

Materials and photos used on the cover

1) Title; 2) Artist; 3) Year produced; 4) Owner



1) A View of the Prosperous Steamship River Transportation Business of Tokyo Ryogaku Tsun Co.
2) Sadakichi Nozawa (Shigekiyo Utagawa)
3) 1883-1887
4) Museum of Logistics



1) Freight Train Platform and Congestion at Akhabara Station
3) 1959
4) Museum of Logistics



1) Emperor Meiji Taking the First Train at the Inauguration Ceremony of the Railway Line from Shiodome to Yokohama
2) Hiroshige Utagawa III
3) 1872
4) Museum of Logistics



1) Three-wheeled Trailer on the New Platform 3 at Umeda Station, Osaka
3) Around 1960
4) Museum of Logistics



1) Ebisu, Daikoku, Benzaten, and Airplane
2) Unknown
3) 1914
4) Printing Museum, Tokyo (Toppan Printing Co., Ltd.)



1) Earliest Nippon Express Delivery Trailer Running Parallel to Tokaido Main Line Train
3) 1949
4) Museum of Logistics



1) Flyer for Kuroda Shipping Agent
2) Harutaka Fusai
3) Meiji Period
4) Museum of Logistics



1) First Operation Using 300-ton Trailer - Transportation of a Large Transformer to West Tokyo Substation
3) 1959
4) Museum of Logistics



1) Mona Lisa Arriving at Tokyo National Museum
3) 1974
4) Museum of Logistics

Planned and Edited by
CSR Promotion Division
Nippon Express Co., Ltd.

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Visualization of CO₂ emissions
Carbon Footprint of Products
Per book
<https://www.cfp-japan.jp/english/>
CR-BS05-19005

We calculated the carbon footprint in making the Nippon Express Group CSR Report 2019. The 770g 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 a CO₂ equivalent.



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



We Find the Way

NIPPON EXPRESS Group brings customers' possibilities to reality. There are often many solutions, but only one way is *the way*. We use our determination to find the best way to overcome hurdles and take our customers across the finish line.

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

The Nippon Express Group has established the Nippon Express Group Charter of Conduct to set out guidelines governing day-to-day activities and indicate specific courses of action. Similar to the Nippon Express Group Corporate Philosophy, the Nippon Express Group Charter of Conduct presents universal values held across the Nippon Express Group.

* Please see our website for further details:
<https://www.nipponexpress.com/about/policy/>

Editorial Policy — The CSR Report 2019 is an annual report on initiatives taken by the Nippon Express Group to address social issues and realize a sustainable society. We have compiled the Report in a compact manner to ensure that a range of stakeholders understand the Group's concept, stance and initiatives for CSR activities, while simultaneously attempting to cover the total scheme of such initiatives exhaustively. In addition, we have classified information according to the perspective of environment (E), society (S) and governance (G), reflecting growing interest in ESG investments. The Report has been structured in line with the importance of priority issues. We have also examined and presented the relationship between priority issues and the SDGs. No corrections have been made to information provided in previous reports.

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 2018 (April 1, 2018–March 31, 2019) (certain sections may include information from or prior to fiscal 2017 and up to June 2019.)

Issue Date — September 2019 (previous report: September 2018; next report: September 2020 (scheduled))

Reference Guidelines — • GRI Sustainability Reporting Standards 2016 (Core)
• Environmental Reporting Guidelines 2018 by the Ministry of the Environment



The Nippon Express Group's business activities help better the lives of people worldwide and develop sustainable societies.

President & CEO *Mitsuru Saito*

Dynamic Growth: The International Challenge

The Group has achieved net sales of two trillion yen as a result of working toward the goal of becoming a true global logistics corporation, and remaining committed to profitability and growth as outlined in the Nippon Express Group Corporate Strategy 2018 — New Sekai-Nittsu —, which came to an end in fiscal 2018. We believe we have successfully laid the groundwork for even greater growth in the future.

The new Nippon Express Group Business Plan 2023 ~"Dynamic Growth"~, which launched in April 2019, aims for a long-term vision of a logistics company with a presence in the global market as we approach our centenary in 2037. We will work to deliver growth that accelerates dramatically from the linear growth of the past.

Create Value Based on Innovation, Pursue ESG Management

Rooted in the Group Corporate Philosophy and our unchanging values, the long-term vision expresses how we will grow our

business while also creating value by introducing innovations in the company approaches and philosophies a set of values where change is needed.

As a first step toward achieving the long-term vision, the new corporate strategy is an action plan that lays down the required measures to achieve the long-term vision and specific long-term strategies by 2023. The corporate strategy also clearly outlines the relationship between the Sustainable Development Goals (SDGs) and ESG management efforts, which have become increasingly important for corporations in recent years. We emphasize an approach where we perceive engagement with solutions to social issues through business and contributions to a sustainable society as linked to improved corporate value and sustainable growth for the Nippon Express Group.

Sustainable Development Through Collaborating and Co-Creation with Stakeholders

The role of the Nippon Express Group is expanding, and expectations of the Group are rising amid the latest technological developments, labor shortages and workstyle reforms in the logis-

tics industry, as well as measures to address countless social issues around the world such as global warming, economic disparity, poverty, and efforts to shape a society where anyone can live without fear. Aiming for a sense of presence on the global market, we must respond to these expectations.

The Nippon Express Group is constantly thinking and acting on every aspect of what society demands and what we can offer as a business. We will not only achieve growth for the business, but we will also contribute to developing a sustainable society in the future to meet our responsibilities and to respond to the expectations of stakeholders.

Long-term Vision
Working towards our centennial anniversary (2037 Vision)

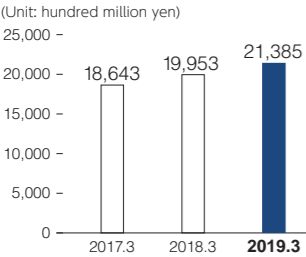


Nippon Express Company Profile (As of March 31, 2019)

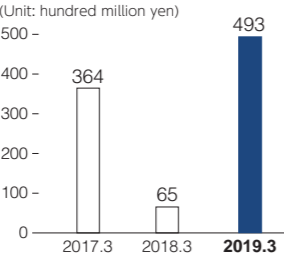
Name:	Nippon Express Co., Ltd.	Name of representative:	Mitsuru Saito, President & CEO
Founded:	1872, as Riku-un Moto Kaisha (Land Transportation Company)	Paid-in capital:	70,175 million yen
Established:	October 1, 1937	Number of shareholders:	50,175
Headquarters:	1-9-3 Higashi-Shimbashi, Minato-ku, Tokyo 105-8322, Japan	Number of employees (consolidated):	71,525
		Number of employees (unconsolidated):	32,280
		Number of consolidated subsidiaries:	271

Financial Information

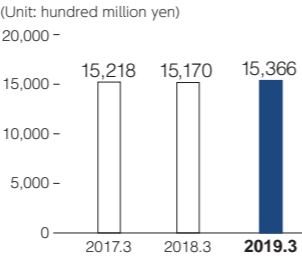
Revenue (Consolidated)



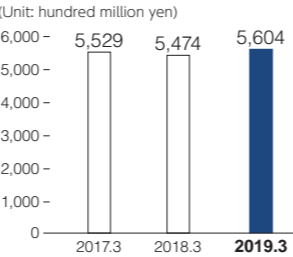
Net income (Consolidated)



Total assets (Consolidated)



Net assets (Consolidated)



Business Overview



Motor Transport

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

The number of vehicles we own for business operations is 20,976 (14,391 by Nippon Express Co., Ltd. and 6,585 by affiliates as of March 31, 2019).



Air Freight

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

The amount of air cargo exported from Japan in 2018 was 316,808 tons in terms of handling weight, and our share was 26.1% in terms of the total volume of air cargo transport by the Japan Aircargo Forwarders Association.

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 artworks.

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. We also 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.



Railway Transport

We operate the business of transporting cargo by railway through service depots established nationwide in stations that handle containers. We seek to respond to a variety of customer needs by using our own containers.



Marine Transport

We engage in the international transport business with a focus on inter-modal freight transport services worldwide, the domestic transport business mainly through the scheduled services of five roll-on-roll-off ships, and the port transport business.

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.

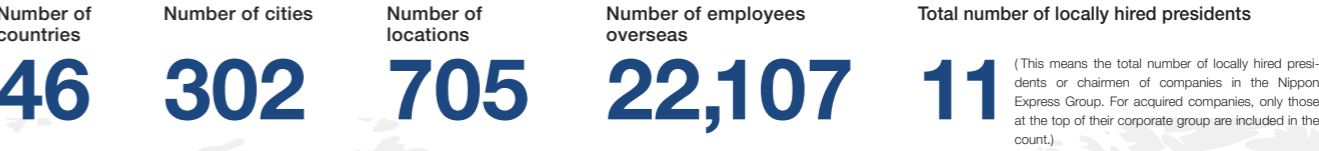
Other Business Activities

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

Global Network

Spanning 46 countries and operating in 302 cities around the world, the Nippon Express Group has one of the world's largest global networks.

(As of March 31, 2019)



Europe

- NIPPON EXPRESS EUROPE GMBH
- NIPPON EXPRESS (DEUTSCHLAND) GMBH
- NIPPON EXPRESS (NEDERLAND) B.V.
- NIPPON EXPRESS (U.K.) LTD.
- NIPPON EXPRESS (RUSSIA) LLC
- etc.

East Asia

- NIPPON EXPRESS (CHINA) CO., LTD.
- NIPPON EXPRESS (H.K.) CO., LTD.
- NIPPON EXPRESS (SOUTH CHINA) CO., LTD.
- NIPPON EXPRESS (TAIWAN) CO., LTD.
- NIPPON EXPRESS KOREA CO., LTD.
- etc.

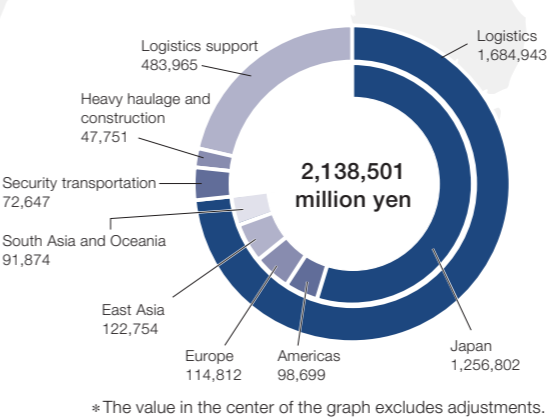
South Asia and Oceania

- NIPPON EXPRESS (SOUTH ASIA & OCEANIA) PTE. LTD.
- NIPPON EXPRESS (SINGAPORE) PTE. LTD.
- NIPPON EXPRESS (MALAYSIA) SDN. BHD.
- NIPPON EXPRESS (THAILAND) CO., LTD.
- NIPPON EXPRESS (VIETNAM) CO., LTD.
- etc.

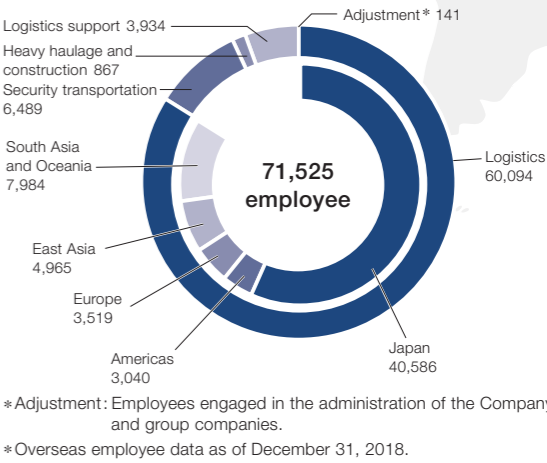
Americas

- NIPPON EXPRESS U.S.A., INC.
- NIPPON EXPRESS CANADA LTD.
- NIPPON EXPRESS DE MEXICO, S.A. DE C.V.
- NIPPON EXPRESS DO BRASIL LTDA.
- NIPPON EXPRESS TRAVEL USA, INC.
- etc.

Sales by segment (consolidated) (Unit: 1 million yen)



Employees by consolidated region (consolidated)



Key Locations /Facilities Established in Fiscal 2018

Nippon Express U.S.A., Inc. opens a Panama branch

A new branch was established in Panama City in July 2018. This marked the first expansion by a Japanese forwarder to the Republic of Panama. The branch engages in bonded inventory operations and import/export forwarding for Latin America, among others.



Launch ceremony

Nippon Express (South Asia & Oceania) Pte. Ltd. opens branches in Laos

(Vientiane and Savannakhet branches)

In July 2018, the company opened branches in the Lao People's Democratic Republic and expanded to the city of Vientiane and Savannakhet Province in Laos, a country with a high economic growth rate. The company undertakes logistics consultant operations there.



Vientiane Branch



Savannakhet Branch

PT. NEX Logistics Indonesia Bekasi Logistics Center

The center began operating in March 2019. Established within the Gobel Industrial Estate in Bekasi, West Java, the center provides extensive logistics functions for electric machinery, electronics, automobiles, apparel, pharmaceuticals and other industries as well as logistics functions for the distribution of miscellaneous daily goods and food.



Bekasi Logistics Center

Key Priorities for the Nippon Express Group

From the dual perspectives of developing a sustainable society and achieving continuous growth for the Company, the Nippon Express Group promotes ESG management and has identified priority issues that we must tackle as a Group.

ENVIRONMENT
Responsibilities to the Earth's Environment



Make positive contributions to climate change, resources recycling, and biodiversity as a logistics company

- Specific Topics
- Reduce CO2 emissions by reinforcing controls on climate change
 - Provide logistics technologies and services with little environmental impact
 - Strengthen adaptive ability and resilience in the face of climate change
 - Promote resources recycling
 - Protect terrestrial and marine ecosystems

SOCIAL
Respect for Human Rights



Create a society where everyone feels safe and secure

- Specific Topics
- Promote occupational safety and health
 - Maintain social safety involving logistics
 - Ensure robust respect for human rights in the supply chain

GOVERNANCE
Sound Company Conduct



Build management platform that supports improvements in sustainable corporate value

- Specific Topics
- Promote fair business practices
 - Implement robust anticorruption measures

In addition to the issues listed above, we are also tackling the following themes to realize our long-term vision (the 2037 Vision) as we approach the centenary of the founding of the company.

A Workplace That Supports Sustainable Growth



Transform the company into one where a diverse workforce feels happy and takes pride in the work

- Specific Topics
- Create job satisfaction in the workplace
 - Train human resources who can work globally
 - Promote diversity and inclusion
 - Promote workstyle innovation

Innovation Based on Collaborating and Co-creation



Create value for customers and society through innovation

- Specific Topics
- Strengthen global partnerships
 - Contribute to sustainable and tough infrastructure development
 - Promote global product quality in response to customer and social expectations

* The issues listed here are the ones we consider particularly relevant from the perspectives of CSR and the Nippon Express Group business. The list does not imply that other issues lack importance.

Identifying and Scrutinizing Key Issues

- 2013**
We examined important CSR issues to be addressed globally on a priority basis in line with international guidelines such as ISO 26000 and the views of stakeholders inside and outside the Company.
- 2014**
After careful discussion, our Board of Executives selected three key CSR issues—Responsibilities to the Earth's Environment, Sound Company Conduct, Respect for Human Rights—to be tackled by the Group as a whole. We identified specific topics for each of the three issues filtered through the twin perspectives of the Company's impact on the society and the impact of these issues on the Company.
- 2015**
We entered into dialog with experts who pointed out that we had failed to include specific topics pertaining to Respect for Human Rights, so we revised some of the content accordingly.

- 2016**
We revised some parts of the text describing specific topics to make the content more accessible.
- 2017**
Concerning the issue of our Responsibilities to the Earth's Environment, we formulated and began to work on long-term targets for fiscal 2030 to prevent global warming and build a recycling-oriented society.
- 2018**
In light of the Paris Agreement, the SDGs, and other changes in the social environment, we scrutinized the three key issues and specific topics for each one. By verifying the connections between the SDGs and the business and CSR efforts at Nippon Express Groupe through questionnaires and interviews with stakeholders inside and outside the company, we identified themes that do not fall within the three key issues and added the perspective of opportunity to risk-centered topics.

Views of External Experts on the Key Issues

External experts shared the following views on the process of scrutinizing specific topics for each of the three key issues in fiscal 2018.



Mr. Naohiro Nishiguchi,
Executive Managing
Director, Japan
Innovation Network

- It is preferable to ensure consistency between the key issues and the long-term vision (the 2037 Vision) in the approach to the centenary of the company.
- Use the method of backcasting from the long-term vision when considering policies for the key issues.
- You have identified many risks, but I would like you to strengthen business opportunities based on the SDGs.



Mr. Takeshi Shimotaya,
Managing Director,
Sustainavision LTD.

- It would be better if you could use the results of internal departmental questionnaires to unearth issues, and could raise awareness across every department.
- It would be better if you could identify and engage important stakeholders on a continuous basis, and reflect their opinions in your strategy.
- It would be better to prioritise any relevant issues which need to be addressed, and distinguish between those issues which can be dealt with internally, and those which require collaboration.

Efforts Toward the Sustainable Development Goals (SDGs)

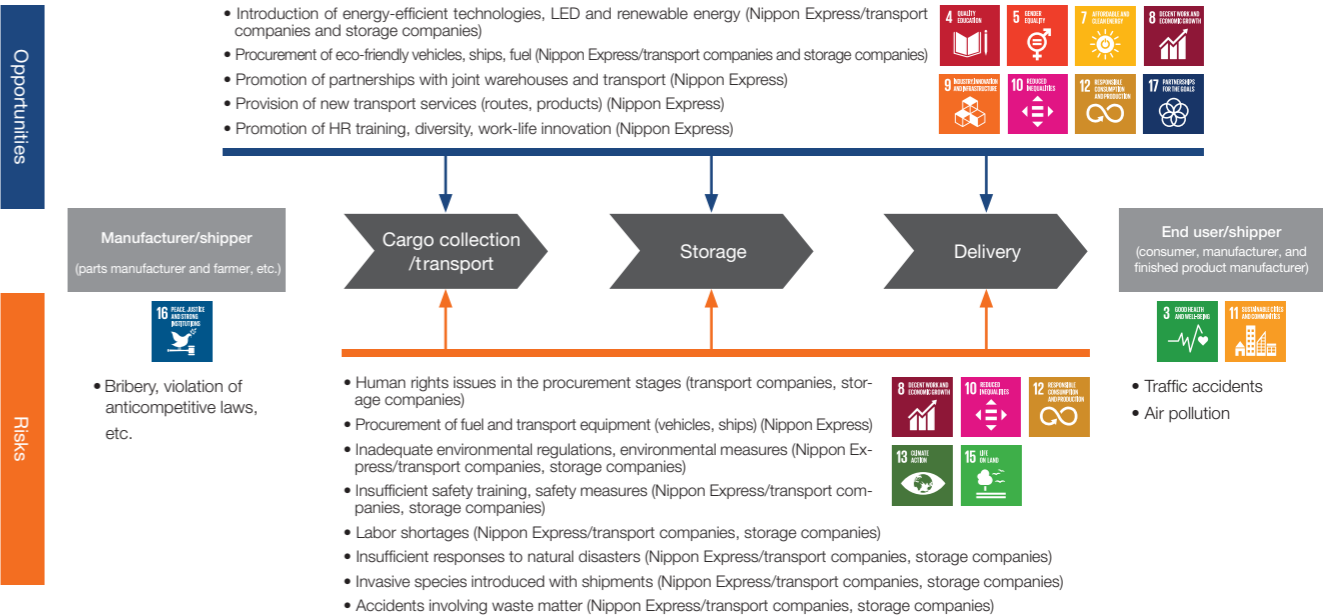
With the manifestation of abnormal weather patterns caused by climate change and their attendant natural disasters, shortages of water and food due to the destruction of the natural environment and population increase, economic disparity, rising poverty, and other serious problems, there is widespread recognition that dealing with these problems is a global issue. One of the global initiatives designed to respond to these social problems, the Sustainable Development Goals (SDGs), which were adopted at the UN General Assembly in 2015, identify 17 goals and 169 targets for sustainable development by 2030.

In our medium-term business plan, the Nippon Express Group has linked the three ESG themes to the SDGs. We have identified risks and opportunities in the value chain by scrutinizing specific topics for each of the three key issues, and by analyzing the importance of the 169 SDG targets and their relevance to our business.

Our contributions to customers and society through business improve sustainable growth and corporate value for the Nippon Express Group. We are moving forward with these initiatives in recognition of how they relate to achieving the SDGs.



Risks and Opportunities in the Value Chain



Engagement with Main Stakeholders

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

Shareholders and investors

- General Shareholders’ Meetings (annually)
- Results briefings (quarterly)
- Dialogue-based ESG programs (daily)
- Reporting such as annual reports (as necessary)

Affiliates and subcontractors

- Safety council meetings (semiannually)
- Meetings and briefings (as necessary)

Employees

- Internal whistleblowing system “NITTSU Speak-up” (daily)
- Individual interviews (as necessary)
- Internal questionnaires (as necessary)
- Compliance awareness survey (annually)
- Company newsletter (monthly)



Customers

- Exhibitions, briefings and seminars (as necessary)
- Opinions provided to Customer Service Center (telephone, the Internet)
- Questionnaires for customers (as necessary)

Local communities

- Participation in business/industry organizations (as necessary)
- Dispatch of personnel to provide lectures and training (as necessary)
- Social contribution activities (as necessary)

Administrative institutions

- Committees, conferences and meetings (as necessary)

Dispatching Personnel to Universities to Give Lectures for Endowed Courses

The Company has been dispatching personnel to give lectures for university students in courses organized by the Japan Association for Logistics and Transport for the purpose of developing human resources for the logistics and transport industry. Lectures were given under the theme of Logistics and Environmental Issues in 2018 to share the logistics-related activities that the Company has been undertaking to address environmental issues such as global warming. The lectures, which were held at Yokohama National University and Hosei University with the attendance of 20 and 135 students respectively, helped the students to deepen their interest in and understanding of logistics, and offered opportunities for the Company to gather frank opinions from young people.

Feedback from the students who participated in the lectures included the fact that they were able to deepen their understanding of the relationship between logistics and the global environment, and that they gained an in-depth understanding of Nippon Express’ CO₂ reduction plans.



Lecture at university

Involvement in Initiatives

We involve ourselves proactively in many different outside organizations and forums in the logistics industry relating to the environment and society. We are committed to contributing to a sustainable society.

Outside organizations and positions	Participation in outside agency forums and others
<p>Ministry of Land, Infrastructure, Transport and Tourism Ad Hoc Committee Member, Environmental Division, Transport System Subcommittee, Council of Transport Policy</p> <p>Ministry of Economy, Trade and Industry Member of SDGs Management / ESG Investment Study Group member</p> <p>Keidanren (Japan Business Federation) Member of Committee on Corporate Behavior, & SDGs Committee, Environmental Safety Committee, Special Committee for Post-Earthquake Reconstruction (Industrial and Regional Reconstruction Subcommittee)</p> <p>Keidanren Committee on Nature Conservation Vice chairman and member of Planning Division</p> <p>Japan Association for Logistics and Transport Member of Logistics Environmental Action Committee and Subcommittee on Actions for Large-scale Facilities</p> <p>Japan Trucking Association Member of Environmental Action Committee and Environmental Action Subcommittee</p> <p>Tokyo Employers' Association Member of Environmental Committee</p> <p>Tokyo Chamber of Commerce and Industry Committee member of Certification Test for Environmental Specialists</p>	<p>Minato Eco-conscious Consortium</p> <p>Shiodome Environmental Society</p> <p>Council for Better Corporate Citizenship</p>

External Evaluation

Stakeholders evaluated many different initiatives taken by the Nippon Express Group.

(Period: April 1, 2018 to March 31, 2019. The dates below refer to the publication dates of the press releases on our website or the dates the awards were received.)

June 27, 2018	Received the Medal with Dark Blue Ribbon from the Cabinet Office for having donated bloodmobiles to the Japanese Red Cross Society. https://www.nittsu.co.jp/press/2018/20180629-2.html
June 29, 2018	Received the Logistics Environment Special Award at the 19th Logistics Environment Awards due to recognized efforts in modal shifts. https://www.nittsu.co.jp/press/2018/20180703-1.html
July 5, 2018	Our eco-ship and modal shift project received the Ministry of Land, Infrastructure, Transport and Tourism Maritime Bureau Director-General's Commendation from the Eco-ship Modal Shift Company Selection Committee. https://www.nittsu.co.jp/press/2018/20180709-1.html
September 1, 2018	Received Industrial Merits Commendation from the mayor of Iidemachi, Yamagata. https://www.nittsu.co.jp/press/2018/20180910-2.html
October 28, 2018	Won the Prime Minister's Prize at the 50th National Truck Driver Contest. https://www.nittsu.co.jp/press/2018/20181030-3.html
November 27, 2018	Received the Award for Best Company Working on Modal Shift at the 2018 Awards for Best Companies Working on Modal Shift. https://www.nittsu.co.jp/press/2018/20181130-1.html
February 20, 2019	Our CSR Report 2018 won the Award for Excellence at the 22nd Environmental Communication Awards.

Key Priorities for the Nippon Express Group

Responsibilities to the Earth's Environment

Management Approach

Make positive contributions to climate change, resources recycling, and biodiversity as a logistics company

We pursue the mitigation of climate change through the reduction of greenhouse gas emissions in transportation, and are committed to our adaption to climate change, regarding it as a responsibility of a designated public institution. Through our business activities, we are also proactive in terms of the recycling of resources and the protection of biodiversity

Major Social Challenges

- Climate change and frequent natural disasters induced by climate change
- Air pollution
- Shortage of water resources
- Increase of waste and marine plastics
- Loss of biodiversity

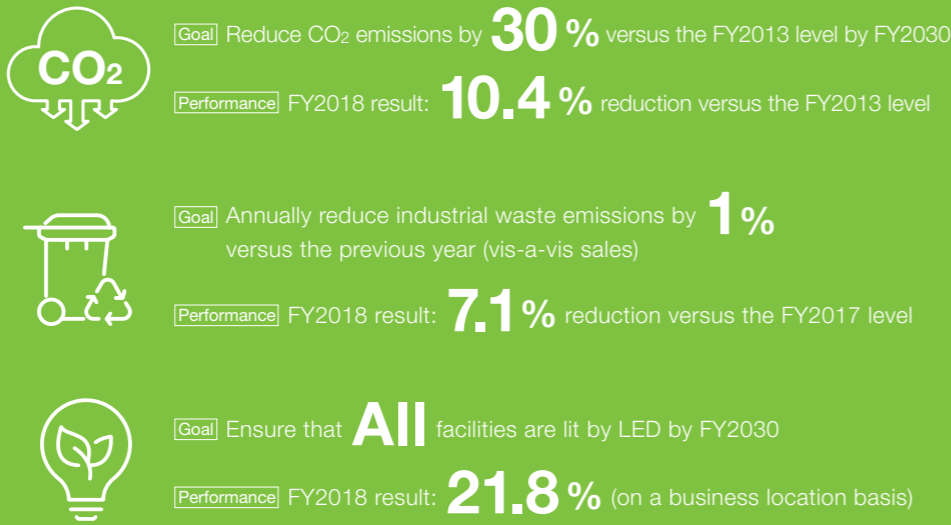
Specific Topics

- Reduce CO₂ emissions by reinforcing controls on climate change
- Provide logistics technologies and services with little environmental impact
- Strengthen adaptive ability and resilience in the face of climate change
- Promote resources recycling
- Protect terrestrial and marine ecosystems

Nippon Express Group's Approach

- Reduce greenhouse gas emissions by facilitating the shift to LED, introducing eco-friendly vehicles and encouraging modal shifts and eco-driving
- Save resources by promoting the 3Rs and increasing the number of eco-friendly products and services
- Thoroughly prevent the transboundary movement of non-native species in compliance with related ordinances and treaties

Management Indicators



Responsibilities to the Earth's Environment

Environmental Management

Nippon Express Group Environmental Charter Policies and Targets

The Nippon Express Group focuses particularly on the Nippon Express Group Charter of Conduct. We have the Nippon Express Group Environmental Charter in place for the whole Group to fulfill our responsibilities to the Earth's environment.

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.

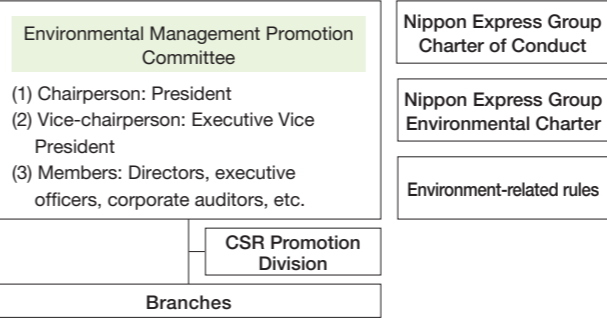
7. We will continually improve upon our environmental management system.

To read the Nippon Express Group Environmental Charter in detail, please see our website.
<https://www.nipponexpress.com/about/csr/charter/>

Promotion of Environmental Management Organizations and Systems

The Group is working to implement environmental management in accordance with the Nippon Express Group Environmental Charter. We have established the Environmental Management Promotion Committee, which is chaired by the president, to create a cross-organizational framework for promoting environmental management throughout the Group. We also work on risk management.

Organizational structure for promoting environmental management



Environmental Management System Organizations and Systems

To further advance activities for environmental conservation, the Nippon Express Group's offices are working to obtain ISO 14001 certification, which is the international standard for environmental management systems, and Green Management Certification.

• Obtaining Green Management Certifications

Numerous offices throughout the Nippon Express Group have been obtaining Green Management Certification, which is granted to companies that engage in business with a minimal environmental impact. As of the end of March 2019, 91 Nippon Express trucking offices and eight warehousing offices have received this certification. Among Group companies, five trucking offices have been granted Green Management Certification.

• Increasing ISO 14001-certified Business Locations

Since the Air Freight Business Branch received ISO 14001 certification for its operations in the Baraki area (Ichikawa, Chiba Prefecture) on June 24, 1998, 21 Nippon Express Group business locations in Japan and overseas have been similarly certified as of March 2019.

* For the names of the locations, please see our website.

Long-term Targets for 2030 Policies and Targets

We have long-term targets for 2030 in place and are committed to environmental management. We will continue strongly pursuing environmental management by focusing on the prevention of global warming and the development of a recycling-based society. In this way, we will support the development of a sustainable society.

Long-term environmental management targets for 2030

• Reduce CO₂ emissions by 30% from their FY2013 levels no later than FY2030

1. Numerical targets for total emissions
FY2013 standard value: 490,513 tons
FY2030 target value: 343,359 tons (30% decrease)

2. Numerical targets for output units per million yen in sales
FY2013 standard value: 469.72 kg/million yen
FY2030 target value: 328.80 kg/million yen (30% decrease)

• Reduce industrial waste generation vis-à-vis sales each year by 1% from the previous year (until FY2030).

FY2016 standard value: 21.96 kg/million yen
FY2030 target value: 19.08 kg/million yen

* See page 17 for the results from FY2018.

Reduce CO2 Emissions by Reinforcing Controls on Climate Change

Our View on Climate Change Policies and Targets

The Nippon Express Group recognizes climate change as a social issue of global scale.

Abnormal weather resulting from climate change may pose obstacles to logistics infrastructure by causing the suspension of flight, shipping and railway services and the closure of highways. Worse, it may lead to an increase in our operating costs. Abnormal weather may also bring about decreases in production and shipment quantities for our clients, possibly leading to decreases in the amount of cargo we handle and our profits.

By securing two or more modes of transport, the Nippon Express Group will enhance the resilience of its operations against climate change. We will also work in cooperation with clients to make "modal shifts" from truck-centered transport to ships, railroads and other modes of transport with a low impact on the environment.

Using the NEES System to Visualize Energy Use Organizations and Systems

Nippon Express has used its proprietary Nittsu Ecology & Economy System (NEES) to visualize energy since 2011. This system keeps us accurately updated on the consumption of diesel oil, electricity, gas and other forms of energy at approximately 2,000 business locations in Japan. NEES has enabled each of our business locations to run an environmental management system and take steps to reduce energy use. As a consequence of our efforts to save electricity and other forms of energy, the data collected have proven useful in disclosing information outside the Company and formulating new energy conservation targets.

Accurately Controlling Fluorocarbons Organizations and Systems

Fluorocarbons not only harm the ozone layer but also have an extremely high greenhouse effect. Nippon Express strives to preserve the ozone layer and prevent global warming by reducing CO2 emissions and accurately controlling fluorocarbons. There were no major leaks in 2018.

ECO-FREONTIA®, Management System Fluorocarbons

The Act on Rational Use and Proper Management of Fluorocarbons ("Fluorocarbons Management Act") came into force in April 2015. We comply with the Act by operating ECO-FREONTIA®, our proprietary system for controlling fluorocarbons, in an effort to prevent the leakage of fluorocarbons. This system prevents the omission of inspections and calculates the volumes of leaked fluorocarbons from the inspection data by creating a database of information about the professional-use freezers, refrigerators and air conditioners (Class I Specified Products) that are regulated under the Fluorocarbons Management Act and by sending out e-mail alerts whenever the relevant equipment undergoes a simple or periodic inspection.

Environmentally Friendly (Low-emission) Vehicles Activities and Achievements

Nippon Express actively introduces environmentally friendly vehicles that mainly include low-emission diesel trucks such as those complying with the post-new long-term regulations, as well as CNG, hybrid and LPG trucks. As of March 31, 2019, the Nippon Express Group has a domestic fleet of 9,650 vehicles in total.

- Compressed Natural Gas (CNG) Trucks**
The same natural gas as that for use in city gas is compressed under high pressure to fuel CNG trucks. This type of vehicle emits 20% to 30% less CO2 than gasoline-fueled cars. Moreover, CNG trucks emit far fewer NOx^{*1} than diesel cars and emit no PM^{*2}.
*1 NOx: Nitrogen oxides. *2 PM: Particulate matter.
- Bi-fuel CNG Trucks**
Mainly used for air service deliveries and the transport of valuables, these modified vehicles run on both CNG and regular gasoline. Once the CNG has been used up, the motor can be manually switched to gasoline.
- Hybrid Trucks**
Hybrids combine different forms of motive force, such as ordinary engines and electric motors. The energy created by the engine or braking is converted to electricity and stored to provide an auxiliary driving force when starting, accelerating or climbing.
- LPG Trucks**
Equipped with engines fueled with liquefied petroleum gas, LPG vehicles are commonly used as taxis. LPG trucks emit far fewer NOx than diesel cars and emit no PM.



Increasing the Number of Environmentally Friendly Facilities Activities and Achievements

The Nippon Express Group is increasing the number of environmentally friendly facilities. In fiscal 2018, we generated 6,784,343.7 kWh from recyclable energy (6,784,333.86 kWh from solar power and 9.84 kWh from wind power). In addition, the Nippon Express Group has developed standards for the installation of equipment that are applicable to the construction of logistics facilities and offices. The standards require our equipment to be more effective in utilizing recyclable energy, and reducing greenhouse gases by promoting LED use, reflect our considerations for biodiversity, enhance the safety and health of staff members and people in the neighboring communities and contribute to the continuation of our business operations.

- Environmental Considerations in the Osaka Branch Office Building**
The Osaka Branch office building was completed in January 2019 based on the concept of a building that is resilient against disasters and designed in keeping with the times. It is a state-of-the-art structure with cutting-edge, eco-friendly equipment, including private electric generators, a photovoltaic facility and a building energy management system (BEMS).



Osaka Branch office Photo credits: PRIZE Co., Ltd

Provide Logistics Technologies and Services with Little Environmental Impact

Promotion of Modal Shift Activities and Achievements

The Nippon Express Group facilitates cooperation between customers and logistics companies to make numerous modal shifts, switching from truck-centered transport to transport using railways and ships. Modal shifts to organically link different modes of transport such as trucks, trains, ships and aircraft reduce the environmental impact and make transport more efficient, and they also provide alternatives within business continuity plans (BCP).

Modal Shift to Rail Transport

The larger the cargo volume and the longer the distance it is hauled, the more efficient and reliable railway transport is found to be in comparison to truck transport. Being eco-friendly and highly energy-efficient, rail transport is effective in reducing CO2 emissions. By working with customers to make modal shifts to secure reliable railway transport throughout a wide range of cargo from bulk to small lots, we address driver shortages and social challenges such as the reduction of environmental impact.

We also develop 12-foot hybrid containers that can be loaded onto both trains and coastal vessels, and we offer a transport service with the use of railroads and ships to control the impact on the environment.

Modal Shift to Domestic Marine Transport

Maritime transport is a mode of low-cost, long-haul transport for large cargo volumes, and it has a low impact on the environment.

In 1964, the Nippon Express Group put Japan's first container vessel, *Dai-ichi Tennichi Maru*, into service between Tokyo and Muroran, followed by *Daini Tennichi Maru* between Osaka and Muroran, thereby launching integrated land and sea transport services. The Group currently operates seven large state-of-the-art vessels, including *Himawari 8* and *Himawari 9*, which were launched in September and December 2017 respectively, along two scheduled routes that serve eight ports around Japan.

Among our additional efforts to reduce CO2 emissions from fuel consumption are the selection of optimal routes utilizing our optimal navigation plan support system and complying with on-time port departures. For cargo arriving at and departing from inland locations far from ports, we make various efforts, including cooperation with railway companies in integrated transport.

Environmental performance of Nippon Express' coastal vessels

- Himawari 5*, *Himawari 6*: These vessels use engines with automatic control that adjusts fuel injection to speed.
- Himawari 7*, *Himawari 8*, *Himawari 9*: These are energy-saving vessels equipped with high-efficiency, variable-pitch propellers, high-performance reaction rudders with valves, low-friction paint, electronically-controlled main engines, and inverter-driven cooling seawater pumps.



CO2 emissions intensity by transport mode (g-CO2/ton-kilometer)

- Truck**  = **232**
- Rail**  = **20**
- Ship**  = **38**

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

Encouraging Eco-driving Activities and Achievements

The Nippon Express Group's business of delivering customers' goods all around the world necessarily entails energy consumption and CO2 emissions due to the use of gasoline and other fuels. For this reason, we encourage eco-driving* in our truck transport operations as one approach for mitigating our environmental impact.

* Eco-driving: Driving techniques that are aimed at reducing CO2 emissions and fuel consumption and ensuring greater safety by boosting fuel efficiency

Safe Eco-driving Education

We have incorporated safe eco-driving, which is characterized by the constant practice of safety, ecology and economy, into the curricula for all types of driver training to develop professional drivers. Driver instructors play a central role in providing regular education and guidance through these training programs, and we are striving to ensure that all Nippon Express drivers engage in safe eco-driving.

In particular, eco-driving training uses fuel consumption gauges and, to heighten employee awareness of the benefits of eco-driving (in terms of safety, the environment and cost), Nippon Express has been certified as an eco-driving training organization by the Foundation for Promoting Personal Mobility and Ecological Transportation.

Digital Tachometers

Since fiscal 2014, Nippon Express has been utilizing an Operation Support System that incorporates vehicle operation management, operational activities such as loading, and attendance management. The Operation Support System is a mechanism where digital tachometers are linked with work terminals (smartphones) to allow various types of data to be managed centrally in a cloud environment (Nippon Express Cloud). We are also pairing IoT technology with our unique education and training to eliminate traffic accidents and cut CO2 emissions through greater fuel efficiency.

Rate of introduction of digital tachometers	
Nippon Express Co., Ltd.	100%
Branch operating companies	63.9% (as of the end of September 2018)

Strengthen Adaptive Ability and Resilience in the Face of Climate Change

Social Responsibility as a Designated Public Institution

As a truck transportation business operator, Nippon Express is a designated public institution under the Disaster Countermeasures Basic Act, the Act Concerning the Measures for Protection of the People in Armed Attack Situations, etc. (the Civil Protection Act), and the Act on Special Measures for Pandemic Influenza and New Infectious Diseases Preparedness and Response.

Nippon Express has developed its crisis management and various other systems so that it is capable of continuing its business operations while safeguarding the lives and safety of employees and their families even during an emergency. Nippon Express fulfills its social responsibility as a designated public institution by transporting emergency supplies amongst other responses at the request of the national or prefectural governments.

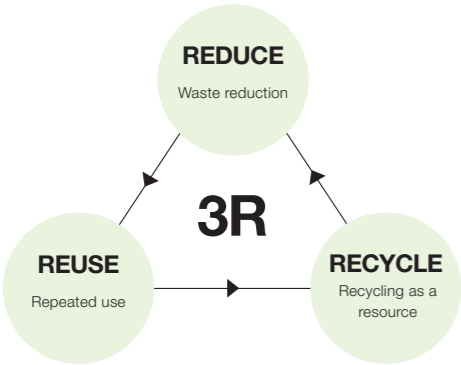


Truck transporting relief supplies during the Great East Japan Earthquake

Promote Resources Recycling

Perspective on Resources Recycling

The Nippon Express Group has been reducing the waste generated through its business activities and advancing the 3Rs (reduce, reuse, and recycle) with the objective of realizing a recycling-based society. In particular, the Nippon Express Group focuses its efforts on reducing the waste from its business locations as well as thoroughly sorting paper and other waste for easy recycling.

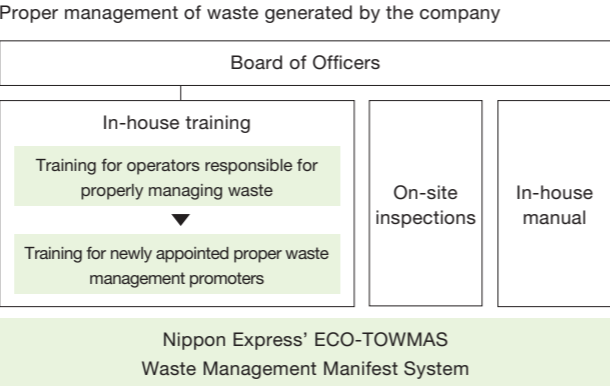


Reducing and Properly Managing Waste

Waste Management System

To properly manage waste, Nippon Express shares information regarding waste with the Board of Officers and disseminates instructions. In addition to providing in-house training and conducting work site inspections, Nippon Express uses a system of managing waste manifests to confirm that the waste generated by the Company is being disposed of properly.

In October 2002, because of a violation of the Waste Disposal Act, Nippon Express received a severe penalty, with its designation as a wide-area recycling industrial waste processor revoked by the Ministry of the Environment. Accordingly, Nippon Express suffered significant damage, such as being required to withdraw from those operations and being suspended from entering competitive government bidding processes. To prevent such errors from recurring in the future, Nippon Express has strengthened its structures and is committed to properly managing the waste generated by the Company. There were no major leaks in 2018.



Release Amounts Subject to Notification Under the PRTR Act (Nippon Express, FY2018)

Although none of Nippon Express' business locations are required to submit notifications under the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (the PRTR Act)", the following shows the locations where PRTR-listed chemical substances are handled.

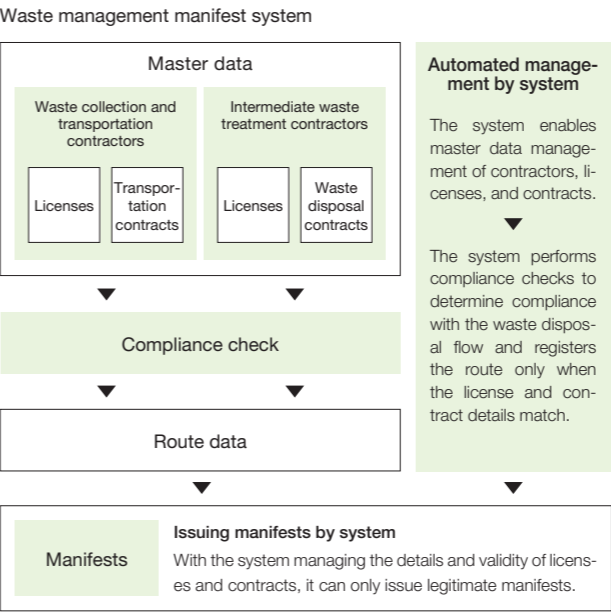
Category of business location	Number of business locations	Total amount of substances handled (kg / year)	Main substance	Main use
Targeted business category but amount handled is below the threshold subject to notification	6	141	Fenitrothion	Insecticide and anti-insect measures inside warehouse
Non-targeted business category but location handles PRTR-listed substances	12	12,035	Methyl bromide	Fumigation accompanied by import customs clearance process

ECO-TOWMAS® Waste Management Manifest System

Since October 2014, Nippon Express has been employing the ECO-TOWMAS® Waste Management Manifest system to properly manage industrial waste generated by the Company.

When Nippon Express' business locations dispose of industrial waste, ECO-TOWMAS® automatically performs compliance checks to determine whether the disposal is being properly outsourced by comparing the information entered at the locations with the license and contract details of the company to whom disposal is to be entrusted. If ECO-TOWMAS® determines that there is a lack of compliance, the system will not issue manifests.

ECO-TOWMAS® also supports electronic manifests. After the Company underwent the transition to electronic manifests, the use rate of electronic manifest routes reached 100% and the rate of issuing electronic manifests was 92.9% as of March 2019.



Environmentally Friendly Products

Actively Using Reusable Materials

Nippon Express makes active use of reusable materials (packing materials that can be used repeatedly) through its moving service, thereby achieving environmentally friendly removals operations. Using its own original reusable dish trunks, Nippon Express can transport dishes by simply placing dishes inside the trunks, which are filled with cushions. This results in no newspaper or cardboard boxes being used, reducing waste when moving. Furthermore, the reusable dish trunks enable rapid moving and have a good reputation among customers.



Reusable protection material for moving operations

Protect Terrestrial and Marine Ecosystems

Preventing Alien Species from Crossing Their Habitat Boundaries

Nippon Express makes the utmost efforts to prevent the unexpected transportation of alien species that threaten ecosystems, human lives, and agriculture, forestry and fisheries.

Each Nippon Express business location takes extra care to keep out invasive alien species such as fire ants based on the information provided by the Ministry of the Environment, the Ministry of Land, Infrastructure, Transport and Tourism, and local governments. However, if alien species are detected, Nippon Express cooperates with the relevant locations and shipping customers in immediately exterminating the alien species and handles the fumigation of the containers.

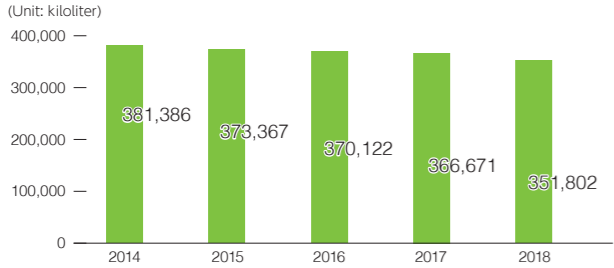
Following a case where invasive alien species were found in import cargo at its Narita Airport Branch, Nippon Express established packing/unpacking procedures dedicated to shippers and regions of concern. Nippon Express created measures for immediately suspending processes and exterminating alien species that are found during work processes.



Extermination example

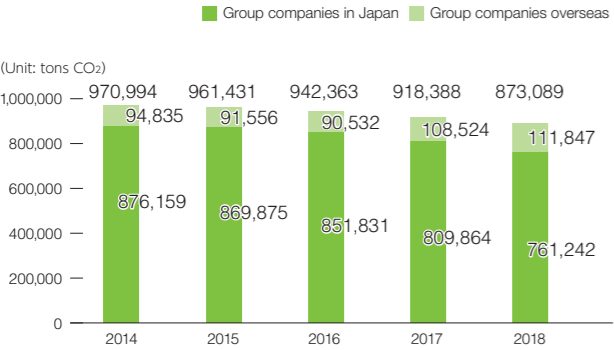
Environmental Data

Energy consumption in Nippon Express Group (crude oil equivalent)

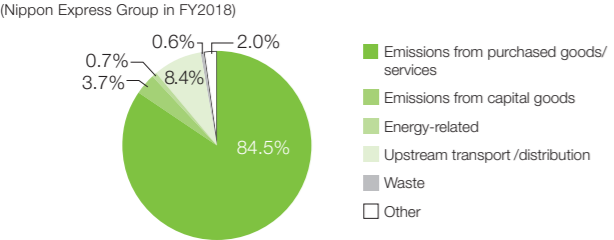


*1 The data shown here aggregate the energy consumption by Nippon Express and its consolidated companies in Japan and overseas (equivalent to Scopes 1 and 2).
*2 For natural gas, 13A city gas (heat value of 45 GJ/thousand cubic meters) applies.

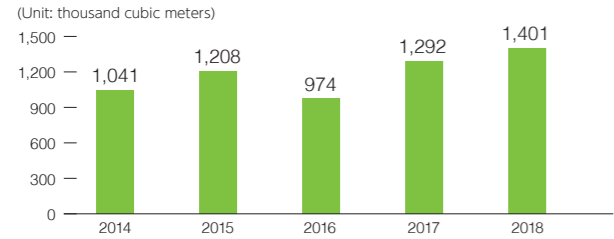
CO₂ emissions (Scope 1, 2)



Component ratio for Scope 3



Water consumption



*5 The figures for 2018 aggregate water consumption by Nippon Express Group companies in Japan. The figures for 2014 – 2017 represent water consumption by Nippon Express alone.

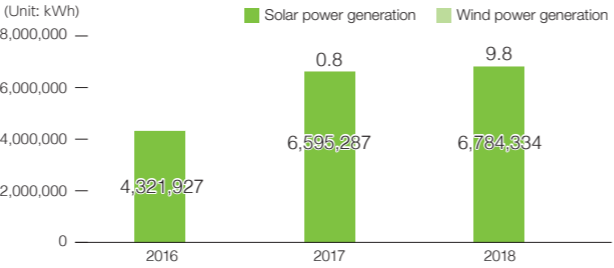
• Third-party verification of CO₂ emissions data

Nippon Express commissioned SGS Japan Inc. to conduct third-party verification of CO₂ emissions data for FY2017 based on ISO 14064-3:2006.

We are planning to have third-party verification also on CO₂ emissions data for FY2018.

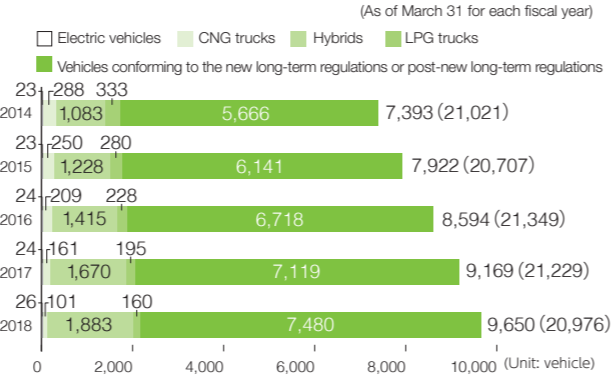
By receiving verification by a third-party, we will ensure accuracy and reliability and will continue to work on further reducing CO₂ emissions.

Power generated from renewable energy resources (Group companies in Japan)



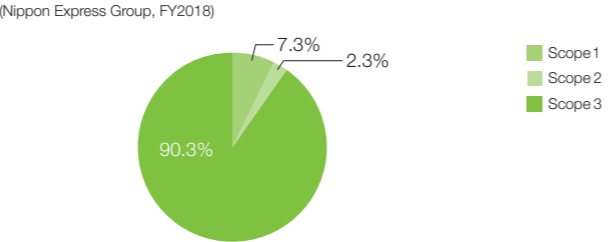
*3 Renewable power generation, electricity used in-house and electricity sold are not included in the Nippon Express Group's energy use.

Number of eco-friendly vehicles owned (Group companies in Japan)

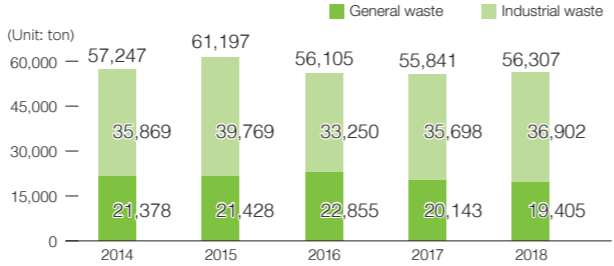


*4 The parenthesized figure represents the total number of vehicles owned.

GHG emissions across the supply chain



Waste volume (Group companies in Japan)



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

Third-party verification

SOCIAL

Key Priorities for the Nippon Express Group

Respect for Human Rights

Management Approach

Create a society where everyone feels safe and secure

Through our supply chain, we respect human rights as well as occupational safety and health and remain aware of our social and public missions in an effort to make society safe and secure for everyone.

Major Social Challenges

- Frequent occurrences of traffic accidents in the aging society
- Violations of human rights in workplaces including supply chains
- Forced labor stemming from a lack of awareness regarding human rights

Specific Topics

- Promote occupational safety and health
- Maintain social safety involving logistics
- Ensure robust respect for human rights in the supply chain

Nippon Express Group's Approach

- Use the Nittsu Safety & Health Management System (NSM) to thoroughly raise staff members' awareness of safety and health
- Provide safety guidance and education to affiliates and sub-contractors
- Encourage respect for human rights in our procurement practices



Management Indicators



[Goal] Achieve annual quantitative targets of the Safety & Health Management Policy

* See page 19 for details of the Safety & Health Management Policy.
* See page 22 for the FY2018 result.



[Goal] All of our managerial-level staff members underwent training on human rights

[Performance] FY2018 result: 83.4% of our managerial-level staff members underwent the training

Respect for Human Rights

Promote Occupational Safety and Health

Safety & Health Management Policy Policies and Targets

Every fiscal year, the Nippon Express Group formulates a Safety & Health Management Policy that is common to all companies in the Group based on the previous fiscal year's safety and health record and the results of Group efforts.

FY2019 Safety & Health Management Policy

●**Safety Management Policy**
Nippon Express Group Safety Philosophy
“Safety takes precedence over everything else.”

Code of Safety Conduct
“All staff members shall be strongly determined to eliminate accidents and disasters.”

- Unfailingly ensure safety rather than cutting corners.
- Obey the rules and do not neglect basic procedures.
- Do not allow anyone to cut corners or disobey the rules.

Targets
Reduce serious accidents and disasters to zero.
Reduce day-to-day accidents and disasters to zero in all workplaces.
Reduce culpable traffic accidents and labor accidents (including those with no lost-work days) by at least 30% versus the previous year.

●**Health Management Policy**
Nippon Express Group Health Philosophy
“Fill workplaces with health and smiles.”

Code of Health Conduct
“All staff members shall have a sense of ownership in terms of making efforts to remain healthy.”
Everyone shall:

- Be aware that he/she must build and protect his/her health and make efforts to stay healthy accordingly; and
- Endeavor to create a stimulating workplace where he/she feels that his/her job and life are worthwhile.

Targets
Reduce the rate of illness loss from mental health illnesses by at least 20%.
Reduce the rate of illness loss from lifestyle-related illnesses by at least 20%.

● **Commitment to Safety**

The Nippon Express Group has composed a Commitment to Safety to raise and extend safety awareness at all Group companies. This Commitment to Safety expresses a strong commitment to prevent accidents and disasters, and the Nippon Express Group undertakes a number of efforts to put this Commitment into regular practice.

Commitment to Safety

- We will abide by all applicable laws and rules and prioritize safety above all else.
- We will never forget past accidents and always learn from them.
- We will undertake daily risk prevention activities.
- We will improve our expertise in order to conduct safer operations.
- We will remain conscious of safety and endeavor to prevent accidents.

● **President's Commitment to Safety**

Since fiscal 2014, posters clearly spelling out the commitment and responsibilities of the president have been created and put up in all workplaces to boost safety awareness.

Nittsu Safety & Health Management System (NSM) Organizations and Systems

In April 2010, after a thorough review of the existing safety and health management program, the Nippon Express Group introduced the Nittsu Safety & Health Management System (NSM) built upon three programs in pursuit of a more reliable system for safety and health management.

The first program is “Open Communication in the Workplace” for effectively disseminating corporate policy and strategic direction from the top management to our front-line colleagues. The second program, “Challenge Circles (CC),” involves small group discussions on addressing problems in workplaces and ensuring safety. The third program is health and safety training/education for supervisors and managers.

NSM makes the three programs continuously function in a PDCA (plan, do, check and act) cycle, thus improving workplace environments.

Safety poster

Guiding and Educating Site Workers Organizations and Systems

The Nippon Express Group focuses on safety education and training for truck drivers and forklift operators in order to prevent workplace accidents.

Nippon Express has established a proficiency examination system to certify staff members' knowledge and skills and determine whether they have learned proper driving etiquette and can operate vehicles safely in the manner expected of every staff member of the Nippon Express Group. Only after they complete this in-house training and testing can they assume driving duties.

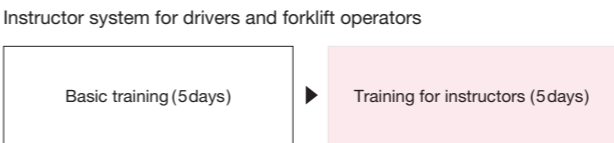
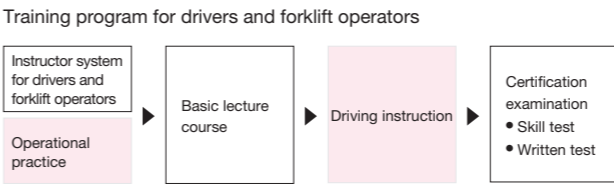
Instructors play a central role in providing guidance on knowledge, skills and driving etiquette. In accordance with our instructor training program, instructors take and complete the basic and step-up training courses at the Izu Training & Education Center* before being assigned to branches and assuming the position of instructor. At their branches, instructors are involved in formulating instructional and educational plans to reduce accidents and disasters to zero, and in educating their colleagues to instill basic etiquette and improve their skills. Instructors periodically undergo follow-up training after assuming the position of instructor and strive to improve their skills and keep up to date on the latest knowledge.

A new Head Office Mentor System was established in fiscal 2016. The Head Office divisions concerned designate instructors with excellent skill sets, leadership capabilities and safety awareness as Head Office Mentors. Head Office Mentors train branch-level instructors who play a central role in passing on high-quality skills in an effort to improve and standardize work quality and boost safety awareness and skill improvement.

In addition, we collect information on traffic and labor accidents at our overseas locations, examine preventive measures, and make necessary improvements.

We organize the Nippon Express Group Nationwide Contest for Drivers and Forklift Operators with the aim of encouraging staff members to improve their driving skills and work quality. Companies of the Nippon Express Group overseas also send their staff members to participate in the contest and engage in instruction and education activities that are similar to those in Japan.

* The Izu Training & Education Center is the main facility for carrying out skill training for our employees.



Specialist Training Activities and Achievements

● **Specialist Training in Heavy Haulage Techniques**

In order to safely carry out heavy haulage and construction, it is essential to have access to the latest information, knowledge and technical capabilities as well as strong communication and negotiation skills for collaborating with customers and subcontractors.

Nippon Express' Heavy Haulage & Construction Business Division previously based its human resources development on OJT. In 2009, we established an educational system designed to standardize and further improve our service level. Specialist training is systematically carried out through our own unique curriculum. In fiscal 2018, 21 level-based sessions ranging from beginner classes to instructor training were organized for a total of 186 participants.

We also organize overseas training by sending Japanese staff to heavy haulage and construction branches in other countries. In turn, our international colleagues from overseas are invited to Japan to learn Japanese techniques. Through skill improvements, we pursue improvements in labor safety and health on a global scale.



The 10th Heavy Equipment Skill Examination

● **Year-end Crime Prevention Training for Security Transport Personnel**

As security transport professionals, we transport our customers' valuables safely and unfailingly by assigning highly-skilled security guards and using transport vehicles equipped with GPS and other sophisticated security devices. Each year in November, as the crime-prone year-end and New Year holidays approach, Nippon Express organizes extensive training at its security transport sites to raise security alertness.

At the Kanto Security Transport Branch in 2018, one of our major locations, 320 security guards underwent practical training with the use of canes, soft batons and sasumata poles; simulation drills based on lessons learned from past attacks; self-defense training provided by members of the Company's Karate Club; and training in emergency resuscitation techniques.

Similar drills take place at security transport offices nationwide: the Chubu Security Transport Branch had 110 participants, and the Kansai Security Transport Branch had 200 participants. Through everyday work and training, our commitment to quality improvement continues in our security transport operations, where ensuring security is a crucial mission.



Year-end Crime Prevention Training

Mental Health CareOrganizations and Systems

The early detection of mental health problems in the workplace and the prevention of absences from work require each staff member to have appropriate knowledge of mental health care and to suitably cooperate with medical specialists. Based on this, Nippon Express encourages the four types of care listed below.

Self-care

We promote self-care measures by providing staff members with information about maintaining their mental health six times a year. In collaboration with the Nippon Express Worker's Union and the Nippon Express Health Insurance Association, we create and issue "Just Between You and Me," a pamphlet for distribution to all staff members, in an effort to ensure that any mental health problems among staff members, their family members and their colleagues are addressed at an early stage.

Management Awareness Training

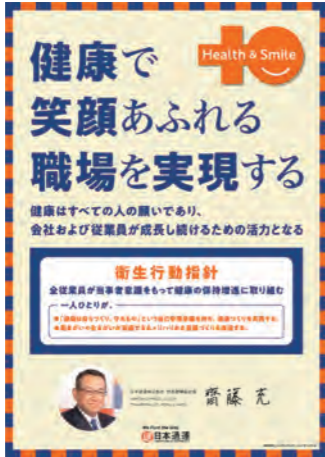
In addition to level-based training for newly promoted managers, we organize line care training sessions for workplace managers. We also endeavor to improve our workplaces based on the results of group analyses of stress checks and organizational diagnoses.

Care by In-house Health Care Staff

We have posted around 170 Healthcare Instructors nationwide, consisting of qualified public health nurses and other nurses, and established a mental health consulting system. Healthcare Instructors undergo specialist training in psychological counseling to improve their interview and counseling skills as they provide staff members with mental health care. We also invite instructors from outside the company to give lectures

Care from Outside Experts and Institutions

We established Home Doctor 24, an outside office for receiving consultations, and assign specialized staff to support our employees and their family members so that they can feel at ease sharing their physical and/or mental concerns.

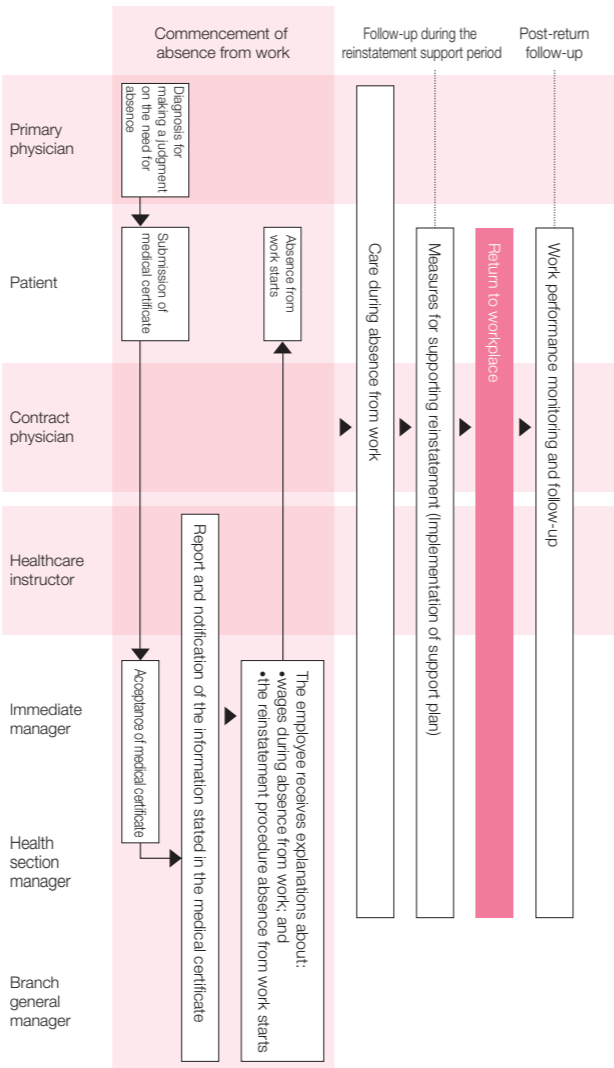


Workplace health poster

A Company-wide Program for Supporting Absent Staff Members' Rehabilitation and Return to Work

Nippon Express has established a program that is designed to support employees who are on a leave of absence to undergo treatment for mental health problems. Health care instructors appointed at the branch level, primary physicians, physicians under company contract and workplaces make concerted efforts to support staff members with mental health problems at each stage of their absence so that their return to work can be facilitated.

Flow of the return-to-work support program



Maintain Social Safety Involving Logistics

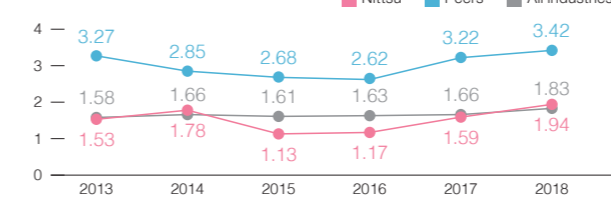
Efforts to Eliminate Traffic AccidentsActivities and Achievements

With "Safety takes precedence over everything else" as its Safety Philosophy, the Nippon Express Group is committed to completely eliminating accidents and disasters on a company-wide basis. Through messages from senior management for achieving zero accidents, and communicating the safety principles of each branch and section via workplace-wide meetings, we aim to spread safety awareness among all staff members. At workplaces, small group bottom-up activities are held to address challenges in ensuring safety and organize a team of safety patrols in an effort to prevent accidents. We also train technical and practical instructors to increase our staff members' skill levels and safety awareness.

Safety-related DataActivities and Achievements

Index of labor accidents

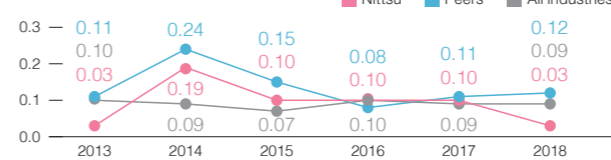
Accident frequency rate: *1



*1 The frequency rate is an international indicator that indicates the incidence rate of occupational accidents.

Number of casualties per one million working hours = $\frac{\text{Number of casualties}}{\text{Total number of working hours}} \times 1,000,000$

Severity rate: *2



*2 Severity rate is an international indicator that indicates the degree of injury caused by occupational injury.

Days lost per 1,000 working hours = $\frac{\text{Workdays lost}}{\text{Total number of working hours}} \times 1,000,000$

Rules on recording and reporting accident statistics

Nippon Express has established the Safety & Health Rules and has safety management systems in place at all of its offices. Safety Officers at our business locations prepare and collect safety-related materials, keep important records, investigate the causes of accidents and analyze these accidents to apply the lessons learned to our day-to-day safety activities.

Workers engaged in activities with a high incidence or high risk of disease

Nippon Express has established the Safety & Health Rules and has health management systems in place at all of its offices. Health Officers at our business locations are required to investigate risks, hazards or other matters concerning our operations before taking measures accordingly.

Expenses for transport safety (FY2018)

Item	(Unit: million yen)
Labor cost of safety-related positions (domestic)	1,367
Educational costs (training at Head Office)	390
Material publishing	4
Nippon Express Group National Safety and Health Convention	1
Driving control system (digital tachograph) related	700
Accident and disaster prevention awareness materials, etc.	13
SAS screening test	25
Other safety measures	114
Total	2,614

Number of accidents relating to article 2 of the transportation safety management regulations (FY2018)

Accident type	(Unit: million yen)
Vehicle malfunction	9
Total	9

Acquisition status of certification as safety excellence enter prise (G-Mark *3) (As of January 2019)

	Number of authorized offices	Number of G-Mark certified offices	Rate of certification
Total number of certified offices in Nippon Express	534	519	97.2 %
Number of certified offices in Nippon Express Group	260	250	96.2 %

(Reference) Industry certification status (As of December 2018)

	Number of authorized offices	Number of G-Mark certified offices	Rate of certification
Nationwide	85,570	25,343	29.6 %

*3 G-Mark: A certification issued by the Japan Trucking Association to truck transportation businesses that clear certain criteria in efforts for traffic safety, etc. It is a system to make user selection of safer companies easier, and to raise awareness about improving the safety of truck transport companies as a whole.

Ensure Robust Respect for Human Rights in the Supply Chain

Our View on Respect for Human Rights in Our Supply Chain

The Nippon Express Group advocates “respect for human rights” in the Nippon Express Group Charter of Conduct and explicitly declares that it will respect human rights in its company activities; will not engage in conduct that violates human rights, such as discriminatory treatment; and will reject child labor and forced labor. The Nippon Express Group Compliance Regulations also include respect for human rights and dignity. We are committed to the achievement of a supply chain that respects the human rights of all stakeholders.

We take the perspective of social responsibility in selecting business partners and procuring materials and services in pursuit of business activities to contribute to the international community and the global environment.

Facilitation of Supply Chain CSR

Nippon Express Group enforces fair trade and competition 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 appropriate transactions as part of sound corporate behavior. This same Charter of Conduct assigns responsibility to the management team for ensuring thorough compliance with the Charter’s principles throughout the corporate group and the supply chain, including business partners.

With regard to child labor, we use our part-timer management system to handle the registration of 15-year-old or younger workers. In terms of forced labor (long working hours), we use our attendance management system to control overtime work. By doing so, we keep up-to-date on risk.

Business partner selection criteria

Nippon Express has its own criteria for selecting new business partners with which to seek out dealings. In concluding a contract, we conduct checks on the basis of our criteria for the evaluation of external working skills. Before signing a basic contract, we check the candidate company’s system relating to the Labor Standards Act (e.g., work hours, holidays) and operation control (e.g.,preventing vehicle operators from overworking and ensuring their safety) and make a judgment that working with the company would not cause us to incur risk. The written contract includes clauses concerning environmental ordinances (Article 2-4), education (Article 4) and the elimination of antisocial forces (Article 21) in a comprehensive effort to avoid causing our orders to contravene the Subcontract Act.

After the commencement of transactions, we seek to ensure security in our supply chain in cooperation with our business partners.

Enlightenment on Human Rights

We distribute the Compliance Handbook (Japanese, English and Chinese) to staff members of Nippon Express Group companies in Japan and overseas. The handbook prohibits child labor, transactions with a company that uses child labor, and any act that violates the other party’s human rights and causes mental suffering by means of discrimination, harassment, etc. The abovementioned prohibition is thoroughly emphasized in our staff training.

Antidiscrimination education within the corporate group	
Duration of training workshops:	33 hours and 10 minutes
Total length of time spent by our staff members in attending the workshops:	858 hours and 40 minutes
Number of attendees:	1,235 (Including 347 managerial-level and 888 other attendees)

Antidiscrimination education is provided at training workshops for new staff members and level-specific workshops.

Participation in other antidiscrimination workshops and lectures organized by public offices	
Number of workshops attended:	88
Total length of time spent by our staff members in attending the workshops:	220 hours and 15 minutes
Number of attendees:	96 (67 managerial-level and 29 other attendees)

Compliance education via e-learning (harassment prevention course)	
Number of attendees:	17,335
Total duration:	About 8,667 hours

Designed for our salespersons and administrative staff members.

Compliance education using our “Compliance Handbook” and other materials	
Number of attendees:	62,388

Designed for all staff members of the Nippon Express Group.

Safety Measures Taken by Affiliates and Subcontractors

Branch operating companies are independent corporations but, as part of the Nippon Express Group, they need to implement safety measures that are on par with those implemented by Nippon Express. The relevant officer at the managing branch provides branch operating companies with safety education and guidance under the supervision of the Head Office and in line with Nippon Express’ practices. Safety council meetings with affiliates and subcontractors are held biannually at each branch office to discuss safety and quality only. The meetings are carefully designed to provide safe and secure transport services to customers.



Branch operation companies

A Workplace That Supports Sustainable Growth

We proactively undertake efforts to achieve the development of global human resources, diversity & inclusion and workstyle innovation as we pursue a shift to becoming a corporate group where people from many different backgrounds play leading roles and feel pride and satisfaction in the work they do.

Create Job Satisfaction in the Workplace

Human Resources Principles

Nippon Express has the following three fundamental principles in its human resources system.

Respect for the individual	Treat each employee as an individual with emotions and intentions, not simply as part of the workforce.
Performance-based culture	Our personnel affairs shall place importance on skills and be based on verifiable results.
Importance of on-site operations	Ensure that skilled human resources are assigned to on-site operational departments.

Human Resources Management

In October 2018, Nippon Express introduced a talent management system for accumulating and utilizing personal information about staff members. By using this system effectively to make proposals on issues such as the placement of human resources and education opportunities, we will proceed with our human resources management to enable all staff members to pursue their careers to higher levels and continue to improve.

Train Human Resources Who Can Work Globally

View on Human Resources Development

In accordance with our Three-Year Education & Training Policy, the Nippon Express Group is committed to the education and training of staff members in many different forms with the aim of enabling them to contribute to the achievement of our Corporate Strategy. The biggest goal set forth in the policy is to produce “autonomous human resources” who are capable of thinking and acting on their own.

In addition, we are focused on developing global human resources, and are taking initiatives such as dispatching more than 30 employees each year as overseas business trainees.

Human Resources Development Framework



* N-Net Campus provides effective e-learning.

Nittsu Group University

In 2010, the Nippon Express Group established the Nittsu Group University (an internal organization) to train human resources to be capable of leading the logistics industry. The Nittsu Group University unifies the Company’s educational programs and reviews its educational activities annually on the basis of our Education & Training Policy in an effort to facilitate staff members’ acquisition and improvement of knowledge and skills. In fiscal 2018, 14,061 employees used NEX-TEC Shibaura, the hub for the training system.

To foster attitudes and workplace climates for self-learning and self-growth, we also provide staff members with opportunities for proactive learning by, for example, expanding our distance learning programs for self-development and organizing the Nittsu Business School with outside instructors.

Bringing together the Nippon Express Group’s knowledge and skills will help us as a Group to develop the human resources we need to take on the challenge of creating new value.

Management Leader Training Program

Based on our FY2018 Education & Training Plan, the Nittsu Group University organized the Managerial Leader Training Program for 20 selected managerial-level staff members. They met 10 times in total during the period from June 2018 to March 2019 to acquire, at a high level, the management philosophy and literacy they will need to advance their careers and become executives. At the end of the program, the trainees gave presentations about topics such as ESG management, the enhancement of corporate value and the achievement of growth strategies to our Representative Director and other executives, which were followed by an active exchange of opinions.

Shortly after assuming managerial positions, the trainees face the question “What is the meaning of business management?” and acquire the mindset and conceptual skills required to be an executive. By doing so, they will hopefully become leaders of the entire Nippon Express Group.

Overseas Business Trainee System

In 1958, Nippon Express dispatched employees overseas for the first time. In 1964, we launched an overseas business training system for developing our future overseas representatives. More than 2,000 trainees have been sent overseas to date. In fiscal 2018, 33 young staff members were sent to our overseas affiliates for job training.

Human Resources Management

In fiscal 2018, 1,068 group training sessions were held nationwide with 35,717 attendees in total, including those participating in correspondence courses. As one of its efforts to develop human resources, the Nippon Express Group organizes Career Training in compliance with the Human Resources Development Promotion Act, in addition to level-based, global and other training programs. The Career Training was attended by 748 staff members in their 50s and 209 colleagues in their 30s.

Training held at the Head Office *1,2 (excluding e-learning, online classes)	
Total training time	267,920 hours
Average training time per regular employee	9.6 hours (267,920 hours/27,853 employees)

*1 Training held at the Head Office only.
Trainings held by regions, departments, or branches are not included.
*2 Performance of January to December, 2018.

Promote Diversity and Inclusion

Our View on Diversity and Inclusion Policies and Targets

In implementing diversity-related efforts, branch managers and other managerial-level persons from the Nippon Express Group disseminate extensive information about their commitments as well as the president's commitment and clarify the objectives and necessities of the commitments and their determination to proceed with the commitments on a company-wide level.

The goal of the Nippon Express Group in terms of diversity is to simultaneously achieve growth as a genuinely global logistics company and self-fulfillment among employees, and to create a company where all employees find their work rewarding. To keep such efforts on track, we have formulated a Diversity Promotion Master Plan that calls for steady progress through four reform cycles: mindset reform, corporate climate reform, work style reform and behavioral reform. The Master Plan focuses on encouraging and assigning female staff members to leading roles, employing and developing human resources for global management and developing specialized professionals.

In future, we will steadily implement the measures stated in this Master Plan and enhance each staff member's autonomy and ability to act as we strive to keep creating new value by developing a corporate climate where diverse personnel are able to maximize their potential.

Diversity Promotion Cycle



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

1. Plan period

Five years from April 1, 2019 to March 31, 2024

2. Quantitative targets

- Increase the rate of continued service by female staff members to a level similar to that of their male counterparts.
- Increase the rate of taking paid annual leave to twice the FY2017 figure (equivalent to 75% if converted into the maximum amount of leave granted by law, namely 20 days).

3. Initiatives

- Support female staff members in creating their long-term career visions.
- Develop a workplace climate for respecting diverse individualities without being bound by gender differences.
- Raise awareness within the corporate group and discuss related systems with the aim of developing an environment in which it is easier to take paid annual leave.

System Organizations and Systems

The Head Office's Diversity Promotion Group and branch-level personnel responsible for encouraging diversity cooperate with each other in facilitating our diversity management.

Employee Education

Ensuring that employees have access to accurate knowledge about diversity, share its aims and behave with a sense of ownership can facilitate diversity energetically and quickly.

Nippon Express continues to provide an e-learning-based Advanced Diversity Training program to all administrative employees. In addition, we organize group training workshops. For example, a course on the management of female subordinates is designed to help managerial-level staff members to learn management practices for making the best use of subordinates' individualities at the workplace level. A female manager training workshop is designed for female staff members. We also organize a workshop on positive workstyles.

Awareness-Raising Activities Activities and Achievements

To strongly encourage diversity on an organization-wide basis, diversity declarations from all branch managers are compiled and provided to staff members via our Diversity Promotion Group portal site and other media. Branch managers exercise their individuality and clarify their visions and attitudes toward encouraging diversity. This is aimed at heightening the momentum for encouraging diversity and at urging staff members to reform their mindset and behavior.



Diversity Promotion Group portal site

Promote Workstyle Innovation

Our View on Workstyle Innovation Policies and Targets

Allowing a staff member to proudly and energetically assume a leading role requires the enhancement of his/her lifestyle as well as work. The achievement of workstyle innovation is indispensable for the growth of the Nippon Express Group's operations and, by enhancing both the private lives and work of our staff members, it will also generate a multiplier effect and ensure that our staff members lead healthy lives.

We are taking the initiative to reduce annual average overtime hours (compared to the previous year) by improving productivity and are setting the goal of achieving at least a 7% rate for male employees taking maternity leave during the planning period by supporting diverse and flexible working styles, as well as working to promote employee taking acquisition of annual and paid leave.

Supporting Employees Balancing Child/Nursing Care and Work Organizations and Systems

Nippon Express provides support to employees balancing child/nursing care and work with the aim of helping human resources from a variety of backgrounds to pursue their careers and keep them from having to quit their job against their will to take care of a child or an ailing family member.

To enable employees to fulfill their work responsibilities even when they find it difficult to commute to work due to child/nursing care or other such obligations, we have introduced a new at-home work program to help individuals to continue their careers. We work on improving our personnel systems by, for example, allowing staff members to take longer leave or work shorter hours in order to undertake childcare. In addition, our male staff members are encouraged to be involved more in childcare, and we also try to reduce overtime work. Given that the number of employees facing nursing care responsibilities is expected to increase sharply in future, we use educational programs and materials to convey accurate information about nursing care and the importance of work-life balance, endeavoring to create a workplace climate where colleagues can recognize and respect each other's circumstances.



Nippon Express is recognized as a "child care support company" by the Ministry of Health, Labour and Welfare.

Supporting Staff Members Balancing Work and Family Life Activities and Achievements

While almost all female staff members who have given birth to a child while in the Company have taken childcare leave, the number of their male counterparts taking childcare leave remains small. In fiscal 2018, we organized numerous programs to enable both male and female staff members to balance work and family life. Examples include, among many others, seminars for staff members who have just returned from or are on childcare leave, and workshops for male staff members to discuss problems and actions to encourage their involvement in childcare.

Employment of Persons with Disabilities Activities and Achievements

To encourage the employment of persons with disabilities, the Nippon Express Group is increasing its job categories throughout its network in Japan. Nittsu Heartful Co., Ltd., a special subsidiary company* that employs persons with disabilities, makes business cards and other printed materials and provides internal mail services within the Head Office building. The subsidiary is also actively engaged in business support services that involve dispatching persons with disabilities to Nippon Express offices in the Tokyo area according to their aptitudes.

* Special subsidiary company: A company whose operators give special consideration to employing persons with disabilities with the aim of encouraging and stabilizing the employment of the disabled.

Employing Foreign Students Full-time Activities and Achievements

For a Japanese company to achieve growth in global business operations, it cannot scrimp on training human resources that can function as a bridge between Japan and the rest of the world.

In parallel with its efforts to train local staff, Nippon Express employs foreign students under a new full-time employment system with the aim of maximizing their aptitudes and broadening the scope of their activities. We have high hopes that the foreign employees will serve as a driving force in fusing diverse values to create new business domains, in addition to augmenting the operations of our overseas business locations.

Organizational Improvements to Eliminate Long Working Hours Activities and Achievements

Efforts to Control Working Hours

Nippon Express controls working hours by linking them with computers' operating hours and the start/finish times recorded on digital driving recorders (refer to p.14). This is utilized as the basic data for preventing long working hours.

Efforts to Eliminate Long Working Hours

Nippon Express strives to eliminate long working hours by preventing its employees from working more than a predetermined length of time. Using a company-wide system, we pursue improvements throughout the entire organization.

If any staff member ends up working longer than the predetermined working hours, this will be reported to the Board of Directors and will be rectified on the basis of the strong resolve of the top corporate managers.

Utilizing Satellite Offices

The implementation of work style reform will require the practice of clearly separating work from private lives and the improvement of hourly productivity.

In April 2018, Nippon Express began operating satellite offices to improve productivity by helping staff members to reduce and make effective use of their commuting time.

Employee Data

		FY2016	FY2017	FY2018
Employees *1	Total	32,008	31,871	32,280
	Men	27,541	27,342	27,401
	Women	4,467	4,529	4,879
Employment status *2	Full-time employees	27,173	27,530	27,853
	Non-full-time employees	4,835	4,341	4,427
Employees hired *3	New graduates	923	1,173	1,382
	Men	618	779	905
	Women	305	394	477
	Mid-career hires	6	14	6
	Men	5	10	4
	Women	1	4	2
	Total	929	1,187	1,388
	Percentage of women	32.9 %	33.5 %	34.5 %
Turnover *4	Total	1,600	1,877	1,653
	Men	1,228	1,408	1,210
	Women	372	469	443
Turnover *4	Within three years of joining the company	6.7 %	6.8 %	5.1 %
Average age *3		42.2	43.1	42.6
Average years with the company *3		17.6	17.8	18.0

		FY2016	FY2017	FY2018
Average days of paid leave taken *3		5.6	6.1	6.2
Persons taking maternity leave		124	122	125
Persons taking childcare leave	Total	127	134	142
	Men	4	11	19
	Women	123	123	123
Persons taking family care leave		0	6	12

		FY2016	FY2017	FY2018
Persons with disabilities *5	Employment rate of persons with disabilities	2.08 %	2.12 %	2.23 %
	Number of persons with disabilities hired	8,154.5	8,340.5	8,659.0

		FY2016	FY2017	FY2018
Total number of employees eligible to take childcare leave	Total	973	921	816
	Men	854	788	693
	Women	119	133	123
Percentage of employees who return to work after childcare leave	Men	100 %	100 %	100 %
	Women	98 %	97 %	90 %
Retention of employees who return to work after childcare leave	Men	100 %	100 %	82 %
	Women	90 %	91 %	96 %

		FY2016	FY2017	FY2018
Percentage of women with managerial positions		1.0 %	1.1 %	1.2 %
Percentage of female assistant managers		3.8 %	5.7 %	7.9 %

Notes:
*1 Employees (Japan), employees (global), employees (local), employees (elderly), and branch employees.
*2 "Non-full-time employees" are all branch employees.
*3 Only employees (Japan), employees (global) and employees (local).

*4 Only employees (Japan) in sales/administrative jobs.
*5 Figures based on the calculation method in the Levy and Grant System for Employing Persons with Disabilities.

Innovation Based on Collaborating and Co-creation

Through innovations, the Nippon Express Group pursues the creation of value for customers and society and the resolution of social issues.

Strengthen Global Partnerships

Our View on the Creation of Innovations Through Cooperation and Co-creation

Policies and Targets

By taking measures such as proactive involvement in national policies for the formation of a safe society, the Nippon Express Group strengthens its R&D functions and utilizes advanced technologies in facilitating the automation, energy saving and streamlining of its logistics sites. We pursue improvements in our productivity without compromising the advantages of the sites that are optimized to suit our client companies. Our mission is not only to accumulate and share knowledge obtained from the trial use of advanced technologies, but also to communicate the needs of the logistics industry to manufacturers and vendors and stimulate the development of new technologies.

Joint Logistics

Activities and Achievements

Recently, efforts for a modal shift have attracted attention in the logistics industry and involve reducing greenhouse gas emissions, saving energy in distribution operations and developing sustainable logistics systems.

In 2017, we commenced joint logistics with four beer companies in Hokkaido. In 2018, we began undertaking transportation along a route between Kansai/Chugoku and Kyushu. In this way, we are proceeding aggressively with a joint modal shift from truck-based transportation to railroad-based transportation with dedicated trains.

Joint logistics can reduce about 1,500 tons of CO₂ emissions annually, which is expected to be equivalent to nearly 74% of CO₂ emissions from truck-based transportation.



Joint logistics by marine transport



Joint logistics by railway transport

Contribute to Sustainable and Tough Infrastructure Development

Developing Cutting-Edge Logistics Technologies

Activities and Achievements

Through many different working groups such as a committee taking part in a national project to encourage automated truck platooning*, the Nippon Express Group is committed to the creation of new logistics services to support society in the future.

We are proactive about the use of advanced technologies to innovate logistics sites, and we are considering the use of material handling equipment and cargo-handling robots to streamline operations and save manpower at our warehouses and distribution centers.

At the New Sapporo Logistics Center, automatic forklifts will start operating in the first half of FY2019 with the aim of facilitating unmanned shipment preparation during night hours. We also make efforts such as conducting demonstrative experiments of the use of drones to streamline warehouse inventory checks, analyzing the effectiveness of manned truck platooning and saving energy via the partial computerization of roll calls and inspections.

*Official name: Committee for Research, Development and Verification for Incorporating an Advanced Automatic Driving System into Society (Verification for Incorporation of Truck Platooning into Society).

Providing Special Transport Services

Activities and Achievements

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.

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. We work closely with relevant parties when transporting goods, paying particular attention to ensure that the value of goods being handled is not diminished in any way during transport.

The Heavy Haulage & Construction Division is involved in the transport and installation of heavy equipment and the construction of plant facilities, and thus handles many projects that help build or maintain important social infrastructure in various locales both in Japan and abroad. Keeping in close contact with customers, government officials, and local residents, we are utilizing the advanced skills we have acquired in sites around the world to fulfill our responsibility to support social infrastructure.

We are also revolutionizing the logistics of medicinal products and contributing to the enhancement of the value of medicinal products and people's health through transportation by developing a unique network to allow for our adaptation to business continuity plans (BCPs), joint logistics and round-trip use of vehicles for the supply of medicinal products, in addition to quality control in accordance with the Japanese GDP guidelines (the standards for the proper distribution of medicinal products).

We regard it as an important social responsibility to maintain and improve the quality of specialized transport services that Nippon Express is uniquely qualified to provide, and we remain committed to this principle.

Promote Global Product Quality in Response to Customer and Social Expectations

Our View on Quality Policies and Targets

The Nippon Express Group is committed to the maintenance and improvement of its service quality as an effective means of achieving sustainable corporate growth and performance improvements. To support the enhancement of customers' lives through logistics, we are endeavoring to acquire ISO9001 certification, an international quality control system, so that we can respond sincerely to customer feedback and offer high-quality service to continue obtaining customers' trust and satisfying customers. Our ISO-certified branches set targets in their customer surveys and conduct monitoring to achieve the targets.

Quality Management System Organizations and Systems

In addition to ISO9001 certification, we have introduced our own original system for handling cargo accidents and remained consistently committed to quality improvements. In particular, an accident with damage amounting to 5 million yen or more may be handled under supervision by the division (business division) in charge.

Customer Consultation System Organizations and Systems

Nippon Express has introduced a customer consultation system (VOCS) which allows the entire company to share customers' inquiries, opinions and requests that are directed to its website.

The inquiry page on the website is periodically redesigned by the Website Administration Committee so that customers can submit inquiries more easily. These improvements have led to further inquiries from customers. We will compile the opinions and requests received from customers into a database to keep up with changes in social and economic conditions as we endeavor to develop new products and improve our service quality.

Inquiries/requests received in FY2018	
Inquiries:	10,752
Requests:	728

Customer Questionnaire Survey Organizations and Systems

Nippon Express air cargo transport organizations across the country have been obtaining ISO 9001 certification. To qualitatively improve our transport service, we set targets for customer satisfaction on a nationwide basis and consistently check our performance by means of customer questionnaire surveys. The various opinions and requests we receive in these surveys are discussed in periodic "Review Meetings," and we are continually endeavoring to upgrade and improve the quality of our transport services.

Example of Action Taken After a Customer Questionnaire Survey Activities and Achievements

The Global Sales Department, International Cargo Sales Division No.1, Air Freight Business Branch learned from a customer questionnaire survey that the bills submitted to some customers differed between our air and maritime transport divisions in terms of format and payee, and that the difference caused difficulties for the customers in their accounting procedures. After the feedback, the air and maritime transport divisions made arrangements and standardized their bills.

Customer Survey on Our Removals Services Activities and Achievements

We have been asking customers who make use of our removals services to respond to a questionnaire survey on our removals services. The opinions we receive from this survey will be utilized in making future business improvements and developing services in the hope that these will lead to greater customer satisfaction and improved service quality.

Community Involvement

By engaging in social contribution activities through our business operations, we contribute to the resolution of community-based problems and the development of society. We seek a safe, secure society where people and nature coexist.

Contributing to Society Throught Our Business Operations

Our View on Community Involvement Policies and Targets

The Nippon Express Group's business activities rely on local social infrastructure such as roadways, railways, ports, and airports and are closely involved in the relevant communities and societies.

Recognizing our social and public missions as a logistics company, we will communicate actively with local communities and engage in social action programs rooted in these communities.

Community investment (FY2018 results)	
Forest cultivation activities:	4,801,000 yen
Education for the next generation:	138,000 yen
Contribution to communities:	232,000 yen
Donations:	2,000,000 yen
Cosponsorship:	1,900,000 yen

*Investment expenses in the CSR Promotion Division.

Assisting in the Transport of Paintings Activities and Achievements

The Air Freight Business Branch arranges transport for the Tsuzuki Botswana Interchange Elementary School Students' Painting Exhibition. This exhibition involves reciprocal displays of paintings made by elementary school students from Tsuzuki Ward in Yokohama and elementary school students from the Republic of Botswana, and it has been held since 2014 for the purpose of promoting international exchange.

The 2018 exhibition was held at Ben Thema Elementary School in Botswana. Paintings made by children from Chigasaki Elementary School were transported to Botswana. After the Botswana exhibition, the paintings from Chigasaki and the paintings made by students at Ben Thema Elementary School were transported to Yokohama and displayed in the Tsuzuki Ward Office and elsewhere. The children from both schools interacted by painting messages to each other.



Ben Thema Elementary School

Appropriate Transport of Disaster Waste Activities and Achievements

Nippon Express has been collecting and transporting waste, including contaminated waste, generated in large-scale disasters such as the 2011 Great East Japan Earthquake and the 2016 Kumamoto Earthquake to storage or receiving facilities. By rapidly removing large volumes of waste, we have supported the recovery of disaster-hit areas and minimized the environmental impact.

●West Japan Heavy Rain Disaster

The West Japan Heavy Rain Disaster occurred in July 2018. From August to November 2018, we participated in activities to support the areas stricken by the disaster. For example, we sorted four types of household appliances that were disposed of as a consequence of the river floods resulting from the heavy rain in locations such as Hiroshima and Ehime. We also transported the damaged appliances to designated collection locations.

Arranging Company Visits and Workplace Experiences Activities and Achievements

One social contribution activity that we instituted for the purpose of career education is arranging company visits and workplace experiences for junior high and high school students.

Company visits focus on introducing students to the nature of the Company's business and allowing them to exchange views with employees. As their "elders," we are prepared to discuss not only the logistics industry but also a wide range of topics that will help them grasp the sense of diligence and professionalism they need as working adults. Workplace experiences provide students with venues for fostering a sense of professionalism and give them actual experience of working at a company through activities such as warehouse operation and removals simulations.

FY2018 programs	
Company visits:	337 students in total
Workplace experiences:	245 students in total

Forest Cultivation Activities in "Nittsu Forests" Activities and Achievements

As part of its environmental and social contribution activities, Nippon Express has established "Nittsu Forests" in lidemachi in Yamagata Prefecture and Nichinancho in Tottori Prefecture, where employees and their families participate in forest cultivation efforts. Three concepts underlie these activities: enhancing the multifaceted functions of forests, contributing to local communities and educating environmental human resources. Participants plant trees and cut underbrush twice a year, obtaining assistance and guidance from municipal government offices, local forestry cooperatives and NPOs. More than 2,000 people have taken part in the forest cultivation activities to date, planting more than 8,000 saplings. We will continue to proactively work towards cultivating and conserving forests that serve as CO2 sinks, have multifaceted functions, and play a major role in global environmental conservation.

Key Priorities for the Nippon Express Group

Sound Company Conduct

Management Approach

Build management platform that supports improvements in sustainable corporate value

We consider one of the key management issues that should be addressed to sustainably enhance our corporate value is how to establish and maintain a fair and efficient management structure while also ensuring the soundness and transparency of management.

Major Social Challenges

- Violations of compliance within the Company, including Group companies

Specific Topics

- Promote fair business practices
- Implement robust anticorruption measures

Nippon Express Group’s Approach

- Strengthen supervisory functions and implement effective operation by leveraging the Board of Directors, Audit & Supervisory Board and Compliance Committee
- Continue to provide compliance education programs to prevent anti-trust behavior and bribery
- Spread and promote the use of Nittsu Speak Up, a whistleblowing system, among employees



Management Indicators



[Goal] Attendance at compliance education courses: 100%

[Performance] FY2018: 97.4%



[Goal] Compliance Manager Conferences of all areas of Group operations in Japan

[Performance] FY2018: Held in all areas (239 participants)

Sound Company Conduct

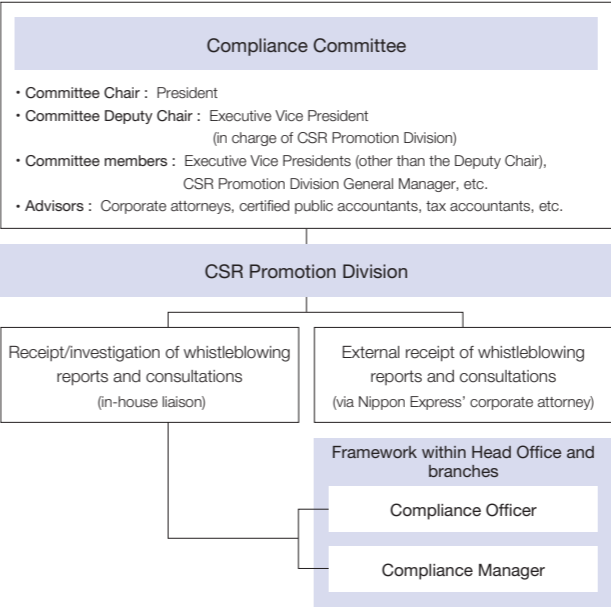
Promote Fair Business Practices

Compliance Management Structure

Organizations and Systems

Nippon Express set up its Compliance Division (now the CSR Promotion Division) in 2003 to promote compliance management, and established its Compliance Regulations in the same year. A Compliance Committee headed by the president has been set up in the Head Office, and the Nittsu Speak-up whistleblowing system and other measures put in place to ensure honest and fair corporate activities.

Compliance management system



Compliance Training

Activities and Achievements

The Nippon Express Group distributes a Compliance Handbook (in Japanese, English, and Chinese) to all Group employees, including overseas employees. The handbook summarizes specific examples of compliance and the Code of Conduct in an accessible manner. We use the handbook for employee training as it is an effective tool for promoting compliance management. In fiscal 2018, we used the Compliance Handbook to train 62,388 employees.

For sales and administrative employee, we conduct e-learning twice a year on the themes of harassment prevention and non-compliance prevention. In fiscal 2018, 34,382 employees participated in the training. We are also working to improve compliance within the Group by convening an annual conference for Nippon Express Group compliance managers with the aim of sharing information and exchanging opinions related to compliance.

Every month, the CSR Promotion Division distributes the CSR Newsletter and the Compliance Calendar. In addition to compliance topics, the CSR Newsletter is an information-sharing tool aimed at improving knowledge, raising awareness, and drawing attention to CSR issues. The Compliance Calendar, designed to be displayed in workplaces, presents the best compliance slogans solicited from employees.

Compliance Awareness Survey

Activities and Achievements

Every year, the Nippon Express Group carries out a compliance awareness survey of all employees.

The survey conducted in November 2018 (target group: 69,601 persons; respondents: 56,874 persons) addressed compliance awareness, understanding of workplace reality, compliance awareness improvements, prevention of harassment, misconduct or improper activities among all employees. In May and June 2019, we also carried out a survey of safety and compliance awareness targeting approximately 18,000 overseas employees.

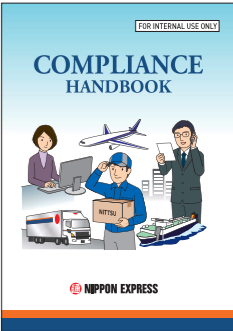
Implement Robust Anticorruption Measures

Instilling Compliance Awareness

Activities and Achievements

The Compliance Handbook, which is distributed to all Group employees, including overseas staff, as a training tool for employees, describes business entertainment, exchanges in the form of gifts or money, and the provision of favors to civil servants or persons in similar positions as unacceptable. In addition, the Handbook clearly describes the ban on accepting or providing gifts or money, or entertainment that is unacceptable according to normal social practices, or exceeds the boundaries of business practices. We are making every effort to reduce the risks by making sure all employees are thoroughly informed.

In July 2018, we circulated the Overseas Business Management Handbook, which contains information about the ban on paying bribes to civil servants or persons in similar positions in other countries. We have also posted videos (in Japanese, English, and Chinese) about the bribery ban on the intranet for the Nippon Express Group. These videos can be used as teaching materials.



Compliance Handbook

Compliance Violation

Activities and Achievements

In fiscal 2018, there were no cases of legal action due to anticompetitive conduct, violations of antitrust laws, or violations of the Antimonopoly Act during the reporting period. As an organization, we were not subject to serious fines or other punitive measures due to violations of environmental laws and regulations, neither did we receive specific complaints concerning infringements of customer privacy. However, we were fined 500,000 yen by summary order of the Hiroshima Summary Court on April 3, 2019 due to violations of the Agricultural Products Inspection Act involving misconduct in the management of government-controlled rice. We accept the reality of the order with the utmost seriousness and we will make every effort as a company to ensure compliance, to introduce measures to prevent reoccurrence, and to restore trust in our company.

Corporate Governance

Recognizing the importance of enhancing/strengthening corporate governance, enforcing compliance, and ensuring transparent management, we will improve our organizational structures for management and implement necessary measures in pursuit of our basic policies of speedy management through rapid decision-making and the clarification of responsibility.

Enhancement of Corporate Governance

Corporate Governance—First Principles

Policies and Targets

Nippon Express (the Company) upholds its mission to resolve social issues through logistics and to support society's sustained development and growth in accordance with the Nippon Express Group Corporate Philosophy. We also believe that working hand in hand with all stakeholders, including shareholders and investors, while respecting their viewpoints is indispensable to the realization of sustained growth and improvement of corporate value as a company. To this end, ensuring compliance and guaranteeing management transparency as well as speedy management through rapid decision-making and the clarification of responsibility are important. Building such a system and ensuring that it functions properly comprise our basic policy on corporate governance. On the grounds of these basic views, the Company strives for the continuous progress and reinforcement of its corporate governance.

Organizational Configuration and Organizational Management

Organizations and Systems

Our operation is audited by the Audit & Supervisory Board. In addition to the Board of Directors and the Audit & Supervisory Board, we have an executive officer system in place to promptly make decisions and implement duties.

The Board of Directors is comprised of nine members, including three Outside Directors (one female Director), and its meetings are held on a monthly basis, in principle, and as needed. To obtain opinions from independent Outside Directors on important matters, such as the compensation and appointment of Officers, we have in place the Compensation and Nominating Advisory Committee, a voluntary organ with a high level of fairness and transparency. The Committee is chaired by a Non-executive Director and three of four Committee members are Outside Directors. The term of office for Directors is set to one year to clarify Directors' responsibilities for the operating results of each business year.

In addition, to ensure that a Chairperson independently takes the lead in Board of Directors' meetings, the Board of Directors' meeting held on May 24, 2019, decided to submit a proposal on revisions to the Articles of Incorporation to the General Meeting of Shareholders. The proposal, which was resolved at the General Meeting of Shareholders held on June 27, 2019, requested that Board of Directors'

meetings be chaired by the pre-designated Director instead of the President and Representative Director.

The Audit & Supervisory Board is comprised of five members, including three Outside Corporate Auditors, and its meetings are held on a quarterly basis, in principle, and as needed. Audit & Supervisory Board members attend important meetings, including Board of Directors' meetings, and monitor the duties executed by Directors. In addition, they conduct audits through on-site visits to key operating facilities and inspections of subsidiaries, and report relevant results at Audit & Supervisory Board meetings and Board of Directors' meetings. Through such processes, they audit the duties executed by the departments responsible for the execution of such duties.

The Board of Officers is comprised of 33 Executive Officers, including 5 members who are concurrently Directors. Its meetings are held on a monthly basis, in principle, and as needed. Members convey and give instructions on matters decided at meetings of the Board of Directors, provide reports on the execution of operations and discuss important matters. The term of office for Executive Officers is one year, the same as that for Directors.

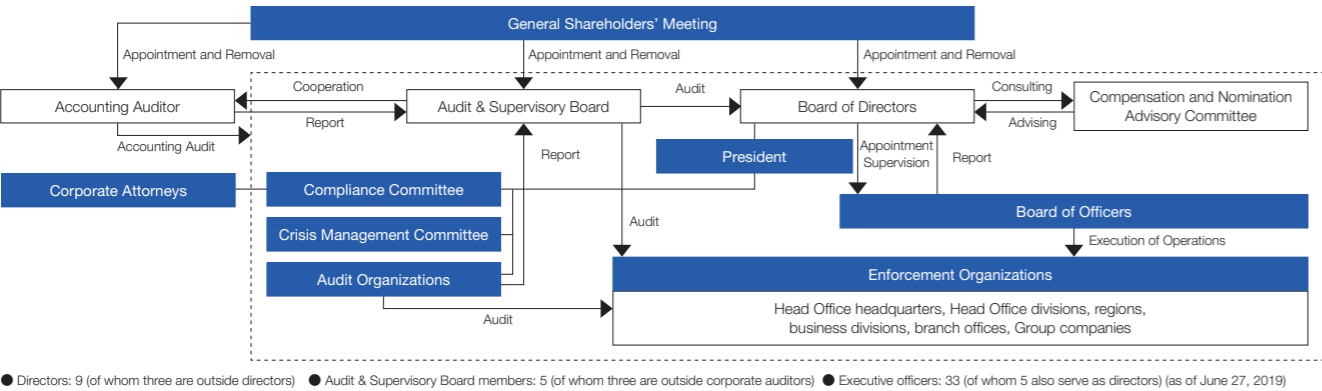
Evaluation of the Effectiveness of the Board of Directors

Organizations and Systems

In addition to reports on the execution of operations by each Director, a survey on the effectiveness of the Board of Directors as a whole is conducted, using an external organization, among both internal and external Directors and Audit & Supervisory Board Members, to collect necessary required information. The analysis and assessment of the survey results are discussed and examined by the Board of Directors. Based on the survey results gathered by the external organization, the Company concluded that the effectiveness of the Board of Directors as a whole was ensured, upon confirming matters including the structure and the operation of the Board of Directors, the management and business strategies, the Company's corporate ethics and risk management, and the performance evaluation and the status of compensation of the management.

Regarding the review of the structure of the Board of Directors that was identified as a challenge in the survey, the Board worked on improvements including increasing the number of external Directors to one third, and improved presentations on progress reports of important strategies at board meetings. Through such efforts, it seeks to increase the level of effectiveness.

Corporate Governance System



Evaluation Process for ESG Management Performance

Organizations and Systems

We are aware that the initiatives for ESG management are essential challenges. With this in mind, the Board of Directors and the Audit & Supervisory Board are always prepared to discuss them as part of their important risk management efforts. In addition, with the establishment of the Environmental Management Promotion Committee and the Compliance Committee, both of which are chaired by the President, we are ready to steadily implement measures to understand and solve issues in related fields.

Personal Data Protectionnance

Personal Data Protection Policy

Policies and Targets

We seek to manage personal data properly according to the Personal Data Protection Policy. We comply with rules and regulations as well as other norms pertaining to the protection of personal data, while simultaneously working on the establishment of autonomous rules and systems that match our corporate philosophy and businesses.

Personal Data Protection Policy

1. Respect for Individuals and Their Personal Data
2. Personal Data Protection System
3. Safeguarding of Personal Data
4. Compliance with Laws, Government Guidelines and other Regulations on Personal Data Protection
5. Complaints and Inquiries
6. Ongoing Improvement of Personal Data Protection Management

System Revised on May 1, 2017 (Formulated on April 1, 2005)

Certifications Received Relating to the Protection of Personal Data

Activities and Achievements

- **Privacy Marks**
Nippon Express, Nittsu Shoji, Nippon Express Travel, Careerroad, Nago E-Technology, Okinawa Nittsu Air Cargo Service, Wanbishi Archivist
- **ISMS (Information Security Management System) Certifications**
Nippon Express, Nittsu Shoji, Nippon Express Capital, Nittsu Information Systems, Nittsu Panasonic Logistics, Nittsu NEC Logistics, Wanbishi Archives (As of March 31, 2019)

Risk Management

Regulations and Policies for Risk Management

Policies and Targets

Nippon Express has established four sets of rules based on its Crisis Management Rules: Disaster Management Rules, Overseas Crisis Management Rules, IT System Risk Management Rules, and Pandemic Management Rules. These various rules lay out the measures to be taken in response to the various risks posed by wide-area disasters, outbreaks of new strains of influenza and other infectious diseases, information system risks, emergencies overseas, etc., and we are hoping to strengthen collaboration within the Group on the basis of the Nippon Express Group Disaster Management Rules.

System to Ensure Business Continuity (BCM/BCP)

Organizations and Systems

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 infectious disease. We are ensuring our resilience by systematically preparing initial responses and relief activities to implement during an emergency.

The various Head Office divisions and other key business locations throughout Japan have stocked up on emergency supplies as well as medical supplies to combat new strains of influenza and other infectious diseases, and have been equipped with satellite telephones and priority mobile phones for use during disasters if telephone lines are cut. A liaison system for quick contact during emergencies has also been established.

Disaster Management System

Organizations and Systems

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 the safety of its employees, assess the extent of damage to its facilities, and expedite relief efforts.

Safety Confirmation System

Organizations and Systems

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.

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

Organizations and Systems

