

Corporate Governance

For the year ended March 31, 2015

Basic Position on Corporate Governance

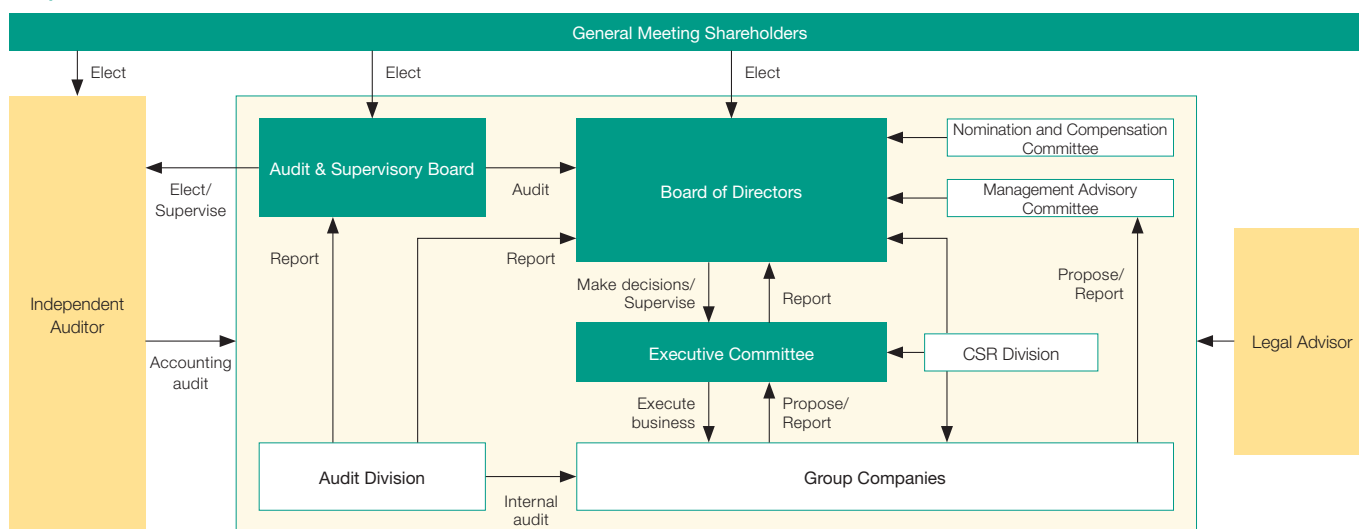
Based on its corporate philosophy, the Yamato Group carries out business activities in accordance with the law and social norms and actively promotes compliance management. Striving to maximize corporate value by effectively utilizing the management resources of the Group is one of the top priorities of management, and we have implemented measures and bolstered management systems as part of our corporate governance initiative.

Characteristics of Corporate Governance System

(As of June 23, 2015)

System	Company with auditors
Number of directors	6
Of which, outside directors	2
Number of audit & supervisory board members	4
Of which, outside auditors	2
Term of directors	1
Executive officer system in place	Yes
Independent auditor	Deloitte Touche Tohmatsu LLC

Corporate Governance Framework



Concurrent Posts and Main Activities of Outside Directors and Outside Audit & Supervisory Board Members

	Name	Independent Officer	Concurrent Posts	Main Activities	Attendance at meetings of the Board of Directors and/or Audit & Supervisory Board during the fiscal year ended March 31, 2015
Outside Directors	Toshitaka Hagiwara	YES	Senior Adviser, Komatsu Ltd.	Director Toshitaka Hagiwara has ample experience and extensive knowledge as a businessperson. He comments and advises as needed on all aspects of business management. Furthermore, his collaboration with the independent auditor and the Audit Division enhances governance.	Board of Directors: 18 of 19 meetings
	Masakatsu Mori	YES	Vice Chairman, International University of Japan	Director Masakatsu Mori has ample experience and extensive knowledge as a businessperson. He comments and advises as needed on all aspects of business management. Furthermore, his collaboration with the independent auditor and the Audit Division enhances governance.	Board of Directors: 18 of 19 meetings
Outside Audit & Supervisory Board Members	Motoharu Yokose	YES	<ul style="list-style-type: none"> Outside Audit & Supervisory Board Member, Yamato Transport Co., Ltd. Corporate Advisor, of Asahi Tax Corporation 	Audit & Supervisory Board Member Motoharu Yokose has ample experience in finance and accounting through his professional experience as a certified public accountant. Furthermore, Mr. Yokose attends regular meetings to exchange opinions with the representative director and president, outside directors, and Audit and Supervisory Board members, monitoring directors' execution of duties primarily by asking questions related to finance and accounting.	Board of Directors: 19 of 19 meetings Audit & Supervisory Board: 14 of 14 meetings
	Hiroyuki Kanae	YES	Partner, Anderson Mori and Tomotsune LPC	Audit & Supervisory Board Member Hiroyuki Kanae has ample experience in finance and accounting through his professional experience as a lawyer. Furthermore, Mr. Kanae attends regular meetings to exchange opinions with the representative director and president, outside directors, and Audit and Supervisory Board members, monitoring directors' execution of duties primarily by asking questions related to overseas business risk.	Board of Directors: 19 of 19 meetings Audit & Supervisory Board: 14 of 14 meetings

Compensation of Directors and Audit & Supervisory Board Members

Directors and Audit & Supervisory Board members	Total compensation and other remuneration (Millions of yen)	Total by compensation and remuneration category (Millions of yen)	Headcount of eligible directors and Audit & Supervisory Board members
		Basic compensation	
Directors (excluding outside directors)	243	243	5
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	20	20	2
Outside directors and Audit & Supervisory Board members	26	26	5

■ Policies related to methods for calculation and determination of director compensation

To ensure the objectivity and transparency of policies for determining director compensation, deliberations are conducted through the Nomination and Compensation Committee, more than half of whose members are outside directors, with the Board of Directors making resolutions.

Director compensation comprises fixed remuneration that reflects external standards and performance-based amounts. The compensation of Audit & Supervisory Board members and outside directors is fixed in keeping with the nature of their work.

Compliance

■ Strengthening internal control for the Group overall

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

Having stipulated its basic policy on the internal control system in accordance with the Companies Act, 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, we are promoting reviews of business rules and the standardization of operations, checking whether operations have been effectively performed in accordance with the rules, and establishing a system to immediately put improvements in place should there have been any shortcomings.

Internal control over the financial reporting of the Yamato Group as of March 31, 2015 as considered valid, and a report was submitted to the Kanto Local Finance Bureau.

■ Concerning inappropriate temperature management in Cool TA-Q-BIN service

In October 2013, Yamato Transport received a report that sorting of parcels in violation of internal rules had been performed in the Cool TA-Q-BIN service. In addition to providing thorough direction on the operational rules, an investigation revealed that, despite the sorting rules having been thorough, there had been occasions in the peak shipment surge season in July when the rules had not been adhered to at 1,269 out of a nationwide total of 3,924 sites. We immediately launched a Cool TA-Q-BIN Service Quality

Improvement Headquarters with President Masaki Yamauchi as head, and drafted measures to discover the causes of the violations and prevent recurrence. Specifically, we created an action structure by establishing a Cool TA-Q-BIN Service Quality Improvement Department, assigning Quality Training Directors nationwide, and appointing Cool TA-Q-BIN Work Leaders at each site. In addition, we put in place personnel, equipment, and materials that are appropriate to the volume of arriving parcels, and are implementing controls over modes of transport. We also adopted of a "total volume management system" to assess in advance the total volume of Cool TA-Q-BIN parcels that can be handled each day, and to accept parcels within that scope of total volume.

See the Yamato Transport website for details.

http://www.kuronekoyamato.co.jp/info/info_131128.html

Business Continuity Plan (BCP)

■ Revisions and maintenance to prepare for unexpected, large-scale natural disasters and power outages, based on our experience in the Great East Japan Earthquake

The Yamato Group offers the TA-Q-BIN service as social infrastructure, and is expected to keep offering the steady service even under unforeseeable circumstances. In the wake of the emergence of novel influenza strain (H1N1) in May 2009, we formulated a business continuity plan (BCP).

Based on this BCP, formulated according to response guidelines focusing on maximum priority on human life and on continuation of the TA-Q-BIN business, we addressed the problems caused by the Great East Japan Earthquake that occurred in 2011. Our 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-scale damage.

Accountability

The Yamato Group considers the explanation of corporate and management data to shareholders, investors, and other stakeholders to be an important corporate governance issue and is committed to the speedy, accurate, and fair disclosure of information.

The main investor relations activities are listed below.

Item	Number of times	Content
Settlement of Accounts Meetings for analysts and institutional investors	4	Settlement of Accounts Meetings are held each quarter. The first-quarter meeting is held by telephone with managing executive officers responsible for finance and investor relations strategy. Meetings for the second, third, and fourth quarters are held with president.
Visits by the president to investors in the U.S., Europe, and Asia.	1 or more per year to each region	The president or chairman make regular overseas visits to investors in the United States, Europe, and Asia to explain management policies.
Small meetings and facility tours with the president	2 or more per year	Creating regular opportunities to promote understanding of business operations, in addition to opportunities for direct dialogue with management
Website for investor relations materials	-	Financial results, news releases, securities reports, and quarterly reports; materials pertaining to settlement of accounts meetings, convocation notices for the ordinary general meeting of shareholders, notices of resolution, and [disclosure of] voting results. Publication of most important information in two languages – Japanese and English – so that information can be communicated to foreign investors.
Establishment of IR department	-	Responsibility for IR strategy

The responsibility of an outside director is to revitalize the Board of Directors

Toshitaka Hagiwara

Outside Director



Governance of the Yamato Group

Governance is the system that a company establishes to secure the realization of sustained growth. The objective of governance should be not only continuity but also growth of business.

Corporate value represents the accumulation of trust that a company has built up with its shareholders, in addition to all other stakeholders. I consider corporate governance to be a mechanism to raise the value of each stakeholder to the Company, and to amplify this accumulation of trust. As an outside director at Yamato Group, I volunteer various opinions to the Board of Directors based on this way of thinking. I believe the responsibility of an outside director extends beyond simply supervising management to revitalizing the Board of Directors. I think this responsibility encompasses the discussion of bills that are introduced, as well as active discourse on the direction of the Group in regard to sustained growth and the appropriateness of its strategies. I am also engaged as an outside director at other companies, and I feel that the coordination of the Board of Directors and the awareness of each individual director at the Yamato Group compares very favorably in contrast.

Given that the objective of corporate governance is the realization of sustained corporate growth and the maximization of corporate value, governance must consider company growth while, at the same time, continuously seeking improvement. I consider the satisfaction that a company is already functioning well enough under its current system of governance to be rather presumptuous.

Toward the Future Growth of the Yamato Group

I previously stated that the responsibility of an outside director is to revitalize the Board of Directors. However, each division has various ideas and opinions about future direction and growth strategies. I would like to see more people in these divisions refine their ideas and opinions into proposals to present to the Board of Directors, which, in turn, would lead to further revitalization of the Board of Directors.

I would like to consider our global strategy, which represents a significant management theme. I doubt there is a single employee within the Company who believes that our domestic success to date naturally extrapolates to success overseas. However, the issue of leveraging the know-how that we have nurtured domestically to build international business models adapted to local culture and regional differences is an important one. I anticipate a dynamic process where global strategies, such as our Asia strategy, are assessed based on information and data that has been obtained through careful investigation. Discussions will then be held by the Board of Directors to determine whether any problems exist with strategy direction and concrete, high-quality proposals will be introduced to the Board of Directors at the next step. The adoption of swift, powerful processes and proposals in this way will lead to further revitalization of the Board of Directors and the Company as a whole.

On the other hand, I feel that further reinforcement of our planning capabilities and strategy formulation expertise is going to be essential in ensuring the Company's sustained growth into the future. More specifically, we need to focus on refining our planning capabilities as a global corporation.

Moreover, although the cultivation of global human resources is important, the most pressing issue for us is how we need to change the attitude of our employees to promote globalization. In particular, it is important for head office, including upper management, and management and staff based at overseas locations to share strategies and problems that need to be addressed. Globalization does not simply denote the expansion of business overseas, and it is globalization at the head office that is most important. It takes five to ten years for businesses overseas to gain a foothold, and we have only just set out on our journey. At Yamato, strategies to support the success of globalization are directly linked to our growth strategy at once. I hope to see the Company work tenaciously toward its goals by formulating various proposals, discussing them and, on deciding a direction, working as a united whole to accomplish them.

Recognizing the importance of evaluating managerial practices from an objective perspective

Masakatsu Mori

Outside Director

Governance of the Yamato Group

The most important role of the Board of Directors is to reflect sound governance in the execution of corporate management. Governance is the process of building and operating frameworks to ensure sustained corporate growth while carefully evaluating whether management strategies are being executed correctly from the perspective of stakeholders outside the Company. In this respect, I feel that the governance of the Yamato Group is top class, even among Japanese corporations. For example, on the appointment of a new president, the most suitable candidate is elected following discussions, which highlight the expertise required to lead the Yamato Group forward, with sufficient information about each candidate. The process is extremely transparent and straightforward.

I believe my responsibility as an outside director extends beyond simply supervising management to actively offering advice based on my personal experiences. When giving advice, I appreciate that those most knowledgeable of managerial operations are the executive officers themselves. For this reason, I endeavor to abstain from commenting on small matters and instead try to consider matters from a long-term perspective, for example, by judging whether an investment decision fits in with the direction of business strategies. Furthermore, I recognize the importance of evaluating matters, such as whether executive officers engaged in management are suitable for their role, whether performance is being effectively improved, and whether

information is being disclosed to shareholders, investors, and other stakeholders, with transparency from an objective perspective.

As we push forward with globalization, the management risks that surround the Company naturally increase. The corporate governance framework at the Yamato Group is of a higher level than at other companies; however, to further reinforce this governance, a keen sense of urgency among the Board of Directors and the executive officers that serve it, coupled with the enhancement of our compliance structure, is going to be essential. Along with the Audit & Supervisory Board members, we, as outside directors, aspire to strengthen the oversight of management going forward.

Toward the Future Growth of the Yamato Group

I feel the cultivation of global leaders is a crucial factor for the Yamato Group to achieve sustainable growth. It goes without saying that prestigious human resources are an invaluable asset to businesses engaged in the provision of services, and an expansion of business will not be possible if we are unable to secure a sufficient supply of these resources. So how can we nurture human resources that understand the Yamato philosophy and who can expand our business at their respective locations? When employing human resources to support the future of Yamato, we should consider their education as a strategic investment, rather than as a human resource cost. I believe the Yamato Group possesses the elements required to achieve growth overseas. If Yamato is able to build a foundation that expands across the globe by fully leveraging its world-class strengths, such as its employee education system and customer-oriented services, corporate spirit, and culture, it should be able to achieve continued growth on a global stage.

To assist the Yamato Group in realizing corporate growth through the cultivation of global leaders, I intend to contribute to the improvement of human resource strategy frameworks by assessing whether they are constructed and managed effectively in the same way that I would assess capital investments. Going forward, I aspire to support the Board of Directors in making timely, accurate management decisions while urging its members to consider growth strategies and human resource strategies as inseparable facets.



Directors

As of June 23, 2015



Haruo Kanda

Makoto Kigawa

Masaki Yamauchi

Kaoru Seto

Makoto Kigawa

Representative Director and Chairman

- Apr. 1973 Joined the Fuji Bank, Limited
- Apr. 2004 Managing Director, Chief Risk Officer / Head of Risk Management Group, and Chief Human Resources Officer / Head of Human Resources Group of Mizuho Corporate Bank, Ltd.
- Apr. 2005 Joined the Company
- Jun. 2005 Managing Director
- Nov. 2005 Representative Managing Director
- Apr. 2006 Representative Director and Managing Executive Officer
- Jun. 2006 Representative Director and Senior Managing Executive Officer
- Mar. 2007 Representative Director and Executive Officer
- Mar. 2007 Representative Director, President and Executive Officer of Yamato Transport Co., Ltd.
- Jun. 2008 Director and Executive Officer of the Company
- Apr. 2011 Representative Director, President and Executive Officer
- Apr. 2015 Representative Director and Chairman (current)

Masaki Yamauchi

Representative Director, President and Executive Officer

- Apr. 1984 Joined the Company
- Apr. 2005 Executive Officer
- Apr. 2005 President, Tokyo Branch
- Nov. 2005 Executive Officer of Yamato Transport Co., Ltd.
- Nov. 2005 General Manager of Human Resources and Administration
- Mar. 2007 Executive Officer of the Company
- Mar. 2007 Responsible for Human Resources Strategy
- May 2007 Responsible for Management Strategy
- Apr. 2008 Representative Director, President and Executive Officer of Yamato Logistics Co., Ltd.
- Apr. 2011 Representative Director, President and Executive Officer of Yamato Transport Co., Ltd.
- Jun. 2011 Director and Executive Officer of the Company
- Apr. 2015 Representative Director, President and Executive Officer (current)

Haruo Kanda

Representative Director, Vice President and Executive Officer

- Jan. 1985 Joined the Company
- Apr. 2004 General Manager of Human Resources
- Aug. 2005 Executive Officer
- Nov. 2005 Executive Officer of Yamato Transport Co., Ltd.
- Jul. 2006 Managing Executive Officer
- Apr. 2008 Managing Executive Officer of the Company
- Jun. 2008 Representative Director and Managing Executive Officer
- Apr. 2013 Representative Director and Senior Managing Executive Officer
- Apr. 2014 Responsible for Human Resources Strategy, Network Strategy, Legal Affairs, CSR Strategy and Audit
- Apr. 2015 Representative Director, Vice President and Executive Officer (current)

Kaoru Seto

Director and Advisor

- Apr. 1970 Joined the Company
- Jun. 1997 President, Chugoku Branch
- Jun. 1999 Director
- Jun. 1999 President, Kansai Branch
- Jun. 2004 Managing Executive Officer
- Jun. 2004 Responsible for Human Resources and Business Improvement
- Apr. 2005 Responsible for CSR Promotion Office and Human Resources and Information
- Apr. 2006 Responsible for Delivery, Home Convenience, and Group Support Businesses
- Jun. 2006 Representative Director, President and Executive Officer
- Apr. 2011 Representative Director and Chairman
- Apr. 2015 Director and Advisor (current)

Outside Directors and Audit & Supervisory Board Members

As of June 23, 2015

Outside Directors



Toshitaka Hagiwara

Outside Director

- Dec. 1969 Joined Komatsu Ltd.
- Jun. 1990 Director
- Jun. 1995 Managing Director
- Jun. 1997 Executive Managing Director
- Jun. 1999 Executive Vice President
- Jun. 2003 Chairman and Representative Director of the Board
- Jun. 2007 Councilor and Senior Adviser
- Jun. 2009 Director of the Company (current)
- Jul. 2011 Senior Adviser of Komatsu Ltd.
- Jul. 2013 Adviser (current)



Masakatsu Mori

Outside Director

- Apr. 1969 Joined Arthur Andersen & Co. (currently: Accenture Japan Ltd.)
- May 1972 Qualified as Certified Public Accountant
- Sep. 1981 Partner (business partner) of Arthur Andersen & Co. (currently: Accenture Japan Ltd.)
- Feb. 1989 President of Andersen Consulting (currently: Accenture Japan Ltd.)
Board Member of Andersen Consulting (Global) (currently: Accenture)
- Apr. 2003 Representative Director and Chairman of Accenture Japan Ltd.
- Sep. 2007 Corporate Advisor of Accenture Japan Ltd.
- Oct. 2009 President of the International University of Japan (IUJ)
- Apr. 2013 Senior Advisor of IUJ
- Jun. 2013 Director of the Company (current)
- Nov. 2013 Vice Chairman of IUJ (current)

Audit and Supervisory Board Members



Kazuko Takahara

Full-time Audit & Supervisory Board Member

- Apr. 1978 Joined Ministry of Labour (currently: Ministry of Health, Labour and Welfare)
- Aug. 2003 Director-general, Gunma Labour Bureau, Ministry of Health, Labour and Welfare
- May 2005 Deputy Director of Japan Advanced Information Center of Safety and Health, Japan Industrial Safety and Health Association
- Jul. 2006 Director of Compliance Department, Japan Industrial Safety and Health Association
- Jul. 2009 Director-general, Hokkaido Labour Bureau, Ministry of Health, Labour and Welfare
- Sep. 2012 Principal of Labour College, The Japan Institute for Labour Policy and Training
- Apr. 2014 Joined the Company
- Jun. 2014 Full-time Audit & Supervisory Board Member (current)



Etsuo Ogawa

Full-time Audit & Supervisory Board Member

- Nov. 1973 Joined the Company
- Jun. 2002 President, Chugoku Branch
- Jun. 2003 Director
- Apr. 2004 Responsible for Financing and Accounting
- Jun. 2004 Director and Managing Executive Officer
- Jun. 2005 Managing Executive Officer
- Oct. 2005 Representative Director, President and Executive Officer of Yamato Logistics Co., Ltd.
- Apr. 2008 Director and Chairman of the Board
- Jun. 2009 Audit & Supervisory Board Member of Yamato Home Convenience Co., Ltd.
- Jun. 2014 Audit & Supervisory Board Member of Yamato Transport Co., Ltd.
- Jun. 2015 Full-time Audit & Supervisory Board Member of the Company (current)



Motoharu Yokose

Audit & Supervisory Board Member

- Jan. 1972 Joined Asahi & Co. (currently: KPMG AZSA LLC)
- Oct. 1975 Registered as Certified Public Accountant
- May 1995 Representative Partner of KPMG AZSA LLC
- May 2001 Executive Partner of KPMG AZSA LLC
- Jun. 2006 Outside Audit & Supervisory Board Member of Yamato Transport Co., Ltd. (current)
- Jul. 2006 Corporate Advisor of Asahi Tax Corporation (current)
- Jun. 2009 Audit & Supervisory Board Member of the Company (current)



Hiroyuki Kanae

Audit & Supervisory Board Member

- Apr. 1979 Registered as lawyer (Daini Tokyo Bar Association)
- Sep. 1987 Joined Coudert Brothers LLP (New York)
- Jul. 1988 Registered as lawyer in New York State
- Sep. 1988 Joined Nishi, Tanaka & Takahashi Law Office
- Apr. 1992 Partner of Nishi, Tanaka & Takahashi Law Office
- May 2001 Joined Shin-Tokyo Law Office as partner
- Oct. 2007 Joined Bingham McCutchen Murase, Sakai Mimura Aizawa, Foreign Law Joint Enterprise as partner due to consolidation
- Jun. 2012 Audit & Supervisory Board Member of the Company (current)
- Apr. 2015 Through the consolidation of law offices, name change to Anderson Mori & Tomotsune LPC (Partner) (current)

Executive Officers

As of June 23, 2015



Kenji Minaki

Senior Managing Executive Officer
Responsible for East Asia regional
Headquarters



Hitoshi Kanamori

Senior Managing Executive Officer
Responsible for Corporate Strategy,
Information Technology Strategy, US
and European Regional Headquarters



Kenichi Shibasaki

Managing Executive Officer
Responsible for Financing and
Accounting and Investor Relations



Hideo Tanzawa

Senior Executive Officer
Responsible for Corporate Strategy,
Public Relations Strategy



Tomoki Otani

Senior Executive Officer
Responsible for Human Resources
Strategy, Network Strategy, Legal
Affairs, CSR and Audit



Toshizo Kurisu

Executive Officer
Representative Director and President,
Yamato Financial Co., Ltd.



Atsushi Ichino

Executive Officer
Representative Director and President,
Yamato Home Convenience Co., Ltd.



Keishirou Sasaki

Executive Officer
Representative Director and President,
Yamato Autoworks Co., Ltd.



Yoshihiko Hoshino

Executive Officer
Representative Director and President,
Yamato System Development Co., Ltd.



Yutaka Nagao

Executive Officer
Representative Director and President,
Yamato Transport Co., Ltd.



Koji Homma

Executive Officer
Representative Director and President,
Yamato Logistics Co., Ltd.



Richard Chua Khing Seng

Executive Officer
Responsible for Southeast Asia
Regional Headquarters
Managing Director, Yamato Asia Pte. Ltd.



Hiromitsu Aikawa

Executive Officer
Responsible for Corporate Strategy