

Corporate Governance

For the year ended March 31, 2015

Basic Position on Corporate Governance

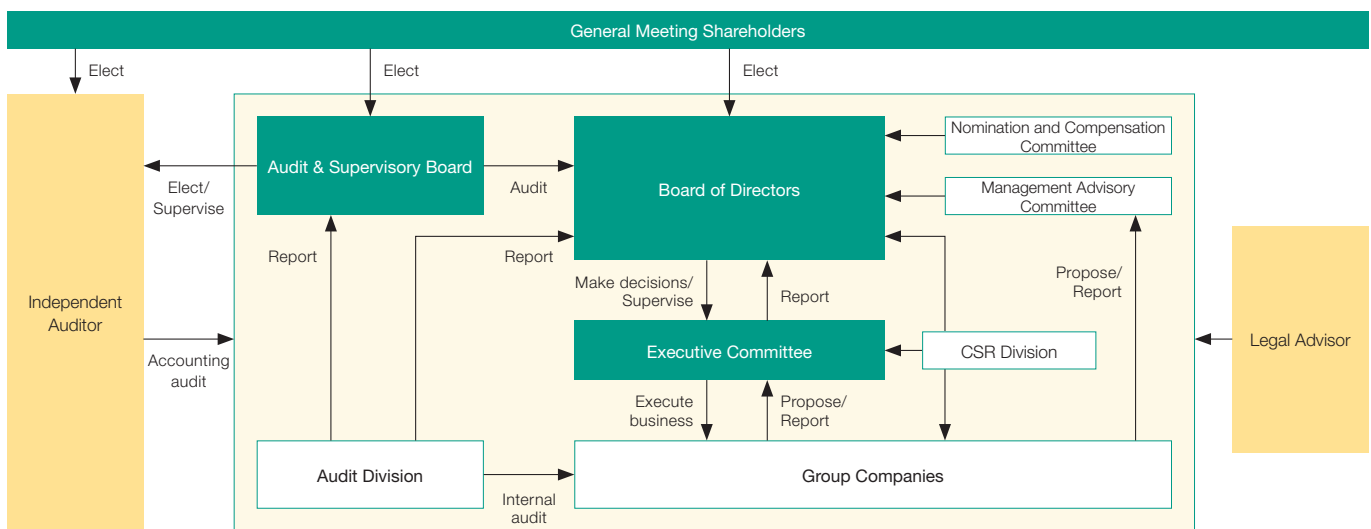
Based on its corporate philosophy, the Yamato Group carries out business activities in accordance with the law and social norms and actively promotes compliance management. Striving to maximize corporate value by effectively utilizing the management resources of the Group is one of the top priorities 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