

“Carrying Our Beautiful Earth into Tomorrow”

Environmental Report 2001



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As a leader in the distribution industry, we are committed to environmental protection in the 21st century



Message from the President

Entering the Century of the Environment

In seeking a better life, mankind has made full use of the riches on this Earth that serves as its foundation for existence to create the prosperity we enjoy today. Yet, at the same time, human activities in the 20th century have created a host of environmental problems.

Now, at the outset of the 21st century, humanity is reexamining its social systems and lifestyles. As it searches for ways to achieve sustainable growth that provides abundance in the true sense of the term, a range of efforts are being made to conserve the environment and create recycling-based societies.

In this day and age we are able to acquire, anywhere and at any time, the material goods necessary for our lives. When a new product is launched, it becomes instantly available throughout Japan. Even products from faraway places can be purchased with great ease.

This is all made possible by physical distribution. Indeed, distribution services provide a foundation for the social activities essential for supporting our ways of life and economies. As a comprehensive distribution enterprise with global interests, Nippon Express plays a major role in the supply of such services.

However, our corporate activities place a burden on the environment because we use fossil fuels to power the means of transport that furnish those distribution services, resulting in the atmospheric discharge of carbon dioxide—a major cause of global warming, and of atmospheric pollutants such as nitrogen oxides and particulate matter.

Nippon Express is acutely aware of such problems, and is committed to doing what it can to address environmental problems as a management concern. One of the fundamental objectives of our new Nippon Express Three-Year Group Management Plan for 2001 to 2003 is to contribute to society by taking initiatives to protect the environment. In this regard, we see it as an essential condition for further growth of the company that Nippon Express, instead of merely observing environmental laws and regulations, actively confront the challenge of finding solutions to environmental problems and do its utmost to assure sustainable growth by man, society, and enterprise in general.

Our basic philosophy is to recognize the responsibilities we have as a company to society and the public, to act as a "good corporate citizen" by doing our part to save the environment, and to strive to be an enterprise in which society has the highest trust and confidence. In this spirit, we completed in April 2000 a major renovation and expansion of our Izu Training Center, which provides practical driver training and education, so as to more effectively promote ecologically sensible driving practices such as not leaving vehicles idling while parked. In April and July of 2001, respectively, as part of our efforts to promote new shifts in transport modalities and thereby further reduce the environmental impact of transportation-related activities, we replaced a portion of our marine fleet with the newly constructed high-speed RO/RO container ships *Himawari 1* and *Himawari 2*.

We are well aware that active engagement on behalf of the environment is essential to our company's future, and ask for your continued support in carrying on these endeavors.

September 2001



岡部正寿

Masahiko Okabe
President

Corporate name: Nippon Express Co., Ltd.
 Established: October 1, 1937
 Head office: 12-9, Sotokanda 3-chome, Chiyoda-ku, Tokyo 101-8617, Japan
 Tel: +81-3-3253-1111

President: Masahiko Okabe

Paid-in capital: ¥70,175 million

Number of shareholders: 109,844

Total freight volume: 415.39 million tons (FY 2000)

Total sales: ¥1,311,011 million (FY 2000)

Number of employees: 40,287

Freight and Sales by Division

Division	Freight (thousands of tons)	Percent of total	Sales (millions of yen)	Percent of total
Railway Forwarding	20,357	4.9	98,968	7.6
Motor Transport	85,618	20.6	583,977	44.5
Marine/Harbor Transport	114,446	27.6	125,740	9.6
Warehousing	57,014	13.7	64,478	4.9
Air Freight Forwarding	915	0.2	214,683	16.4
Heavy Haulage/Construction	3,018	0.7	44,656	3.4
Incidental Operations/Others	134,022	32.3	178,506	13.6
Total	415,390	100.0	1,311,011	100.0

Major Branch Offices (as of September 2001)

Sapporo Air Service Branch, Sendai Air Service Branch, Tokyo Air Service Branch, Nagoya Air Service Branch, Osaka Air Service Branch, Hiroshima Air Service Branch, Takamatsu Air Service Branch, Fukuoka Air Service Branch, Tokyo Travel Branch, Nagoya Travel Branch, Osaka Travel Branch, Tokyo International Transport Branch, Tokyo Shipping Branch, Yokohama International Transport Branch, Nagoya International Transport Branch, Osaka International Transport Branch, Fukuoka Shipping Branch, Tokyo Overseas Removals Branch, Tokyo Security Transport Branch, Chubu Security Transport Branch, Kansai Security Transport Branch, Sapporo Branch, Asahikawa Branch, Kitami Branch, Kushiro Branch, Obihiro Branch, Tomakomai Branch, Muroran Branch, Hakodate Branch, Sendai Branch, Aomori Branch, Morioka Branch, Akita Branch, Yamagata Branch, Koriyama Branch, Chiba Branch, Saitama Branch, Gunma Branch, Utsunomiya Branch, Mito Branch, Tokyo Small-Package Branch Office, Tokyo Branch, Yamanashi Branch, Yokohama Branch, Shizuoka Branch, Niigata Branch, Nagano Branch, Kanazawa Branch, Toyama Branch, Fukui Branch, Nagoya Branch, Tsu Branch, Gifu Branch, Osaka Branch, Kobe Branch, Kyoto Branch, Otsu Branch, Wakayama Branch, Shikoku Branch, Hiroshima Branch, Matsue Branch, Tottori Branch, Okayama Branch, Shimonoseki Branch, Fukuoka Branch, Oita Branch, Saga Branch, Kumamoto Branch, Nagasaki Branch, Miyazaki Branch, Kagoshima Branch

Main Businesses

Railway Forwarding Division:

- Railway Forwarding

Motor Transport Division:

- Special consolidated cargo transport operations over regular routes
- General cargo transport operations with chartered cargo vehicles

Marine Transport Division:

- Coastal shipping operations, especially marine container transport within Japan
- International transport operations, especially intermodal transport of imported and exported cargo
- Harbor transport operations, especially stevedoring

Warehousing Division:

- Storage and warehousing operations in warehouses

Air Cargo and Travel Division:

- Domestic and international cargo transport operations using aircraft
- Travel operations, including planning and sales of domestic and international package tours

Heavy Haulage and Construction Division:

- Transportation and installation of heavy materials and equipment, plant construction, and maintenance

Incidental Operations and Other Divisions:

- Operations associated with the various divisions, including in-plant work, moving and relocation services, and distribution processing operations

Environmental Issues in the Distribution Industry

The 21st century is being called "the century of the environment." As in the 20th century, there continues to be a pressing need for effective measures to counter the worsening problem of global warming and the harmful health effects of urban air pollution. Nippon Express, as a leader in the distribution industry, is taking its responsibility toward the global environment very seriously.

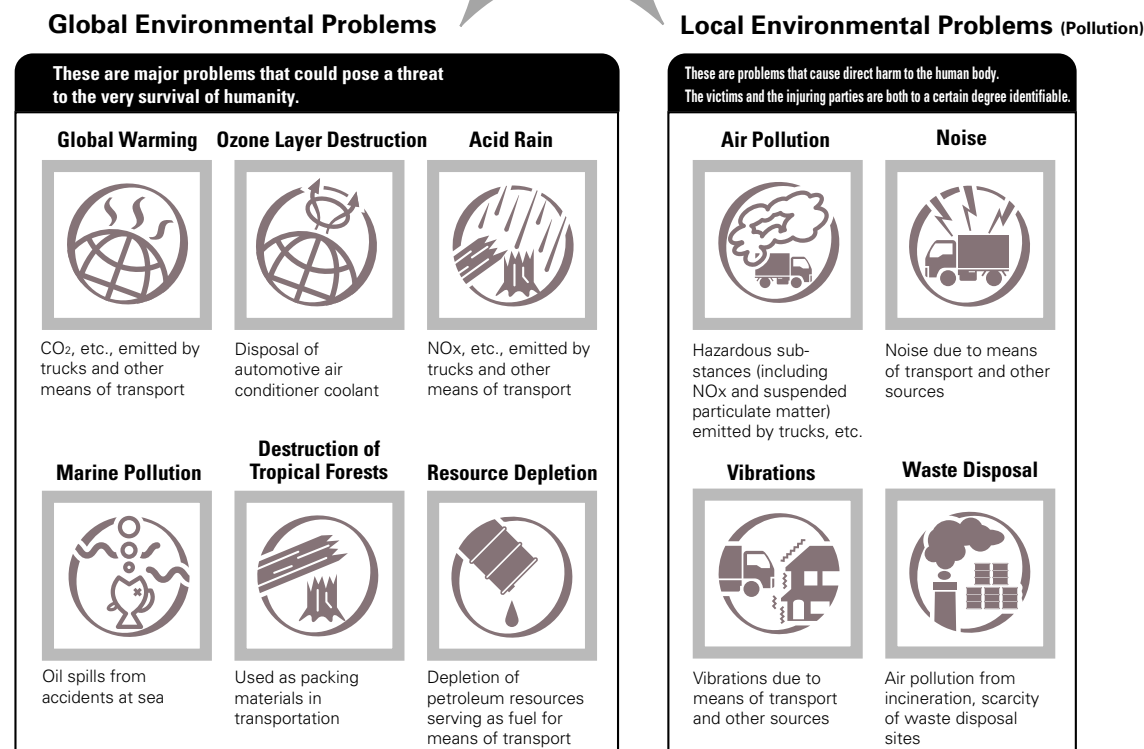
Environmental Issues within the Distribution Industry

The transportation sector plays a major role in any activity involving the movement of people or things. Automobiles in particular are essential to an affluent way of life. The number of cars owned by the general public has continued to rise sharply in recent years.

The downside of this trend is that the large amounts of energy consumed by means of transport

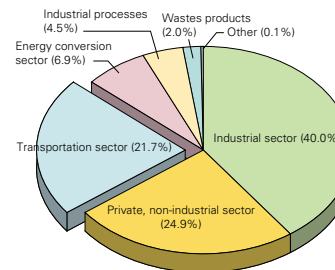
such as motor vehicles are directly associated with the discharge of vast quantities of substances that negatively impact the environment. Results have included aggravation of global warming and adverse health effects due to air pollution in metropolitan areas. The need to find ways of reducing such impacts on the environment has taken on a sense of urgency.

Environmental problems associated with the distribution industry can be divided into two general categories: global problems and local problems (pollution)



CO₂ Emissions by Sector in Japan (1998)

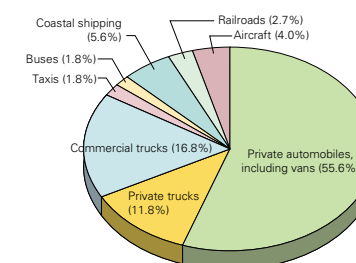
Annual emissions of CO₂ are on the decline for the industrial sector, and have remained about the same for the private, non-industrial sector. By contrast, CO₂ emitted by the transportation sector as a proportion of total CO₂ emissions has been rising steadily. One important reason is the increase over the past few years in the number of privately owned motor vehicles.



Source: "Ministerial Meeting on Protection of the Global Environment," a report by the Ministry of Land, Infrastructure and Transport

CO₂ Emissions within the Transportation Sector by Transport Means (1998)

CO₂ emissions by the transportation sector currently account for about 20% of total CO₂ emissions in Japan, and continue to grow each year. Emissions in 1998 were up 21.1% over 1990.



Source: Ministry of Land, Infrastructure and Transport



Our Environmental Impact and Environmental Initiatives

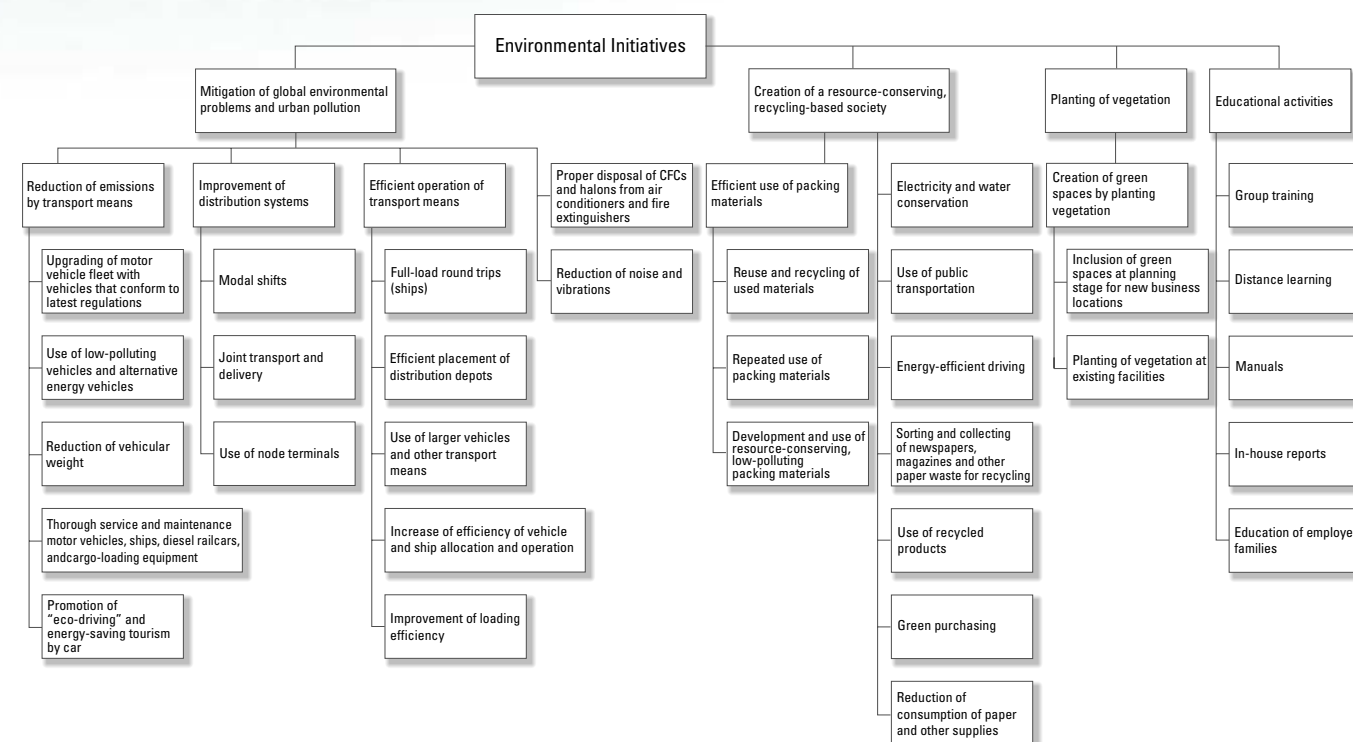
Nippon Express is building an extensive distribution network for the global age. At the same time, as a "good corporate citizen" existing side-by-side with local communities, we are actively searching for ways to reduce vehicle emissions and are tackling also a host of other issues relating to protection of the global environment. To this end, we have created a company-wide system for promoting environmental conservation efforts, and are hard at work finding solutions to a whole range of environmental problems.



Perceived Environmental Impact of Distribution Activities

CO₂: carbon dioxide; NOx: nitrogen dioxide; SOx: sulfur dioxide; PM: particulate matter

Some of the Environmental Initiatives Taken by Nippon Express



CO₂ and NOx Emissions

Fiscal year	CO ₂ emissions (tons)	Index	NOx emissions (tons)	Index
1990	757,127	100	4,581	100
1998	579,421	77	3,098	68
1999	558,352	74	2,919	64
2000	568,094	75	3,046	66



Basic Philosophy and Guidelines

One of the guiding principles underlying management and planning at Nippon Express is the importance of contributing to society by helping to preserve the environment. On this basis, we have established a philosophy for protecting the environment that is founded on our corporate policy, and have adopted a set of three basic guidelines for environmental action.

Basic Philosophy

To justify society's trust by devotion to the mission of transportation.

To work for the company's future by improving operations.

To lead a proper life by keeping mind and body healthy and whole.

Basic Philosophy on Environmental Conservation (adopted April 1993)

Nippon Express shall be mindful of its responsibilities as a corporation to society and the general public, shall contribute to environmental conservation as a "good corporate citizen," and shall strive to keep the full trust and confidence of society at large.

Basic Guidelines on Environmental Conservation

1. We will work to find solutions for global environmental problems and urban pollution.
2. We will do our part to build a resource-conserving, recycling-based society.
3. We will conduct educational and awareness-raising activities on the environment.

Principles of Action for Conserving the Environment

At Nippon Express, we have put our basic philosophy and guidelines for protecting the environment to work by establishing certain specific principles of action and launching company-wide environmental education and auditing programs.

Specific Principles of Action for Protecting the Environment

- | | |
|--|--|
| 1. Promote the use of low-pollution vehicles | 12. Reduce noise and vibrations |
| 2. Replace motor vehicle fleets with vehicles that conform to latest emission regulations | 13. Reuse packaging materials |
| 3. Use recyclable materials to mount vehicle body and reduce vehicle weight | 14. Develop and use resource-conserving, low-environmental-impact packing materials |
| 4. Thoroughly maintain and upkeep motor vehicles, ships, railway cars, and cargo loading equipment | 15. Reduce wastes and promote recycling by sorting and recovery |
| 5. Adopt practices of "eco-driving" and energy-saving tourism by car | 16. Handle harmful chemical substances properly |
| 6. Promote shifts in transport modalities | 17. Promote green purchasing |
| 7. Promote joint transport and delivery | 18. Conserve water and electricity |
| 8. Make use of node terminals | 19. Use public transportation |
| 9. Enhance full-load round-trip services | 20. Promote planting of vegetation |
| 10. Increase land, sea and air transport and loading efficiency | 21. Whenever expanding operations, whether at home or abroad, conduct prior studies of environmental standards and take an active part in environmental protection efforts |
| 11. Properly dispose of chlorofluorocarbons and halons | 22. Adopt and periodically reassess an environmental management system |
| | 23. Conduct environmental audits |

Education on the Environment

At Nippon Express, our employees participate in educational activities on environmental protection, energy saving, resource conservation, and safety and health measures to increase their awareness and appreciation for the importance of protecting the environment.

Environmental Audits

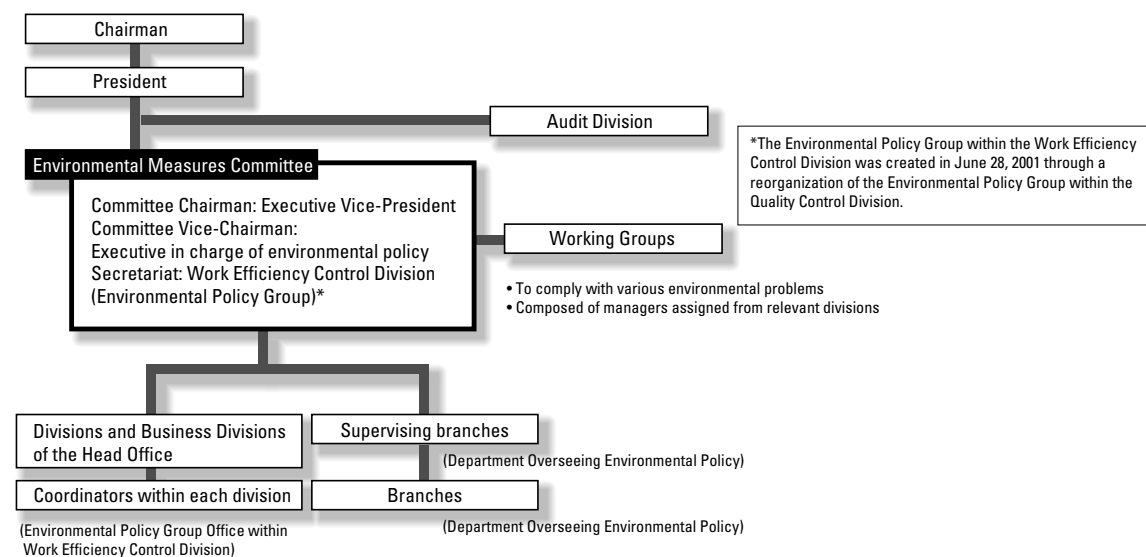
We carry out a program of audits focused on environmental problems in which we look at compliance with various environmental laws and regulations, and examine attitudes and commitment within the company to protecting the environment.



A System for Promoting Environmental Conservation

At Nippon Express, we have created a company-wide organization called the Environmental Measures Committee that examines possible solutions for protecting the environment and chooses the general course of action. An Environmental Policy Group is responsible for taking the measures selected by the Committee and promoting them throughout the company.

Organization for Promoting Environmental Conservation



*The Environmental Policy Group within the Work Efficiency Control Division was created in June 28, 2001 through a reorganization of the Environmental Policy Group within the Quality Control Division.

- To comply with various environmental problems
- Composed of managers assigned from relevant divisions

Roles of Various Sections Within the Organization

Environmental Measures Committee
With the Executive Vice-President of Nippon Express acting as the chair, this committee decides on the general course of action, such as by proposing basic guidelines for promoting environmental conservation.

Working Groups
The working groups serve under the Environmental Measures Committee. To address an environment problem and promote environmental

conservation activities, managers assigned from relevant divisions of the company gather together and consider specific courses of action.

Audit Division
The Audit Division carries out environmental audits in which it looks at internal compliance with various environmental laws and regulators, and examines attitudes and commitment within the company to environmental conservation.

How the Organization Was Created

September 1991: Creation of Environmental Measures Committee
The Environmental Measures Committee was initially created with the Executive Vice-President as committee chairman. At the same time, the Expert Committee on Motor Vehicle Transport and Expert Committee on Resource Measures were set up to allow for a multifaceted exploration of specific measures.

April 1994: Establishment of Environmental Policy Group in the Quality Control Division
An Environmental Policy Group was established in the Quality Control Division for the purpose of promoting harmonious relationships with society, working more aggressively to protect the environment, and promoting activities that serve local communities and the international community.

September 1996: Further Elaboration of Organizational Structure
The environmental affairs organization was extended down to the level of company branch offices so as to invigorate environmental efforts.

October 1996: Environmental Measures Committee is Reorganized
The two specialized committees on environmental measures were dissolved because the matters under their respective purviews had become interrelated and because new issues were arising that neither was capable of resolving. In their place, it was decided to establish a mechanism for creating, as the need arose, ad hoc working groups to address specific issues. Members of the working groups would consist of managers assigned from the relevant company divisions. Actions taken by the working groups would be reported back to the Environmental Measures Committee for review.

Observing Laws and Regulations

As a good corporate citizen, Nippon Express has a duty to do more than merely comply with environmental laws and regulations. We feel we should also do whatever is possible to help protect the environment.

Observing Laws and Regulations Based on National Policy on the Environment

Business activities by Nippon Express touch closely on many laws relating to the environment, including those listed below. We recognize that the continued existence and success of Nippon Express depends in part on our ability to deal effectively with environmental issues when planning and

carrying out our business affairs. In addition to carefully complying with environmental laws and regulations, we thus take it upon ourselves to do whatever we can to protect the environment and also apply ourselves to the important task of helping to build a recycling-based society.

Basic Environment Law (Law No. 91 1993)

*A national environmental policy was originally carried out in Japan primarily on the basis of two laws: the Basic Law for Environmental Pollution Control (Law No. 132 1967) and the Nature Conservation Law (Law No. 85 1972). Later, when the original policy ceased to be effective in dealing with modern environmental problems, the Basic Environment Law was enacted. It contains provisions relating to global environmental problems, and is targeted ultimately at the creation of a sustainable society.

Global Environment

- Environmental Impact Assessment Law
- Law Concerning the Promotion of the Measures to Cope with Global Warming
- Law Concerning the Protection of the Ozone Layer through the Control of Specified Substances and Other Measures
- Law for the Control of Export, Import and Others of Specified Hazardous Wastes and Other Wastes
- Law Relating to the Prevention of Marine Pollution and Maritime Disaster
- Law Concerning Promotion of the Development and Introduction of Alternative Energy
- Law Concerning the Rational Use of Energy
- Law Concerning the Recovery and Destruction of Fluorocarbons (Fluorocarbons Recovery and Destruction Law)

Air Pollution and Odor Pollution

- Air Pollution Control Law
- Road Transport and Motor Vehicle Law
- Law Concerning Special Measures for Total Emission Reduction of Nitrogen Oxides and Particulate Matter Specified Areas
- Offensive Odor Control Law

Noise and Vibrations

- Noise Regulation Law
- Vibration Regulation Law

Water Pollution

- Water Pollution Control Law
- Law Concerning Special Measures for Conservation of Lake Water Quality
- Law Concerning Special Measures for Conservation of the Environment of the Seto Inland Sea
- Sewerage Law
- Private Sewerage System Law

Soil Contamination

- Agricultural Land Soil Pollution Prevention Law

Chemical Substances

- Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management
- Law Concerning Special Measures against Dioxins
- Law Concerning Special Measures against Polychlorinated Biphenyls

Nature Protection

- Urban Green Space Conservation Law
- Law for the Conservation of Green Belts around the National Capital Region
- Law for the Development of Conservation Areas in Kinki Region

Basic Law for Establishing the Recycling-based Society (Law No. 110 2000)

*Established to comprehensively and systematically promote waste disposal and recycling measures, and to build a recycling-based society.

Waste Products and Recycling

- Waste Disposal and Public Cleansing Law
- Law Regarding the Promotion of the Utilization of Recycled Resources
- Law for Promotion of Sorted Collection and Recycling of Containers and Packaging (Containers and Packaging Recycling Law)
- Law for the Commercial Reuse of Specific Home Electrical Appliances

- (Home Electrical Appliances Recycling Law)
- Law for Recycling of Specified Kinds of Home Appliances (Electric Household Appliance Recycling Law)
- Construction Material Recycling Act
- Food Recycling Law
- Law on Promoting Green Purchasing



Efforts to Obtain ISO 14001 Certification

Dealing effectively with the increasingly diverse and complex environmental problems we face in today's world requires the proper application and continuous improvement of environmental measures. At Nippon Express, we believe that acquiring ISO 14001 certification, which requires objective assessment by an outside party, is one good way to be certain that we are equal to the task.

Obtaining ISO 14001 Certification

To encourage a deeper level of environmental activity at its service centers, Nippon Express supports their efforts to obtain ISO 14001 certification, the international standard for environmental management systems.

In June 1998, three service centers (which have since been reorganized into two centers) of the Tokyo Air Service Branch in Baraki, Ichikawa City, were the first to acquire certification. Five more centers were certified in May 2000, followed by another two in March 2001: the Hiroshima

Domestic Air Cargo Center and the Sendai Airport Logistics Center. These are but some of the gains achieved as a result of the efforts we are making to fully expand our environmental management systems.



Environmental ISO Certification in the Air Cargo Business Divisions

First certifications acquired on June 24, 1998:

- Tokyo Air Service Branch: Baraki Export Cargo Center
- Tokyo Air Service Branch: Baraki Air Distribution Center

Additional certifications acquired on March 30, 2000

- Tokyo Air Service Branch: Yokohama International Air Cargo Center
- Tokyo Air Service Branch: Narita Air Logistics Center
- Nagoya Air Service Branch: Nagoya Distribution Center

- Osaka Air Service Branch: Nanko Air Cargo Center
- Fukuoka Air Service Branch: Fukuoka Cargo Center

Additional certifications acquired on March 30, 2001

- Hiroshima Air Service Branch: Hiroshima Domestic Air Cargo Center
- Sendai Air Service Branch: Sendai Airport Logistics Center



Topics (Report from the Field)

As its nickname "the City of Trees" implies, Sendai is a richly verdant place. In 1999, because of its efforts to maintain this "City of Trees" character and its activities on behalf of the environment, Sendai became the first municipality in Miyagi Prefecture to acquire ISO 14001 certification.

In a similar spirit, Nippon Express's Sendai Air Service Branch, whose service centers are located within Miyagi Prefecture, resolved to deepen its active commitment to environmental conservation. In May 2000, the Sendai Air Service Branch began a concentrated drive to acquire ISO 14001 certification that culminated less than one year later with certification in March 2001.

At first, we were a little perplexed as to what more could be done in the way of environmental conservation, recycling and waste reduction above and beyond what we had already been doing. However, we came to realize that acquiring ISO 14001 certification by carrying out environmental activities using techniques based on the ISO-specified environmental management system did more than just protect the environment and raise environmental awareness. Our efforts paid off in other ways as well, such as the lower operating costs that resulted from adherence to the "eco-driving" practices encouraged under the company-wide campaign. The enthusiastic participation by

all employees in sharing thoughts and coming up with new ideas are what ultimately made certification possible.

The spirited efforts on behalf of the environment carried out over the one-year period by the employees at the Sendai Airport Logistics Center and the staff responsible for environmental management in the respective departments were recognized and rewarded by the granting of ISO 14001 certification.

We intend to continue our environmental activities in keeping with the Plan/Do/Check/Action (PDCA) functions that are the core of the environmental management system, and hope in this way to achieve even further benefits to the environment as well as cost reductions.



Bunkoh Fukuma
Cargo Business Department
Sendai Air Service Branch

Reductions in Electrical Energy Costs

	Baraki Air Logistics Center	Narita Airport Distribution Center (General and Perishables Cargo Buildings)	Yokohama International Air Cargo Center	Nagoya Distribution Center	Nanko Air Cargo Center	Hiroshima Domestic Air Cargo Center	Fukuoka Cargo Center	Sendai Airport Logistics Center	
Index	Consumption (kWh)	Consumption per ton of cargo handled (kWh/t)	Consumption (kWh)						
Target	16,000 kWh decrease from previous year	5% decrease from previous year	8,000 kWh decrease from previous year	2% decrease from previous year	1% decrease from previous year	3% decrease from previous year	2% decrease from previous year	5% decrease from previous year	
Achieved	FY 1999	1,647,018kWh	40.7kWh/t	78,586kWh	986,545kWh	1,028,523kWh	357,855kWh	994,278kWh	512,237kWh
	FY 2000	1,487,994kWh	28.0kWh/t	50,600kWh	940,800kWh	983,120kWh	337,956kWh	1,073,148kWh	495,946kWh
	Increase over previous year	-159,024kWh (-9.7%)	-12.7kWh/t (-31.2%)	-27,986kWh (-35.6%)	-45,745kWh (-4.6%)	-45,403kWh (-4.4%)	-19,899kWh (-5.6%)	+78,870kWh (+7.9%)	-16,291kWh (-3.2%)

Reduction/Reuse and Recycling of Waste

	Baraki Air Distribution Center	Narita Airport Distribution Center (General Cargo Building)	Narita Airport Logistics Center (Perishables Cargo Building)	Yokohama International Air Cargo Center	Nagoya Distribution Center	Nanko Air Cargo Center	Hiroshima Domestic Air Cargo Center	Fukuoka Cargo Center	Sendai Airport Logistics Center	
Index	Weight of recycled/reused waste	Weight of waste discharged per ton of cargo handled (kg)	Weight of imported flowering plant cardboard recycled (kg)	Weight of waste discharged (kg)	Volume of waste discharged (m ³)	Weight of waste discharged (kg)		Weight of waste discharged per ton of cargo handled (kg)	Weight of waste discharged (kg)	
Target	20% increase over previous year	1% decrease from previous year	27,000 kg annually	10% decrease from previous year	3% decrease from previous year	3% decrease from previous year	(Data still being collected)	Decrease from previous year	2% decrease from previous year	
Achieved	FY 1999	104,140kg	6.07kg/t	0	10,205kg	2,320m ³	87,294.2kg	-	5.27kg/t	50,090kg
	FY 2000	235,210kg	1.80kg/t	85,600kg	12,155kg	1,905m ³	75,248.9kg	-	4.74kg/t	41,120kg
	Increase over previous year	131,070kg (125.9%)	-4.27kg/t (-70.3%)	85,600kg	1,950kg (19.1%)	-415m ³ (-17.9%)	-12,045.3kg (-13.8%)	-	-0.53kg/t (-10.1%)	-8,970kg (-17.9%)

Reductions in Fuel Consumption (Improvements in Fuel Economy)

	Baraki Air Distribution Center	Narita Airport Logistics Center	Yokohama International Air Cargo Center	Nagoya Distribution Center	Nanko Air Cargo Center	Hiroshima Domestic Air Cargo Center	Fukuoka Cargo Center	Sendai Airport Logistics Center	
Index	Distance traveled per liter of fuel consumed								
Target	2% increase over previous year	1% increase over previous year	5% increase over previous year	3% increase over previous year	2% increase over previous year	1% increase over previous year	3% increase over previous year	5% increase over previous year	
Achieved	FY 1999	5.37km/L	5.346km/L	5.93km/L	7.20km/L	6.21km/L	6.02 km/L (second half of year)	6.23km/L	6.6km/L
	FY 2000	5.24km/L	5.202km/L	5.41km/L	6.58km/L	6.11km/L	6.22 km/L (second half of year)	6.47km/L	6.6km/L
	Increase over previous year	-0.13km/L (-2.4%)	-0.144km/L (-2.7%)	-0.52km/L (-8.8%)	-0.62km/L (-8.6%)	-0.10km/L (-1.6%)	0.194km/L (3.2%)	0.24km/L (3.9%)	0
Remarks	International Cargo Division, Baraki Surface Transport Department	International Cargo Division, Narita Surface Transport Department	International Cargo Division, Yokohama Surface Transport Department	Nagoya Air Service Branch, Distribution Department	Tennoji Air Service Branch, Cargo Department No.1	Hiroshima Air Service Branch, Domestic Cargo Department No.1	Fukuoka Air Service Branch, Domestic Cargo Surface Transport Service Department	Sendai Air Service Branch, Domestic Cargo Department No.1	



Raising the Environmental Awareness of Each Employee

There exists a desire today for practical forms of environmental education that can lead toward the establishment of a sustainable society which will have a minimal impact on the environment. At Nippon Express, we run on a continuous basis environmental education programs whose goal is to raise the environmental awareness and improve the environmental conservation skills of our employees.

Promoting Environmental Education

Environmental problems are not problems that can be solved simply by having the government, a corporation or some other single entity take remedial measures. Rather, they require the thoughtful approach of individuals who understand that everyone who lives on this earth has an impact on the environment.

To encourage each of our employees to maintain a lively interest in such issues and help

them carry out practical actions which lower the burden on the environment, we have created and distributed among our employees an environmental training manual entitled "Materials on Environmental Issues." In addition, we carry out awareness-raising activities on environmental measures at our approximately 1,200 service centers throughout Japan.

Nippon Express also conducts group training programs, including courses which teach employees about environmental measures that must be taken in response to specific situations that are likely to arise in their respective lines of work.

In April 2000, we completed major renovations on our Izu Training Center, including the addition of new facilities for hands-on training to improve safe driving skills, such as vehicle maintenance and "eco-driving." Today, the new facilities are being put to full use to run our Driving Instructor Training Sessions and other programs.

Environmental policy courses offered to Nippon Express employees in fiscal 2000

Title of course	Targeted at	Purpose	Number of days	Number of attendees
Course for newly appointed branch general managers	Newly appointed branch general managers	<ul style="list-style-type: none"> Acquisition of internal company knowledge essential to duties as branch general manager Promotion of key policies in business plan 	2	51
Course for newly appointed branch assistant general managers	Newly appointed branch assistant general managers Newly appointed sub-branch general managers	<ul style="list-style-type: none"> Acquisition of internal company knowledge essential to duties as branch assistant general manager and sub-branch general manager Motivational shift from local business to global proposed business. 	3	160
Training session for department managers in charge of operations	Department managers in charge of operations	Understanding and acquisition of basic knowledge required of a department manager in charge of operations to properly conduct and promote routine operations	2	74
Training session for managers in charge of work efficiency	Managers in charge of work Managers in charge of business	Training of instructors who have a thorough knowledge of the basics of work efficiency control, and who can provide instruction throughout the company	3	271
Training session for driving instructors	Driving instructors	<ul style="list-style-type: none"> Improvement of the instructional skills of driving instructors who train new company employees and teach periodic driver training sessions Acquisition of fuel-efficient techniques including "eco-driving." 	3	315



A course being taught at the Izu Training Center



The Izu Training Center completed in April 2000

A classroom lecture at the Izu Training Center



More Positive Environmental Communications

Another key aspect of environmental activities at Nippon Express is the disclosure as information of the nature and results of measures carried out under our environmental management system. We carefully listen to opinions from all sectors of the public, and also help people understand our own point of view. In addition, we organize and carry out a variety of public events related to the environment and actively contribute to society in other ways as well.

Environmental Communications

In working to build a sustainable society, it is important that corporations, individuals, non-governmental organizations, governmental bodies and other entities furnish information from each of their perspectives on ways of reducing the ecological burden of human activities and protecting the environment. In addition, we must all listen to each other's views so that those who stand to gain and those who stand to lose by certain activities share a common awareness of the situation and deepen their understanding of the issues.

Some recent environmental communication highlights and initiatives by Nippon Express are described below. We also take an active part in outside events by transportation-related organizations.

- Awarded the 2000 Distribution Efficiency Improvement Award for the packing material Pasocompo used in the transport of electronic office equipment for repairs at the All-Japan Distribution Improvement Case Studies Symposium sponsored by the Japan Institute of Logistics Systems and the Japan Logistics Fellowships Society (June 7, 2000)
- Participated in the methanol car exhibit at the Low-Emission Vehicle Fair held during Environmental Month (June 10-11, 2000, Tokyo's Yoyogi Park).
- Participated in the natural gas automobile exhibit at the Energy Exhibition (July 7-9, 2000 at the Okinawa Convention Center in Ginowan City) held before the Kyushu Okinawa Summit.
- Presented a lecture on "How to Practice Eco-Driving" at the Kyushu Eco-Motor Show held in connection with the Ministerial Conference on Environment and Development in Asia and the Pacific 2000 (September 4, 2000, Kitakyushu-Western Japan General Exhibition Hall).
- Presented a lecture on "Environmental Issues and

the Distribution Industry" at Ryutsu Keizai University (October 4, 2000).

- Received ratings of A (deviation value of at least 55) for all study categories (organizational control systems, reports and accounting, waste control, CO₂ measures, green purchasing) in the Environmental Management Study of 1,567 non-manufacturing companies conducted by Nihon Keizai Shimbun (December 6, 2000)
- Received a special award from Tokyo's Chiyoda Ward for the vigorous pursuit of the "3 R's" (reduce, reuse, recycle) by the Head Office (February 20, 2001)
- Presented a lecture on "How to Practice Eco-Driving" at the Hamamatsu Chamber of Commerce and Industry (February 16, 2001)
- Opened an exhibit at the Environmental Forum and Panel Exhibition sponsored by the Japan Federation of Freight Industries (held on February 23-24, 2001 at the Tokyo International Forum)
- Won the second "Distribution Environment Award" sponsored by the Japan Federation of Freight Industries (June 14, 2001)



A lecture on "Environmental Issues and the Distribution Industry" being presented at Ryutsu Keizai University.

Promoting the Planting of Vegetation

The loss of vegetation in developed areas is one reason for the breakdown in the normal component cycling effect of the atmosphere, and has thus become a serious concern. At Nippon Express, as part of our contribution to society, we are working to counter this problem by carrying out an aggressive vegetation-planting program whenever we build a new facility. Planting is carried out primarily on the new site, but attention is also given to existing facilities.



Vegetation planted at Nippon Express's Funabashi Branch.

The Costs of Environmental Conservation

At Nippon Express, we believe that the costs of our environmental activities are an essential part of conducting our business and communicating with the public. In this year's report, we again disclose some of our recent investments in environmental efforts.

A Report on the Costs of Our Environmental Conservation Efforts

In recent years, the public has repeatedly expressed a strong desire for environmental conservation and the public disclosure of information. In addition, the Ministry of the Environment and other governmental bodies have issued guidelines on the disclosure of such information. Nippon Express is aware of this situation and is working to increase the efficiency of its environmental activities while bearing in mind the associated costs and benefits. However, given the nature of our business, we have a large number of service centers at which the operations are highly diverse. It will thus be some time before we have a full accounting of the company-wide costs of our environmental activities.

Of the investments that could conceivably be

included in the figures for the current year, the table below discloses specifically investments relating to modal shifts, investments in packing materials associated with the moving business, investments in newly purchased vehicles, and investments for promoting the planting of vegetation.

The benefits of these investments are shown as the sales figures for the Eco-Business Division on page 24 of this booklet.

In the future, based on guidelines furnished by the Ministry of the Environment, we plan to introduce a system of environmental accounting and also perfect a management system that allows us to comprehensively grasp the costs and benefits.

	FY 1999	FY 2000
Investments for promoting modal shift to railroads (including development costs)	939,250	566,647
Investments for promoting modal shifts to coastal shipping	320,820	274,400
Conversion of fleet to fuel-efficient vehicles that comply with latest standards, in order to reduce energy consumption	6,814,703	8,267,418
Investments in packing materials for moving	486,473	1,000,900
Investments in planting activities to promote vegetation planting	47,016	156,312

Alleviating Global Environmental Problems and Urban Pollution

As a leader in the distribution industry, Nippon Express is working hard to find effective solutions to global environmental problems such as global warming, depletion of the ozone layer, and acid rain. We are also looking for ways to reduce urban pollution, as well as ways to minimize the impact of distribution activities on the environment.

Promoting Modal Shifts

Companies in the distribution industry have to grapple with a host of issues relating to the environment, including global warming, the health effects of pollutant emissions, and energy resource depletion. One approach being taken to resolve those problems that arise from excessive reliance on trucking is what is referred to as "modal shifts." It has been recognized that transportation methods in which medium- and long-distance trunk line cargo transport is switched from highly energy-inefficient trucks to more energy-efficient means such as railroads and ships in fact constitutes "lower-emission distribution."

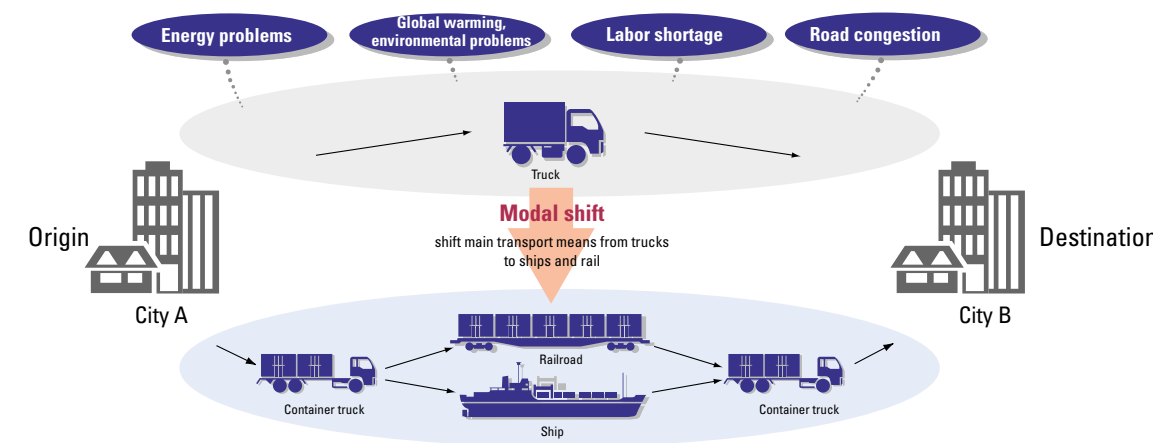
Such modal shifts are helping to reduce emissions that cause air pollution and global warming, conserve energy, ease the labor shortage, and significantly reduce road congestion.

The use of rail transport and coastal transport as a result of modal shifts cuts the energy consumption per ton of cargo transported a kilometer, or "ton-kilo," to a value much lower

than that for truck transport, making it possible to establish a more efficient distribution system.

In terms of units of CO₂ emission by cargo transport equipment (expressed as the CO₂ emissions (carbon basis) per ton of cargo transported one kilometer), railroad emissions of CO₂ are about 1/100 those of small private trucks and emissions by coastal transport are about 1/60. These enormous decreases can be used to dramatically cut the emission of such greenhouse gases. Another consideration is the ability of a railroad to carry about 500 tons, and a ship to carry even larger cargo. This contrasts sharply with the maximum load for a single truck, which is generally between 10 and 20 tons of cargo.

As an industry leader, Nippon Express is pushing ahead with modal shifts, which have the added advantage of increasing the efficiency of distribution, and is working hard to lower the environmental impact of transportation activities.

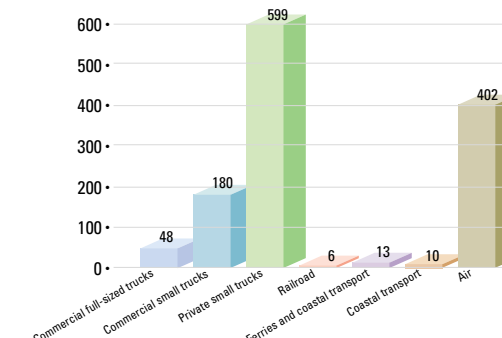


Energy consumption by type of transport equipment (units: kcal/ton-kilo)

Transportation equipment	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996
JR cargo	116.6	117.6	117.5	117.8	115.8
Private rail	145.3	143.9	96.2	100.3	109.3
Rail (average)	117.1	118.1	117.2	117.5	115.7
Commercial motor vehicles	675.9	694.4	706.4	696.0	699.4
Private motor vehicles	2,160.6	2,290.3	2,272.6	2,298.4	2,284.1
Motor vehicles (average)	1,080.6	1,105.2	1,102.1	1,085.1	1,074.2
Coastal transport	118.4	120.2	123.0	125.8	129.4
Air (domestic lines)	5,469.1	5,728.1	5,683.1	5,703.5	5,291.1
Average	612.4	635.7	636.2	640.3	641.0

Source: "Survey on Transport Energy" by the Ministry of Land, Infrastructure and Transport

CO₂ emissions by type of transport equipment (units: g-C/ton-kilo)



Source: "Report by the Council on Domestic Global Warming Measures," by the Ministry of Land, Infrastructure and Transport



Shift to Rail Transport

Nippon Express is a pioneer of rail transport, which is well-suited to medium-distance and long-distance cargo transport. By relying on the JR freight infrastructure that extends throughout Japan, we were able to offer large-volume bulk transport services. Thus, we have had at our disposal a rail transport means that is regular, economical, and has a very low environmental impact.

As of October 2000, we have been moving

toward greater specialization of operations at our service centers, completely overhauling our container information system, and building an information system that oversees pickup and delivery vehicles using mobile communications. In this way, we intend to respond to the increasingly diverse and challenging needs of our customers while at the same time reducing the impact of our services on the environment, in part by shifting from truck-based transport to rail transport.

Making the Shift to Rail Forwarding

Development of 2-ton containers

To facilitate modal shifts by customers even in small lots, we have developed 2-ton containers which are about half the size of the JR 5-ton containers ordinarily used.



Two-ton container

Development and use of swappable body transport system

We were the first in Japan to develop and put into use a swappable body transport system that does not interfere with the lots being transported even when switching from motor vehicle transport to rail transport. In April 1999, we started using the new system between Tokyo and Fukuoka.



Swappable body

Ecoliner 31

To encourage modal shifts to railroads, we developed large, winged containers which greatly increase the efficiency of loading and unloading, making it possible to shorten the lead time. We began using the new containers between Tokyo and Osaka in April 2000 under the trade name "Ecoliner 31." In March 2001, we expanded use to the Osaka-Fukuoka route, and in April to the Tokyo-Sapporo route.



Ecoliner 31

Rail Drayage Transport

We are currently at work on rail drayage transport in order to shift the transport of international marine containers from harbor areas, which has until now relied on trailer transport, over to rail transport.

Specifications for some Nippon Express private-use containers (rail)

Container specifications	Length	Floor area (approx.)	Internal volume (approx.)
2-ton container	6 feet	4m ²	8m ³
5-ton container	12 feet	8m ²	17m ³
10-ton container	20 feet	14m ²	30m ³
L10-ton container	30 feet	21m ²	47m ³
Ecoliner 31	31 feet	21m ²	47m ³
Swappable body	31 feet	22m ²	50m ³

*Various other containers also exist, depending on the type of cargo and the loading/unloading methods. These include tank containers, top-less containers, and refrigerated containers.



Container train

Shift to Coastal Transport

When Nippon Express put the *Dai-ichi Tennichi Maru* into service between Tokyo and Muroran in 1964, it became the first Japanese company to provide general cargo transport by marine container. Today, we have four regular lines, including the Akashia-Erimo line between Tokyo and Tomakomai (via Tokachi and Kushiro) and the Kuroshio line between Tokyo, Hakata and Iwakuni, and nine container ships, which together connect various parts of Japan.

We also have a large variety of containers, including 12ft and 24ft type containers, as well as international-spec 20ft and 40ft containers and refrigerated containers. In addition, we have created our own transport network and provide large-volume intermodal transport that integrates land and sea modes and boosts transport capabilities such as speed and loading capacity while reducing environmental impact.

Specifications for some containers (coastal transport) owned by Nippon Express

Container specification	Loaded weight (kgs)	Volume (m ³)
12ft container	5,000	18.0
20ft container	17,980	33.2
20ft refrigerated container	13,790	28.0
24ft container	15,000	38.3
40ft container	20,000	67.5

*Aside from conventional containers, 12ft containers owned by Nippon Express also include refrigerated containers, simple refrigerated containers, and high-profile containers.

We recently replaced part of our fleet on the Akashio-Erimo line. With the high-speed RO/RO container ship* *Himawari 1* purchased in April 2001 and the *Himawari 2* purchased in July, we now provide a transport system ideal for the diverse and demanding requirements of our customers.

Marine transportation, with its ability to safely and inexpensively transport large quantities of freight long distances, is playing a key role in promoting modal shifts.

*An "RO/RO container ship" is a vessel that can carry vehicle chasses and containers. It can be loaded both by self-propelled cargo, like a ferry that has its own rampway, and by crane.

Nippon Express's Coastal Transport System

Name of line	Name of ship	Capacity, in number of 12ft containers	Ports of call, etc.
Akashia-Erimo line (Hokkaido line)	<i>Himawari 1</i>	200 (50 chassis)	Tokyo/Keiyo Harbor - Tomakomai - Kushiro
	<i>Himawari 2</i>	200 (50 chassis)	<i>Himawari 1, 2</i> —23 knots (approx. 43 km/h)
	<i>Musashino Maru</i>	310	Tokyo - Tomakomai - Tokachi - Kushiro
	<i>Nichiaki Maru</i>	310	Tokyo - Tomakomai (arrives in port on morning of 3rd day)
Kuroshio line (Kyushu line)	<i>Hakata Maru</i>	300 (20 chassis)	Tokyo - Hakata - Iwakuni
	<i>Kuroshio Maru</i>	264 (13 chassis)	<i>Hakata Maru</i> , 21.5 knots (approx. 40 km/h) Connects Tokyo and Hakata in about 30 hours
Oyashio line (Hokkaido line)	<i>Oyashio Maru</i>	310	Osaka - Goto - Takamatsu - Tomakomai - Kushiro
	<i>Uraga Maru</i>	434	<i>Uraga Maru</i> , 20.6 knots (about 38 km/h)
Setouchi line	<i>Kotoku Maru</i>	200	Tokyo - Hannan - Ube - Matsuyama - Wakayama



Himawari 1



Hakata Maru



Status of Clean Energy Vehicle Use

Our plan had been to add about 1,200 clean energy vehicles (which corresponds to about 10% of the small vehicles currently in use in our corporate motor vehicle fleet) by the start of fiscal 2001. However, as of the close of fiscal 2000, we had purchased 752 such vehicles, thus attaining only 62.7% of our goal.

Nevertheless, we intend to steadily increase the

number of clean energy vehicles added to our fleet each year, and are working toward a goal of about 2,000 such vehicles by the end of fiscal 2003. Nippon Express is particularly intent on increasing its fleet of clean energy vehicles used for parcel delivery and pickup and for distribution in urban areas, where air pollution is most serious.



Methanol Vehicles
Vehicles that use an engine powered by methanol, which is a type of alcohol



Natural Gas Vehicles
Vehicles that use an engine powered by natural gas, which is commonly employed as city gas



Hybrid Cars
Vehicles that run on an ordinary engine and an electrical motor, and are designed for both low emissions and low energy consumption. Energy generated by the engine and braking energy generated during braking are converted and stored as electrical energy for auxiliary use during startup and acceleration, and when climbing hills

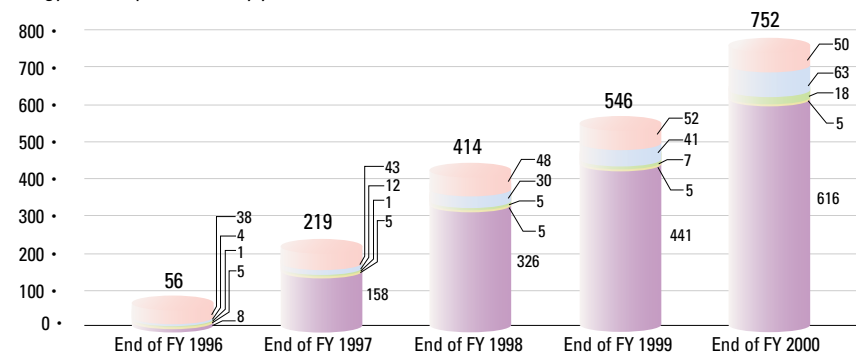


Electric Vehicle
Vehicles that run on a motor powered by electricity stored in batteries



LP Gas Vehicle
Vehicles that use an engine powered by liquefied petroleum gas

Clean energy vehicle purchases, by year



Type of vehicles	End of FY 1996	End of FY 1997	End of FY 1998	End of FY 1999	End of FY 2000
Methanol vehicles	38	43	48	52	50
Natural gas vehicles	4	12	30	41	63
Hybrid cars	1	1	5	7	18
Electric vehicles	5	5	5	5	5
LP gas vehicles	8	158	326	441	616
Total	56	219	414	546	752

Note: Figures indicate numbers of vehicles.

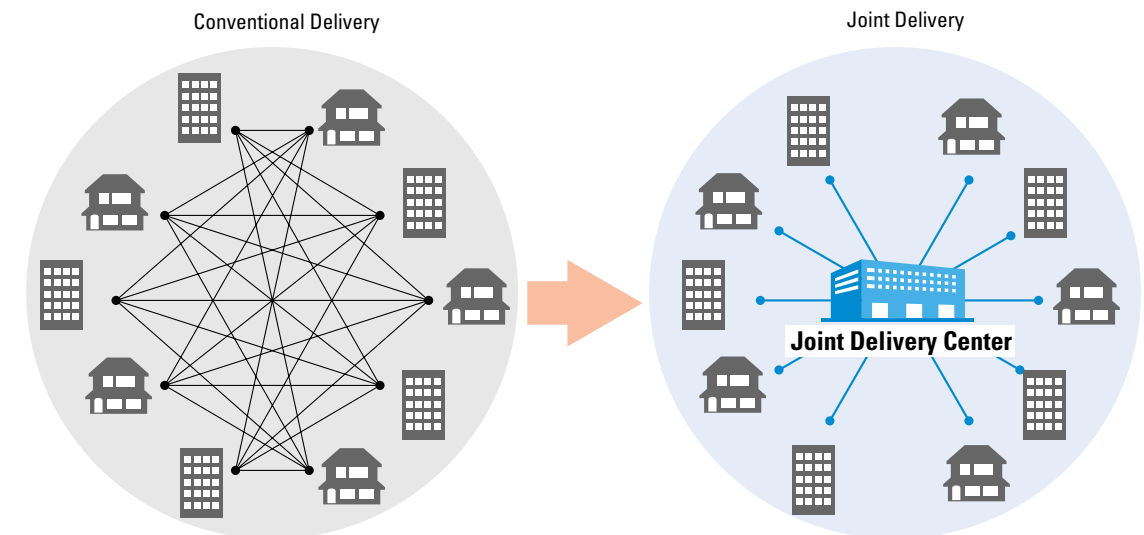
Joint Delivery

Trucking is at the core of the distribution industry within Japan. Yet, trucks exacerbate environmental problem by emitting CO₂, NO_x and PM. They also cause traffic congestion on roadways. Such problems place severe constraints on distribution, which is a growing concern in the industry.

The situation is particularly acute in cities, where commercial and business activities are concentrated. Frequent stops for small deliveries, a shortage of truck cargo disposal facilities, and the

rising number of trucks parked along roadways for delivery and pickup hamper the flow of traffic. This also seriously affects transportation efficiency, aggravates air pollution, and increases the number of traffic accidents.

The concept of "joint delivery" is being promoted as one solution for cutting emissions, alleviating traffic congestion on the roads, and achieving efficient distribution within cities by improving truck loading efficiency.



Joint Transport with Trunk Line Transport Vehicles

At locations between Tokyo and Osaka for instance, joint transport using trunk line transport vehicles in coordination with other distribution companies having nearby terminals during low-freight periods such as weekends and holidays is helping to reduce truck emissions and alleviate roadway congestion.

Such trunk line transport began in November 1994 between Tokyo and Osaka, and is today carried out along other routes as well, including the Tokyo-Aichi and Osaka-Fukuoka routes. Of course, route transport companies within the Nippon Express group (including Nippon Truck Co., Ltd., with 11 lines, and Tohoku Truck Co., Ltd., with 1 line) are also taking an active part in such joint transport.



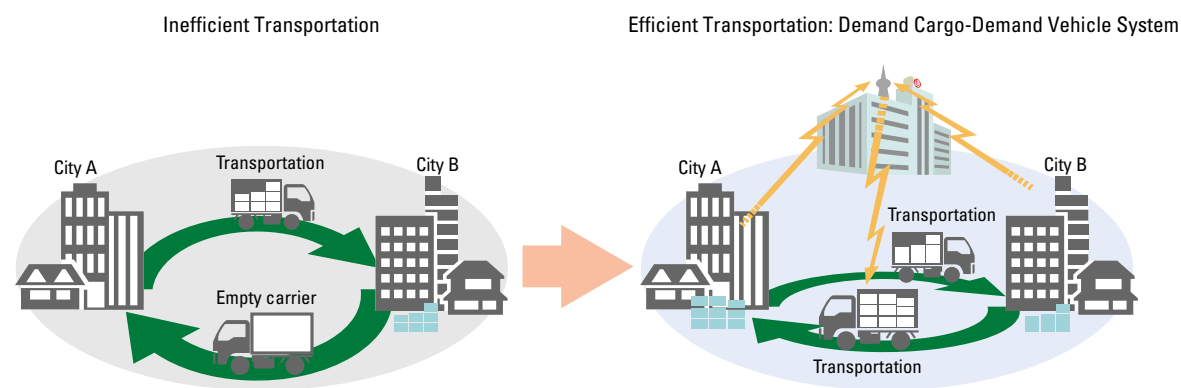
Joint Transport



Demand Cargo-Demand Vehicle System

Nippon Express is currently reinforcing its network of transport coordination points and its transport information system. It is also building its own unique transport coordination system that will match on-demand cargo and on-demand vehicle information within the company so as to increase the full-load round-trip ratio. We call this the "Demand Cargo-Demand Vehicle System."

For example, when an item is to be transported from city A to city B, the transport coordination points are searched for cargo to be transported from city B to city A. If there is a match between the on-demand cargo and on-demand vehicle conditions, the cargo bed does not have to be empty on the return trip back from city B. The result is more efficient distribution.



Promoting "Eco-Driving"

The 'eco' in "eco-driving" stands for both "ecological" and "economical." "Eco-driving" refers to such practices as gentle, constant-speed driving without sudden starts, rapid acceleration and sudden braking, and not leaving a vehicle idling while parked. These practices cut motor vehicle emissions that cause global warming and air pollution, reduce the consumption of limited fossil fuel resources, and contribute to safe driving.

For a number of years now, Nippon Express has created manuals, displayed posters, and taken other steps to educate its drivers about "eco-driving" and encourage its use, both to cut operating costs and reduce the burden on the environment.

To further promote "eco-driving," in the Driving Instructor Training Sessions conducted at our recently expanded Izu Training Center, driving instructors experience for themselves the benefits of simulated "eco-driving" with actual vehicles and learn about proper vehicle maintenance and safe driving.

At our various branch offices, company-certified driving instructors accompany drivers on the road, providing behind-the-wheel instruction and encouraging "eco-driving" practices.

To assess the effectiveness of such "eco-driving" promotion efforts by driving instructors, in September 2000 we began a campaign to cut fuel consumption and increase fuel efficiency on the road by at least 10% over the previous year.

In the period from October 2000 to March 2001, the campaign resulted in an average increase in fuel efficiency for the company as a whole of 6.4% over the previous year.



Driving Instructor Certificate of Qualification

Pelican Spots

In April 2000, to improve distribution efficiency at major urban centers, Nippon Express began setting up distribution points called Pelican Spots where hand carts are used instead of motor vehicles.

The aim of this system is to improve distribution efficiency and reduce the use of distribution vehicles, thereby cutting vehicle emissions and helping to ease traffic congestion.

As of the end of 2000, Pelican Spots had been opened at eight points within Tokyo, and plans are now being made to expand the system to urban centers throughout Japan.



A Pelican Spot

Low-Temperature Latent Heat Storage System

Large cold storage facilities and refrigerated warehouses consume vast amounts of electricity to operate cooling equipment. The power consumption is especially large in the summer and during the day when the outside temperature rises.

At Nippon Express, to reduce the burden on the environment, we installed a large-scale low-temperature latent heat storage system in the warehouses at our Tokyo Foodstuff Terminal, which was completed in 1999 and handles primarily imported produce.

This system, designed to maintain the temperature at about -10°C, relies on large-scale heat storage equipment operated using late-night power, a lower proportion of which is generated using fossil fuels, thereby reducing the amount of power consumed in the peak hours during the day. This contributes to reduced emission of greenhouse gases.

Although the requirements vary depending on the outside temperature, the temperature setting of the goods within the warehouse, and the amount of loading and unloading work, by releasing heat for a period of 4 to 12 hours starting around 1 PM in the afternoon, which is the period of peak power demand, operation of the refrigerating equipment is minimized. On average, daytime power consumption can be reduced in this way by about 500 kWh per day.

This low-temperature latent heat storage system, which has a heat storage capacity of 1,409 refrigeration tons,* is one of the world's largest.

*A refrigeration ton is the amount of heat that must be removed to turn one ton of 0°C water into 0°C ice in a 24-hour day.



Tokyo Foodstuff Terminal



Low-temperature latent heat storage system



Monitoring equipment in the control room



Building a Resource-Conserving, Recycling-Based Society

Nippon Express is doing whatever it can to help create a recycling-based society, such as reducing the amount of waste generated, recycling waste, and repeatedly using packing materials.

Care and Innovations in Packing

Nippon Express actively conserves resources even in the packing materials that are essential to moving operations and transportation. We also develop and use packing materials that are reusable, resource-conserving, and low-polluting.

Disposing of cardboard and bubble packaging following use is a waste of resources. Moreover, when incinerated, these materials cause air pollution. We therefore reuse and recycle such materials as much as possible.

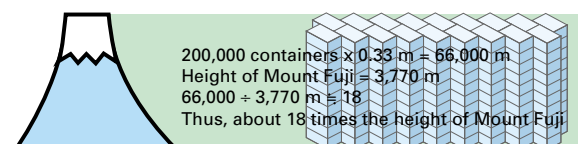
Thus, for example, to preserve our natural resources and the environment, we strive to minimize and even eliminate altogether trash generation by carrying household effects with even greater care and using reusable packing materials. We also use new moving tools devised by Nippon Express, such as netted blankets, rental hanger boxes, and rental tableware boxes. These innovative tools are sold under the trade name Procompo.



Reduced Consumption of Packing Materials

As indicated below, the repeatedly reusable packing and materials marketed under the trade name Procompo reduced the amount of packing materials used for moving that was discarded as trash in 2000. Moreover, investments in reusable packing materials doubled in 2000 over the previous year.

Nippon Express handled the relocation work associated with the major reorganization of Japanese ministries and agencies that took place at the end of 2000. In the process, we made every effort to generate as little trash as possible. To move materials such as documents, aside from cardboard cases intended for long-term storage, we used only foldable plastic containers that can be repeatedly reused. The number of such containers used for this single project totaled about 200,000. Stacked on top of each other, they would have reached about 18 times the height of Mount Fuji.



Foldable plastic containers help to reduce the amount of trash generated



Relocation work during the reorganization of Japanese ministries and agencies

How we reduced the consumption of packing materials (estimates for Nippon Express)

Material	FY 1999	FY 2000	
Rolled cardboard	300,000	320,000	Enough to fill about 685 10-ton trucks
Bubble-type packaging	100,000	110,000	About 166 times the area of the Tokyo dome
Cardboard hanger boxes	300,000	320,000	If stacked, about 19 times the height of the Tokyo Tower
Packing rope	210,000	210,000	Enough to circle the globe 3 times
Kraft tape	150,000	160,000	Enough for 2 round trips of the Japanese Islands

Within the Office

In the offices at each of our service centers, Nippon Express employees practice the 3 R's daily by reducing the volume of trash generated, reusing materials whenever possible, and increasing the

proportion of waste recycled by sorting and collection. In addition, they also do their utmost to practice green purchasing, conserve electricity and water, and use public transportation.

The 3 R's:

- REDUCE** wastes as much as possible
- REUSE** products as much as possible
- RECYCLE** resources as much as possible

Improvements in waste recycling ratio at Nippon Express service centers

Year	Volume of waste	Amount recycled	Recycling ratio
FY 1998	251.9 tons	156.5 tons	62.1%
FY 1999	252.9 tons	155.8 tons	61.6%
FY 2000	228.6 tons	149.5 tons	65.4%



Recycling collection box in the Nippon Express Head Office.

Use of electricity, water resources and wastewater generated at Nippon Express service centers

Year	Amount of electricity used	Amount of water used	Wastewater generated
FY 1998	5,018,360 kWh	28,359m ³	21,600m ³
FY 1999	4,775,300 kWh	31,704m ³	25,006m ³
FY 2000	4,816,800 kWh	30,501m ³	22,988m ³



Paper recycling collection box in the Nippon Express Head Office

Green Purchasing

"Green purchasing" refers to the preferential selection and purchase of products and services that minimize the burden on the environment. The Law on Promoting Green Purchasing enacted in April 2001 requires governmental organizations at all levels, national as well as local, to actively procure goods and services that have a low impact on the environment, and to publicly disclose the record of their "green purchases" each year. This clearly indicates a growth in environmental awareness within the government and among the public and consumers in general.

Even before the new law was enacted, Nippon Express demonstrated its commitment to the goal of creating a sustainable, recycling-based society by endorsing the Green Purchasing Network (GPN) created in February 1996 by private corporations,

governmental bodies, and non-governmental organizations, and by participating in the network from its inception. We have worked hard since then to promote and expand green purchasing throughout the company.

Whenever we purchase goods or services, we follow the basic purchasing guidelines created by the Green Purchasing Network. For example, we preferentially buy recycled photocopier paper, computer printer paper and printing paper, stationery and office supplies bearing the Eco Mark, and electronic office equipment that is energy-efficient and easily recycled.

Nippon Express is making further efforts to promote green purchasing, including the addition of clean energy vehicles to our motor vehicle fleet.



Building Support Systems for a Recycling-Based Society

Nippon Express is expanding its "eco-business" sector using distribution systems that have a low environment impact. We are keenly aware of the vital role of distribution in the formation of an environmentally secure society, and are doing our part to help protect the global environment.

The Eco-Business Sector

Recovery Systems Fuel Growth in Eco-Business

To help create a resource recycling-based society that will assure a brighter future for the global environment, Nippon Express has drawn on its expertise as a distribution corporation to build a number of resource recovery systems and is using these to expand its "eco-business" endeavors.

We are applying modal shifts utilizing rail transport and coastal transport, which have a

minimal impact on the environment, to the transportation needs associated with eco-business, and are actively engaged in the creation of an efficient distribution system for eco-business.

Sales by the Eco-Business Division

Year	Annual Sales
FY 1998	¥2,202 million
FY 1999	¥2,835 million
FY 2000	¥5,172 million

Three of Nippon Express' Eco-Business Operations

Waste Transport for Regional Environmental Conservation

- Transport of surplus soil from construction work associated with urban development
- Transport of wood debris and other materials during natural disasters
- Transport of recovered fuel oil from ship accidents



PET bottle recovery system



Hauling of surplus soil from construction project at Saitama New Urban Center

Low Environmental Load Distribution Systems

Waste Transport for Specialized Treatment

- Mercury waste recovery system (e.g., from discarded fluorescent lights)
- PET bottle recovery system
- Waste recovery systems for waste oil, etc.

Distribution Systems for Recycling

- Home appliance/electronic office equipment recovery system
- Cartridge recovery system
- Uniform recovery system
- Industrial machinery recovery system
- Construction by-products recovery system



Construction by-products recycling and recovery system

Paper Recycling System for On-Site Disposal of Confidential Documents

The Paper Recycling System (PRS), a recovery and recycling treatment service for confidential discarded documents that until recently was available only in the Tokyo metropolitan area, was expanded in July 2000 to the entire Kanto region. Recycling and recovery systems are being built that also provide security.

The system is designed to carry out recycling under completely secure conditions. All the customer has to do is place the confidential documents to be discarded, such as accounting ledgers, in a recovery box located at the office. Within Tokyo proper, Nippon Express vehicles loaded with a large shredder also visit the customer's office, where shredding can be carried out while the customer watches. Throughout the

Kanto region, sealed recovery boxes are transported to a recycling plant, where Nippon Express assumes full responsibility for their proper disposal.



Vehicle loaded with a large shredder

Collection box for PRS

As a leader in the distribution industry, we are committed to environmental protection in the 21st century

Environmental Highlights at Nippon Express

1987	• Trial use of methanol vehicles (2-ton truck)		
1989	• Launches proprietary Nippon Express 2-ton containers for rail transport		
1990	Sept. • Adopts a company-wide policy of placing vehicle keys on chains and having drivers attach the chains to their trouser belts to prevent vehicle engine idling while parked		
1991	Sept. • Environmental Measures Committee established with the Executive Vice-President serving as the committee chairman		
	• Trial use of electric vehicles (light vehicles on loan from Tokyo Metropolitan)		
1992	Mar. • Adds electric vehicles (1.5-ton trucks) to fleet		
	Apr. • Establishes node terminal in Nakai, Kanagawa Prefecture		
	May • Entire company begins program to sort and recover paper waste, use recycled paper, and reduce paper use so as to make more effective use of paper resources		
1993	Jan. • Prepares "Energy Saving Handbook for Driving" and begins employee education program to reduce emissions and conserve resources (handbook is included in driver's logbook and distributed to all company employees)		
	April • Basic corporate philosophy on environment protection drawn up		
	• Trial use of hybrid vehicles (3.5-ton trucks)		
	June • Reusable packing materials for moving are developed and put into use		
	July • Liquefied petroleum (LP) gas vehicles (1-ton trucks) added to fleet		
1994	Apr. • Environmental Policy Group created in Quality Control Division		
	Nov. • Joint transport begun on truck business trunk lines (Tokyo-Osaka, Tokyo-Aichi)		
1995	Mar. • Trial use (Tottori) of 3-ton trucks powered by LP gas engines		
	Apr. • Use of seals on Small Package Bags (Pelican bags) that do not generate trash		
	• Expansion in joint transport on truck business trunk lines (Tokyo Aomori, Tokyo - Fukuoka)		
	June • Trial use of compressed natural gas (CNG) vehicles (2-ton trucks)		
1996	Feb. • Joins Green Purchasing Network		
	June • Each branch within the company conducts "Environmental Measures Self-Diagnosis" as part of Environmental Month		
	Sept. • Opens node terminal in Sano City, Tochigi Prefecture		
1997	Jan. • Launches new moving product Procompo, which uses reusable packing materials for moving		
	Mar. • Creates pamphlet entitled "Nippon Express' Policies on Environmental Conservation: To Preserve Forever Our Beautiful Earth"		
	Apr. • Launches the large high-speed container ship <i>Uraga Maru</i> for coastal transport		
	July • Begins campaign to actively promote "eco-driving" by placing stickers on all company vehicles, educating employees, and asking for the public's cooperation		
	Dec. • Launches the high-speed RO/RO container ship <i>Hakata Maru</i>		
1998	Feb. • Conducts trial transport of swappable body transport system between Tokyo and Osaka		
	June • Markets a uniform recycling system		
	• Air Cargo Business Division receives ISO 14001 certification at three service centers in the Baraki district of Ichikawa City		
	July • Introduces packing bags (bearing the Eco Mark) made with recycled paper for Pelican small package delivery service		
		Oct. • Head Office and Tokyo Security Transport Branch receive Chairman's Award sponsored by the Recycling Promotional Council, acknowledging the efforts of those who have promoted recycling	
		Dec. • Tokyo Air Service Branch receives Minister for Transport Award in first Eco-Drive contest sponsored by the EcoMo Foundation for Promoting Personal Mobility and Ecological Transportation	
		1999	Jan. • Launches Nittsu Food Supply System (NFS), a nationwide joint delivery network of foodstuffs
			Apr. • Begins use of swappable body transport system between Tokyo and Fukuoka
			June • Opens exhibit at 1999 Low-Emission Vehicle Fair held during Environmental Month
			Nov. • Employees selected as winners in Environmental Motto Contest sponsored by Japan Long Haul Trucking Association (1 employee was the grand prize winner, another was a prize winner, and four received honorable mentions)
			Dec. • Receives Director-General of the Environment Agency Award in the "Practice of Global Warming Preventing Activities Division," sponsored by the Environment Agency
		2000	Feb. • Opens exhibit at Distribution and Environment Fair 2000 sponsored by the Japan Federation of Freight Industries
			Mar. • Recipients of ISO 14001 certification increase in Air Cargo Business Division (5 more service centers are certified)
			Apr. • To promote modal shift to rail transport, develops and launches Ecoliner 31 (wing-type containers) for use between Tokyo and Osaka
			• Completes Izu Training Center to improve vehicle maintenance and driving skills
			• Creates and expands "Pelican Spot" distribution centers to reduce environmental impact
			June • Opens exhibit at 2000 Low-Emission Vehicle Fair held during Environmental Month
			• Completes a new node terminal: Tama Terminal
			July • Changes uniforms of Pelican couriers to polo shirts made of "eco-materials"
			• Opens exhibit at Energy Exhibition held prior to Kyushu Okinawa Summit
			Sept. • Publishes "Environmental Activities Report 2000: Carrying Our Beautiful Earth into Tomorrow"
			Dec. • Receives ratings of A (deviation value of at least 55) for all five study categories in the Environmental Management Study of non-manufacturing companies conducted by Nihon Keizai Shimbun
		2001	Feb. • Head Office receives special award from Chiyoda Ward in Tokyo for its "3 R's" efforts
			• Opens an exhibit at the Environmental Forum and Panel Exhibition sponsored by the Japan Federation of Freight Industries
			Mar. • Expands use of Ecoliner 31 winged containers to routes between Osaka and Fukuoka and between Tokyo and Sapporo
			• Two more service centers in Air Cargo Business Division obtain ISO 14001 certification
			Apr. • Launches the large, high-speed RO/RO container ship <i>Himawari 1</i>
			June • Wins second "Distribution Environment Award" sponsored by Japan Federation of Freight Industries
			• Opens exhibit at Eco-Car World 2001 (low-emission vehicle fair) held during Environmental Month
			July • Launches the large, high-speed RO/RO container ship <i>Himawari 2</i>