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Nippon Express Co., Ltd.

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Carbon Footprint of Products
Per book
<https://ecoleaf-label.jp/english/JR-AO-20005C>

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 **NIPPON EXPRESS**



Nippon Express Group CSR Report 2020



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

The Nippon Express Group has developed a long-term vision to be achieved by 2037, when we will celebrate our centenary. Based on the Group Corporate Philosophy, the long-term vision aims at the sustained growth of our operations in pursuit of being “a logistics company with a strong presence in the global market.” To this end, we will add “Creating new value through innovation” to our unchanging values that are characterized by our on-site response capability, the basis of which is our commitment to safety, compliance and quality, and also by our customer-first policy represented by our corporate message, We Find the Way.

The first step toward this ideal is the Nippon Express Group Business Plan 2023 ~“Dynamic Growth”~. The plan clarifies our commitment to ESG management in relation to the Sustainable Development Goals (SDGs) in the context of our efforts to achieve the long-term vision that has been formulated to achieve the specific growth strategy for our operations. We are in the second year of the plan. To date, the Nippon Express Group has achieved a shift to automation and labor saving through the introduction of advanced technologies, the development and improvement of our IT infrastructure, workstyle reform, environmental investment and encouragement of diversity management. These will strengthen the functions to support our efforts to achieve our long-term vision, and to facilitate ESG management for sustainable growth and the enhancement of our corporate value.

Today, the world is encountering countless social issues such as global warming, natural disasters, economic disparity and poverty. In particular, the COVID-19 coronavirus emerged in 2019 and has had profound global implications. It also significantly impacts logistics. The Nippon Express Group will work together to provide solutions to these social issues, because it aims to be a logistics company with a strong presence in the global market.

The Group will contribute to developing a sustainable society by constantly thinking and acting on every aspect of what society demands and what we can offer as a business, and by practicing ESG management.

Mitsuru Saito President and Representative Director



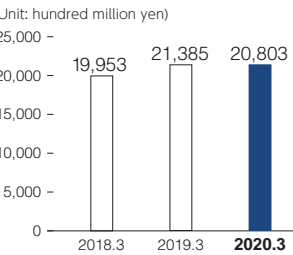
Company Information

Nippon Express Company Profile (As of March 31, 2020)

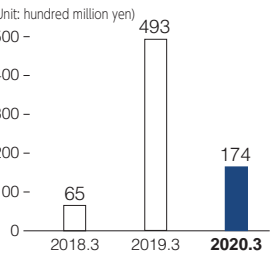
Name:	Nippon Express Co., Ltd.	Name of representative:	Mitsuru Saito, President & CEO
Founded:	1872, as Riku-un Moto Kaisha (Land Transportation Company)	Paid-in capital:	70,175 million yen
Established:	October 1, 1937	Number of shareholders:	48,798
Headquarters:	1-9-3 Higashi-Shimbashi, Minato-ku, Tokyo 105-8322, Japan	Number of employees (consolidated):	73,549
		Number of employees (unconsolidated):	34,449
		Number of consolidated subsidiaries:	266

Financial Information

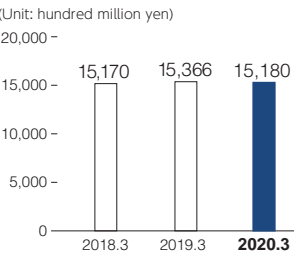
Revenue (consolidated)



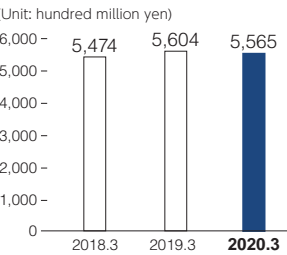
Net income (consolidated)



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 20,630 (14,299 by Nippon Express Co., Ltd. and 6,331 by affiliates as of March 31, 2020).



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 fiscal 2019 was 204,507 tons in terms of handling weight, and our share was 22.5% in terms of the total volume of air cargo transport by members of the Japan Aircargo Forwarders Association.



Railway Transport

We arrange transport for 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.

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.

Product 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 tracking 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.

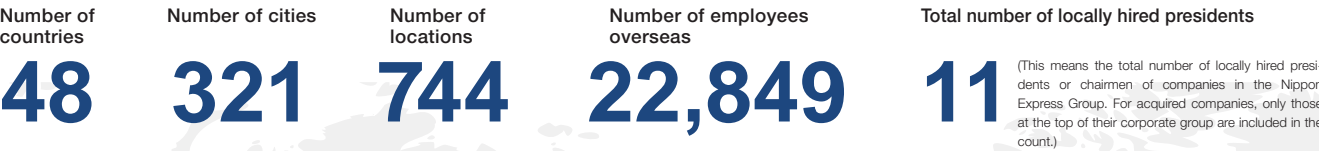
Other Business Activities

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

Global Network

Spanning 48 countries and operating in 321 cities around the world, the Nippon Express Group has one of the world's largest global networks.

(As of March 31, 2020)



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 AUTOMOTIVE LOGISTICS (CHINA) CO., LTD.
- NIPPON EXPRESS (TAIWAN) CO., LTD.
- NIPPON EXPRESS KOREA CO., LTD. etc.

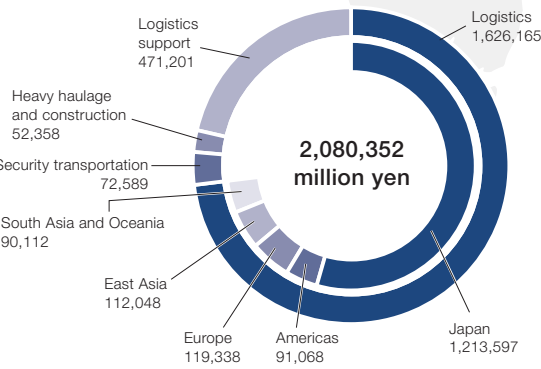
South Asia and Oceania

- 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

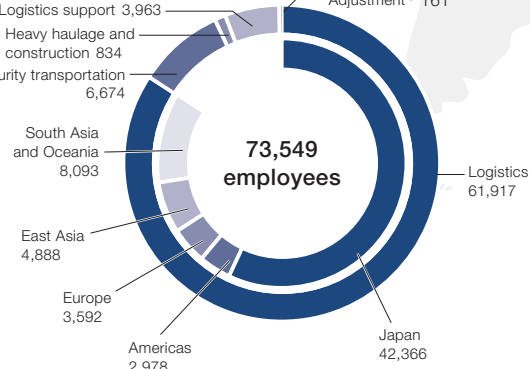
- NIPPON EXPRESS U.S.A., INC.
- NIPPON EXPRESS CANADA LTD.
- NIPPON EXPRESS DE MEXICO, S.A. DE C.V.
- NIPPON EXPRESS DO BRASIL TRANSPORTES INTERNACIONAIS LTDA.
- NIPPON EXPRESS TRAVEL USA, INC. etc.

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



* The value in the center of the graph excludes adjustments.

Employees by segment (consolidated)



* Adjustment: Employees engaged in the administration of the Company and group companies.

* Overseas employee data as of December 31, 2019

Key Locations /Facilities Established in Fiscal 2019

NIPPON EXPRESS (CAMBODIA) CO., LTD. opens Phnom Penh Logistics Center

In December 2019, the construction of Phnom Penh Logistics Center, a multifunctional logistics warehouse, was completed in the Special Economic Zone (SEZ) of Phnom Penh. A launch ceremony was held on December 23.



Launch ceremony

NIPPON EXPRESS (H.K.) CO., LTD. opens Kazakhstan Representative Office

We opened a representative office for the East Asia Region in Almaty, Kazakhstan, and held a launch ceremony on August 13, 2019. The Kazakhstan Representative Office gathers information and conducts marketing in the country.



A meeting with officials from the government of Kazakhstan

NIPPON EXPRESS DE MEXICO, S.A. DE C.V. constructs a new warehouse in the Colinas de Apaseo Industrial Park in Guanajuato

On December 18, 2019, NIPPON EXPRESS DE MEXICO, S.A. DE C.V. held a post-planting ceremony to commemorate the construction of a new warehouse in the Colinas de Apaseo Industrial Park in Guanajuato.



Ceremony participants

External Evaluation

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

(Period: April 1, 2019 to March 31, 2020. The dates below refer to the publication dates of the press releases on our website or the dates the awards were received.)

June 25, 2019	Received the Logistics Environmental Conservation Award for our modal shift efforts toward railways and RoRo ships at the 20th Logistics Environment Awards https://www.nittsu.co.jp/press/2019/20190627-1.html
June 26, 2019	Chosen as a member of the SNAM Sustainability Index https://www.nittsu.co.jp/press/2019/20190626-1.html
August 29, 2019	Commended by the chief of Osaka Prefectural Police Headquarters for cooperation in the G20 Summit 2019 held in Osaka https://www.nittsu.co.jp/press/2019/20190905-1.html
October 6, 2019	Received a letter of gratitude from the municipal government of Nichinancho, Tottori Prefecture, for contributing to environmental conservation through our forest cultivation efforts in Nittsu Forest https://www.nittsu.co.jp/press/2019/20191015-2.html
November 25, 2019	Received the Award for Best Company in two categories, Implementation and New Business Development, at the 6th Awards for Best Companies Working on Modal Shift https://www.nittsu.co.jp/press/2019/20191126-1.html
December 13, 2019	Received the Special Prize in the commendation for good companies at the 18th Green Logistics Partnership Meeting https://www.nittsu.co.jp/press/2019/20191213-3.html
February 13, 2020	Received a letter of gratitude from the director of the Hokuriku-Shin'etsu District Transport Bureau for our involvement in anti-disaster actions during and after the Reiwa 1 East Japan Typhoon https://www.nittsu.co.jp/press/2020/20200214-3.html
February 25, 2020	Received the First Maritime Modal Shift Award https://www.nittsu.co.jp/press/2020/20200310-2.html

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

Ministry of Land, Infrastructure, Transport and Tourism
Ad Hoc Committee Member, Environmental Division, Transport System Subcommittee, Council of Transport Policy

Ministry of Economy, Trade and Industry
Member of SDGs Management /ESG Investment Study Group member

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)

Keidanren Committee on Nature Conservation
Vice chairman and member of Planning Division

Japan Association for Logistics and Transport
Member of Logistics Environmental Action Committee

Japan Trucking Association
Member of Environmental Action Committee and Environmental Action Subcommittee

Tokyo Employers' Association
Member of Environmental Committee

Tokyo Chamber of Commerce and Industry
Committee member of Certification Test for Environmental Specialists

Participation in outside agency forums and others

Minato Eco-conscious Consortium

Shiodome Environmental Society

Council for Better Corporate Citizenship

Measures to Deal with COVID-19

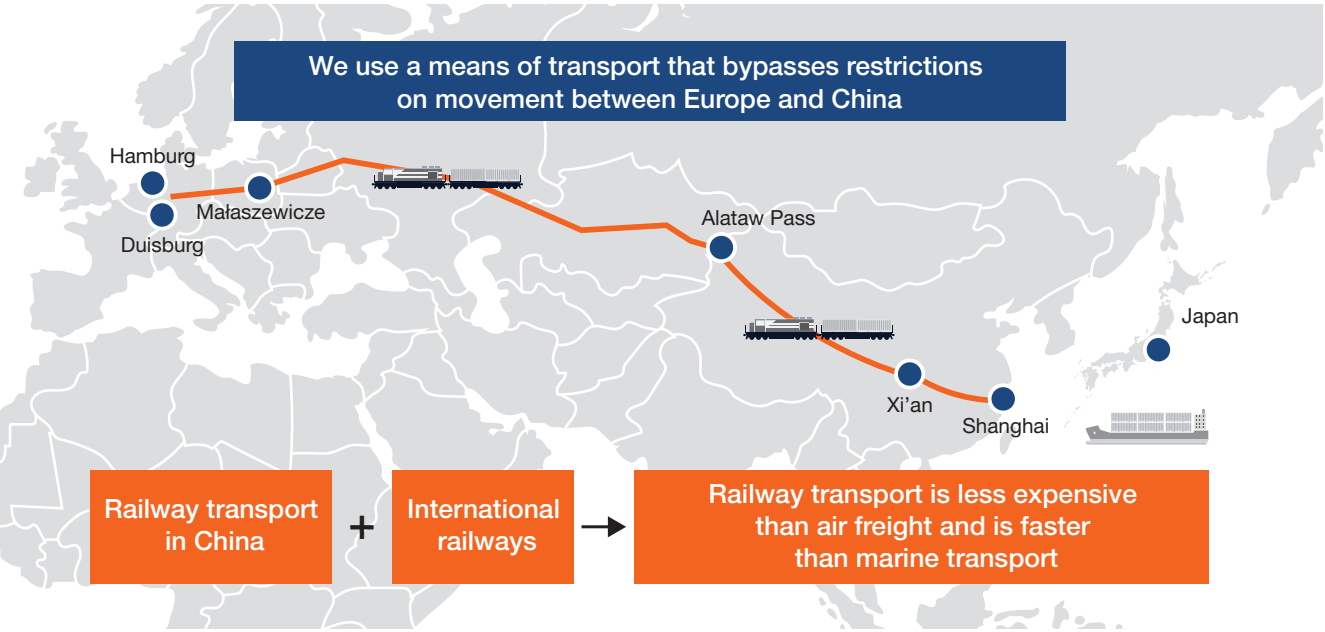
Facilitating logistics as a social infrastructure company

To support our responses to the COVID-19 pandemic, we established a general task force led by the president in February 2020 and also set up task forces at our major branches in Japan and overseas. The task forces cooperate on gathering information and taking actions. To ensure the safety of our staff members and their families, the Nippon Express Group told its expatriate employees and their families to temporarily return to Japan in accordance with the level of pandemic risk announced by the Japanese Ministry of Foreign Affairs. As the infection spread in Japan, the Nippon Express Group began to allow staff members to telework in March 2020. After the declaration of a state of emergency was issued in April, the head office staff were told to telework wherever possible in an effort to limit the number of commuters. Consequently, the proportion of teleworkers has exceeded 70%. Our branches have encouraged telework and staggered work shifts to the extent that their business operations would not be hampered, because they could not stop operating completely. Especially at the head office, the Nippon Express Group has a sufficient stock of masks and hand sanitizer to help prevent infections. The supplies were distributed to our overseas locations to facilitate thorough anti-pandemic actions on a global scale. The Nippon Express Group is also a designated public corporation according to the Act on Special Measures for Pandemic Influenza and New Infectious Diseases Preparedness and Response that went into force in April 2013. Top priority is given to the transportation of supplies requested by the Cabinet Office or local public organizations. In addition, we do everything we can to meet the requests of many customers to support social infrastructure through logistics.

Efforts to help our customers continue their operations

The COVID-19 pandemic entailed restrictions on flights and long-distance truck transport between Europe and China. The space available for air freight dropped below 30% of the normal level. Aiming to help our customers continue their operations, the Nippon Express Group is providing on-time transport using Europe-China international railways dedicated to freight transport that bypasses the restrictions placed on passenger traffic.

Providing on-time transport using international railways



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

The Nippon Express Group Business Plan 2023 ~“Dynamic Growth”~ which launched in April 2019, aims to achieve our long-term vision of becoming a logistics company with a strong presence in the global market by 2037, when we celebrate our centenary. Our growth will be accelerated dramatically, exceeding our existing growth.

Rooted in the Group Corporate Philosophy and our unchanging values and in terms of the “values that should be changed,” our long-term vision involves the addition of creating new value through innovation in pursuit of the growth of our operations. We will practice ESG management, based on the understanding that seeking solutions to social issues through business operations and contributing to a sustainable society will lead to sustainable growth of the Nippon Express Group and the enhancement of our corporate value.



Key Priorities for the Nippon Express Group

ENVIRONMENT



Responsibilities to the Earth's Environment

Make positive contributions to climate change, resource 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 capacity and resilience in the face of climate change
- Promote resource recycling
- Protect terrestrial and marine ecosystems

SOCIAL



Respect for Human Rights

Respect the human rights of all stakeholders in our corporate activities and fill our workplaces with smiles

Specific Topics

- Ensure robust respect for human rights in the supply chains
- Secure occupational health

GOVERNANCE



Sound Company Conduct


Build management platform that supports improvements in sustainable corporate value

Specific Topics

- Promote fair business practices
- Implement robust anticorruption measures
- Ensure occupational and social safety
- Encourage global quality to meet expectations from customers and society

Efforts to achieve the long-term vision (2037 Vision)

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 Collaboration and Co-creation



Create value for customers and society through innovation

Specific Topics

- Strengthen global partnerships
- Contribute to sustainable and tough infrastructure development

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 and 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 dialogue 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 of the Nippon Express Group 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.
2019	We analyzed the relationship between key issues and ESG and, based on the assumption that safety is the bedrock of compliance, shifted its focus from “Respect for Human Rights” to “Sound Company Conduct.”

Efforts Toward the Sustainable Development Goals (SDGs)

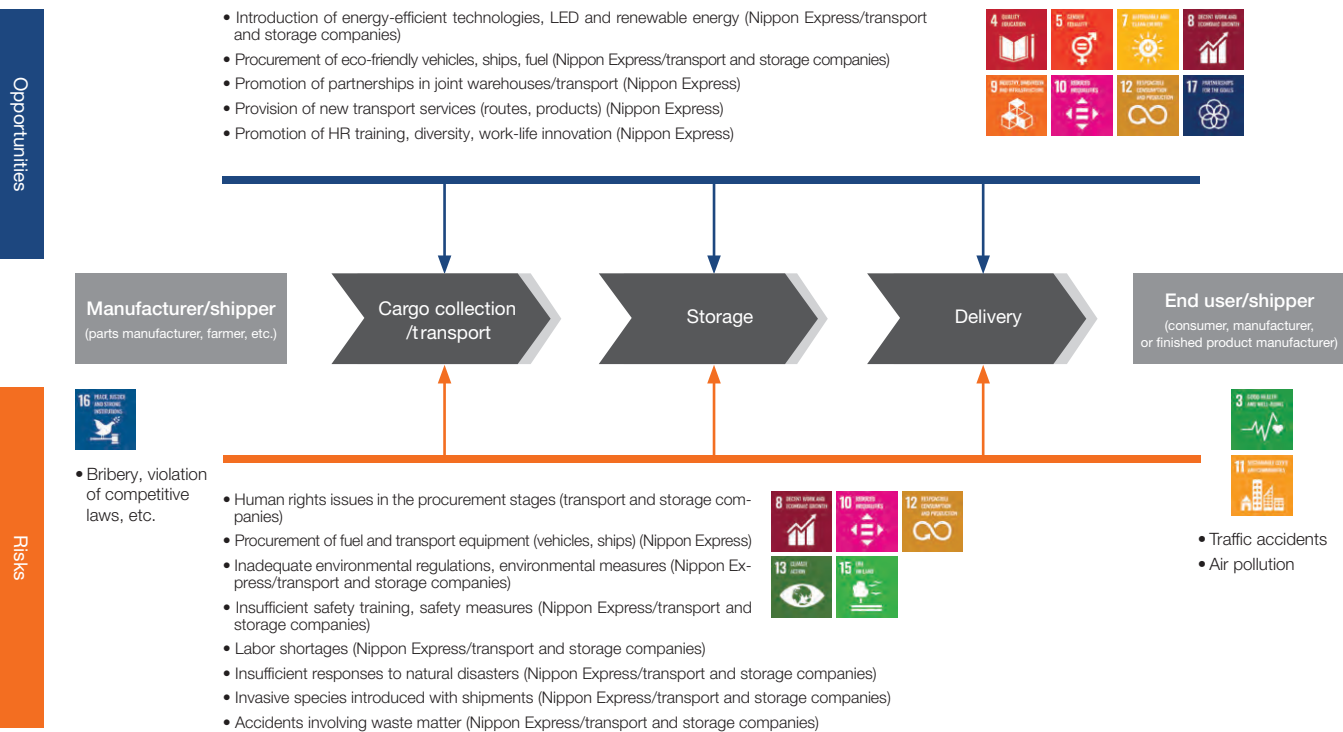
Today, many serious problems have become evident worldwide, including abnormal weather patterns caused by climate change and the accompanying natural disasters, shortages of water and food due to the destruction of the natural environment and population increase, economic and educational disparity and growing poverty.

Aiming to solve the world's common problems in the 21st century, the Sustainable Development Goals (SDGs) were adopted at the UN General Assembly in 2015 and defined 17 goals and 169 targets for sustainable development, which are considered to be the common goals of the international society.

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.

As we push forward with these efforts, we will remain aware that contributing to a sustainable society through our business operations will enhance the Nippon Express Group's sustained growth and corporate value and lead to the achievement of the SDGs.

Risks and Opportunities in the Value Chain



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

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 (regularly)
- 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" (regularly)
- 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) (regularly)
- 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)

Efforts to improve engagement with staff



Hisashi Nagano,
Group General Manager,
Diversity Promotion Group,
Human Resources Strategy
Division

The Nippon Express Group is committed to engaging with staff members so they can feel fulfilled in working, and contributing to customers and society through the encouragement of diversity.

Describe the background of the Nippon Express Group's focus on diversity.

The needs of customers and the social conditions change by the minute. Changes are so dramatic that what we have conventionally taken for granted may cease to be acceptable. Against this backdrop, it is very important to generate innovations from the many different backgrounds and values of staff members. To "transform into a company that makes its staff members feel satisfied and fulfilled," as the Nippon Express Group Business Plan 2023 states, with an aim to achieve the vision, we will push forward with adopting a corporate culture where the diversity of staff members, including inner aspects such as individuality and values, is embraced and maximized.

What do you think about balancing work and life in terms of issues such as child care, and about the empowerment of female staff members?

Currently, almost all female colleagues who have given birth take childcare leave and subsequently resume their career. More than 40% of new general staff members are women and more women are included as candidates for managerial-level positions. The empowerment of female staff members will continue through improvements in our systems and business environment. Some of our male colleagues who took childcare leave say the experience of being seriously involved in childcare and housework motivated them more to work.

Have you noticed any change in awareness among staff members?

As part of our commitment to diversity, we had a workshop about unconscious bias attended by managerial-level staff members. Some of the attendees said the workshop gave them an opportunity to question what they had considered to be normal and what they had taken for granted. Meanwhile, we notice the gradual spread of the view that the willingness to embrace and welcome different perspectives, ideas and values is important for the growth of an organization.

What is your aspiration for continuing these efforts?

I hope we will have more workplaces where people from different backgrounds are proud of their job in logistics to support customers and society and maximize their strengths. To this end, we should always have a sense of ownership in anything we do.

ENVIRONMENT

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 emergency transportation in the event of a disaster or other contingencies, regarding it as the 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

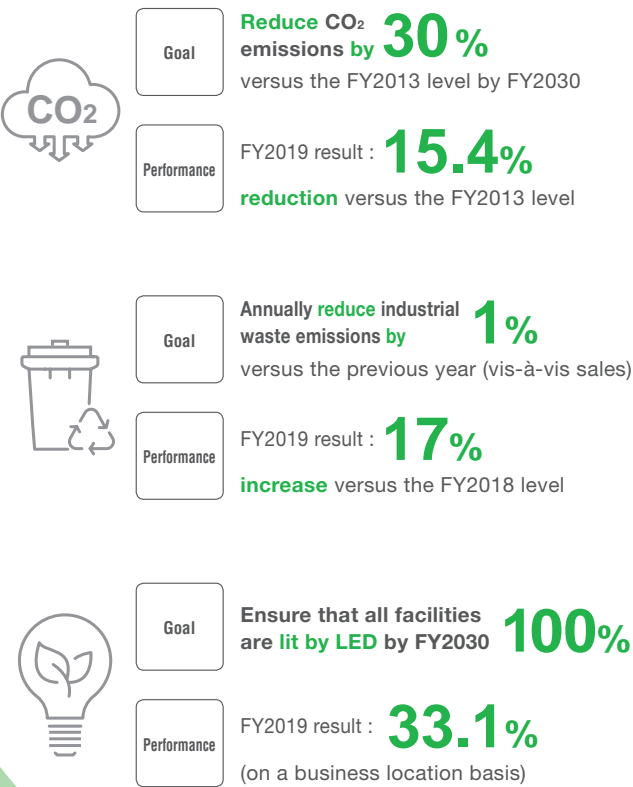
Specific Topics

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

The 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 cross-border movement of non-native species in compliance with related ordinances and treaties

Management Indicators



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

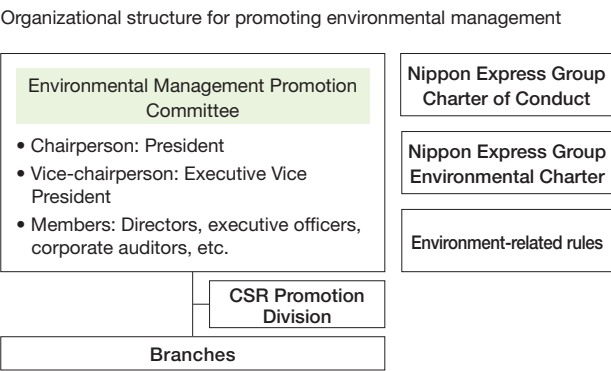
Recognizing that preservation of the Earth's environment is a challenge facing all mankind as well as an indispensable requirement for our Group's existence and activities, we shall independently and proactively strive to fight global warming, preserve biodiversity and construct a recycling-based society.

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.



Provide Logistics Technologies and Services with Little Environmental Impact

Promotion of Modal Shift

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 across a wide range of cargo from bulk to small lots, we address driver shortages and social challenges such as the reduction of environmental impact. As part of our commitment to the reduction of our environmental impact, we also focus on visualization. Rail Container NAVI, our original service for rail container information, allows for the checking of CO2 emissions and energy consumption during the use of rail transport. CO2 reduction effects can be simulated on our website simply by entering where cargo will be picked up and its destination. We have also developed 12-foot hybrid containers that can be loaded onto both trains and coastal vessels, and we offer a transport service using 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 Muro-ran, followed by *Daini Tennichi Maru* between Osaka and Muro-ran, 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. Cargo departing from and arriving at locations far inland from the port is transported in conjunction with rail transport in an effort to reduce CO2 emissions from fuel consumption.

Our Commitment to Reduction of Environmental Impact

- 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.
- System for Supporting the Planning of Optimal Navigation
A system for supporting the planning of optimal navigation that allows optimal ship courses to be chosen, ensuring on-time departure and reduction of CO2 emissions from fuel consumption



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

Aiming to reduce the environmental impact of truck transport, we encourage eco-driving to curb CO2 emissions and fuel consumption, and are committed to improvements in safety.

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. By continuing these training programs, we strive to ensure that all Nippon Express drivers engage in safe eco-driving. The eco-driving training uses fuel consumption gauges and, to heighten employee awareness 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 Tachographs

Nippon Express uses the Operation Support System that links digital tachographs with work terminals (smartphones) to perform vehicle operation management, operational activities such as loading and attendance management. 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 tachographs	
Nippon Express Co., Ltd.	100 %
Branch operating companies	91.8 % (as of the end of March 2020)

Top Industry Share in Transporting and Installing Wind Power Generators

Nippon Express occupies a top share, nearly 70%, in the domestic market for transporting and installing wind power generators. We greatly contribute to the popularization of renewable energy in Japan. Also, we will suitably support offshore wind power generation, which is expected to expand.

Strengthen Adaptive Capacity 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

Strengthened Resilience at Logistics Hubs

Tokyo C-NEX, Nippon Express' largest logistics hub located in Koto-ku, Tokyo, has an earthquake-proof structure and a large emergency power generator to ensure that, in the event of a blackout, electric power can be used for eight hours per day for three days. This will facilitate the early restoration of logistics functions after a large-scale disaster.



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.

Resource Recycling

Nippon Express also undertakes the transport of waste, which plays a role in resource recycling. Using rail and marine containers, we engage in the wide-area transport of mercury waste from municipalities and companies around the country to disposers. PCB (polychlorinated biphenyl) waste entails significant hazards and its transport to disposal facilities must be carried out by trained personnel.

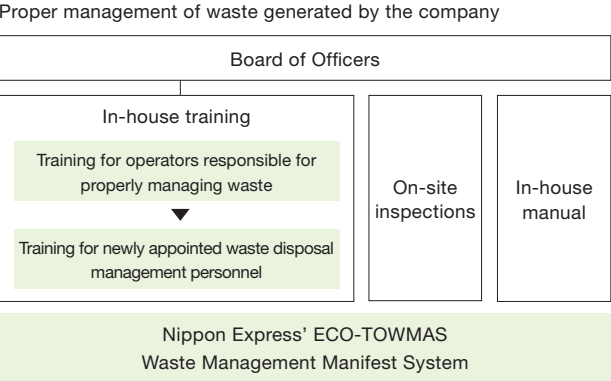
Using rail containers, we performed wide-area transport of enormous amounts of waste resulting from the Great East Japan Earthquake, the Kumamoto Earthquake, the Reiwa 1 East Japan Typhoon and other recent disasters.

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 repercussions, 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 2019.



●Release Amounts Subject to Notification Under the PRTR Act

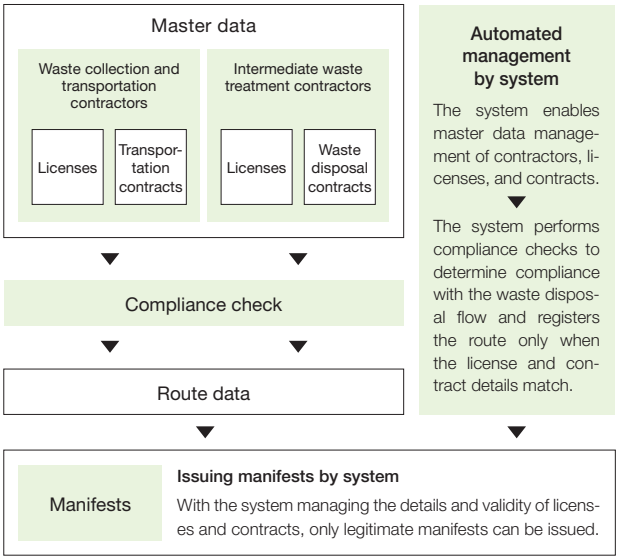
Although none of Nippon Express’ business locations are required to submit notifications under the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (the PRTR Act)”, the following shows the locations 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 uses
Targeted business category but amount handled is below the threshold subject to notification	8	79	Fenitrothion	Insecticide and insect proofing inside warehouse
Non-targeted business category but location handles PRTR-listed substances	13	9,652	Methyl bromide	Fumigation as part of 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 transitioned to electronic manifests, the use rate of electronic manifest routes reached 99.2% and the issue rate of electronic manifests was 92.3% as of March 2020.

Waste management manifest system



Environmentally Friendly Products

Activities and Achievements

Nippon Express makes active use of reusable materials (packing materials that can be used repeatedly) in its moving services, thereby achieving environmentally friendly removals operations. Using its own original reusable dish trunks, Nippon Express can transport dishes by simply placing them inside the cushioned trunks. 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

Organizations and Systems

Habitat Boundaries

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

Each Nippon Express business location takes extra care to keep out invasive alien species such as fire ants based on 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.

In case an invasive alien species poses a hazard, Nippon Express establishes packing-unpacking procedures specific to the shippers and regions concerned. Whenever such an alien species has been found, work processes will be immediately stopped and appropriate measures, such as extermination, will be taken.



Extermination examples

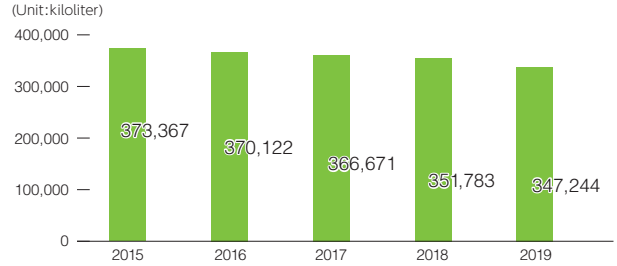
Conservation of Marine Ecosystems

Organizations and Systems

For the conservation of marine ecosystems, Nippon Express tries to reduce emissions of contaminated water, waste, ballast water and other pollutants from our ships into the sea. *Himawari 8*, one of our ships, is equipped with a marine instrument from an incorporated nonprofit organization, VOS Nippon, to provide salinity, temperature and pH measurements of the water along the coasts of Japan. The data is used to make forecasts of meteorological, hydrographic and fishing conditions and for research on ocean currents, biological environments and other phenomena in coastal waters.

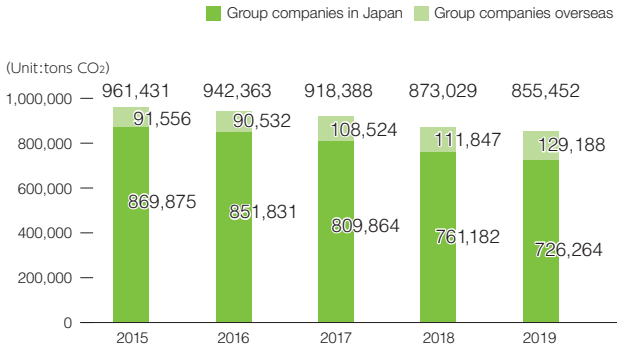
Environmental Data

Energy consumption in Nippon Express Group (crude oil equivalent)



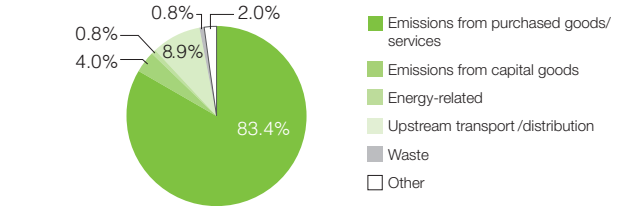
*1 The data shown here aggregate the energy consumption by Nippon Express and its consolidated companies in Japan and overseas (equivalent to Scopes 1 and 2).
*2 For natural gas, 13A city gas (heat value of 45 GJ/thousand cubic meters) applies.

CO₂ emissions (Scopes 1 and 2)

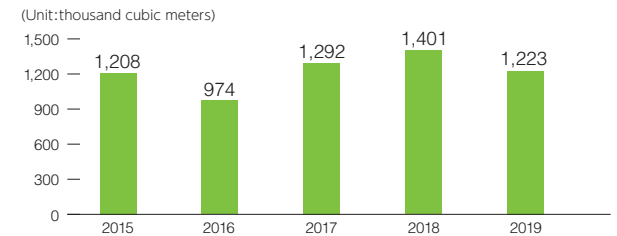


Component ratio for Scope 3

(Nippon Express Group in FY2019)



Water consumption



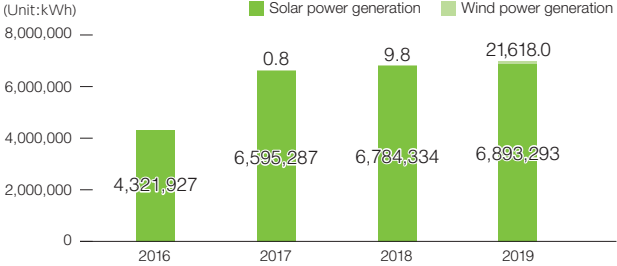
*5 The figures for FY2019 and FY2018 aggregate water consumption by Nippon Express Group companies in Japan. The figures for FY2015 – FY 2017 represent water consumption by Nippon Express alone.

●Third-party verification of CO₂ emissions data

Nippon Express commissioned SGS Japan Inc. to conduct third-party verification of CO₂ emissions data (CO₂ emissions from fossil fuel use in Japan) for FY2018 based on ISO 14064-3:2006. We are planning to obtain third-party verification also on CO₂ emissions data for FY2019. We will ensure accuracy and reliability by receiving verification from a third party and will continue to work on further reducing CO₂ emissions.

*6 Third-party verification of energy consumption was conducted in December 2020. As a result, the energy consumption of the Nippon Express Group in 2019, the energy consumption (crude oil equivalent), CO₂ emissions (Scopes 1 and 2) and the component ratio for Scope 3 have been corrected.

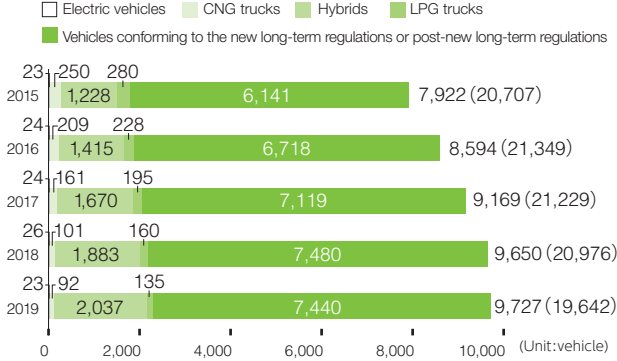
Power generated from renewable energy resources (Group companies in Japan)



*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)

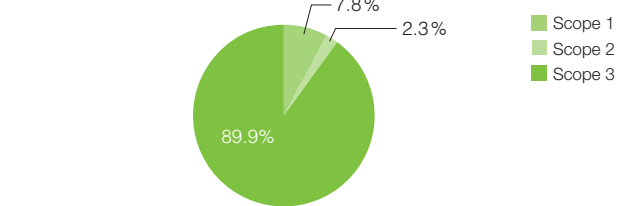
(As of March 31 for each fiscal year)



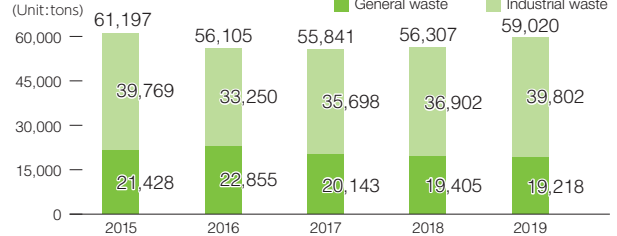
*4 The parenthesized figure represents the total number of vehicles owned.

GHG emissions across all supply chains

(Nippon Express Group in FY2019)



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

Key Priorities for the Nippon Express Group

Respect for Human Rights

Management Approach

Respect the human rights of all stakeholders in our corporate activities and fill our workplaces with smiles

We respect human rights and occupational health throughout our supply chains and remain aware of our social and public missions in an effort to make society safe and secure for everyone.

Major Social Challenges

- Violations of human rights in workplaces including our supply chains
- Forced labor stemming from a lack of awareness regarding human rights

Specific Topics

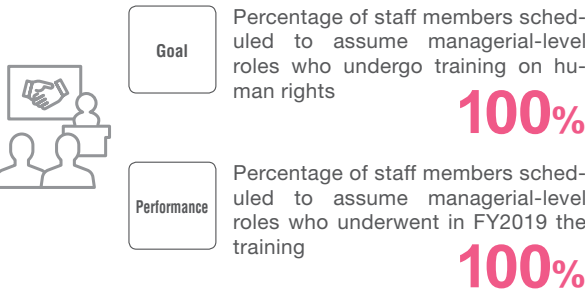
- Ensure robust respect for human rights in the supply chains
- Secure occupational health

The Nippon Express Group’s Approach

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



Management Indicators



Respect for Human Rights

Ensure Robust Respect for Human Rights in The Supply Chains

Our View on Respect for Human Rights in Our Supply Chains

Policies and Targets

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 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 supply chains 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.

CSR Promotion Across Our Supply Chains

Organizations and Systems

The 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 supply chains, including business partners.

With regard to child labor, we use our part-timer management system to prevent 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. In concluding a contract, we conduct checks on the basis of our criteria for evaluating external working skills. Before signing a basic contract, we check the candidate company’s system for complying with the Labor Standards Act (e.g., work hours, holidays) and operation control (e.g., preventing vehicle operators from overworking and ensuring their safety) to determine that working with the company would not cause us to incur risk. The contract includes clauses concerning environmental ordinances (Articles 2-5), 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 chains in cooperation with our business partners.

Education on Human Rights

Activities and Achievements

We distribute copies of 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 through discrimination, harassment, etc. The abovementioned prohibitions are thoroughly emphasized in our staff training.

Antidiscrimination education within the corporate group

Duration of training workshops	28 hours and 05 minutes
Total length of time spent by our staff members in attending the workshops	647 hours and 35 minutes
Number of attendees	1,235 (Including 296 managerial-level and 939 other attendees)

Participation in other antidiscrimination workshops and lectures organized by public offices

Number of workshops attended	78
Total length of time spent by our staff members in attending the workshops	173 hours and 30 minutes
Number of attendees	83 (Including 47 managerial-level and 36 other attendees)

Compliance education via e-learning (harassment prevention course)

Number of attendees	18,015
Total duration	About 9,007 hours

Designed for our salespersons and administrative staff members

Compliance education using our “Compliance Handbook” and other materials

Number of attendees	64,635
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Designed for all staff members of the Nippon Express Group

Secure Occupational Health

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

FY2020 Safety & Health Management Policy

- Health Management Policy**
Nippon Express Group Health Philosophy
"Create healthy workplaces full of smiles."
- Company-wide Target**
Reduce the rate of illness-related absenteeism due to mental illnesses and/or lifestyle-related diseases by at least 20% from the previous fiscal year.
- Individual Targets**
Completely prevent anyone from contracting a mental illness.
Completely prevent anyone from contracting a lifestyle-related disease.

Mental Health Care Organizations 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.

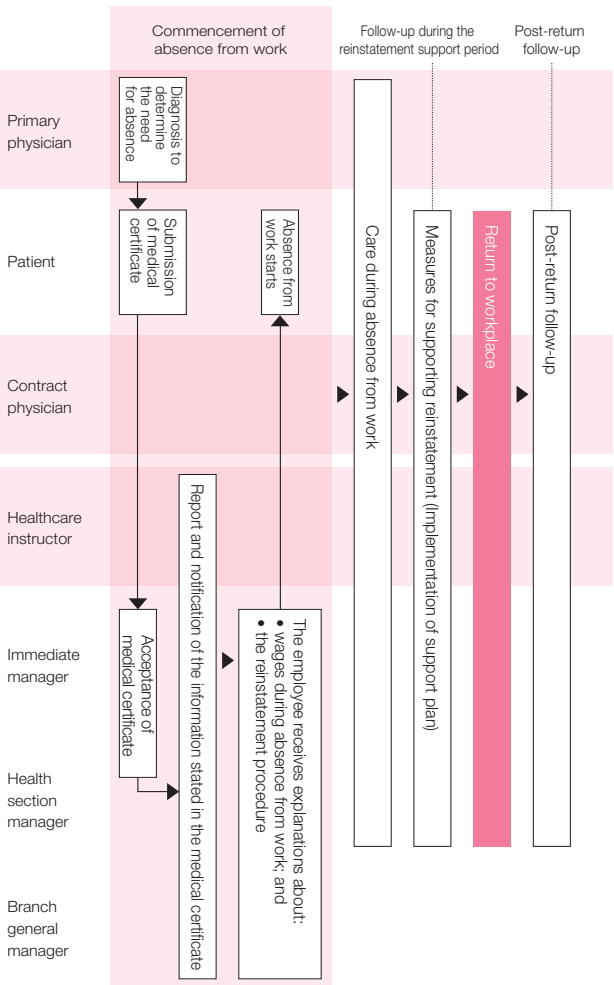


- Self-care**
We promote self-care measures by providing staff members with information about maintaining their mental health six times a year. In collaboration with the Nippon Express Worker's Union and the Nippon Express Health Insurance Association, we create and issue "Just Between You and Me," a 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**
We organize line care training sessions such as level-based training for newly promoted 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 have established Home Doctor 24, an outside consultation service and assigned specialized staff to support our employees and their family members so that they can feel at ease sharing their physical and/or mental concerns.

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



Visualizing Health Management Activities and Achievements

As part of the health collaboration with the Nippon Express Health Insurance Association, the Nippon Express Group tries to keep its staff members healthy through WellsPort Navi, a health support service involving the use of a smartphone or a computer. WellsPort Navi allows the user to view changes in checkup data as charts and graphs to easily manage health in accordance with vital records on meals, blood pressure, weight, abdominal girth and step count. We also send health-related e-mail newsletters that aim to improve the recipient's lifestyle. We have been providing multifaceted support for staff members' efforts to stay healthy, as part of which we organized group walking events using WellsPort Navi in October 2019 and March 2020.

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 strive to transform into 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 Policies and Targets

The following three fundamental principles underlie Nippon Express' 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 Organizations and Systems

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 pursue human resources management to enable all staff members to pursue their careers to higher levels and continue to improve.

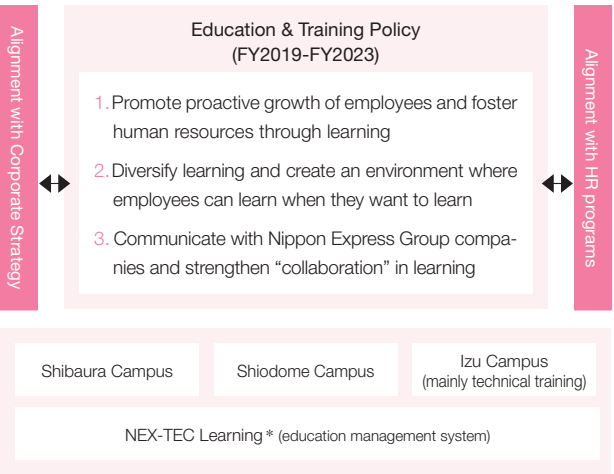
Train Human Resources Who Can Work Globally

View on Human Resources Development Policies and Targets

In accordance with our 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



* NEX-TEC Learning: used to encourage proactive participation in group training sessions and to effectively provide e-learning.

Nittsu Group University Organizations and Systems

In 2010, the Nippon Express Group established the Nittsu Group University (an internal organization) to train human resources to be capa-

ble 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.

To foster attitudes and workplace climates for independent learning and growth, we also provide staff members with a distance learning program titled "Nippon Express Door to Self-development." Combining the Nippon Express Group's knowledge and skills in linguistics, leadership, general knowledge and many other different areas will help the Group to develop the human resources needed to take on the challenge of creating new value.

Core Personnel Training (Global) Organizations and Systems

Based on our FY2019 Education & Training Plan, the Nittsu Group University organized the Core Personnel Training Program (global) for 14 selected managerial-level staff members. They met six times from August 2019 to March 2020, teaming up with our local affiliates in China, South Korea, Singapore and Myanmar to pursue solutions to the business challenges these affiliates face. Based on this global perspective, future executive candidates will have opportunities to gain experience in solving business challenges.

Overseas Business Trainee System Organizations and Systems

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 2019, 34 young staff members were sent to our overseas affiliates for job training.

Education & Training Performance Activities and Achievements

In fiscal 2019, 1,057 group training sessions were held nationwide with 36,324 attendees (from January to December 2019).

For level-based education, up to fiscal 2018, newly promoted personnel received training when they were promoted. From fiscal 2019, this changed significantly to Role-based Management Training, linked with the introduction of a role-based job ranking system. Under "Next Position Training," staff members are required to follow a specific training program before being promoted to a higher position, such as from a general level to a leader level, a leader level to a managerial level, or a managerial level to an executive level.

In fiscal 2019, 40 classes for Role-based Management Training were held with 1,226 attendees.

For Career Training aimed to support staff members' career goals, we added more training opportunities for staff members in career-track positions and those with area-based roles. The aim is to provide training programs to many staff members by dividing opportunities into different age groups irrespective of positions and job ranks.

Training held at the Head Office ^{*1,2} (excluding e-learning, online classes)	
Total training time	282,480 hours
Average training time per regular employee	8.8 hours (282,480 hours/31,943 employees)

^{*1} Training held at the Head Office only

Training held by regions, departments, or branches are not included

^{*2} Training conducted between January and December 2019

Promote Diversity and Inclusion

Our View on Diversity and Inclusion Policies and Targets

In implementing diversity-related efforts, the Nippon Express Group disseminates extensive information about the commitments of the president, branch managers and other managerial-level persons and clarifies the objectives and necessity of these efforts as well as our company-wide determination to proceed with such efforts.

In terms of diversity, the Nippon Express Group aims to achieve growth as a genuinely global logistics company and self-fulfillment among employees, and to build a corporate group where all employees have leading roles and feel happy working.

To this end, the Nippon Express Group formulated a Diversity Promotion Plan and will implement a cycle of four reforms — mindset reform, corporate climate reform, workstyle reform and behavioral reform — while innovating our workstyles as set forth in our Corporate Strategy.

We will continue to steadily implement the measures stated in the Diversity Promotion Plan in pursuit of achieving the goals.

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 long-term career visions
 - Develop a workplace climate that respects the diversity of individuals without focusing on 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

Implementation 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.

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.

- **e-learning**
From fiscal 2017, e-learning has been continuously provided to all administrative staff members in the company-wide pursuit of diversity. In fiscal 2019, “unconscious bias” was the keyword for our e-learning and we tried to learn concrete approaches to encouraging mutual understanding and revitalization within workplaces in terms of diversity in values and thinking, by deepening our understanding on how unconscious bias may affect a person or an organization.
- **Managerial-level personnel training**
The Nippon Express Group has training programs for staff members to acquire skills in diversity management, which involves respecting and turning differences into organizational strengths irrespective of gender, age and other factors. (750 staff members attended the training at 10 venues in fiscal 2019.)
- **Strengthen female staff members' networking**
Eliminating female staff members' worries and problems requires the development of a cross-organizational network consisting of female colleagues. Based on this idea, a seminar has been organized in each region since fiscal 2018, focusing on colleagues in rural areas where women account for smaller proportions of the workforce. Led by a female outside director, the seminar consists of two parts, including topic-based groupwork and a lecture by an outside director. Through the application of our systems and diversity-related plans and animated communication, we boost employees' motivation to work and support the creation of networking opportunities.

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 on encouraging diversity. This is aimed at boosting the momentum toward greater diversity and at urging staff members to reform their mindset and behavior.



Diversity Promotion Group portal site

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 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 hires foreign students under an employment system designed to maximize their aptitudes and broaden the scope of their activities. We have high hopes that these 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.

Promote Workstyle Innovation

Our View on Workstyle Innovation Policies and Targets

Allowing a staff member to proudly and energetically assume a leading role requires enhancing his/her lifestyle as well as work. Achieving 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 wholesome lives.

We are working to reduce annual average overtime hours (compared to the previous year) by improving productivity and to encourage employees to take their annual paid leave.

MINDS, a workstyle reform community Policies and Targets

Since February 2020, the Nippon Express Group has participated in a community promoting workstyle reform consisting of millennials working in 10 companies from different industries, such as manufacturing, finance, transportation, food and IT. The Nippon Express Group sympathizes with MINDS' mission of “creating a society where all individuals can be themselves at work,” and its vision of “going beyond industrial and corporate borders to spread diverse workstyles throughout Japanese society starting with millennials.” We are also involved in verifying and recommending the creation of human resources and job types capable of adapting to an accelerating AI age. In this way, we will contribute to spreading diverse workstyles throughout Japanese society.

Helping Employees Balance Child/Nursing Care and Work Organizations and Systems

Nippon Express helps employees balance child/nursing care and work with the aim of assisting 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 are working to improve our personnel systems by, for example, allowing staff members to take longer leave or work shorter hours in order to care for their children. 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.

Helping Staff Members Balance 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. We continue to offer seminars for staff members who have just returned from childcare leave and, as of fiscal 2019, these staff members have been joined by their immediate managers in the seminars so that everyone in their workplaces can join together to systematically help colleagues to balance work and childcare.

Foreseeing Life Events in Supporting Continued Service

Activities and Achievements

Targeting young female staff members mainly in their 20s, we organize seminars to cultivate long-term career perspectives with due consideration for marriage, childbirth, childcare and other life events. These young staff members receive guidance from outside lecturers and have roundtable discussions with other female colleagues who are on childcare leave and serve as models. By participating in these programs, they will be better equipped to balance work and children, and acquire related expertise.

Supporting Childcare Leave Takers

Activities and Achievements

We organize seminars for staff members before and after childcare leave to motivate them to continue their careers. We seek to persuade childcare leave takers to stay at their job through input from outside lecturers and groupwork. Their superiors also attend seminars on a different schedule. In this way, we encourage mutual understanding between superiors and subordinates (participants: 27 childcare leave takers and 27 superiors at Tokyo seminars; 11 childcare leave takers and 11 superiors at Osaka seminars).

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.15). 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 Executive Officers and the top corporate managers will firmly commit to rectifying the situation. Using systems and other measures, companies of the Nippon Express Group stay correctly informed of how long their employees work in an effort to eliminate long working hours.

●Utilizing Satellite Offices

The implementation of work style reform will require clearly separating work from private lives and improving 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.

Relationship with the Worker's Union

Activities and Achievements

The Nippon Express Worker's Union boasts 28,385 members as of March 31, 2020. The percentage of workers who send representatives to the Safety & Health Committee is 100% for full-time workers. Leveraging the relationship of mutual trust they have built up over the years, Nippon Express and the Nippon Express Worker's Union have confirmed their commitment to working together toward their shared goals of growing the Company and improving its work environment, all the while respecting each other's positions and maintaining proper labor-management order.

The parties consider it important to facilitate communication between labor and management to ensure that corporate management reflects the consensus of the employees. Based on this concept, the parties exchange opinions on management through the Central Management Conference, which was established to facilitate comprehensive discussions between labor and management.

With respect to collective bargaining, the labor agreement defines collective bargaining matters and specifies that the parties shall work to solve any issues peacefully through collective bargaining on the basis of mutual good faith in consideration of the public nature of companies.

With respect to any revisions to the agreement, the labor agreement specifies that either party shall notify the other party of such an intention in writing not later than 30 days before the expiration of the effective period. In addition, the labor agreement includes provisions on safety and health to reflect the top priorities of ensuring safety and creating healthy workplaces that are full of smiles. Under these provisions, with the realization of a rewarding and disciplined workplace environment in mind, the parties analyze the status quo and work on future initiatives to address their respective issues, including those related to safety and health, through technical committees comprising experts representing labor and management respectively.

Employee Data

		FY2017	FY2018	FY2019
Employees*1	Total	31,871	32,280	34,449
	Men	27,342	27,401	28,500
	Women	4,529	4,879	5,949
Employment status*2	Full-time employees	27,530	27,853	31,943
	Non-full-time employees	4,341	4,427	2,506
Employees hired*3	New graduates	1,173	1,382	5,197
	Men	779	905	3,452
	Women	394	477	1,745
	Mid-career hires	14	6	15
	Men	10	4	10
	Women	4	2	5
	Total	1,187	1,388	5,212
	Percentage of women	33.5 %	34.5 %	33.6 %
Turnover*1	Total	1,877	1,653	943
	Men	1,408	1,210	704
	Women	469	443	239
Turnover rate*4	Within three years of joining the company	6.8 %	5.1 %	9.0 %
Average age*3		43.1	42.6	44.0
Average years with the company*3		17.8	18.0	16.2

		FY2017	FY2018	FY2019
Average days of paid leave taken*3		6.1	6.2	11.3
Persons taking maternity leave		122	125	179
Persons taking childcare leave	Total	134	142	150
	Men	11	19	22
	Women	123	123	128
Persons taking family care leave		6	12	10

		FY2017	FY2018	FY2019
Persons with disabilities*5	Employment rate of persons with disabilities	2.12 %	2.23 %	2.29 %
	Number of persons with disabilities hired	8,340.5	8,659.0	8,859.5

		FY2017	FY2018	FY2019
Total number of employees eligible to take childcare leave	Total	921	816	791
	Men	788	693	666
	Women	133	123	125
Percentage of employees who return to work after childcare leave	Men	100 %	100 %	100 %
	Women	97 %	90 %	96 %
Retention of employees who return to work after childcare leave	Men	100 %	82 %	100 %
	Women	91 %	96 %	88 %

		FY2017	FY2018	FY2019
Percentage of women with managerial positions		1.1 %	1.2 %	1.3 %
Percentage of female assistant managers		5.7 %	7.9 %	9.4 %

Notes:
*1 Employees (general staff), employees (global), employees (area-based staff), employees (elderly), and temporary employees under direct contract
*2 "Non-full-time employees" are temporary employees under direct contract
*3 Only employees (general staff), employees (global) and employees (area-based staff)
*4 Only employees (general staff) in administrative jobs
*5 Figures based on the calculation method in the Levy and Grant System for Employing Persons with Disabilities

Innovation Based on Collaboration 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 Collaboration 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 uses 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.

In addition, we pursue cooperation beyond organizational borders and strengthen cooperation among R&D functions within the Group to facilitate trial use of advanced technologies with a view toward overall optimization.

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 in the logistics industry that involves reducing greenhouse gas emissions, saving energy in distribution operations and developing sustainable logistics systems have attracted attention.

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 CO2 emissions by about 1,500 tons annually, which should equate to nearly 74% of CO2 emissions from truck-based transportation.



Joint logistics by marine transport



Joint logistics by railway transport

Pursuing Business Through Partnerships

Activities and Achievements

As part of our commitment to the use and research of advanced technologies, we participate in the accelerator program from Plug and Play Japan, a Japanese arm of the US company based in Silicon Valley. Without adhering rigidly to existing business domains, we are moving forward on open innovations with venture companies equipped with advanced technologies in an effort to facilitate reform adapting to the needs of the times.

Contribute to Sustainable and Tough Infrastructure Development

Developing Cutting-Edge Logistics Technologies

Activities and Achievements

Through many different governmental 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.

* 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).

Nighttime Unattended Operations for Shipment Preparation

In July 2019, the New Sapporo Logistics Center successfully commenced nighttime unattended operations to prepare shipments by using automatic forklifts and automatic vertical conveyors.



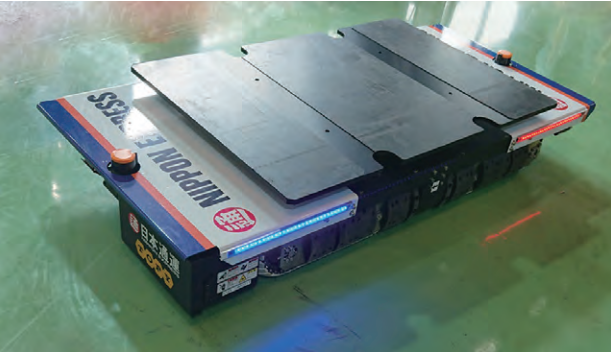
Cooperative Demonstration of Level 4 Automatic Operation

In August 2019, a joint experiment for the demonstration of Level 4 automatic operation was performed in a limited area in cooperation with UD Trucks Corp., HOKUREN Federation of Agricultural Cooperatives and the Hokkaido prefectural government with the aims of ascertaining the many different issues involved in eliminating a shortage of truck drivers and securing transportation capacity for farm products. This involved operating a truck on public roads, unprecedented for this type of test in Japan.



Supporting the Development of a Crawler-Type AGV

We supported the development of a remote-controlled, crawler-type automatic guided vehicle (AGV), aiming to save energy and ensure greater safety at work sites such as terminals where workers use different routes depending on the time of day. In addition, we are analyzing the effectiveness of manned truck platooning for reducing driver workloads and considering partial computerization of roll calls and inspections to achieve labor savings.



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.

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.

Transporting Works of Art

The Fine Arts Business Division transports articles for display at exhibitions held in Japan and overseas 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.

Transport of Heavy Equipment and Construction of Plant Facilities

The Heavy Haulage & Construction Division is involved in the transport and installation of heavy equipment and the construction of plant facilities, and thus helps build or maintain important social infrastructure in a variety of locations both in Japan and overseas. These business operations are essential to society, ensuring a high level of compatibility between transporting and building, and adding real value to goods.

Pharmaceutical Logistics

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



Image of completed network hub for the supply of pharmaceutical products

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 Through 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 tied to the relevant communities and societies. Recognizing its social and public missions as a logistics company, the Nippon Express Group will communicate actively with local communities and engage in social action programs rooted in these communities.

Community investment (FY2019)	
Forest cultivation activities	8,063,000 yen
Education for the next generation	58,000 yen
Contribution to communities	225,000 yen
Donations	2,000,000 yen
Cosponsorship	1,900,000 yen

* Investment expenses for the CSR Promotion Division

Contributing to World Peace Through Our Business Operations Activities and Achievements

The Air Freight Business Branch co-operates with local logistics companies on export/import customs clearance, deliveries and other logistics operations in the central African country of Cameroon. We handle vehicles, housing equipment, food-stuff and other materials and goods that are indispensable for the local people's everyday lives and their safety. Cameroon comprises a key logistics hub in Central Africa and much of the cargo going to and from Central Africa will be aggregated there. By continuously offering reliable logistics quality for this key Central African transport hub, we contribute to world peace in terms of, for example, continued security and peace and the prevention of food crises in Central Africa. We have also been strengthening and expanding our global partnerships with local logistics companies.



Supporting Cultural Exchange and Social Contribution Activities Activities and Achievements

Nippon Express (India) Private Limited has started full-scale social contribution activities for communities with the participation of its staff members. After a suggestion from a staff member, the Indian affiliate decided that the fifth Saturdays of the month, which come a few times a year, would be spent on social contribution activities. The decision has been implemented on a company-wide basis since June 2019. Each of the company's main branches held discussions and staff members voluntarily formulated action plans. Nearly 80% of the total workforce participated in social contribution activities on the fifth Saturdays in June and August.

[Main activities]

- Visiting orphanages (playing with orphans, cleaning the premises, providing meals, donating toys and planting trees)
- Visiting schools and elderly care facilities (interacting with residents, cleaning the premises and providing chairs, food and other goods)

- Cooking in workers' residential areas
- Participating in local greening events
- Providing children with food, stationery and other supplies
- Donating blood at cancer hospitals
- Cleaning the areas near the office

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.

- **Torrential rain damage from the Reiwa 1 East Japan Typhoon**
The Reiwa 1 East Japan Typhoon in October 2019 caused rivers to flood. Using dedicated containers, we transported the flood-generated waste from Miyagi to waste disposal facilities in Yokohama and Tokyo.

Global-level Development of Human Resources Activities and Achievements

We are committed to the development of human resources on a global scale. Nippon Express (H.K.) offers scholarships to vocational training schools in Hong Kong and accepts interns, supporting the development of talented human resources.

Nippon Express (China) Co., Ltd., a Beijing-based affiliate, established the Nittsu Scholarship in October 2014 with Beijing Wuzi University, a school offering specialized education in logistics and distribution. The Chinese affiliate engages in industrial-academic cooperation, for example, by accepting interns and organizing public lectures and logistics seminars.

Dispatching Personnel to Universities to Give Lectures for Endowed Courses Activities and Achievements

The Company has been dispatching personnel to give lectures to 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 on topics relating to logistics and environmental issues were given in 2019 to share information on the logistics-related activities that the Company has been undertaking to address environmental issues such as global warming. The lectures, which were held at Aoyama Gakuin University, Tokyo Metropolitan University and Yokohama National University with the attendance of 171, 198 and 82 students respectively, helped the students to deepen their interest in and understanding of logistics, and offered opportunities for the Company to solicit frank opinions from young people.



One student said that the lectures had helped him understand the importance of modal shifts, while another student said that he had learned a lot from the lectures that discussed environmental issues from the perspectives of a particular company and industry.

GOVERNANCE

Key Priorities for the Nippon Express Group

Sound Company Conduct

Management Approach

Build a management platform that supports improvements in sustainable corporate value

We consider establishing and maintaining a fair and efficient management structure while also ensuring the soundness and transparency of management to be one of the key management issues to be addressed in sustainably enhancing our corporate value.



Major Social Challenges

- Violations of compliance within the Company, including Group companies

Specific Topics

- Promote fair business practices
- Implement robust anticorruption measures
- Ensure occupational and social safety
- Encourage global quality to meet expectations from customers and society

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
- Use the Nittsu Safety & Health Management System (NSM) to thoroughly inform all staff members of the importance of health and safety
- Provide affiliates and subcontractors with guidance and education on safety

Management Indicators



* Refer to P. 32 for details on the Safety & Health Management Policy.
* Refer to P. 35 for the FY2019 results.

Promote Fair Business Practices

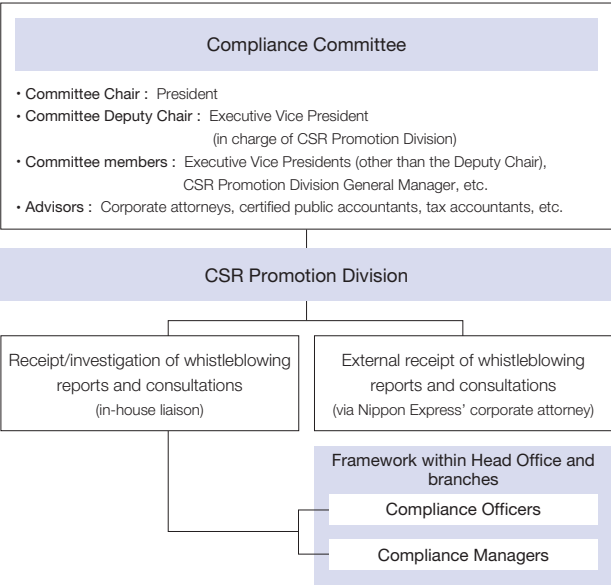
Compliance Management Structure

Organizations and Systems

Nippon Express established its Compliance Division (now the CSR Promotion Division) and Compliance Regulations in 2003 to define the code of conduct for staff members. In addition, the Compliance Committee has been set up and is headed by the president. In addition, the Nittsu Speak Up whistleblowing system is also in place to facilitate self-correction, and to detect and prevent violations of laws early.

In pursuit of compliance management, the Nippon Express Group takes measures to ensure honesty and fairness in its 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 2019, we used the Compliance Handbook to train 64,635 employees in Japan.

For sales and administrative employees, we conduct e-learning twice a year to prevent harassment and non-compliance. In fiscal 2019, 35,839 employees participated in this training. We are also working to raise awareness about the importance of thoroughly ensuring compliance within the Group, and we convene 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 a CSR Newsletter and a Compliance Calendar to our workplaces. Besides sharing information about cases of compliance violations, the CSR Newsletter helps readers to obtain more knowledge and raise their awareness about CSR. The Compliance Calendar presents

some compliance slogans collected from staff members and is designed to spread compliance throughout the workforce via employee involvement and friendly content.

Compliance Awareness Survey

Activities and Achievements

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

The survey conducted in November 2019 (target group: 68,581 persons; respondents: 57,752) addressed compliance awareness, assessments of workplace conditions, compliance awareness improvements, harassment prevention, and 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 bans 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.

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 Nippon Express Group's intranet. These videos can be used as teaching materials.



Compliance Handbook

Compliance Violations

Activities and Achievements

In fiscal 2019, there were no cases of legal action due to anticompetitive conduct, violations of antitrust laws, or violations of the Antimonopoly Act. 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, 782 million yen in sales was found to have been overcounted. This was corrected in the second-quarter settlement in fiscal 2019. Our internal controls will be tightened to ensure that an incident like this will never happen again.

Ensuring Thorough Occupational and Social Safety

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.

FY2020 Safety & Health Management Policy

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

Targets
[Company-wide Targets]
Reduce serious accidents and disasters to zero.
Reduce culpable traffic accidents and labor accidents (including those with no lost-work days) by at least 30% versus the previous year.

[Individual Target]
Reduce day-to-day accidents and disasters to zero in all workplaces.

Commitment to Safety

The Nippon Express Group has composed a Commitment to Safety to raise and extend safety awareness at all Group companies. The 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.



Safety poster

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 Measures Taken by Affiliates and Subcontractors

Activities and Achievements

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 ensure the provision of safe and secure transport services to customers.



Safety council meeting with a subcontractor

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.

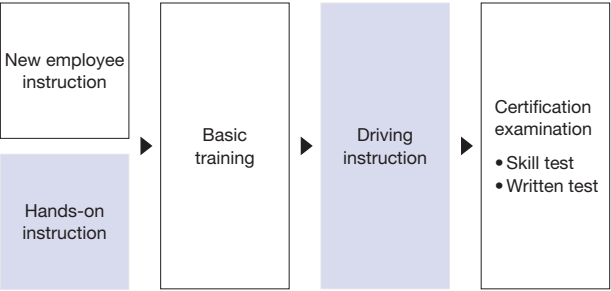
Nippon Express has established a proficiency examination system to certify staff members' knowledge and skills and determine whether they have learned proper driving etiquette and can operate vehicles safely in the manner expected of every staff member of the Nippon Express Group. Only after they complete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

As our frontline worksite management is changed, supervisors and team leaders lead by formulating instructional and educational plans to completely eliminate accidents and disasters. They also become involved in educating colleagues about safety, for example, by instilling basic behavior and encouraging skill improvements.

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.

Training program for drivers and forklift operators



Instructor system for drivers and forklift operators



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 2019, 24 level-based sessions ranging from beginner classes to instructor training were organized for a total of 177 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.



Second-year clerical staff and technical staff receive training together, practicing crane signals

Create New Approaches to Keep the Economy Going

We undertake the secure transport of cash, the bloodstream of the economy, as well as the calculation and storage of cash at financial institutions and retail stores as well as the procurement of money for currency exchange. Because labor shortages pose a major problem, we are reviewing our existing system of operations and are beginning to shift some "human" activities to machinery to reduce personnel and costs. The Chubu Security Transport Branch's Business Center has partly introduced robots to the automatic transportation of goods and other business activities and has taken other actions to continue changing its operational system and build a new mechanism to keep the economy going.

Improve Crime-Prevention Quality

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 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, one of our major locations, in fiscal 2019, 322 security guards underwent practical training on the use of soft batons and other objects, simulation drills based on lessons learned from the past and training in emergency resuscitation. Similar drills take place at security transport offices nationwide: the Chubu Security Transport Branch, a large-scale location, had 126 participants and the Kansai Security Transport Branch had 138 participants in similar drills. 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

Commitment to Safety in Logistics

Activities 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. By disseminating messages from senior management on 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.

Measures to Ensure Drivers' Safety

The Safety and Health Promotion Division regularly conducts aptitude tests on drivers, who are the bedrock of our business operations, and provides safe driving guidance in accordance with the drivers' characteristics as determined by the test results. Sleep apnea syndrome (SAS) screening tests are also conducted on a regular basis. We make thorough efforts to ensure workers' safety. For example, complete checkups and medical treatment may be required and driving restrictions may be imposed as necessary. Safety panels are established when accidents or disasters occur to prevent any recurrences through actions such as safety drills, ride-along instruction and reviews of safe working procedures.

Safety Measures in the Air Freight Business

The Air Freight Business Branch offers one-stop services for land, marine and air freight transport. The Nippon Express drivers under the Branch's jurisdiction are provided with a safety course known as the "Tiger's Pit," with specialized instructors who boast industry expertise. From November 2019 to the end of March 2020, 72 of 339 Company drivers took the course and 180 drivers will take it in fiscal 2020.

Aptitude Test Simulator Introduced to the Air Freight Business Branch

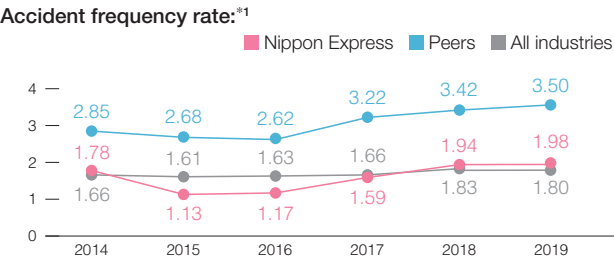
Nippon Express drivers of company-owned cars and drivers employed at our branch operating companies were administered a driving aptitude test. Analysis of the test results showed that accident-prone drivers lacked carefulness and sensitivity to danger. Based on the findings, a driving aptitude tester and a KYT (*kiken yochi* [danger prediction] training) simulator have been introduced. As the drivers of our subcontractors age, we also visualize their skill levels to prevent accidents.

Maintain Social Safety Involving Logistics

Safety-related Data

Activities and Achievements

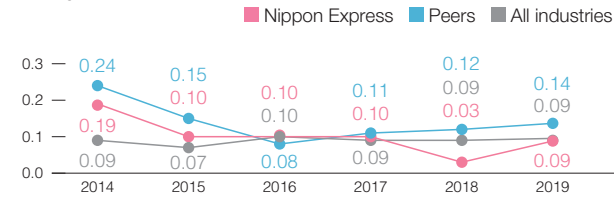
•Index of labor accidents



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

Number of casualties per one million working hours = (Number of casualties / Total number of working hours) × 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 = (Workdays lost / Total number of working hours) × 1,000

•Rules on recording and reporting accident statistics

Nippon Express has established 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 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 (FY2019)

Item	(Unit:million yen)
Labor cost of safety-related positions (domestic)	1,063
Educational costs (training at Head Office)	484
Material publishing	4
Nippon Express Group National Safety and Health Conference	1
Driving control system (digital tachograph) related	563
Accident and disaster prevention awareness materials, etc.	4
SAS screening test	21
Other safety measures	114
Total	2,254

•Number of accidents relating to Article 2 of the Automobile Accident Reporting Regulations (FY2019)

Accident type	(Unit: number of accidents)
Vehicle malfunction	10
Fall	2
Fire	1
Collision	1
Death or injury	1
Total	15

•Acquisition of certification as safety excellence enterprise (G-Mark*3) (as of January 2020)

	Number of authorized offices	Number of G-Mark certified offices	Rate of certification
Total number of certified offices in Nippon Express	520	512	98.5 %
Number of certified offices in the Nippon Express Group	255	246	96.5 %

(Reference) Industry certification status (as of December 2019)

	Number of authorized offices	Number of G-Mark certified offices	Rate of certification
Nationwide	85,935	26,192	30.5 %

*3 G-Mark: A certification issued by the Japan Trucking Association to truck transportation businesses that satisfy certain criteria in traffic safety efforts, 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.

Encourage Global Quality to Meet Expectations from Customers and Society

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 earning 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 in charge (Business Division).

Customer Consultation System

Organizations and Systems

Nippon Express has introduced a customer consultation system (VOCS) that allows the entire company to share customers’ inquiries, opinions and requests 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 FY2019	
Inquiries	10,669
Requests	852

Customer Questionnaire Survey

Organizations and Systems

Nippon Express air cargo transport organizations across the country have been obtaining ISO9001 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. Whenever we receive opinions and requests, we discuss them in our periodic “Review Meetings” in order to improve our work and bring about continued enhancements in the quality of our transport service.

Example of Action Taken

Activities and Achievements

After a Customer Questionnaire Survey

The Air Freight Business Branch conducts customer surveys to receive customers’ feedback and requests for improvement. When a customer told us that they were troubled by rust on the exterior packaging attributable to the environment within the container during transport, we coordinated with the relevant departments and suggested the use of a ventilating container that would allow the air inside the container to circulate.

Customer Survey

Activities and Achievements

on Our Removals Services

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.

Our Actions on Halal Certification

Activities and Achievements

In March 2020, we added a halal-only area to our office in Osaka City and acquired halal certification. Osaka offers convenient transportation by air and sea between Japan and Southeast Asia, a region with many Muslims, making Osaka an important hub for halal logistics. Osaka is the third of our halal-certified locations in Japan, joining Tokyo and Fukuoka.

Muslims account for nearly 90% of Indonesia’s population. In October 2019, the JPH law on halal product assurance went into force in Indonesia and made halal certification mandatory in distribution and commercial sales of food, cosmetics and medicinal products. The three local subsidiaries of Nippon Express in Indonesia acquired valid halal certification in the country in 2018, prior to the law officially going into effect, and they have been offering logistics services ever since.

