

Environment Preservation Activities

Driven by a desire to meaningfully contribute to the natural environment ten years hence and to attain sustainable corporate growth, the Yamato Group has enacted a variety of initiatives over the years aimed at two priority management concerns: lessening its impact on the natural environment and supporting environment preservation activities. A few of Yamato's actions in this regard are found below.

Measures to Combat Global Warming

Greenhouse gases, identified as a causal factor in global warming, are released during the course of industrial activity. Of these gases, carbon dioxide (CO₂) has the greatest impact on the environment, making measures to reduce the total volume of CO₂ emissions of major concern. The Yamato Group set itself the task of holding CO₂ emission levels by fiscal 2012 to 99% of levels in fiscal 2002. To achieve this, Yamato is striving to cut CO₂ emissions per parcel delivered by 30%. The plan formulated for reaching this goal includes:

- Limiting the number of vehicles in the fleet, and
- Switching to hybrids and other low-emission vehicles.

Simulations of CO₂ emissions indicate that implementing these measures should indeed allow Yamato to attain this goal.

A smaller vehicle fleet

Yamato conducts operations over a segmented network of business sites spanning 5,000 locations across Japan. Increasing the size of this vast network allows Yamato to reduce the designated service area for each site. It also makes delivery possible without the use of motor vehicles, particularly in urban settings. As for specific strategies, Yamato plans to:

- Double the number of distribution centers capable of delivering only by dolly and hand-truck from 500 locations to 1,000, and
- Establish set criteria for lowering the environmental impact of delivery for each service area.

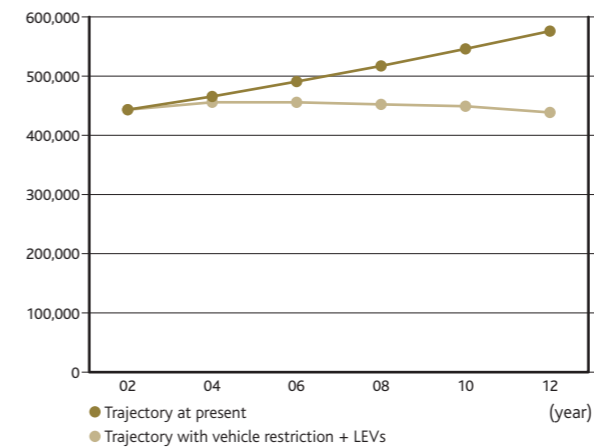
Pursuing these two objectives should forestall an increase of approximately 3,000 delivery vehicles.

Switching to low-emission vehicles

Yamato has consistently led the industry in adopting vehicles that have the lowest possible impact on the environment. In recent years, Yamato has been replacing vehicles in its mostly diesel fleet with LPG-powered vehicles. Today, however, the refueling infrastructure is in place to make the jump to hybrid vehicles a viable option. Hybrids break new ground in terms of minimizing impact on the environment, and Yamato is assigning these vehicles a more prominent role in the composition of its fleet. The target is to introduce

20,000 hybrid vehicles by 2012. At the same time, Yamato is looking to take advantage of fuel-efficient, light-class vehicles by adding 5,000 of these to the fleet. In fiscal 2004, Yamato introduced 690 low-emission vehicles, boosting the fleet-wide percentage to 9.24%. In fiscal 2005, plans call for taking on approximately 800 more of these vehicles.

Yamato Transport Objectives for Preventing Global Warming (Units: 1 ton CO₂)



Measures for Reducing Waste

The Yamato Group is committed to reducing waste through recycling and reuse, particularly of shipping and packing materials, as part of actions to preserve the natural environment.

Zero emissions recycling of alkaline batteries

On a company-wide basis, the battery-powered, portable POS and pen-scanner terminals used by Yamato employees in *Takkyubin* and *Kuroneko Mail*



Alkaline batteries used in portable POS terminals

operations consume more than 50 tons of alkaline batteries per year, that is, about 2 million batteries. Previously, disposal of these batteries was outsourced to industrial waste professionals in each business area and they were buried in landfills. But since February 2004, Yamato has been operating a recycling framework for achieving zero emission recycling, defined as complete elimination of all industrial waste. Alkaline batteries are now collected and sent to recycling professionals, where they are rendered into iron, zinc, manganese and other useable resources.

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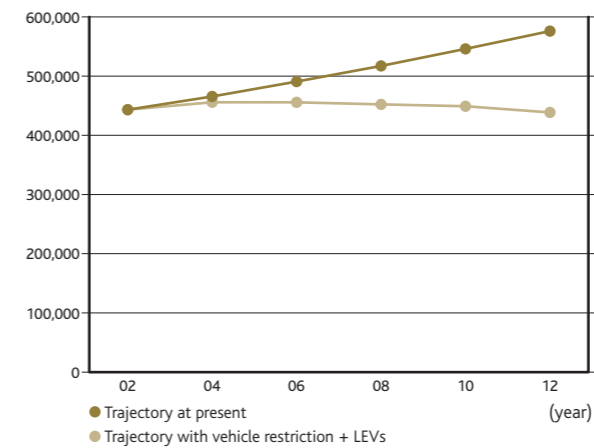
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