



## THE YAMATO GROUP'S ESG

- 36 Corporate Governance
- 42 Directors / Audit & Supervisory Board Members / Executive Officers
- 46 Discussion between the Outside Directors and Chairman on Corporate Governance
- 50 Promotion of CSV in Cooperation with Local Communities
- 51 Safety Measures to Support Business Continuity
- 52 Environmental Measures for Realizing a Sustainable Society

# Corporate Governance

## Basic Position on Corporate Governance

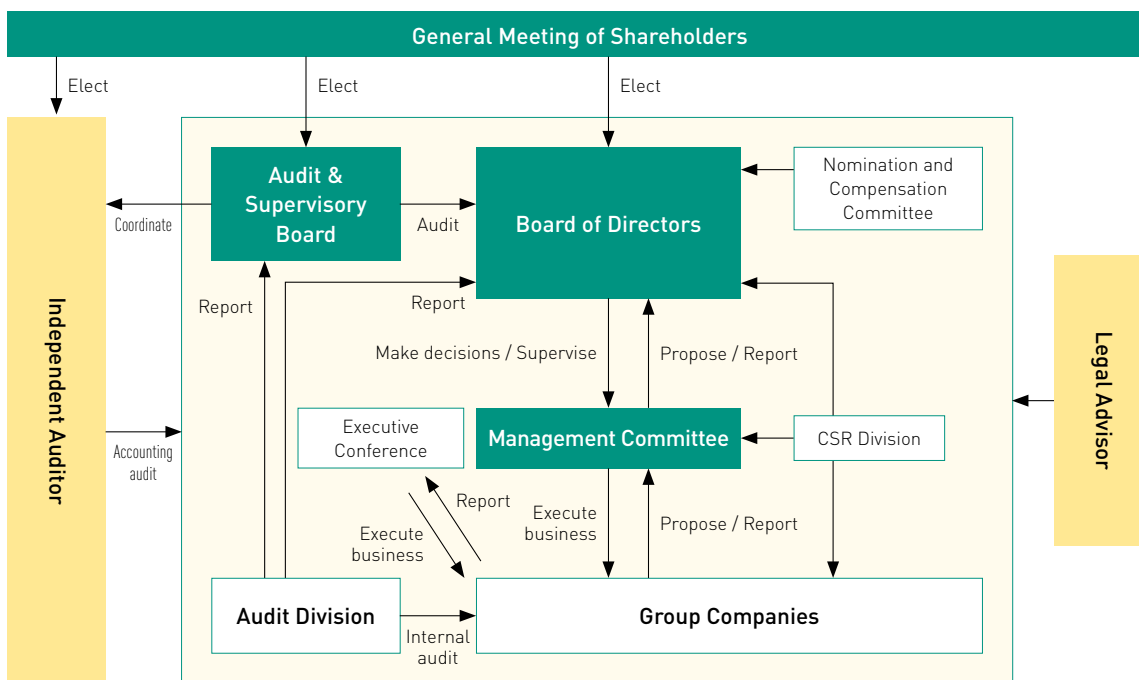
Based on its corporate philosophy, the Yamato Group carries out business activities in accordance with the law and social norms and actively promotes compliance management. Striving to maximize corporate value by

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 January 31, 2019)

System	Company with auditors
Number of directors	9
Outside directors	4
Number of Audit & Supervisory Board members	4
Outside auditors	2
Term of directors	1
Executive officer system in place	Yes
Independent auditor	Deloitte Touche Tohmatsu LLC

## Corporate Governance Framework



## Efforts to Improve Corporate Governance

### Medium-Term Management Plan

	DAN-TOTSU Three-Year Plan HOP	DAN-TOTSU Three-Year Plan STEP	KAIKAKU 2019 for NEXT100
2002	2011	2014	2017-
<b>Board of Directors and Audit &amp; Supervisory Board</b>			
<ul style="list-style-type: none"> <li>■ Shortened the term of directors to one year (June 2003)</li> <li>■ Appointed outside directors (June 2005)</li> </ul>		<ul style="list-style-type: none"> <li>■ Implemented evaluation of effectiveness of the Board of Directors (June 2016)</li> <li>■ Transitioned to a structure in which outside directors made up one-third of all directors (June 2015)</li> </ul>	<ul style="list-style-type: none"> <li>■ Appointed a female outside director (June 2017)</li> </ul>
<b>Committees, etc.</b>			
<ul style="list-style-type: none"> <li>■ Established the Nomination and Compensation Committee (June 2005)</li> <li>■ Established the Compliance and Risk Committee (August 2006)</li> </ul>			
<b>Corporate Structure and Other Systems and Initiatives</b>			
<ul style="list-style-type: none"> <li>■ Introduced executive officer system (June 2004)</li> <li>■ Eliminated retirement benefit system for corporate officers (June 2004)</li> <li>■ Disclosed ROE target in medium-term management plan (January 2005)</li> <li>■ Introduced performance-based compensation system (April 2005)</li> <li>■ Transitioned to a pure holding company (November 2005)</li> <li>■ Introduced succession plans (July 2006)</li> </ul>	<ul style="list-style-type: none"> <li>■ Established interim holding companies to be responsible for regional management (Southeast Asia and East Asia) Southeast Asia (January 2014), East Asia (April 2017)</li> <li>■ Established an advisory board (October 2014)</li> </ul>	<ul style="list-style-type: none"> <li>■ Abolished adviser position (June 2018)</li> </ul>	<ul style="list-style-type: none"> <li>■ Established Corporate Governance Guidelines (September 2015)</li> <li>■ Implemented corporate officer training (October 2015)</li> </ul>

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

	Name	Independent officer	Concurrent posts (As of June 26, 2018)	Main activities	Attendance at meetings of the Board of Directors and/or Audit & Supervisory Board during the fiscal year ended March 31, 2018
Outside Directors	Toshitaka Hagiwara	Yes	<ul style="list-style-type: none"> <li>• Adviser of Komatsu Ltd.</li> <li>• Outside Director of Zensho Holdings Co., Ltd.</li> <li>• Outside Director of Hino Motors, Ltd.</li> <li>• Outside Director of Takamatsu Construction Group Co., Ltd.</li> </ul>	Toshitaka Hagiwara has ample experience and extensive knowledge as a businessperson, and 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: 17 of 18 meetings
	Masakatsu Mori	Yes	<ul style="list-style-type: none"> <li>• Senior Advisor of International University of Japan</li> <li>• Outside Director of Stanley Electric Co., Ltd.</li> <li>• Outside Audit &amp; Supervisory Board Member of Kirin Holdings Company, Limited</li> </ul>	Masakatsu Mori has ample experience and extensive knowledge as a businessperson, and 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 18 meetings
	Mariko Tokuno	Yes	<ul style="list-style-type: none"> <li>• Outside Director of Happinet Corporation</li> <li>• Outside Director of Mitsubishi Materials Corporation</li> </ul>	Mariko Tokuno has ample experience and extensive knowledge as a businessperson, and 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: 14 of 14 meetings
	Yoichi Kobayashi	Yes	<ul style="list-style-type: none"> <li>• Vice Chairman of ITOCHU Corporation</li> </ul>	Yoichi Kobayashi has ample experience and extensive knowledge as a businessperson, and 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.	Appointed in June 2018
Outside Audit & Supervisory Board members	Hiroyuki Kanae	Yes	<ul style="list-style-type: none"> <li>• Partner, Anderson Mori and Tomotsune LPC</li> </ul>	Hiroyuki Kanae provides necessary advice based on his high level of expertise and abundance of experience as an international lawyer. Furthermore, he attends regular meetings to exchange opinions with the representative director and president, outside directors, and Audit & Supervisory Board members, monitoring directors' execution of duties primarily by asking questions related to overseas business risk.	Board of Directors: 18 of 18 meetings Audit & Supervisory Board: 20 of 20 meetings
	Takashi Yamashita	Yes	<ul style="list-style-type: none"> <li>• Representative of Takashi Yamashita CPA Office</li> <li>• Outside Director of Shin Nippon Biomedical Laboratories, Ltd.</li> </ul>	Takashi Yamashita possesses sufficient insight into finance and accounting through his work as a Certified Public Accountant. Furthermore, he attends regular meetings to exchange opinions with the representative director and president, outside directors, and Audit & Supervisory Board members, monitoring directors' execution of duties primarily by asking questions related to finance and accounting.	Board of Directors: 11 of 14 meetings Audit & Supervisory Board: 14 of 14 meetings

## Corporate Governance

The Company is a company with an Audit & Supervisory Board. In addition to important management decision-making and the supervision of business execution by the Board of Directors, Audit & Supervisory Board members and the Audit & Supervisory Board, which are independent from the Board of Directors, shall audit the status of execution of duties by directors.

Also, to complement the functions of the Board of Directors, the Company established a Nomination and Compensation Committee comprising a majority of outside directors. At the same time, the Company has adopted an executive officer system to ensure prompt decision-making related to business execution.

### Board of Directors

#### Roles and duties

- The Board of Directors shall make important decisions concerning the Company's business and supervises the execution of duties by executive directors and executive officers.
- The Board of Directors shall recognize the medium-term management plan as one of the commitments to shareholders and do its utmost to achieve the goals of the plan. Moreover, the Board of Directors shall sufficiently analyze the initiatives aimed at realizing the goals of the medium-term management plan as well as the extent to which the plan's objectives are being achieved. In addition to providing explanations to shareholders, such analyses shall be reflected in future management plans.
- The Board of Directors shall encourage executive officers to demonstrate a healthy entrepreneurial spirit and not excessively avoid or curb risk, while at the same time establishing a framework that enables it to ensure accountability.
- The scope of responsibility of each executive officer shall be decided by the Board of Directors and disclosed. Executive officers shall execute business in accordance with internal regulations.

#### Management

- To allow Board of Directors meeting attendees the opportunity to prepare for meetings in advance, the Board of Directors secretariat shall send agenda items and related materials to directors well in advance of the meeting date and provide explanations in advance as needed.
- The annual schedule of Board of Directors meetings as well as anticipated agenda items shall be decided in advance, and this information shall be provided to directors and Audit & Supervisory Board members.
- The number of issues to be deliberated as well as the frequency of meetings shall be appropriately set, and the time of meetings shall be decided so as to allow sufficient time for deliberations.
- As needed, meetings comprising Board of Directors meeting attendees shall be held for the purpose of exchanging ideas, thereby encouraging lively debate.

- The effectiveness of the Board of Directors shall be evaluated through questionnaires and interviews performed by the chair.

#### Evaluation of effectiveness

To verify the effectiveness of the Board of Directors, the Company listens to the individual opinions of all directors and Audit & Supervisory Board members regarding the composition and operational status of the Board of Directors. Based on these opinions, the Company carries out an evaluation on the Board's effectiveness in terms of such matters as the condition of the Board's operation and the state of deliberation held at Board meetings.

By sharing the issues brought to light through the evaluation at Board of Directors meetings, the Company makes efforts to examine and implement measures toward realizing improvements.

#### Results of Evaluation for the Fiscal Year Ended March 31, 2018

The evaluation deemed that the composition, operating conditions, and state of deliberations of the Board of Directors are generally appropriate for an organization that fulfills a supervisory function. The evaluation also determined that the Board has fostered an environment that allows its members to actively participate in Board meetings and hold open-minded discussions.

The fiscal year ended March 31, 2018, was a year in which the Company made a dramatic change in course with its policies, as reflected by revisions to the content of *TA-Q-BIN* services and their fees.

The lively discussions held by the Board of Directors, which centered on reforming working styles, provided the backdrop to this kind of dramatic decision-making. Accordingly, the Company believes that the Board has sufficiently fulfilled its responsibility in implementing important measures during the fiscal year ended March 31, 2018.

In light of this, the Company confirmed that the Board of Directors is functioning in an effective manner that contributes to its Corporate Governance Guidelines of "securing sound management" and "achieving prompt and accurate decision-making and business execution."

Going forward, the Company will enhance the effectiveness of its working style reforms. At the same time, the Company will continue to maintain and improve the effectiveness of its Board of Directors with a view to

executing its growth strategy aimed at the next 100 years upon celebrating its 100-year anniversary in the fiscal year ending March 31, 2020.

## Audit & Supervisory Board

### Roles and duties

- The Audit & Supervisory Board and its members shall exercise their authority actively and proactively, and they shall appropriately state their opinions at Board of Directors meetings as well as to members of senior management.
- The full-time Audit & Supervisory Board members shall attend Board of Directors meetings and other important meetings related to the execution of

business, express reasonable opinions, hold effective Audit & Supervisory Board meetings, and ensure that information is shared and that members work together in a coordinated manner.

- The Audit & Supervisory Board shall regularly hold information exchange meetings for the purpose of sharing information with outside directors, thereby ensuring more robust gathering of information and encouraging teamwork.

## Nomination and Compensation Committee

- The Nomination and Compensation Committee shall comprise outside directors and the same number of or fewer internal directors with an outside director serving as the committee chair.
- The committee shall deliberate on matters related to the appointment or removal of senior management members based on business performance and multifaceted observations and evaluation, thereby verifying the validity of such decisions, and decide policies on

compensation and other matters related to senior management members.

- The committee shall propose candidates as successors to the representative director to the Board of Directors, following deliberation based on multifaceted observations and evaluations of candidates' track records, human nature, and other factors, thereby increasing management transparency.

## Support Framework for Directors and Audit & Supervisory Board Members

- The Company shall establish a support framework that enables it to provide necessary and adequate information at the necessary time to allow directors to effectively fulfill their roles and duties.
- By participating in key business strategy meetings for the overall Group, such as the "Business Summit," "Business Conference," and "Management Plan Unveiling," as well as by observing key Group business sites, including those overseas, participants are able to better understand the business strategies and provide opportunities to see how these strategies are being advanced.
- As a system to help Audit & Supervisory Board members smoothly perform their duties, employees in the internal audit division shall be appointed to assist Audit & Supervisory Board members.

- Audit & Supervisory Board members shall exercise their authority to perform investigations in accordance with the Companies Act. In addition, if a director or employee discovers a fact that could potentially inflict marked damage on the Company, he/she shall immediately report this fact to an Audit & Supervisory Board member, even if there is no request to do so from an Audit & Supervisory Board member.
- If a director or Audit & Supervisory Board member believes it to be necessary, he/she shall obtain advice from an outside expert at the Company's expense.
- The internal audit division shall regularly hold meetings with the full-time Audit & Supervisory Board members, and provide audit reports in a planned manner to the Board of Directors and the Audit & Supervisory Board, thereby enhancing the provision of information to as well as bolstering coordination with outside directors and outside Audit & Supervisory Board members.

## Corporate Governance

### 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)	Head count of eligible directors and Audit & Supervisory Board members
		Basic compensation	
Directors (excluding outside directors)	274	274	5
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	48	48	2
Outside directors and Audit & Supervisory Board members	61	61	6

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. In addition, a certain percentage of their compensation is allocated to purchasing shares of the Company through the Officers and Executives' Shareholding Association. The compensation of Audit & Supervisory Board members and outside directors is fixed in keeping with the nature of their work.

#### ► Policies related to methods for calculation and determination of director compensation

To ensure the objectivity and transparency of policies

### Policy on Cross-Shareholdings

The Company shall maintain a policy of owning stocks that are deemed meaningful, based on a comprehensive consideration from a medium- to long-term perspective of the relationship with the Group's businesses, the profitability of the Company, and the potential for creating new business opportunities, among other factors. A decision shall be made every year at the Board of Directors meeting concerning whether to continue holding the stocks based on careful consideration of various factors including previous business transactions with the Company and the market price of the shares, and after

verifying the benefits and risks associated with holding the stocks from a quantitative and qualitative perspective. The Company works to reduce the number of stocks it owns that are deemed to be of little significance.

In exercising the voting rights of shares held, the decision to support or oppose agenda items at the shareholders' meeting shall be made on a case-by-case basis, with consideration given to the issuing company's enhancement of corporate value, the issuing company's compliance framework, and the possibility of a negative impact on the Group's business, among other factors.

### 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 mistakes. Having stipulated its basic policy on the internal control system in accordance with the Companies Act, each Group company is working on strengthening internal control.

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 be any shortcomings.

Internal control over the financial reporting of the Yamato Group as of March 31, 2018, was considered valid, and a report was submitted to the Kanto Local Finance Bureau.

#### ► Reinforcing the Whistle-Blower System

With regard to compliance violations by the Company, employees, directors, and other members, the Yamato Group ensures an appropriate framework related to whistle-blowing by having in place a contact point for the president, a contact point managed by the Compliance and Risk Committee, and a contact point managed by an outside attorney. The Company shall secure a framework in which employees who report on such violations are protected under whistle-blower regulations.

Furthermore, to promptly discover violations of laws, internal regulations, and other regulations and enact an appropriate response, the Company is moving forward with various operational improvements, including determining a specific whistle-blowing response process shared across the Group, in addition to establishing handling methods and risk assessment standards. Violations and responses to violations shall be regularly reported to the Compliance and Risk Committee and the Board of Directors.

## Business Continuity Plan (BCP)

As a corporate group that offers the *TA-Q-BIN* service as a part of social infrastructure, the Yamato Group has formulated a business continuity plan (BCP) to ensure that it can keep offering services in a steady manner even under unforeseeable circumstances. Based on the experience gained after the Great East Japan Earthquake and other disasters, we are anticipating various emergency scenarios in an effort to reinforce our crisis management system on a Groupwide basis.

We have also established the Yamato Group BCP Basic Policy, which is supported by the three pillars of giving the utmost priority to human life, aiming for the prompt recovery of operations at each Group company,

and meeting the expectations of local community members as a part of social infrastructure. Guided by this policy, we have determined various Groupwide standards and have created a wide range of manuals in accordance with the business continuity of each Group company.

Going forward, we will strengthen our response to dealing with damage from natural disasters such as earthquakes, for which damage is expected to be large in scale, and flooding caused by heavy rain and other factors. At the same time, we will promote extensive examinations of various risks that could impact our business continuity.

## 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. Furthermore, the Group

has established the Disclosure Policy in order to disclose and manage information in a more appropriate manner and enhance the reliability of that information.

The main investor relations activities are listed below.

Item	Number of times	Content
Settlement of Accounts Meetings for analysts and institutional investors	4	The first-quarter meeting is held by telephone with the Chief Financial Officer. Meetings for the second, third, and fourth quarters are held with the president.
Visits by the president to investors in the United States, Europe, and Asia	1 or more per year to each region	The president or chairman makes regular overseas visits to investors in the United States, Europe, and Asia to explain management policies.
Small meetings with the president	2 per year	Creating regular opportunities for direct dialogue with management
Facility tours	2 or more per year	Creating regular opportunities to promote understanding of business operations
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	—	Responsible for developing IR strategies to initiate dialogue with shareholders and other investors and disclosing information

## Directors

As of January 31, 2019



### Makoto Kigawa

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  
 Apr. 2018 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 Regional Office  
 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)



### Kenichi Shibasaki

Director,  
Senior Managing Executive Officer

Apr. 1980 Joined the Company  
 Jun. 1997 Regional Branch Manager of Saitama Regional Branch  
 Jun. 1999 General Manager of Education Division  
 Apr. 2003 General Manager of Operation Division  
 Feb. 2006 Representative Director, President and Executive Officer of Yamato Financial Co., Ltd.  
 Apr. 2006 Executive Officer of the Company  
 Apr. 2012 Managing Executive Officer  
 Apr. 2016 Senior Managing Executive Officer (current)  
 Apr. 2017 Responsible for Financing Strategy and Coordinator-General of Investor Relations Strategy (current)  
 Jun. 2018 Director, Senior Managing Executive Officer (current)



### Yutaka Nagao

Director,  
Executive Officer

Apr. 1988 Joined the Company  
 Apr. 2004 Regional Branch Manager of Yamaguchi Regional Branch  
 Apr. 2006 Regional Branch Manager of Saitama Regional Branch of Yamato Transport Co., Ltd.  
 Apr. 2009 General Manager of TSS Sales Promotion Office  
 Apr. 2010 Executive Officer and President of Kanto Regional Office  
 Apr. 2013 Managing Executive Officer  
 Apr. 2015 Executive Officer of the Company  
 Apr. 2015 Representative Director, President and Executive Officer of Yamato Transport Co., Ltd. (current)  
 Jun. 2017 Director and Executive Officer of the Company (current)





## 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  
 Apr. 2018 Senior Advisor of IUJ (current)



## Mariko Tokuno

Outside Director

Jan. 1994 Joined Louis Vuitton Japan KK  
 Apr. 2002 Senior Director for Sales Administration  
 Mar. 2004 Vice President of Tiffany & Co. Japan Inc.  
 Aug. 2010 Representative Director and President of Christian Dior Japan KK  
 Sep. 2013 Representative Director, President and CEO of Ferragamo Japan KK  
 Jun. 2017 Director of the Company (current)



## Yoichi Kobayashi

Outside Director

Apr. 1973 Joined ITOCHU Corporation  
 Jun. 2004 Executive Officer  
 Apr. 2006 Managing Executive Officer  
 Jun. 2006 Representative Executive Managing Director  
 Apr. 2008 Representative Senior Managing Director  
 Apr. 2011 Representative Director and Executive Vice President  
 Apr. 2015 Senior Advisor  
 Apr. 2016 Vice Chairman (current)  
 Jun. 2018 Outside Director of the Company (current)

# Audit & Supervisory Board Members

As of January 31, 2019



## 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 of Yamato Logistics Co., Ltd.
- 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)



## Mamoru Matsuno

Full-time Audit & Supervisory Board Member

- Apr. 1981 Joined the Company
- Jun. 2000 Manager of Audit Section No. 1 of Audit Division
- Jun. 2002 Manager of Audit Section of Audit Division
- Jul. 2006 Audit Function Manager
- Apr. 2012 Audit Function Senior Manager
- Apr. 2018 Attached to the President
- Jun. 2018 Full-time Audit & Supervisory Board Member (current)



## Hiroyuki Kanae

Outside Audit & Supervisory Board Member

- Apr. 1979 Licensed and registered as an attorney at law (Bengoshi) at Daini Tokyo Bar Association
- Sep. 1987 Coudert Brothers LLP (New York)
- Jul. 1988 Licensed and registered as an attorney at law in the State of New York
- 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 Through the consolidation of law offices, name change to Bingham McCutchen Murase, Sakai Mimura Aizawa, Foreign Law Joint Enterprise (Partner)
- Jun. 2012 Outside 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)



## Takashi Yamashita

Outside Audit & Supervisory Board Member

- Oct. 1983 Joined Asahi Accounting Company
- Mar. 1987 Registered as a Certified Public Accountant
- May 2003 Representative Partner of Asahi & Co. (currently: KPMG AZSA LLC)
- Aug. 2014 Established Takashi Yamashita CPA Office, Representative (current)
- Jan. 2015 Registered as a Certified Tax Accountant
- Jun. 2017 Outside Audit & Supervisory Board Member of the Company (current)



# Executive Officers

As of January 31, 2019



## Kenji Minaki

Executive Officer and Vice President  
Global Business in Charge, President,  
Yamato (China) Co., Ltd.



## Hideo Tanzawa

Managing Executive Officer  
Responsible for Public Relations Strategy,  
Business Strategy, Tokyo Olympic and  
Paralympic Promotion



## Shinji Makiura

Managing Executive Officer  
Responsible for Corporate Strategy and  
Yamato Digital Innovation Center



## Tomoki Otani

Managing Executive Officer  
Responsible for Human Resources  
Strategy and Work Style Reform



## Seichi Awa

Managing Executive Officer  
Responsible for General Affairs, CSR, and  
Internal Audit



## Katsuhiko Umetsu

Senior Executive Officer  
Director and Chairman, Yamato Global  
Logistics Japan Co., Ltd.  
Responsible for Global Strategic Planning  
and Development, Group Cold Chain  
Platform Development



## Atsushi Kashimoto

Senior Executive Officer  
Responsible for Investor Relations Strategy



## Yoshihiko Hoshino

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



## Tetsuya Egashira

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



## Naomi Ogata

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



## Makoto Wada

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



## Tsutomu Sasaki

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



## Richard Chua Khing Seng

Executive Officer  
Chairman and Director, Yamato Asia Pte. Ltd.  
Responsible for M&A Collaboration,  
Partnership



## Yorimasa Tanaka

Executive Officer  
Responsible for Technology Strategy



## Ryutarō Narui

Executive Officer  
Responsible for Planning and  
Management of Strategic Alliance



## Hiroyuki Yasuda

Executive Officer  
Responsible for Legal Affairs

## Discussion between the Outside Directors and Chairman on Corporate Governance



**Masakatsu Mori** Outside Director

**Makoto Kigawa** Director and Chairman

**Toshitaka Hagiwara** Outside Director

**Mariko Tokuno** Outside Director

## Realizing Sustainable Growth for the Next 100 Years

In June 2018, a discussion was held between outside directors Toshitaka Hagiwara, Masakatsu Mori, and Mariko Tokuno and the Company's chairman Makoto Kigawa. These four participants exchanged opinions regarding a variety of topics, including the decision-making process behind moving forward from "DAN-TOTSU Management Plan 2019" to "KAIKAKU 2019 for NEXT100," the steps necessary for the Company to improve corporate value in a sustainable manner over the next 100 years, and the effectiveness of the Board of Directors, which holds discussions and makes decisions pertaining to these matters, as well as the issues facing the Board.

### Decisions of the Board of Directors to Address the Rapidly Changing Business Environment

#### Promoting Adequate Pricing Initiatives to Maintain Social Infrastructure

**Kigawa** We have been fortunate enough to celebrate the 43rd year since the start of *TA-Q-BIN* in 1976. Over this long history, 2017 represented a year in which the Yamato Group reached a major turning point. The e-commerce market, which we hoped would help us realize further growth, expanded at a rate that far exceeded our expectations, and we were unable to keep up in terms of establishing an operational structure in response to this expansion. As a result, a heavy burden was placed on our sales drivers and other employees working on

the front lines. These circumstances provided us with the impetus to pursue dramatic reforms under "KAIKAKU 2019 for NEXT100." I would like to ask the outside directors to provide their candid opinion regarding the conditions of the Group and the decision-making by the Board of Directors leading up to "KAIKAKU 2019 for NEXT100."

**Hagiwara** I have been an outside director of the Company since 2009. Regardless of the various changes that have occurred over the years, the Company has continued to provide high-quality services based on an understanding of its role as a part of social infrastructure, while also making



Companywide efforts to maintain its low rates. However, due to the particularly remarkable changes in recent years, such as the rapid increase in delivery volumes and severe personnel shortages, the Company has not only struggled to generate a sufficient amount of profits, but has also been unable to respond to its current shipping volumes. While it is important for the Yamato Group to be aware of its role as a part of social infrastructure, that awareness is meaningless if it is unable to fulfill that role and function. In light of this situation, I stated my opinion that the Company should take the lead over its competitors in promoting adequate pricing initiatives. I also emphasized the need for the Company to temporarily contain its delivery volumes. As an outside director, I have strongly encouraged the Company to gain an understanding of its customers and other stakeholders by properly explaining its current business conditions and maintaining full accountability.

**Mori** Throughout the decision-making process leading up to these reforms, I consistently placed emphasis on ensuring that the Group, as a corporate group that makes up a part of social infrastructure, does not engage in any action that would halt the flow of goods. I specifically focused on helping the Group make management decisions that were meaningful for both itself and society as a whole. A corporation needs to maintain a cycle in which it generates an appropriate level of profit and invests that profit toward further growth. If a corporation is unable to maintain such a cycle, it will fail. Recently, Yamato has requested the understanding of both its individual and corporate clients regarding fee revisions. In particular, the Company has begun negotiating with customers that have been making use of services at discounted rates, even preparing for an outcome in which these customers discontinue the use of such services. With a year gone by since these decisions were made, I believe they were the right course of action to take.

Also, what makes me especially happy as an outside director is that these decisions gained the understanding of society. Starting with the media, the overall reception of these decisions was positive, and I believe this underscores the fact that the

Yamato Group is truly working in behalf of society. This is precisely why I feel the fee revisions made by the Company were accepted so positively.

**Tokuno** I was appointed as an outside director of the Company exactly one year ago. At the time, news reports on Japan's home delivery crisis had slowly started to taper off. Before becoming an outside director, I viewed the Yamato Group from the perspective of a consumer. What I found particularly surprising was that there was really no difference between my view of the Group before joining, which was based on my observations of the employees working on the front lines, and my view of the Group now as one of its members. I have gained a sense of the strong solidarity among the sales drivers. I believe this sense of solidarity comes from the fact that these drivers place fulfilling their social mission as the precedent for their work. I previously worked at a foreign-owned company, and to be honest I sometimes wonder if it is necessary for a private enterprise to place such a heavy social and public responsibility on itself. However, the Group's strong adherence to fulfilling its mission is what assures me that it will be able to overcome any difficulty it faces.

#### **Reforming Working Styles— Enhancing Employee Motivation and Productivity**

**Kigawa** As you all have stated, the Group's most important characteristics are its awareness of fulfilling its role as a part of social infrastructure and its adherence to realizing its mission. To maintain high levels of these characteristics, we are implementing a strategy that focuses our management on adequate pricing initiatives and working style reforms, which will boost our employees' overall level of satisfaction. We at the Group believe that we are playing a leading role in Japan with our pursuit of "Reforming Working Styles," but I would like to ask the outside directors on how you view these reforms.

**Mori** I feel that the most important issue to address in "Reforming Working Styles" is improving productivity. While



## Discussion between the Outside Directors and Chairman on Corporate Governance



there are many methods to do this, including the use of IT and automation, the true key to boosting productivity lies in the motivation of each employee. Employee productivity can change significantly depending on their level of motivation. Simply reducing working hours leads to a decline in morale, which consequently lowers productivity as well. If the Group does not implement working style reforms in a well-balanced manner, then it will become a slow-moving company with low levels of productivity and will eventually lose out against the competition. I believe that close communication between the Company's management and its employees is crucial for improving productivity while maintaining high levels of employee motivation.

**Hagiwara** From the standpoint of productivity, the Group has taken steps to revise its service specifications as part of its efforts under "Reforming Working Styles," and I think this move has provided both the Group and its customers with a major realization. The Group has realized that it can increase productivity by shifting away from its conventional approach of providing services to all its customers in a uniform manner to

establishing choices for service specifications and changing working styles accordingly. Customers have renewed their awareness that home delivery services are not free of charge and their operation requires time and money. Going forward, the Group needs to promote efforts that provide mutual benefit to itself and its customers through a trial-and-error process, including the expansion of contact points with customers such as parcel lockers.

**Tokuno** Customers want to be able to select service specifications that meet their individual lifestyles. Therefore, allowing them to do so is a significant initiative for the Group. In addition, I strongly believe that the value provided by the service industry in Japan has yet to receive the praise it deserves. I will be very interested to see how the Group's efforts under "Reforming Working Styles" will impact and contribute to Japanese society as a whole.

**Kigawa** In 2017, the Group began taking action to establish a new operational structure that will allow it to continue to function as a part of social infrastructure. At the same time, we started to pursue structural reforms to ensure that we can continue to grow while securing appropriate levels of profit. Under the deflation-oriented economy in Japan several years ago, these kinds of continuous reforms would not have been accepted by society. However, if we delayed our efforts to carry out these reforms any further, we certainly would have fallen far behind the changing business environment by now. I therefore believe that we made the managerial decision to implement these reforms at the appropriate time.

Also, as Mr. Mori mentioned, we were extremely encouraged by the fact that the media, society, and, above all else, our customers were so accepting of the Group's new approach. While there are plenty of issues we still need to address, I believe we have been making solid progress in the right direction.

### Improving the Effectiveness of the Board of Directors

**Kigawa** Next, I would like to ask all of you about your evaluation regarding the effectiveness of the Board of Directors. Coming from the executive side of things, I believe that the most important thing for all members involved in the Company's business execution is to never be satisfied with the status quo and to constantly maintain an appropriate sense of crisis. As we use this sense of crisis to carefully consider our next move, the outside directors question us on whether our actions are sufficient enough. This process leads to thorough and meaningful debate. I believe that the opinions and suggestions we receive from the outside directors on a daily basis help us sharpen our awareness of the next issue we need to tackle.

**Mori** What I pay the closest attention to from the perspective of effectiveness is whether or not appropriate authority is devolved to the executive side. The Board of Directors is the highest decision-making body of the Company. The Board firmly decides on the major direction of management and the executive side is responsible for taking action to pursue this direction. If decision-making is entrusted 100% to the Board of Directors, the speed of the Company's business execution will decline. As an outside director, I therefore place my focus on determining if the executive side is operating at a high speed with an appropriate level of authority.

**Hagiwara** I have been a member of the Board of Directors for nine years now, and I feel that the effectiveness of the Board has improved over this time. Personally, I have always made sure to question the actions made on the executive side.

Of course, there are still issues that need to be addressed. While the front lines operate in a swift manner, the management level needs to accelerate the PDCA cycle when it comes to the implementation of important strategies. The greater the importance of a strategic theme, the greater the need for a detailed plan that addresses that theme. The Board needs to closely monitor the status of progress and issues regarding such plans and analyze the relevant circumstances at times when a plan's goals are not met. The Board also needs to promptly engage in discussion related to the next step of a plan. By doing so, I believe the Board can further enhance its effectiveness.

**Tokuno** The discussions held at Board of Directors meetings are extremely lively. However, there are certain times when discussions become too one-sided. As outside directors with a wide range of experience in various fields, we expect the actions of the Board to be carried out at a high level, and to this end we ask numerous questions and provide guidance. Sometimes, our approach to Board meetings can cause those on the executive side to become rather passive. However, it is important for the executive side to be exposed to various ways of thinking and for opposing opinions to be voiced internally, as this will enable more meaningful discussions. Accelerating the pace of decision-making is an issue of focus, but I feel it is also necessary to make discussions more in-depth for both the supervising side and the executive side.

**Kigawa** The Company's Board of Directors maintains a strong sense of urgency. Certain things we could only see from one angle in the past are now seen from a variety of perspectives thanks to having outside members join the Board. This keeps us constantly aware of new outlooks and issues. We will continue to view the speed of decision-making and in-depth discussions as important issues going forward. We have our outside directors participate in a variety of other meetings and events aside from Board of Directors meetings, which may mean that we place a greater burden on them than other companies. However, we strongly believe that doing so will help us improve the soundness and effectiveness of our corporate governance.

**Hagiwara** We periodically visit Company offices and have discussions with those working on the front lines, and that certainly requires a large investment of time. With that said, such visits allow us to gain a clearer understanding of the actual conditions of the Group than solely from the explanations provided before Board meetings. In addition, while

Yamato Holdings is a company with an Audit & Supervisory Board, it has voluntarily established a Nomination and Compensation Committee. In examining new management structures and the appointment of personnel, the Group has created opportunities for all members of the executive side to come together at least once a year to spend two days engaging in open discussion on various themes.

**Mori** I am truly grateful for the range of opportunities to visit the front lines and meet a variety of people. Such efforts by the Company are extremely helpful in allowing me to fulfill my duties as an outside director.

**Tokuno** Based on my experience with the Company, the other companies I am involved with have introduced meetings between outside directors and the managerial candidates who alone are not enough to base our decisions on. Accordingly, I view the Company's efforts to have the outside directors be active in a variety of settings as an example for other companies to follow.

**Kigawa** Thank you all very much for the opinions you have offered us today. They will play a major part in invigorating and supporting the Company going forward.

The Yamato Group is currently entering into a period of dramatic change. In light of these circumstances, the Group's management began to undertake major challenges in the fiscal year ended March 31, 2018. At the moment, our pursuit of these challenges is going as planned overall, but the true test is still in front of us. To engage in lively discussion and make appropriate decisions that will help us improve corporate value over the next 100 years starting from 2020, we ask that our outside directors continue to provide us with a variety of candid opinions.

Note: At the 153rd Ordinary General Meeting of Shareholders, which was held after this discussion, the Company decided to increase the number of outside directors to four (appointing one new director), thereby further enhancing its governance.





Society

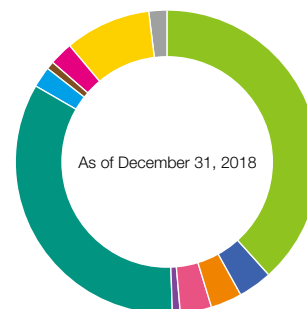
## Promotion of CSV in Cooperation with Local Communities

The Yamato Group aims to become the “company most loved and trusted by society.” Based on the concept of Creating Shared Value (CSV), which involves realizing both economic and social value as a company while addressing the needs of customers and local communities, the Group is collaborating with local governments in such efforts as supporting watch-over services for the elderly, promoting tourism, and helping expand sales channels for local products.

Number of Project G Solutions: **953** (As of December 31, 2018)

### Breakdown of the 373 Project Agreements with Local Governments

Watch-over support	143	Hometown tax payments	9
Shopping support services	14	Environmental conservation	3
Product support services	12	Combined passenger-cargo operations using buses	9
Tourism promotion support	13	Comprehensive support	34
Event support	3	Other	7
Disaster relief support	126		



### Providing Day-To-Day Support Utilizing Locations in the Community

Amid the declining birthrate and aging population, the population in Japan is centralizing in certain urban areas while thinning out in regional communities. In such communities, it is anticipated that community members will face various lifestyle-related issues going forward due to the rapid progression of the aging population. On April 28, 2016, the Yamato Group launched the lifestyle support service *Nekosapo* with the aim of enriching the lives of people living in Tokyo's Tama New Town area.

At *Nekosapo* Stations, which have been set up within housing complexes, we communicate local information and hold exchange events in an effort to revitalize the community. In addition, we are collaborating with the local government and private companies to offer a wide range of lifestyle-related services, including taking care of housework and shopping needs on behalf of local community members. We also offer a consolidated delivery service that includes delivering parcels of other providers so that residents can receive all their parcels at the same time.

To ensure that our efforts to invigorate the community around Tama New Town become a prototype for urban revitalization in the future, we will work in collaboration with the Urban Renaissance Agency, the city of Tama, and members of local communities to promote new efforts going forward.

### Pursuing Initiatives for Combined Passenger-Cargo Operations

Yamato Transport is collaborating with local governments and bus and railway companies to promote combined passenger-cargo operations, which involve moving passengers and parcels at the same time. By doing so, Yamato is helping to maintain bus and railway networks in hilly and mountainous areas where the population is substantially declining and aging, and improve lifestyle-related services for local community members through more-efficient logistics.

### Merits of Combined Passenger-Cargo Operations

#### Regional Customers

For regional customers, combined passenger-cargo operations help maintain and stabilize public transportation in underpopulated

areas, allowing access to various public facilities such as hospitals and supermarkets. In this way, combined passenger-cargo operations help reinforce lifestyle support services in these areas. These operations also increase the amount of time our sales drivers spend in local communities, thereby further enhancing the convenience of our *TA-Q-BIN* services in such ways as enabling customers to extend parcel pickup deadlines. Furthermore, combined passenger-cargo operations help improve traffic safety and benefit the environment by reducing the number of vehicles driven in local communities.

#### Bus and Railway Companies

By transporting *TA-Q-BIN* in areas not occupied by passengers, bus and railway operators can improve productivity and secure new sources of revenue to help maintain routes.

#### Promoting “Hands-Free Travel” through Japan’s First Tourism-Oriented Combined Passenger-Cargo Operations

Beppu City in Oita Prefecture is widely known among Japanese and overseas visitors alike as being home to one of the highest number of hot springs in Japan, making it a highly visited tourist spot. However, due to a lack of coin lockers for storing luggage, among other circumstances, tourists have had trouble moving around the city as they often have to carry their luggage with them.



To resolve this issue, Yamato Transport collaborated with Oita Transportation Co., Ltd. and Oita Air Terminal Co., Ltd. to commence Japan's first tourism-oriented combined passenger-cargo operations in April 2018. By transporting luggage from Oita Airport to Yamato Transport's Oita base using an airport limousine bus, luggage can be delivered to hotel facilities throughout Beppu City and the central area of Oita City on the day of arrival, allowing tourists to move around freely without any luggage soon after they arrive.

Going forward, these three companies will look at extending luggage receipt times and expanding the coverage area, thereby further enhancing this service and revitalizing local communities.

▶ Please visit Yamato Transport's corporate website for specific examples of its ongoing initiatives.  
<http://www.kuronekoyamato.co.jp/yt/government/> (in Japanese only)





# Safety Measures to Support Business Continuity

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 places respect for human life as its top priority, the Group thoroughly adheres to its philosophy of placing safety first and business second to position 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, 2018, and part of the goals for the fiscal year ending March 31, 2019, are listed below.

### Transport Safety Goals and Achievement Status (The Yamato Group)

#### Traffic Accidents

Item	2016/3 (Results)	2017/3 (Results)	2018/3 (Results)	2019/3 (Targets)
No. of serious traffic accidents*1	7	4	4	0
No. of serious work-related accidents*2	0	0	1	0

Note: \*1 and \*2 are defined as follows

\*1 Deaths from traffic accidents (including accidents where driver was not at fault)

\*2 Deaths from disasters

Reference: Yamato Transport's publicly disclosed "Transport Safety Management" information (in Japanese only)  
[http://www.kuronekoyamato.co.jp/ytc/corporate/pdf/csr/anzen\\_management.pdf](http://www.kuronekoyamato.co.jp/ytc/corporate/pdf/csr/anzen_management.pdf)

## Safety Management Structure

Based on the Yamato Group's Safety Management Regulations, each Group company has established a safety management structure.

Guided by the leadership of its top management, the Group has set up an organizational management structure involving collaboration between those on the transportation front lines and those in administrative divisions, in order to enhance the effectiveness of its transportation safety management.

Also, in regard to important information on such matters as serious transportation-related accidents, the Group maintains a framework for sharing such information with Yamato Holdings, which oversees the Group, in an effort to promote transportation safety on a Groupwide level.

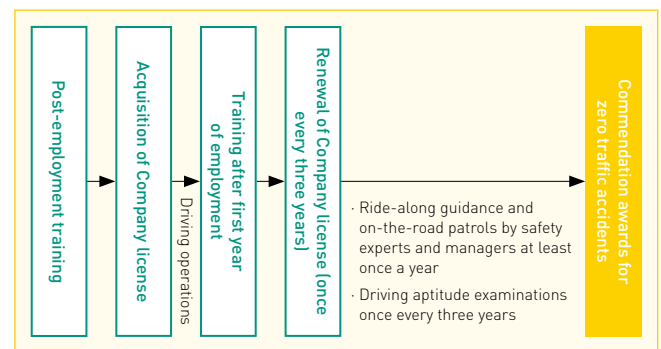
## Driver Aptitude Examination

Automotive transportation operators are required to have their drivers take an aptitude examination that is recognized by the Ministry of Land, Infrastructure, Transport and Tourism. The drivers of the Yamato Group undergo driver aptitude examinations on a timely basis. These examinations consist of two types: mandatory examinations, which include post-employment examinations, age suitability examinations, and specific examinations; and voluntary examinations, which include general examinations. In addition to the mandatory examinations, Group drivers take voluntary examinations once every three years to ensure safe driving.

## Training of Sales Drivers

To develop excellent drivers who strictly practice safe driving, the Group provides them with detailed guidance on a daily basis. Yamato Transport drivers hired following a rigorous aptitude test receive training upon joining the Company that includes safety training and other forms of training for approximately one month. After acquiring their Company license, they are able to engage in driving operations for the first time. Even after that, they continue to hone their driving skills through training sessions one year after joining, regular ride-along guidance and on-the-road patrols by safety experts and managers, and a driving aptitude examination once every three years.

### Outline of Internal Education



## Safety Expert System (Yamato Transport)

Yamato Transport introduced the Safety Expert System in 1974. Since then, this system has helped the company continue to steadily support safety and provided the foundation for its safety strategy.

Safety experts are assigned to each regional branch and specialize in safety measures. As of April 2018, Yamato Transport employed 325 safety experts. In addition to making rounds between their designated areas, these safety experts work on a daily basis to ensure strict compliance with laws and regulations, improve the abilities of individual drivers, and thoroughly prevent traffic and work-related accidents.

The Safety Expert System and related systems have been established at other Group companies aside from Yamato Transport. Please refer to our ESG-related data for the number of safety experts at each company.

<http://yamato-hd.co.jp/english/csr/esg/performance.html>

For more detailed information, please see the CSR section of the corporate website.  
<http://www.yamato-hd.co.jp/english/csr/index.html>



Environment

# Environmental Measures for Realizing a Sustainable Society

The Yamato Group recognizes climate change, air pollution, depletion of resources, and loss of biodiversity as important issues to address in order to realize a sustainable society, and is working to enhance its environmental efforts.

## CO<sub>2</sub> Emissions Targets and Results

The Yamato Group has formulated targets for mitigating CO<sub>2</sub> emissions, which serve as concrete environmental goals.

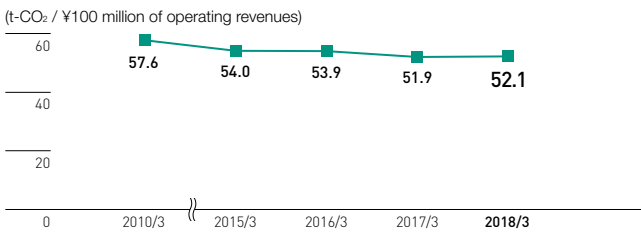
### CO<sub>2</sub> Emissions Targets for 2019

Reduce CO<sub>2</sub> emissions per unit (t-CO<sub>2</sub> / ¥100 million of operating revenues) by 10% by the fiscal year ending March 31, 2020 (compared with the fiscal year ended March 31, 2010).

### Results for the Fiscal Year Ended March 2018

	2010/3 (Base year)	2018/3 (Results)	Comparative change
CO <sub>2</sub> emissions per unit (t-CO <sub>2</sub> / ¥100 million of operating revenues)	57.6	52.1	-10% (target reached)

### Trend in CO<sub>2</sub> emissions per unit



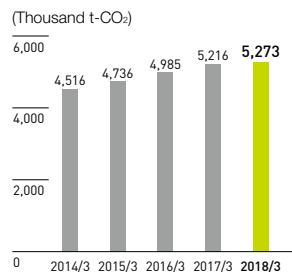
## Initiatives to Address Climate Change

Climate change is one of the highest priority issues facing international society. The Yamato Group believes that climate change can lead to an increase in areas where it would be difficult to sustain the TA-Q-BIN business. This increase stems from higher costs related to stricter environmental regulations on facilities, vehicles, and fuel as well as the effects of abnormal weather. Under the “eco in transport” and “eco in facilities” sections of its statement on environmental protection policies, the Group is introducing low-emission vehicles and utilizing hand-pushed trolleys for pickup and delivery. The Group is also promoting other energy conservation efforts and working to mitigate climate change risks, thereby enhancing the continuity of its services. Furthermore, the Group is focused on switching to low-emission vehicles and other similar efforts, which it views as important measures for controlling air pollution.



Electric bicycle with attached rear car

### Trend in Number of Electrically Power Assisted Bicycles



## Introduction of Low-Carbon Pickup and Delivery and Low-Carbon Vehicles

To the best of its ability, Yamato Transport has been providing pickup and delivery services to urban and densely populated residential areas without using vehicles. In addition, Yamato Transport is also continuing its shift toward low-emission vehicles. For instance, 128 electric vehicles were in use as of March 2018.

## Greater Trunk-Route Transportation Efficiency

To provide more efficient trunk-route transportation to major cities, Yamato Transport has introduced the Super-Full Trailer 25 (a 25 meter long connected trailer) for the first time ever in Japan, and commenced its operations between *Atsugi Gateway*, *Chubu Gateway*, and *Kansai Gateway*. Through such methods, we are working to enhance the efficiency of trunk-route transportation and reduce CO<sub>2</sub> emissions.



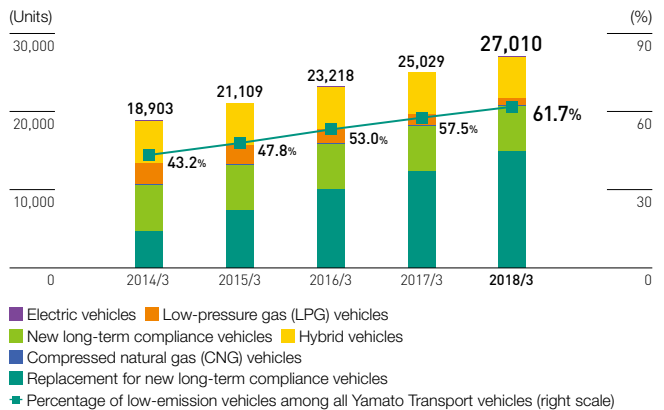
Super-Full Trailer 25

## Services That Contribute to Lower Carbon

The reduction of redeliveries within our TA-Q-BIN business is not only related to the provision of high-quality services that are tailored to meeting the schedules of our customers but is also directly linked to reducing CO<sub>2</sub> emissions. Yamato Transport has been making efforts to upgrade its services, such as the establishment of open-type parcel lockers\* and services for *Kuroneko Members*, to provide greater convenience to customers receiving packages, thereby increasing efficiency of deliveries and lowering CO<sub>2</sub> emissions.

\* Lockers established at 3,200 locations as of October 31, 2018

## Trend in Introduction of Low-Emission Vehicles (Yamato Transport Co., Ltd.)



For more detailed information, please see the CSR section of the corporate website.  
<http://www.yamato-hd.co.jp/english/csr/index.html>