going to" (pages 7-12 in this report)



Safety

CASE 01/02 (pages 15-18 in this report)

Securing Transport Safety

- Fostering Excellent Drivers

- Daily Efforts for Safe Driving

- Company-wide Safety Campaign

Efforts to Support Safety

Prevention of Industrial Accidents at Business Offices

Environment

CASE 01/02 (pages 19-22 in this report)

Environmental Management and Promotion Framework

Measures against Global Warming

- Yamato Transport's "Three Principles for CO₂ Emission Reduction in Transportation"

- Achievements

- The Group's Environment-conscious Efforts

Resource Recycling

Environmental Communication

Society

CASE 01/02 (pages 23-26 in this report)

Social and Environmental Education

- Children's Traffic Safety Workshop

- Kuronekoyamato Environmental Class

- Business Seminar for High School Students

- Hosting a Pavilion in the "KidZania"

- Sponsorship of the National Baseball Tournament for Junior

- High School Students Living on Remote Islands

- "Kuroneko Family Concert"

Contribution to Local Communities

Self-support Assistance for the Disabled

With Stakeholders

- With customers

- Creation of Satisfaction by Yamato Transport

- Efforts by Group Companies

- New Services Created based on Customer Requests

- With Employees

- Human Resource Development and Educational Training System

- Creation of Work Environment where Various People can

- Work with Vigour and Enthusiasm

- Various Systems to Create Satisfaction

- With Partners

- With Shareholders and Investors

- Stakeholder Communication

Economy (pages 13-14 in this report)

Corporate Overview of the Yamato Group

Foundation of CSR Management (pages 31-32 in this report)

Corporate Governance

Compliance

Business Continuity Plan (BCP)

Information Security

Third-party Opinion (page 33 in this report)

"Yamato Group CSR Report 2013" (PDF file of this report)

Policy for Publishing CSR Information

[Highlights Version]

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



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

Legal Affairs and CSR Division, Yamato Holdings Co., Ltd.

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

Telephone: +81-3-3541-4141

Facsimile: +81-3-5565-3427

URL: <http://www.yamato-hd.co.jp>



This brochure was printed with vegetable-based inks on FSC®-certified paper friendly to the forest environment.