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 artwork 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 a new era and being connected to the rest of the world by the sea.
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.

Contents

- Message from the President
- Business Outline
- Global Activity
- Nippon Express Group Corporate Philosophy and CSR Initiative Concept
- Stakeholder Engagement
- Stakeholder Dialogue
- Nippon Express Group Business and Social Challenges
- Special Feature 1: “Eco-drive” Promotion in Asia
- Special Feature 2: Towards Sustainable Logistics

Responsibility for the Global Environment

- Green Logistics
- Promotion of Modal Shift
- Transport System Improvements
- Industrial Waste Collection and Transport for Recycling
- Eco-friendly Products
- Initiatives to Introduce Various Low-pollution Vehicles and Enhance Fuel Economy
- Promoting Environmentally-friendly Facilities
- Reducing Waste and Advancing the 3Rs
- Obtaining Environmental Certifications
- Environmental Conservation Activities
- Environmental Education
- Environment-related Data

Contribution to the Global Community

- Safety and Security

Human Rights (Workplace Environment)

Community Involvement

Corporate Governance

Third-party Opinion

List of Major Affiliated Companies/Editors’ Note

CSR Report 2013
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 advancement 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 globalized world and their need for environmental consideration. Toward that aim, we, as a Group, promise 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.
### 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.

#### Financial Details

<table>
<thead>
<tr>
<th>Revenues (Consolidated)</th>
</tr>
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<tbody>
<tr>
<td>(Unit: million yen)</td>
</tr>
<tr>
<td>FY2008: 1,828,946</td>
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<tr>
<td>FY2009: 1,569,633</td>
</tr>
<tr>
<td>FY2010: 1,617,185</td>
</tr>
<tr>
<td>FY2011: 1,628,027</td>
</tr>
<tr>
<td>FY2012: 1,613,327</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating income (Consolidated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Unit: million yen)</td>
</tr>
<tr>
<td>FY2008: 33,513</td>
</tr>
<tr>
<td>FY2009: 37,535</td>
</tr>
<tr>
<td>FY2010: 31,629</td>
</tr>
<tr>
<td>FY2011: 37,497</td>
</tr>
</tbody>
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<table>
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<tr>
<th>Net income (Consolidated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Unit: million yen)</td>
</tr>
<tr>
<td>FY2008: 15,172</td>
</tr>
<tr>
<td>FY2009: 12,566</td>
</tr>
<tr>
<td>FY2010: 8,541</td>
</tr>
<tr>
<td>FY2011: 22,831</td>
</tr>
</tbody>
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<table>
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<tr>
<th>Total assets (Consolidated)</th>
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<tr>
<td>(Unit: million yen)</td>
</tr>
<tr>
<td>FY2008: 1,172,074</td>
</tr>
<tr>
<td>FY2009: 1,201,801</td>
</tr>
<tr>
<td>FY2010: 1,147,539</td>
</tr>
<tr>
<td>FY2011: 1,230,964</td>
</tr>
<tr>
<td>FY2012: 1,613,327</td>
</tr>
</tbody>
</table>

### 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.

### Motor transport

#### Motor transport

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

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

- Domestic and international freight transport services employing our network of transport centres throughout Japan to provide general freight transport services such as reserved vehicle shipping and special consolidated freight transport.

- 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.

- 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.

- 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 CID (Cash Safety Delivery) service, greatly reducing the burden of managing branch sales proceeds for our customers.

- 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.

- 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; Cameramid, 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.

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Global Activity

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.
- Nippon Express Russia LLC opens English Office.

April
- Nippon Express South Asia & Oceania Pte., Ltd. establishes a regional headquarters, is established in Singapore.
- Nippon Express Europe GmbH, a regional headquarters, starts operation.
- Nippon Express Bangladesh Ltd. is established.
- His Tech Nittsu (Thailand) Co., Ltd. open Chiang Mai Logistics Center starts operation.

May
- Nippon Express Russia (Vladivostok) Office opens.
- Nippon Express (Malaysia) expands its logistics warehouse in the Bayan Lepas Industrial Park.

June
- Nippon Express signs a business tie-up agreement with Chimei Group logistics company in Taiwan.
- Nippon Express opens a liaison office in Myanmar.
- Nippon Express (Deutschland) GmbH opens a new Sales Office at Wroclaw.
- Nippon Express (China) concludes a logistics advisory agreement with Hefei ETDA Administrative Committee.

July

August

September

October

November

December

January

Nippon Express U.S.A Inc.

Nippon Express CSR Report 2013

Total

40 countries

224 cities

460 locations

17,907 employees

As of March 31, 2013

The Americas

Europe

East Asia

South Asia/ Oceania

Nippon Express Europe GmbH

Nippon Express (Deutschland) GmbH

NEX Logistics Europe GmbH

Nippon Express (UK) Ltd.

Nippon Express (Ireland) Ltd.

Nippon Express (Netherlands) 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 España, S.A.

Nippon Express Portugal S.A.

Nippon Express (Middle East) LLC

Nippon Express (Bangkok) Global Logistics A.S.

APC LOGISTICS AB

ML MILESTONE LOGISTICS B.V.

MILESTONE FRESH B.V.

EURO OVERSEAS LOGISTICS S.A.

APC LOGISTICS AS

OSLO TERMINAL SERVICE A/S

FRANCO VAGO S.P.A.

MODA LOGISTICS S.R.L.

FRANCO VAGO U.K. LTD.

FRANCO VAGO TRANSATLANTIC LISBOA

FRANCO VAGO TRANSATLANTIC PORTO

FRANCO VAGO S.A. ESPANA

Nippon Express (China) Co., Ltd.

Nippon Express (H.K.) Co., Ltd.

Nippon Express (Shenzhen) Co., Ltd.

Nippon Express (Zhuhai) Co., Ltd.

Nippon Express (Guangzhou) Co., Ltd.

Nippon Express (Shanghai) Co., Ltd.

Nippon Express (South China) Co., Ltd.

Nippon Express (South Asia & Oceania) Pte., Ltd.

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 SeaLine Logistics (Hokuriku) Ltd.

Nippon Express (Philippines) Co., Ltd.

NEP Logistics, Inc.

Hi-Tech Nittsu (Thailand) Co., Ltd.

Nippon Express (Thailand) Co., Ltd.

Nippon Express (Thailand) Co., Ltd.

Nippon Express (Australia) Pte., Ltd.

Nippon Express (New Zealand) Ltd.

Nippon Express (South Asia & Oceania) Pte., Ltd.

Nippon Express South Asia-Oceania Regional HQ (Dhaka) Representative Office

Nippon Express South Asia-Oceania Regional HQ (Phnom Penh) Representative Office

Nippon Express South Asia-Oceania Regional HQ (Kuala Lumpur) Representative Office

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Nippon Express South Asia-Oceania Regional HQ (Kuala Lum
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.

**Vision**
(Nippon Express Group’s to-be model)

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

Declared in 2008 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 fulfils its responsibility for the global environment.
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.

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”.

Identification of main human rights issues through dialogue

Sector-specific human rights issues are identified through discussion, examination and assessment carried out by sectoral 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.

Mapping of existing activities

Phase 3 (January – March 2013) Assessing existing activities related to Human rights at the company

Phase 4 (February 2013) Dialogue with experts

1

Phase 5 (April 2013-)

1

Assessing existing activities related to Human rights at the company

Dialogue between companies and stakeholders

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

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

2

Stakeholder dialogue

Priority 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.

Makoto Teranaka, Visiting Professor, Faculty of Contemporary Law, Tokyo Keizai University

(Former Executive Director of Amnesty International Japan)

Kaori Kuroda, Executive Director/Board Member, CSO Network Japan

Executive Director, Caux Round Table Japan

Caux Round Table Japan

Endorsement Statement of Human Rights Due Diligence Status Check

Caux Round Table Japan (hereafter) 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 discussions, 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 prioritization 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.
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

**Participants:**
- Kazu Kuroda, Executive Director/Board Member; CSR Network Japan
- Makoto Teranaka, Visiting Professor, Faculty of Contemporary Law; Tokyo Keio University
- Hiroshi Ishida, Executive Director; Caux Round Table Japan

**Nippon Express:**
- Teru Matsubara, General Manager, CSR Division
- Yoshihiro Fujiki, Group General Manager, CSR Division
- Yasuhiko Yabe, Group General Manager, CSR Division
- Hironiha Minakawa, Assistant General Manager, CSR Division

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**Operating Environment**

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-compliance.

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.

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**Effective Actions**

**Nippon Express**

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.

**Kuroda**

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

**Kuroda**

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

**Kuroda**

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 may not be achievable without the utmost efforts.

**Teranaka**

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 instructor, and the worksite. 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 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.

**Kuroda**

So what should be done in the future?

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.

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

**Kuroda**

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.

**Fujiki**

“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.

**Kuroda**

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.

**Fujiki**

Thank you for the valuable inputs.

---

**Issues in the future**

**Fujiki**

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**Fujiki**

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.

Keywords emerging through dialogues (stakeholder dialogue and CSR Report Editorial Committee meeting)

Unlike the manufacturing industry, actual “human beings” are involved in all business activities.

Future Challenges

Keywords emerging through dialogues

Creation of corporate value as a logistics infrastructure company
- Sustainability in logistics service (Uninterrupted distribution network under any circumstances)
- Reliability (Preservation and expansion of logistics network as a foundation of living both in domestic and global)
- Ecology (Global deployment of environmental activities such as “eco-drive”, further resource saving)
- Solutions (New logistics solutions leveraging international networks)

Awareness and action as a global logistics company
- Global Nippon Express
- Attributes of each Group company
- Expanding business by leveraging multiple functions
- Clearly defining the direction of CSR activity (what is to be done as the Nippon Express Group)
- Globally disseminating and implementing the Group’s Charter, Vision, and action policies
- Discouraging the best practices in each business location and deploying these horizontally

Creation of corporate value as a company that values “people”
- Safety
  - Careless effort for safety and prevention of accidents
- Labour Practice (Implementation of better work environment in the Group, as well as throughout the entire supply chain)
- Diversity (Increasing diverse human resources and fostering global human resources)
- Mental Health (Prevention of mental health issues/problems and support for recovery and reinstatement)

Social values (services) that Nippon Express has already been providing

Responsibility for the global environment
- Total logistics solution
  - Modal shift to transport with less environmental impact
  - Transport system improvements
  - Joint product delivery initiative
- Logistics products and services
  - Resource-saving transportation
  - “Ecologicompo”, recyclable moving material
- Promotion of modal shift
  - “Low Line” (p.25)
- Waste collection
  - Industrial waste collection and transport
  - PCB waste transportation
- Initiatives on CO2 Reduction
  - Advancing the JRFs (p.34)
  - Safe Eco-driving (p.37)
  - Digital driving recorders (p.31)
  - Certified Eco-drive training course (p.31)
  - Environmentally-friendly vehicles (p.28)
  - Environmentally-friendly facilities (p.32)
- Certification of environmental management (p.35)
- ISO14001
- Green Management Certification
- Environment-related data (p.30)
- Contribution to society
  - forest cultivation activities (p.39)
  - Biodiversity (p.38)
- Environment Month (p.37)
- Environmental education (p.37)

Contribution to society

- Effective assistance for overseas relief operations (p.49)
- Restoration of the Sasago Tunnel (p.23)
- Environment-related data (p.38)
- Environment-related data (p.38)
- Environment-related data (p.38)

Safety

- Commitment to safety, safety symbol (p.46)
- Education and training system (p.47)
- Driving and operator contests (p.47)
- Nippon Safety & Health Management System (NSM)
- Accident and Disaster Search System (p.48)
- Safety-related data (p.49)

Security

- Safety
  - Environment-related data (p.38)
- Environment-related data (p.38)

Human rights (workplace environment)

- Personal system (p.50)
- Employment of disabled people (p.51)
- Women in the Nippon Express workforce (p.51)
- Initiatives for appropriate management of work hours (p.52)
- Initiatives to support the nurturing of the next generation (p.52)
- Mental health care (p.53)

Community involvement

- Assistance for overseas relief operations (p.49)
- Assistance for overseas relief operations (p.49)
- Restoration of the Sasago Tunnel (p.23)

Corporate governance

- Employment of disabled people (p.51)
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Nippon Express as a logistics infrastructure

- Environment-related data (p.38)
- Environment-related data (p.38)
- Environment-related data (p.38)

Service business

- Environment-related data (p.38)
- Environment-related data (p.38)
- Environment-related data (p.38)

Collective entity of people working for others

- Environment-related data (p.38)
- Environment-related data (p.38)
- Environment-related data (p.38)

Nippon Express Group is an unnoticed but reliable operative behind the scenes.
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

On-board terminal

Serv PC

Operational data

Check

Guidance

Daily operation report

Safety driving guidance report

SS7000

The SS7000 is a land/made service covering approximately 7,000 kilometres between Shanghai and Singapore

Safety 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.

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.”

Nippon Express CSR Report 2013
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/sports for dispatch and from freight stations/sports 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.
Towards Sustainable Logistics
Assisting reconstruction efforts at disaster-affected sites

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.

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.

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

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

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 Miehama City, collapsed as a result of the Great East Japan Earthquake. The earliest possible resumption of unloader operation was crucially 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.

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.

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 Director, International Relief Division, Director, Venereal 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.

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From customers

From customers

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Removal of ceiling panels

Removal of the unloader

Landing and installation of the unloader
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”

<table>
<thead>
<tr>
<th>Energy Saving and Reduction of CO₂ Emissions</th>
<th>Reduction of CO₂ Emissions Intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion of Eco-drivers</td>
<td>Hardware Adaptation</td>
</tr>
<tr>
<td>Promotion of Modal Shift</td>
<td>Review of Distribution Centre Locations</td>
</tr>
<tr>
<td>Review of Transportation Plans</td>
<td>Decrease in the Number of Transportation Vehicles</td>
</tr>
<tr>
<td>Increase in capacity of the vehicles, systematizing dispatch control</td>
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</tbody>
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<tr>
<th>Promotion of Modal Shift</th>
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<tbody>
<tr>
<td>Container transportation</td>
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<tr>
<td>Steel Liner</td>
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</tbody>
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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

<table>
<thead>
<tr>
<th>Commercial large-sized trucks</th>
<th>Rail</th>
<th>Domestic shipping</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ emission intensity</td>
<td>1/35</td>
<td>1/22</td>
</tr>
</tbody>
</table>

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, one of the “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.
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 Yokohama via Setouchi, with auto-control engines that match fuel injection according to the speed of the vessel.

In the service between Tokyo and Tomakomai, we carried out improvements made in the vessel shape, the propeller shafts and the helm enabled us to enhance safety, environmental friendliness and transportation capacity at the same time.

In 2003, Nippon Express and MOL Ferry Co., Ltd. launched a joint service between Tokyo and Hakata with high-speed RORO* vessels Himawari 7 between Tokyo and Tomakomai. Currently, Nippon Express connects 17 cities 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.

Shanghai Super Express

In 2003, Nippon Express and MOL Ferry Co., Ltd. launched a joint service between Tokyo and Hakata with high-speed RORO* vessels Himawari 7 between Tokyo and Tomakomai. Currently, Nippon Express connects 17 cities 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.

The Case of Nippon Express Group

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.

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Shanghai Super Express

Shanghai Super Express (SSE) is a new transportation system connecting China and Japan 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' productivity and sales efficiency. By combining SSE with other transportation services, we will be able to offer our customers highly reliable express marine transport services that serve as solutions for their supply chain challenges. For example, our Rail & Sea multimodal transport service allows railway container carriers to be loaded directly onto vessels at a shipping port to Shanghai, while our express marine transport service with consolidated cargo can shorten lead time to nearly that for air cargo.

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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.

Transport of Waste and Recycle Products

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, “Ecologicomp” household moving service is an environmentally- and user-friendly service providing significant reduction of waste.

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.

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.

Offset Eco2

“Offset Eco2” is an environmentally-friendly logistics service that combines international freight 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.

High concentration PCB waste

Trace PCB waste

Company discharging the PCB waste

Transport with dedicated vehicles (including railway)

Company processing the waste (5 locations in Japan)

Company discharging the PCB waste

Transport with dedicated vehicles

Company processing the waste (Private company)

Dedicated container for PCB waste

Vehicle for collecting and transporting the waste

Vehicle for collecting and transporting trace PCB waste

Company processing the waste

Chinaware trunk

Dedicated container for PCB waste

Then, we “visualise” the amount of CO2 emitted by customer’s freight transport (including railways) and calculate the amount of high concentration PCB waste by using the PCB waste traceability system. The company then reduces the amount of PCB waste by using the dedicated container for PCB waste and transport the waste.

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Mailing 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 adapted 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 higher 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.

*Approval not yet obtained for certain items

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

Nippon Express is making vigorous efforts to reduce emissions of CO₂, NOₓ (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, growing 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)

<table>
<thead>
<tr>
<th>Vehicle type</th>
<th>Number</th>
<th>Nippon Express non-consolidated companies</th>
<th>Overseas companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric vehicles</td>
<td>19</td>
<td>79</td>
<td>0</td>
</tr>
<tr>
<td>CNG vehicles (compressed natural gas)</td>
<td>361</td>
<td>293</td>
<td>62</td>
</tr>
<tr>
<td>Hybrid vehicles</td>
<td>754</td>
<td>750</td>
<td>76</td>
</tr>
<tr>
<td>LPG vehicles</td>
<td>462</td>
<td>451</td>
<td>11</td>
</tr>
<tr>
<td>New long-term regulation vehicles</td>
<td>4,535</td>
<td>4,404</td>
<td>1,131</td>
</tr>
<tr>
<td>Total</td>
<td>6,131</td>
<td>4,811</td>
<td>1,320</td>
</tr>
</tbody>
</table>

*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, NOₓ 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 on the road and covering quite a long distance in one day.

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, NOₓ 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.

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 driving 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.

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 head-quarters 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 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.

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 reviewing 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.
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

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

Amount of CO2 reduction
189t-CO2 (FY2012)

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 fixtures
- 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)

Nippon Express U.S.A., Inc. Chicago Logistics Centre East

Nittsu Driving School

- Rooftop Greenery

NITTSU Group University

- Solar and wind powered streetlights

Responsibility for the Global Environment

Contribution in the Global Society
Human Rights (Workplace Environment)
Community Involvement
Corporate Governance

Human Rights

- Responsibility for the Global Environment
- Contribution in the Global Society
- Human Rights (Workplace Environment)
- Community Involvement
- Corporate Governance

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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 wherever 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.

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.

This initiative was recognized with the Special Logistics Environmental Award by the Japan Federation of Freight Industries, presenter of the 11th Logistics Environment Awards.
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 CO\(_2\), 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 Iidemachi, Yamagata Prefecture, Nichinancho, Tottori Prefecture, and Isunagayama, 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.

Biodiversity Initiatives

Biodiversity is also a theme addressed through the forest cultivation and other local CSR activities. In the Nittsu Forest in Iidemachi, Yamagata Prefecture, “Himono Mikaie” (“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 Nikayama, birdhouses for owls were installed in 2010 and observations are in progress. Also, in another company-owned 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.

We keep on making efforts to preserve this environment inhabited by a variety of creatures.

We also participated in fishing campaigns for exterminating non-native species such as the Black Bass and Bluegills in Lake Biwa in Shiga Prefecture, and reviving the original ecosystem of the lake.

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 Haman-ryuu Gardens, next to the Head Office, our activities, such as leaf-raking and volunteering, take place throughout the year. Our activities also include other nationwide activities such as taking care of flower beds and plants along national highways and planting green-curtains.

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.

“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.
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 emissions, and as well as CO2 emissions 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)

<table>
<thead>
<tr>
<th>Type</th>
<th>Unit</th>
<th>Total Domestic</th>
<th>Total Overseas</th>
<th>Total</th>
<th>Nippon Express Group (non-consolidated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>TWh</td>
<td>0.82</td>
<td>0.29</td>
<td>1.11</td>
<td>0.73</td>
</tr>
<tr>
<td>Diesel oil</td>
<td>100,000 lbs</td>
<td>2,067,493</td>
<td>737,567</td>
<td>2,805</td>
<td>2,067,493</td>
</tr>
<tr>
<td>Petroleum</td>
<td>TLL</td>
<td>152,646</td>
<td>54,612</td>
<td>207,258</td>
<td>54,612</td>
</tr>
<tr>
<td>Natural gas</td>
<td>TMM</td>
<td>39,233</td>
<td>13,521</td>
<td>52,754</td>
<td>13,521</td>
</tr>
<tr>
<td>LP gas</td>
<td>1,000 m³</td>
<td>256,166</td>
<td>73,643</td>
<td>329,809</td>
<td>73,643</td>
</tr>
<tr>
<td>Heavy fuel oil</td>
<td>1,000 m³</td>
<td>238,056</td>
<td>74,612</td>
<td>312,668</td>
<td>74,612</td>
</tr>
<tr>
<td>Heavy fuel oil (for ships)</td>
<td>1,000 m³</td>
<td>37,124</td>
<td>11,970</td>
<td>49,094</td>
<td>11,970</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,000 m³</td>
<td>160,054</td>
<td>59,112</td>
<td>219,166</td>
<td>59,112</td>
</tr>
</tbody>
</table>

**Total CO2 emissions**

- **Total CO2 emissions in domestic area (as of March 1, 2013)**: 8,950,000 t
- **Total CO2 emissions in overseas area (as of March 1, 2013)**: 4,865,000 t

### Industrial waste emissions by item (FY2012 Nippon Express non-consolidated)

<table>
<thead>
<tr>
<th>Waste Type</th>
<th>Weight (kg)</th>
<th>Weight distribution ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wood shavings</td>
<td>5,283</td>
<td>14,394,564</td>
</tr>
<tr>
<td>Waste plastics</td>
<td>12,966</td>
<td>31,759,702</td>
</tr>
<tr>
<td>Nitrogen</td>
<td>714</td>
<td>1,109,853</td>
</tr>
<tr>
<td>Waste metal</td>
<td>876</td>
<td>989,855</td>
</tr>
<tr>
<td>Animal and plant materials</td>
<td>190</td>
<td>884,178</td>
</tr>
<tr>
<td>Sludge</td>
<td>178</td>
<td>357,654</td>
</tr>
<tr>
<td>Waste oil</td>
<td>201</td>
<td>141,729</td>
</tr>
<tr>
<td>Waste glass, china, porcelain</td>
<td>214</td>
<td>107,454</td>
</tr>
<tr>
<td>Combustion residue</td>
<td>24</td>
<td>92,116</td>
</tr>
<tr>
<td>Waste acid</td>
<td>10</td>
<td>44,202</td>
</tr>
<tr>
<td>Inflammable waste oil</td>
<td>11</td>
<td>5,720</td>
</tr>
<tr>
<td>Waste salt</td>
<td>2</td>
<td>1,698</td>
</tr>
<tr>
<td>PCB etc.</td>
<td>7</td>
<td>2,758</td>
</tr>
<tr>
<td>Others</td>
<td>164</td>
<td>230,016</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>28,670</td>
<td>2,883,496</td>
</tr>
</tbody>
</table>

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

- **Reporatable business category but amount used by facility is under reporting threshold**
  - Number of facilities: 11
  - Main substance: Methyl bromide
  - Main use: Fumigation

- **Not reportable business category but facility uses reportable substance**
  - Number of facilities: 19
  - Main substance: Hydrogen cyanide
  - Main use: Fumigation for operations incidental to import customs clearance

**CO2 emission reductions in FY2012**

- **CO2 emission reductions in FY2012**: 85,653 t

**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**

<table>
<thead>
<tr>
<th>Investment category</th>
<th>Major examples</th>
<th>Amount of CO2 reduction (t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rail transport containers (Eco-Liner 31, Big Eco-Liner 31, etc.)</td>
<td>269</td>
<td>232</td>
</tr>
<tr>
<td>Ship containers</td>
<td>269</td>
<td>207</td>
</tr>
<tr>
<td>Rail transport containers</td>
<td>668</td>
<td>447</td>
</tr>
<tr>
<td>ISO 14001 and Green Management certification</td>
<td>224</td>
<td>142</td>
</tr>
<tr>
<td>ISO 14001 and Green Management certification</td>
<td>843</td>
<td>519</td>
</tr>
<tr>
<td>Investment in reusable packing materials for moving</td>
<td>25</td>
<td>20</td>
</tr>
<tr>
<td>Lighting equipment and inverter switcher</td>
<td>115</td>
<td>56</td>
</tr>
</tbody>
</table>

**Total CO2 reduction**: -4,673 t
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.

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.

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

* BPO: Business Process Outsourcing
Contribution to the Global Community

NEWLINKS: North American Region Truck Service

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.

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’ EB3000 (RM) is a long-distance consolidated truck service linking the vast 3,300-kilometer distance 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 charted 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 SS70000 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 SS7000 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 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.

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.

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.

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

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.

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Responsibility for the Global Environment

Contribution to the Global Community

Safety and Security

Human Rights (Workplace Environment)

Community Involvement

Corporate Governance

Human Rights

(Workplace Environment)

Responsibility for the Global Environment

Contribution to the Global Community

Safety and Security

Human Rights (Workplace Environment)

Community Involvement

Corporate Governance

Number of overseas locations

Number of overseas employees

Transition in number of overseas locations and overseas employees

Overseas trainees and Nippon Express (German) Prague branch staff

Nippon Express CSR Report 2013

44

45

Nippon Express CSR Report 2013
Safeguards for the Contribution in the Global Environment

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.

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.

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. Fulfill expected roles in the health management system

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.

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, 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.

Industry Competition Champions!

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 competitors 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.
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.

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 (FY2011)**

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost (10 million Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour cost of safety-related positions (domestic)</td>
<td>1,352</td>
</tr>
<tr>
<td>Educational costs (training at headquarters)</td>
<td>111</td>
</tr>
<tr>
<td>Nippon Express Group-National Safety &amp; Health Convention</td>
<td>16</td>
</tr>
<tr>
<td>Traffic control system (digital tachograph), etc.</td>
<td>2,066</td>
</tr>
<tr>
<td>Accident and disaster prevention awareness materials, etc.</td>
<td>6</td>
</tr>
<tr>
<td>SAS screening test</td>
<td>26</td>
</tr>
<tr>
<td>Other safety measures</td>
<td>135</td>
</tr>
<tr>
<td>Total</td>
<td>2,482</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Type of Accidents</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robber</td>
<td>1</td>
</tr>
<tr>
<td>Fall</td>
<td>2</td>
</tr>
<tr>
<td>Collision</td>
<td>5</td>
</tr>
<tr>
<td>Fatal and injury</td>
<td>1</td>
</tr>
<tr>
<td>Vehicle malfunction</td>
<td>6</td>
</tr>
<tr>
<td>Health relating</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
</tr>
</tbody>
</table>

- **Index of Labour Accident**

  - **Accident frequency rate**
  - **Severity rate**

- **Obtaining certification under safety evaluation programme (2012)**

  - 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 undisturbed 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.

- Baxter and Nippon Express keep trying so hard for us, which we as patients find very encouraging.
- I was surprised that Baxter came to us at such terrible time. I was encouraged and so grateful.
- 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.
- 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. It made me feel so happy.
- Medicine is the hope of my life. Thank you for delivering the hope.
- I will wait for the drug delivery no matter how late it will be.
- Thank you for saving my grandmother’s life.

Comments from dialysis patients and their families

- 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. It made me feel so happy.
- Medicine is the hope of my life. Thank you for delivering the hope.
- I will wait for the drug delivery no matter how late it will be.
- Thank you for saving my grandmother’s life.
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 its employees develop their abilities and perform at their best.

**Personnel System**

Nippon Express’s personnel system has a basic framework of human resource development (Overall image), comprising the following elements:

- **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.

**Education and Training Policy**

(3-year plan from fiscal 2013 through fiscal 2015)

- A. Develop independent-minded human resources
- B. Develop global human resources
- C. Foster professional resources
- D. Implement the Corporate Philosophy and promote ethical behavior
- E. Reinforce the management of the Group
- F. Empower roles and functions of the human resource development department

**Framework of human resource development (Overall image)**

**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.

**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.

**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.

**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 female 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.

**Employment of Disabled People**

In an effort to step up employment of disabled people, Nippon Express has expanded 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 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.

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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, their 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.

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.

Care by in-house Health Care Staff

Qualified nurses or public health nurses are assigned to branches nationwide 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.

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 centered 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

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

Considering the fact that the number of mental health problems 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

Start of Absence from Work

Immediate Manager

Submit notification of the contents of a medical certificate

Follow-up during First Absence from Work

Attendance Manager

First absence from work

Follow-up during Second Absence from Work

Healthcare Instructor

Second absence from work

Follow-up during Third Absence from Work

Head of Office In charge

Third absence from work

Follow-up during 4th Absence from Work

Head of Office In charge

Fourth absence from work

Start of Reinstatement Support Period

Follow-up during Reinstatement Support Period

Head of Office In charge

Institutional Health Management

Close monitoring of medical certificate

Head of Branch

Disciplinary instructions
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 Kashiga 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.

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.

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 school’s 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 Forwards 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.

*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 school students.

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.”

<table>
<thead>
<tr>
<th>Year</th>
<th>Complainants</th>
<th>Inquiries</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
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<td>803</td>
<td>6,721</td>
<td>7,524</td>
</tr>
<tr>
<td>2011</td>
<td>549</td>
<td>6,492</td>
<td>7,041</td>
</tr>
<tr>
<td>2012</td>
<td>549</td>
<td>6,492</td>
<td>7,041</td>
</tr>
</tbody>
</table>

Nippon Express CSR Report 2013
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 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

Nippon Express has constructed our crisis management system under four “Corporate 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 hygiene items as a counter-measure against influenza, such as masks, gowns, goggles, masks, gloves and goggs, 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 the head office divisions and the company branch across the country, we ensure prompt communication in the event of emergency.

Business Continuity (BCM)

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 threats 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 an BCP/BCP (Business Continuity Plan) swiftly.

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

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 fulfill 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.

Personal Data Protection Policy (Items)

1. Respect for individuals’ personal data
2. Personal data protection system
3. Secure 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 programmes for compliance with personal data protection policy

Personal data protection and management system
Personal data use and handling system

Organizational Chart for Business Continuity System Documents

Compliance Committee

Nippon Express CSR Report 2013

Nippon Express CSR Report 2013
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 its pillars in 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 and 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.