



Change: Advance of social issues, such as Japan’s decreasing birthrate and aging population

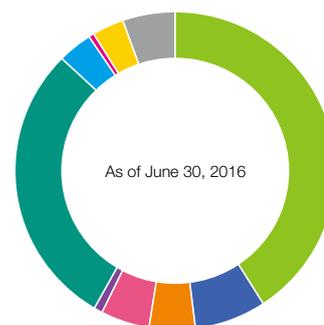
Promotion of CSV in Cooperation with Local Communities (Project G)

In aiming to become the “company most loved and trusted by society,” the Yamato Group is promoting Project G, which engages in revitalizing local communities and resolving issues in cooperation with local governments and local government agencies. Project G’s solutions include expanding the sales channels for specialty products and watch-over service support for the elderly all over Japan.

Number of Project G Solutions: **1,770** (As of June 30, 2016)

Breakdown of Numbers of Project Agreements with Local Governments

■ Watch-over support	132	■ Disaster relief support	92
■ Shopping support services	22	■ Hometown tax payments	11
■ Product support services	14	■ Combined passenger-cargo operations using buses	2
■ Tourism promotion support	15	■ Comprehensive support	11
■ Event support	3	■ Other	17



Main Initiatives in Each Region Commenced from the Fiscal Year Ended March 31, 2016, Onward

Period	Region	Collaboration	Specific Initiative(s)
Apr. 2015	Akita Prefecture	Yamato Transport Co., Ltd. Yamato Multi-Maintenance Solutions Co., Ltd.	<ul style="list-style-type: none"> Provision of watch-over service for elderly residents when making deliveries Support service for collection of recalled products (for the elderly)
Jun. 2015	Iwate Prefecture	Yamato Transport Co., Ltd. Northern Iwate Transportation Inc.	<ul style="list-style-type: none"> Commencement of combined passenger-cargo operations using buses
Sep. 2015	Miyazaki Prefecture	Yamato Transport Co., Ltd. Miyazaki Kotsu Co., Ltd.	<ul style="list-style-type: none"> Commencement of combined passenger-cargo operations using buses
Oct. 2015	Shimane Prefecture	Yamato Transport Co., Ltd. Yamato Home Convenience Co., Ltd.	<ul style="list-style-type: none"> Sales of cover letter and box with an original design Support for people relocating to and promotion for settling in Shimane (Special offer for removal services, etc.)
Jan. 2016	Akita Prefecture	Akita Meat Trading Center NobleMono (Thailand) Yamato Group	<ul style="list-style-type: none"> Expansion of overseas sales channels for Akita beef Yamato Group agent for trade, export procedures, international transport, commodity price settlement, etc.
Feb. 2016	Miyazaki Prefecture	Yamato Transport Co., Ltd. Yamato Multi-Maintenance Solutions Co., Ltd.	<ul style="list-style-type: none"> Provision of watch-over service for elderly residents when making deliveries Support service for collection of recalled products (for the elderly)
Apr. 2016	Tama City, Tokyo	Urban Renaissance Agency Yamato Holdings Co., Ltd.	<ul style="list-style-type: none"> Setting up of community center Receipt of TA-Q-BIN items, installation of parcel lockers, shopping agency Consolidation and bulk delivery of shipments from other home delivery business operators Housework support Watch-over service, etc.
Jun. 2016	Tokyo metropolitan area	Yamato Transport Co., Ltd.	<ul style="list-style-type: none"> Agreement to support the elderly

Activity Showcase

Delivering Peace of Mind by Watching over Seniors / Collecting Recalled Products

All over Japan, the Yamato Group is engaged in the areas of life-style support, which includes watching over seniors and assisting with their shopping, and sales promotion support, such as through expanding the sales channels for specialty products. In February 2016, watch-over service support for the elderly and recalled product collection initiatives aimed at households with elderly occupants were commenced in Nichinan City, Miyazaki

Prefecture. Besides contacting the local government in the case that there is concern that a senior at a delivery location has been absent for a long period of time or is suffering from poor health, this service delivers information on recalled products and local government publications to seniors’ residences by TA-Q-BIN. Should such a product be found, its collection is expedited. In the years to come, while liaising with local governments, the Group will promote initiatives that are linked to the safety of local residents.

Activity Showcase

Lifestyle Support Services That Utilize Tama New Town's Community Base

In April 2016, in collaboration with the Urban Renaissance (UR) Agency and Tama City, Yamato Holdings commenced lifestyle support services with the aim of making the lifestyles of the people living at Tama New Town more abundant. While Tama City and UR provided the venues in the form of Tama area and UR housing complexes, the Yamato Group offers the following services.



- TA-Q-BIN receipt services, installation of parcel lockers, collaboration with NPOs and residents' associations, and urban and regional information dissemination
- Deliveries not only by Yamato TA-Q-BIN but also consolidation and bulk delivery of shipments from other parcel delivery business operators
- Acceptance of product orders by phone, website, or at a base, delivery of purchased items from store to collection and sorting
- Delivery of products on the same day, from local retail store to residence
- Provision of household support services, which include cleaning, changing light bulbs, and the assembly of furniture, and support for watching over residents
- Proactive employment of people who are resident in the Tama area as staff members for base reception and bulk delivery tasks



Achievements of Combined Passenger-Cargo Operations: TA-Q-BIN Transportation That Utilizes Scheduled-Route Passenger Buses

With the dual aim of improving lifestyle services for local residents—by maintaining scheduled bus networks in areas where the processes of depopulation and an aging population are taking hold—and streamlining logistics, Yamato Transport commenced combined passenger-cargo operations in collaboration with bus operators. Currently, the service is in operation in Iwate and Miyazaki prefectures. By switching part of the sector normally operated by truck over to transportation by scheduled-route bus, these operations have led to a reduction in CO₂ emissions and

enabled the realization of lower environmental impact.

Securing this new source of income has helped bus operators maintain bus routes. From Yamato Transport's point of view, the initiative has allowed its sales drivers to increase the amount of time they stay in their areas and enabled them to perform more region-specific services, such as being in the position to extend pickup times. For local residents, the initiative has led to an improvement in lifestyle services, including being able to steadily utilize scheduled-route buses that represent transportation infrastructure lifelines. In June 2016, this initiative won the Logistics Environmental Conservation Award at the 17th Logistics Environmental Awards sponsored by the Japan Association for Logistics and Transport, which evaluates initiatives of this type.



Promotion of Diversity toward Lasting Development

Faced with changes in various forms of social structure, including labor shortages caused by the declining and aging population as well as the diversification of needs, the Company respects diverse values and each and every employee who has ideas and awareness—regardless of gender, nationality, or age—and works to create workplaces in which people are able to display those abilities to the fullest extent. Consciously incorporating the values of diverse employees into the organization and leading to stronger corporate competitiveness and growth is what the Yamato Group considers diversity.

In August 2014, Yamato Holdings established the Diversity Promotion Department and encourages diversity along the following three lines:

- Fostering an awareness of diversity: Each and every person has a common awareness with regard to the promotion of diversity
- Creating environments in which it is easy to work: Set up environments that enable any person to equally make significant contributions, such as reviewing ways of working and encouraging a work-life balance
- Supporting career formulation: Support for each and every employee to enable him or her to realize personal growth through work

Diversity of Yamato Group in Numbers (April 2015 – March 2016)

610 persons took childcare leave
(including 41 male employees)

474 persons worked shorter hours for childcare
(including 9 male employees)

25 persons took nursing care leave
(including 9 male employees)

29 persons worked shorter hours for nursing care
(including 13 male employees)



Safety

Safety Measures toward Achievement of Zero Accidents

The Yamato Group deems community streets and roads as the places to carry out its business activities. Based on our corporate stance of thorough safety management that keeps respect for human life as its top priority, the Group thoroughly adheres to its philosophy of placing safety first and business second to maintain respect for human life as a priority at all times.

Safety Management Disclosure Information

With ensuring the safety of transport business operators as its goal, the Yamato Group has built up a transport safety management system, based on the Transport Safety Management System stipulated by the Ministry of Land, Infrastructure, Transport and Tourism, and remains actively involved in its implementation. Results for the fiscal year ended March 31, 2016, and part of the goals for the fiscal year ending March 31, 2017, are listed below.

Transport Safety Goals and Achievement Status (Yamato Transport Co., Ltd.)

Traffic Accidents

Item	Results for the fiscal year ended March 31, 2016	Goal for the fiscal year ending March 31, 2017
No. of serious traffic accidents	6	0
No. of serious work-related accidents	0	0

Source: Yamato Transport's publicly disclosed "Transport Safety Management" information (Japanese-language only)

Budget / Results Relating to Transport Safety

Results for the Fiscal Year Ended March 31, 2016

1. On-board See-T Navi system Installation expenses¥229.0 million
Maintenance fees¥324.0 million
2. Long-running no accident commendation awardees amount¥575.0 million
3. Expenses related to long-running no accident commendation ceremony.....¥59.5 million
4. Expenses related to Nationwide Safety Meet¥7.1 million

Budget Plan for the Fiscal Year Ending March 31, 2017

1. On-board See-T Navi system maintenance fees.....¥315.0 million
2. Long-running no accident commendation awardees amount¥604.5 million
3. Expenses related to long-running no accident commendation ceremony.....¥65.8 million
4. Expenses related to Nationwide Safety Meet.....¥7.1 million
5. Introduction of Event Data Recorders.....¥77.0 million

Training of Sales Drivers Who Prioritize Safety Above All Else

To train excellent drivers who prioritize safety above all else, the Yamato Group has expanded and upgraded its training system and engages in the provision of detailed guidance on a daily basis.

Yamato Transport drivers hired following a rigorous aptitude test receive training when they join the Company that includes safety training and other training for approximately one month after they have entered the Company. After earning their internal Yamato licenses, they come to the actual business of driving for the first time. Even after that, they hone their driving skills through training sessions one year after joining, regular ride-along instruction and on-the-road patrols by safety experts and safety specialists, and a driving aptitude examination once every three years.

Ingraining Safety Awareness into Employees

The Yamato Group implements its "Zero Traffic Accidents Campaign" in spring and the fall. During the fall campaign in the fiscal year ended March 31, 2016, the aim was to achieve zero accidents with the themes of ensuring safety at traffic crossings (including when pulling onto and off of the road*) and paying particular attention to children and the elderly as well as motorcycles and bicycles.

The Yamato Group also holds the Yamato Transport Nationwide Safety Meet with the aim of improving the safe driving levels as professional drivers, maintaining safety awareness throughout the Company, and improving driving technique. For the Fifth Yamato Transport Nationwide Safety Meet held in October 2015, a new category for female drivers was established.

* Including to and from customers' properties, etc., as well as parking lots



Supporting Safety by Thorough Maintenance Management

Covering the more than 4,000 pickup and delivery base locations of the Yamato Group, Yamato Autoworks is responsible for 50,000 vehicles and their maintenance inspections. Their major maintenance factories are in operation around the clock throughout the year. Aside from naturally responding quickly in the event of a breakdown, they support the mandatory periodic inspections carried out on vehicles by collective management throughout the year. Furthermore, they perform preventive maintenance to carry out maintenance before breakdowns occur by frequently checking the status of vehicles and gathering information. Of the approximately 940 mechanics, the number that hold automobile inspector qualifications, which enable them to carry out complete inspections to determine whether vehicles meet safety standards once maintenance has been completed, has climbed to 590 (as at March 31, 2016). During maintenance, the accuracy of inspections is raised by double checks by another mechanic who carries out interim and maintenance completion inspections.



Environment

A Thoroughly Ecological Approach to Transportation to Achieve Cost Reduction

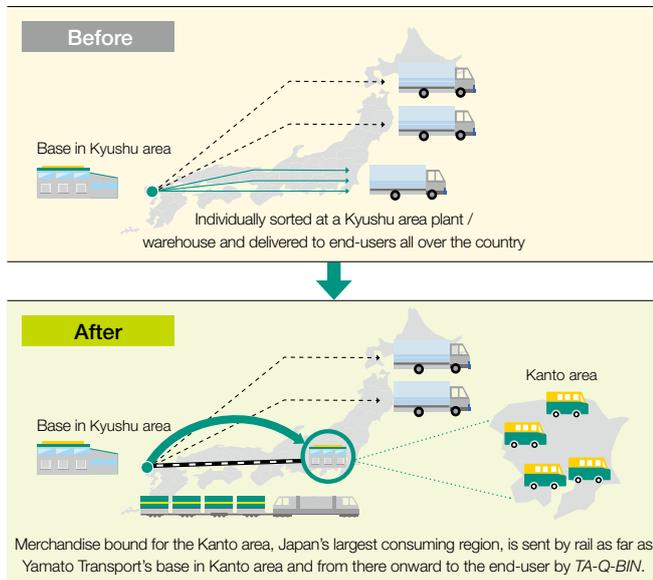
By considering that efforts form part of a corporation's responsibility to society, the Yamato Group refers to its environmental conservation initiatives as "Necology." The Group establishes environment-friendly logistics by thoroughly ensuring the environmental friendliness of all aspects, especially for packaging, transportation, and delivery.

Companywide Promotion of Modal Shift

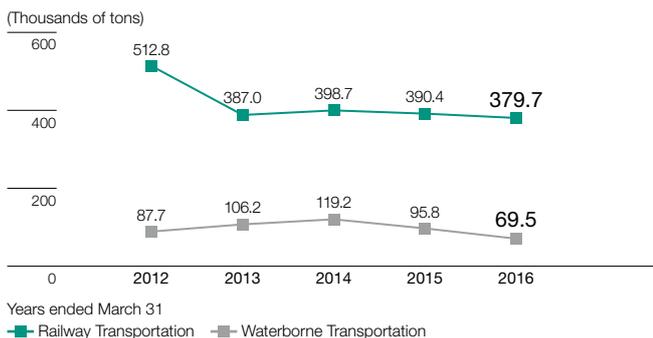
As an initiative designed to reduce CO₂ emissions, the Yamato Group is encouraging all its companies to perform a modal shift that utilizes railways as its trunk-route transport. The Group's efforts to bring about an increasing shift away from trucks, by switching to the use of railways when shipping freight originating in the Kyushu area and bound for the Kanto area, reduced the total number of trucks in a year by approximately 2,300 vehicles and realized a decrease in CO₂ emissions of about 1,800 tons.

Following an assessment of this initiative, Yamato received the Modal Shift Excellent Business Entity Award (Grand Prize) at the 13th Annual Awards Ceremony for Excellent Business Entities Working on Modal Shift that has the Japan Association for Logistics and Transport as its main sponsor.

Utilizing Railways for Long-Distance Transportation



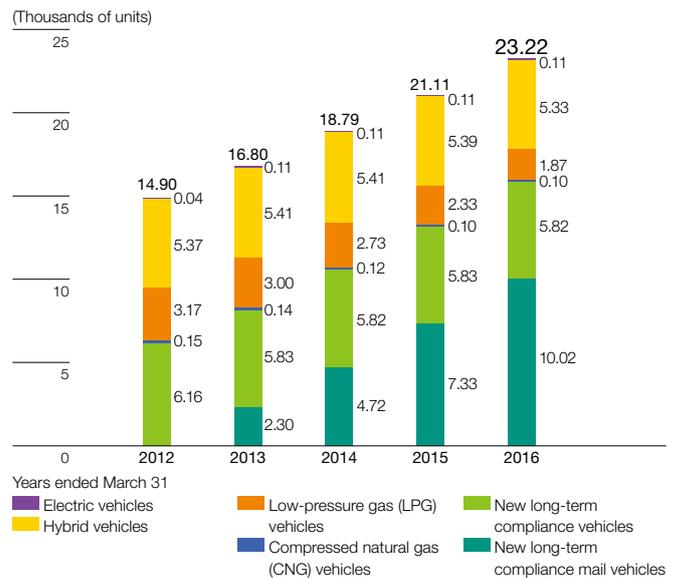
Modal Shift Volume Trends (Yamato Transport Co., Ltd.)



Promoting Area-Compatible Consolidated Deliveries, Keeping Down Vehicle Numbers

Apart from the occasional use of a mini vehicle, the satellite centers set up to undertake pickups and deliveries using bicycles and hand-pushed trolleys are being developed primarily in urban and densely populated areas. For pickups and deliveries in areas close to sales offices, use is being made of hand-pushed trolleys, three-wheelers (a trailer towed by an electric bicycle), and mini vehicles. In areas further afield from sales offices, plans are being made to reduce vehicle numbers by selecting the pickup and delivery method best suited to the area, such as promoting team-based pickup and delivery that combines vehicles and hand-pushed trolleys.

Low-Emission Vehicle Introduction Patterns (Yamato Transport Co., Ltd.)



CO₂ Emissions from Yamato Transport Vehicles

