

# Environmental Preservation and Social Activities

## Refrigerated Rail Containers with Two Temperature Zones

In partnership with JR Freight, Yamato Transport, which operates the Delivery business, has developed a dedicated refrigerated rail container with two temperature zones—refrigerated and frozen. In a related move, it has launched *Cool Takkyubin* rail delivery services for refrigerated and frozen parcels. This enables the use of the same roll box pallets that are used with regular *Takkyubin*, improving loading efficiency by around 30%. The switch from truck to rail is also expected to reduce carbon dioxide emissions by some 850 tons annually. In recent years, corporate customers that order deliveries have grown increasingly concerned over CO<sub>2</sub> emissions from logistics operations. In response, Yamato Transport has drawn up a plan to reduce CO<sub>2</sub> emissions per *Takkyubin* parcel by 30% by fiscal 2013. The initiative to introduce refrigerated rail containers with two temperature zones was approved in 2005 as a project eligible for subsidy under the Japanese Ministry of Land, Infrastructure and Transport's scheme to improve the efficiency of distribution systems.

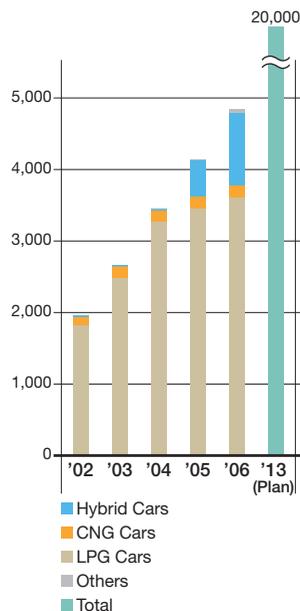


## Measures to Achieve Yamato Transport Global Warming Prevention Targets

### 1. Deployment of Low-Emission Delivery Vehicles

As a means to achieve its global warming prevention goals, Yamato Transport has set a target of putting 20,000 low-emission delivery vehicles into operation by fiscal 2013. In fiscal 2006 we added 708 low-emission vehicles, including 501 hybrids, to bring the total to 4,843. This number represents 11.0% of Yamato Transport's total fleet of vehicles. In addition to hybrids, we are also working to utilize fuel-efficient minivans. Minivans are effective in reducing emissions of carbon dioxide, nitrogen oxides and particulate matter, so we are actively utilizing them in areas within a 400–800

### Changes in the Number of Low-emission Vehicles

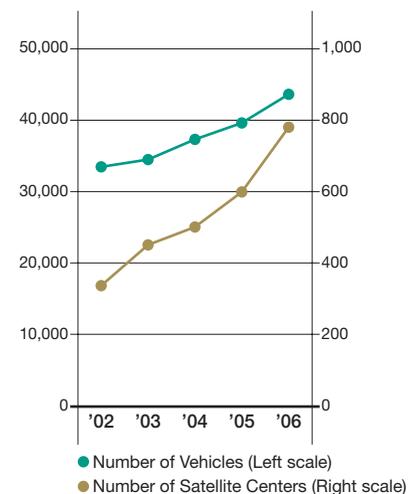


meter radius of *Takkyubin* centers. Our goal is to add 5,000 of the vans to our fleet by fiscal 2013. Looking ahead, Yamato Transport plans to continue actively adding hybrids and other low-emission vehicles to its fleet.

### 2. Opening More Satellite Centers

Yamato Transport is actively engaged in opening more satellite centers as another means to achieve its global warming prevention goals. Deliveries from satellite centers use handcarts and minivans instead of regular trucks. Having more centers will expand the range of options available to us for picking up and delivering

### Changes in the Number of the Satellite Centers





parcels in urban areas and dense residential neighborhoods. It will also limit increases in vehicles required to handle higher delivery volumes, which should serve to help prevent global warming and reduce pollutant emissions. Our goal is to open a total of 1,000 satellite centers by fiscal 2013, which we anticipate will reduce the need for delivery vehicles by roughly 1,500 trucks. 781 satellite centers have been established as of the end of March 2006, and we intend to open even more of the centers going forward.

### Yamato Transport Teaches Children About the Environment

Aware of our corporate responsibilities as a transportation company that uses vehicles, we strive to contribute to local communities through activities related to our business. To that end, we offer classes on the environment for children. Holding the classes provides an opportunity for us to participate in the environmental education of children—the next generation—and serves to raise the environmental awareness of the Group as a

whole. Our employees act as the teachers in these classes, and this role enables them to raise their own environmental awareness and enhance their environment-related knowledge. They learn through teaching. In the process they gain new understanding of our environmental conservation activities and, along with the children, they come to understand why the Yamato Group is actively adding low-emission vehicles to its fleet, engaging in a modal shift from trucks to rail, utilizing eco-drive, and using handcarts for pickup and delivery.

The classes address the issue of how *Takkyubin's* methods of operation relate to the prevention of global warming. The class thinks together about the most pressing environmental issue facing humankind—the reasons behind the current need for measures to prevent global warming. Helping to prevent global warming is an extremely high priority and reducing carbon dioxide emissions, the cause of global warming, is an urgent duty for the Yamato Group as well. Our employees teach the children about measures to help prevent global warming as they relate to *Takkyubin's* operations, so elementary school students learn about industry as well as the importance of environmental conservation activities. The curriculum teaches the children that each and every person's actions are important and in the end encourages them to rethink their own lifestyles.

### Safety Classes for Children

The Yamato Group always puts safety first in its business activities. Preventing traffic accidents involving children is an especially important safety issue. We have held safety classes for children since 1998 and in August 2005 the total number of children that had participated topped the one million mark. As of May 2006, classes have been held 10,083 times and a total of 1,095,175 children have participated. In recent years we have received requests to hold safety classes at care facilities and nursing homes in addition to elementary and junior high schools. The Yamato Group intends to continue to conduct distinctive community service activities, including programs that are even more in tune with local needs.

