

NIPPON EXPRESS GROUP CORPORATE STRATEGY 2012

—Towards New Growth—



1. Name of the Management Plan

Nippon Express Group Corporate Strategy 2012 —Towards New Growth—

2. Implementation Period

April 1, 2010 to March 31, 2013

3. Numerical Targets

A. Financial targets (Achievement goal for final year of plan)

	FY2012 (consolidated)
Revenue	1.8 trillion yen
Operating income	58 billion yen
Net income	35 billion yen
Return on equity (ROE)	7.0%
Capital expenditures (FY2010 – FY2012 total)	192 billion yen

B. Environmental targets

With respect to CO₂ emissions, the Nippon Express Group will reduce emissions by an annual average of at least 1% per basic unit in the three-year period up to the end of FY2012, using the FY2009 output as the benchmark.

V i s i o n

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

4. Key Strategies

◆ **Growth as a Global Logistics Company**

Expand our domestic and overseas global business and increase the proportion of sales from overseas-related business to 50%

◆ **Promotion of Strategic Environmental Management**

Strategically develop environmental management and achieve sustainable growth

◆ **Enhancement of Management Infrastructure**

Boost competitiveness and promote group management

◆ **Promotion of Corporate Social Responsibility (CSR) Management**

Strengthen governance of business activities in general and fulfill our social responsibilities

5. Principal Measures

◆ Growth as a Global Logistics Company

Expand our domestic and overseas global business and increase the proportion of sales from overseas-related business to 50%

A. Develop business in global markets

- **Secure a competitive edge in Asian markets**
Strengthen the handling of multinational and intraregional logistics
Convey to overseas regions the knowledge, experience and skills gained in Japan
- **Expand business in markets of emerging economies**
Expand logistics networks through development of bases
Develop business in a manner appropriate to markets of emerging economies
- **Develop businesses suited to North America and Europe**
Enhance efforts to conduct business in a way that suits the characteristics of each region and efforts to carry out intraregional logistics
- **Develop global businesses within Japan**
Acquire customers looking to expand into Japan, or from Japan to overseas markets
- **Actively recruit and utilize of overseas management personnel**

B. Promote one-stop sales

- **Provide integrated logistics proposals and services via domestic and overseas networks**
Achieve business growth through building partnerships with Japanese-owned global companies
Expand sales to include foreign-owned global companies
- **Enhance system of single account service team per customer**
Promote sales through sharing of customer information within the company

C. Strengthen logistics sales

- **Foster integrated sales centered on third party logistics (3PL)**
- **Strengthen solutions capabilities**
Implement proposals and take action for supply chain optimization
Provide services through effective utilization of group capabilities
(IT, finance, consulting, trading company, personnel supply capabilities)
(Nittsu Information Systems, Nippon Express Capital,
Nittsu Research Institute and Consulting, Nittsu Shoji, Careerroad)

D. Develop new business areas

- **Develop products and services for sectors expecting growth and establish respective businesses**

Establish product planning and development capabilities for opening up new business areas

Develop products and services in new areas where synergy with logistics is possible

Generate new businesses in areas such as medical and pharmaceutical, new energy resources, and public services

E. Develop small-lot cargo business structures

Strengthen head office management capabilities for business advancement

Develop small-lot cargo forwarding business

F. Strengthen regional sales and specialized businesses

- **Provide products and services specially geared to each region**

Strengthen sales to regional companies, organizations, local governments

- **Promote specialized-business sales**

Carry out business related to rail forwarding, heavy haulage and construction, security transport and fine arts businesses

- **Strengthen moving services business**

Develop superior products and services

Strengthen competitiveness for personal moving

Promote and expand sales to corporate customers

◆ **Promotion of Strategic Environmental Management**

Strategically develop environmental management and achieve sustainable growth

A. Achieve growth through environmentally-friendly business development

Attract customers through environmentally-friendly logistics bases
Plan and develop environmentally-friendly logistics products and services
Expand modal shift in rail forwarding and coastal shipping businesses

B. Implement consistent CO₂ reduction measures

Comply appropriately with the revised Act on the Rational Use of Energy and other regulations
Expand the adoption of environmentally-friendly vehicles and thorough eco-driving
Develop environmentally-friendly logistics bases and promote greater efficiency in logistics

C. Strengthen efforts to develop a recycling-based society

Promote the 3Rs(Reduce, Reuse, Recycle)
Implement thorough resource-saving measures for packaging materials

D. Spread and foster environmental consciousness

Strengthen environment management systems

◆ Enhancement of Management Infrastructure

Boost competitiveness and promote group management

A. Provide outstanding quality

- **Implement “customer first” principle thoroughly**
 - Pursue quality improvements earnestly from the customer’s perspective
 - Set up quality standards and targets; review and improve operations
 - Research, develop, and adopt new technologies
- **Improve efficiency of on-site operations**
 - Set up indicators and targets
 - Establish verification processes for implementing improvement measures
- **Strive to reduce costs**
 - Utilize IT for cost control and expenditure analysis
 - Reduce procurement costs
- **Pass on high level skills**
 - Train and improve in-house instructors
 - Promote on-the-job training centered on skill leaders and instructors
 - Enhance department and level-specific education and skills training

B. Strengthen financial foundation

- Manage invested capital efficiently
- Procure and manage funds efficiently

C. Implement strategic investment through selection and focus

- Strengthen capabilities through M & A and capital alliances
- Develop global business base capabilities worldwide

D. Streamline infrastructure to improve management of business categories

- **Clarify the market position of each business**
 - Implement management visualization to understand businesses and customer specific income and expenditures
 - Formulate processes for examining business content and establish systems for business evaluation adapted to actual conditions

E. Strengthen group management further

- **Unify management of consolidated companies**
 - Provide mutual support for business development that takes advantage of each company’s special features
 - Align corporate planning and sales planning functions within the group

F. Train and utilize personnel effectively

Recruit, train, and utilize personnel with advanced specialist skills
Utilize a diversity of personnel
Develop a unified structure for training group personnel

G. Streamline global IT infrastructure

Develop a long-term IT strategy
Develop an IT governance structure

◆ Promotion of Corporate Social Responsibility (CSR) Management

Strengthen governance of business activities in general and fulfill our social responsibilities

A. Fulfill our social responsibilities

- **Promote compliance management**
- **Undertake challenge of eliminating traffic and work-related accidents**
 - Continuously improve safety control systems through transport safety management
 - Prevent accidents and disasters by identifying potential hazards and then reducing or eliminating them
- **Establish risk management systems**
 - Develop business continuity systems
 - Maintain logistics services functions for emergencies
- **Enhance communication with the broader society**
 - Enhance and strengthen communication of information
 - Promote social contribution activities

B. Improve level of job satisfaction and employee satisfaction

Promote work-life balance
Develop working environments that foster employees' physical and mental wellbeing and enhance their level of energy
Develop personnel systems that improve the level of job satisfaction and employee satisfaction