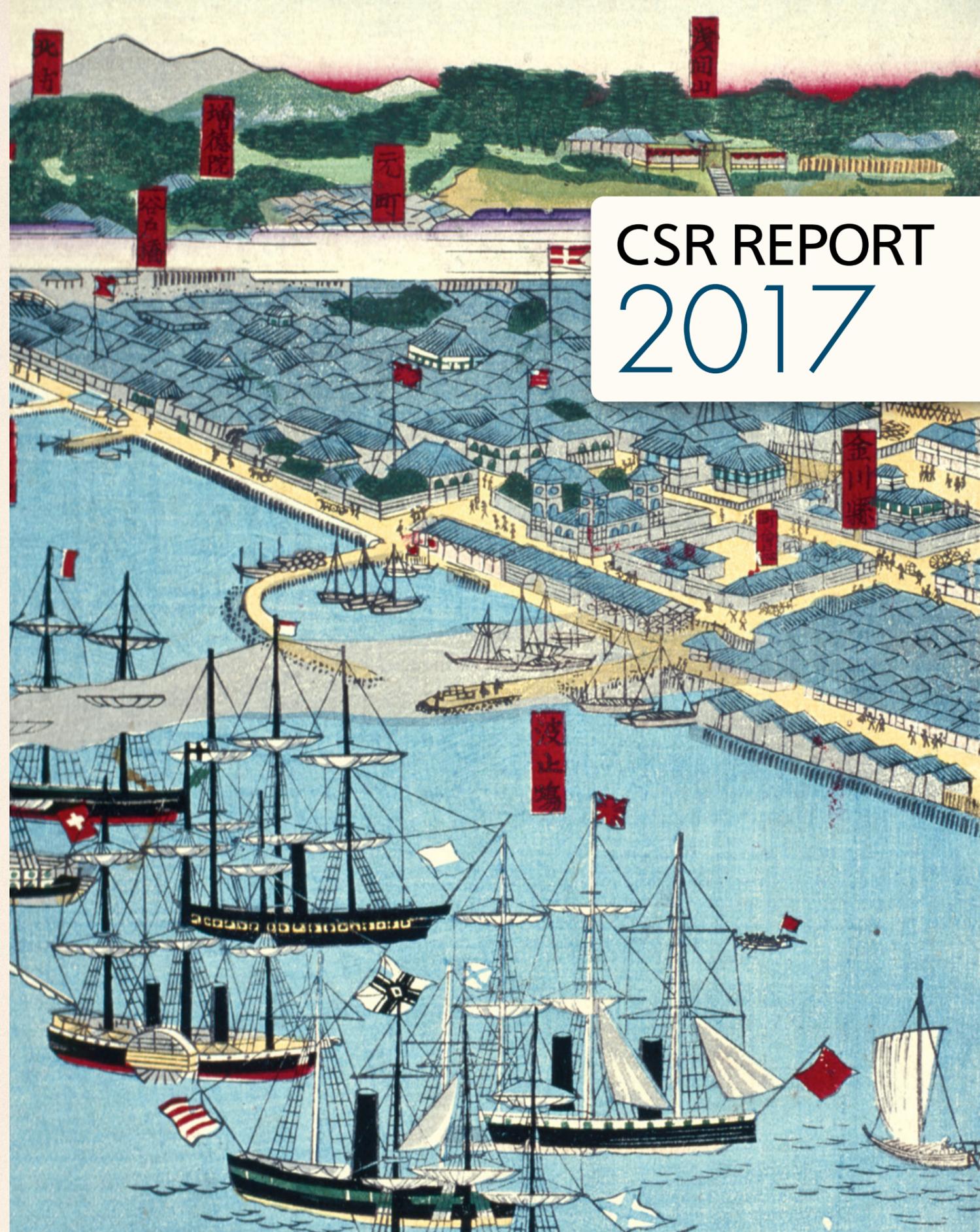


Reprinted from "Compilation of Yokohama Ukiyoe" (Yurindo)

Title: Map of Yokohama (Segment)
 Artist: Utagawa Hiroshige II
 Year produced: 1870
 Owner: Nippon Express Co., Ltd. (entrusted to the care of Kanagawa Prefectural Museum of Cultural History)

This large ukiyoe triptych offers a bird's-eye view of Yokohama in the early Meiji era, ten years after the port was opened in the last days of the Tokugawa Shogunate. The section displayed on the cover is the left panel of the original work. The wharf visible in the center of the cover features a quay on the right used exclusively for domestic cargo and one on the left – now part of Zou-no-hana Park (Elephant's Trunk Park) – used only for imported cargo. The cityscape to the left of the wharf features rows of foreign merchant houses in the foreign settlement; the entire Japanese quarter is portrayed on the right side of the original work, but part of it can be seen in the right center of the cover. The two jetties drawn small on the left edge of the image, occupying the spot that is now the facade of the Hotel New Grand, were known as the French Quay because they are adjacent to the French concession. At the back of the wharf in the center of the picture, marked with the characters for "Kanagawa Prefecture," is the Kanagawa Prefectural Government Building; currently standing in that location is the Yokohama District Court. Pictured offshore in the bay are four steamships with blackened chimneys that are also equipped with sail masts, a reminder that steamships at that time used sails as a supplementary means of propulsion. When the port of Kobe was opened in 1868, Western ships began traveling Japanese coastal routes in large numbers, leading to a sharp rise in the number of ships entering Yokohama Port. The 1869 opening of the Suez Canal brought significant changes to transport networks throughout Asia. The spectacle of a port with foreign settlements situated opposite a Japanese quarter with several foreign ships at anchor can be seen as symbolic of Japan coming face-to-face with the Western world and moving into a new era.



CSR REPORT 2017



Carbon Footprint (CFP):
 Visualization of CO₂ emission
<http://www.cfp-japan.jp>
 CR-DD01-17009

The CFP value is calculated upon waterless print dedicated Product Category Rule (PCR)

We calculated the carbon footprint in making the Nippon Express Group CSR Report 2017. The 1,600g stated in the upper part of the mark at left is the value after converting the greenhouse gas emitted from the entire lifecycle of the report, from material procurement to recycling into CO₂ amount.



Scan this code to download a digital version of this CSR Report from our website.





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Nippon Express Group Corporate Philosophy

Our Mission — **Be a Driving Force for Social Development**

Our Challenge — **Create New Ideas and Value that Expand the Field of Logistics**

Our Pride — **Inspire Trust Every Step of the Way**

Since our founding, the Nippon Express Group has employed our logistical strengths to connect people, businesses and regions throughout the world. In so doing, we have continuously supported social development.

While our mission never changes, we continuously advance to meet the world's changing needs.

Making no compromise in safety and maintaining a deep focus on environmental issues, we continuously strive to deliver innovative solutions at the next frontier of logistics.

We will forever take pride in our ability to inspire trust and answer the call of society.

Every move we make is aimed at advancing society and bringing an enriched life to future generations.

Nippon Express Group Charter of Conduct

To assist in creating a sustainable society, the Nippon Express Group will carry out its corporate social responsibilities through its various business operations, based on the following principles.

- | | |
|--|--|
| ■ Pursuit of Safety and Quality | ■ Contribution to International Society |
| ■ Sound Company Conduct | ■ Social Contribution Activities |
| ■ Public Communications, Disclosure of Information and Protection of Information | ■ Respect for Human Rights |
| ■ Respect for Employees | ■ Severance from Antisocial Forces |
| ■ Responsibilities to the Earth's Environment | ■ Responsibilities of Top Management |
| | ■ Resolution of Problems by Top Management |

The Nippon Express Group formulated the Nippon Express Group Charter of Conduct to set out approaches for day-to-day activities and specific directions for conduct. Like the Nippon Express Group Corporate Philosophy, the Charter reflects the Nippon Express Group's universal values. It also constitutes a revised version of the Nippon Express Code of Conduct carried out in April 2011 to reflect the release of ISO 26000 and other changes in the circumstances surrounding corporate social responsibility (CSR) and to create a Charter applicable to all Group companies inside and outside Japan.

*Please see the Nippon Express website for further details: <http://www.nipponexpress.com/about/corporate/charter/>

Editorial Policy

The goal of this report is to convey the Nippon Express Group's thinking and approaches on corporate social responsibility (CSR) to all stakeholders in an easy-to-understand fashion.

To allow interested parties to select the medium best suited to their purposes, the Nippon Express Group's activities are reported in the following versions.

Scope of This Report

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

Applicable Period

Fiscal 2016 (April 1, 2016 – March 31, 2017)
(Certain sections may include information from or prior to fiscal 2015 and up to June 2017.)

Reference Guidelines

GRI Sustainability Reporting Guidelines G4
(This report is based on the principles specified by the GRI Sustainability Reporting Guidelines G4, but does not strictly conform to those guidelines.)
Environmental Reporting Guidelines (Fiscal 2012 Version) issued by the Japanese Ministry of the Environment

Planned and Edited by

Nippon Express Co., Ltd.
CSR Report Editorial Committee
(Secretariat: CSR Division)

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Publication

July 2017

Message from the President



CSR for the Nippon Express Group entails continuing efforts to support better living for people around the world and the development of sustainable societies through logistics.

Serious problems have emerged on our planet, including warming-induced abnormal weather and resultant natural disasters, shortages of water resources and food due to the destruction of nature and population increases, and widening economic disparities and poverty, and the world as a whole has recognized the urgent need to deal with these issues. In 2015 the United Nations General Assembly adopted “Sustainable Development Goals” (SDGs) comprising 17 targets requiring global approaches to address such social issues, and in 2016 the Paris Agreement, an international framework for combatting global warming from 2020 onwards, was ratified by enough countries to have it enter into effect. Seeking growth as a global logistics enterprise, we in the Nippon Express Group are well aware of the need to play a part ourselves in these international efforts, and we will be fully leveraging our technologies and experience to help resolve social issues and develop sustainable societies.

Our Corporate Philosophy presents the mission the Nippon Express Group is to accomplish (“be a driving force for social development”), the challenge we should undertake (“create new ideas and value that expand the field of logistics”) and the pride we should attain (“inspire trust every step of the way”), and the Charter of Conduct stipulates the standards of behavior to which employees must conform in realizing these. In 2015 we selected three key priorities to address globally as Nippon Express’ Global CSR – namely, “Responsibilities to the Earth’s Environment,” “Sound Company Conduct” and “Respect for Human Rights” – and initiated concrete efforts.

First, we have sought to fulfill our “Responsibilities to the Earth’s Environment” by extending to our Group companies overseas the Eco-Driving efforts that we have been promoting for many years in Japan, as part of which we have been systematically introducing eco-friendly vehicles and energy-saving logistics facilities. Through these and other measures, the Company hopes to achieve two long-term targets set in FY2017: (1) Reduce CO₂ emissions by 30% from the 2013 level by fiscal 2030, and (2) Reduce industrial wastes per unit of sales by 1% annually (through fiscal 2030). We will be striving with these concrete targets to pro-actively fulfill our responsibilities. Individual Group companies will also be setting out specific targets that reflect their local conditions and respective business domains, and undertaking dynamic efforts to achieve them. We are also advocating measures such as planning, developing and selling eco-friendly services and products and establishing low-carbon supply chains globally, as well as building a strong track record in proposing modal shifts and joint transport services that help customers reduce CO₂ emissions, and we remain solidly committed to these courses of action in future.

Next, we are regularly conducting educational and awareness-building activities on “Sound Company

Conduct” and “Respect for Human Rights” for employees throughout the Group to firmly inculcate these ideas and raise compliance awareness. We are also seeking to bolster relevant systems and organizations by, among other means, expanding the whistleblower system to all Group companies in Japan and organizing a new Diversity Promotion Group. Furthermore, we are also working to revamp our overseas governance system to strengthen global governance. Moving forward, we will be striving to ensure fair, transparent and free competition and legitimate transactions, and to eliminate all types of harassment and other infringements on human rights, all the while respecting and complying with national/regional rules and regulations and international norms.

The Nippon Express Group is implementing “Nippon Express Group Corporate Strategy 2018–New Sekai-Nittsu–,” its current medium-term business plan, in which further strengthening the Group’s CSR management is presented as an important functional strategy, and is adopting a four-pronged approach: giving top priority to safety, stepping up compliance, encouraging the creation of better working environments, and establishing CSR-based businesses. This is meant to demonstrate our strong commitment to helping resolve social issues and develop sustainable societies by providing people around the world with logistics services stressing safety and security.

With logistics as its core business, the Nippon Express Group makes use of public social infrastructure and is thus obliged to ensure that safety takes top priority and that compliance is firmly established. We believe it our responsibility as a company to construct a fair and equitable corporate governance system with open lines of communication, to enthusiastically interact with employees and other stakeholders as well as with customers, and to help resolve social issues through business.

Nippon Express Co., Ltd., will be celebrating its milestone 80th anniversary on October 1 of this year. There have been tremendous changes in the social environment over these past eight decades, but we have managed this entire time to link up people, companies, and regions and keep pace with society’s development through the transport of goods.

We will be marshaling our worldwide resources to continue our evolution as a global logistics company. Our aim is to be a company that does its part to bring about sustainable and better societies and that is seen by the public as a trustworthy and necessary partner.

A handwritten signature in black ink that reads "Mitsuru Saito".

Mitsuru Saito
President & CEO
Nippon Express Co., Ltd.

Corporate Strategy

Even as it positions Japan as a key region and works to improve the profitability of its domestic business, the Nippon Express Group is striving to become a genuinely global logistics company. It will actively invest in the priority business fields and growth regions, and orient Group administration around profit.

2016–2018 Nippon Express Group Corporate Strategy 2018 –New Sekai-Nittsu–

Basic Policy

Further enhance profitability of businesses in Japan and focus investment in B2B in the priority business fields and the growth region with the aim of becoming a truly global logistics company.

Numerical targets for FY2018

Revenues: ¥2,150.0 billion
Operating income: ¥75.0 billion
Net income: ¥45.0 billion
ROA: 2.8%

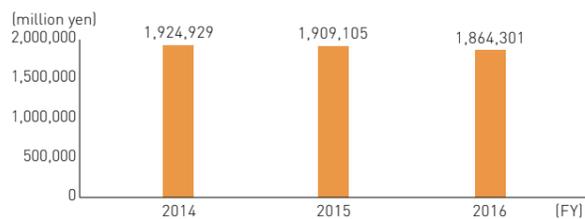
Key strategies



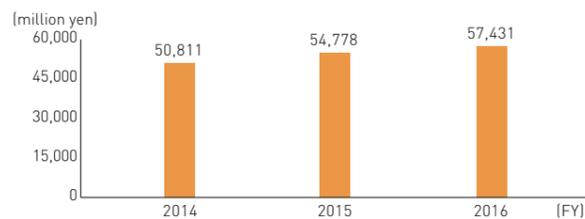
Vision of the Nippon Express Group
“Global Logistics Company”

Financial Information

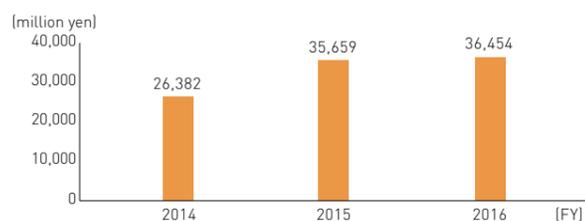
Revenue (Consolidated)



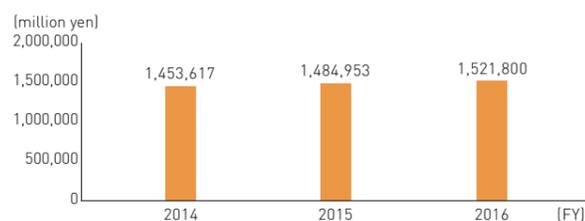
Operating income (Consolidated)



Net income (Consolidated)



Total assets (Consolidated)



Business Outline

The Nippon Express Group is made up of the parent company and subsidiaries, including second-tier subsidiaries, of which 268 are consolidated companies for a total of 295, and 67 affiliates, making a grand total of 363 companies. Beyond our core business of transportation and distribution, which includes trucking, rail transport, air, and marine cargo, we are expanding our scope in the areas of security services, travel, trade services, real estate, and driving education. (Figures are as of March 31, 2017)

Nippon Express Company Profile

Name: Nippon Express Co., Ltd.
Founded: 1872, as Riku-un Moto Kaisha (Land Transportation Company)
Established: October 1, 1937
Headquarters: 1-9-3 Higashi-Shimbashi, Minato-ku, Tokyo 105-8322, Japan
Name of representative: Mitsuru Saito, President & CEO

Paid-in capital: ¥70,175.27 million
Number of shareholders: 57,479
Number of employees: 32,008
Number of commercial freight transport vehicles: 14,503

Key Consolidated Companies in Japan

Nittsu Shoji Co., Ltd.	Hokuo Unyu Co., Ltd.
Nittsukicoh Co., Ltd.	Kita-Nihon Kaiun Co., Ltd.
Nittsu Transport Co., Ltd.	Tsutai Warehouse Co., Ltd.
Nittsu Real Estate Co., Ltd.	Hakodate Air Service Co., Ltd.
Nippon Express Capital Co., Ltd.	Tohoku Truck Co., Ltd.
Nittsu Driving School Co., Ltd.	Shiogamako Unso Co., Ltd.
Careerroad Co., Ltd.	Sendai Port Silo Co., Ltd.
Nittsu Research Institute and Consulting, Inc.	Osaka Warehouse Co., Ltd.
Nittsu Panasonic Logistics Co., Ltd.	Tokushima Express Co., Ltd.
Nittsu NEC Logistics, Ltd.	Bingo Express Co., Ltd.
Wanbishi Archives Co., Ltd.	Sakaiminato Kairiku Unso Co., Ltd.
Nippon Express Travel Co., Ltd.	Nittsu Heartful Co., Ltd.
Nippon Shipping Co., Ltd.	

Total of Consolidated Companies: 268

Motor Transport

Utilizing networks that extend across the whole of Japan, we provide consolidated, charter services and other trucking services. We are establishing and expanding trucking networks overseas as well.



Railway Transport

We have offices at almost every rail station in Japan handling containers to enable us to provide rail cargo forwarding services.



Air Freight

We draw full on our worldwide network to offer a wide range of domestic and international air cargo forwarding services.



Marine Transport

We link up the world with multimodal door-to-door transport and other international transport services, coastal transport centered on domestic liner container/RORO vessels, and port and harbor transport.



Moving Services

Taking advantage of our networks extending across Japan and the rest of the world, we provide individual and corporate customers with a substantial menu of moving services that incorporate a wide range of transport modes.



Fine Arts Transport

Highly experienced and knowledgeable specialist staff provide transport services tailored to works of fine art using a comprehensive system that includes vehicles and warehouses specially equipped for art works.



Courtesy of the Mucha Foundation

Security Transport

We convey cash, securities and other valuables between financial institutions' head offices and branches and between the Bank of Japan and financial institutions, and we provide collection/delivery services for customers' stores.



Heavy Haulage & Construction

We transport and install heavy equipment, construct and maintain plant facilities, and transport and erect high-tech plant facilities in Japan and abroad.



Trading Company Sales

Nittsu Shoji Co., Ltd., and other Group companies sell and lease logistics-related materials and equipment, vehicles, petroleum, and LP gas, and offer vehicle maintenance and insurance agency services.



Warehousing

In addition to cargo storage services, we provide services combining information functions such as warehouse shipping/receiving management and cargo tracing systems with distribution processing functions across Japan and overseas.



Travel & Event Management

Nippon Express Travel Co., Ltd., utilizes know-how cultivated over many long years of experience as a pioneer in the travel industry and Nippon Express' extensive overseas network to offer travel-related services.



Other Business Activities

Group companies are engaged in a broad spectrum of primarily logistics-related businesses, including logistics consulting, capital financing, building design and construction contracting, labor pool management, and driving schools.



Global Activity

Spanning 42 countries and operating in 267 cities across the globe, the Nippon Express Group network is impressive both in scale and depth.

■ Number of countries **42**

■ Number of cities **267**

■ Number of locations **678**

■ Number of employees overseas **20,706**

[As of March 31, 2017]

AMERICAS

NIPPON EXPRESS U.S.A., INC.
 NIPPON EXPRESS U.S.A. (ILLINOIS), INC.
 NITTSU NEW YORK, INC.
 NEX TRANSPORT, INC.
 NIPPON EXPRESS GLOBAL LOGISTICS, INC.
 NIPPON EXPRESS TRAVEL USA, INC.
 ASSOCIATED GLOBAL SYSTEMS, INC.
 NIPPON EXPRESS CANADA LTD.
 NIPPON EXPRESS DO BRASIL LTDA.
 NIPPON EXPRESS DE MEXICO, S.A. DE C.V.
 NEX GLOBAL LOGISTICS DE MEXICO, S.A. DE C.V.
 MAP CARGO S. A. S.
 DELTA LOGIS, INC.
 NIPPON EXPRESS NEC LOGISTICS AMERICA, INC.
 FRANCO VAGO INTERNATIONAL, INC.
 CENTURY ENTERPRISES, INC.
 ALL AIR CUSTOMS BROKERS, INC.
 FASHION LOGISTICS, INC.
 FRANCO VAGO LOS ANGELES, INC.
 TEXTILE LOGISTICS LLC.
 NITTSU SHOJI U.S.A., INC.
 NITTSU SHOJI MEXICO S.A. DE C.V.

EUROPE

NIPPON EXPRESS EUROPE GMBH
 NIPPON EXPRESS (DEUTSCHLAND) GMBH
 NIPPON EXPRESS (RUSSIA) LLC
 NEX LOGISTICS EUROPE GMBH
 NIPPON EXPRESS (U.K.) LTD.
 NIPPON EXPRESS (IRELAND) LTD.
 NIPPON EXPRESS (NEDERLAND) B.V.
 NIPPON EXPRESS EURO CARGO B.V.
 NIPPON EXPRESS (BELGIUM) N.V./S.A.
 NIPPON EXPRESS FRANCE, S.A.S.
 NIPPON EXPRESS (ITALIA), S.R.L.
 NIPPON EXPRESS (SCHWEIZ) AG
 NIPPON EXPRESS DE ESPANA, S.A.
 NIPPON EXPRESS PORTUGAL S.A.
 NIPPON EXPRESS (MIDDLE EAST) L.L.C.
 NIPPON EXPRESS (ISTANBUL) GLOBAL LOGISTICS A.S.
 NIPPON EXPRESS NEC LOGISTICS EUROPE B.V.
 APC LOGISTICS AB
 APC LOGISTICS A/S
 APC LOGISTICS BELGIUM
 OSLO TERMINAL SERVICE A/S
 FRANCO VAGO S.P.A.
 MODA LOGISTICS S.R.L.
 FRANCO VAGO U.K. LTD.
 FRANCO VAGO INT U.K. LTD.
 FRANCO VAGO TRANSITARIOS
 FRANCO VAGO S.A. ESPANA
 NIPPON EXPRESS CO., LTD.
 JOHANNESBURG REPRESENTATIVE OFFICE

EAST ASIA

NIPPON EXPRESS (CHINA) CO., LTD.
 NIPPON EXPRESS (H.K.) CO., LTD.
 NIPPON EXPRESS (SHENZHEN) CO., LTD.
 NIPPON EXPRESS (ZHUHAI) CO., LTD.
 NIPPON EXPRESS (SOUTH CHINA) CO., LTD.
 NIPPON EXPRESS (GUANGZHOU) CO., LTD.
 NIPPON EXPRESS CARGO SERVICE (SHENZHEN) CO., LTD.
 NIPPON EXPRESS GLOBAL LOGISTICS (SHANGHAI) CO., LTD.
 NIPPON EXPRESS (XI'AN) CO., LTD.
 NIPPON EXPRESS (SUZHOU) CO., LTD.
 SHANGHAI E-TECHNOLOGY CO., LTD.
 NITTSU SINOTRANS LOGISTIC DALIAN LTD.
 NIPPON EXPRESS (SHANGHAI) CO., LTD.
 NIPPON EXPRESS KOREA CO., LTD.
 NIPPON EXPRESS (TAIWAN) CO., LTD.
 BEACON INTERNATIONAL EXPRESS CORP.
 NIPPON EXPRESS (XI'AN) CO., LTD.
 NIPPON EXPRESS GLOBAL SCM (SHANGHAI) CO., LTD.
 NIPPON EXPRESS NEC LOGISTICS HONG KONG LTD.
 NIPPON EXPRESS NEC LOGISTICS TAIWAN LTD.
 NIPPON EXPRESS NEC LOGISTICS (SHANGHAI) LTD.
 NIPPON EXPRESS NEC LOGISTICS (SHENZHEN) 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.
 FV AIR CARGO SHANGHAI
 FRANCO VAGO SHIPPING SHANGHAI
 FV WAREHOUSE SHANGHAI
 FRANCO VAGO JAPAN
 NITTSU SHOJI (WUHAN) CO., LTD.
 NITTSU SHOJI (H.K.) CO., LTD.
 NITTSU SHOJI (SHANGHAI) TRADING CO., LTD.
 WANBISHI ARCHIVES (KUNSHAN) CO., LTD.

SOUTH ASIA & OCEANIA

NIPPON EXPRESS (SOUTH ASIA & OCEANIA) PTE., LTD.
 SOUTH ASIA & OCEANIA REGIONAL H/Q
 PHNOM PENH REPRESENTATIVE OFFICE
 NIPPON EXPRESS (SINGAPORE) PTE., LTD.
 NIPPON EXPRESS (AUSTRALIA) PTY., LTD.
 NIPPON EXPRESS (NEW ZEALAND) LTD.
 NEX LOGISTICS (MALAYSIA) SDN. BHD.
 NIPPON EXPRESS (MALAYSIA) SDN. BHD.
 NITTSU TRANSPORT SERVICE (M) SDN. BHD.
 NIPPON EXPRESS PHILIPPINES CORPORATION
 NEP LOGISTICS, INC.
 NIPPON EXPRESS (CAMBODIA) CO., LTD.
 NIPPON EXPRESS ENGINEERING (VIETNAM) CO., LTD.
 NIPPON EXPRESS (MYANMAR) CO., LTD.
 NITTSU LOGISTICS (THAILAND) CO., LTD.
 NEX LOGISTICS (THAILAND) CO., LTD.
 NIPPON EXPRESS (THAILAND) CO., LTD.
 NIPPON EXPRESS ENGINEERING (THAILAND) CO., LTD.
 TBSC LOGISTICS CO., LTD.
 JFE LOGISTICS (THAILAND) CO., LTD.
 PT. NIPPON EXPRESS INDONESIA
 PT. NITTSU LEMO INDONESIA LOGISTIK
 PT. NEX LOGISTICS INDONESIA
 NIPPON EXPRESS (INDIA) PRIVATE LIMITED
 NITTSU LOGISTICS (INDIA) PRIVATE LIMITED
 NIPPON EXPRESS (VIETNAM) CO., LTD.
 NIPPON EXPRESS (BANGLADESH) LTD.
 NEX GLOBAL ENGINEERING PTE., LTD.
 NIPPON EXPRESS NEC LOGISTICS SINGAPORE PTE. LTD.
 NIPPON EXPRESS NEC LOGISTICS (THAILAND) CO., LTD.
 APC ASIA PACIFIC CARGO (S) PTE., LTD.
 APC LOGISTICS (THAI) COMPANY LTD.
 NITTSU SHOJI (THAILAND) CO., LTD.
 NITTSU SHOJI (SINGAPORE) PTE. LTD.
 PT. NITTSU SHOJI INDONESIA
 NITTSU SHOJI (MALAYSIA) SDN.BHD.
 NITTSU SHOJI INDIA PRIVATE LIMITED
 NITTSU SHOJI LEASING (THAILAND) CO., LTD.
 AZL (THAILAND) CO., LTD.
 NIPPON EXPRESS NEC LOGISTICS PHILIPPINES, INC.

■ Some large facilities established in fiscal 2016



**Nippon Express Korea Co., Ltd.
 Busan Global Logistics Center**

Construction of this facility in the Free Trade Zone of the Busan New Port Ungdong Hinterland Complex was completed in April 2016. Busan Port is one of East Asia's leading marine cargo logistics hubs, ranking sixth worldwide in container volume handled. This warehouse serves as an import/export cargo hub that enables us to provide high-quality logistics services and support our customers' global business endeavors.



**Nippon Express de Mexico S.A. de C.V.
 Aguascalientes Logistics Center**

Located in the city of Aguascalientes in the state of the same name, this facility began operating in September 2016 as Nippon Express' second facility in this state. In addition to functioning as a product supply hub, the Logistics Center provides advanced high-quality services, including distribution processing, capable of satisfying a full range of logistics needs.



**Nittsu Logistics (India) Private Limited
 Sri City Logistics Center**

This facility was opened in the Sri City Industrial Zone on the outskirts of Chennai in March 2017 as the sixth domestic business location established by Nittsu Logistics (India). Serving to enhance the company's domestic transport network in India, the Logistics Center addresses all of customers' logistics-related needs, including warehousing, distribution, and packaging.

Expansion of overseas locations in fiscal 2016

April	Nippon Express Korea – Busan Global Logistics Center	October	APC Logistics – Belgium Branch
May	NEX Global Engineering (Singapore)	December	Global Logistics Innovation Center (Singapore)
July	Nittsu Logistics (India) – Chennai Office	January	Nittsu Logistics (India) – Bangalore Warehouse Office
	Nittsu Logistics (India) – Gurgaon Office	March	Nittsu Logistics (India) – Sri City Logistics Center
September	Nippon Express (Australia) – Melbourne Logistics Center		
	Nippon Express de Mexico – Aguascalientes Logistics Center		

CSR and Materiality (Our Key Priorities)

To discharge its social responsibilities as a global logistics business, the Nippon Express Group will not only put safety first and contribute to social development through a variety of transport modes, but will also dedicate itself to global environmental conservation.

We will be working to realize our Corporate Philosophy as we grow, carrying out our responsibilities to stakeholders and building good relations with them.

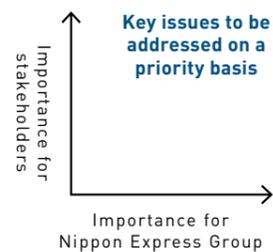
Nippon Express' Global CSR

The increasing globalization of corporate activities and the consequent positive and negative impacts on society have been receiving close attention in recent years. As a responsible global logistics provider, the Nippon Express Group has selected three important issues to be given immediate priority by the Group as a whole, and efforts to address these issues will constitute part of Nippon Express' Global CSR.

Responsibilities to the Earth's Environment
Sound Company Conduct
Respect for Human Rights

Key Priorities for the Nippon Express Group

The Nippon Express Group has taken into consideration international CSR guidelines and the views of experts and stakeholders to identify specific issues closely tied to the Nippon Express Group in particular on the basis of Nippon Express' Global CSR principles: Responsibilities to the Earth's Environment, Sound Company Conduct, and Respect for Human Rights (last updated in 2015).



Engaging in initiatives focusing on these key priorities from a solid foundation of safety and security, the Nippon Express Group will contribute to the sustainable development of society as a whole as a responsible global logistics company.

Responsibilities to the Earth's Environment

- Effective responses to climate change
- Reduction of energy use
- Reduction of waste
- Reduction of pollution

Sound Company Conduct

- Adherence to fair business practices, and cooperation with suppliers and business partners
- Prevention of corruption
- Prevention of anti-competitive behavior

Respect for Human Rights

- Actualization of safety and security for employees (focus on occupational safety and health, creation of employee-friendly workplaces, prevention of discrimination in the workplace, provision of opportunities for further development of abilities)
- Improvement of labor practices of suppliers
- Recruitment of human resources in areas where business is conducted
- Protection of customer information
- Consideration for the impact of human rights in global business (e.g., child labor, security practices)
- Establishment of an on-going human rights due diligence system and a grievance mechanism

*This list contains specific issues deemed particularly relevant to CSR by the Nippon Express Group, but this in no way implies that issues not appearing in this list are unimportant.

Process

- Fiscal 2013**
 We have examined important CSR issues to be addressed globally on a priority basis in line with international CSR-related guidelines such as ISO 26000 and the views of stakeholders inside and outside the Company.
- Fiscal 2014**
 After careful discussion, our Board of Executives selected three issues – Responsibilities to the Earth's Environment, Sound Company Conduct, Respect for Human Rights – as important CSR issues to be tackled by the Group as a whole. Specific topics within each of these three key global CSR issues were determined in accordance with various guidelines and the views of stakeholders inside and outside the company, filtered through the twin perspectives of the impact our company has on society and the impact that these issues have on our company.
- Fiscal 2015**
 A dialogue with experts revealed that specific issues pertaining to "Respect for Human Rights" had not been identified, so some of the content was revised accordingly. The issues selected the previous fiscal year were retained unchanged for the most part, although issues regarding "customer satisfaction" were deleted as not directly relevant to respect for human rights.
- Fiscal 2016**
 Partial revisions were also made in the descriptions of specific issues to make them easier to understand.

In view of the UN's establishment of Sustainable Development Goals (SDGs) and the changes in global awareness prompted by the Paris Agreement going into force, our Environmental Management Promotion Committee approved long-term goals effective through FY2030 to enable us to fulfill our responsibilities to the global environment, including preventing global warming and building a recycling-oriented society, and committed to pursuing these goals in future.
(Please see related article on p. 38)

Focus Activities

Workplace Greenification—A Shared Global Activity of the Nippon Express Group

Plants are being used to greenify workplaces around the world and boost employee awareness of the need to reduce CO₂ emissions. We are also encouraging employees to participate in tree planting and forest cultivation activities.



Poster promoting "Responsibilities to the Earth's Environment"

[Example results from FY2016 activities]

- Nippon Express de Mexico**
Planted cherry tree seedlings in various locations in April 2016
- Nippon Express de Espana**
Greenified workplaces with plants
- Nippon Express (Shanghai)**
Encouraged workplaces to greenify, resulting in a total of 135 potted plants being placed around offices
- Nippon Express Philippines/NEP Logistics**
Participated in local greenification activities; planted 470 trees

Setting environment conservation and CO₂ reduction targets for overseas Group companies

We are undertaking efforts to help conserve the global environment, such as augmenting energy saving and efficiency in logistics, improving transport means, and engaging in environment-related social action programs. We are also setting highly effective targets within the reach of individual employees at Group companies. The targets for FY2017 will be revised in light of the outcomes of efforts undertaken through FY2016.

Example results from FY2016 activities

- Nippon Express Canada**
[Action category] Eco-friendly facilities
[Target] Reduce total electric power consumption
[Result] Achieved 8.5% reduction year-on-year by changing out lighting equipment, etc.
- Nippon Express do Brasil**
[Action category] Energy conservation/power saving
[Target] Reduce total electric power consumption
[Result] Achieved 13.8% reduction year-on-year by reviewing shift structure, etc.
- Nippon Express (Nederland)**
[Action category] Promotion of 3Rs (Reduce, Reuse, Recycle)
[Target] Sort 90% or more of trash
[Result] Achieved sorting rate of 91.8%
- Nippon Express France**
[Action category] Eco-friendly vehicles
[Target] Replace company-owned vehicles with eco-friendly vehicles
[Result] Seven vehicles replaced
- Nippon Express (China) Xian Branch**
[Action category] Energy conservation/power saving
[Target] Reduce total electric power consumption
[Result] Achieved 40kWh reduction in power consumption per person by turning off lights during lunch break, employing smart measures to adjust air conditioner use to room temperature, etc.
- Nippon Express (India)**
[Action category] Pursuit of Eco-Driving
[Target] Reduce fuel costs by 5%
[Result] Reduced fuel costs by 7% and promoted safe vehicle operation

Highlight: Responsibilities to the Earth's Environment

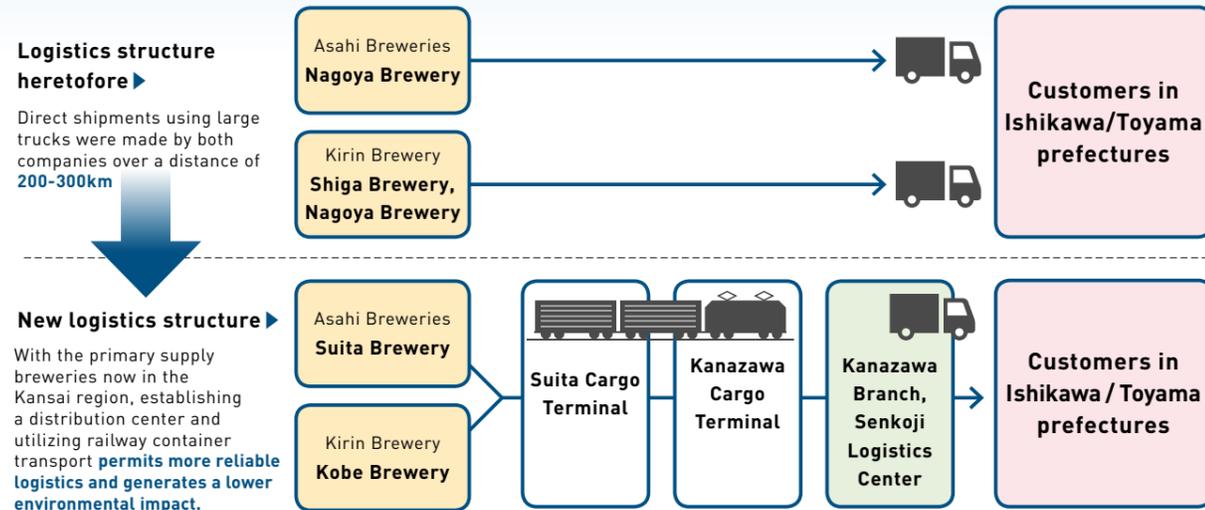
Modal shift in transport of products to the Hokuriku region

Joint Transport Achieved through Four-Company Cooperation

In January 2017, four companies – Asahi Breweries, Kirin Brewery, Japan Freight Railway (hereinafter, “JR Freight”), and Nippon Express – began joint transport for shipments of beer to the Hokuriku region. Asahi Breweries and Kirin Brewery have heretofore been shipping their products from Aichi and Shiga prefectures to Ishikawa Prefecture via their own trucking networks. With joint transport, these products are instead shipped from Asahi’s Suita Brewery in Osaka Prefecture and Kirin’s Kobe Brewery in Hyogo Prefecture, with Asahi Breweries and Kirin Brewery bringing their products from these breweries to the Suita Cargo Terminal.

Cargo is transported by railway container over the 250km interval between the Suita Cargo Terminal and the Kanazawa Cargo Terminal. Use of the Nippon Express Senkoji Logistics Center newly opened in Kanazawa has made transport substantially more efficient and reduced its environmental impact.

Changes in logistics structure resulting from switch to joint transport for Hokuriku region



Nippon Express staff

Asahi Breweries and Kirin Brewery are both top beer manufacturers and, while they may be in general agreement on joint transport, they differ on many of the operational details, so significant coordination was needed to reconcile these differences. Cooperation between the Osaka Container Branch, which ships railway containers, and the Kanazawa Branch, which serves as a hub for the Hokuriku area, helped us create an outstanding model of joint transport. We intend to remain sensitive to customer needs, provide customers with new value, and contribute to society through logistics.

Sho Takaichi, Nippon Express



Yasushi Sasaki
Assistant Group General Manager, Railway Forwarding Division, Nippon Express

Takashi Nakashima
Manager (Food/Beverage), Sales Development Division, Nippon Express

Sho Takaichi
Assistant Group General Manager (Food/Beverage), Sales Development Division, Nippon Express

Nobukazu Kudo
Assistant Manager, Railway Forwarding Division, Nippon Express

Winning Grand Prize in 18th Logistics Environment Awards

In recognition of the “modal shift via railway transport achieved through four-company cooperation,” the quadrilateral collaboration introduced here was awarded the Logistics Environment Grand Prize presented for the most meritorious effort at the 18th Logistics Environment Awards hosted by the Japan Association for Logistics and Transport.

Addressing the two social issues of environmental impact and shortage of truck drivers

Cutting CO₂ emissions that lead to climate change and other major environmental issues is an urgent issue now for all industries and companies worldwide. The shortage of truck drivers in the logistics industry has also become a serious problem. Expectations are rising of modal shifts to rail and maritime transport and of joint transport as means of resolving these social issues.



Setting up a new hub at the Senkoji Logistics Center

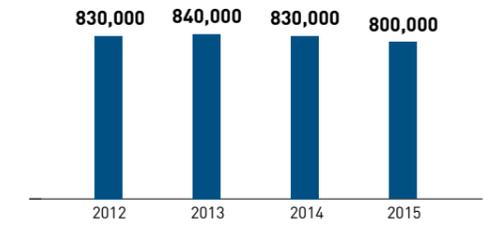
Products arriving at the Kanazawa Cargo Terminal by rail are conveyed to Nippon Express’ Senkoji Logistics Center for storage. The two companies’ products were previously stored in separate locations, but transporting them to a single location for storage improves operational efficiency and reduces environmental impact.



Integration/efficiency plan certified and joint transport area expanded

This four-company joint transport approach has also been acclaimed by government officials for mitigating environmental impacts and eliminating labor shortages, winning it certification as a comprehensive and efficient logistics plan under the Logistics Integration and Efficiency Act. Transport to Ishikawa Prefecture started in January, and there are plans to expand such transport to Toyama Prefecture as well in or around October 2017. Nippon Express will continue enthusiastically promoting modal shifts to railway and marine transport.

Trucking industry Number of motor transport/machinery operators (drivers, etc.)



Source: “Japan’s Trucking Industry: Present Status and Issues – 2016,” Japan Trucking Association

Large-scale modal shift achieved through four-company cooperation

A ceremony was held on January 19, 2017 at the Suita Cargo Terminal in Osaka Prefecture to mark the first departure of an Asahi Breweries-Kirin Brewery joint transport train. This major project brings together products from these two major beer manufacturers for transport by JR Freight and Nippon Express. We are utilizing a cooperation-based modal shift transcending corporate boundaries to take on social issues that individual companies on their own can only address in a limited fashion.



Cutting CO₂ emissions by about 2,700 tons annually

This joint transport handles shipments of about 30-40 12-foot containers per day, equivalent over a year to the volume transported by 10,000 long-haul trucks, thereby reducing CO₂ emissions by about 2,700 tons annually. Containers used for transport between the Kansai and Hokuriku regions were previously returned by rail empty to the Hokuriku region, but this project eliminates wasted energy consumption by using these containers to ship cargo on the return leg as well.



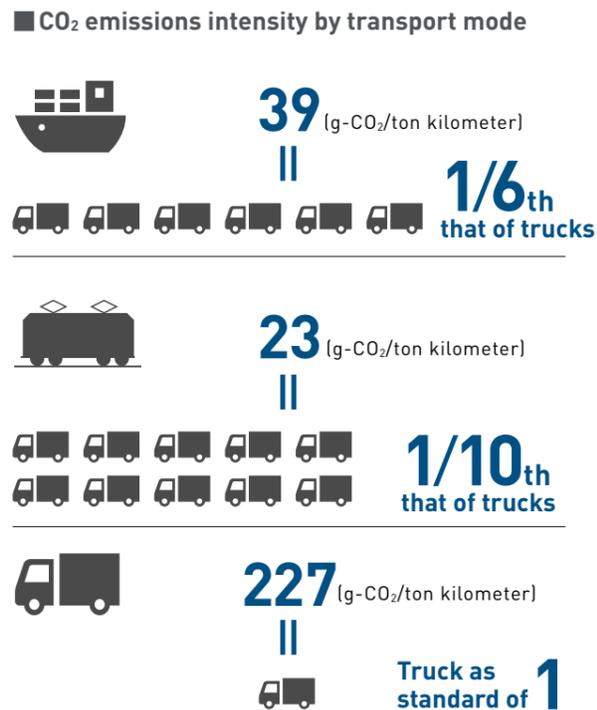
Promotion of Modal Shift

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 utilizes rail and marine vessels based on collaboration and cooperation with customers and logistics businesses.

Modal Shift to Rail Transport

Rail cargo transport is more effective the longer the distance and more massive the load and is a stable and secure method of transport based on precise railway timetables. It is in the spotlight as the most eco-friendly, highly efficient mode of transport that is effective in reducing CO₂ emissions.

Seeking to make optimal use of the safety and stability that are the strengths of rail cargo transport, Nippon Express is working with its customers to reduce its environmental footprint by promoting a modal shift to rail as an efficient mode of transport for everything from bulk freight to small-lot shipments. It also works as a partial solution to the shortage of truck drivers resulting from Japan's low birthrate and aging population.



* Source: "CO₂ emissions in the transportation sector" from the Ministry of Land, Infrastructure, Transport and Tourism website (http://www.mlit.go.jp/sogoseisaku/environment/sosei_environment_tk_000007.html)

TOPICS

Promoting rail transport overseas

The Nippon Express Group has developed transport services that utilize eco-friendly trains and ships both in Japan and around the world.

Russia

Substantially reducing transport time with the Trans-Siberian Railway

January 2017 saw the launch of our "Sea and Rail Moscow" intermodal door-to-door international transport service that cuts transport time by about one month for shipments from Japan to Moscow, Russia.

Marine transport to Moscow has conventionally entailed conveying cargo from Tokyo, Osaka or other major Japanese ports via Saint Petersburg, with the Trans-Siberian Railway only used on occasion for spot cargo. "Sea and Rail Moscow" takes cargo by sea from one of 41 ports across Japan nearest the customer to Vladivostok via Busan, South Korea, from where it is carried by the Trans-Siberian Railway to Moscow. Shipments by rail generate only about half the CO₂ emissions of those by ship, and only one-

eighth of those by truck. Trade between Japan and Russia is expected to be about 33% above 2016 levels* by 2020, and we intend to help reduce future environmental impacts by developing efficient transport services early on.

* Source: Data from IHS Markit



Train engine at Vladivostok Railroad Terminal

Comparison of marine and rail transport routes



India

Demonstration testing to promote freight rail use

Ongoing economic development in India has rapidly heightened demand for logistics services in the country but, with rail transport making little headway due to the difficulty of ensuring punctuality, there has been increasing reliance on truck transport. Prompted in part by petitioning from Japan, the Indian Ministry of Railways in June 2016 began operating freight trains on set timetables over specific railway sections.

With a commission from Japan's Ministry of Land, Infrastructure, Transport and Tourism, Nippon Express in August 2016 initiated a research project to promote the use of freight rail transport over these sections, and in January 2017 it joined with a Japanese company operating in India and an Indian logistics company to conduct a round-trip trial run of freight trains between Delhi

and Bangalore to demonstrate the viability of on-time operation and joint cargo collection in India.

These demonstration test results will be used in future efforts to provide the highly reliable transport services that are vital for India's economic development, and to help protect the global environment by more firmly establishing eco-friendly rail transport in India.



Freight train in India

TOPICS

"Railway Container NAVI" online service promotes modal shift to rail transport

Nippon Express offers "Railway Container NAVI," a navigation service that lets customers easily place orders for rail container transport, ascertain the status of shipments, and manage performance via the Internet. Customers can use a screen online to check where their cargo is at a given time, opt to receive e-mail alerts of railway delays and other problems as well as reports of completed deliveries, and manage logistics costs using ordering data. The ability to calculate per-container CO₂ emissions and energy consumption is another feature that customers interested in environmental management will find helpful.

Prompted in many instances by user suggestions and comments, "Railway Container NAVI" is being continually improved to make it more user-friendly and provide access to convenient information. As additional innovations are incorporated, this service will be made more widely available to enable customers to pro-actively choose to make a modal shift to rail transport.



"Railway Container NAVI" online screens

Modal Shift to Domestic Marine Transport

In 1964, the Nippon Express Group initiated combined land-sea services with Japan's first container vessel, the *Dai-ichi* (No.1) *Tennichi Maru*, between Tokyo and Muroran, followed by the *Dai-ni* (No.2) *Tennichi Maru* between Osaka and Muroran. In 2003, Nippon Express and MOL Ferry Co., Ltd. launched a joint service between Tokyo and Hakata with high-speed RORO^{*1} vessels *Himawari 5* and *Himawari 6*. In April 2013, *Himawari 7*, a state-of-the-art high-speed RORO vessel, went into service between Tokyo and Tomakomai. *Himawari 8* is scheduled to replace *Himawari 1*, which had been operating on Tokyo-Hokkaido routes, in September 2017.

Currently Nippon Express connects locations nationwide with bases at eight ports with seven large, state-of-the-art ships including two serving in our regular routes, and five in joint service with MOL Ferry. In domestic marine transport, Nippon Express is implementing various low-fuel-consumption initiatives to reduce CO₂ emissions.

Marine transport is an environmentally friendly means of shipping large volumes over long distances at low cost, and Nippon Express is committed to promoting a modal shift to domestic marine transport.

[Environmental performance of ships operated by Nippon Express]

Himawari 5, Himawari 6

These ships are equipped with auto-controlled engines that match fuel injection with vessel speed.

Himawari 7, Himawari 8

These ships have been outfitted with energy-saving hull designs, highly efficient variable-pitch propellers, high-performance reaction rudders with valves, low-friction paints, electronically-controlled main engines, and inverter-driven cooling seawater pumps.



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

TOPICS Hybrid containers compatible with both rail and domestic marine transport

Having developed 12-foot hybrid containers capable of being loaded on both trains and domestic vessels, Nippon Express carried out a trial transport run between Obihiro and Osaka on October 26, 2016. These hybrid containers can be transhipped between trains and domestic vessels without having to destuff and restuff containers, substantially improving operational efficiency, reducing transport cost and shipping time, and thereby encouraging a modal shift to rail and domestic marine transport.

These two transport modes can be flexibly selected

as needed in the event of an emergency, such as the suspension of train service in the wake of a natural disaster.



12-foot hybrid containers

TOPICS F-LINE Project wins MLIT Minister's Award at Green Logistics Partnership Conference

Nippon Express has been cooperating in the F-LINE Project, a platform for sustainable food logistics launched in February 2015 by six major food companies^{*2} that are also Nippon Express customers. In the Project's first phase, joint delivery operations were carried out as part of the restructuring of logistics in the Hokkaido region that began in April 2015, with the Nippon Express Sapporo East Branch's New Sapporo Logistics Center serving as an inventory hub, with the result that CO₂ emissions were

reduced by about 16% from 2014 levels and the number of vehicles used for transport was cut by about 17%. In recognition of its effectiveness, the Project received the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) Minister's Award at the 15th Green Logistics Partnership Conference in December 2016 as part of the Excellent Green Logistics Commendation Program.

*2 Ajinomoto Co., Inc., Kagome Co., Ltd., The Nisshin OilliO Group, Ltd., Nisshin Foods Inc., House Foods Group Inc., Mizkan Co., Ltd.

TOPICS Substituting for rail transport in disaster-hit areas

Typhoon No. 10 (Typhoon Lionrock) struck Hokkaido in August 2016, knocking the Donan Isaribi Tetsudo Line, the Hakodate/Muroran Line, the Sekihoku Line, and the Nemuro Line out of service for some time. Nippon Express

provided substitute transport by truck and domestic vessel for cargo that was to have been transported on these rail lines, and received a letter of thanks from JR Freight in January 2017 for this effort.

Promoting Eco-Driving

The Nippon Express Group's business of delivering customers' goods across the world necessitates energy consumption and CO₂ emissions commensurate with current technology. As one approach to reducing the environmental impact of our business activities, we have been incorporating eco-driving into our truck transport operations.

Initiative as an Eco-Driving Training Course Provider

Eco-driving is a means of operating vehicles that holds down CO₂ emissions and fuel consumption by boosting fuel efficiency, and that contributes to greater safety. The Nippon Express Group has been utilizing fuel consumption gauges in conducting eco-driving training at the Izu Training Center, an in-house educational facility. In addition, Nippon Express in December 2012 became the first logistics firm to be certified as an eco-driving training course provider by the Foundation for Promoting Personal Mobility and Ecological Transportation, with the aim of raising employee awareness and maximizing the three effects of eco-driving, namely environmental protection, greater safety and cost savings.

Courses to certify Nippon Express drivers have been conducted at the Izu Training Center since fiscal 2013, and 516 employees have completed the eco-driving course thus far. The Training Center will be offering this course on four occasions in fiscal 2017, and eco-driving training will also be given at branches all over the country by graduates of this course to promote and instill eco-driving practices.



Eco-driving course

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 achieving greater safety.

To ensure that its drivers operate their vehicles safely, ecologically and economically, Nippon Express has included safe eco-driving in the curriculum for new employee training and driver instructor training, courses that handle approximately 1,100 people per year. Driver

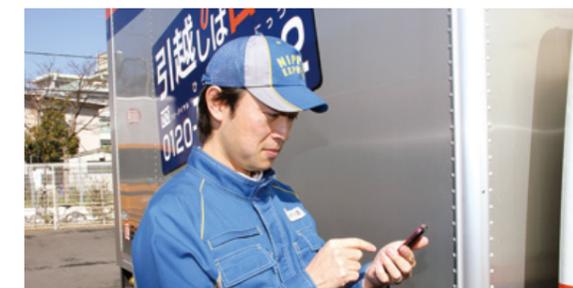
instructors teach fellow drivers at their own facilities the knowledge and skills they have acquired, and all Nippon Express drivers undergo continuous education to maintain safe eco-driving practices.

Digital Tachograph

Nippon Express has independently developed an Operation Support System, incorporating management of vehicle operations, loading/unloading and other operations, and working hours, and has been applying this system since fiscal 2014.

The Operation Support System links up digital tachographs and work terminals (smartphones), enabling centralized cloud-based management (Nippon Express Cloud) of a variety of data. We are also introducing IoT technology to manage the working hours of drivers clocking in and out with IC-equipped driver's licenses.

By combining Nippon Express' unique training with IoT technology, we hope to eliminate traffic accidents and reduce CO₂ emissions (while improving fuel efficiency).



Driver carrying work terminal (smartphone) and connecting with digital tachograph



Heading out



Checking vehicle operational status from the office

Using the NEES System to “Visualize” Energy Use

Nippon Express has been using the Nittsu Ecology & Economy System (NEES), its own energy use visualization system, since 2011. This system allows us to get an accurate picture of energy use, including diesel, electricity, gas, and more, at approximately 2,000 locations in Japan at present. Information obtained by the system is used to tailor PDCA cycles to the specific circumstances of particular offices, allowing us to administer environmental management systems at individual business locations and

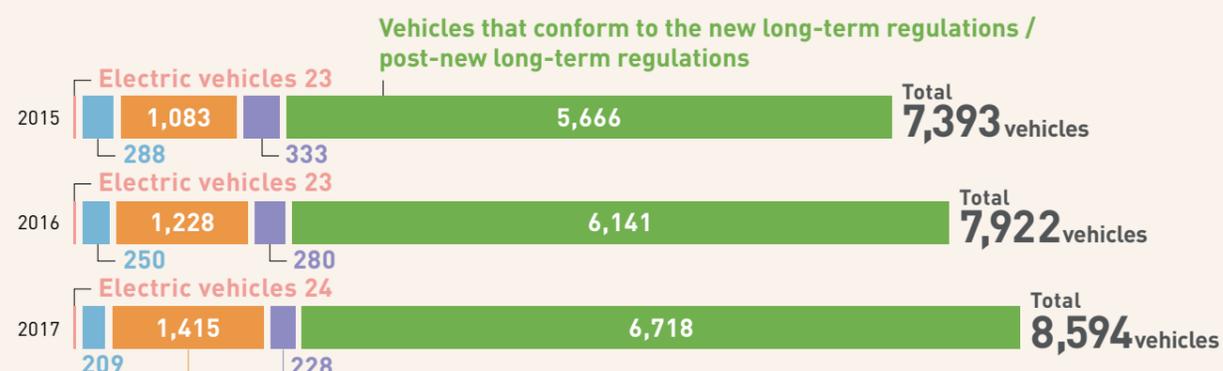
undertake efforts to reduce energy use. NEES also allows us to monitor energy use company-wide, and the aggregated data showing the outcomes of our energy-saving measures and other environmental efforts has proven useful for disclosures of information to interested outside parties. Going forward, we will continue to actively use NEES as a platform for efficiently using energy/ resources and preventing global warming.

Environmentally Friendly (Low-Emission) Vehicles

Nippon Express actively adopts environmentally friendly vehicles. We have introduced CNG, hybrid and LPG trucks while focusing on low-emission diesel

trucks that conform to new long-term regulations, with a fleet of 8,594 vehicles as of March 31, 2017.

■ Nippon Express Group: Number of environmentally friendly vehicles in fleet (as of March 31, 2017)



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 percent lower than gasoline, NOx^{*1} emissions are much lower than diesel and there is no PM^{*2} exhaust. However, further problems that need to be solved include making fuel tanks smaller and lighter and increasing the number of fueling 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 gasoline. Once the CNG is depleted, the motor can be manually switched to gasoline, eliminating any concern of running out of CNG while out on the road and making it possible to cover a considerable 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.



*1 NOx: Nitrogen oxide *2 PM: Particulate matter

Sound Company Conduct

Compliance Efforts

Compliance Management Structure

Nippon Express set up its Compliance Division (now the CSR Division) in 2003 to give greater importance to compliance management, and established its Compliance Regulations in October of that same year. A Compliance Committee headed by the president has been set up in the Head Office, and the “Nittsu Speak-up” whistleblower system and other measures put in place to ensure honest and fair corporate activities.

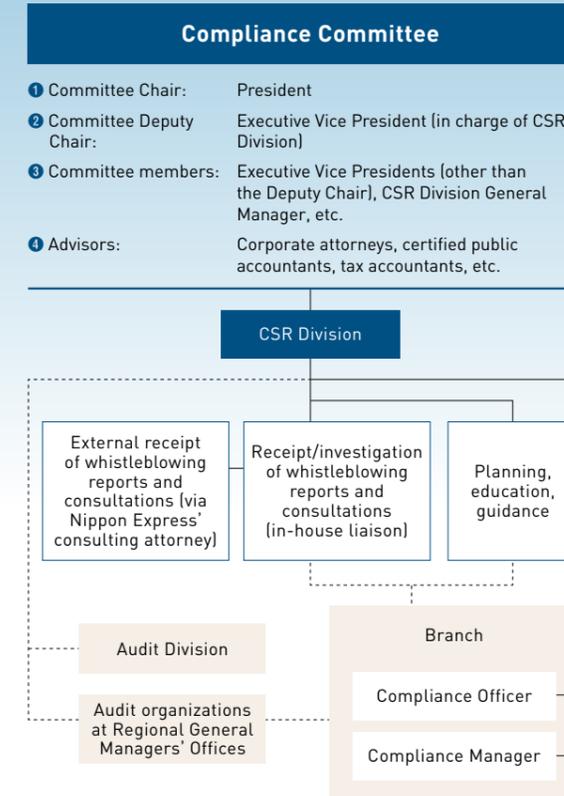
In FY2016, Nippon Express conducted its 18th Compliance Questionnaire Survey of all Nippon Express employees, temporary staff, and Nippon Express Group affiliate companies (140 companies), and attained a response rate of 85.3%. Following up on the success of its first effort in FY2015, the Group again solicited compliance slogans from employees, incorporating the best of these into calendars displayed in Nippon Express workplaces to improve compliance awareness.

These survey results will be used to develop educational programs and on-the-job training with the aim of ensuring full and continual compliance awareness.



*Compliance Fair and Square! calendar

Compliance management system

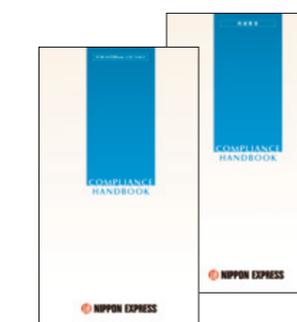


Employee Education Using Our Compliance Handbook

Complying with laws and regulations in the countries/ regions in which the Nippon Express Group operates as well as understanding and implementing the fair business practices increasingly demanded today are essential for the Group to continue operating globally as a logistics enterprise. At the same time, the Group must also give serious attention to respect for human rights in a broader sense beyond the workplace and work environment, particularly in developing countries.

Education using the Compliance Handbook has been conducted in Japan since FY2003, and more than 18,000 copies of the English-language and Chinese-language editions of the Compliance Handbook (Overseas Edition) were distributed to Nippon Express Group companies overseas in FY2015 for use in employee training incorporating Group companies' own management/educational methodologies. Active use of the Compliance Handbook in educational efforts was continued in FY2016, with companies reflecting the Handbook's ideas in their own work regulations,

translating it into their national languages, and developing e-learning based on its content.



Compliance Handbook – Overseas Edition (English and Chinese versions)



Compliance Handbook – Japan Edition

Developing people, economies, and environments for the future

Human Resources Development in Asia

Remarkable economic growth in Asia has driven the establishment of increasingly extensive logistics networks, and the Nippon Express Group provides services across Asia through its global logistics network. We are working to upgrade intra-regional logistics services in Asia as well as domestic logistics services in individual Asian countries, and to ensure transport safety and improve quality at Group companies and their local partners. To assist in developing the economy and conserving the environment of the region as a whole as we expand our business there, we are creating opportunities inside and outside the Company to develop human resources to carry on the next generation.

Training Personnel from Various Countries as Driver Instructors

Ensuring higher trucking safety and quality requires that we improve the awareness and skills of each and every driver. We have been training drivers and offering technical instruction in countries across the South Asia-Oceania Region to provide sustainable high-quality service, and in 2017 we began in earnest to train driver instructors carefully selected from among national staff with the aim of improving the level of locally-based drivers in these countries.

Nippon Express (Vietnam) was selected as a model company for the lateral extension of instructor training across the region, and two Head Office instructors capable of training/guiding driver instructors and a safety manager were dispatched from Japan. The regional headquarters company Nippon Express (South Asia & Oceania) sent an additional two Japanese technical instructors, who joined in providing safety instruction to a total of 23 persons: 10 Vietnamese driver instructor candidates, safety management leaders, etc.

Vietnam stretches a considerable distance from north to south, and there are significant differences in culture and customs between north and south; even the names of truck parts differ. The driver instructor training course conducted in April 2017 overcame these differences to provide instruction aimed at improving safety and quality uniformly throughout Vietnam. On the final day of the course, candidates from across the country came together in the southern city of Ho Chi Minh and fostered even greater sense of solidarity and competitive spirit.

This driver instructor training course is conducted in three stages, like its counterpart course in Japan. We are now endeavoring to establish systems that will allow such training to be offered regularly in local workplaces across Vietnam.

Driver instructor training course



Video-based instruction (on the benefits of Nittsu Exercises, the importance of daily inspections, etc.)



Learning how to use inspection hammers



Teaching Nittsu Exercises



Inspecting tires, wheels, etc., using inspection hammer



Training trailer managers and controllers



Course participants

Safe Eco-Driving Activities in Southeast Asia

Poorly maintained roadway infrastructure and frequent traffic accidents due to inexperienced drivers have become problematic in Southeast Asia. In 2012, the Nippon Express Group introduced digital vehicle operation recorders (digital tachometers) to encourage "Safe Eco-Driving" in Malaysia and, in conjunction with this, dispatched driver instructors from Japan to offer training on appropriate

vehicle operation and driving professionalism. The results were lower fuel costs, better driving manners, an improved safety record, and even greater customer satisfaction.

This Malaysia program is now being extended to Vietnam and other Southeast Asian countries.

* "Safe Eco-Driving" is a composite of three ideas: safety, ecologically friendly driving, and economical driving.

Supporting Development of the Next Generation across China

The Nippon Express Group does not focus its efforts exclusively on developing human resources to expand its own business but, in the interest of progressing alongside local communities, also strives to provide wide-ranging support for educating the next generation. We have been offering extension courses and inter-cultural exchanges across the East Asia Region, as exemplified by our efforts in China described below.

Hosted Open Lecture at Beijing Wuzi University's School of Logistics

On May 12, 2017, Nippon Express (China) held a scholarship award ceremony and an open lecture at Beijing Wuzi University. Beijing Wuzi University is known for its educational programs in the areas of logistics and distribution, and its School of Logistics is one of China's leading academic departments specializing in logistics.

Nippon Express (China) established a "Nippon Express Scholarship Fund" with this School in October 2014 as part of its ongoing efforts in industrial-academic collaboration. The open lecture held this past May was the seventh such lecture. More than 100 students from the School's logistics management, logistics engineering, and other programs attended this open lecture on supply chain logistics, and the lively question-and-answer exchanges that took place during and after the lecture demonstrated the students' great interest.

Joint research and other new endeavors are being planned for the future.

Held Scholarship Award Ceremony and Open Lecture at Shanghai Maritime University

Nippon Express (China) and Nippon Express (Shanghai) are also pursuing industrial-academic cooperation with Shanghai Maritime University. One of China's leading maritime universities with 15 schools and 55 programs, Shanghai Maritime University offers internships via the Nippon Express Scholarship Fund established in January

2016, and strives to develop human resources capable of taking on active roles in the global logistics industry.

A scholarship award ceremony on February 24, 2017 was followed by an open lecture entitled "International Marine Transport Operations and Customer Supply Chains." Numerous questions were posed by the participating students, and a vigorous exchange of opinions took place.

Students from Miyazaki Municipal University Hosted for Practical Inter-Cultural Exchange

On March 3, 2016, Nippon Express (Suzhou) hosted a company tour for 30 students from Miyazaki Municipal University (Miyazaki City, Miyazaki Prefecture) participating in a short-term study abroad program at Suzhou University. On this tenth annual tour, the Japanese students were given a briefing on the Chinese economy and on Japanese companies expanding into China, and afforded opportunities to interact with people actually working in China.

This tour has become highly regarded by both Miyazaki Municipal University and Suzhou University, and Nippon Express (Suzhou) will continue cooperating with these institutions to help cultivate next-generation human resources capable of performing on a global stage and to deepen Japan-China friendship.



Miyazaki Municipal University students with Nippon Express (Suzhou) employees

Safety Initiatives

The Nippon Express Group strives to provide logistics services that contribute to a safe and worry-free lifestyle for its stakeholders. The Group never loses sight of its overall commitment to safety first and, in view of the fact that we use public infrastructure such as roads, ports, railroads, and airports in our business, we firmly believe that safety is one of our greatest social responsibilities. Keeping our social and public mission in mind, we place considerable emphasis on safety management initiatives, in order to thoroughly ensure safety and provide peace of mind.

Safety Pledge and Symbolic Sculpture

The Nippon Express Group established a Safety Pledge to raise and instill safety awareness throughout the Group. We inscribed the pledge on symbolic sculptures that we commissioned and had installed in the Nippon Express Head Office and the Izu Training Center.

The Safety Pledge attests to our resolve to prevent accidents and disasters, and we make various efforts reminding us to put this pledge into practice on a daily basis.



Safety Pledge



Safety Symbolic Sculpture
Poem of Wind and Light—A
Artist: Itaru Mishiku

Fiscal 2017 Safety and Health Management Policy

Ensuring the safety and health of our employees is both a grave social responsibility and key to remaining a competitive entity. Our safety-first policy is realized through the adoption of the following measures, which when implemented must not compromise the spirit and dignity of the individual worker.

1. Create a disciplined workplace environment based on relationships of trust.
2. Correctly understand and follow the fundamentals and rules.
3. Establish autonomous organizations in which employees can identify and resolve issues in their own workplaces.
4. Promote measures to deal with mental health issues.
5. Promote measures to deal with lifestyle-related illnesses.
6. Promote measures to prevent overwork.

Raising Safety Awareness

Since fiscal 2014 we have been producing “Safety Above All” posters signed by the president and displaying these in all workplaces to raise safety awareness.

In fiscal 2017 we are seeking to ensure safety by striving for zero routine accidents/incidents in individual workplaces, as well as zero serious accidents/incidents and a 10% or greater decline year-on-year in the number of accidents/incidents across the Group.



Safety awareness poster

Offices certified for safety excellence (G-Mark) (as of January 2017)

	Licensed offices	G-Mark certified offices	Certification rate
Cumulative total of certified Nippon Express offices	538	520	96.7%
Certified Nippon Express Group offices	258	240	93.0%

[Reference] Certification across entire industry (as of December 2016)

	Offices	G-Mark certified offices	Certification rate
Nationwide (Japan)	84,173	23,414	27.8%

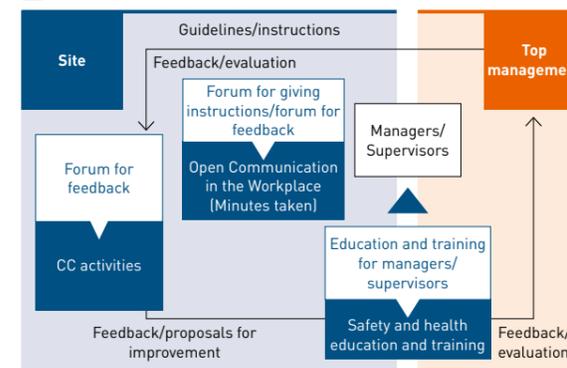
Nippon Express Safety & Health Management System (NSM)

In April 2010, after a thorough review of the existing safety and health management program, the Nippon Express Group decided to launch the Nippon Express Safety & Health Management System (NSM). NSM is built upon three solid sub-programs.

The first sub-program is “Open Communication in the Workplace,” under which an efficient forum has been established for disseminating corporate policy and strategic direction to all employees. The second sub-program, “Challenge Circles (CC),” is based on holding small group discussions focused on both local, branch-level issues and more general concerns, e.g. what measures should be taken to better ensure a higher level of safety in the workplace and on the job. The third sub-program is health and safety training/education for supervisors and managers.

NSM is designed to realize a better workplace environment through the three sub-programs outlined above. Once implemented, the NSM will operate in accordance with the PDCA (plan, do, check, and act) cycle throughout the life of the program. By introducing NSM, we will come closer to achieving a safe, healthy work environment with built-in continuous improvement.

Structure of NSM



Safety Measures for Affiliates and Sub-Agents

Operation sub-agents are, by definition, independent entities and will implement safety measures under their own responsibility in line with the scope of business involved. However, as members of the Nippon Express Group, it is essential for these companies to operate to the same safety standard as that of Nippon Express. To ensure this is the case, our Head Office requires that responsible employees of these entities undertake the same safety training and education as that provided to Nippon Express employees.

Furthermore, Nippon Express has conducted biannual

safety meetings with its affiliates and sub-agents to further support our goal of ensuring safe, reliable, and consistent service to our clients. 5,229 companies participated in safety meetings in fiscal 2016.

Training and Education System

The Nippon Express Group has been focusing on the importance of safety education and training for truck drivers and forklift operators, in order to prevent workplace accidents.

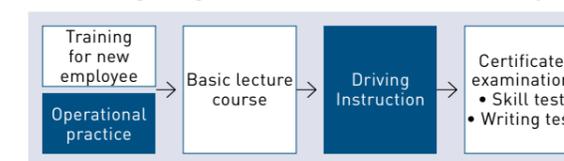
Nippon Express has set up a certification examination system to certify that Group truck drivers and forklift operators have acquired suitable knowledge/skills and driving manners and are capable of safe driving. Only when they have completed this unique training and examination program are employees able to assume their duties as drivers and forklift operators.

Playing central roles in this training are the employees designated as instructors by their respective branches after completing the “Basic Training” and “Training for Instructors” courses at the Izu Training Center. These instructors provide instruction aimed at ensuring zero accidents and incidents, formulate training plans for their respective branches, and take active part in inculcating basic behaviors, improving skills and otherwise training fellow drivers. The instructors themselves also receive regular follow-up training to improve their skills and keep them up-to-date on the latest information.

In fiscal 2016, we launched a new Head Office Instruction Supervisor system. Under this system, each relevant division at the Head Office designates instructors with especially high abilities, leadership, and safety awareness as Head Office Instruction Supervisors.

The roles of Head Office Instruction Supervisors are to raise their own motivation as training instructors and to train instructors who will play a central role in the handing down of high-quality skills, in an effort to improve and create uniformity in work quality and to raise safety awareness and increase skills even more.

Training Program for Drivers and Forklift Operators



Instructor System for Driver and Forklift Operator



TOPICS

Nippon Express Group Nationwide Contest for Drivers and Forklift Operators

The Nippon Express Group holds its Nationwide Contest for Drivers and Forklift Operators every year, with the aim of improving equipment inspection skills and operating skills with an emphasis on safety and driving for lower fuel consumption. The goals of the contest are to prevent traffic accidents and workplace injuries, lessen the impact on the environment, and pursue lower costs, while also raising the self-awareness and pride of drivers and forklift operators, thus fulfilling our social responsibility.

The contest held in May 2016 featured 49 drivers and 48 forklift operators from branches and Group companies nationwide, with four other employees from the East Asia Region invited to put on demonstrations. These four employees were the top finishers in the Forklift Operator Contest held in Shanghai in March of that year, and their impressive demonstrations won loud applause from the audience.

[Comments by Japanese participants]

- I am extremely happy that my day-to-day efforts paid off in victory.
- I intend to continue striving for zero accidents in future.
- I am very grateful to my workplace and the Head Office instructors that have helped me develop this far and to my family.

[Comments by participants from the East Asia Region]

- I would like to disseminate in China the things I learned here.
- I felt the propriety of the Japanese participants made itself apparent even in their skills.
- I learned that safety awareness and skills training are both important.
- I hope to pick up some of Japan’s know-how through these exchanges.



Yoko Ichiyanagi received honorable mention in the Women Driver’s Category (2-ton)



Participants from the East Asia Region

TOPICS

Winning awards in competitions outside the company

With the aim of improving the safety and quality of driving and machine operation, the Nippon Express Group actively takes part in competitions held by organizations affiliated with the Ministry of Health, Labour and Welfare and the Ministry of Land, Infrastructure, Transport and Tourism. The employees who take part in such competitions have been honing their skills and gaining knowledge by practicing safe driving and safe operation, and putting their own skills and knowledge to good use in improving those of their colleagues.

In fiscal 2016, Nippon Express Group employees participated in the 31st All-Japan Forklift Driver Skills Competition (hosted by the Land Transportation Safety & Health Association) and the 48th National Truck Driver Contest (hosted by the Japan Trucking Association).

The National Forklift Operation Competition held in September had 23 participants from the Nippon Express Group, one of whom came out on top, with three others placing in the top ranks. The National Truck Driver Contest was held over a two-day period in October, and 38 Nippon Express Group employees participated. These employees took first, second, third and fifth places in the 11-ton category; first, third and fourth in the trailer category; second in the women’s category; and fifth in the 4-ton category.

On July 13, the winner of the Prime Minister’s Award and two employees who won in other categories in the 2015 47th National Truck Driver Contest paid a courtesy call on Prime Minister Shinzo Abe, who offered them words of encouragement: “Truck transport is indispensable to people’s lives, and I hope you will help out as workplace leaders in teaching and disseminating safe driving techniques.”



47th Truck Driver Contest Prime Minister’s Award Takao Watanabe



4-ton category winner – Shuhei Yano



Trailer category winner – Akimichi Tanaka

Promoting Diversity

Promoting Active Roles for Female Employees

If Nippon Express is to enjoy continuing development, it is essential that female employees play active roles.

One of the goals set by Nippon Express in the action plan it formulated in response to passage of the Act on Promotion of Women’s Participation and Advancement in the Workplace was that of ensuring a ratio of 30% or more females among new graduates hired for career-track positions. Female employees accounted for 37.8% of the new employees joining the company in April 2017, so this target was successfully achieved for the first fiscal year of the plan.

Moving forward, we will continue our hiring and career continuance efforts, and step up our support to help women advance their careers.

Action Plan based on the Act on Promotion of Women’s Participation and Advancement in the Workplace

- 1. Plan period**
Three years from April 1, 2016 to March 31, 2019
- 2. Quantitative targets**
 - Ensure that at least 30% of new graduates hired for management track positions are women
 - Increase women’s length of service to at least 70% that of men
- 3. Initiatives**
 - Provide information on the working styles of female employees, in order to increase the number of applications from women students
 - Provide better training that encourages women to play an active part in the company
 - Consider highly flexible working styles aimed at keeping women on the job

Helping Employees to Balance Caregiving and Work

Japan is a super-aged society, with people 65 years old or older now constituting more than one-fourth of the total population. With people leaving work to care for ailing family members at home becoming a serious social issue, Nippon Express has been striving to offer employees support that would enable them to provide care while holding on to their jobs. We have instituted caregiving leave and other programs, encouraged understanding at workplaces, and prepared/distributed a handbook offering information useful to



employees facing potential caregiving responsibilities to dispel their anxieties.

Employment of Persons with Disabilities

In seeking to increase the employment rate of persons with disabilities, the Nippon Express Group has been expanding the range and scope of work opportunities throughout its network in Japan. Accredited as a special subsidiary company to employ persons with disabilities, Nittsu Heartful Co., Ltd., is responsible for the production of business cards and other printed matter and for internal mail services within the Head Office Building. The company is also actively engaged in providing business support services by dispatching persons with disabilities to suitable positions at Nippon Express offices in the Tokyo area.

TOPICS

Establishing a Diversity Promotion Group

On May 1, 2017, Nippon Express’ Head Office established a Diversity Promotion Group to oversee diversity management as a means for reinforcing management infrastructure, as called for in the Nippon Express Group Corporate Strategy 2018 (being implemented since FY2016).

The Diversity Promotion Group’s objective is to create a company in which all employees enjoy job satisfaction. To that end, it is urgently working to promote active roles for women, improve the hiring/training of global management personnel, and cultivate specialist human resources in line with the Corporate Strategy.

The logistics industry has a characteristically low percentage of female employees, and little progress has been made in promoting female employees to managerial posts. However, active roles for female employees are essential for future business expansion and greater corporate value, so it is imperative that we establish a working environment offering backup support to female employees.

With support for greater participation by women in the workplace as a major focus, the Diversity Promotion Group will strive to ascertain the status quo at all workplaces and implement effective measures as needed.



Members of the Diversity Promotion Group

Hiring and Developing Human Resources Locally at Overseas Locations

The Nippon Express Group has extended its business operations worldwide, establishing regional headquarters companies and local subsidiaries in various regions. These companies host employees seconded from Japan and actively hire skilled national staff, regardless of race, nationality, religion or sex, giving due consideration to advice from in-house attorneys and other experts to ensure they comply with local laws and labor practices.

Human resources are being developed in keeping with the customs and cultures of each country/region, and our business locations share examples of successful practices with other offices and companies engaged in the same business so that these practices can be mutually applied to develop human resources.

Our business locations are also working individually to comply with the Corporate Philosophy and Charter of Conduct established and shared by the Nippon Express

Group. Managers are increasingly being promoted from among national staff, and employees of various nationalities are assuming central roles in our business endeavors.

International Student Program

For a Japanese company engaged in global business, it is vital to train future employees who will be capable of acting as a bridge between Japan and the rest of the world.

In parallel with its efforts to train national staff, Nippon Express has been hiring foreign students under a new full-time employee system that offers foreign university students a greater scope of activity in which to utilize their distinctive talents. The foreign students hired are assigned to posts in Japan or in their home countries. We are very much counting on them to augment the business development of our overseas business locations, and we are looking to these students to serve as a driving force in creating new business domains that fuse diverse values.

Measures to Reduce Overtime

Directive to Reduce Overtime

Under the executive order of the President, Nippon Express is working to ensure that each employee’s overtime does not exceed predefined limits. Specific measures include close monitoring of overtime for each employee at the branch level. If the employee’s overtime is close to the allowable limit, the responsible manager is required to review the workload allocation and determine, with the support and input of the administrative department, how to increase overall efficiency and reduce the total number of working hours for the branch and its employees.

In the event an individual employee’s hours are habitually over the working hour limit, this must be reported to the Board of Directors. Measures such as this should make clear the solid commitment of the company, at all levels, to resolve the issue of excessive working

hours, with these measures to remain in place until the issue is resolved.

Measurement and Control of Working Hours

Office workers’ working hours are measured against the operating hours recorded on the PC (time elapsed from PC power-up to shutdown) assigned to the individual employee, while drivers’ working hours are measured with digital tachographs.

Objective digital measurement of actual working hours has made it possible to implement appropriate measures to better manage working hours. The same data is also being used to set baseline levels for maximum allowable working hours in order to support the elimination of excess overtime.

Respect for Human Rights

The Nippon Express Group continues to engage in dialogues with various stakeholders and global human rights experts, seeking to understand the impact of our company’s activities on human rights and to ensure that

there are no actual adverse impacts. Interviews and hearings were held with local subsidiaries overseas in fiscal 2015, and similar efforts will be made in fiscal 2016 as well.

Stakeholder Engagement

The Nippon Express Group believes that it is vitally important to engage in two-way communication with a diverse stakeholders in order to best respond to their expectations and concerns.

Engagement with main stakeholders

Shareholders and investors

- Holding of General Shareholders’ Meetings
- Holding of results meetings

Affiliates and subcontractors

- Holding of safety meetings

Employees

- Internal whistleblowing system
- “NITTSU Speak-up”
- Individual interviews



Customers

- Displays at exhibitions
- Taking opinions at Customer Service Center (telephone, Internet)

NGOs and NPOs

- Dialogue with groups conducting global CSR initiatives
- Participation in Stakeholder Engagement Program

Communities, societies

- Participation in business/industry organizations
- Social contribution activities

Government-affiliated organizations

- Attendance at various briefings
- Participation in various meetings

Dialogue with International CSR Experts

Representatives from Nippon Express met with Roel Nieuwenkamp, Chair of the Organization for Economic Co-operation and Development (OECD) Working Party on Responsible Business Conduct, and Thomas Thomas, CEO of the ASEAN CSR Network, in September 2016 to engage them in dialogue on the Nippon Express Group’s CSR efforts.

In the course of this dialogue, views were exchanged on a broad range of CSR issues – the Paris Agreement, a new international framework to address climate change; supply chains, an issue gaining attention worldwide; CSR performance and incentive; risks of indirect involvement in human trafficking as well as forced labor connected with construction sites overseas; workplace health and safety and information security, etc. – and the two experts introduced good examples from other global companies and offered advice on our own efforts.

The Nippon Express Group is working to ensure compliance with local and national laws and regulations as a matter of course and, in cooperation with relevant

institutions, to prevent or mitigate adverse impacts caused by our business activities and relationships. We will be engaging in further two-way communications with stakeholders to understand the expectations and concerns toward our Group internationally, and apply the lessons learned to our CSR activities.

Attendees

Outside participants

Roel Nieuwenkamp
Chair, OECD Working Party on Responsible Business Conduct
Thomas Thomas
Chief Executive Officer, ASEAN CSR Network

Chairperson

Saul Takahashi
Japan Representative, Business & Human Rights Resource Centre

Participants representing Nippon Express

Kazuhiko Mitoma
General Manager, Corporate Social Responsibility Division
Kazuki Oonaka
Group General Manager, Corporate Social Responsibility Division
Kengo Sato
Assistant Group General Manager,
Corporate Social Responsibility Division
Noriko Ozawa
Manager, Corporate Social Responsibility Division



Participation in Stakeholder Engagement Program

Like the year before, Nippon Express participated in the Stakeholder Engagement Program organized by the Caux Round Table Japan in June 2016 to better understand the UN Guiding Principles on Business and Human Rights and the CSR issues relevant to our company.

Alongside program participants from other companies, NGOs/NPOs, and experts, we studied the UN's Sustainable Development Goals (SDGs) and recommendations made by NGOs/NPOs at the G7 Ise-Shima Summit, and participated in workshops designed to identify sector specific issues based on the SDGs. The information and knowledge that we gained through the workshop will be put to good use in Nippon Express' future CSR activities.

In September, we participated in the 2016 Business and Human Rights Conference in Tokyo, thereby gaining a deeper understanding of global discussions on business and human rights, and of concrete efforts and trends relevant to hot topics: responsible supply chains; access to remedy; business, human rights and institutional investors (CHRB: Corporate Human Rights Benchmarks); and mega-sports events and human rights.



2016 Business and Human Rights Conference in Tokyo ©2016 Caux Round Table Japan

Relationship with the Worker's Union

The Nippon Express Worker's Union was launched in 1946 and, as of the end of March 2017, has 22,625 members. Nippon Express and the Nippon Express Worker's Union have affirmed that, within the relationship of mutual trust that they have built, both parties will respect the other's situation, maintain order between labor and management and cooperate while aspiring to the common goals of developing business and improving the working environment.

Nippon Express places great importance on labor-management communication in order to reflect the collective will of employees in company management.

To ensure regular exchanges of views on company management, a Central Management Council has been set up as a venue for general discussions between the Head Office and the Nippon Express Worker's Union Central Division, with Branch Committees providing opportunities for discussions between company and union branches.

Nippon Express also holds special committee meetings between labor and management, focusing on specific issues such as occupational safety and health, as part of our efforts to realize a well-ordered working environment that ensures job satisfaction. At these meetings, we analyze the current situation and discuss future initiatives.

Dialogue with New Employees

Every year at Nippon Express, staff members of the CSR Division hold a dialogue about CSR as part of new employee training. New employees read the CSR Report beforehand and engage in the dialogue with an understanding of our initiatives.

During the new employee training in April 2017, a dialogue was held with the 308 new employees over two sessions that included lively Q&As and exchanges of opinions on topics such as the direction of CSR at Nippon Express, methods of teaching compliance, relations with NGOs/NPOs, future prospects for investment in environmental conservation, and moves toward joint distribution and modal shifts.

In addition to the dialogue, the new employees took classes on subjects such as compliance, personal data protection, and proper disposal of waste.



New employee training

External Evaluation

Stakeholders have assessed various initiatives taken by the Nippon Express Group. We present some of these assessments below.

Recognized by Malaysian Government Body as Best Freight Operator

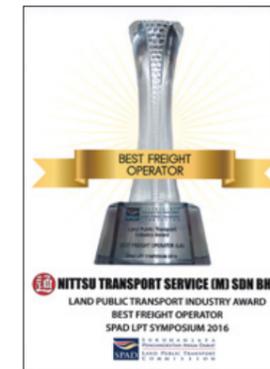
In October 2016 Nittsu Transport Service (M) Sdn Bhd ("NTS") was presented with the Best Freight Operator Award by Malaysia's Land Public Transport Commission. To raise industry norms, the Malaysian government grants this prestigious award to companies committed to efficiency in their routine operations and demonstrating outstanding management efforts.

Scoring high marks in the eyes of the Land Public Transport Commission were NTS' high level of transport safety and its pro-active introduction of environmentally-friendly eco-driving practices.

In January 2017, NTS also received the Best Worldwide Sustainable Freight Operator Award from the Malaysia Canada Economic Council for its significant contributions to Malaysia-Canada trade in the field of logistics.

NTS has been promoting eco-driving companywide, and

its cutting-edge efforts in Malaysia not only have reduced CO₂ emissions but have also proven effective in cutting fuel and vehicle maintenance costs as well as preventing traffic accidents. NTS hopes to leverage this award to develop "Nippon Express Quality" services that will help push Malaysia's economic development forward.



Other external awards

(Partial excerpt) (period covered: April 1, 2016 to June 30, 2017; dates are those on which the news release was posted to the Nippon Express website or on which the award was received)

May 6, 2016	Won the 30th Anniversary Special Commemorative Award at the All-Japan Convention for Logistics Improvement Case Studies http://www.nittsu.co.jp/press/2016/20160506-1.html
May 31, 2016	"Container Round Use" received Logistics and Environmental Special Award http://www.nittsu.co.jp/press/2016/20160531-2.html
July 13, 2016	Eco-Ship modal shift business jointly won Ministry of Land, Infrastructure, Transport, and Tourism Maritime Bureau Director's Award http://www.nittsu.co.jp/press/2016/20160713-1.html
July 2016	Selected as investment stock (index portfolio stock) for SNAM Sustainability Index
December 14, 2016	Joint winner of MLIT Minister's Award at 15th Green Logistics Partnership Conference (please see related article on p. 15)
February 22, 2017	Won Award for Excellence at 20th Environmental Communication Awards 
February 27, 2017	Certified as one of the White 500 Outstanding Companies in Health and Productivity Management 2017 http://www.nittsu.co.jp/press/2017/20170227-1.html (please see related article on p. 36) 
June 1, 2017	Awarded Logistics Environment Grand Prix at 18th Logistics Environment Awards (please see related article on p. 11)

Engaging with Customers

The Nippon Express Group has expanded its logistics infrastructure and networks as the Japanese and global economies have developed. To support a high quality of life for customers in Japan and globally through logistics, we take our customers' opinions seriously in seeking to provide high-quality services that will allow us to continue enjoying customer trust and satisfaction.

Improving Customer Service

Nippon Express has arranged for a number of ways of soliciting and responding to customer inquiries and wishes. Contact information for sales locations is posted by region on the Nippon Express website, while telephone calls and online inquiries are handled by the Customer Service Center.

Users of our moving services are asked to participate in our questionnaire survey. The opinions garnered thereby serve as valuable references in making future business improvements and developing services, which in turn will improve customer satisfaction and service quality.

Providing Special Transport Services

Fine arts transport and heavy haulage and construction are among some of Nippon Express' transport services requiring specialized skills and a wealth of experience as well as special facilities and equipment. We are endeavoring to maintain/improve our service quality and meet customer needs through such specialized units as the Fine Arts Business Division and the Heavy Haulage & Construction Business Division.

The Fine Arts Business Division transports articles for display at exhibitions held all across Japan and entire collections when art galleries and museums relocate. The numerous exhibits that come from overseas as well as treasures and Buddhist statuary from temples and shrines around Japan are all culturally/historically important, and many have been designated National Treasures or Important Cultural Properties. Closely coordinating with all parties involved, we pay special attention to every detail when transporting these items to ensure that we do not diminish their value.

The Heavy Haulage & Construction Business Division,

responsible for transporting and installing heavy equipment and constructing plants and other facilities, helps build/maintain important social infrastructure in the vast majority of its projects at various locations. The Division maintains close communication with customers, government officials, and local residents as it puts to good use the advanced skills it has acquired at sites worldwide and carries out its responsibilities in supporting social infrastructure.

Such projects will continue to receive our attention in future, as we regard maintaining and improving the quality of the special transport services that Nippon Express is uniquely positioned to provide as one of our important social responsibilities.



Transport of bridge piers at Tokyo International Airport

Disseminating Information through Exhibitions and Logistics Seminars

Nippon Express arranges for displays at various exhibitions and hosts logistics seminars to help a broad range of stakeholders get to better know its businesses and services.

As one example, the services and solutions available from the Nippon Express Group were introduced at Logis-Tech Tokyo 2016 held in September. Nittsu Research Institute and Consulting

also organizes logistics seminars where it disseminates logistics business information and briefs participants on specific instances of on-site improvements.



Logis-Tech Tokyo 2016

TOPICS Transporting one of Japan's largest hidden Buddhas from Koka, Shiga Prefecture, to the Tokyo National Museum

Nippon Express was given responsibility for transporting and installing artifacts to be displayed in the special exhibition "The Hidden Buddha of Rakuyaji Temple, Shiga" (sponsored by the Tokyo National Museum, Rakuyaji Temple, and Yomiuri Shimbun) held at the Tokyo National Museum from September 13, 2016 to January 9, 2017.

Rakuyaji Temple is an ancient Tendai sect temple in Koka, Shiga Prefecture, and twenty of its Heian-era Buddha statues have been designated Important Cultural Properties. All of these were on view at this exhibition, among them a 5m-tall seated Juichimen Kannon Bosatsu statue on public display for the first time. These large Buddha statues were never expected to be moved, so the extremely fragile parts of these statues manufactured more than a thousand years ago presented a difficult and even unprecedented challenge for Nippon Express staff well-versed in transporting a variety of art works. With the cooperation of persons affiliated with Rakuyaji Temple and other specialists, the Buddha statues were packed over a four-day period, loaded onto trucks specially designed for fine arts and then carried a distance of about 400km to the Tokyo National Museum.

The exhibition successfully concluded four months later. With the exhibition over, the Buddha statues were once again packed by hand by Fine Arts Business Division staff and returned to Rakuyaji Temple. Transporting art works involves a long list of tasks that does not end until the works removed are returned to their original locations. Under the watchful eye of officials from Rakuyaji Temple and specialists, we took meticulous care at all times and were able to successfully complete all the tasks required.



An expert hands over a part of the Buddha statue to a Nippon Express staff member

The statue on display at the Tokyo National Museum

TOPICS TempSure Thermo ULD temperature-controlled air transport service for medicinal products and foods

GDP*1 for medicinal products and ISO 22000*2 for food products are among the exacting quality control standards for logistics processes that have become widely recognized. In response to growing demand from customers for temperature-controlled air cargo transport, Nippon Express marketed its TempSure series of temperature-controlled transport services in 2010. Numerous enhancements to these services led to the August 2016 launch of a new

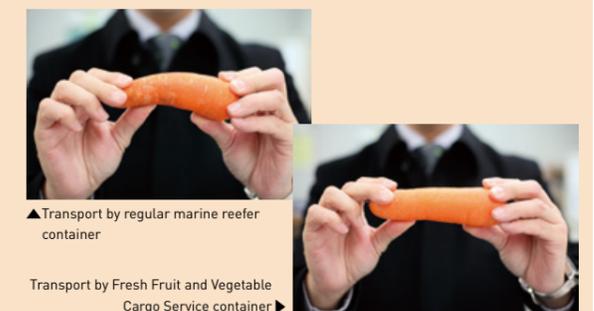
service – NEX-SOLUTION TempSure Thermo ULD – that offered fixed-temperature transport of pallets used to load cargo aboard aircraft (Unit Load Devices: ULDs) and that met the demands of customers shipping large-lot or bulk cargo requiring temperature control.

*1 GDP: Good Distribution Practice; standards formulated to ensure the quality of medicinal products throughout the distribution process
*2 ISO 22000: international standards for food safety management systems

TOPICS Supporting export of Japanese food products through Nippon Express Food Logistics

With exports of Japanese food expanding year by year, Nippon Express has combined technologies for maintaining freshness during transport with high-quality dedicated transport services tailored to product characteristics to create "Nippon Express Food Logistics," now available to customers.

"Fresh Fish Express" is an air transport service for fresh fish that utilizes a high-performance cold storage container, Flying Fish Box (patent pending). This allows fresh fish to be handled as ordinary cargo during transport and thus leads to lower shipping costs. "Fresh Fruit and Vegetable Cargo Service" is a marine transport service employing a new technology that maintains the freshness of fruits and vegetables longer by adjusting humidity levels. This can be used for one-way shipments without reducing available cargo space, making it lower in cost than similar services as well as lower in CO₂ emissions and environmental impact.



▲Transport by regular marine reefer container

Transport by Fresh Fruit and Vegetable Cargo Service container ▶

Working with Business Partners

The Nippon Express Group regards all of the companies with which it seeks to do business as potential partners with whom it can build trusting and equitable relationships, and seeks to establish fair and enduring collaborative ties with these companies. We engage in CSR activities throughout the supply chain to satisfy the expectations and earn the trust of society.

Ensuring Fair Trading/Competition

Nippon Express enforces fair trading/competition throughout the Group to meet the expectations and win the trust of the public through its business endeavors. The Nippon Express Group Charter of Conduct requires that employees engage in fair, transparent, freely competitive and proper transactions as part of sound company conduct. This same Charter of Conduct assigns the management team responsibility for enforcing the Charter's principles throughout the company and promoting compliance with these principles among business partners and other links along the supply chain.

Business Partner Selection Criteria

When seeking out dealings with new companies, Nippon Express selects its business partners on the basis of its own independent standards. The evaluation criteria cover a wide spectrum – including compliance, finances, and personnel management – and basic agreements are only concluded with those companies judged under these criteria to be partners with whom fair and equitable dealings can be pursued.

Nippon Express as an AEO

The AEO* system grants preferential treatment in customs procedures to companies that have established cargo security management/systems for their entire trade-related supply chain. Nippon Express was approved as an AEO under the Specified Bonded Approval Program in January 2008 and as an Authorized Customs Broker in May 2012, which has helped expedite its customs clearance operations.

Underlying the creation of this system were demands that measures be taken to ensure both secure and smooth international logistics in the wake of the September 2011 terrorist attacks in the US. The Nippon Express Group was an early mover in seeking to obtain AEO status overseas, with Nippon Express (Nederland) becoming the first Japanese company in Europe to obtain AEO certification in May 2008.



*AEO: abbreviation for Authorized Economic Operator

Renewing Top-level AEO Certification in China

When an AEO certification system was introduced in China in December 2014, those companies holding the highest certification (AA) under the previous company classification system were automatically granted Advanced Certified Enterprise (ACE) status. Subsequent renewal of this certification requires strict screening. In September 2016, Nippon Express (China) became the first Japanese customs broker to be awarded continued certification as an ACE by Beijing Customs. In November 2016, Nippon Express Global Logistics (Shanghai) then became the first company, Chinese or foreign, to receive continued ACE certification from Shanghai Waigaoqiao Customs. The extension of ACE status at both companies can be attributed to their internal control systems and active cooperation with Customs officials, and allows Nippon Express to continue handling customs clearance operations on behalf of its customers quickly and smoothly.



Top: Beijing Customs and Nippon Express (China)
Bottom: Shanghai Waigaoqiao Customs and Nippon Express Global Logistics (Shanghai)

Working with Employees

For the Nippon Express Group, human resources are valued assets. We believe that it is important to create an environment in which employees can make use of their individual talents and contribute to the best of their abilities, and in which employees genuinely feel that such an environment exists in their own workplaces. In addition, we put effort into human resources development and also strive to provide safe, employee-friendly workplaces where employees can feel job satisfaction.

Human Resource Principles

Nippon Express manages human resources in line with three fundamental principles.

Respect for the individual Treat each employee as an individual with individual needs and personality and not simply as part of a homogenous workforce.	Merit is awarded. Ensure performance is measured and achievements, once verified, are taken into consideration.	Proper placement Ensure the appropriate level of skill and competency is matched to the position.
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Tapping into the Human Potential

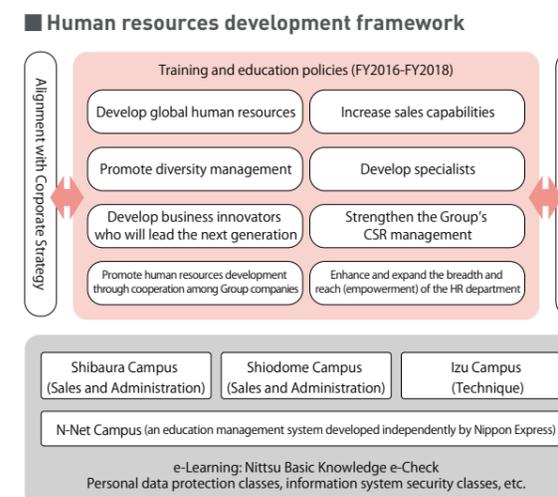
A corporate culture of fostering human resources is essential if a company is to continue growing. The significant changes occurring in the business environment also mandate that autonomous human resources, capable of thinking for themselves and acting on their own initiative, be cultivated. The Nippon Express Group needs to nurture human resources capable of helping it realize its Corporate Strategy, and the Group is doing so by globalizing domestic human resources, bolstering sales capabilities, and training personnel to put CSR measures into practice. The Group revamped its education and training guidelines in fiscal 2016 with an eye to developing its human resources.

Nittsu Group University

The Nippon Express Group founded the Nittsu Group University (an in-house organization) in April 2010 to develop human resources capable of leading the logistics industry. The Nittsu Group University has since been working to centralize the Group's educational system, revising the educational content each year in line with the current training and education policies to assist employees in acquiring and improving their knowledge and skills. In fiscal 2016, 14,811 employees underwent training at this facility.

To educate autonomous human resources, we have also been providing individual employees access to a broad range of "learning venues" such as correspondence courses that encourage self-development and Nittsu Business School classes taught by outside instructors.

We hope by mobilizing the Nippon Express Group's knowledge and skills to take on the challenges of creating new value and establishing as an organization an optimal climate for developing human resources.



NEX-TEC Shibaura (Shibaura Campus) training facility

Presentations of Findings by Core Personnel Training (Global) Participants

Becoming a genuinely global logistics company requires developing human resources able to perform both in Japan and overseas. Since fiscal 2015, Nippon Express has been conducting Core Personnel Training (Global), a program for resolving management issues at local subsidiaries overseas.

During the first half of this four-month training program, participants conduct research domestically and propose hypotheses on management issues facing specified local subsidiaries overseas; in the latter half, the participants travel to these local subsidiaries for fieldwork that will enable them as teams to recommend solutions. In fiscal 2016, 14 persons organized into four teams focused on China, Taiwan, Vietnam, and the Philippines as they learned to assess situations and take action as next-generation leaders that will be expected to take on dynamic roles globally.

In their concluding presentations, the participants offered their final recommendations to the responsible executives overseas and the presidents of local subsidiaries, and engaged in a vigorous exchange of views in the subsequent Q&A.



Training session



Concluding presentation

Specialized Training Supporting Skills in Nippon Express' Heavy Haulage and Construction

Acquisition of the latest information and knowledge is an essential condition to carry out heavy haulage and construction safely. Because many projects are pursued in collaboration with customers and subcontractors, communication and negotiation skills as well as technical capabilities are vital. Until 2009, the Heavy Haulage & Construction Business Division focused its human resources development efforts on conventional on-site OJT, but it has since employed a specialized educational system designed to further improve and standardize its level of service. It systematically conducts specialized training based on its own curriculum. In fiscal 2016, 160 people participated in 18 level-based training sessions, ranging from the elementary level to instructor training.

Training is not limited to Japan; Japanese technology is being disseminated to national staff overseas through, for instance, clean room training in Vietnam.



Skills training



Clean room training at Nippon Express Engineering (Vietnam)

Year-End Crime Prevention Drills Held at Security Transport Sites

Every November, ahead of the year-end and New Year holiday season, when crime is a frequent occurrence, Nippon Express conducts large-scale drills at security transport sites around the country, in order to practice advanced

security that keeps criminals at bay and security focused on crime prevention. In addition to practical training using tools such as batons and sasumata (spear fork), the drills increase the knowledge and skills needed as security guards, including CPR.

At the training session held at the Kanto Security Transport Branch in November 2016, 330 security personnel participated in front of visitors from the Metropolitan Police Department's Joto Police Station and business partners. Employees in our security transport business, which has the important responsibility of ensuring safety, will continue to improve themselves through hard work in their daily routine and drills.



Year-end crime prevention training

TOPICS Sales personnel training program

To fulfill the key strategy of thoroughly strengthening sales activities given in the "Nippon Express Group Corporate Strategy 2018 - New Sekai-Nittsu," we are presently offering education as part of the Sales Personnel Training Program.

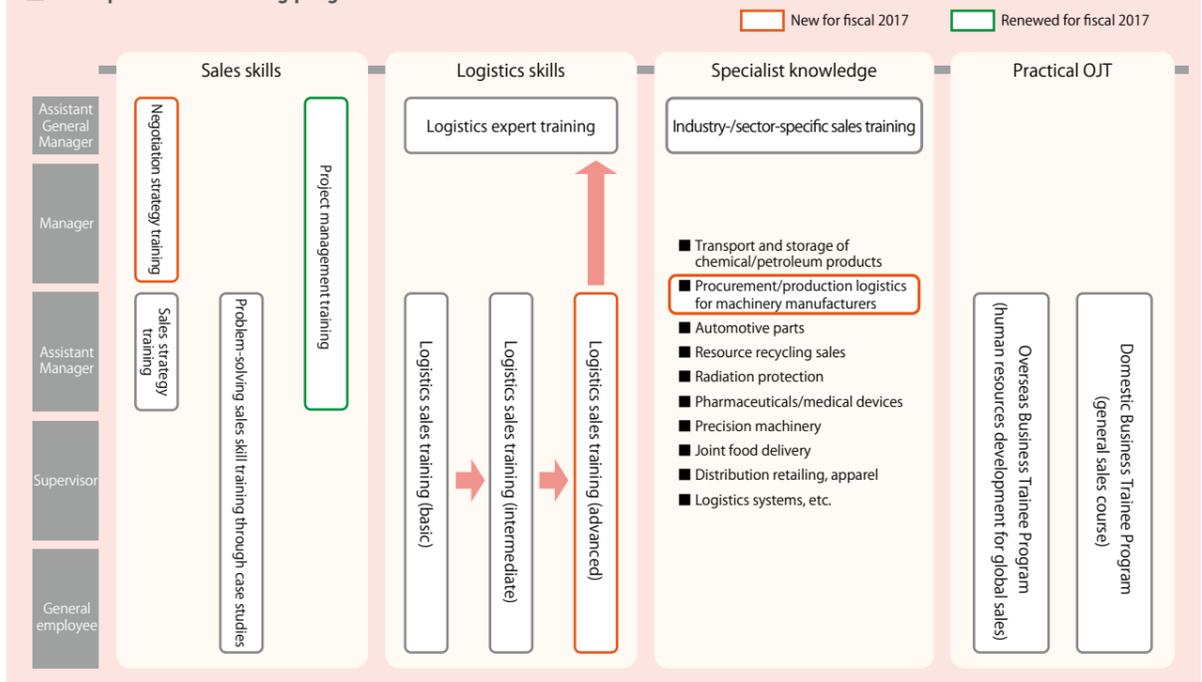
More specifically, we have stipulated the skills that should be acquired by sales personnel, and we are providing sales training on four topics.

This program enables us to cultivate human resources capable of devising responses to market trends and logistics issues steadily over the long term even as customer supply chains become more sophisticated and complex.

[Training topics]

1. "Sales skills" : learning sales strategy development skills, negotiation skills, proposal methods, etc.
2. "Logistics" : systemically learning methods for resolving procurement, manufacture, and sales issues both in Japan and overseas
3. "Specialist knowledge" : learning knowledge unique to specific industries and industry sectors
4. "Practical OJT" : learning via the Overseas Business Trainee Program and the Domestic Business Trainee Program

■ Sales personnel training program



Overseas Business Trainee System

Nippon Express first dispatched employees overseas in 1958, and started an overseas business training system in 1964. The system began with just a few staff being dispatched overseas, but now, every year around 50 young employees are dispatched to overseas subsidiaries throughout the world for one year, where they receive business training by performing actual work duties. In fiscal 2016, we dispatched 50 persons to 31 companies in 23 countries. Since the system began, more than 1,900 trainees have been dispatched overseas, making a significant contribution to the fostering of overseas personnel as we strive to be a global logistics company.



Fiscal 2017 overseas business trainees

Creating an Employee-Friendly Workplace

Supporting Employees Balancing Child/Nursing Care and Work

Nippon Express offers support to employees trying to balance child/nursing care and work to provide them with a range of alternatives and keep them from having to leave work to care for a child or ailing family member.

In supporting childcare, we have expanded the period of availability for childcare leave, introduced various systems for shorter working hours, and undertaken to create a workplace climate that makes these systems more accessible. In 2015, Nippon Express was granted "Kurumin" certification by the Ministry of Health, Labour and Welfare under the Next Generation Education and Support Promotion Act.

With a declining population and a super-aged society likely to sharply increase the number of employees shouldering nursing care responsibilities in addition to their work duties, we are assisting with nursing care by providing education/information on the support measures available to balance work and nursing care so that employees are better aware of the preparations and mindset needed for nursing care and to ensure greater understanding among colleagues of employees confronting nursing care difficulties, all with the aim of creating friendlier workplace environments that are tolerant of diversity.



TOPICS

Comments from employees who took childcare leave

I have been able to take childcare leave and spend time worry-free with my daughter. I honestly enjoy mothering my child, and take great joy in growing together with her.

Osaka Branch
Mayu Hanatani



Mental Health

In the realm of ensuring the mental health of our employees, our emphasis is on ensuring that there is proper understanding of the issues and appropriate communication with medical experts to support the following four areas of mental health maintenance and care. We provide mental health education in various education programs based on employee levels in our organizational hierarchy and through e-learning. We are also conducting periodic stress checks as required by laws and regulations, and utilizing these in discovering early signs of stress.

Self-Care

To facilitate self-care and awareness, Nippon Express provides guidance through its regular bulletins covering mental health issues. The company also produces a leaflet, "Just between you and me," which is distributed to employees with the aim of increasing awareness in order to aid early detection of mental health problems among employees, their families, and colleagues, and thereby ensure treatment at an early stage. Family members, for this reason are also encouraged to read the leaflet.

Management Awareness Training

We provide stratified education to newly-promoted department managers, and hold line care classes for workplace managers. Stress check results are being used to increase overall understanding and improve the work environment.

Care from Outside Experts and Institutions

We have established a service called "Health Counseling for Mind and Body," which makes it possible for employees and their families to consult with specialists and organizations via the Internet or by telephone.

Care by In-House Health Care Staff

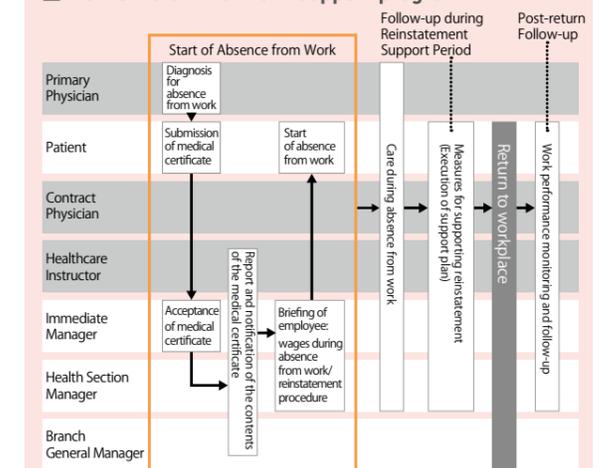
About 170 qualified nurses and preventive medical practitioners are assigned to branches nation-wide as healthcare instructors to facilitate mental care consultation. To improve the knowledge and skills of healthcare instructors, seminars led by outside experts (industrial counselors) are given.

TOPICS

Caring for employees with mental health problems—A company-wide program for rehabilitation and return to the workplace

Nippon Express has established a program designed to support employees on leaves of absence due to undergoing treatment for mental health problems. Health care instructors appointed at the branch level, the primary physician, physicians under company contract, and the workplace work as one to facilitate a smooth return to the company post-treatment.

Flow of return-to-work support program



TOPICS Certified as one of the White 500 Outstanding Companies in Health and Productivity Management 2017

On February 21, 2017, Nippon Express was certified as one of the White 500 Outstanding Health Management Companies (Large Company Division), a select list of companies deemed to have excellent health management programs. This certification is part of a scheme to recognize companies offering particularly outstanding health management that

are in accord with efforts by the Ministry of Economy, Trade and Industry to address local health issues and efforts by the Nippon Kenko Kaigi to promote health.

We are committed to taking still more steps to improve the health of our employees.



Other efforts regarding safety, diversity, etc., are described on pages 19-25.

Employee Data

		FY2014	FY2015	FY2016
Employees*1	Total	32,510	32,094	32,008
	Men	28,280	27,742	27,541
	Women	4,230	4,352	4,467
Employment status*2	Full-time employees	27,246	27,075	27,173
	Non-full-time employees	5,264	5,019	4,835
Employees hired*3	New graduates	501	732	923
	Men	347	501	618
	Women	154	231	305
	Mid-career hires	4	7	6
	Men	3	5	5
	Women	1	2	1
	Total	505	739	929
	Percentage of women	30.7	31.5	32.9
Turnover*4	Within three years of joining the company	33	37	42
Turnover rate*4	Within three years of joining the company	6.2%	7.0%	6.7%
Average age*5		42.2	42.0	42.2
Average years with the company*5		18.3	17.5	17.6

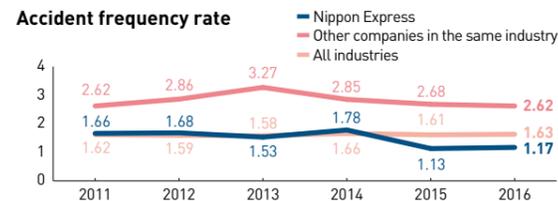
		FY2014	FY2015	FY2016
Persons with disabilities*6	Employment rate of persons with disabilities	1.96%	2.06%	2.08%
	Number of persons with disabilities hired	7,728.5	8,019.5	8,154.5

Notes:

- *1 Employees (Japan), employees (global), employees (local), employees (elderly), and branch employees
- *2 Only branch employees
- *3 Only employees (Japan) and employees (local)
- *4 Only employees (Japan) in sales/administrative jobs
- *5 Only employees (Japan), employees (global), and employees (local)
- *6 Figures based on the calculation method in the Levy and Grant System for Employing Persons with Disabilities

Safety-Related Data

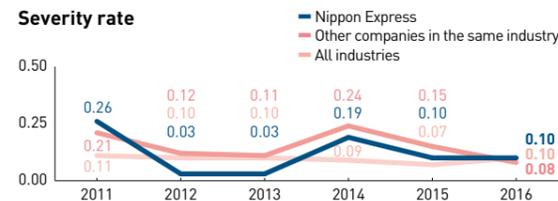
Index of labor accidents



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

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

* Other companies in the same industry refer to general freight haulers for goods transported by road.



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

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

* Other companies in the same industry refer to general freight haulers for goods transported by road.

Expenses for transport safety (FY2016)

Item	[Unit: million yen]
Labor cost of safety-related positions (domestic)	1,358
Educational costs (training at headquarters)	441
Material publishing	5
Nippon Express Group National Safety and Health Convention	1
Driving control system (digital tachograph), etc.	1,018
Accident and disaster prevention awareness materials, etc.	7
SAS screening test	25
Other safety measures	115
Total	2,970

Number of accidents relating to Article 2 of the Transportation Safety Management Regulation (FY2016)

Type of Accidents	[Unit: incidents]
Collision	1
Fatal and injury	2
Vehicle malfunction	11
Fire	1
Total	15

Working for the Environment

Passing the global environment along to the next generation in a sustainable state is a major challenge for all humankind. In order for the Nippon Express Group to be able to use the various transportation modes of trucks, railways, ships and planes to connect the world and to deliver goods to our customers, we require fossil fuels and energy. Because these activities, with currently available technologies, inevitably emit greenhouse gases, we believe that reducing the burden on the environment is an important theme that must be given a high priority. As professionals in the transport business, as well as focusing on reducing the energy used in transportation and greenhouse gas emissions, we in the Nippon Express Group are taking steps to reduce the burden on the environment caused by our operations as a whole.

Nippon Express Group Environmental Charter

The Nippon Express Group has formulated the Nippon Express Group Environmental Charter in order to fulfill the Group's responsibilities for the global environment in

line with the principle of "Responsibilities to the Earth's Environment," in particular, stipulated in the Nippon Express Group Charter of Conduct.

Nippon Express Group Environmental Charter

Basic Philosophy

The Nippon Express Group shall be mindful of its responsibilities as a corporate group to society and the general public, and shall proactively contribute to environmental conservation as a "good corporate citizen" by practicing environmental management.

Code of Conduct

Recognizing that preservation of the Earth's environment is a challenge facing all mankind as well as an indispensable requirement for our Group's existence and activities, we shall independently and proactively strive to fight global warming, preserve biodiversity and construct a recycling-based society.

1. We will promote green logistics.
2. We will work to more efficiently use natural resources and energy.
3. We will adhere to environmental laws and ordinances.
4. We will train environmental personnel.
5. We will promote an environmental social action programme.
6. We will report information about our environmental initiatives to society.
7. We will continually improve upon our environmental management system.

For the full text of the Environmental Charter, please refer to the website of Nippon Express.

<http://www.nipponexpress.com/about/csr/charter/>

Promotion of Environmental Management

In accordance with the Nippon Express Group Environmental Charter, the Group is working for environmental management. We have established the Environmental Management Promotion Committee, chaired by the president, to create a cross-organizational framework for promoting environmental management.

System to promote environmental management

Environmental Management Promotion Committee	Nippon Express Group Corporate Philosophy
① Chairperson : President	Nippon Express Group Charter of Conduct
② Co-chairperson: Executive vice president	Nippon Express Group Environmental Charter
③ Members : Directors, executive officers, corporate auditors, etc.	Environment-related rules



Setting Long-term Targets

Nippon Express on April 1, 2017 set long-term targets as below to further promote environmental management.

Target to prevent global warming

Reduce CO₂ emissions by 30% from the 2013 level by fiscal 2030

Target to construct a recycling-based society

Reduce industrial wastes per unit of sales by 1% annually (through fiscal 2030)

Promoting Environmentally Friendly Facilities

The Nippon Express Group actively promotes environmentally friendly facilities through activities including construction of warehouses featuring solar panels and buildings hosting rooftop greenery. In January 2014, the Nippon Express Group formulated standards for the installation of equipment when constructing logistics facilities and offices. These standards

call for equipment to reduce greenhouse gases such as CO₂, including the proactive use of renewable energy, equipment that encourages biodiversity and equipment that is conducive to the enhanced safety and health of people working there and the local community, and to business continuation.

Items specified by the standards for the installation of environmentally friendly equipment (examples)

Exterior

- A-1 Super-insulation roofing material
- A-2 Low-pollution external wall (coating) material
- A-3 Super-insulating glass (multilayer glass, Low-E glass, etc.)
- A-4 Rooftop greening
- A-5 Heat-blocking pavement
- A-6 Permeable pavement (drainage pavement)
- A-7 Use of wood from thinned trees (Timber from company-owned forests)
- A-8 Eco-sensitive planting
- A-9 Hybrid external lighting
- A-10 High-efficiency transformers (top runners)
- A-14 Timer-controlled lighting
- A-15 Solar power generating equipment
- A-16 Power generation equipment for emergencies
- A-17 Natural ventilation system

Interior

- A-3 Super-insulating glass (multilayer glass, Low-E glass, etc.)
- A-11 LED lighting
- A-12 LED guide lights
- A-13 Human sensor-controlled lighting
- A-17 Natural ventilation system
- A-18 Fresh air ventilation system
- A-19 High-efficiency gas water heater
- A-20 Automatic water faucets
- A-21 Water-saving toilets
- A-23 Energy-saving vending machines

Item related to interior and exterior in general

- A-22 Eco-material (including green purchasing and use of recycled material)



Environmentally Friendly Features of Tokyo C-NEX

Completed in January 2017, Tokyo C-NEX is an urban distribution center located in Koto Ward, Tokyo and is the Group's largest distribution facility in terms of floor area. In addition to countermeasures against disaster such as a seismically isolated structure and in-house power-generation facilities, the building is also environmentally friendly, including LED lighting throughout and rooftop and wall greening.

Examples of adopted equipment

- Demand monitoring equipment and a BEMS*
- Rooftop and wall greening
- Low-E glass
- LED lighting fixtures, automatic light switchers, daylight utilization system

* BEMS: An acronym for Building Energy Management System.



Tokyo C-NEX



Roof top greening

Hiroshima Branch Building Completed, Designed for Environment Conservation and Disaster Preparedness

The Nippon Express Hiroshima Branch building, completed in February 2017, is a highly advanced facility designed in line with two specific basic concepts (1) conserving the environment by employing rooftop greening and solar power generation and (2) ensuring business continuity in the event of a natural disaster or other contingency.

Environmentally friendly features

1. Rooftop and parking lot greening is extensively employed. The green area for this new facility is much larger than those of previous facilities.
2. The electricity generated with the solar panels installed on the rooftop is all used by the building, and thus contributes to the reduction of CO₂ emissions.
3. Earned Rank A in 2013 of the CASBEE Hiroshima, the standard for evaluating and rating buildings' environmental performance, developed independently by Hiroshima City.
4. Introduction of a building energy management system (BEMS) has enabled the monitoring and measuring of energy consumption by device within the building throughout the year.

Features for BCP

1. As an emergency countermeasure, a disaster control center function has been added to the monitoring room by staffing it with personnel capable of swiftly responding to emergency situations in time of disaster.
2. The building is equipped with facilities that are the minimum required for business continuation in the event of a disaster (such as backup power generators and outdoor temporary toilets). Even in the event of an emergency, the building is capable of supplying electricity and building users will have access to lighting and toilets.



Hiroshima Branch building

3. Mission-critical facilities, such as electric power receiving and transforming facilities and information infrastructure, are installed on the middle or higher floors so that they will not be affected by flooding.

Environmentally Friendly Features at Busan Global Logistics Center, Including Solar Power Generation

Nippon Express Korea's Busan Global Logistics Center (NEX-BGLC), completed in April 2016, has installed over 4,000 solar panels covering the entire area of its 5,600-tsubo (approx. 18,500-m²) rooftop. With a generating capacity of 1,260kWh, the facility started operation in June 2017.

In South Korea, power generators are required to use a certain percentage of renewable energy sources. For this power generation system, the company chose to adopt a build-operate-transfer (BOT) scheme, under which the power generator operates the facilities for the first 15 years and, after the 15-year operation and transfer of the facility, Nippon Express Korea will directly operate the power generation facilities.

NEX-BGLC has incorporated various other environmentally friendly measures, including the introduction of LED lighting and the use of heat-insulation materials.

Examples of equipment introduced

- Solar power generation system
- LED lighting fixtures, motion sensor lighting, scheduled lighting control system
- Tree planting that takes biodiversity into account



Solar panels on the roof of the warehouse

Managing Fluorocarbons

Fluorocarbons not only harm the ozone layer but also have an extremely high greenhouse effect that is several thousand to over 10,000 times that of CO₂. Nippon Express strives to preserve the ozone layer and prevent global warming by promoting proper management of fluorocarbons in addition to reducing CO₂ emissions.

Fluorocarbon Management System ECO-FREONTIA (Trademark registered)

Nippon Express developed ECO-FREONTIA, its proprietary fluorocarbon management system, to comply with the Act for Rationalized Use and Proper Management of

Fluorocarbons, which went into effect in April 2015, and started using the system in January 2016. ECO-FREONTIA is a system that creates a database of information on company-owned freezing, refrigeration, and air-conditioning equipment. It prevents the omission of inspections by sending alert emails at the appropriate timing for simple inspections and routine inspections of applicable equipment and calculates the amount of leakage of fluorocarbons based on the inspection results. We will make use of ECO-FREONTIA to properly manage inspections in an effort to prevent the leakage of fluorocarbons, which have negative impacts on the environment.

Response to Waste and Pollution

Nippon Express is committed to the 3Rs and to reducing waste discharged from its business operations, to help build a recycling-based society. In October 2002, the Company received a severe punishment when its designation as an industrial waste disposer for wide-area recycling was revoked by the Ministry of the Environment for violation of the Waste Disposal Law. This resulted in huge tangible and intangible damage, including Nippon Express' withdrawal from this business and suspension from designated bidder lists by local governments. We have put a system in place and strive to properly manage our discharged waste in order to avoid a similar mistake.

Advancing the 3Rs

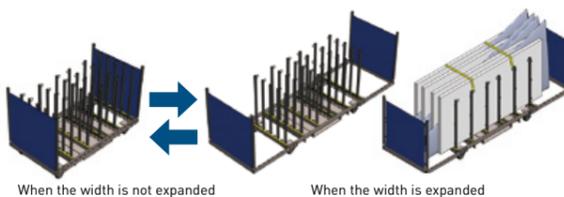
The 3Rs is a principle for efforts to build a recycling-based society. It stands for "reducing" the volume of waste generated, "reusing" materials whenever possible and "recycling" used products as resources. At Nippon Express we do our best to reduce waste from all offices as well as sort paper and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



Advancing the 3Rs by Adopting Reusable Materials and Equipment

Nippon Express is promoting the development of reusable equipment and packaging materials.

We have developed an adjustable platform trolley intended for use in providing service to aerospace industry customers who handle a wide variety of parts and components. The width of the platform trolley is expandable and therefore products of various shapes can efficiently be loaded onto trucks, with its wheels helping reduce workload. As compared with the previous practice where different packaging materials were used for each product item, this adjustable platform trolley contributes not only to the improvement of transport efficiency and quality but also to reducing packaging material waste, thus helping to achieve a recycle-oriented society.



Adjustable platform trolley

as is, obviating the need to use newspaper and cardboard boxes. Moreover, this also substantially reduces the time needed for packing, making moving speedier, which has been well received by customers.



Reusable materials

Dish trunk

Eco-Friendly Products

Eco-Friendly and Speedy Moving Service Using Reusable Materials

Nippon Express makes active use of reusable materials (packaging materials that can be used repeatedly) to provide a moving service that is friendly to the global environment.

The packaging of dishes, for instance, used to involve wrapping each dish in newspaper and then packing them into cardboard boxes together with rolled-up newspaper for cushioning. Using Nippon Express' original reusable dish trunks, dishes can simply be put into a cushioned trunk and transported

Appropriate Waste Management by Nippon Express

Committee to Oversee Waste Control

Nippon Express has established a Waste Planning General Committee made up of executive officers and audit & supervisory board members to ensure that appropriate waste management is undertaken.

To further support this goal, we conduct in-house training and on-site inspections, and operate a waste management manifest system.

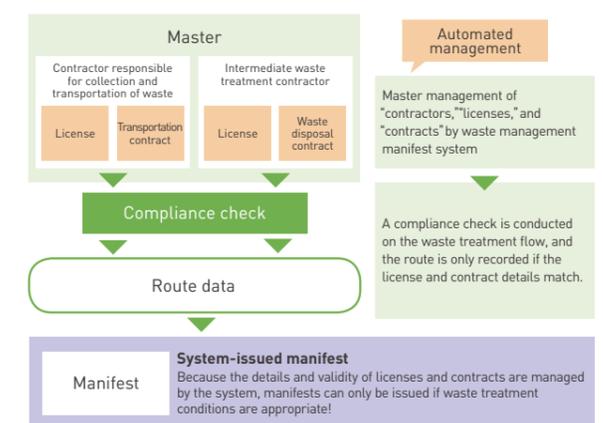
Waste Management Manifest System ECO-TOWMAS (Trademark registered)

Nippon Express has renovated its system for ensuring appropriate management of the industrial waste it produces. The waste management manifest system, ECO-TOWMAS, commenced operation in October 2014. When any of Nippon Express' worksites seek to dispose of industrial waste, the compliance management function automatically checks for matches between license and contract data for the contractor that will be used and details input by the worksite. It then judges whether the conditions of the proposed disposal procedure are appropriate. A manifest cannot be issued unless the conditions are judged as being appropriate. ECO-TOWMAS is also compatible with electronic manifests. Promotion of the transition to an electronic process resulted in the rate of electronic manifest routes reaching 95.2% and a rate of issuance of electronic manifests of 81.1% in April 2017.

Appropriate Waste Management



Waste Management Manifest System



Environmental Management System

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.

Promoting Green Management Certification

The Nippon Express Group's offices and service bases have obtained the Green Management certification, which is awarded to companies whose business activities have less impact on the environment. As of March 2017, 114 truck transport service sites of Nippon Express and 19 offices of

group companies were accredited for Green Management. In the domestic marine/harbor transportation and warehousing service launched in July 2005, 10 service locations of Nippon Express and one location of the group company have obtained the certification.

Increasing ISO 14001-certified Service Bases

The Nippon Express Group obtained its first ISO 14001 certification for service locations at the Tokyo Air Service Branch in Baraki (Ichikawa City, Chiba Prefecture) in 1998. As of March 2017, we have obtained certification for the following locations around the world.

- Air Freight Business Branch: ISO Quality & Environmental Management Group, Logistics Administration Division
- Air Freight Business Branch: Baraki International Logistics Town No. 1 and No. 2
- Air Freight Business Branch: Narita Airport Logistics Center
- Sendai Air Service Branch: Sendai Airport Logistics Center
- Nagoya Air Service Branch: Nagoya Distribution Center
- Nagoya Air Service Branch: Nagoya Air Cargo Center
- Osaka Air Service Branch: Nanko Air Cargo Center

- Global Logistics Branch: Sharp Osaka Division
- Hiroshima Air Service Branch: Hiroshima Domestic Air Cargo Center
- Takamatsu Air Service Branch: Takamatsu Air Cargo Center
- Fukuoka Air Service Branch: Fukuoka Air Cargo Center
- Nittsu Panasonic Logistics Co., Ltd.
- Nittsu NEC Logistics, Ltd.
- NEX Transport, Inc. (United States)
- Nippon Express (Deutschland) GmbH (Germany)
- Nippon Express (Nederland) B.V. (Netherlands)
- Nippon Express Euro Cargo B.V. (Netherlands)
- Nippon Express (Belgium) N.V./S.A. (Belgium)
- Nippon Express (Shenzhen) Co., Ltd. (China)
- Nippon Express (South China) Co., Ltd. (China)
- NEP Logistics, Inc. (Philippines)

Environmental Data

Energy usage, etc. of Nippon Express Group (Nippon Express Group, FY2016)

Type	Unit	Nippon Express (non-consolidated)	Affiliates		Total	Nippon Express nonconsolidated CO ₂ emissions (t)	Domestic group company CO ₂ emissions (t)	Overseas group company CO ₂ emissions (t)
			Domestic	Overseas				
Electricity	1,000kwh	220,993	97,775	85,912	404,680	119,476	56,612	47,850
Diesel oil	kℓ	70,656	75,256	12,522	158,434	182,646	194,537	32,370
Gasoline	kℓ	5,433	3,191	4,441	13,065	12,616	7,409	10,312
Natural gas	1,000m ³	1,258	489	-	1,747	2,810	1,093	-
LP gas	ton	2,583	1,953	-	4,536	7,746	5,856	-
Heavy fuel oil	kℓ	64	7,761	-	7,825	174	21,033	-
Heavy fuel oil (for ships)	kℓ	52,101	27,014	-	79,115	156,095	80,933	-
Kerosene	kℓ	679	444	-	1,123	1,691	1,104	-
Total CO ₂						483,254	368,577	90,532

	Total of domestic group companies	Total of whole group
CO ₂ emissions (t)	851,831	942,363
ditto (t)	869,875	961,431
Year-on-year change	-2.1%	-2.0%

Type	Unit	Nippon Express (non-consolidated)	Affiliates		Total
			Domestic	Overseas	
Water	1,000m ³	974	-	-	974
Copy / printer paper	10,000 sheets	46,559	11,495	-	58,054
Waste	General waste	17,391	5,464	-	22,855
	Industrial waste	24,247	9,003	-	33,250
Total		41,639	14,467	-	56,106

Notes:

1. The data shown here is the aggregate for 268 non-consolidated and consolidated companies (domestic: 171, overseas 97) as of the end of March 2017.
2. The Nippon Express non-consolidated and consolidated data for Japan was aggregated using the NEES system and DIVA system, and the data of the overseas consolidated companies was collected from questionnaire surveys.
3. The CO₂ emission intensity was calculated in accordance with the Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver. 2.4), released by the Ministry of the Environment in March 2017.
4. Amount of copy paper is counted through conversion to A4 size.

Power generated from renewable energy sources (Nippon Express Group, FY2016)

Type	Annual power generation (kWh)	Of which electricity used in-house (kWh)	Of which electricity sold (kWh)
Solar power generation	4,321,927	684,808	3,637,119

Note: The above annual power generation, electricity used in-house and electricity sold are not included in the energy usage of Nippon Express Group given on the previous page.

Industrial waste emissions by item (Nippon Express, FY2016)

Industrial waste items	Number of control manifests for industrial waste	Volume (kg)	Weight distribution ratio
Wood shavings	4,608	10,882,450	47.48%
Waste plastics	12,371	8,892,599	38.80%
Waste metal	929	1,276,434	5.57%
Mixture	569	553,564	2.42%
Animal and plant residues	217	451,730	1.97%
Waste glass, china, porcelain	200	339,385	1.48%
Sludge	133	250,272	1.09%
Waste alkali	13	93,399	0.41%
Waste oil	110	70,204	0.31%
Combustion residue	9	36,740	0.16%
Waste acid	21	31,070	0.14%
Waste paper	31	26,120	0.11%
Fiber waste	11	7,098	0.03%
PCB etc.	15	4,056	0.02%
Waste asbestos (scattered asbestos)	4	3,840	0.02%
Infectious waste	2	25	0.00%
Total	19,243	22,918,985	100.00%

Notes:

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

Emissions of substances reportable under the PRTR Law (Nippon Express, FY2016)

Although none of our offices are required to report under the PRTR Law (Law Concerning Pollutant Release and Transfer Register), the offices shown on the right handle reportable substances.

Office type	Number of offices	Total amount used (kg/y)	Main substance	Main use
Reportable business category but amount used by office is under reporting threshold	8	108	Fenitrothion	Warehouse fumigation
Not reportable business category but office uses reportable substance	18	14,674	Methyl bromide	Fumigation for operations incidental to import customs clearance

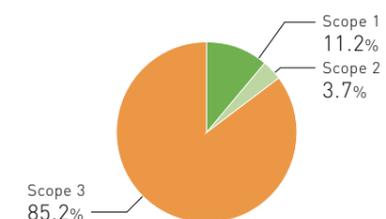
Devices subject to the Fluorocarbons Recovery and Destruction Law and leakage (Nippon Express, FY2016)

	Applicable devices (number of types)	Type of fluorocarbon	Actual leakage (kg)	Calculated leakage (t-CO ₂)
Class I specified products	9,303	R22	221	399
		R401A	29	34
		E410A	29	62
		Total	-	496

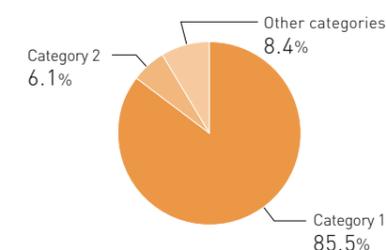
CO₂ emissions (Scope 1, 2)



GHG emissions across the supply chain (Nippon Express, FY2016)



Ratio of Scope 3 (Nippon Express, FY2016)



Community Involvement

The Nippon Express Group's business is built on social infrastructure, including roads, railroads, ports, and airports, and is closely linked to the communities and local society connected to that infrastructure. Involvement with the people in the communities where we conduct business and harmonious coexistence with society as a good corporate citizen are important, including in terms of building relationships of trust. We recognize our social and public missions as a logistics company and actively engage in communication with local society and in community-based social contribution activities.

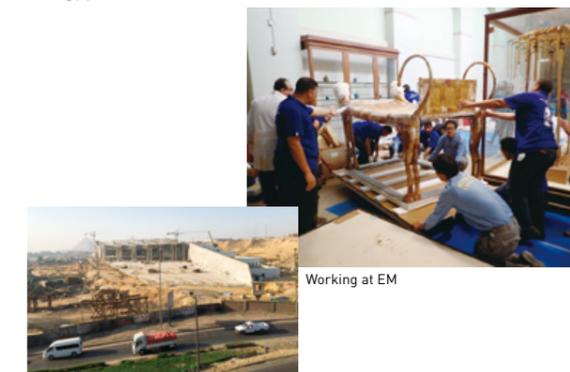
Protection and Transmission of Cultural Heritage

Technical Assistance for the Grand Egyptian Museum Conservation Center Project

At the request of the Japan International Cooperation Agency (JICA), Nippon Express has been participating in the Grand Egyptian Museum Conservation Center Project (GEM-C.C. Project). The center was built in preparation for the opening of the Grand Egyptian Museum (GEM), which is now under construction in Egypt.

After cooperating on the development of human resources for conservation and transportation of cultural heritage from October 2009 to February 2015, Nippon Express has been providing consulting services for the Grand Egyptian Museum Capacity Development Project (GEM-C.D. Project), which aims at formulating a display plan for autonomous operation of GEM and improving the system and capacity for implementation of the plan, since May 2016. Additionally, having been supporting transportation in the newly launched Grand Egyptian Museum Joint Conservation Project (GEM-J.C. Project) since December 2016, Nippon Express is now working on the packing and transportation of 71 items of cultural heritage representing the Egyptian Museum (EM).

While working on these two projects for the opening of GEM, Nippon Express continues to develop human resources for packing and transportation to contribute to protecting the cultural heritage and developing culture of Egypt.



GEM construction site

Working at EM



Exhibition room on the history of logistics

Supporting the Operation of the Museum of Logistics

The Museum of Logistics, operated by the Forwarders Council, is the only museum in Japan wholly dedicated to logistics.

Starting life in 1958 as an archive of transportation-related materials held at the Nippon Express Head Office, the museum moved to its present location (Takanawa, Minato City, Tokyo) in 1998 with an eye toward introducing logistics to the general public. As of March 31, 2017, the museum has received around 147,000 visitors.

The museum boasts an unrivaled collection of unique and valuable materials starting from the Edo period (1603-1868), which include approximately 6,000 historical documents, approximately 200 fine art and craft items, approximately 1,000 documents utilized in actual conveyance, more than 100,000 photographs, and approximately 200 films. The majority of the materials have either been donated by Nippon Express or are on loan.

A wide range of groups uses the museum, including grade school children, college students (both vocational and university), and logistics company personnel undergoing training. Many individuals also visit the museum, which attracts members of the general public of all age groups through its special exhibits, film screenings, summer vacation cardboard crafts corner, lectures, classes on ancient documents, classes for university students on packing works of art (conducted in cooperation with Nippon Express' Fine Arts Business Division), and more.

In fiscal 2016, we organized a mini-exhibition titled "Takanawa Ushimachi—Days When Cows Transported Goods" to introduce the town in Edo (today's Tokyo) named "Takanawa Ushimachi" where people engaged in transportation using cow carriage lived during the Edo Period, as well as how cow carriage was used for transportation even after World War II. Nippon Express supports the museum through donations and gifts or loans of exhibit items.

Investments in environmental conservation (Nippon Express)

Nippon Express proactively invests in projects and measures that facilitate environmental conservation.

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

Investment category	Major examples	Amount		
		FY2014	FY2015	FY2016
Investment in modal shift	Rail transport containers (Eco-Liner 31, Big Eco-Liner 31, etc.)	125	64	127
	Ship containers (R&S containers, etc.)	154	123	106
	Tractors and trailers for freight containers	734	713	1,051
Investment in reusable packing materials for moving	Netted blankets, high-pad, etc.	117	135	124
Vehicle-related investments (environmentally friendly vehicles, etc.)	CNG, hybrid and LPG vehicles, heavy-duty vehicles that meet fuel efficiency	3,866	4,408	5,105
Costs for appropriate waste disposal and management	Costs related to Manifest Management Center	35	34	26
Costs for Environmental Management System registration	ISO 14001 and Green Management certification	25	25	6
Investment in planting greenery	Forest cultivation projects, landscaping work at branches	14	0	292
Others: Investment in facilities energy saving	Lighting equipment and inverter switchover	463	118	510
Total		5,537	5,620	7,347

Third-Party Verification of CO₂ Emissions Data

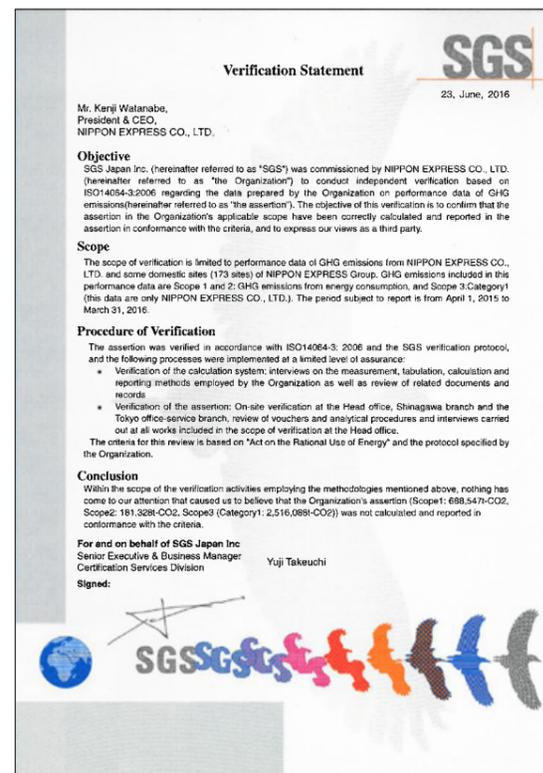
Nippon Express commissioned SGS Japan Inc. to conduct third party verification of CO₂ emissions data for FY2015 based on ISO14064-3:2006.

We are planning to receive third party verification also on CO₂ emissions data for FY2016.

Nippon Express regards such independent verification as instrumental to ensuring the accuracy and reliability of data and thus advancing our efforts to reduce CO₂ emissions.

Scope of verification:

Scopes 1 and 2: CO₂ emissions from fossil fuel use in Japan; Scope 3: (Category 1: Nippon Express Co., Ltd. only)



Verification Statement

See pages 11 to 17 for other environmental initiatives.

Social Responsibility as a Designated Public Institution

Nippon Express is a Designated Public Institution under the Disaster Countermeasures Basic Act, the Civil Protection Act, and the Act on Special Measures Concerning the Relief of Pandemic Influenza. The establishment of logistics solutions for the provision of emergency aid has been regarded as important since the Great East Japan Earthquake in 2011. We are taking steps to address this new societal issue as our own social responsibility.

In response to a request from the national government and Kumamoto Prefecture for the transportation of emergency supplies during the Kumamoto Earthquake that struck in April 2016, the Nippon Express Group made an all-out effort, providing a staging base in Tosu, Saga Prefecture for relief supplies for the afflicted areas sent from around Japan and transporting them to the relief supply staging bases of each local government in Kumamoto.

Creating Employment

Creating Employment Opportunities for Those with Disabilities

Nittsu Transport Co., Ltd. is operating the Nittora Farm, which it established on the premises of the Waaku Hapinesu Faamu (note: this is the name given in Japanese and is in no way pejorative in the original language) in Chonan-machi, Chosei County, Chiba Prefecture, Japan. The Nittora Farm was set up to provide those

with disabilities with opportunities to work in a relaxed atmosphere. In a plastic-covered greenhouse 45 meters in length, vegetables, including carrots, cucumbers, and tomatoes, are grown according to the season. The harvested vegetables are delivered to all points in the Nittsu Transport network, enjoying considerable acclaim from the recipients.



Nittora Farm

Interaction of the Local Community

Baseball Workshops

The Nippon Express Baseball Club holds baseball camps every year for elementary and junior high school students to help young boys and girls develop soundly by teaching them the importance of complying with rules through the medium of baseball practice.

In August 2016, Hiroki Kokubo and Toshihisa Nishi, who have respectively served as a manager and a coach of Japanese national teams, were invited as special coaches to join the members of the Nippon Express Baseball Club in coaching 98 fifth- and sixth-grade students in Saitama City. Listening carefully to the instructions offered by

the veteran players and coaches, the camp participants practiced batting, fielding, and pitching. In the closing ceremony, Manager Kokubo encouraged the students to live a life pursuing their goals and dedicating all their strength to whatever they must do at the time.

As Nippon Express is a Diamond Partner sponsoring Samurai Japan, Japan's national teams at all age levels, it was able to invite two special coaches from Samurai Japan to this baseball camp. The Nippon Express Baseball Club will be holding other baseball camps in its home city of Saitama as well as in more distant locations to contribute to community-based efforts.



Students learning from the special coaches from Samurai Japan



Students participating in the baseball camp

Workplace Tours & Internships

Nippon Express offers workplace tours in Japan for junior and senior high school students and others as well as internships to help young people decide on their career paths. The workplace tours introduce students to the basics of the logistics business while giving them a chance for discussion with our staff. Internships provide an opportunity to understand the nature of the working life, in the context of working in the local community, through experiences such as packing for moving.

Workplace tours and internships throughout the company in fiscal 2016

Workplace tours:
400 students

Internships:
141 students



A workplace tour

Beautifying Roads

In August 2016, Nippon Express Shikoku Branch's road beautification activity, "Takamatsu My Road," received the Minister Award during the "Road 'Fureai' Month," an annual initiative of Japan's Ministry of Land, Infrastructure, Transport and Tourism (MLIT). MLIT designates August as the month to raise road users' awareness of road preservation and proper road use so that they will always use roads neatly and safely. During the month, minister recognizes organizations and individuals who have played an outstanding role in road traffic safety, proper road use, road preservation, and so on.

Since the Shikoku Branch started the Takamatsu My Road activity in August 2005, 20 to 30 employees working at the branch building have participated in cleaning municipal roads around Takamatsu Railway Station on the third Wednesday of every month. Being a group of companies using roads as public facilities, the Nippon Express Group will continue to beautify roads and cooperate on road safety.



Road beautification activity, Takamatsu My Road

Supporting a Drill for Stranded Commuters

In September 2016, Nippon Express concluded with Toshima City, Tokyo an agreement on the transport of emergency supply stockpiles for people having difficulty returning home in the event of a disaster. Based on the agreement, Nippon

Express will maintain a stock of emergency supplies for stranded commuters and, in the event of a large earthquake or other disaster, transport the supplies to the staging bases set up near the east and west gates of Ikebukuro Station.

In November 2016, a drill to assist stranded commuters following a large earthquake was held on the premises and in the vicinity of Ikebukuro Station. Aiming to verify a newly built transportation system to restructure the stockpiling system in light of the lessons learned from the Kumamoto Earthquake, the drill was conducted on a large scale with more than 500 persons participating to play the role of stranded commuters. During the drill, Nippon Express transported emergency supplies for 2,000 persons on five trucks, out of stockpiles for about 50,000 persons kept at its Ekoda Logistics Center, to Ikebukuro West Gate Park and unloaded them at the staging base set up in the park. Nippon Express will continue to cooperate with Toshima City for emergency transportation.



Site of the drill in Ikebukuro West Gate Park

Environmental Education Using a Hydrogen Fuel Cell Vehicle

On October 25, 2016, Nippon Express concluded with Sugunami City, Tokyo an agreement on environmental education using a hydrogen fuel cell vehicle. Sugunami City has adopted hydrogen fuel cell vehicles as its official cars to promote the use of clean energy, particularly for vehicles. To provide cooperation in response to this environmental initiative of the city, the Nittsu Driving School, the only driving school designated by Sugunami City, launched an environmental education project in January 2017, which integrates a lecture on eco-driving and safe driving and a ride in a hydrogen fuel cell vehicle "H2 Namisuke," based on the agreement.



Concluding the agreement

Charitable Activities

Donation of Calendars

Each year, Nippon Express Head Office carries out a donation of calendars. As part of our contribution to local communities and 3R initiatives, since 2009 we have donated calendars, day planners, and other items

received from clients for which we have no use. Distributed locations include social welfare councils and nursing care and childcare facilities throughout Japan. A total of 1,862 items were donated to 14 facilities across Japan between December 2016 and January 2017.

Event/Concert

Nippon Express Sponsors Saori Yuki and Sachiko Yasuda

This duo of singing sisters decided to inspire today's school children to sing by sharing the beauty of the Japanese songbook. Their passion struck a chord with Nippon Express, leading to our sponsorship starting in 1995.

The duo also works with junior high school students in impromptu jam sessions through which a group "concert" emerges. The venues include school gymnasiums and assembly halls. These interactive concerts, which in Japanese have been dubbed "handmade school concerts," started in 2002. The effort has enjoyed our full support at the 94 schools that have participated to date.



"Handmade school concert"

Supporting Communities Outside Japan

Working with Aviation Security Seminars

In February 2017, Nippon Express worked in cooperation with the Aviation Security Seminars sponsored mainly by the Ministry of Land, Infrastructure, Transport and Tourism and the Japan International Cooperation Agency (JICA). At Narita Logistics Center No. 3, training in aviation security systems was carried out for 18 persons from developing countries. There was a lecture on aviation security measures to be implemented by Regulated Agents (RA) based on Japan's aviation security system and a tour of the facilities, including the Unit Load Device (ULD) handling system, allowing the trainees to experience firsthand the processes for confirming identity on entry to the facilities, access control using ID cards, explosive detectors, body checks using metal detectors, and other aviation security measures in continuous use at the facility.

The aviation security system is a set of measures standardized around the globe to prevent terrorism and the like on aircraft and, as each country is required to implement the same level of countermeasures, the

trainees had an opportunity to experience and absorb Japan's aviation security system, and also took part in a lively Q&A session.

Supporting Cultural Exchange and Social Contribution through Nippon Express Foundation

Nippon Express U.S.A. established the Nippon Express Foundation in 1992 to make donations to social and cultural activities across the United States. In 2016, the foundation supported about 32 projects, including a school for autistic children and a Japanese language education program.

Protecting the Environment

Forest Cultivation Activities in "Nittsu Forests"

As part of its environmental and social contribution activities, Nippon Express has established "Nittsu Forests" at three locations in Japan—Iide in Yamagata Prefecture, Nichinan in Tottori Prefecture, and Izunokuni in Shizuoka Prefecture—where employees and their families have been participating in forestry events since 2007. These events are held twice a year, with tree planting and mowing conducted in cooperation with, and under instruction from, town halls, forestry cooperatives, NPOs, and other related organizations.

2016 marked the 10th anniversary of our initiative in Iide, Yamagata. Eighty-two persons from across Japan participated in the activity from September 24 to 25 to plant trees and erect a commemorating monument, "soumokutou," meaning "tower for trees and plants," using locally quarried stone. The Okitama area in Yamagata Prefecture has a tradition since the Edo Period of erecting soumokutou to express people's gratitude for nature and reverence for flora. On November 28, another soumokutou was built in front of the gate of Nippon Express Head Office. The mayor of Iide and other relevant persons attended the unveiling ceremony.

Meanwhile, our activity in Nichinan, Tottori, which started in 2009, includes planting seedlings (sawtooth oak, Japanese cherry, Japanese maple, etc.) and pruning undergrowth. At the end of every fiscal year, we review the overall activity, including the progress, for activities in the following year and onward.



Soumokutou in Iide, Yamagata

Initiative for Increasing the Habitat for Blakiston's Fish Owl

Blakiston's fish owl, which is the largest owl species in the world, is designated as a national endangered species of wild flora and fauna. As part of its commitment to protecting biodiversity, Nippon Express has been making efforts since 2014 to help expand the habitat for Blakiston's fish owls in the company-owned forest in Hokkaido under the advice of Sumio Yamamoto, the leading researcher on the species.

Blakiston's fish owls need a cavity in a large broad-leaved tree to breed. To consider setting up nest boxes as an alternative to such cavities, we investigated the rivers running through our company-owned forest to see if the

fish that are important as food for Blakiston's fish owls live there and found them to be plentiful. We also found traces inside the nest boxes that Ezo Ural owls had occupied them. This proved that small animals that become food for owls in place of fish during the winter when the rivers freeze live in our company-owned forest. Based on these results, it was determined that our company-owned forest is a suitable habitat for Blakiston's fish owls, and accordingly the nest boxes were set up in January 2016. We have since continued checking the condition of the nest boxes.

Going forward, Nippon Express will make periodic studies for the conservation of Blakiston's fish owls.



Blakiston's fish owl

Nippon Express Global Logistics (Shanghai) Co., Ltd., Plants Trees

On June 4, 2017, about 70 persons, including employees of Nippon Express Global Logistics (Shanghai) Co., Ltd., and their families, business partners and people from a trade union federation in Shanghai Pilot Free Trade Zone, planted trees on a farm in the Nanhui area of Pudong, Shanghai under the slogan of "Let's make the earth green with our hands, connecting small hands and big hands." During the three-hour activity, participants received a lecture on succulent plants (e.g., cacti) given by an association for succulent cultivation in Shanghai in the first half, and planted trees outdoors in the second half. Additionally, they planted 15 trees as 2017 marks the 15th anniversary of the foundation of the company.



Participants in the tree-planting activity

Introducing Environmental Conservation Activities through Exhibition

Nippon Express exhibited at EcoPro 2016, held at Tokyo Big Sight over three days from December 8 to 10, 2016. Companies, organizations, the government, universities, and research institutes gathered together at the exhibition to introduce their activities to the great number of visitors, including general consumers, students, and children, with the aim of solving environmental problems and creating a sustainable society. The Nippon Express booth picked two concepts: "Nittsu Towns" and "Nittsu Forests."

In the section for "Nittsu Towns," we introduced our initiatives to develop a low-carbon society through our business, including eco-friendly moving using our proprietary reusable packing materials for moving, modal shift, and safe eco-driving outside Japan. Additionally, to help children easily understand our initiatives, we provided an on-stage presentation, quiz rally, and a "moving game" using reusable packing materials.

In the "Nittsu Forests" section, we introduced our activities for environmental protection in "Nittsu Forests" and protection of Blakiston's fish owl as an endangered species in our company-owned forest in Hokkaido. We also provided opportunities that even adults found enjoyable, such as making original aroma using extract from timber from forest thinning.

The Nippon Express booth received a record number of 9,425 visitors over the three days.



EcoPro 2016

TOPICS

Equipped with surface water monitoring system in cooperation with VOS Nippon Collecting oceanographic data with a new coastal vessel, the *Himawari 8*

Nippon Express built the *Himawari 8* to replace the *Himawari 1*, the RORO vessel that has been in service between Tokyo and Hokkaido for domestic marine transport, and held a launching ceremony on March 30, 2017.

The *Himawari 8* is equipped with a surface water monitoring system to automatically measure data at one-minute intervals while underway and discloses the data unlimitedly free of charge.

A roundtable talk was held between Naohiko Nakajima and Yasuharu Uemura from the NPO VOS Nippon, and General Manager Mishima from Nippon Express' Tokyo Shipping Branch in May 2017 on the research activity that is expected to offer data for a wide range of uses, including meteorological and oceanographic forecasting, fishing conditions forecasting, and biological and environmental studies.

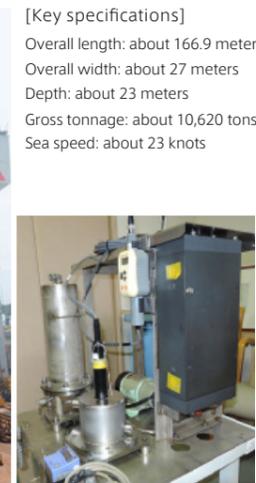
New RORO vessel, the *Himawari 8*

The *Himawari 8* can accommodate about 177 trailers and 95 passenger vehicles. Compared with the *Himawari 7* of the same type, the *Himawari 8* features improved efficiency in loading and unloading, as well as energy-saving systems, including electronically controlled low-speed diesel engines.

The *Himawari 8* will be put into service between Tokyo and Hokkaido in September 2017.



Himawari 8 launching ceremony



Surface water monitoring system (photo for illustrative purposes)

[Key specifications]
Overall length: about 166.9 meters
Overall width: about 27 meters
Depth: about 23 meters
Gross tonnage: about 10,620 tons
Sea speed: about 23 knots

(Left to right)
Yasuharu Uemura, Board member, VOS Nippon
Naohiko Nakajima, Board member, Chairperson, VOS Nippon
Tetsuya Mishima, General Manager, Nippon Express Tokyo Shipping Branch



Using regular coastal service to supplement scarce oceanographic data along Japan's coasts

Nakajima: The most basic oceanographic data are water temperature and salinity. These data are collected and surveyed around the globe to be used as the basis for global environmental research. However, there was an issue that data collected along Japan's coasts were very scarce.

Uemura: In oceanographic research, grasping changes is a big theme. To know how the water flow changes and what will happen with the change, steady accumulation of data around the globe is needed. Accuracy in global environmental modeling or oceanic current simulation cannot be improved if basic data are lacking.

Nakajima: The Japan Meteorological Agency and universities have been working on research, but it is difficult to repeatedly collect data in the same area on a long-term basis due to budgetary and other constraints. Therefore, we thought of asking for the cooperation of private coastal vessel operators. As we read Nippon Express CSR Report 2015, we discovered that the company owns coastal vessels, so we consulted Nippon Express.

Mishima: Our coastal vessels are in operation every day except days for inspection and maintenance. They are surely the best for long-term data collection. We were building *Himawari 8* when you consulted us. With the right timing, we were able to coordinate the setup of the system in our vessel.

Contributing to development in oceanographic research and fisheries as a company doing business using the sea

Nakajima: One of the best-known uses of oceanographic data is long-term weather forecasting, which mainly uses data collected by ocean-going vessels. Data collected by coastal vessels are expected to be used for different purposes. They can be used directly for local industries and environmental activities, such as checking the daily conditions of fishing grounds for coastal fishing, and conserving tidal flats, setting up bird sanctuaries or supporting other environmental activities carried out by local governments along the coasts.

Uemura: Furthermore, data can help identify causes of a sudden outbreak of red tide, or improve systems that help select the most efficient sea route according to daily conditions.
Mishima: Undoubtedly, our company has high hopes for an operating system that helps select the most efficient route because it leads to fuel saving and accurate operation time. At the same time, we value possibilities for a wide range of social contributions. We consider that contributing to the protection of the marine environment and marine resources is an important social responsibility for us as a company operating business using the sea as public space.

Uemura: *Himawari 8* will collect data on water temperature and salinity first, and will start to measure pH at a later time. These alone provide very crucial data, but research institutions are requesting operation of systems that can conduct biological surveys, such as a plankton survey. We see many more possibilities in data collection using coastal vessels, and greatly appreciate the continued cooperation of Nippon Express. (Honorifics omitted)

Corporate Governance

Recognizing the importance of reinforcing corporate governance, ensuring compliance and guaranteeing management transparency, the Nippon Express Group has created a basic policy of speedy management through rapid decision-making and the clarification of responsibility. We regard the improvement of the management structure and the implementation of necessary measures as our top priorities to build relationships of trust with our stakeholders.

Corporate Governance System

Basic Principles

Corporate governance at Nippon Express is summed up in two key principles: 1) realize effective management through timely decision-making, and 2) make clear the lines of corporate responsibility. As of March 31, 2017, the Board of Directors comprises 15 members, including three outside directors, and meets a minimum of once a month, and more often if necessary, to make important management decisions and to supervise business execution. Three directors are appointed from outside the company to allow for a fresh perspective and enhance the Board in supervising business execution. Board members serve one-year terms, and their management responsibility is clearly defined for each fiscal year.

At the same time, the Company has introduced a Board of Executive Officers, charged with the task of ensuring the rapid execution of business operations. As of March 31, 2017, a total of 30 executive officers (11 of whom concurrently serve as directors) are in place. Furthermore, Audit & Supervisory Board members attend board meetings and other important meetings, review key documents, audit key facilities, and perform reviews at subsidiary companies to ensure alignment with corporate directives and guidelines. In addition, results are reported to the Audit & Supervisory Board and the Board of Directors to ensure impartiality in audits of the performance of duties of divisions that perform operations. As of March 31, 2017, there are five Audit & Supervisory Board members, three of whom are external.

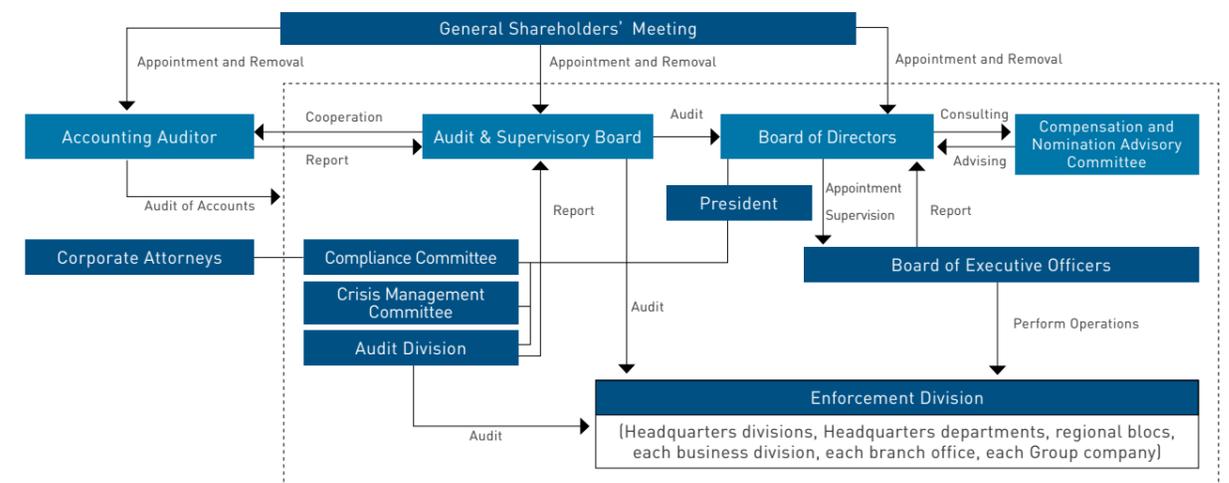
Status of Compliance with the Corporate Governance Code

On June 1, 2015, the Tokyo Stock Exchange's listing rules were revised so that listed companies would achieve effective corporate governance through systems for practicing transparent, fair, and swift decision-making, in light of the perspectives of stakeholders including shareholders, customers, and employees, and by pursuing sustainable corporate growth and higher corporate value in the medium to long term. This revision mandates disclosure and explanation of 11 principles stipulated in a Corporate Governance Code. The Code consists of a total of 73 principles. Nippon Express is committed to implementing all of them and has submitted to the Tokyo Stock Exchange a Corporate Governance Report that includes a policy for compliance with the 11 principles requiring disclosure.

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 ensure operational integrity of all Group companies.

■ Corporate Governance System



Crisis Management System

Setting Up a Crisis Management System

Nippon Express has built up a crisis management system based on its four crisis management rules concerning four types of risks: natural disasters, overseas crises, IT system crises, and proliferation of new strains of influenza and other infections. While establishing responses to these risks, we are reinforcing intra-group collaboration under the Nippon Express Group Disaster Countermeasure Regulations.

As a designated public institution under the Disaster Countermeasures Basic Act 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 in April 2013, Nippon Express fulfilled a role as a designated public institution by working to assist the affected areas with rehabilitation and reconstruction. For example, we transported emergency materials immediately after the Great East Japan Earthquake.

While stockpiling emergency supplies (such as food and drinking water), as well as hygiene items (such as protective masks and gloves) in case of an epidemic outbreak, we have installed satellite-based mobile phones and mobile phones with priority access in the event of an emergency at appropriate Head Office divisions and major offices across Japan to build a system for prompt emergency communication.

System to Ensure Business Continuity (BCM/BCP)

Nippon Express developed Business Continuity Management (BCM) as well as a Business Continuity Plan (BCP) in order to continue its operations even in an emergency situation such as a major disaster or the spread of a new influenza strain or other infections. We are ensuring our resilience by systematically preparing initial responses and relief activities to implement during an emergency.

Under systems like these, Nippon Express can protect the lives of employees and their families first and foremost in states of emergency and fulfill its responsibilities, including the transport of emergency relief supplies, as a designated public provider under the Disaster Countermeasures Basic Act, the Civil Protection Act, and the Act on Special Measures concerning the Relief of Pandemic Influenza.

At the time of the Great East Japan Earthquake, we maintained our business operations by swiftly invoking our BCP and contributed significantly to disaster recovery by prioritizing the transport of emergency relief supplies.

Going forward, each company of the Nippon Express Group will contribute to society by fulfilling its mission as a business that maintains social functions throughout the supply chain, even in the face of emergencies caused by natural, industrial, and man-made disasters.

BCM Basic Policy

1. Priority of human life and safety

Whether faced with widespread disaster, new strains of influenza, conflagration, terrorism, system failure or any other risk, the company will place the lives and safety of its employees, as well as their family and related people, above all else.

2. Contribution to society

Even in times of emergency, the company will work to achieve as much of its social mission as is possible. Also, when assistance is requested of us, whether by the national authorities, local authorities or the local community, we will respond to the best of our ability and contribute to the good of society.

3. Minimization of effects on customers

In times of emergency, in times when our business operations are hindered or in cases when the continuity of all of those operations is in jeopardy, the company will continue to operate under the previously established priority operations for sustained continuity, place top priority on recovery and strive to minimize the effects of these issues on the customer.

4. Thorough compliance with laws and regulations

Even in times of emergency, the company will adhere to all relevant laws, regulations and ordinances when conducting business.

5. Disaster preparation in times of normal business operations

In times of normal business operations, the company will build cooperation between the members of the Nippon Express Group to protect against the occurrence of disasters and other accidents by promoting stocks of emergency food rations and hygienic supplies and by carefully conducting necessary training drills while working to secure the resources necessary for business continuity.

Crisis Management System

Based on its disaster management rules, Nippon Express stipulates that, when a disaster subject to reporting occurs in a region in which the company operates, information must be collected by each of the relevant locations and

the necessary items reported in the Disaster Management System on its intranet in order to promptly confirm safety of its employees, assess the status of damage to its facilities, etc. and expedite relief efforts.

Safety Confirmation System

Confirming the safety of employees is one of the most important tasks among the initial responses taken during an emergency.

In accordance with its BCM Basic Policy, Nippon Express has adopted a Safety Confirmation System

that automatically sends safety confirmation emails to employees, in response to earthquakes of a certain severity or warning issued by the Japan Meteorological Agency, in order to rapidly confirm the safety of employees during a disaster.

Initiatives for the Protection of Personal Information

Nippon Express considers that ensuring proper management of personal information to protect such information is the basis of its business activities. With that belief, it has set the Policy for the Protection of Personal Data, ensures compliance with laws and regulations concerning the protection of personal information, and established voluntary rules and systems that are appropriate for the Corporate Philosophy and business of Nippon Express.

Policy for the Protection of Personal Data (Items)

1. Respect for individuals' personal data
2. Establishment of personal data protection system
3. Implementation of secured management of personal data
4. Compliance with laws, government guidelines, and other standards pertaining to the protection of personal data
5. Response to complaints and counselling requests
6. Continuing improvement of program for compliance with personal data protection policy

Revised on January 1, 2016 (Formulated on April 1, 2005)

Received Certifications Related to the Protection of Personal Data

• Privacy marks

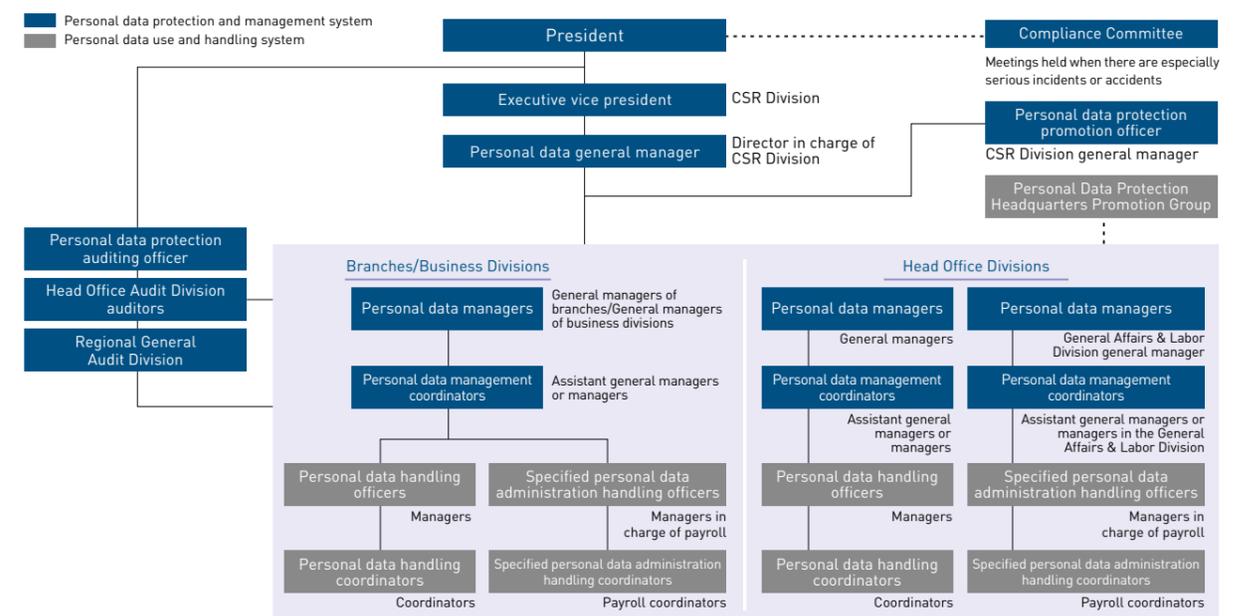
Nippon Express, Nittsu Shoji, Nippon Express Travel, Careerroad, Nago E-Technology, Nittsu Tokyo Ryutsu Service, Okinawa Nittsu Air Cargo Service, Wanbishi Archives

• ISMS (Information Security Management System) Certification

Nippon Express, Nippon Express Capital, Nittsu Information Systems, Nittsu Panasonic Logistics, Nittsu NEC Logistics, Wanbishi Archives

(As of March 31, 2017)

Organizational Chart for Personal Data Protection and Management/Personal Data Use



Third-party Opinion

In recent years, there have been growing international calls for businesses to identify their economic, environmental and social impacts across the value chain, address these impacts, and report the progress and results according to internationally recognized standards. This shows that businesses are expected to take appropriate actions to address their impacts based on significance and severity, whether or not there are laws requiring to do so. What is needed is not perfection but a willingness to seek appropriate actions through engagement with stakeholders, including those who may have been affected, and work with them to make continuous improvements.

Such essential approach to CSR is becoming increasingly important not just as contribution to global goals such as the Sustainable Development Goals (SDGs) and the 2°C Target in the Paris Agreement, or as a response to legislation related to “responsible supply chain” including the U.K. Modern Slavery Act, but also as risk management in this uncertain time. This is because it is impossible to accurately grasp how each CSR issue impacts or will impact on business without identifying and assessing economic, environmental, and social impacts caused by its own business activities.

It is my great hope that, the Nippon Express Group, celebrating its 80th anniversary this year, will pursue real integration of CSR into its business and further expand its business operations as a responsible global logistics company.

Points appreciated

- I pointed out in my past third-party opinion the need to link the issues recognized as material and the issues reported. CSR Report 2017 features “highlight” to cover major activities related to the three key priorities in Nippon Express’ Global CSR, which improves the ease of understanding.
- With the continued commitment to reducing environmental impact through business, including modal shift, deciding the long-term goals effective through fiscal 2030 for preventing global warming and building a recycling-oriented society is significant in promoting future initiatives. I expect Nippon Express as Japan’s leading logistics company to maximize its positive impact by encouraging client companies and further cooperating with them.
- For many years, Nippon Express has provided safe eco-driving training in Southeast Asia and achieved substantial results. The driver trainer development program launched in Vietnam in 2017 seems to

further push forward the initiative not only in terms of disseminating safety awareness but also in terms of boosting skills improvement and motivation among local human resources.

Points to be improved

- Responsibilities to the earth’s environment, sound company conduct and respect for human rights, which are identified as key priorities, may encompass many CSR issues. Because of the scale of the key priorities, it is rather difficult to see what the Nippon Express Group regards as its priorities, how and where it will work on them, and the progress of its efforts. I expect that specific priorities will be reported. Periodic review is also needed because key priorities may change according to social and environmental changes.
- There are increasing international calls for businesses to achieve fair labor practice in their supply chains and to reduce environmental impact as responsible supply chains. Countries, particularly those in Europe and North America, have been working on legislating it. The labor environment in the logistics industry has attracted attention in Japan, too. Although the logistics industry has a complicated subcontracting structure, I expect Nippon Express to consider how to press forward initiatives in its supply chain and report the progress. As any company is expected to make efforts for responsible supply chains, logistics companies that play a part in client companies’ supply chains will gain business opportunities by taking action ahead of others.
- As for respect for human rights, I appreciate Nippon Express’ efforts for holding dialogues with experts to understand human rights issues relevant to the company. Since impact on human rights may change according to the social environment and stakeholders, and since it is impossible to offset a negative impact by creating a positive impact, I strongly expect Nippon Express to assess its human rights impacts across the entire value chain to take appropriate actions (human rights due diligence).

Hiroshi Ishida

Executive Director
Caux Round Table Japan

Visiting Professor
Graduate School of Economics
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Fiscal 2016 Endorsement

The Caux Round Table Japan has confirmed that Nippon Express Co., Ltd. has participated in the Stakeholder Engagement Program of the Nippon CSR Consortium; has held discussions with other companies in its industry, NGOs, and other relevant parties concerning sustainable development goals (SDGs) and proposals from NGOs and NPOs at the G7 Ise-Shima Summit; and has worked to identify industry-specific key priorities based on the SDGs. The Caux Round Table Japan has further confirmed that Nippon Express exchanged opinions with experts

regarding relations between its business activities and CSR issues that require global responses, particularly human rights issues.

In the future, as initiatives for human rights that require international responses, I expect Nippon Express to formulate a human rights policy, engage in concrete initiatives to prevent or mitigate negative impacts, implement corrective measures where necessary, and make efforts to develop a grievance mechanism.

Editors’ Note

Thank you for reading the Nippon Express Group CSR Report 2017.

As has been the case with previous reports, we recruited applicants from each division and branch of our company to form the Editorial Committee for the present report. The committee members first made a general study of CSR and global trends in CSR initiatives. Subsequently, they deepened their understanding of CSR reporting through workshops on the significant impact that our company might have on the economy, society, and the environment into the future.

For this year’s CSR Report, we reviewed the overall structure by top priority and stakeholder.

On October 1 of this year, Nippon Express will celebrate the 80th anniversary of its foundation. In light of the growing social awareness of logistics in recent years, we will make continued efforts to contribute to the development of a sustainable society through logistics, with additional initiatives to be detailed in future editions of the Nippon Express Group CSR Report.



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