

About the Cover Illustrations

Foreign Traders at Yokohama Transporting Merchandise to Foreign Ships

Artist: Yoshitora Utagawa
Year: around 1861
Kanagawa Prefectural Museum of Cultural History Collection

In 1835, Commodore Perry sailed into Uraga Port and requested Japan open itself to foreign trade after being isolated for centuries. This event triggered sea changes in internal affairs: by opening itself up to the outside world, Japan became part of the global market; and shortly thereafter the country experienced a revolutionary transformation of its political regime, with the Edo Shogunate being replaced by the Meiji government.

The art work consists of five large Nishikie, capturing the spectacle at the Port of Yokohama just after it had opened, with numerous ships from Russia, Britain, the Netherlands, France, and the United States. The port was opened in 1859 after the Treaty of Amity and Commerce was signed with the 5 countries. Initial exports were mainly silk, tea, and silkworm eggs, while imports were cotton textile, cotton yarn, and weapons. On the left, the merchandise is loaded onto an American ship. It is quite unique to find such a scene of stevedoring in Yokohama Ukiyo-e, woodblock prints. The scene of large ships almost crushing each other across the screen conveys the energy of ushering in era and being connected to the rest of the world by the sea.

CSR Report 2013



■Planned and Edited by
CSR Report Editorial Committee (Secretariat: CSR Division)

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With Your Life  **NIPPON EXPRESS**



Delivering your passion across the globe.

Editorial Policy

- This report covers the Nippon Express Group's corporate social responsibility (CSR) initiatives during fiscal 2012, and comprises such features as an explanation of our CSR management structure, reports on our activities and performance data.
- We have attempted to provide an understanding of the logistics industry's CSR efforts by describing industry conditions, environmental challenges, recent policy measures and other factors behind our initiatives.
- In addition to the use of illustrations and photographs, we have endeavoured to keep the text easy to understand.
- In writing this report we have referred to the Environmental Reporting Guidelines (2012 Version) (published in April 2012 by Japanese Ministry of the Environment) and the GRI Sustainability Reporting Guidelines G.3.1.
- This report also includes information about ongoing initiatives launched in or prior to fiscal 2011. This is to provide an overall understanding of CSR in our business.

Scope of This Report

This report covers CSR-related initiatives and management structure of the Nippon Express Group (including Group affiliates in Japan and overseas). Some material reported here applies only to Nippon Express Co., Ltd.

Applicable Period

April 1, 2012 to March 31, 2013

In certain places we have used data covering up to June 2013 for matters deserving special mention.

CSR Report 2013

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Nippon Express Head Office Building



President
Nippon Express Co., Ltd.

Kenji Watanabe

Corporate Social Responsibility (CSR) for the Nippon Express Group is about enabling better quality of life for people around the world and development of industries through logistics service

In the mighty swell of changing times, the business environment surrounding us has been significantly transforming. In the aftermath of the impact of the Great East Japan Earthquake, evolutionary globalization, the European currency crisis and its impact on the global economy and a fluctuation of currency values have all occurred. Moreover, a spate of weather anomalies in recent years has potentially been caused by global warming. All these things indicate the increasing importance of corporate responsibility for the creation of a sustainable society.

The “Nippon Express Group Corporate Strategy 2015” was initiated in the fiscal year 2013, aiming at the significant advance of the Group as a whole. The new Corporate Strategy defines four basic strategies, with the purpose of establishing stable revenue bases and growing further as a global logistics company. One of the strategies, “Contributing to Society through our Business in Accordance with Corporate Social Responsibility (CSR) Management,” expresses our continuous commitment to society through the strategic environment management addressed in the previous Group Corporate Strategy.

Through the experience of post-disaster operations after the Great East Japan Earthquake, we sincerely feel the increasing importance of the roles played by the Group in the continuity of business and people’s lives. Namely, we have renewed our determination and refocused on our mission to provide a solution for realizing a sustainable society through logistics, and this mission is achievable through the development and supply of products that meet the needs of societies in terms of their position within a globalised world and their need for environmental consideration. Toward that aim, we as a Group endeavour to develop business infrastructure, invest in environmentally friendly facilities and vehicles, and deliver safe and reliable services with quality.

The Group will continuously contribute to society through logistics, engaging in dialogue with stakeholders and protecting people’s lives and livelihoods, and do our utmost to live up to the public’s trust in concerted efforts.



Nippon Express Group Corporate Strategy 2015

– Innovation and Moving Forward

- Further Expanding Our Global Logistic Business
- Strengthening Management Practice for Our Domestic Business
- Expanding Business by Utilizing the Diversity of Group Companies
- Contributing to Society through Our Business in Accordance with Corporate Social Responsibility (CSR) Management

Business Outline

The Nippon Express Group comprises Nippon Express and 276 subsidiaries and sub-subsidiary companies (including 248 consolidated companies), and 64 affiliates: a total of 341 companies. In addition to our core operations of distribution and transport, such as truck and railway cargo transport, we are also expanding in a variety of related areas, including security, travel, sales, real estate and driving education.

Motor transport



Employing our network of transport centres throughout Japan to provide general freight transport services such as reserved vehicle shipping and special consolidated freight transport

Railway transport



Domestic and international freight transport services utilizing railways, with major freight stations in Japan established as hubs

Air freight



Import and export services utilizing aircraft and a domestic freight forwarding service founded on advanced know-how and a network that spans the globe

Marine transport



International transport services mainly for import/export combined multimodal transportation, regularly scheduled on-ship transport mainly for domestic routine container and RORO vessels, and in-port transport services for on-ship and harbour cargo work for domestic companies

Heavy haulage and construction



Hauling of heavy loads, equipment installation, plant construction, maintenance services and high-tech factory equipment transport and installation both within Japan and overseas

Warehousing



Warehouses that function not only as places for product storage but also as centres for distribution processing as well as transport and delivery, operating as the distribution centres for many locations across Japan

Removals



Based on our domestic and overseas centres and networks, our wide range of transport modes, from trucks and railways to ships and airplanes, facilitates a full menu of moving services to meet the needs of individual households and companies alike.

Art transport



We offer the safest packaging and transport of one-of-a-kind art objects, in the care of our experienced, professional staff and our vehicles, which are climate-controlled and equipped with air suspension specifically for art transport.

Security transport



In addition to transport of cash, checks and related items between headquarters and branches of many financial institutions and the transport of funds for the Bank of Japan, we are rapidly expanding our patented business model, the automatic teller CSD (Cash Safety Delivery) service, greatly reducing the burden of managing branch sales proceeds for our customers.

Travel and events



Utilizing the know-how accumulated through the Group's long history as a pioneer in this field, as well as the global network of Nippon Express, we offer services with scrupulous attention to the details of customers' needs.

Goods sales



Nittsu Shoji Co., Ltd., and other Group affiliates sell and lease products ranging from distribution equipment and vehicles to petroleum and LP gas, and also offer vehicle maintenance services, insurance sales and other services.

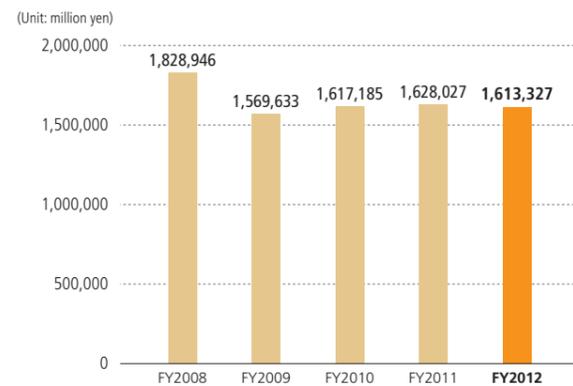
Other businesses



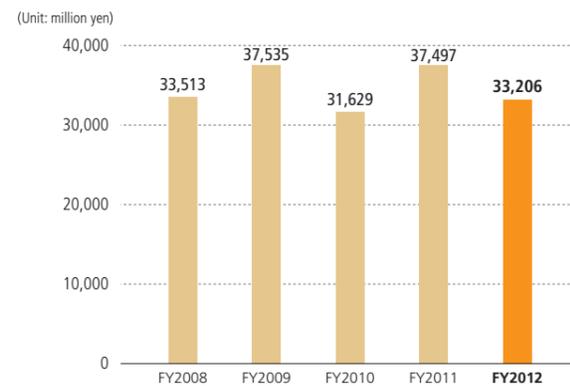
Nittsu Research Institute and Consulting, Inc., works in consulting; Nittsu Capital Co., Inc., handles financing; Nittsu Real Estate Co., Ltd., designs buildings and warehouses, and manages facilities; Careerroad, Inc., serves as a dispatch company for workers; many other affiliates, including Nittsu Driving School, provide a broad range of logistics-related services and products.

Financial Details

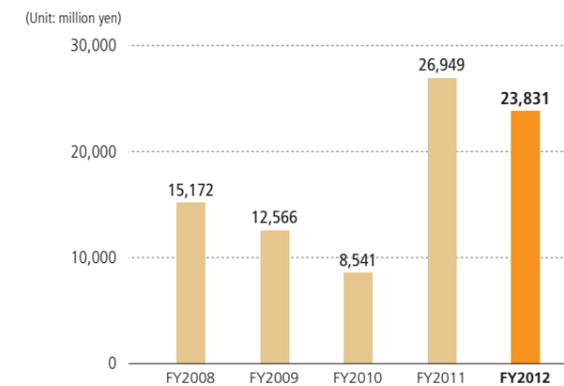
Revenues (Consolidated)



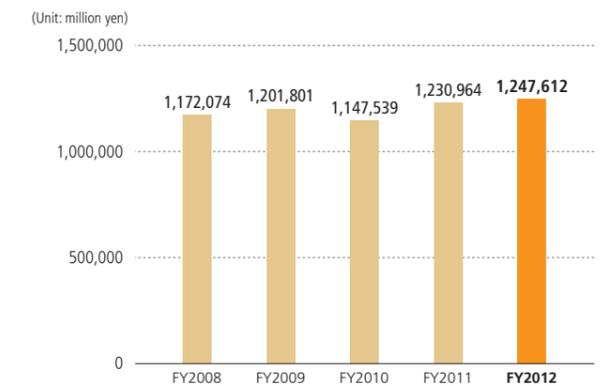
Operating income (Consolidated)



Net income (Consolidated)



Total assets (Consolidated)



Global Activity

Newly launched overseas bases



Newly launched overseas business bases and facilities in 2012:

+81 Locations

Progress in the overseas business in 2012

- March**
 - Nippon Express U.S.A Inc. enters shared ownership agreement with capital alliance with Map Cargo, its Colombian agent.
 - Nippon Express U.S.A Inc. acquires the American logistic firm Associated Global Systems (AGS).
- April**
 - Nippon Express Russia LLC opens Togliatti Office.
 - Nippon Express (South Asia & Oceania) Pte., Ltd., a regional headquarters, is established.
 - Nippon Express Europe GmbH, a regional headquarters, starts operation.
 - Nippon Express Bangladesh Ltd. is established.
 - Hi-Tech Nittsu (Thailand), Co., Ltd. Laem Chabang Logistics Centre starts operation.
- May**
 - Nippon Express Russia Vladivostok Office opens.
- June**
 - Nippon Express (China) Co., Ltd. is certified as "Regional Headquarter Company".
 - Nippon Express (Malaysia) expands its logistics warehouse in the Bayan Lepas Industrial Park.
- July**
 - Nippon Express signs a business tie-up agreement with Chimei Goup logistics company in Taiwan.
 - Nippon Express opens a liaison office in Myanmar.
- August**
 - Nippon Express (Deutschland) opens a new Warclau Sales Office at Wroclaw.
 - Nippon Express (China) concludes a logistics advisory agreement with Hefei ETDA Administrative Committee.
- September**
 - Nippon Express (Thailand) and JFE Logistics Corporation sign a joint venture agreement.
- October**
 - Nippon Express (Turkey) acquires IATA license in Turkey.
 - Nippon Express (H.K.) acquires APC Asia Pacific Cargo, the Hong Kong logistics company.
- December**
 - NE Indonesia completes the construction of multi-functional Mitra Karawang Logistics Centre.
- January**
 - Nippon Express (Europe) acquires Franco Vago S.p.A., the Italian logistics company.
- February**
 - Nippon Express (Russia) opens Izhevsk Sales Office.
 - Nippon Express (China) opens Changsha Branch in Hunan Province.
 - Nippon Express (South China) opens new branches in Tianjin and Shanghai.



Laem Chabang Logistics Centre, Thailand



Bayan Lepas Warehouse, Malaysia



Mitra Karawang Logistics Centre, Indonesia



TOTAL
40 COUNTRIES
224 CITIES
460 LOCATIONS
17,907 EMPLOEES

As of March 31, 2013

Europe

- Nippon Express Europe GmbH
- Nippon Express (Deutschland) GmbH
- Nippon Express (Russia) LLC
- NEX Logistics Europe GmbH
- Nippon Express (U.K.) Ltd.
- Nippon Express (Ireland) Ltd.
- Nippon Express (Nederland) B.V.
- Nippon Express Euro Cargo B.V.
- Nippon Express (Belgium) N.V./S.A.
- Nippon Express France, S.A.
- Nippon Express (Italia) S.R.L.
- Nippon Express (Schweiz) AG
- Nippon Express de Espana, S.A.
- Nippon Express Portugal S.A.
- Nippon Express (Middle East) L.L.C.
- Nippon Express (Istanbul) Global Logistics A.S.
- APC LOGISTICS AB
- ML MILESTONE LOGISTICS B.V.
- MILESTONE FRESH B.V.
- EURO OVERSEAS LOGISTICS S.A.
- APC LOGISTICS A/S
- OSLO TERMINALSERVICE A/S
- FRANCO VAGO S.P.A.
- MODA LOGISTICS S.R.L.
- FRANCO VAGO U.K. LTD.
- FRANCO VAGO TRANSITARIOS LISBOA
- FRANCO VAGO TRANSITARIOS PORTO
- FRANCO VAGO S.A. ESPANA
- Nippon Express Co., Ltd., Johannesburg Representative Office

East Asia

- Nippon Express (China) Co., Ltd.
- Nippon Express (H.K.) Co., Ltd.
- Nippon Express (Shenzhen) Co., Ltd.
- Nippon Express (Zhuhai) Co., Ltd.
- Nippon Express (South China.) Co., Ltd.
- Nippon Express (Guangzhou) Co., Ltd.
- Nippon Express Cargo Service (Shenzhen) Co., Ltd.
- Nippon Express Global Logistics (Shanghai) Co., Ltd.
- Nippon Express (Xiamen) Co., Ltd.
- Nippon Express (Suzhou) Co., Ltd.
- Shanghai e-Technology Co., Ltd.
- Nittsu Sinotrans Logistic Dalian Ltd.
- Nippon Express (Shanghai) Co., Ltd.
- Nippon Express Removals Service (Shanghai) Co., Ltd.
- Nippon Express Korea Co., Ltd.
- Nippon Express (Taiwan) Co., Ltd.
- Beacon International Express Corp.
- APC ASIA PACIFIC CARGO (H.K.) LTD.
- MULTIFREIGHT (H.K.) LIMITED
- APC ASIA PACIFIC CARGO (CHINA) LTD.
- FRANCO VAGO AIR & SEA SERVICES, LTD.
- FRANCO VAGO INTERNATIONAL LOGISTICS (SHANGHAI), LTD.
- Dalian Nittsu Container Manufacturing Co., Ltd.
- Nittsu Shoji (Wu Han) Co., Ltd.
- Nittsu Shoji (Hong Kong) Co, Ltd.
- Nittsu Shoji (Shanghai) Trading Co, Ltd.
- Japan Bingo Express Co., Ltd., Shanghai Representative Office

South Asia/ Oceania

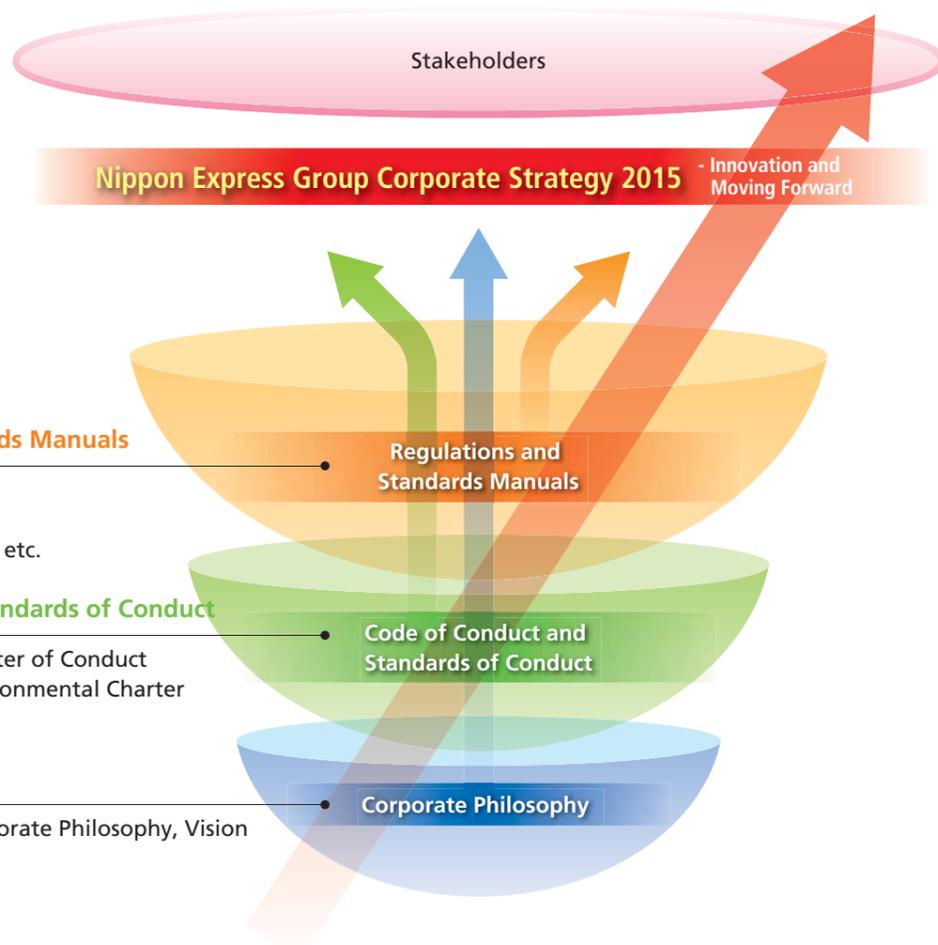
- Nippon Express (South Asia & Oceania) Pte, Ltd.
- Nippon Express South Asia-Oceania Regional H/Q Dhaka Representative Office
- Nippon Express South Asia-Oceania Regional H/Q Phnom Penh Representative Office
- Nippon Express (Singapore) Pte., Ltd.
- Nippon Express (Australia) Pty., Ltd.
- Nippon Express (New Zealand) Ltd.
- NEX Logistics (Malaysia) Sdn, Bhd
- Nippon Express (Malaysia) Sdn, Bhd.
- Nittsu Transport Service (M) Sdn, Bhd.
- Nippon Express (Philippines) Co., Ltd.
- NEP Logistics, Inc.
- Hi-Tech Nittsu (Thailand) Co., Ltd.
- NEX Logistics (Thailand) Co., Ltd.
- Nippon Express (Thailand) Co., Ltd.
- Nippon Express Engineering (Thailand) Co., Ltd.
- TBSC Logistics Co., Ltd.
- JFE Logistics (Thailand) Co., Ltd.
- PT. Nippon Express Indonesia
- PT. Nittsu Lemo Indonesia Logistik
- Nippon Express (India) Pte., Ltd.
- Nittsu Logistics (India) Private Limited
- Nippon Express (Vietnam) Co., Ltd.
- Nippon Express Bangladesh Ltd.
- APC ASIA PACIFIC CARGO (S) PTE. LTD.
- APC LOGISTICS (THAI) COMPANY LTD.
- APC ASIA PACIFIC CARGO (VIETNAM) LTD., REP. OFFICE
- Nittsu Shoji (Thailand) Co., Ltd.
- PT. Nittsu Shoji Indonesia
- Nittsu Shoji Co., Ltd., Malaysia

The Americas

- Nippon Express U.S.A., Inc.
- Nippon Express U.S.A. (Illinois), Inc.
- Nittsu New York, Inc.
- NEX Transport, Inc.
- Nippon Express Global Logistics, Inc.
- Nippon Express Travel USA, Inc.
- Associated Global Systems, Inc.
- Nippon Express Canada, Ltd.
- Nippon Express do Brasil Ltda.
- Nippon Express de Mexico S.A. de C.V.
- NEX Global Logistics de Mexico, S.A. de C.V.
- Map Cargo S.A.S
- FRANCO VAGO INTERNATIONAL, INC.
- CENTURY ENTERPRISES, INC.
- ALL AIR CUSTOMS BROKERS, INC.
- FASHION LOGISTICS, INC.
- FRANCO VAGO LOS ANGELES, INC.
- Nittsu Shoji U.S.A., Inc.

Nippon Express Group Corporate Philosophy and CSR Initiative Concept

The new "Nippon Express Group Corporate Strategy 2015 - Innovation and Moving forward" was launched in April 2013, in the spirit of the Nippon Express Group Corporate Philosophy, the Charter of Conduct and the Environmental Charter.



Regulations and Standards Manuals

Employment Regulations
Compliance Regulation
Environmental Regulations, etc.

Code of Conduct and Standards of Conduct

Nippon Express Group Charter of Conduct
Nippon Express Group Environmental Charter

Corporate Philosophy

Nippon Express Group Corporate Philosophy, Vision

- Nippon Express Group Corporate Strategy 2015 - Innovation and Moving Forward



Vision

(Nippon Express Group's to-be model)

- ◆ **A Global Logistics Company**
Supports customers worldwide through logistics services
- ◆ **A Company that Fulfills its Responsibilities to the Earth**
Cares for the environment and works to realize a low-carbon society
- ◆ **A People-friendly Company**
Values its employees and helps them to achieve job satisfaction

Declared in 2009 as the Nippon Express Group model for the decade ahead.

Charter of Conduct

The Nippon Express Group revised the Nippon Express Charter of Conduct in April 2011, based on recent changes related to corporate social responsibility (CSR) such as the publication of ISO26000 (international standards regarding social responsibility) in November 2010, embracing all Group affiliates in Japan and overseas.

While clearly stipulating respect for human rights, including the prohibition of child labour and forced labour, interactive communication with myriad stakeholders, the respect for employee diversity essential to business globalisation and other initiatives, the Nippon Express Group Charter of Conduct also promotes conduct exceeding CSR requirements throughout the supply chain in a manner the Group is well positioned to implement.

Environmental Charter

In order to promote "Responsibilities to the Earth's Environment" and "Social Contribution Activities" in the Nippon Express Group Charter of Conduct, the Nippon Express Environmental Charter was revised in April 2012 to become the Nippon Express Group Environmental Charter, positioned as a set of policies with which all companies within the group should comply. The Nippon Express Group as a whole fulfills its responsibility for the global environment.

Stakeholder Engagement

Dialogue with Stakeholders as a Step Forward towards Human Rights Due Diligence

As a global logistics company furthering overseas expansion and diversification, we recognize the importance of identifying the adverse impacts of our corporate activities on human rights throughout the value chain, and of taking appropriate measures to address these issues. In order to take a step forward towards human rights due diligence, we have participated in the Human Rights Due Diligence Workshop at the Nippon CSR Consortium since September 2012, and discussed required measures at the sector level and the level of individual companies with representatives of companies and NGOs, and experts in this field.

1 Dialogue with other members comprised of 40 companies and 7 NGOs

A series of multi-stakeholder dialogues were held under the topics of "Hearing what NGOs and experts think about human rights", "Discussion between corporate members about business and human rights", and "Exchanging opinions and clarifying human rights issues between NGOs, experts and corporate members".



3

Identified human rights issues the Nippon Express Group would need to address based on consideration of "human rights issues by sector"

● Worksheet based on "Identifying the Human Rights Issues and Expectations Relevant to Business (based on internationally recognised standards and voluntary initiatives)" in the Guidance Tool issued by the UNEP FI in 2011

| Key human rights issues in logistics sector | | Concrete issues in logistics sector | Existing activities responding to the identified human rights issues in the "Human Rights Issues by Sector" | |
|--|----------------------------|---|---|--|
| Core operation/ Supply chain | Workplace conditions | Working hours | <ul style="list-style-type: none"> Long working hours may happen, especially at work sites and subcontractors Monitoring employees' working hours in total and changes within Nippon Express Group | |
| | | Health and safety | <ul style="list-style-type: none"> Workplace accidents could possibly occur at sites where heavy machinery is used and heavy goods are handled. Sharing accident and disaster information throughout the company, using the Accident and Disaster Search System to prevent similar accidents occurring in the future Providing education on safety-related regulations by safety-specialized divisions at the Group level to make staff members thoroughly aware of these rules and the need for compliance with them. Taking workplace accident prevention measures through Nittsu Safety & Health Management System (NSM) Conducting education and training on safe driving and safety practices at work sites Establishing a consultation line for mental health (expert consultation) | |
| | Discrimination | During work | <ul style="list-style-type: none"> Possible discrimination in training and promotion by gender and educational background Making efforts to provide more opportunities for female workers, who still make up a small percentage of the workforce in the logistics sector. | |
| | | Redundancy and dismissal | <ul style="list-style-type: none"> The requests of part-time and irregular workers for open-ended employment contracts may not be fully considered. Dealing with cases of redundancy and dismissal individually when they occur in cases of business closure. | |
| Freedom of association and collective bargaining | | <ul style="list-style-type: none"> Freedom of association and the right to collective bargaining may not be fully ensured in the supply chain. | — | |
| Community | Resources | Use of natural resources | <ul style="list-style-type: none"> Environmental, air, and water pollution, as well as the destruction of habitat diversity, may happen in the supply chain for fuel procurement. | — |
| | Security | State provision of security | <ul style="list-style-type: none"> Possible risks of excessive use of force by military units dispatched for security purpose | <ul style="list-style-type: none"> Restricting entry into dangerous areas |
| Society and government | Relations with governments | Bribery and corruption | <ul style="list-style-type: none"> Possible risks of being involved in bribery and corruption such as facilitation payments | — |

1 Dialogue between companies and stakeholders

Phase 1 (September - October 2012)
Group work at the Nippon CSR Consortium



Worksheets used in group work

2 Identification of main human rights issues by sector

Phase 2 (November- December 2012)
Group work at the Nippon CSR Consortium



3 Mapping of existing activities

Phase 3 (January - March 2013)
Assessing existing activities related to human rights at the company.

Identifying sector-specific human rights issues through dialogue

Sector-specific human rights issues are identified through discussion, examination and assessment carried out by sectorial groups, based on the UNEP FI Human Rights Issues by Sector issued in 2011. A draft version of "Human Rights Issues by Sector" was open to public comment. A final version of "Human Rights Issues by Sector" was issued that reflected the results of public comment.

4 Stakeholder dialogue

Phase 4 (February 2013)
Dialogue with experts

Prioritising the issues through dialogue with experts

The CSR Division and experts exchanged ideas regarding the Nippon Express Group's CSR activities as a whole, including evaluation of existing activities, consideration of challenges ahead and expectations for the future. Moreover, the experts also gave advice on the company's CSR-related policies.

Kaori Kuroda, Executive Director/Board Member, CSO Network Japan
Makoto Teranaka, Visiting Professor, Faculty of Contemporary Law, Tokyo Keizai University (Former Executive Director of Amnesty International Japan)

5 Determination of policy and plan

Phase 5 (April 2013-)
Determinating policy and planning by reflecting comments from stakeholders

Determination of policy and plan



CRT's endorsement



Executive Director,
Caux Round Table Japan

Hiroshi Ishida

Endorsement Statement of Human Rights Due Diligence Status Check

Caux Round Table Japan herewith confirms that Nippon Express has participated in a series of Human Rights Due Diligence Workshops at the Nippon CSR Consortium. At the workshop, Nippon Express contributed to identifying human rights issues related to the logistics sector, while joining in discussion, and sharing expertise with other members from different sectors. In addition, Nippon Express has mapped their existing CSR activities, and conducted a dialogue with their stakeholders.

I look forward to seeing Nippon Express develop what they have done so far, involving prioritisation of the identified issues by placing them in the value chain, and determining policy in order to integrate human rights into concrete activities, in other words, into the company's strategy, culture, and day-to-day operations.



What is the Nippon CSR Consortium?

The Nippon CSR Consortium is a platform for the improvement of communications with the global society, as well as for the facilitation of communication with different stakeholders, in order to realise more effective and efficient CSR that meets global standards. Various activities concerning business and human rights, including the Human Rights Due Diligence Workshop, are carried out for this end.

Participants in the Nippon CSR Consortium

NGO/NPOs

ACE (Action against Child Exploitation), Change Fusion, CSO Network Japan, Amnesty International Japan, Ek Sathé, Oxfam Japan, Poralis Project Japan etc. (total: 11)

Companies (Sectors)

Logistics, Electric Equipment, Information Equipment, Chemistry, Heavy Industry, Automobile, Food, Information Communication, Logistics, Textiles and Apparel, Retail, Finance, Trading, Think-tank, etc. (total: 39)

In cooperation with

Toppan Printing Co., Ltd., Cetus & General Press Inc., Brain Center Inc.

Stakeholder Dialogue

At the launch of "Group Corporate Strategy 2015", the Nippon Express Group set forth 'creation of sustainable society' as the core of our CSR policy, and defined three themes: 'Responsibility for the global environment', 'Contribution to the global community and 'Safety and security'.

We have welcomed various critiques and advice from CSR experts in the process of defining these themes in order to be verified from a third-party perspective.

Topic: On Nippon Express' CSR policies and material aspects
Date: February 25th, 2013
 (at Nippon Express head office)

Participants:
 Kaori Kuroda, Executive Director/Board Member, CSO Network Japan
 Makoto Teranaka, Visiting Professor, Faculty of Contemporary Law, Tokyo Keizai University
Facilitator:
 Hiroshi Ishida, Executive Director, Caux Round Table Japan
Nippon Express:
 Toru Matsubara, General Manager, CSR Division
 Yoshihiro Fujiki, Group General Manager, CSR Division
 Yasuhiro Yabe, Group General Manager, CSR Division
 Hirohisa Minakawa, Assistant Group General Manager, CSR Division



Matsubara As a logistics company, Nippon Express has been utilizing roads, ports and harbors, airports and other national properties for developing business. Also, all the transport measures we use today consume mineral resources and emit CO2. In fact 70 % of the energy that Nippon Express consumes is derived from oil. Therefore, environmental issues are critical factors in our CSR activities. At the same time, we are conscious about the perception of society, and whether or not people think our efforts involve self-complacency.

In addition, the security of continuous distribution has been identified as another critical factor, based on our experience of the Great East Japan Earthquake two years ago. Also, discussion is underway to define specific targets to be met in order to adapt to the globalizing business environment. Comments and advice from both of you would be highly appreciated, and they would be reflected in our decisions pertaining to the targets.

(Presentation of Nippon Express Group business overview by the secretariat)

Effective Actions

Ishida Efforts made by Nippon Express compare favourably with those of other logistics companies, both domestic and overseas. How to disseminate and communicate that information is a matter that should be further discussed.

Teranaka It is exciting to see the fusion of international logistics, ICT and finance. (ref. p41). For small and medium-size enterprises (SMEs), cash flow and administrative procedures such as customs clearance

are requirements but continuing challenges for business globalization. Having the one-stop logistic service of Nippon Express available will be an effective solution.

Yabe I was involved in this framework from the sales side, but this is the first time we have been praised in terms of providing useful solutions for the weaker players in business, **Kuroda** like SMEs.

How about issues of long working hours and mental health? What kinds of actions have been taken for the issues that many **Matsubara** companies find as challenges?

Working long hours is apt to happen in the logistics service industry due to fluctuation of workloads between peak seasons and off-peak seasons. However, during the previous several years under the strong direction of our top management, a maximum acceptable overtime has been defined and strictly implemented. Specifically, if a staff member's excess overtime is found to be beyond the limit, the sales office to which the staff member belongs must report to the Board. Also, improvement efforts must be made collectively, involving headquarters and prefecture-level administrative departments as well as sales offices. (ref. p53). Consequently, overtime work has started to decline. However, progress of this kind many not be achievable without the **Fujiki** utmost efforts.

Mental health is a prime reason for leaves of absence from the office today. We have a standard reinstatement programme across the company (ref. p52), supporting rehabilitation and preventing recurrence. Also, about 180 qualified public health nurses and/or clinical nurses are assigned nationwide as healthcare instructors. Reinstatement of an employee is



supported based on the programme, in collaboration with a primary doctor, an industrial doctor, a healthcare **Kuroda** instructor, and the work place.

I found the programme to be wonderful, and it seems to be quite impactful. This should be communicated

outside the company as a good practice model for logistics **Matsubara** companies.

It is interesting, because, in my understanding, the issue of long working hours has not yet been sufficiently addressed. Although the total hours of overtime work is decreasing, it still does exist. Since long working hours are directly related to mental health and occupational accidents, further efforts and progress need to be made.

Expectations for Future Improvement

Kuroda You mentioned expanding the global network, and I wonder if the Corporate Philosophy, Corporate Code of Conduct and CSR Policy are also diversifying in terms of global demands.

Minakawa We recognize the need for that, but the current scope covers just domestic Group companies, while overseas subsidiaries are expected to make adjustments based on their local situations. There are some issues addressed and efforts in progress, but horizontal deployment of Group-wide action is still to come.

Matsubara We recognize what matters here is a lack of clarity in direction.

Teranaka What is required in a globalized environment is that actions are taken world-wide, especially actions based on human rights. Today companies are expected to take specific actions where they find issues of human rights violations in addition to actively promoting 'not violating human rights'. However, Nippon Express may not be ready to do so at the moment. The original definition of stakeholder is a person who are actually impacted or affected by the company's business activities. So it is necessary to define the right stakeholders for issues in the area of human rights at the beginning.

Matsubara I agree that our company needs to work on this issue in the future.

Kuroda Environmental conservation activities, including forest cultivation, have been introduced in the CSR Report 2012, as examples of social contribution. However, perhaps reporting in the future should re-frame these conservation activities in a broader business context, and introduce them as examples of the consistent off-setting efforts of the company.

Yabe I agree. It is also important to foster awareness inside the company of the fact that these activities are relevant to reducing CO2 emitted as a result of the company's business operation.

Issues in the future

Ishida So what should be done in the future?

Kuroda One issue would be how to utilize the talent of females. You may wish to consider the disclosure of the number of female managers. Another issue is proactive information disclosure. I have already found much interesting information in this dialogue that should be covered in the report.

Fujiki In fact, the number of competent female managers is likely to continue rising, especially in the area of global business.

Yabe This dialogue is very insightful, because I noticed that some of the issues that internally we take for granted, or feel are far from sufficient, are differently perceived from outside. We would like to reflect such external perspectives during the review of the CSR report contents.

Teranaka "CSR Management" is one of the pillars in the new Corporate Strategy, but any measure likely to increase the business burden cannot be rationalized by the "CSR Management" alone, whereas such measures can be implemented as comprehensive business decisions based on "Promotion of Strategic Environmental Management". Further discussion is recommended for defining the methodology of how to implement "Strategic Environmental Management" in actual business.

Matsubara Strategic Environmental Management is incorporated in the current Corporate Strategy, and we believe that continuous deployment is imperative.

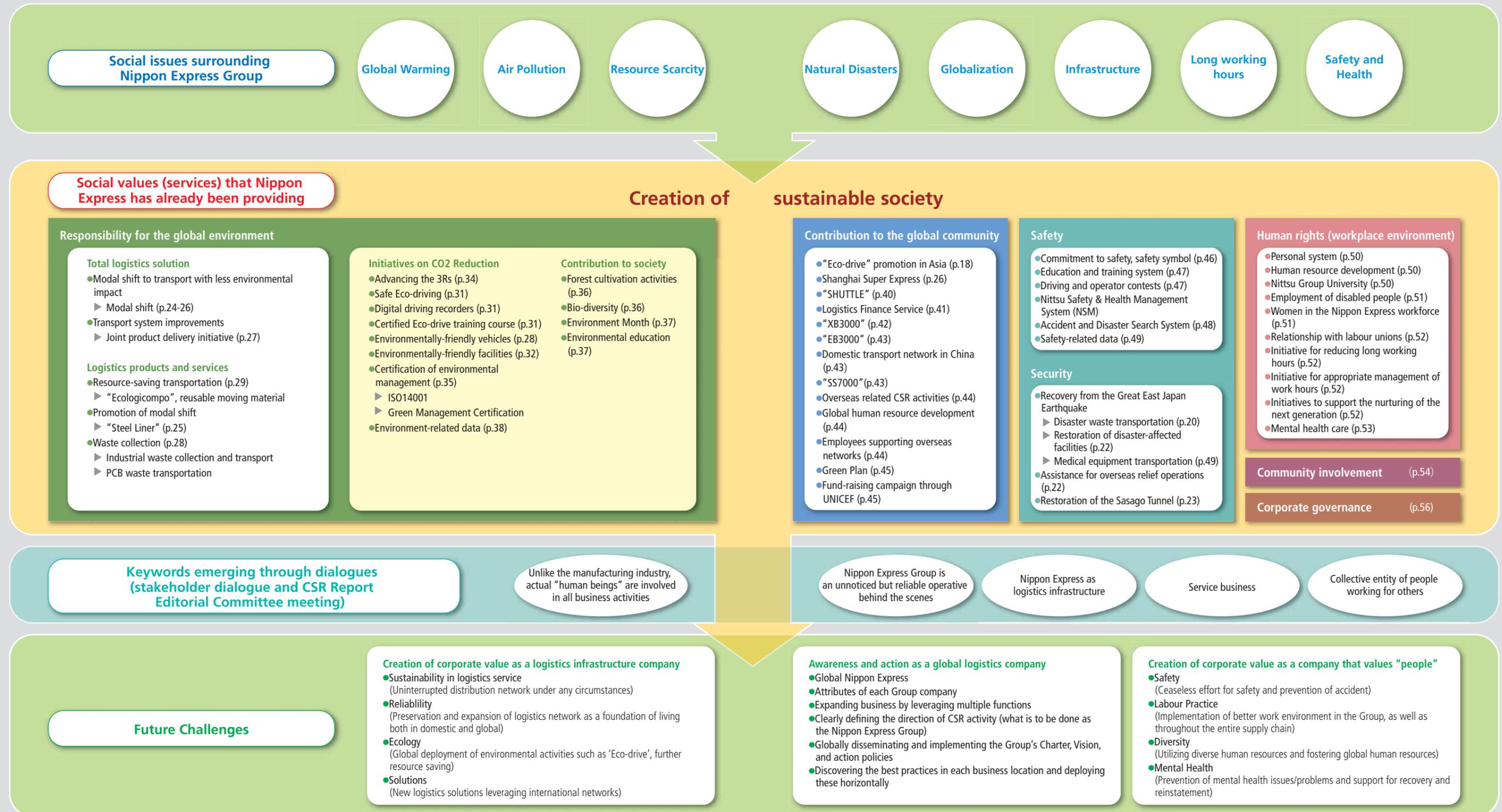
Ishida The issues and themes discussed today should be strategically communicated to top management, and elevated to Group-wide decision making bodies, and fully leveraged. Addressing how to approach the whole supply chain would be also one key task in the future.

Matsubara Thank you for the valuable inputs.



Nippon Express Group Business and Social Challenges

Nippon Express Group proposes one-stop service to our customers. This one-stop service would include information and financial technology, in addition to the basic logistics service of transporting and storing goods globally available today. We believe that such proposals enable us to play an important role in society, primarily by providing useful solutions to customers, and secondly by helping resolve social issues and ultimately by improving social values.



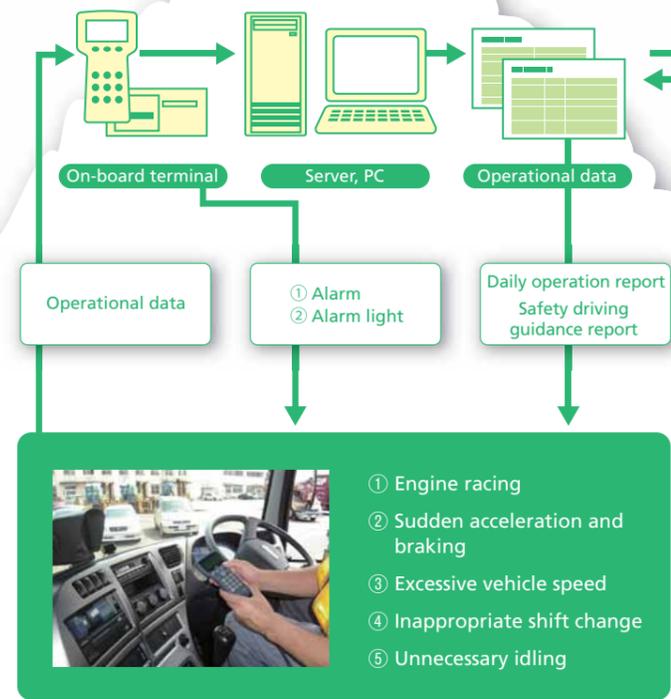
"Eco-drive" Promotion in Asia

Activities for reducing CO₂ emissions from logistics services: introduction of "digital driving recorder" system and "promotion of Eco-drive."

Nippon Express Malaysia utilizes the UN Clean Development Mechanism (CDM*) in order to reduce GHG emissions in emerging countries. The introduction of the safe Eco-drive and digital driving control systems have enabled us to reduce emissions in emerging countries and allocate the reduction to Japan's quota.

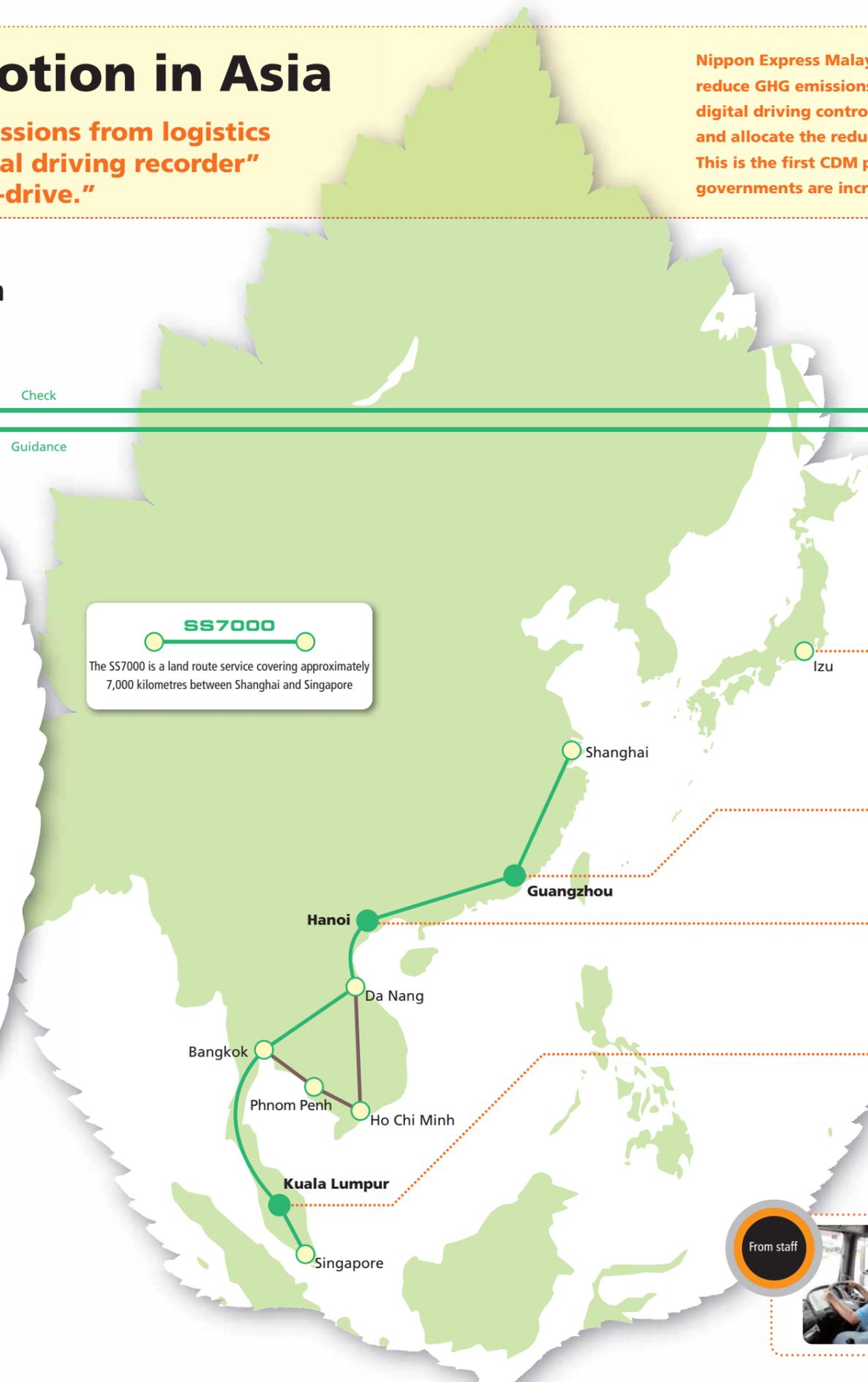
This is the first CDM project ever undertaken by a logistics company. Many national governments are increasingly interested in the project.

Digital Operation Management System



GHG emissions reductions

- Raising driver's awareness on safety and preventing traffic accidents
- Improving quality of shipments



Safe Eco-driving Education



Japan
Safe and eco driving training was conducted at the Izu Training Centre for driving instructors from Guangzhou.



China (Guangzhou)
Efforts to reduce CO₂ emissions from logistics services by mounting digital driving recorders on operating trucks and safe Eco-drive training are underway.



Viet Nam (Hanoi)
Council meetings took place with the DRVN (Directorate for Records Viet Nam) on the subject of traffic and transport measures.



Malaysia
Actions for reducing CO₂ emissions from logistics services by mounting digital driving recorders on operating trucks and safe Eco-drive training were carried out.

* CDM (Clean Development Mechanism): Flexibility measure of GHG emissions reductions specified in the Kyoto Protocol. The mechanism constructs GHG emission credits established by the UN. Nippon Express currently offers credit-attached transport services.

From staff

Instructor Mr. Hiromu Sato (Morioka Branch)
I learned so much from the experience of training in driving techniques overseas. I am convinced that considering others and looking at things from their perspective and communicating with enthusiasm enables us to overcome cultural and language barriers. Safety and Eco are universal everywhere around the globe.

Towards Sustainable Logistics

Recovery from Great East Japan Earthquake

As the sole 'designated public institution' among logistics service providers under the Disaster Countermeasure Basic Act, the Nippon Express Group has carried out disaster relief activities including emergency relief supplies, the relocation of facilities and removal since immediately after the Great East Japan Earthquake.

To advance the reconstruction process, the need for disaster waste disposal is inevitable. The amount of the waste is estimated* at more than 20 million tons across three prefectures (Iwate, Miyagi and Fukushima), out of which 300,000 t in Iwate Prefecture and 320,000 t in Miyagi Prefecture are planned to be disposed of in the wider area including outside of these prefectures, as of end of May 2013. (Data from the wider area debris disposal website, the Ministry of Environment.)

(*Estimation from "Reconstruction and current activities", the Reconstruction Agency, May 2012)

Two years have passed and the disaster waste has been accepted by many places in Japan, after an initial acceptance by Tokyo. Transport of the waste must be safe and reliable. In collaboration with railway companies and maritime shipping companies, the Nippon Express Group has been engaged in transporting the waste from waste collection sites to freight

stations/ports for dispatch and from freight stations/ports receiving the wastes to disposal sites. Aggregated volume of traffic would be 113,000 t including the presumption of FY2013. For the train transportation, dedicated containers were manufactured for this specific service.

Thanks to the concerted efforts of the parties involved, the wider area disaster waste transportation from Miyagi Prefecture was completed in March, and from Iwate Prefecture, it is planned to be completed by the end of FY2013. Nippon Express is honoured to be a functional part of this disaster recovery effort.

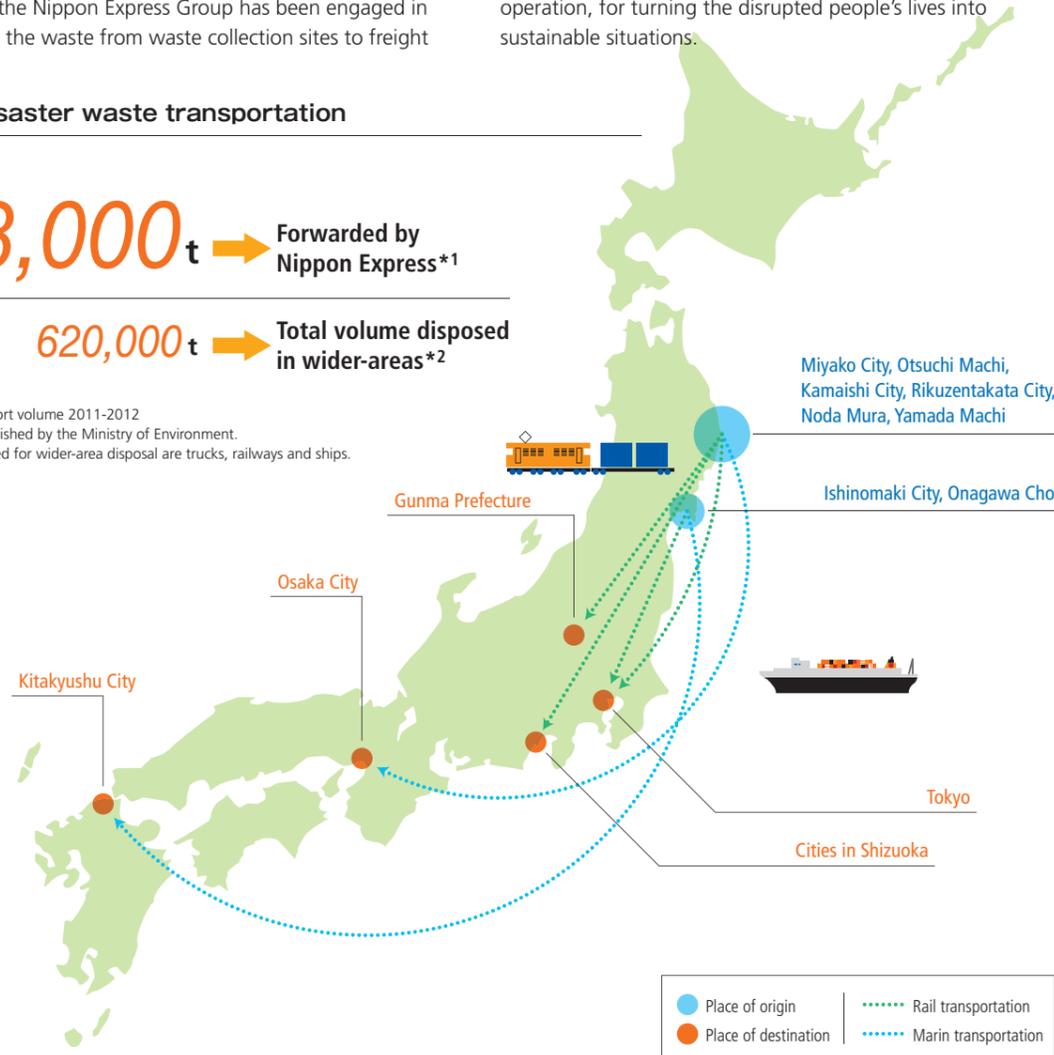
Nevertheless, in Fukushima Prefecture the disposal of the disaster and decontamination waste has just started. Recognizing our roles to play, the Nippon Express Group is also ready to offer our support for the recovery efforts in this operation, for turning the disrupted people's lives into sustainable situations.

Volume of disaster waste transportation

113,000 t → Forwarded by Nippon Express*1

620,000 t → Total volume disposed in wider-areas*2

*1 Actual transport volume 2011-2012
 *2 Numbers published by the Ministry of Environment.
 Transports used for wider-area disposal are trucks, railways and ships.



1 2 After the disaster (Kesennuma City)
 3 The miracle pine (Rikuzentakada City)
 4 5 Loading to the dedicated freight container
 6 Sorting and coordination efforts (Ofunato City)
 7 Loading to the dedicated rail container (Onagawa Cho)
 8 9 Unloading at a receiving site

Towards Sustainable Logistics

Assisting reconstruction efforts at disaster-affected sites

Assistance for overseas relief operations by Japanese Red Cross Society

Nippon Express centrally manages the delivery of ERUs* to disaster-affected sites. ERUs are prepared in order to establish an immediate response system to emergencies overseas, natural disasters and large-scale disasters.

*ERU: Emergency Response Unit



ERUs are currently stored and managed in two locations: Japanese Red Cross Kumamoto Hospital and Nippon Express Middle East in Dubai.



Kenya floods (December 2006)



Sichuan earthquake (June 2008)



Zimbabwe cholera epidemic (December 2008)



Haiti earthquake (January 2010)



Chile earthquake (March 2010)

Photos: Japanese Red Cross Society

Disasters can happen anywhere in the world. Japan assists in post-disaster restoration and reconstruction. Similarly, wholehearted support was given to Japan from all over the world after the Great East Japan Earthquake. The Nippon Express Group contributes to sustainable reconstruction in disaster-affected sites, providing logistics support for relief operations in Japan and overseas.



Mr. Masanao Mori
Director, International Relief Division, International Department, Japanese Red Cross Society

When I moved to New Jersey in third grade, Nippon Express was the mover. This was my initial encounter with, and impression of, Nippon Express. Since then I have never had any concern about working with them.

After I joined the Japanese Red Cross, I was strongly impressed by the relief operation after the Haiti earthquake. A person in charge from Nippon Express, very familiar with the JRC, accompanied us until we reached Santo Domingo. First of all, there was no miscommunication, and since local agencies understood the

culture of Nippon Express well, they provided us with a very detailed response. As a result, the timing of "people" and "materials" perfectly matched and the rescue operations took place without disruption, which I found very surprising. I also appreciate their communication system, which is available 24 hours a day and 365 days a year. In Haiti, Nippon Express assumed responsibility for accompanying us up to the utmost limit of their reach, almost to the disaster area. I believe we have established a relationship in which we can ask and trust them to accompany our mission anywhere on the globe.



Ms. Satoko Otsu
Vice Director and Doctor, International Relief Division, Director, Infectious Disease Department, Japanese Red Cross Wakayama Medical Centre

The delivery operations for ERUs in the Philippines were so reassuring and impressive. I truly appreciate their appropriate response to directions given by the Japanese Red Cross Society.

In Kenya in 2006, the affected area was so remote. It took longer to discuss and decide how to manage the delivery to the sites.

ERU equipment and materials are also managed in Wakayama and dispatched overseas. Sometimes, however, there seems to be a gap in response between Tokyo and Wakayama. Hopefully better communication, in

addition to inherent networks, will help Nippon Express become more responsive in the future. The Japanese Red Cross is an expert in medical rescue operations, but a complete amateur with regards to logistics, which poses many challenges for our secretariat in supporting us. We greatly appreciate the accurate advice and support from Nippon Express. I admit that sometimes the directions given by the Red Cross staff at rescue sites may not be clear, but we would appreciate your continuing expert logistics support in the future.



Restoration of disaster-affected facilities

Unloaders, port facility machines used for landing coal from ships, located at Somakyou-dou thermal power plant in the port of Soma and at Haramachi thermal power plant in Minamisoma City, collapsed as a result of the Great East Japan Earthquake. The earliest possible resumption of unloader operation was critically important in order to stabilize power supply and the livelihood of local residents. We received a comprehensive order including removal, transport and installation of the loaders, and completed the work in April 2013, after two years.



Landing and installation of the unloader



Removal of the unloader

Restoration of the Sasago Tunnel

On December 2, 2012, ceiling panels in Sasago Tunnel in the Chuo Expressway collapsed, which caused the loss of precious lives and an emergency on a main transportation artery. Restoration work was completed in only 45 days, which is an unusually short period of time, because normally construction work of this kind requires several months. The Nippon Express Group urgently mustered 70 staff members from all over the country and deployed 4 sets of 15-axle line transporters in order to remove fallen ceiling panels.



Removing ceiling panels



Responsibility for the Global Environment

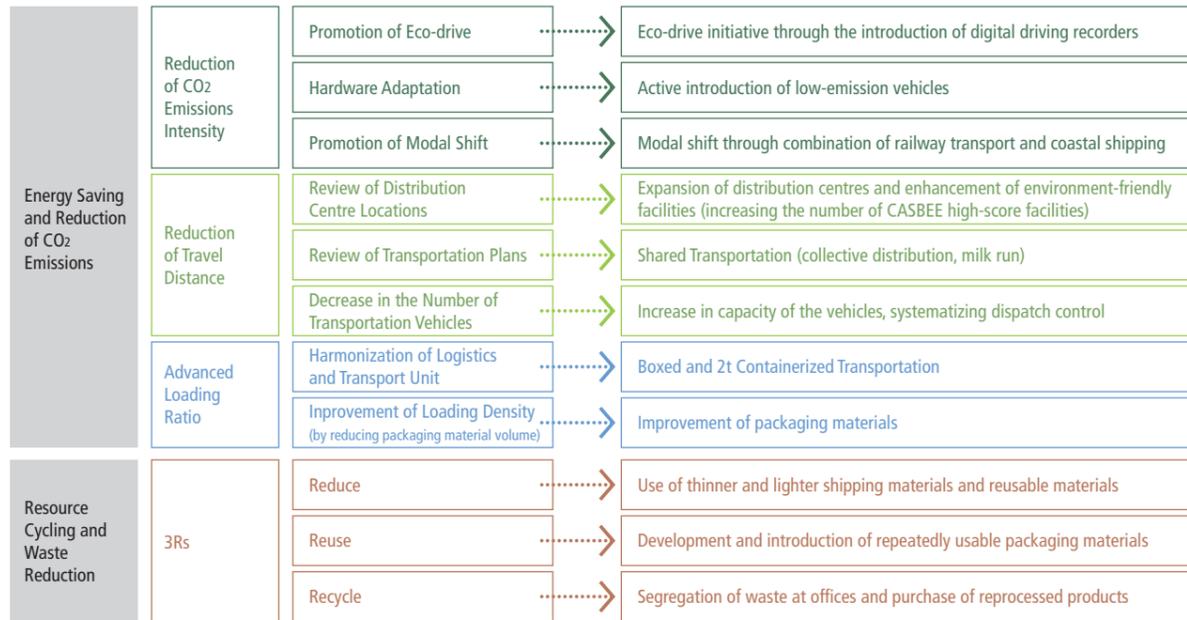
Leaving the environment in better shape for the next generation is a big challenge in today's world. While achieving social development, human beings have created environmental burdens, including CO₂ emissions.

As a professional logistics group, we will contribute to society by delivering goods to people around the world, while striving to achieve more energy-efficient "Earth-friendly logistics."

Green Logistics

Under the Nippon Express Group Environmental Charter, "promotion of green logistics" is set as one of the main pillars

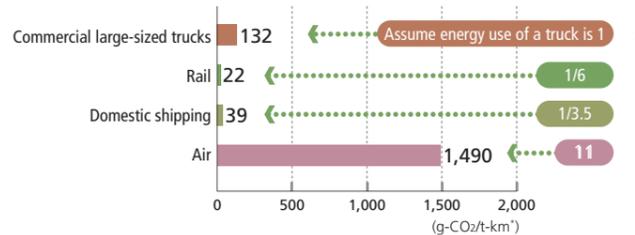
in the new Group Corporate Strategy. We are committed to "earth-friendly logistics"



Promotion of Modal Shift

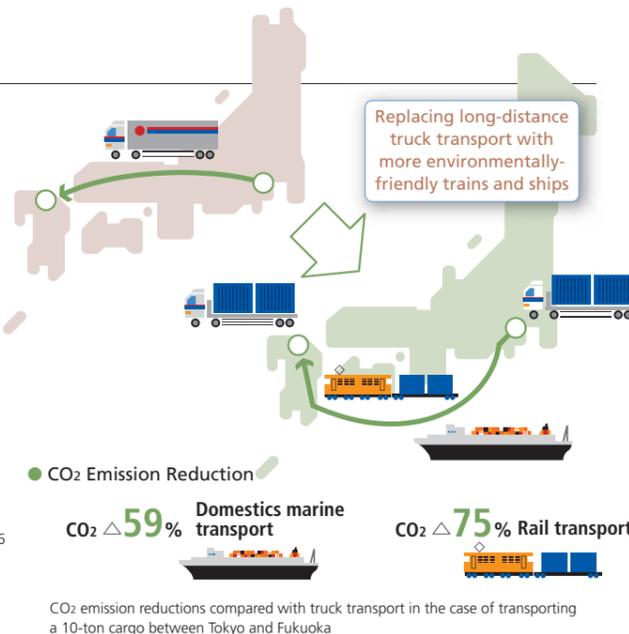
The Nippon Express Group has been engaged in various initiatives targeting a modal shift from a heavily truck-dependent system of transport to one that optimally utilizes trains and ships.

● CO₂ emission intensity by transport mode



Source: Ministry of Economy, Trade and Industry Notification No. 66 (March 29, 2006), "Method of Calculating the Energy Usage Involved in the Transport of Cargo by Freight Haulers"

*When loading ratio of 11-ton trucks is unavailable



Modal Shift to Rail Transport

Railways can carry the volume of shipment in one journey, and they are therefore suitable for middle to long distance transportation. This is also known as an environmentally friendly choice, because of their effectiveness for reducing CO₂ emission.

The modal shift from truck services to railway services has

been actively promoted as an efficient transportation mode, in addition to the reliability and safety in operation. The Nippon Express Group continuously make efforts to achieve service and efficiency improvements, and the mitigation of the environmental load.

The Case of Yamamori Inc.

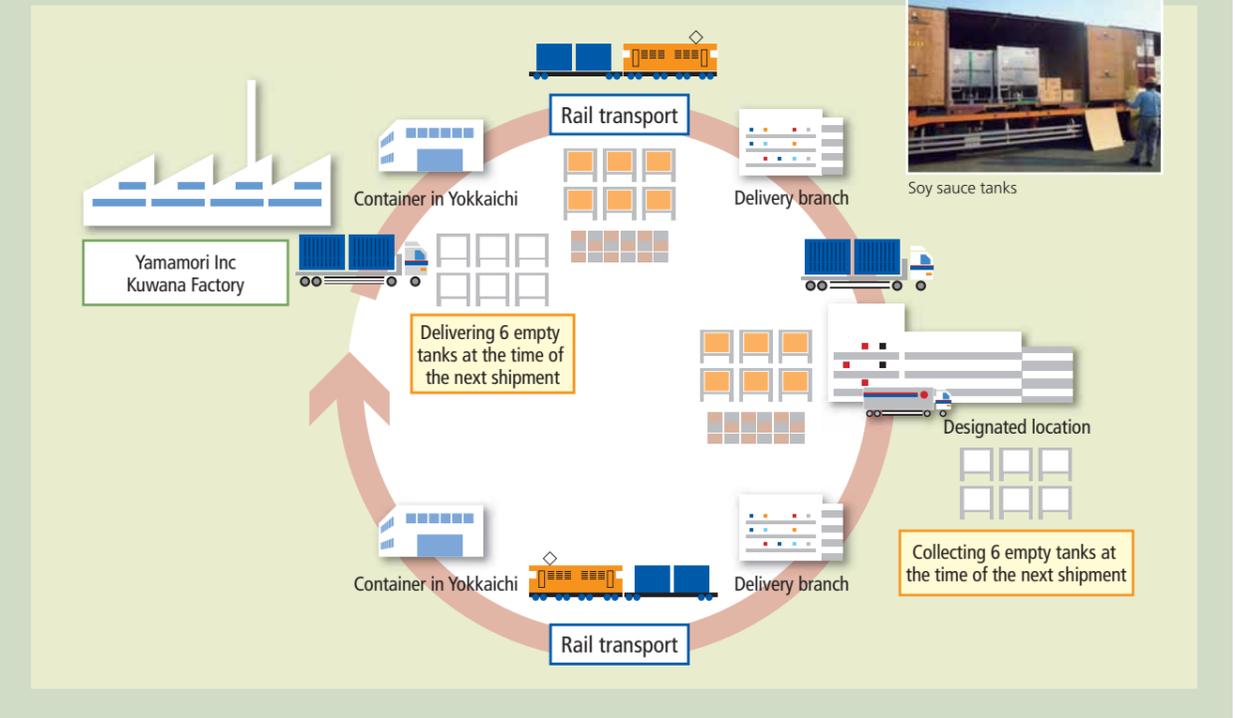
Yamamori Inc (HQ in Kuwana City, Mie Prefecture) founded in 1889 as a food manufacturer specializing in soy sauce, stock sauce, sauce and retort pouched food. Focusing on "tastiness", the company is committed to creating safe and secure order-made flavours, and developing their own brand of seasoning/condiments for business use.

Nippon Express is delivering the soy sauce in 6 sauce tanks and cardboard boxed sauce products to a designated location in Tohoku area with two 12 feet containers. The total amount of the sauce is 1000L. Upon delivery, empty tanks are collected and returned to Yamamori at the time we collect the next shipment. Leveraging the round-trip of the soy sauce delivery helped us to reduce cost. We also proposed that the company use railway

container transport service for further mitigating the environmental load, by presenting the amount of CO₂ emissions by the two 12 feet containers and 10t trucks quantitatively.

It was a specific concern of Yamamori that temperature rise inside the container during summer season may damage the soy sauce. In order to allay the concern, a test of transportation was conducted in August 2012, with "sealed type" and "ventilating type" containers for a round-trip between Sendai City and Kuwana City. The test result revealed that there was no impact to the quality of product.

Shipping went into full operation from the middle of October and the delivery started to the second location in the Tohoku area in November.



Steel Liner

As one of the top priorities of its environmental measures, the steel industry has been promoting a reduction in CO₂ emissions which accounts for about 13% of that of all industries and the need for a modal shift toward rail transport is increasing.

In order to meet the need, the Nippon Express Group developed a "Steel Liner", an open top 31-ft container which is suited to transport steel products and has been supporting a modal shift within the steel industry.



Responsibility for the Global Environment

Modal Shift to Domestic Marine Transport

In 1964, the Nippon Express Group initiated combined land-sea services with Japan's first container vessel, the Dai-ichi (No.1) Tennichi Maru, between Tokyo and Muroran, followed by the Dai-ni (No.2) Tennichi Maru between Osaka and Muroran.

In 2003, Nippon Express and MOL Ferry Co., Ltd. launched a joint service between Tokyo and Hakata with high-speed RORO* vessels Himawari 5 and Himawari 6. In April 2013, Himawari 7, a state-of-the-art high-speed roll-on roll-off vessel went into service between Tokyo and Tomakomai. Currently Nippon Express connects locations nationwide with bases at 9 ports including the Port of Matsuyama, which recently went into service, with 7 large state-of-the-art ships including 2 serving in our regular routes, and 5 in joint service with MOL Ferry.

In domestic marine transport, Nippon Express is implementing various low fuel-consumption initiatives to reduce CO₂ emissions. We outfitted Himawari 5 and 6, which are operating in the routes of coastal service between Tokyo and Kyushu via Setouchi, with auto-control engines that match fuel injection according to the speed of the vessels.

The fuel efficiency of Himawari 7, in service between Tokyo and Tomakomai, was largely improved by installing an electronic control engine with a higher functionality. Installation of movable blades on the hulls for preventing rolling, and improvements made in the vessel shape, the propeller screws and the helm enabled us to enhance safety, environmental friendliness and transportation capacity at the same time.

*RORO vessel: abbreviation for roll-on/roll-off type of shipping vessel. Roll-on/roll-off means the cargo is wheeled-vehicles that board and disembark a vessel independently. Similar to a car ferry, a RORO vessel is designed to carry wheeled cargo and does not usually include passenger cabins.

Shanghai Super Express

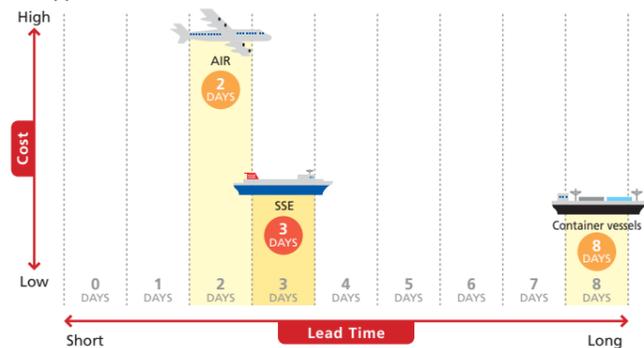
Shanghai Super Express (SSE) is a novel transportation system connecting Japan and China quickly and seamlessly, using RORO (Roll-On / Roll-Off) high-speed vessels, that allow wheeled cargo to directly roll on and roll off anywhere in

Japan via Hakata. SSE has the benefits of both conventional cargo vessels as well as air transport, namely economy of scale, eco-friendliness, and high speed. In an environment where product life cycles are becoming increasingly short, SSE can significantly contribute to improving customers' production and sales efficiency. By combining SSE with other transportation services, we will be able to provide our customers highly reliable express maritime transport services that serve as solutions for their supply chain challenges. For example, our Rail & Sea multimodal transport service allows railway containers to be loaded directly onto vessels shipping to Shanghai, while our express maritime transport service with consolidated cargo can shorten lead time to nearly that for air cargo.



Newly built ship "Himawari 7"

Comparison of lead time & fee between SSE and other transportation (approximate)



The Case of SONOKO Co., Ltd.



Mr. Toru Motokura, Chief Manager, Logistics Division, SONOKO Co., Ltd.

Background of adopting SSE
SONOKO chose SSE when the first Shanghai store opened in September 2009. In those days all products were delivered by air from Japan. However, along with increasing the trade volume, the company became interested in a service in-between air and marine transport, and decided to utilize a railway service with 12 feet containers

ers from Tokyo to Fukuoka, and SSE high-speed transportation service from Fukuoka to Shanghai.

Expectation of logistics

Since our key products are cosmetics, they require special attention to temperature control and transportation service quality. Specifically we are highly expecting punctuality in the railway service and high-speed service by the RORO vessel, and also appreciating their green logistics service.

Expectation of the future and Nippon Express

The market in China will be continuously growing due to the brand power of our products, and currently a discussion whether or not to further expand sales channels including on-line sales is underway. We expect Nippon Express, as our logistics partner, to provide us with not only logistics services, but also with a variety of information on issues such as local regulations and relevant domestic and overseas laws.

The Case of Toppan Logistics Co., Ltd.

Toppan Logistics transports drinking water manufactured at a factory of FUKUREN.CO.JP (Wakamiya City, Fukuoka Prefecture), to which their parent company Toppan Printing Co., Ltd. supplies paper cartons for packaging products, to Kansai and Kanto regions. According to the volume of the water, 10t or 4t trucks were used for the transportation to Kanto region. Since 2009, Toppan Logistics set forth initiatives for environmental conservation (Environment Management Programme), for promoting "reductions of CO₂ emissions by using less energy in transport

operation". As a part of that effort, they inquired about Nippon Express, and we proposed the on-ship transport service for domestic routine containers.

Initially CO₂ emissions was the main focus, but after recognizing the cost merit of trailer transport, elimination of in-shipping product damage and punctuality in marine transport, they have been staying on the service. Also a service combining the trailer and 5t container based on volume of shipment is appreciated and utilized

Transport System Improvements

Improving our transport system is another way in which the Nippon Express Group is pushing forward our initiatives to reduce the impact on environment.

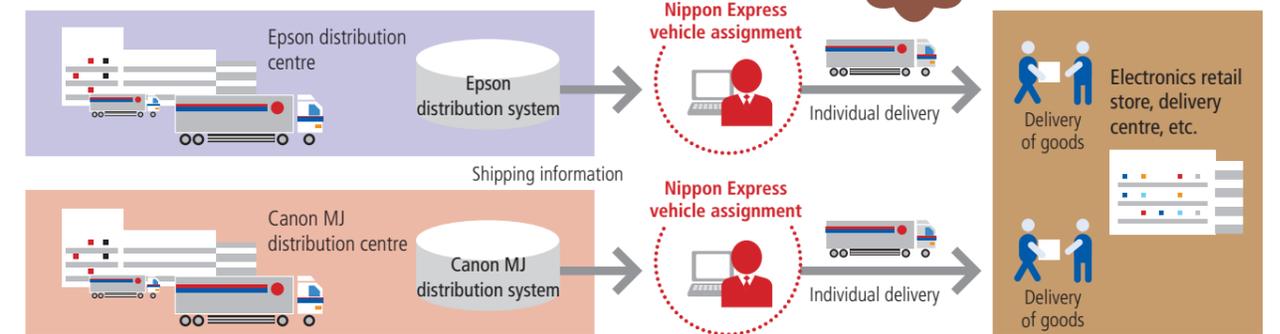
Joint Products Delivery Initiative by Epson Sales Japan Corp. and Canon Marketing Japan Inc.

Canon Business Support Inc., a company responsible for operating products distribution of Epson Sales Japan Corp and Canon Marketing Japan Inc., was planning to address environmental issues further in the area of logistics services, as a part of their overall initiatives for promoting environmental management. Defining reduction of CO₂ emissions as a major target, the company was discussing the potential of a joint delivery scheme. Recognizing that there were some routes on which vehicles of both companies were delivering to the same sites but loading efficiencies were low, we made a proposal to

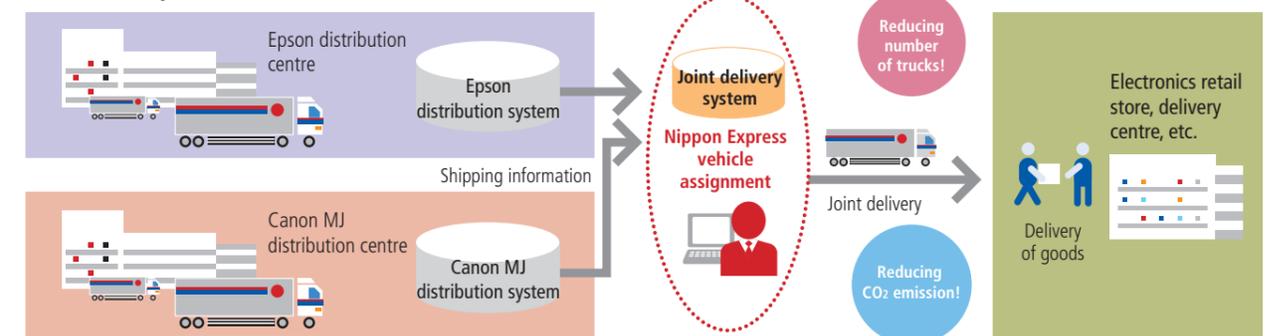
Canon Business Support to jointly utilize the vehicles to reduce the number of vehicles required in the operation. As a result, the two companies recognised and acknowledged the effectiveness of efficiency improvement in both loading rates and delivery for reduction of CO₂ emissions, namely reductions in the numbers of vehicles used, and they agreed with the idea that delivery by the same vehicle and by the same driver improves quality and creates consistency in the delivery service. Thereby, the joint delivery materialised between the two companies.

Step I: Joint delivery service for electronics retail stores

1. Previous schemes



2. Joint delivery schemes



[Reducing CO₂ Emissions]

Transportation-related CO₂ reduction: - 426.4t
Average reduction rate: 25.1%
(June 2009- December 2012)

[Advanced Joint Delivery]

The joint delivery initiative targets not only electronics retail stores but also entire specific geographical areas and the cooperation of distribution centres.

Step II: Joint delivery at specific areas

Step III: Cooperative distribution centres



Responsibility for the Global Environment

Industrial Waste Collection and Transport for Recycling

The Nippon Express Group collects and transports industrial waste as part of its comprehensive logistics business. Approved by all authorized local governments as a provider of collection and delivery services*, we also manage waste collection logistics to meet the high demand for recycling and reuse. Utilizing a combination of rail and ship transport to provide a wide range of consolidated transport, including waste collection from manufacturing through post-

consumption—the Nippon Express Group has a composite strength unrivalled by other companies, and offers its customers the benefits of a safe and dependable service cultivated over many years in the logistics business.

We are actively working to implement such business initiatives, which we have collectively named “Eco-business,” in an effort to contribute to a recycling-based society.

*Approval not yet obtained for certain items

Transport of Waste and Recycle Products

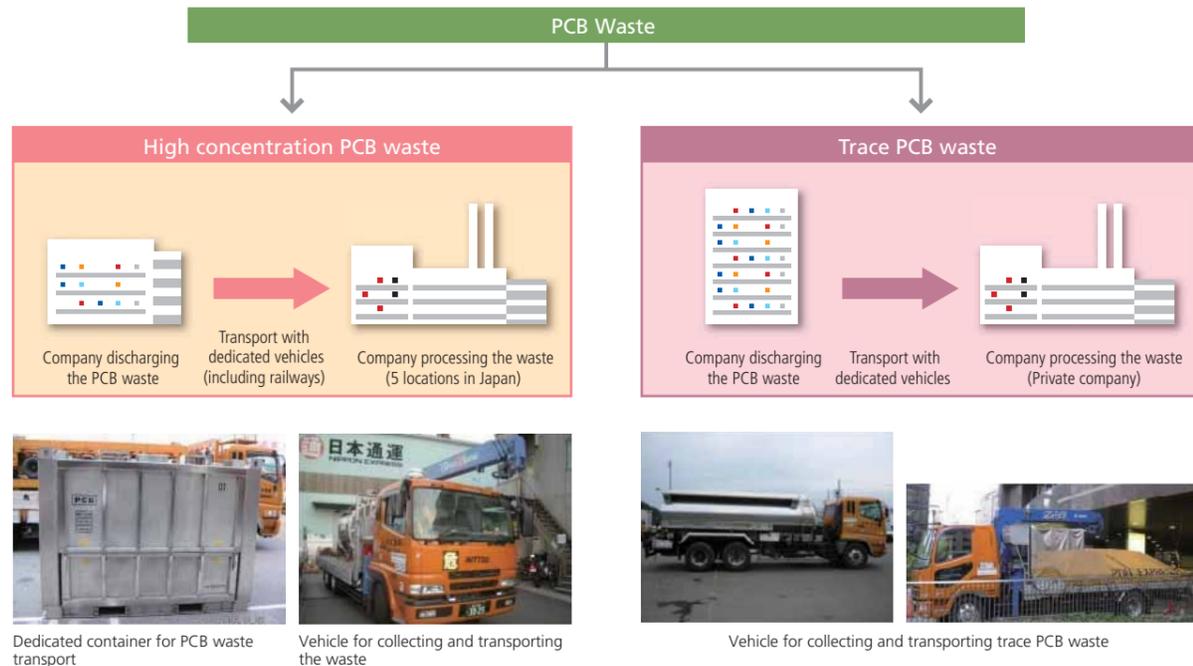


Transporting sludge by the open-top container



Manufactures' designated collection point under the Home Appliance Recycling Law

PCB Waste Transportation



Eco-friendly Products

Developing and Introducing the Reusable Materials

With development and introduction of reusable moving materials for our chinaware trunk, shoe cabinet, and portable wardrobe, “*Ecologicompo*” household moving service is an environmentally- and user- friendly service providing significant reduction of waste.



Packing Materials for Flat-screen Televisions

Ecologicompo packing materials

Moving Service for a Single-person Household

The Nippon Express Group launched a new moving service “One Room Pack Plus” in September 2012 across the country. With a simple packaged price, this new service offers transport of almost 1.6 times more home furnishings than the original “One Room Pack”, for short-distance moving. In addition, a new pricing scheme based on ‘room size (m²)’ has been adopted for the first time in the industry, while conventional pricing is based on the volume of home furnishings. That enabled us to shorten the time required to confirm the amount of items needed to be carried.

Also, the WEB order service available from the company’s Home Page enables a single person to complete the whole process, from application to order placement with a reference of price of moving in the month of his/her choice at any time, 24 hours a day. The web service is very popular and convenient for busy people who have no time for briefing or quotations in person.



Chinaware trunk

Proposal of the Optimal Relocation Service

Since November 2011 the Nippon Express Planner introduced tablet computers, iPads, for quoting the price of relocation in order to respond back to our customers faster. The quotation can be generated and printed at site, as well as sent to customers’ personal computers. In addition, a video explaining simply how to make packing and other tips is available for those who have concerns about preparation for moving.



Nippon Express Planner

Pursuit of Quality

At our training centres are located nationwide and regular training programmes are implemented: Packaging skills, service manners, and more are taught by instructors in order to develop professionalism of the staff members working on moving and to improve the quality of the work.



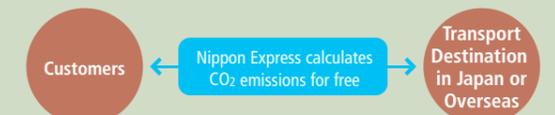
Training Centre

Offset Eco2

“Offset Eco2” is an environmentally-friendly logistics service that combines international airfreight transport service and Kyoto mechanism-based* CO₂ emissions credits.

*This refers to flexible measures that enable the achievement of the emissions reduction goal as established in the Kyoto Protocol. Specifically, this system allows the amount of harmful greenhouse gases one country has reduced in a developing country to be converted into that country’s reduction target.

Scheme of Offset Eco2



We “visualise” the amount of CO₂ emitted by customer’s freight transport individually on the basis of the reliable calculating standard, then “offset” CO₂ which corresponds to it. Customers can report their usual shipping operation as a “CSR activity.”



Offset Eco2 has obtained the carbon offset certification based on the standards set by the Ministry of the Environment in order to secure the credibility of carbon offset. The carbon offset certification system is a third-party certification system which determines the individual arrangement of carbon offset to be based on the certification standards set by the Ministry of the Environment and grants the carbon offset certification label. Certification Number: 4CJ-1100070 Website of Certification Centre on Climate Change, Japan: <http://www.4cj.org/> Certification Obtainer: Nippon Express

Responsibility for the Global Environment

Initiatives to Introduce Various Low-pollution Vehicles and Enhance Fuel Economy

Nippon Express is making vigorous efforts to reduce emissions of CO₂, NO_x (nitrogen oxide) and PM (particulate matter), as well as putting environmentally-friendly vehicles and other technologies into service to improve fuel efficiency.

Environmentally-friendly (Low-emission) Vehicles

In addition to complying with law and regulations, Nippon Express went a step beyond and actively introduced environmentally-friendly vehicles including specially developed new models.

In April 2005, we reviewed the definition of "clean energy vehicle" that we had been adopting until then and revised our policy, shifting the emphasis to decreasing emissions from our large vehicles and revising the name to "environmentally friendly vehicles." Since then, we have increased the number of CNG, hybrid and LPG trucks, while focusing on the addition of low-emission diesel trucks that conform to the new long-term regulations for large-sized vehicles throughout Japan, rowing our fleet to a total of 6,131 vehicles as of March 31, 2013

● Number of environmentally-friendly vehicles in fleet (as of March end, 2013)

| Vehicle type | Number | | |
|---------------------------------------|--------------|---------------------------------|---------------------|
| | Total | Nippon Express non-consolidated | Affiliate companies |
| Electric vehicles | 19 | 19 | 0 |
| CNG vehicles (compressed natural gas) | 361 | 299 | 62 |
| Hybrid vehicles | 754 | 678 | 76 |
| LPG vehicles | 462 | 411 | 51 |
| New long-term regulation vehicles | 4,535 | 3,404 | 1,131 |
| Total | 6,131 | 4,811 | 1,320 |

*Includes passenger cars for business use.
*Includes only related group companies managed by affiliates.



Compressed Natural Gas (CNG) Trucks

Fuel for these trucks is the same natural gas used by urban households, compressed under high pressure. CO₂ emissions are 20 to 30% lower than petrol, NO_x emissions are much lower than diesel and there is no PM exhaust.

However, further problems that need to be solved include making fuel tanks smaller and lighter and enhancing fuelling stations.



Bi-fuel CNG Trucks

Used mainly in air service deliveries and for transport of valuables, these modified vehicles run on both CNG and regular petrol. Once the CNG is depleted, the motor can be manually switched to petrol, eliminating any apprehensions of running out of CNG while out on the road and covering quite a long distance in one day.

Environmentally-friendly Vehicles



Hybrids

Hybrids use a combination of motive force, including ordinary engines and electric motors. Energy created by the engine and braking is converted to electricity and stored, then used as supplemental driving power when starting, accelerating and climbing.



LPG Trucks

Engines are fuelled with liquefied petroleum gas, which is commonly used by taxis. Compared to diesel engines, NO_x emissions are far lower and there is no PM exhaust. Because more and more fuelling stations (LPG stations) are found nationwide, we have increased the number of LPG trucks in the fleet.

First Certified Eco-drive Training Course Provider in the Logistics Industry!

Eco-driving is contributing to fuel efficiency and improving safety, as well as being environmentally friendly. In December 2012, The Nippon Express Group was granted certification as an Eco-driving training course provider by Foundation for Promoting Personal Mobility and Ecological Transportation (henceforth, Eco-Mo Foundation).

Although Eco-driving training has already been implemented in Nippon Express, using a fuel consumption gauge at our in-house training centre in Izu in order to raise further awareness of employees and optimize the 3 impacts of Eco-driving, namely safety, environment and cost, the curriculum was revised and restructured, aiming at obtaining accreditation by Eco-Mo Foundation.

We sent the application to the Foundation after revising

Safe Eco-driving Education

"Safe Eco-driving" has three meanings: safe driving, ecological driving and economical driving. The idea behind eco-driving, or driving in an eco-friendly manner, is to protect the environment and resources while reducing costs. Furthermore, it involves seeking greater safety through moderate and responsible driving.

Nippon Express conducts safe eco-driving training each year at the group's training centre in Izu, to which nearly 800 staff members attend over a year.

Especially those employees who play central roles in driv-

Installation of Digital Driving Recorders

Through the installation of digital driving recorders, operation data items standardized for the entire company are accumulated in the operation management system's server via our intranet, enabling people in all sections, branches and headquarters to share objective data on fuel economy, engine idling and other information.

This system now makes it possible to calculate safe eco-driving factors for each vehicle, such as excessive vehicle



the curriculum by adding more classroom lectures besides conventional Eco-driving practice, and by rearranging the driving courses to ensure accurate calculation of fuel consumption rates at the start, running and deceleration modes. As a result, we were granted certification as the Eco-driving course provider as a first logistics company.

From April 2013, the qualification training for Eco-driver will take place at Izu Training Centre and certificates will be issued on completion of the course. We commit ourselves further to promoting and rolling out Eco-driving skills in Nippon Express.

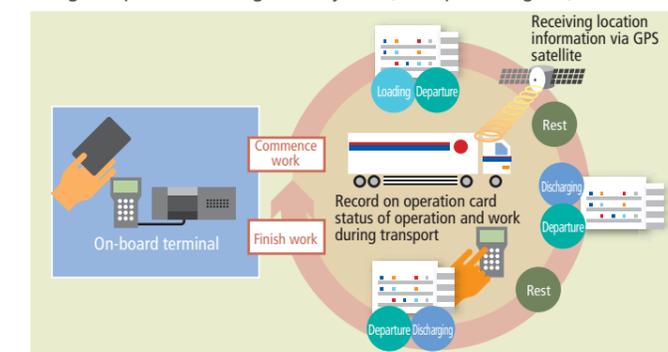
ing instruction at each facility around the country are gathered and provided with comprehensive instructor training. This training, called "Driving Instructor Training Course", focuses on mastering safe eco-driving and learning how to drive safely. Those drivers who complete "Driving Instructor Training Course" and certified as "Driver Instructors" by the head of branch offices they belong to, and are expected to take the knowledge and skills they acquired back to their own facilities and hand it on to their fellow drivers.

speed, sudden acceleration and braking, idling time and excessive engine speed. When values set in advance are exceeded, the date, time, place and other data are recorded on a card, and an operation manager will use the performance output following vehicle operations to give the driver meticulous guidance. This continual driver guidance and supervision concerning daily vehicle operations lead to both fuel efficiency improvements and safety enhancements.



Digital Driving Recorder

● Digital operation management system (conceptual diagram)

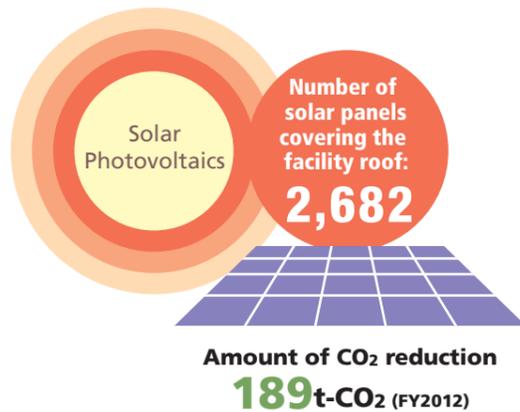


Responsibility for the Global Environment

Promoting Environmentally-friendly Facilities

The Nippon Express Group actively promotes environmentally-friendly facilities through activities such as construction of warehouses featuring solar panels and buildings hosting rooftop greenery.

Chiba Marine Transport Branch Narashino Logistics Centre



Tennoji Branch Logistics Centre



- Solar panels covering the facility (Number of panels: 300)
- Hybrid street lights
- Rainwater utilization system
- Emergency Power Generator (power supply sufficient for 2 days under emergency)
- LED lighting Fixtures
- Barrier coating
- Water-saving toilet system

Nippon Express U.S.A., Inc. Los Angeles Branch



- Solar panels
- High-performance glasses
- Efficient lighting fixture
- High-performance control system air-conditioning machine

Nippon Express U.S.A., Inc. Chicago Logistics Centre East and LEED (Leadership in Energy and Environment Design) Certification

- The Chicago Logistics Centre East received LEED Silver Certification from the U.S. Green Building Council, a non-profit organization offering comprehensive evaluations of the environmental performance of buildings.



Osaka Nishi Branch Hokko Logistics Centre

- The 1st (2007) Osaka Sustainable Architecture Award (Special Award)



Sharp Corporation Multipurpose factory built by Nippon Express Group in Green Front Sakai

- The 4th (2010) Osaka Sustainable Architecture Award (Special Award)



Nittsu Driving School

- Rooftop Greenery



NITTSU Group University

- Solar and wind powered streetlights



NEX-TEC Shibaura

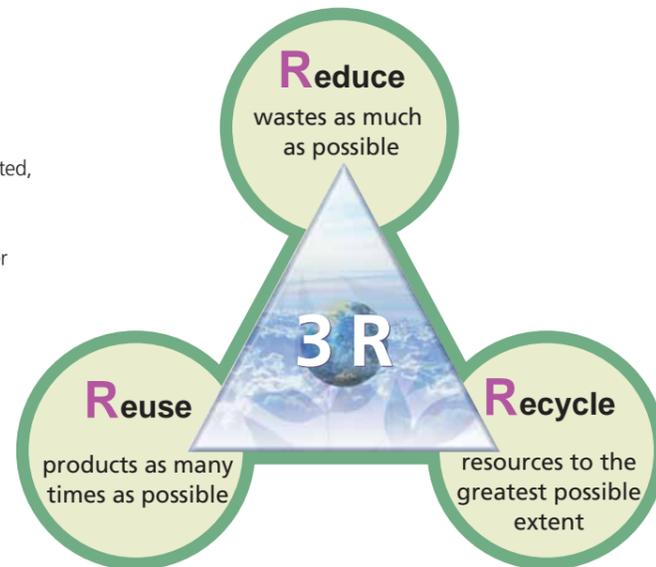
Responsibility for the Global Environment

Reducing Waste and Advancing the 3Rs

Through methodical separation of waste generated in all business locations, Nippon Express is able to promote proper waste processing and recycling. We also continue to implement green purchasing as well as electricity and water conservation.

Advancing the 3Rs

The 3Rs is a principle for efforts to build a recycling-based society. It stands for "reducing" the volume of wastes generated, "reusing" materials whenever possible and "recycling" used products as resources. At Nippon Express we do our best to reduce waste from all business locations as well as sort paper and other waste generated in our offices for easy recycling.



Promoting the 3Rs by Recycling Packing Materials

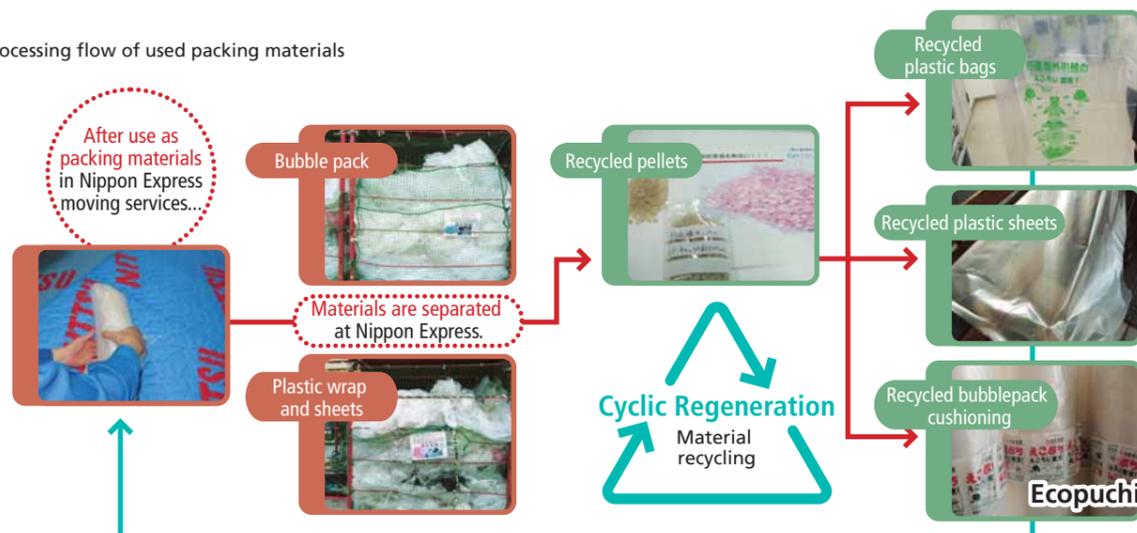
Although returnable packing materials can be used in our Ecologicompo and other moving services in Japan, overseas moves involving much longer distances make it necessary to use conventional packing materials to ensure the more robust protection of cargo.

Thus, the Nippon Express Group carefully separates materials generated from overseas moves, and materials that were previously disposed of as "garbage" are processed for reuse. One such material we reuse is Ecopuchi, our bubble-pack cushioning.

The key point in this initiative is "methodical separation." Paper tape and other packing materials are carefully removed from the plastic sheets, separated according to type. The resources are then delivered to a vendor for processing into renewed materials, which we later purchase as "recycled materials."

The Nippon Express Group will continue to expand its 3Rs initiative, which pledges to "reduce" generated waste, "reuse" waste as much as possible, and "recycle" waste, forming renewed resources to the best of our abilities.

● Processing flow of used packing materials



This initiative was recognized with the Special Logistics Environmental Award by the Japan Federation of Freight Industries, presenter of the 11th Logistics Environment Awards.

CSR Activities in 3Rs Areas

The Ecocap collection program

The Nippon Express headquarter office has participated in "the Ecocap collection programme"*1 since January 2009. As of March 2013, 809,860 caps were collected, providing 1,000 children with vaccines while reducing CO₂ emissions by 6,299kg*2.

The programme is also carried out at around 30 branches in Japan. We will continue to promote the initiative.

*1 The programme organised by an NPO, the Ecocap Movement. They collect plastic bottle caps and sell them to recycling companies and donate their profits toward purchase of vaccines for children in developing countries.

*2 860 caps (20 yen) covers the polio vaccination of one child. Also 6.3 kilos of CO₂ emissions is reduced by recycling 860 caps.



Collected caps



Collected calenders

Unused calendar collection programme

As our initiative to realise a recycling society, we collect and present unused calenders and diaries, which are given by clients as a year-end present, to social welfare councils and homes for elderly people around Japan. This contributes to reducing waste by sending the unused resources to those who need and look forward to them. 1250 calenders were delivered to 9 organisations on January 2013.

Obtaining Environmental Certifications

To further advance activities with respect to environmental conservation at its facilities, Nippon Express is actively working to obtain certification for ISO 14001, the international standard on environmental management systems, as well as Green Management Certification at each facility.

Obtaining ISO14001 Certifications

In June 1998, Nippon Express obtained ISO 14001 certification for three service centres (since consolidated into two) at the Tokyo Air Service Branch in Baraki (Ichikawa City, Chiba

Prefecture). As of March 2012, we have obtained certification for a total of 14 centres around the world.

| First certifications, June 24, 1998 | |
|---|--------------------------------------|
| Tokyo Air Service Branch: | Baraki Export Cargo Centre |
| Tokyo Air Service Branch: | Baraki Air Cargo Distribution Centre |
| Additional certifications, March 30, 2000 | |
| Tokyo Air Service Branch: | Narita Airport Logistics Centre |
| Nagoya Air Service Branch: | Nagoya Distribution Centre |
| Osaka Air Service Branch: | Nanko Air Cargo Centre |
| Fukuoka Air Service Branch: | Fukuoka Air Cargo Centre |
| Additional certifications, March 30, 2001 | |
| Hiroshima Air Service Branch: | Hiroshima Domestic Air Cargo Centre |
| Sendai Air Service Branch: | Sendai Airport Logistics Centre |

| Additional certifications, March 29, 2002 | |
|---|---|
| Nagoya Air Service Branch: | Nagoya Air Cargo Centre |
| Takamatsu Air Service Branch: | Takamatsu Air Cargo Centre |
| New certification, May 31, 2005 | |
| Shikoku Branch: | Shikoku Heavy Haulage Construction Branch |
| New certification, May 10, 2007 | |
| Nep Logistics, Inc. (Philippines) | |
| New certification, March 24, 2010 | |
| Nippon Express (South China) Co., Ltd. | |
| New certification, March 18, 2011 | |
| Osaka Branch: | Sharp Osaka Office |

Responsibility for the Global Environment

Environmental Conservation Activities

The Nippon Express Group is constantly seeking ways to minimize the environmental burden generated through its service. Because, although the Group's business operation relies on public social capital like roads, harbors and airports, the methods of transport we used produce CO₂, even after

efforts for reduction took place. That is why the environment has been placed at the heart of the CSR activity of the Group, aiming at reducing the environmental burden and enhancing the awareness of the employees.

Forest Cultivation Activities in the Nittsu Forest

Aiming at preventing global warming, preserving biodiversity, and fostering the environmental consciousness of employees and their families, the Nippon Express Group has developed the Nittsu Forest in three company-owned forests in lidemachi, Yamagata Prefecture, Nichinancho, Tottori Prefecture, and Izunirayama, Shizuoka Prefecture, to promote forest cultivation activities.

In close cooperation with local communities, NPOs, forest cooperatives and municipal governments, and their advice for regular thinning and planting, the Nittsu Forests are growing year by year.



Forest cultivation activity

Biodiversity Initiatives

Biodiversity is also a theme addressed through the forest cultivation and other local CSR activities. In the Nittsu Forest in lidemachi, Yamagata Prefecture, "Ikimono Mikke" ("In Search of Living Creatures") programme was implemented jointly with local elementary school children. Under instructions from NPO staff, we learnt about creatures in the river nearby.

At the company-owned forest in Izu Nirayama, birdhouses for owls were installed in 2010 and observations are in progress. Also in another company-own forest in Shiranukacho, Hokkaido, a study of wild bird habitats was conducted under the instruction of Wild Bird Society of Japan. Other than wild birds, fishes in the spring-fed rivers, as well as mice and other mammalian footprints in the marshy areas, were identified.



"In Search of Living Creatures" programme in lidemachi, Yamagata



Study of rearing of wild birds in the company-owned forest in shiranukacho, Hokkaido



Forest cultivation activity in Izu Nirayama: placing birdhouses for owls



Activities during the Environment Month

Every year, the Nippon Express Group conducts a nationwide clean-up campaign during the Environment Month in June, as part of its efforts for environmental conservation. More than 10,000 employees and their family members joined in this beautification campaign of the local community, and cleaned areas surrounding each business facility, station and park in their neighborhood.

Especially in *Hama-rikyu Gardens*, next to the Head Office, our activities, such as leaf-raking and volunteering, take place throughout the year. Our activities also include other nation-

wide activities such as taking care of flower beds and plants along national highways and planting green-curtains.



Activities during the Environment Month



"Leaf-raking activity" in Hama-rikyu Gardens



Environmental Education

Employee Environmental Education Programme

The forest cultivation activity is now included in a curriculum of new employees' orientation held at the Izu Training Centre, as 'learning through experience' training. Dialogue between new employees and members of the CSR department is also

included in the curriculum. DVDs for environmental education were also created for the purpose of fostering human resources with an eco-friendly mindset.



Dialogue



Tree Thinning



Viewing DVD

"kids X change": Material for Environment Education

"kids X change" is an education material for higher-grade elementary school children in Japan, created by the Nippon Express Group based on a book "youth X change", published by the United Nations Environment Programme (UNEP) and the United Nations Educational, Scientific and Cultural Organization (UNESCO) for promoting the environmental education of young people from 15 to 25 years of age.



Responsibility for the Global Environment

Environment-related Data

In our Environmental and Social Report 2006, for the first time we disclosed data pertaining to the Nippon Express Group's energy usage, waste and emissions, as well as CO₂ emitted by sources other than mobile emission sources such as trucks and

ships. This compiled data includes estimated quantities calculated from the purchase value as well as annual estimates based on fixed monthly quantities.

● Energy usage, etc. of Nippon Express Group (FY2012)

| Type | Unit | Nippon Express (non-consolidated) | Affiliates | | Total | Nippon Express non-consolidated CO ₂ emissions (t) | Domestic Group company CO ₂ emissions (t) | Oversea Group company CO ₂ emissions (t) | |
|-----------------------------|----------------------|-----------------------------------|------------|----------|---------|---|--|---|-----------|
| | | | Domestic | Overseas | | | | | |
| Electricity | 1,000 kwh | 245,741 | 39,654 | 77,363 | 362,758 | 135,158 | 21,810 | 42,550 | |
| Diesel oil | kℓ | 77,207 | 85,653 | 13,197 | 176,057 | 199,194 | 220,985 | 34,048 | |
| Petroleum | kℓ | 6,639 | 4,020 | 4,005 | 14,664 | 15,402 | 9,326 | 9,292 | |
| Natural gas | 1,000 m ³ | 1,713 | 317 | — | 2,030 | 3,803 | 704 | — | |
| LP gas | ton | 2,631 | 2,035 | — | 4,666 | 7,893 | 6,105 | — | |
| Heavy fuel oil | kℓ | 246 | 3,973 | — | 4,219 | 667 | 10,767 | — | |
| Heavy fuel oil (for ships) | kℓ | 52,124 | 33,107 | — | 85,231 | 156,372 | 99,321 | — | |
| Kerosene | kℓ | 876 | 525 | — | 1,401 | 2,181 | 1,307 | — | |
| Total CO₂ | | | | | | 520,670 | 370,325 | 85,890 | |
| | | | | | | | Total of domestic group companies | Total of whole Group | |
| | | | | | | | CO ₂ Emission (t) | 890,995 | 976,884 |
| | | | | | | | ditto (t) | 943,641 | 1,017,878 |
| | | | | | | | Year on year change | -5.6% | -4.0% |

| Type | Unit | Nippon Express (non-consolidated) | Affiliates | | Total |
|---------------------|----------------------|-----------------------------------|---------------|----------|---------------|
| | | | Domestic | Overseas | |
| Water | 1,000 m ³ | 1,110 | — | — | 1,110 |
| Copy/ printer paper | 10,000 sheets | 4,830 | 10,024 | — | 14,854 |
| Waste | General waste | ton | 20,583 | 3,073 | 23,656 |
| | Industrial waste | ton | 29,083 | 7,269 | 36,352 |
| Total | | 49,666 | 10,342 | — | 60,008 |

Notes: 1. Data shown here is the aggregate of Nippon Express non-consolidated and consolidated companies (domestic 179, overseas 69) total 248 (as of March 31, 2013).
 2. The Nippon Express non-consolidated and consolidated data for Japan was aggregated using the NEES system and DIVA system, and the data of the overseas consolidated companies were collected from questionnaire surveys.
 3. The CO₂ emissions basic unit was calculated in accordance with the Ministerial Ordinance on Calculation of Greenhouse Gas Emissions Pertaining to Business Activities by Specified Emitters (Ordinance of the Ministry of Economy, Trade and Industry and the Ministry).
 4. Number of copy paper is counted through conversion to A4 size.

● Industrial waste emissions by item (FY:2012 Nippon Express nonconsolidated)

| Industrial waste items | Number of control manifests for industrial waste | Weight (kg) | Weight distribution ratio |
|---------------------------------|--|-------------------|---------------------------|
| 1 Wood shavings | 5,283 | 14,394,564 | 49.49% |
| 2 Waste plastics | 12,996 | 10,719,702 | 36.86% |
| 3 Mixture | 714 | 1,109,853 | 3.82% |
| 4 Waste metal | 876 | 989,855 | 3.40% |
| 5 Animal and plant residues | 190 | 884,178 | 3.04% |
| 6 Sludge | 178 | 357,654 | 1.23% |
| 7 Waste oil | 201 | 143,729 | 0.49% |
| 8 Waste glass, china, porcelain | 214 | 107,454 | 0.37% |
| 9 Combustion residue | 24 | 92,116 | 0.32% |
| 10 Waste acid | 10 | 44,202 | 0.15% |
| 11 Inflammable waste oil | 11 | 5,720 | 0.02% |
| 12 Waste alkali | 2 | 1,696 | 0.01% |
| 13 PCB etc. | 7 | 2,758 | 0.01% |
| 14 Others | 164 | 230,016 | 0.79% |
| Total | 20,870 | 29,083,496 | 100% |

Notes: 1. Items expressed as volume (m³) were converted into weight based on a table of specific gravities by industrial waste item.
 2. The aggregate does not include cases where waste cardboard and the like is handed over to a used paper recycler, or where in buildings leased for commercial use the waste disposal for the entire occupied building is managed and the corresponding charge
 3. Contrary to the case 2 above, where a company other than Nippon Express occupies a facility, this may be totalized as emissions of Nippon Express.

● Emissions of substances reportable under the PRTR Law (FY2012)

Although none of our facilities is required to report under the PRTR Law (Law Concerning Reporting of Releases into the Environment of Specific Chemical Substances and Promoting Improvements in Management), the facilities shown on the right handle reportable substances.

| Facility type | Number of facilities | Total amount used (kg/y) | Main substance | Main use |
|---|----------------------|--------------------------|----------------------------------|--|
| Reportable business category but amount used by facility is under reporting threshold | 11 | 289 | Fenitrothin | Warehouse fumigation |
| Not reportable business category but facility uses reportable substance | 19 | 22,225 | Methyl bromide, Hydrogen cyanide | Fumigation for operations incidental to import customs clearance |

● CO₂ emission reductions in FY2012

| Product Name | Basic unit (kg/ a moving) | CO ₂ reduction (t) |
|---|---------------------------|-------------------------------|
| <i>Ecologicompo</i> | Full | 5.50608 |
| | Half | 43.12909 |
| | Self | 67.14119 |
| | Total | 11.971 |
| CO ₂ emissions without using <i>Ecologicompo</i> | (87.92585) | (16,646) |
| Amount of CO ₂ reduction (t) | | -4,675 |

1. *Ecologicompo* Full: moving plan in which the mover handles everything for the customer, including the packing and unpacking of smaller objects.
 2. *Ecologicompo* Half: moving plan in which the mover handles all packing and unpacking, including smaller objects as specified by customer.
 3. *Ecologicompo* Self: moving plan in which the customer handles the packing and unpacking of smaller objects.
 4. The "basic unit" is calculated as CO₂ emissions per a moving.



Environmental Accounting

Nippon Express regards the introduction of environmental accounting as an important indicator for evaluating environmental management. In the future, we intend to develop

more detailed indicators but, for this year, we are reporting the main investments in environmental conservation.

● Investments in environmental conservation

(million yen/year: rounded down less than ¥100,000 of each item)

| Investment category | Major examples | Amount | |
|---|---|--------------|--------------|
| | | FY2011 | FY2012 |
| Investment in modal shift | Rail transport containers (Eco-Liner 31, Big Eco-Liner 31, etc.) | 269 | 232 |
| | Ship containers | 209 | 207 |
| | Tractors and trailers for freight containers | 668 | 447 |
| Investment in reusable packing materials for moving | Netted blankets, high-pad, etc | 224 | 142 |
| Vehicle-related investments (environmentally-friendly vehicles, etc.) | CNG, hybrid and LPG vehicles, heavy-duty vehicles that meet fuel efficiency | 3,343 | 3,315 |
| Costs for appropriate waste disposal and management | Costs related to Manifest Management Centre | 32 | 31 |
| Costs for Environmental Management System registration | ISO 14001 and Green Management certification | 20 | 25 |
| Investment in planting greenery | Forest cultivation project, landscape gardening and other work at branches | 24 | 6 |
| Others: Investment in facilities energy saving | Lighting equipment and inverter switchover | 115 | 368 |
| Total | | 4,907 | 4,777 |

Contribution to the Global Community

Since establishing Nippon Express U.S.A., Inc. in 1962, the Nippon Express Group has been expanding its corporate network in North America, Europe, and Asia, as well as Central and South America and the African continent. Optimizing the supply chain by meeting the needs of customers and specific regional demands without compromising quality standards, and expanding the geographical areas covered by safe and secure logistics services, the Nippon Express Group has been supporting the growth and development of society through logistics.

Nippon Express ICT Serving International Logistics

In the Nippon Express Group, information systems are developed for each logistic mode, which enables us to achieve and visualize efficient, safe and secure logistics operations.

The Group also offers a "SHUTTLE" service, an integrated portal site for global logistics that enables customers to confirm the current location and volume of their valuable shipments,

and the entire supply chain across departments and companies in real time, from their personal computers. To visualize the entire global supply chain within a single system contributes to the optimization of production, the improvement of cash flow and the efficiency of resource use.

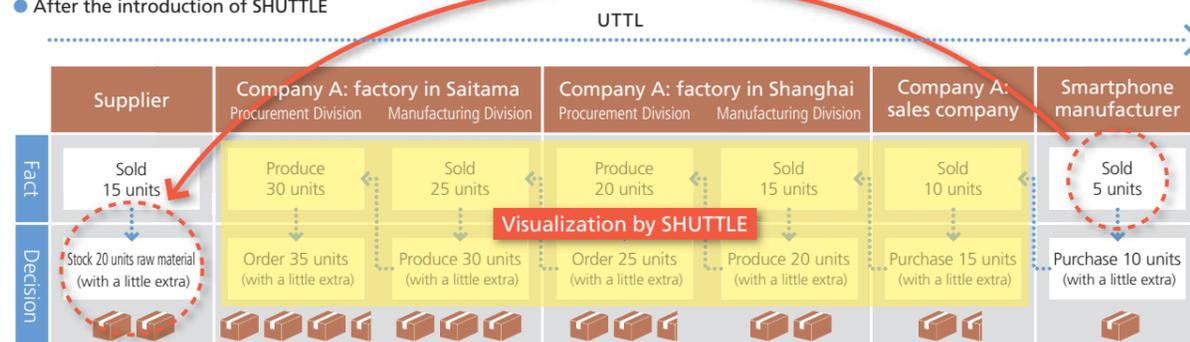
INFORMATION TECHNOLOGY

SHUTTLE serves for "visualising" global logistics and supply chain optimization.

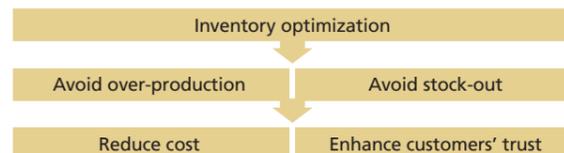
Before the introduction of SHUTTLE



After the introduction of SHUTTLE



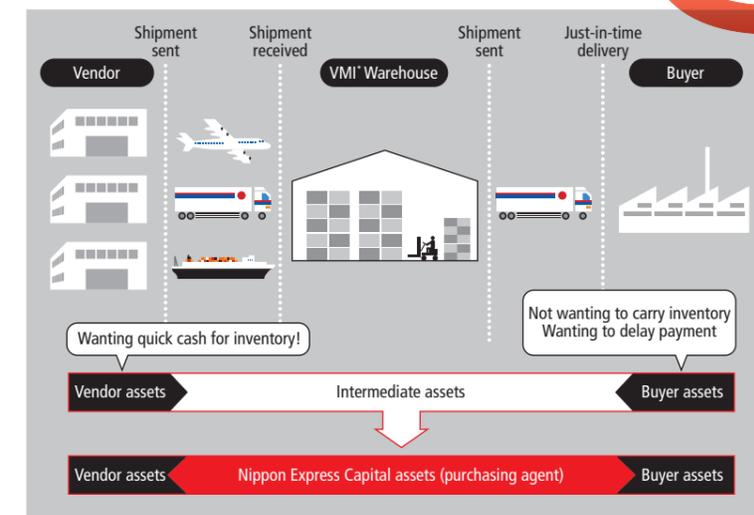
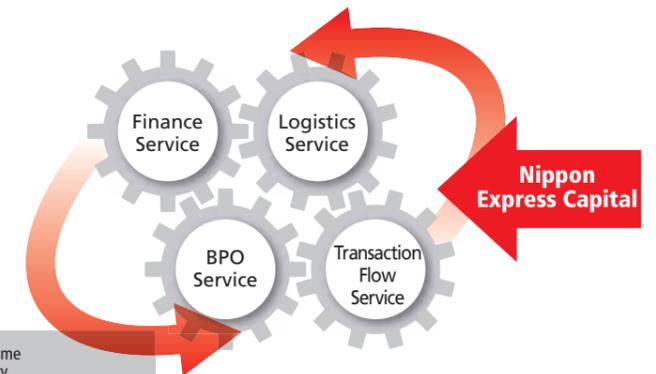
Impact of 'Visualization'



Logistics Finance Service

Nippon Express Group established Nippon Express Capital Co., Ltd., by which trade BPO*, finance, and settlement capabilities have been combined with logistics, the Group's key competence. The Group can now offer new services beyond conventional logistic services and broaden its reach into transaction flows.

*BPO: Business Process Outsourcing

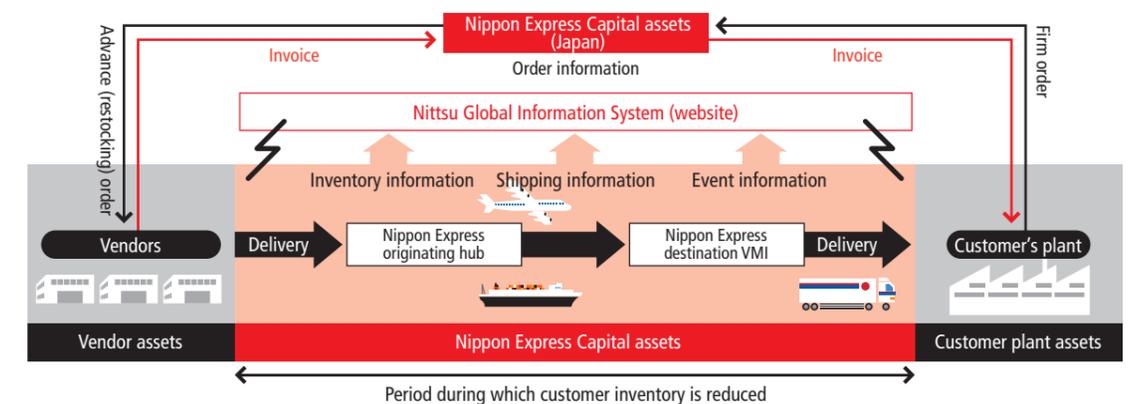


Major benefits for both vendors (suppliers) and buyers

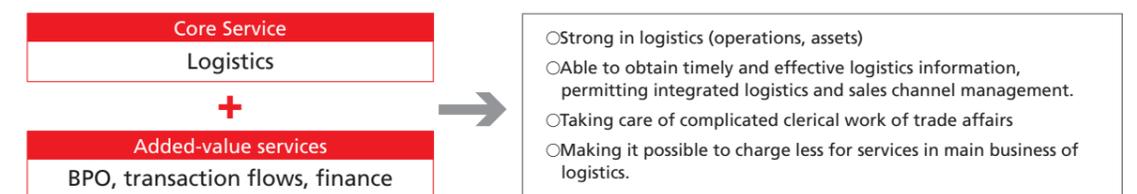
In addition to logistics services, Nippon Express Capital buys goods shipped between sellers and buyers to provide temporary financing*. This helps reduce inventories, turn accounts receivables into cash quickly and makes clerical work more efficient. It also allows integrated management of logistics, finance and settlement. By acting as an intermediary between vendors and buyers Nippon Express Capital helps coordinate business in a completely new way.

*Separate examination is required

Offering one-stop 'value-added logistics service' that combines logistics, transaction flows, finance and trade BPO



A major benefit not only for buyers but also for sellers, who are mostly small vendors.



Contribution to the Global Community

NEWLINKS: North American Region Truck Service

Coherent Transport Network XB3300



NEWLINKS is a truck service spanning the North American region, where truck transport service is known to be very tough when it comes to provider comparison and selection. Nippon Express U.S.A. carefully selects several major providers as its transport operators, continually providing the highest quality of customer services in all transport services.

Nippon Express U.S.A. serves as a comprehensive contact point, relieving the customer of the intricate and often troublesome task of dealing with various transport providers, and as a result, streamlining our customers' operations. Customers receive speedy responses via the Nippon Express

U.S.A. website, a centralized service site for quick estimates, delivery requests, delivery tracing, past performance management, and more. Trucking waybills, shipping lists, and other essential documentation are automatically issued via e-mail.

XB3000 is one of the truck services linking locations across the 3,300-kilometer distance between Canada (Toronto), the US (Midwest), and Mexico (Monterrey) where the automotive industry is concentrated. In cooperation with the transport operators who provide different modes of transport, including chartered, consolidated, truck and rail, Nippon Express offers optimized transport logistics to meet customers' needs.

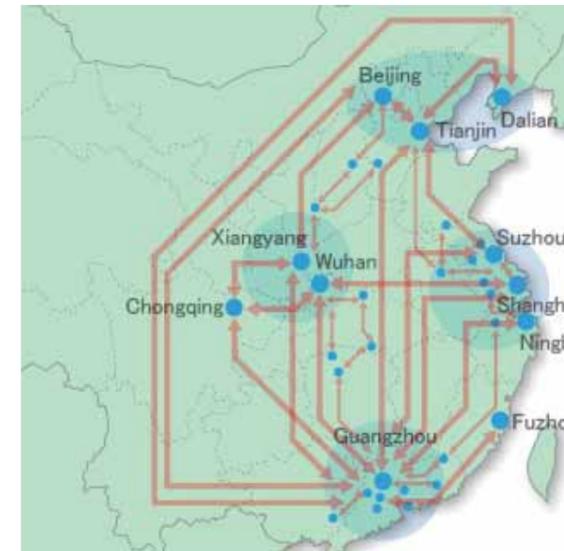


EB3000 (RM): Regular Consolidated Truck Service from the Netherlands to Russia

Changes in the supply chain structure within Russia are generating changes in logistics needs as well, from conventional large bulk transport methods to increasingly mixed cargo and small lot transport. Nippon Express's EB3000 (RM) is a long-distance consolidated truck service linking the vast 3000-kilometer expanse between Europe (Rotterdam) and Russia (Moscow) with regularly scheduled shipments facilitated via the Nippon Express network.

Managing via the seamless dispatch-to-delivery Nippon Express network, EB3000 (RM) transports goods dispatched from Europe to Russia safely and securely. As well as Rotterdam and Moscow, which are places of origin and receipt, we monitor

transport status at the Warsaw Branch, situated midway between the two cities. EB3000 (RM) offers convenience not only for chartered transportation but also for small-lot cargo.



Domestic Transport Network in China

As domestic demands grow in China, Nippon Express is upgrading and amplifying its high quality truck transport system, expanding into procurement and sales logistics with a focus on electric appliances and automotive parts. In total, about 14,000 trucks are operating each month: 200 trucks owned by the company and the rest owned by subcontractors.



Network in Asia

For the Asian region, which has become the world's manufacturing hub and a massive market, the establishment of supply chains within the region is vital to achieving further economic growth. In addition, as regional trade has been boosted by strengthening economic partnerships between countries, there is an urgent need to establish transport routes.

With the establishment of the SS7000 overland truck transport route, linking the approximately 7,000 kilometers between Shanghai and Singapore, Nippon Express now offers regularly scheduled consolidated services. Also, Nippon Express continuously develops new transport routes and modes by launching new offices in Asian countries: Southern Mekong Land Bridge Express, crossing the Southern Economic Corridor from Thailand to Vietnam; Mekong-India Express, a composite intermodal route linking Thailand and India with the SS77000 land route and marine transport services, and so forth.



Contribution to the Global Community

CSR Activities Overseas

In July 2012, Nippon Express (South China) accepted 77 students specializing in transportation control at Sun Yat-sen University for a company tour at the Guangzhou Multi Logistics Centre. The purpose of this tour was to learn about logistics management and processes.

Nippon Express (India) donated stationery goods to



Students receiving an explanation at the S-SCM Center of Nippon Express (South China)

Annasaheb Dhamne Secondary Ashram School in Mumbai in July 2012. The school is run by an NGO supporting underprivileged children from 6 to 18 years of age. To support the activities of the NGO, the company donated 960 notebooks for the 450 school children.



Children given notebooks by Mr. Raj, General Manager at Nippon Express (India)

Global Human Resource Development Overseas Trainee Programme

Nippon Express started to send employees overseas in 1958, and established an overseas trainee programme in 1964. Though the programme began with only a few participants, about 50 young employees per year are now sent to overseas subsidiaries for one year (in some cases two years) to undertake on-the-job training. With more than 1,500 employees

completing the training to date, the programme contributes greatly to the realization of our goal to be a global logistics company by helping our employees develop global expertise.

In our 2012 programme, 56 employees were sent to 30 companies in 23 countries.



Overseas trainees and Nippon Express (Germany) Prague branch staff

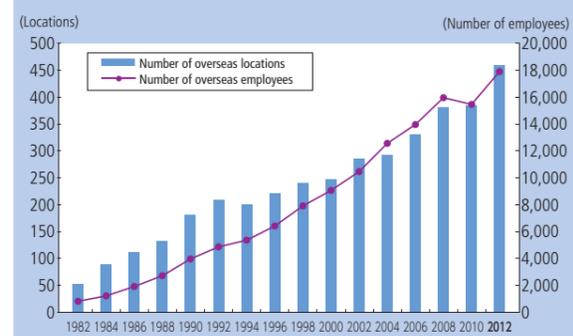


Overseas trainees and Nippon Express (Mexico) staff

Employees Supporting Overseas Networks

It was 1958 when Nippon Express established its New York representative office, the first overseas office. The Nippon Express Group currently has 17,907 employees in 460 locations within 224 cities spanning 40 nations, providing international services such as marine and air cargo transportation and overseas travel. We continue to proactively pursue domestic and regional product logistics that conform to the circumstances affecting each area. The Nippon Express Group is reinforcing the development of national staff (local hires) in an effort to provide pluralistic services with local companies in each country as a global logistics provider.

● Transition in number of overseas locations and overseas employees



Promoting Energy Conservation and Furthering Quality and Safety with the Green Plan

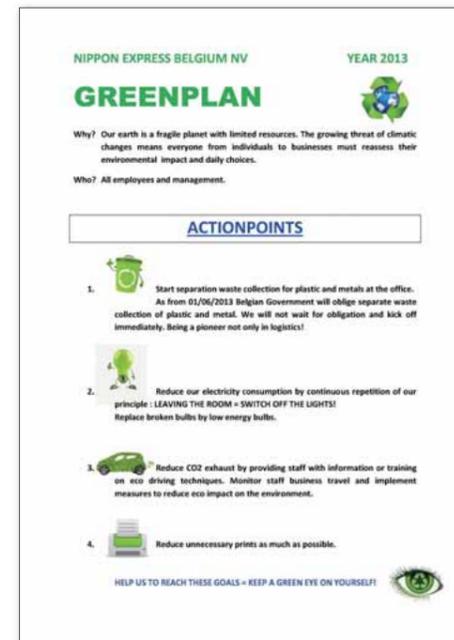
Nippon Express (Belgium) N.V./S.A.

Nippon Express (Belgium) N.V./S.A. is continuously promoting energy conservation as part of the Green Plan, one of the components in the activity plan established by the Safety Committee, a group composed of corporate representatives and internal labor union representatives. Posters displayed in company buildings and other initiatives communicate issues of paper saving and electricity saving, such as upper temperature limits for heating during the winter season.

In 2012, an idling prevention campaign took place for reducing light gas oil consumption, which yielded a reduction of 4.5% year-on-year, and waste also was decreased by almost half year-on-year. As for initiatives in 2013, four goals have

been set: segregation of plastic and aluminum; power saving; promotion of Eco-driving for reduction of CO₂ emissions; and promotion of paperless workspaces by consolidating printer locations with fewer printers, as well as through the digitization of information.

Nippon Express Belgium also supports the Nippon Express Group Corporate Philosophy, targeting 100% customer satisfaction through a Quality Policy awareness campaign. In addition, initiatives to bolster regular education of employees on safety and health issues are underway, and these include operational safety courses for drivers and warehouse workers as well as first aid seminars.



Fund-raising Campaign through UNICEF

Nippon Express became a corporate member of the Japan Committee for UNICEF in 2008 and has been cooperating with other members in the UNICEF Foreign Coins Collection Campaign* as part of our social contribution. We help them from the operational side by, for example, taking/collecting coins from member companies and delivering them to transport/airline companies. We also put effort into fund-raising and PR activities as well.

*This is a fund-raising campaign to help activities for protecting the lives and health of children in developing countries by collecting and sending unused coins from homes or workplaces to UNICEF.



©UNICEF/HQ99-0965/Jim Holmes

Safety and Security

The Nippon Express Group aims to meet all the transport needs of our customers, from ultra large cargo such as wind-power generating equipment to valuable articles requiring meticulous care, such as art and money. We always put safety first. Recognizing our responsibility to ensure safety, we place the highest priority on safety management initiatives, striving ceaselessly to offer delivery service that can realize safe and secure lifestyles for everyone.

Commitment to Safety and Safety Symbol

In October 2007, in observation of the 70th anniversary of the Nippon Express Group's founding, we adopted a Commitment to Safety, aiming at enhancing safety awareness across the Group. We inscribed the commitment on the Safety Symbol sculptures installed at the Nippon Express Headquarters and

the Izu Training Centre.

The Commitment to Safety expresses our resolve to prevent accidents and disasters. We have implemented various safety initiatives in order to put this pledge into practice.



Safety Symbol: Poem of Wind and Light—A, artist: Itaru Mishiku

Commitment to Safety

Driven by respect for the preciousness of life, we in the Nippon Express Group regard it as our mission to support and raise the standards of safety and prosperity for all society.

We will strive our utmost to fulfil this mission, earn the trust of society and prevent accidents, thus ensuring sustainable company operations and the happiness of our employees and their families.

Herewith, we formally pledge and announce for all to hear our Commitment to Safety.

We will
abide by all applicable laws and rules and prioritize safety above all else.

We will
never forget past accidents and always learn from them.

We will
undertake daily risk prevention activities.

We will
improve our expertise in order to conduct safer operations.

We will
remain conscious of safety and endeavour to prevent accidents.

NIPPON EXPRESS

Education and Training System

The Nippon Express Group has been emphasizing the importance of safety education and training for truck drivers and forklift operators.

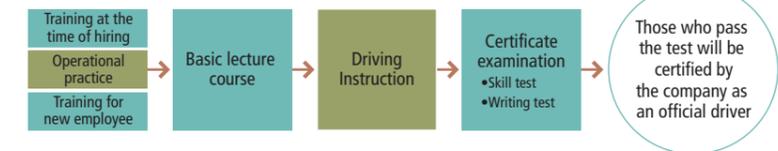
In order to prevent workplace accidents, all drivers and forklift operators are required to complete and pass Nippon Express' exclusive training and certificate examination before starting their work. For the employees who are in charge of training, a special education program, the Driving Instructor

Training Course, is offered at the Izu Training Centre, which boasts the perfect environment for training with generously equipped facilities. After completing the course designed to enhance comprehensive knowledge of safety as well as driving quality, the certified instructors return to their respective branches and function as instructors for drivers and forklift operators. The instructors receive ongoing education and skill enhancement through regular follow-up courses.



Izu Training Centre

Training Program for Drivers and Forklift Operators



Instructor System for Driver and Forklift Operator



The Nippon Express Group All-Japan Driver & Forklift Operator Contest

Every year the Nippon Express Group All-Japan Driver & Forklift Operator Contest is held as part of our efforts to improve driving performance, including compliance with traffic rules, fuel-efficient driving and maintenance inspection skills. While this helps prevent traffic and industrial accidents,

reduce environmental burdens and lower costs, it also instills a sense of professional self-awareness and pride in our drivers and forklift operators, and reminds them of their responsibility as a member of society.



2013 Safety and Health Management Policy

Employee safety and health is the foundation of the company's competitive existence and assuring the safety and health of our employees is considered to be the social responsibility of the company. We shall establish our safety-first policy in the workplace through implementation of the following guidelines in accordance with a management philosophy based on human dignity.

1. Implement "Safety First" in the workplace.
2. Adhere to relevant laws/regulations and in-house regulations; be thorough in basic activities.
3. Promote NSM to improve communication in the workplace
4. Reinforce initiatives promoting mental health measures for employees.
5. Promote measures to prevent the onset of lifestyle-related diseases.
6. Fulfil expected roles in the health management system

Industry Competition Champions!

—27th All-Japan Forklift Driver Competition and 44th All-Japan Truck Driver Contest

The Nippon Express Group actively participates in contests sponsored by extra-departmental organizations of the Ministry of Health, Labour and Welfare and the Ministry of Land, Infrastructure, Transport and Tourism. The education and training for participating in such competitive arenas is considered a part of our formal training for skills upgrading. Most contenders who participate in such competitions later take on key roles as instructors in the training and education of their workplace colleagues for further skills upgrading.

In the 27th All-Japan Forklift Driver Competition sponsored by the Land Transportation Industry Safety and Health Association and held in October 2012, all 4 Nippon Express Group participants won top prizes. Eight Nippon Express Group participants also won prizes at the 44th All-Japan Truck Driver Contest hosted by the Japan Trucking Association. Nippon Express Group employees were also honoured to receive the Prime Minister's Prize for the third consecutive year.



Safety and Security

Nittsu Safety & Health Management System (NSM)

In April 2010, upon thorough review of the previous safety and health management practices, Nippon Express Group launched the Nittsu Safety & Health Management System (NSM), comprising three pillars.

The first pillar is "plenary meeting in workplaces," efficient forums for communicating corporate policies and visions from top management to staff in the field.

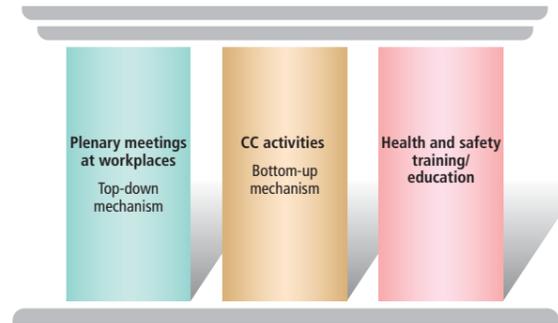
The second pillar is "Challenge Circles (CC)," small-group discussions on issues in particular workplaces or common

matters such as approaches on ensuring safety.

The third pillar is health and safety training/education for managers and supervisors.

NSM is a system to create better workplace environments by implementing these three pillars based on the PDCA (plan-do-check-act) cycle in a continuous manner. We will strive to implement NSM, aiming to establish a more efficient safety and health management system.

Three pillars constituting NSM



Health and Safety training and education

Application of Accident and Disaster Information (Accident and Disaster Search System)

The Nippon Express Group maintains a system that shares and applies crucial information throughout the company via the Accident and Disaster Search System, a database accessible through the company intranet providing categorized information concerning past traffic and labour accidents.

This system enables us to rapidly share information with every workplace within Japan concerning all traffic and labour

accidents that occur in any location as well as share measures to prevent recurrences, while developing proactive prevention measures for similar types of accidents on a lateral basis. The Nippon Express Group is continually committed to learning from past accidents and ensures safe driving and safe work environments.



Safety-related Data

Actual costs incurred for transport safety (FY2012)

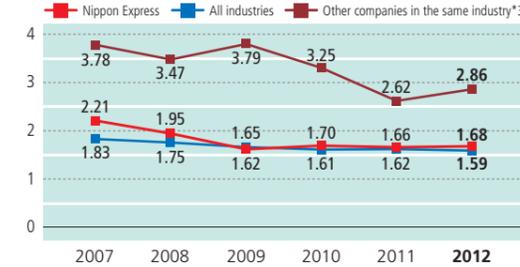
| Item | (Unit: million Yen) |
|--|---------------------|
| Labour cost of safety-related positions (domestic) | 1,502 |
| Educational costs (training at headquarters) | 511 |
| Material publishing | 18 |
| Nippon Express Group National Safety and Health Convention | 6 |
| Traffic control system (digital tachograph), etc. | 298 |
| Accident and disaster prevention awareness materials, etc. | 6 |
| SAS screening test | 26 |
| Other safety measures | 115 |
| Total | 2,482 |

Number of accidents (FY2012) relating to Article 2 of the Transportation Safety Management Regulation

| Type of Accidents | Total |
|---------------------|-----------|
| Rollover | 1 |
| Fall | 2 |
| Collision | 5 |
| Fatal and injury | 1 |
| Vehicle malfunction | 6 |
| Health relating | 1 |
| Total | 16 |

Index of Labour Accident

Accident frequency rate*1

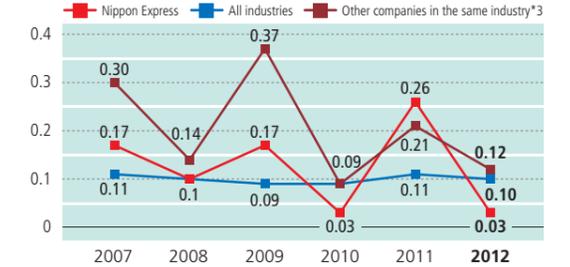


*1 The accident frequency rate is an international indicator showing the rate at which labour accidents occur.

$$\text{No. of deaths and injuries per 1,000,000 hours worked} = \frac{\text{No. of deaths and injuries}}{\text{Total hours worked}} \times 1,000,000$$

*3 Refers to general freight haulers for goods transported by road.

Severity rate*2



*2 The severity rate is an international indicator showing the level of injury as a result of labour accidents.

$$\text{No. of days lost per 1,000 hours worked} = \frac{\text{No. of working days lost}}{\text{Total hours worked}} \times 1,000$$

*3 Refers to general freight haulers for goods transported by road.

Obtaining certification under safety evaluation programme (2012)

Number of Nippon Express registered offices for cumulative statistics:547 offices
 Nippon Express Group registered offices:274 offices

Security on a board

We are honored to receive a Certificate of Appreciation from Baxter Ltd. and their customers, with regards to our delivery services of dialysis-related products and devices. Believing that it is our mission to maintain an undisrupted logistics service, we did our utmost at the time of Great East Japan Earthquake, especially in the delivery of medical products that impact people's life.



I was surprised that Baxter came to us at such terrible time. I was encouraged and so grateful.

Baxter and Nippon Express keep trying so hard for us, which we as patients find very encouraging.

Medicine is the hope of my life. Thank you for delivering the hope.

It was snowing and roads were extremely damaged by the earthquake. I would like to ask drivers to please be careful and be safe when you come to us for delivery.

Comments from dialysis patients and their families

I will wait for the drug delivery no matter how late it will be.

I was not able to go to the hospital for getting my medicine, because there was no gas left in my car. But you kindly brought my medicine to my home. Thank you so much. So helpful.

Why did you come to our house? It is so remote. I am sure you have a lot to deliver to many other locations. Thank you for your generosity. (A message from a patient living in Yamagata Prefecture, where damage by the earthquake was relatively small.)

I have just received my medicine. Please forward my sincere gratitude to the driver.

Thank you for saving my grandmother's life.

Human Rights (Workplace Environment)

As our vision and the Group Conduct Charter state clearly, the Nippon Express Group values its employees and strives to create a work environment conducive to job satisfaction. We want our employees to develop their own personal codes of conduct, while embodying our corporate philosophy, and to make efforts to improve themselves. The Nippon Express Group continues to help all of our employees develop their abilities and perform at their best.

Personnel System

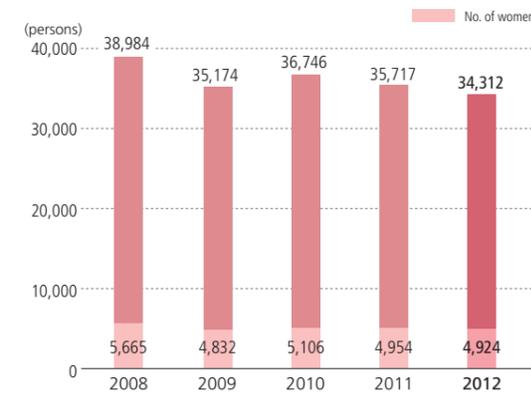
Nippon Express's personnel system has a basic

- **Human-based**
To treat every employee as an individual who has their own will and emotions, not just as part of a single homogenous workforce
- **Merit-based**
To adopt a merit-based personnel system with consideration for verified performance results
- **Field-based**
To place competent human resources in the field site

Employees (FY2012)

| | | | |
|------------------------|--------|--------------------------|------|
| Total no. of employees | 34,312 | Average age | 41.2 |
| Men | 29,388 | Average years of service | 17.4 |
| Women | 4,924 | | |

Total number of employees



Employment of Disabled People

In an effort to step up employment of disabled people, Nippon Express is expanding the range of occupational fields offered at every centre throughout Japan. As part of these activities, Nittsu Heartful Co., Ltd. was founded in November 1997, and was accredited as a preferential subsidiary of Nippon Express under the Handicapped Persons' Employment Promotion Act in May 1998. Nittsu Heartful handles internal mail and business card



Internal mail service

printing for Nippon Express headquarters. In addition, we also provide business support services and assign disabled employees to various Nippon Express locations in the Tokyo area, in consideration of their capacities. We position a dedicated manager in each location to act as a close liaison between the employee, the family, and the special-needs school to help the employee feel comfortable in his or her workplace.

Increased employment rate of disabled people (total per FY)

| | |
|------|-------|
| 2007 | 2.05% |
| 2008 | 2.08% |
| 2009 | 2.05% |
| 2010 | 2.04% |
| 2011 | 1.92% |
| 2012 | 1.95% |

Human Resources Development

To ensure continuous growth, it is essential for companies to create a corporate culture that allows employees to develop their skills and abilities. Today's rapidly changing business environment requires companies to foster independent-minded employees and the next generation of leaders.

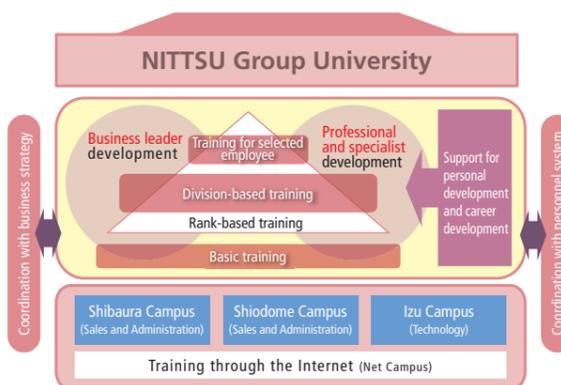
Companies also need to cultivate personnel who contribute to the realization of corporate goals, by providing education and training designed to enhance employees' business skills as well as understanding of CSR

In order to realize further growth, the Nippon Express Group established an education and training policy (see right) in 2013, and is promoting human resources development.

Education and Training Policy (3-year plan from fiscal 2013 through fiscal 2015)

- Develop independent-minded human resources
- Develop global human resources
- Foster professional resources
- Implement the Corporate Philosophy and promote ethical behavior
- Reinforce the management of the Group
- Empower roles and functions of the human resource development department

Framework of human resource development (Overall image)



NITTsu Group University

The "NITTsu Group University (internal organization)" was established in April 2010 for the purpose of fostering professional personnel who can lead the distribution industry. Conventional systems and strategies for human resource development have been consolidated and annually reviewed to facilitate employees acquiring knowledge and developing skills. Similarly, a wide range of "learning opportunities" is offered to employees, such as various e-learning programs for promoting self-development and "NITTsu Business School" where classes are taught by external lecturers. By crystallizing its knowledge and skills, the Nippon Express Group seeks to create new values, while fostering a corporate culture that allows employees to develop their skills and abilities through these measures.

Women in the Nippon Express Workforce

As active involvement of women is imperative for corporate expansion, Nippon Express is aggressively promoting the hiring of female employees.

In the Izu Training Center, female Forklift Operator Instructors and training officers are active on the front line, successfully conducting the training programmes for the



Training provided by a Training Department staff at a large conference room in Head Office.



Female staff working at an art exhibition

employees nationwide.

Female employees are also playing integral roles in other training curriculums and non-training projects. There are many high quality female employees in responsible positions in service/product development and sales promotion: they are contributing to activating the workplace.

Transition of the number of employed

| Fiscal year | No. employed | No. of women | Percentage |
|-------------|--------------|--------------|------------|
| 2005 | 1,004 | 226 | 22.5% |
| 2006 | 1,373 | 471 | 34.3% |
| 2007 | 1,515 | 416 | 27.5% |
| 2008 | 1,680 | 519 | 30.9% |
| 2009 | 1,257 | 366 | 29.1% |
| 2010 | 972 | 268 | 27.6% |
| 2011 | 637 | 178 | 27.9% |
| 2012 | 488 | 156 | 32.0% |
| 2013 | 505 | 135 | 26.7% |

Relationship with the Labour Union

The Nippon Express Worker's Union was launched in 1946 and, as of the end of March 2013, has approximately 25,000 members. Nippon Express and the Nippon Express Worker's Union have affirmed that within their relationship of mutual trust they have built, both parties will respect the other's situation, maintain the order between labour and management and cooperate together while aspiring to the common goals of developing business and improving the labour environment.

At Nippon Express, we value communication between labour and management. In order for company management

to reflect the collective will of the employees, management and labour exchange opinions concerning the management of the company in two venues: the Central Management Council, which is for general discussions between headquarters and the Nippon Express Worker's Union Central Division, and Branch Committees, which are held between company branches and union branches.

Furthermore, labour and management hold special committee meetings focused on topics such as promoting work-life balance and safety and health. These committees analyse current conditions and discuss future actions.

Human Rights (Workplace Environment)

Initiative for Reducing Long Working Hours

Under the top-down initiative of the company president, Nippon Express is trying to ensure that each employee's overtime does not exceed predefined limits. Specifically, overtime is regularly monitored, and once an employee's overtime is about to exceed the limit, his/her manager at that particular branch carefully reviews the workload allocation, and measures for improvement are considered at the whole

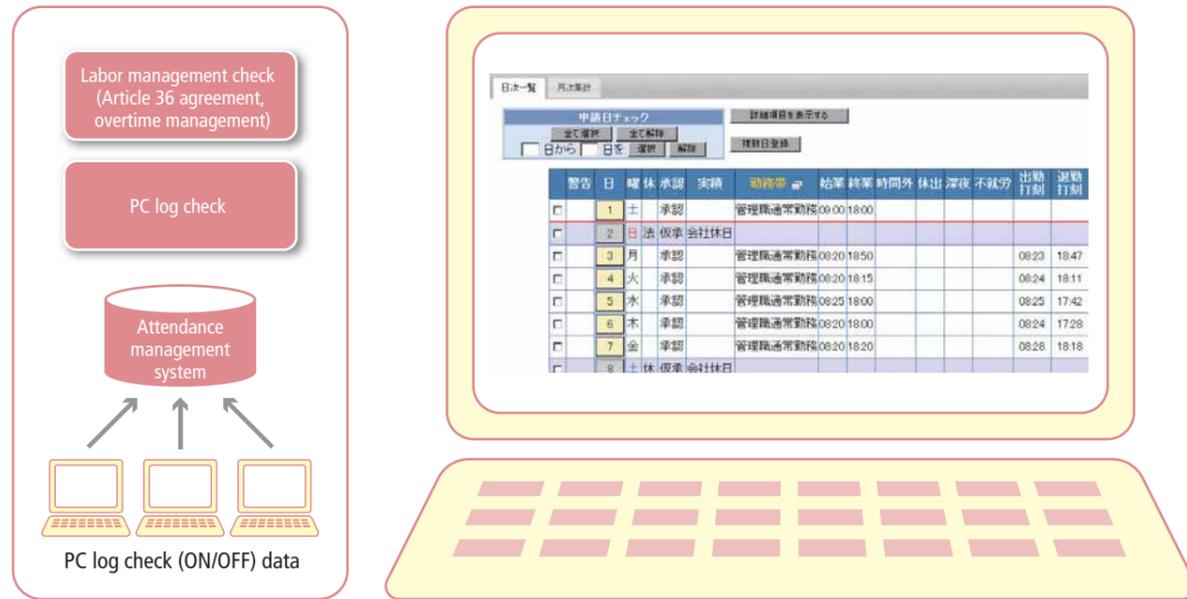
branch with the involvement of the management department. Excess overtime must be reported to the Board of Directors if it inevitably happens. Based on the solid commitment of the top management, the issue of long working hours has been tackled with measures for improvement in place. The issues will be resolved through continuous effort.

Initiative for Appropriate Management of Work Hours

In Nippon Express, work hour management is based on computer data of operating times and the start and finish times of digital driving recorders. Appropriate work hour

management became available by connecting to the objective data, which is also utilized as a baseline for the initiative to eliminate excess overtime.

● Attendance management system



Initiatives to Support the Nurturing of the Next Generation

Based on the Law Concerning the Promotion of Measures to Aid the Nurturing of the Next Generation of Children, Nippon Express values the various ideas regarding the balance between work and personal life, such as child rearing and all other work-life balance issues, under the premise that all employees will be able to sufficiently bring out their abilities in their work. We are actively contributing to activities centred on individuals independently realizing various life designs, as well as child rearing in the local community, in order to fulfill our social responsibility as a corporate citizen.

During the first period of the General Employer Action Plan, between April 2005 and the end of September 2007, 116 men and women took childcare leave. Similarly, 228 and 213 employees took childcare leaves during the second period, between October 2007 and the end of March 2011, and the third period, between April 2011 and the end of

March 2013, respectively.

We are currently in the fourth period of the General Employer Action Plan. In this fourth period, we are continuing to encourage employees to take childcare leave and are implementing self-awareness training to reduce overtime work, while instituting an onsite education programme as part of our social contribution activities in each region.

Efforts for creating a more pleasant workplace environment are ongoing, through collaboration between management and employees, and are aimed at 'respecting diversity of thoughts regarding a balance of all aspects of life, including child-care, and independently designing individual lives, based on the premise that all employees can fully display their talent at work' and 'actively contribute to their local community in fostering youth and fulfilling social responsibility as a corporate citizen.'

Mental Health Care

On mental health care, our emphasis is on obtaining correct understanding and establishing good communication with medical experts. Accordingly, the Nippon Express Group is

promoting the following four kinds of mental health care, as well as implementing regular stress checks for early detection of the signs of stress.

Self-care

The e-mail magazine "Communication for Mental Fitness" is regularly sent out to employees.



A leaflet, "Anata to Watashi no Kokoro Note," is published and distributed to employees, with the aim of detecting signs of mental health problems for employees, their families, or colleagues, and treating them at an early stage. For this reason, family members are also requested to read the leaflet.



Care by Line at Workplace

Newly-promoted managers are provided with training for managing mental health issues as a required programme. Efforts for understanding and improving the work environment are underway, based on results of the stress checks.

Care from Outside Experts and Institutions

An outside consultation service — "Health Counseling for Mind and Body" — is provided for employees and their family members. The service is available through the Internet and telephone.

"Health Counseling for Mind and Body"

- Mental health counseling
- Health counseling
- Child-care and nursing-care counseling

Care by In-house Health Care Staff

Qualified nurses or public health nurses are assigned to branches nation-wide as healthcare instructors, as part of a system for mental care consultations. To improve the knowledge and skills of healthcare instructors, seminars featuring outside experts (industrial counselors) as lecturers are provided.

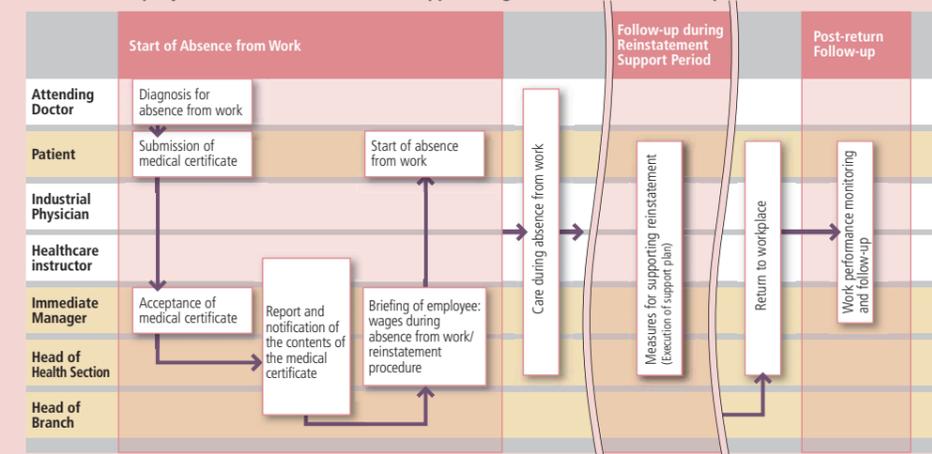


Healthcare Instructor Training

Care by Company-wide Unified Reinstatement Support Programme for mental health problems

Considering the fact that the number of mental health problems is on the rise, the "Reinstatement Support Programme", a company-wide programme, was generated as an initiative for assisting the smooth return to the workplace. At the various stages of an absence from work due to mental health problems, healthcare instructors at each branch, attending doctors, industrial physicians, and managers at the workplace will work closely to support a smooth recovery.

● Flow of company-wide Unified Reinstatement Support Programme for mental health problems



Community Involvement

As a company using public infrastructure such as highways, railways, ports and airports for its business and working closely with the public, we should be a trusted member of society. "Our pride: inspire trust every step of the way" is an integral part of the Nippon Express Group corporate philosophy, which expresses our resolve to earn the trust of society. We will strive to promote communication with other members of society, and realize mutual development with them.

Involvement in the Environment

Ryutsu Keizai University

Ryutsu Keizai University (RKU) was founded in 1965 by Nittsu Gakuen Educational Corporation, with support from NipponExpress, for the purpose of promoting research and education on logistics. In 1985 RKU Kashiwa High School was also established as an affiliate high school.

This is a rare case in Japan, where there are very few companies sponsoring the establishment or management of educational institutions, to promote learning or industry

development.

Since the school opened, the Nippon Express Group has provided a variety of support to the RKU and other universities by offering Nippon Express Donated Courses and accepting interns. The Nippon Express Group will continue to contribute to the further development of the logistics industry as well as human resource development.



Ryugasaki Campus



Endowed Chair

Engagement with School

More and more junior high schools and high schools are visiting the company as a part of their career education.

During their visit, we hope to facilitate their understandings of the sense of professionalism, through learning about our business, exchanging opinions with employees, and experiencing the workplace environment.

In 2012, 49 students from 7 schools visited the company office, and 84 students from 22 schools participated in the workplace experience.



Worksite visits by high school students (Headquarter Office)



Work experiences by junior high school students

Baseball Clinic with the Nippon Express Baseball Club

Every year in February, the Nippon Express Baseball Club holds a baseball clinic for local children at the Club's home ground in Saitama-city. The club team is regularly one of the strongest teams in the Inter-City Baseball Tournament, and is trying to contribute to society through baseball.

In 2012 more than 200 elementary school children and their parents living in the city participated and enjoyed the exciting event. The club team also hosts the baseball clinic for local high school students while the team is on the road.

Through such activities, the baseball club aims not only to improve baseball skills, but to also foster the healthy minds

and bodies of young people, and to potentially activate community exchange: they are engaged in a variety of local CSR activities.



Participation in Festivals across the Country

The Nippon Express Group joins and supports festivals and events across the country for regional development while actively deepening exchanges with local people.



Nippon Express presents Saori Yuki & Sachiko Yasuda, Songs With Your Life Concert and Homemade School Concert

Based on their desire to pass beautiful Japanese songs on to the children of the 21st century in the hope that they will inherit and continue to sing them, sisters Saori Yuki and Sachiko Yasuda started this Children's Songs concert. Nippon Express shares their objective and has continued to support the duo's concerts since 1995.

Homemade School Concerts are exactly what their name implies—the pair visit junior high schools, borrows the gymnasium or auditorium, and produces a concert in collaboration with the schools' students and staff. Nippon Express has supported these concerts since their start in 2002 and, over a 11-year period, has held concerts at 80 schools across the country.



Museum of Logistics

The Museum of Logistics, established by the Forwarders Council, is Japan's first museum specializing in the freight transport industry. The museum was opened in 1998, and was designed to promote public understanding of and interested in logistics services widely, and is going to celebrate the 15th anniversary in August 2013.

The museum houses approximately 2,000 actual documents, 10,000 historical documents, 100 stock videos from the past industry films, 40,000 photographs, and a variety of other unclassifiable items on traffic and transportation from the Edo Period. A number of items in this distinctive and valuable collection are owned or were donated by Nippon Express.

The museum features permanent exhibition rooms and video viewing rooms introducing the past and present of the logistics industry. Visitors can also enjoy a range of hands-on experiences, such as "making delivery vehicles out of cardboard," "wearing delivery drivers' uniforms," "using delivery

tools from the past," and "using furoshiki (Japanese wrapping cloth). As well as being used for field trips from primary, junior high, and high schools and for training for company employees, the museum occasionally hosts special exhibits, movie events and lectures which attract visitors of all ages.

In 2012, an event entitled "Advertising delivery, advertising through delivery" was held, and Hikifuda* was exhibited.

Nippon Express supports the operation of the Museum of Logistics by offering donations, providing exhibit items and other means.



Museum of Logistics

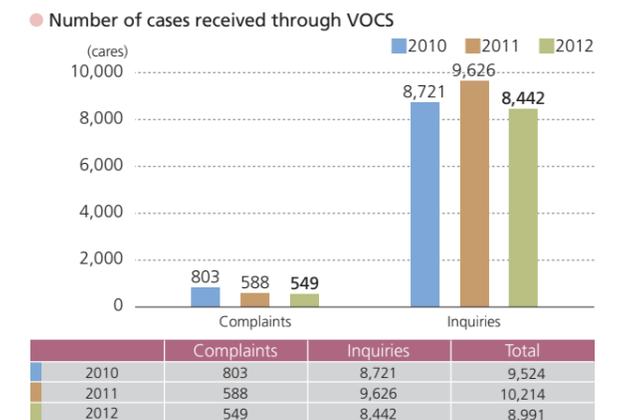
*Hikifuda is a flyer on which things such as calendars, beautiful pictures, and names of stores are printed. Hikifuda were quite popular in the Meiji Period, and distributed to customers at the end of the year or at New Year, like calendars today.

VOCD: Voice of Customer Solution

We consolidated and systematised inquiries, opinions and complaints received from customers via the company's website and introduced the company-wide customer consultation system (VOCS: Voice of Customer Solution).

The number of VOCS in 2012 resulted in a decrease in both inquiries and complaints.

The number of VOCS in 2012 resulted in a decrease in both inquiries and complaints. We added the search function, "Search by Topic", on the front page of our website in April 2011 which made pages on our services more easily viewed, especially those which had received many inquiries from customers in the past. In order to offer more convenience to our customers, we continue to make the efforts to improve our products and services by analyzing the inquiries and demands we receive through "VOCS".



Corporate Governance

We, the Nippon Express Group, believe that high standards of corporate governance, compliance, transparency and risk management create an important foundation for responsible business practice.

We aim to conduct business by acting according to our fundamental policy of “the realization of speedy management through quick decision making” and “the establishment of a clear division of responsibility,” while strengthening stakeholder trust.

Corporate Governance Structure

Nippon Express strives for transparent and efficient business management as we establish a corporate governance structure.

Our Thought on Corporate Governance

Nippon Express’ fundamental thinking related with corporate governance is “the realization of speedy management through quick decision making” and “the establishment of a clear division of responsibility.” The number of the board members is specified less than 15, and the term is one year.

At the same time, the Company has introduced a board of executive officers with the goal of ensuring rapid execution of business operations. As of March 31, 2013, we have 14 directors and 28 executive officers (14 of those concurrently

serve as directors). In addition, our auditors attend board meetings and other important conferences, review key documents, visit our main facilities for audits, perform reviews at subsidiaries, and report all results at meetings of the board of auditors and the board of directors. The board of auditors functions as a supervisory institution that operates from an objective point of view. As of March 31, 2013, we have four auditors (three of those are outside auditors).

Creating an Internal Control System

In order to conduct business fairly and efficiently, it is important to implement firm internal control systems. Nippon Express has created effective control systems, including a

compliance system, a risk management system, an internal audit system and a system to assure fair business operations in all Group companies.

Crisis Management System

Creating a Crisis Management System

Nippon Express has constructed our crisis management system under four “Crisis Management Codes”: “the Disaster Management Code”, “the Overseas Crisis Management Code”, “the System Risk Management Code” and “the New Influenza Management Code.” We set the steps to be taken against widespread disasters, new types of influenza, information system risks, and emergency overseas. Collaboration within the group has been reinforced according to “the Nippon Express Group Disaster Measures Regulations”.

As a designated public institution under the Disaster Measures Basic Law and the Civil Protection Act (the Act Concerning the Measures for Protection of the People in Armed Attack Situations) as well as the Act on Special Measures concerning the Relief of Pandemic Influenza executed on April 2013, Nippon Express fulfilled a role as a designated

public institution by working to assist the affected areas with rehabilitation and reconstruction. For instance, we transported emergency material soon after the Great East Japan Earthquake

Furthermore, as well as preparing stockpiles for emergencies of supplies including food and drinking water, and hygienic items as a counter-measure against influenza, such as masks, gloves and goggles, we have brought in satellite phones and mobile phones with priority access at a time of disaster to enable us to respond to power failures or disruptions to mobile phones or other telephone networks. By installing them at related divisions of the head office and major branches across the country, we ensure prompt communication in the event of emergency.

Business Continuity (BCP)

Nippon Express developed BCM (Business Continuity Management) as well as a BCP (Business Continuity Plan) in order to continue our operations even when we face disasters or a threat like the spread of new influenza. At the time of the Great East Japan Earthquake, we tried to continue our business operations, starting with the transport of emergency relief materials, by invoking a BCP(Business Continuity Plan) swiftly.

BCM Basic Policy

- 1. Priority of human life and safety**
Whether faced with widespread disaster, new strains of influenza, conflagration, terrorism, system failure or any other risk, the company will place the lives and safety of its employees, as well as their family and relatives, above all else.
- 2. Contribution to society**
Even in times of emergency, the company will work to achieve as much of its social mission as is possible. Also, when assistance is requested of us, whether by the federal authorities, local authorities or the local community, we will respond to the best of our ability and contribute to the good of society.
- 3. Minimization of effects on customers**
In times of emergency, in time when our business operations are hindered or in cases when the continuity of all of those operations is in jeopardy, the company will continue to operate under the previously established priority operations for sustained continuity, place top priority on recovery and strive to minimize the effects of these issues on the customer.
- 4. Thorough compliance with laws and regulations**
Even in times of emergency, the company will adhere to all relevant laws, regulations and ordinances when conducting business.
- 5. Disaster preparation in times of normal business operations**
In times of normal business operation, the company will build cooperation between the members of the Nippon Express Group to protect against the occurrence of disasters and other accidents by promoting stocks of emergency food rations and hygienic supplies and by carefully conducting necessary training drills while working to secure the resources necessary for business continuity.

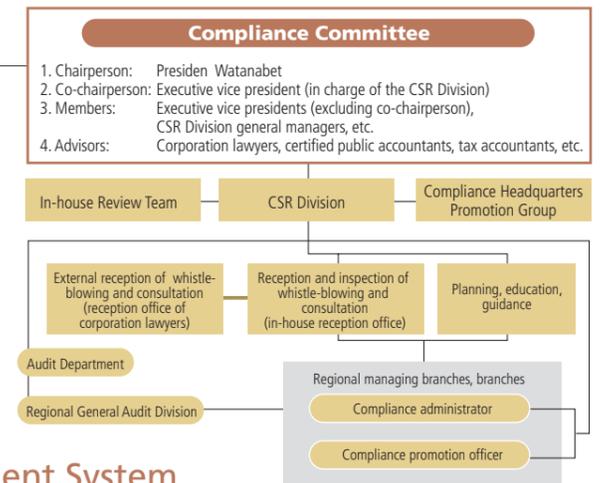
As well as each company of the Nippon Express Group placing the health and lives of employees and their families first when responding to states of emergencies caused by natural disasters, industrial disasters and man-made disasters, we also try to continue our business operations as much as

possible in order for us to be able to fulfil our social responsibility as a designated public institution under the Disaster Measures Basic Law and the Civil Protection Act, and as a maintainer of social functions that contributes to realising an efficient and stable supply chain.

Compliance Initiatives

Compliance Management Promotion System

Stressing the importance of compliance management, Nippon Express established the Compliance Division in June 2003. In October of the same year, Compliance Regulations were also created, and, along with the establishment of a Compliance Committee chaired by the company president and an internal whistle-blower system (Nittsu Speak-up), several measures were undertaken to encourage honest and fair company activities.



Personal Data Protection and Management System

Personal Data Protection Policy (Items)

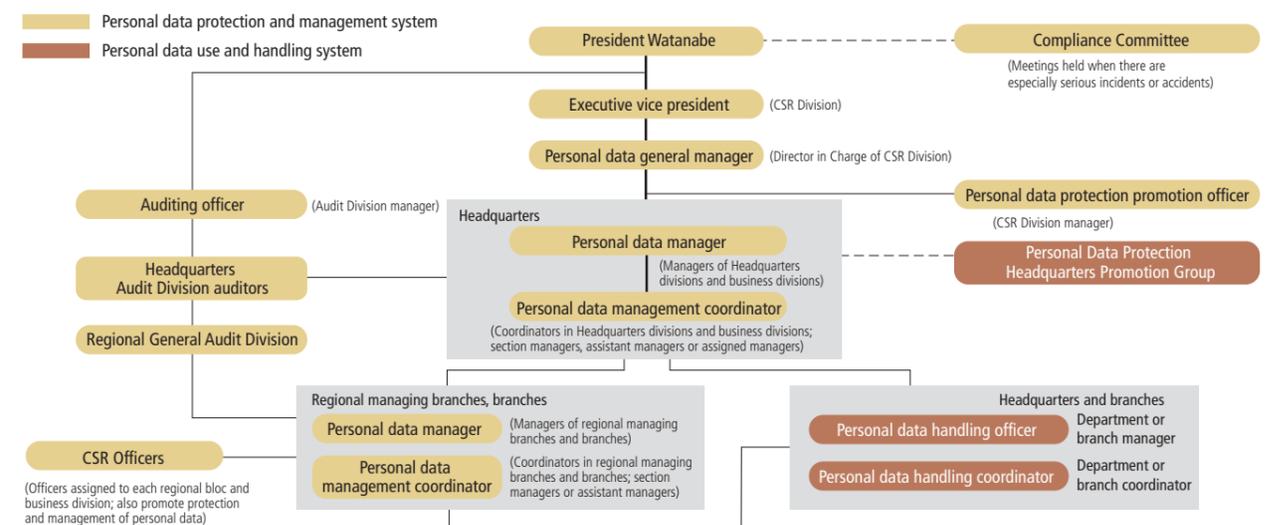
1. Respect for individuals’ personal data
2. Personal data protection system
3. Secured management of personal data
4. Compliance with laws and other regulations pertaining to protecting personal data
5. Respond to complaints and counselling requests
6. Continuing improvement of programme for compliance with personal data protection policy

Revised July 22, 2011 (Adopted April 1, 2005)

Received certifications related to the protection of personal data

- Privacy marks
Nippon Express, Nittsu Shoji, Nittsu Capital, Careerroad, Nago E-Technology, Nittsu Tokyo Ryutsu Service, NEXDG, Okinawa Nittsu Air Cargo Service Co., Ltd.
- TRUSTe
Nittsu Research Institute and Consulting
- ISMS (Conformity Assessment Scheme for Information Security Management System)
Nippon Express, Nippon Express Tokyo Airport Branch Information System Center, Nippon Express Tokyo Office Service Branch, Nittsu Information System

Organizational Chart for Business Continuity System Documents



Third-party Evaluation



Executive Director,
Caux Round Table Japan

Professor, Institute of
Business and Accounting,
Kwansei Gakuin University

Lecturer, Graduate School of
Economics,
Kyushu University

Hiroshi Ishida

Two years have passed since the Great East Japan Earthquake. This unprecedented disaster made us realise how difficult it is to live without transport and information, and the importance of infrastructure connecting people with each other, and connecting people with goods. In this report, the Nippon Express Group has shown its determination to realise “logistics sustainability”; in other words, the establishment of strong logistics infrastructure functioning whatever unforeseen events might occur. I think this embodies the true nature of responsible business, meets the expectations of society and creates a new shared value through business.

It seems that the Nippon Express Group has taken a great step forward in their CSR activities and reporting. Firstly, it is notable that the Group has clarified the relationship between its corporate philosophies, its code of conduct, and its Group Corporate Strategy 2015: Innovation and Moving Forward, and has identified CSR issues and challenges related to the Group through dialogue with stakeholders. This indicates that the company moved forward to establish a CSR policy, whose absence had been pointed out over years. I will closely observe how the Nippon Express Group will respond to the identified challenges and realise the commitment to “Contributing to Society through Our Businesses in Accordance with Corporate Social Responsibility (CSR) Management”, one of 4 pillars its Group Corporate Strategy 2015.

Secondly, in the CSR Report 2013, the Nippon Express Group successfully demonstrates the relationship between its corporate activities and society, and how the Group contributed to the development of society. The International Logistics Finance Service introduced on page 41 could be a good example of how resources, including knowledge and expertise, can be utilised to reduce social cost.

In addition, Nippon Express’ mental health support system, aiming at providing effective support, as a company that values “people”, from prevention of problems to returning to work after mental health issues, is newly disclosed in the report. This can offer a good example of the way to address mental health issues in the workplace in a labour-intensive business. I hope that the Nippon Express Group will develop these activities in terms of its scale, and bring more positive impacts to society.

With regard to challenges, the Nippon Express Group has already identified CSR issues related to the Group, as noted on page 13. It is expected that the Group will show a clear policy and take a step forward toward addressing those issues, while continually bearing the impacts of corporate activities on society and the environment in mind.

Supply chain management at the group level, especially with respect to labour practice and the environment, seems to remain a challenge for the future. The broadness of the supply chain can involve difficulties when it comes to deciding its scope and activities. However, the only way to gain trust from society is to communicate with stakeholders and make steady progress.

I look forward to seeing further progress made by Nippon Express Group in the future.

List of Major Affiliated Companies (as of March 2013)

| | | | | |
|----------------------------------|---------------------------------|------------------------------------|-----------------------------------|--|
| Nittsu Shoji Co., Ltd. | Nittsu Transportation Co., Ltd. | MC Nittsu China Holdings Co., Ltd. | Nittsu Real Estate Co., Ltd. | Nittsu Research Institute and Consulting, Inc. |
| Nippon Express Capital Co., Ltd. | Nittsu Driving School Co., Ltd. | Careerroad Co., Ltd. | Taiyo Nissan Auto Sales Co., Ltd. | Hakodate Air Service Co., Ltd. |
| Nippon Express Travel Co., Ltd. | Nippon Shipping Co., Ltd. | Shanghai Super Express Co., Ltd. | Nittsukicoh Co., Ltd. | Hokuoh Transportation Inc. |
| Kita-Nihon Kaiun Co., Ltd. | Tsutai Warehouse Co., Ltd. | Touhoku Truck Co., Ltd. | Shiogamako Unso Co., Ltd. | Sendai Port Silo Co., Ltd. |
| Nipponkai Warehouse Co., Ltd. | Osaka Warehouse Co., Ltd. | Tokushima Express Co., Ltd. | BingoExpress Co., Ltd. | Sakaiminato Kairiku Unso Co., Ltd. |

Total of Consolidated Companies: 248

Please see pp.8-9 for the information on oversea affiliated companies.

Nippon Express Company Profile (as of March 31, 2012)

| | |
|---|---|
| Name: Nippon Express Co., Ltd. | Name of representative: Kenji Watanabe, President |
| Founded: 1872, as Riku-un Moto Kaisha (Land Transportation Company) | Paid-in capital: ¥70,175.27 million |
| Established: October 1, 1937 | Number of shareholders: 78,324 |
| Headquarters: 1-9-3 Higashi-Shimbashi, Minato-ku, Tokyo 105-8322, Japan | Number of employees: 34,312 |
| | Number of commercial freight transport vehicles: 14,672 |

Editors’ Note

We thank you for taking time to read the “Nippon Express CSR Report 2013”. We hope that you find this report interesting, because during the editorial process we tried to make the report as ‘interesting’ as possible from the readers’ point of view.

Reflecting the valuable insights we gained through the stakeholder dialogue, the CSR Report this year and the editorial policy that provided ‘information that readers expect to receive’ about the Nippon Express Group CSR activities, as it is mentioned in the report, there were some activities identified by CSR experts in the dialogue as very effective, but were neither expected nor even seen as material. We learnt, however, how significant they would be. As in previous years, the CSR Report Editorial Committee was formed as an inter-departmental team for planning and editing this year, being inspired by the insights of the CSR experts and discussing “What information are our stakeholders looking for?” The Committee was able to identify a clear direction during the editorial process. Accordingly, the number of new pages and spaces for certain articles were increased.

Two years have passed since the Great East Japan Earthquake, and we have been experiencing unanticipated disasters and accidents one after another, in addition to the natural disasters seen as an impact of global warming. Recognizing the growing importance of the role to be played by the Nippon Express Group, namely contributing to a sustainable society through logistics, we believe that one of the roles of this report is to widely communicate what the Nippon Express Group can do about environmental preservation through logistics and about operations in case of disaster, and serve readers as a useful source of information.

Borderless actions based on international standards are required more than ever before for the logistics industry during this time of globalization. We pledge to continue proposing and communicating solutions for realizing a sustainable society through logistics services.

We are looking forward to hearing frank comments from you about this CSR Report.



CSR Report Editorial Committee

Planned and Edited by

CSR Report Editorial Committee
(Secretariat: CSR Division)

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To make comments and share your opinions, please visit the “Contact Us” section of the Nippon Express website mentioned above.