

Compliance is one of the top priorities of management at the Group. As such, the Group believes that the company's sustained growth is largely contingent upon not only business profitability, but also proper conduct as a business group with a highly social nature.

For this reason, the Yamato Group revamped its group corporate philosophy from the perspective of corporate social responsibility (CSR) in 2005. This philosophy establishes CSR management as a priority, and is to be shared by all Yamato Group employees.

Yamato Group Corporate Philosophy

The Yamato Group's Corporate Philosophy has three components: The Management Philosophy, the Corporate Stance, and the Employee Code of Conduct.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) activities are carried out on an ongoing basis from the perspectives of safety, the environment and society in line with the Yamato Group Corporate Philosophy.

By conducting CSR activities in close touch with local communities, we seek to build stronger trust-based relationships with our various stakeholders and to create a Yamato brand that stands for unshakable security and reliability in the minds of the public.

Safety

Aggressively Opening Satellite Centers and Pursuing Delivery without the Use of Regular Trucks

Yamato Transport is actively engaged in opening more satellite centers, which use handcarts and electronic bicycles with trailers attached for delivery instead of regular vehicles.

Having more satellite centers will expand the range of options available to us for the safe pickup and delivery of parcels in urban areas and dense residential neighborhoods. These centers also enable our sales drivers to visit customers more quickly and more frequently, thereby not only enhancing customer convenience but also boosting pickup and delivery efficiency.

Diagram of Yamato Group Corporate Philosophy



It also has an aspect of environmental friendliness in that it will also limit increases in vehicles required to handle higher delivery volumes.

As of the end of March 2007, 880 satellite centers had been established, and we intend to open a total of 1,000 centers by the end of March 2013.

We expect this will reduce the need for delivery vehicles by roughly 1,500 trucks.

Safety Classes for Children Exceeds 10,000 Classes Held

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. Held all over Japan, these classes also serve to raise the safety consciousness of Yamato Group employees. The classes, lead by employees of Yamato Transport, employ various means to teach children about traffic safety, including fun lessons, putting on costumes, and explanations of traffic rules. The classes also use an actual delivery vehicle to teach about safety based on the key words "look," "touch," and "think." In fiscal 2007, classes were held 1,164 times and a total of approximately 118,000 children participated.

In recent years, in addition to kindergartens and elementary schools, we have received requests to hold the classes at facilities such as nursing homes and senior citizens' clubs.

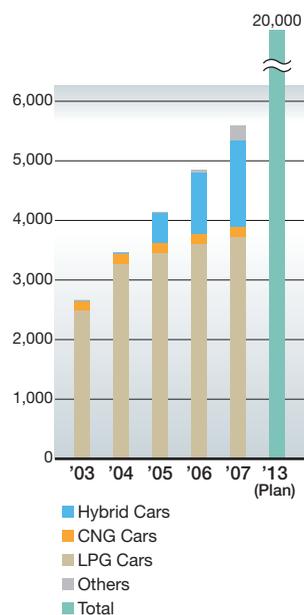
Environment

Deployment of Low-Emission Delivery Vehicles

As a means to achieve its global warming prevention goals of reducing CO₂ emission volume per delivery vehicle by 30% to curb its total CO₂ emission volume to 99% of the level in fiscal 2003 by fiscal 2013, Yamato Transport has set a target of putting 20,000 low-emission delivery vehicles into operation by that fiscal year. In fiscal 2007, we added 758 low-emission vehicles, including 434 hybrids, to bring the total to 5,596. This number represents 12.4% of Yamato Transport's total fleet of vehicles.

Also, in January 2007, we started the full-scale deployment of hybrid

Changes in the Number of Low-emission Vehicles



versions of the walk-through vehicles that are synonymous with *Takkyubin*, with 31 such vehicles put into operation by March 31, 2007.

Winning accolades for its corporate stance on the environment, in 2006, Yamato Transport was selected by Toyota Motor Corporation for joint trials to supply various data necessary for the commercialization of fuel cell-powered vehicles.

Kuroneko Environmental Classes for Children

Yamato Transport started holding environmental classes for children in October 2005.

Aware of our corporate responsibilities as a transportation company, we support environmental education for children, who are responsible for the next generation. Another objective of the Kuroneko environmental classes for children is to increase the environmental awareness of our employees and to renew their awareness that environmental protection activities are being put into actual practice.

The classes are conducted by Yamato Transport employees who visit schools. The classes address the issue of how *Takkyubin*'s methods of operation relate to the prevention of global warming, which is a top priority for the Yamato Group.

In fiscal 2007, the classes for children were held 241 times. We are committed to continuing to pursue activities in close touch with local communities and to conducting ongoing CSR activities as a Corporate Group with a highly public-service character.

