

CSR Report 2012



Delivering your passion across the globe.



Editorial Policy

- This report covers the Nippon Express Group's corporate social responsibility (CSR) initiatives during fiscal 2011, and comprises such features as an explanation of our CSR management structure, reports on our activities and performance data.
- We have attempted to provide an understanding of the logistics industry's CSR efforts by describing industry conditions, environmental challenges, recent policy measures and other factors behind our initiatives.
- In addition to the use of illustrations and photographs, we have endeavoured to keep the text easy to understand.
- In writing this report we have referred to the Environmental Reporting Guidelines (2007 Version) (published in June 2007 by Japanese Ministry of the Environment) and the GRI Sustainability Reporting Guidelines 2006.
- This report also includes information about ongoing initiatives launched in or prior to fiscal 2010. This is to provide an overall understanding of CSR in our business.

Scope of This Report

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

Applicable Period

April 1, 2011 to March 31, 2012

In certain places we have used data covering up to June 2012 for matters deserving special mention.

CSR Report 2012

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Nippon Express Head Office Building

Corporate Social Responsibility (CSR) for the Nippon Express Group is about enabling better quality of life for people around the world and development of industries through logistics service



In 2011 enormous earthquakes not only in Japan but also in China, New Zealand, and Turkey, as well as flooding in Thailand and financial uncertainty in European countries, had significant impacts on our lives and society. Certainly the impact of the Great East Japan Earthquake is still very devastating. We would like to extend our heartfelt sympathy to all those who are suffering in its aftermath. The Nippon Express Group will continue to provide strong support for rapid recovery and restoration in the affected area.

Distribution networks and supply chains paralyzed by earthquakes and floods reminded us of the importance of logistic services as lifelines 17 years after the Great Hanshin Earthquake. From the perspective of economic globalization and environmental conservation, public expectations of logistic services are on the rise, functioning as one means of supporting sustainable development.

Since the establishment of the Nippon Express Group, we have expanded our business both in Japan and overseas, contributing to the development of industries and improvement in quality of life by delivering 'goods' all over the world.

As we mark the 50th anniversary of our first company in the United States, Nippon Express is approaching a turning point in 2012. Aiming at further enhancement of our overseas business by leveraging our service with Japanese-style quality, we commit ourselves to becoming a truly "Global Nippon Express."

We in the Nippon Express Group will continuously contribute to society through logistics, in keeping with our principle of improving people's lives and livelihoods, and do our utmost to be deserving of their trust.

From 2010, the Nippon Express Group has fully committed to the realization of 'the Nippon Express Group Corporate Strategy 2012-Towards New Growth'. In this CSR Report we will present our corporate activities, which target a sustainable society through logistics and are based on the four core strategies, namely, 'Growth as a Global Logistics Company', 'Promotion of Strategic Environmental Management', 'Enhancement of Management Infrastructure', and 'Promotion of Corporate Social Responsibility (CSR) Management'.

'Growth as a Global Logistics Company'

Since Nippon Express U.S.A., Inc. was established in 1962 as our first affiliated overseas company almost a half century ago, we have been expanding our global network to encompass 214 cities in 38 countries worldwide. Along with developing the international distribution industry, we have been taking

advantage of land, sea, and air transport modes to provide comprehensive logistic services.

Last year whole industries experienced dramatic changes caused by the sharp rise in the value of the yen and power shortages after the Great East Japan Earthquake, which further accelerated the transfer of production sites abroad by our customers.

Under such circumstances, the Nippon Express Group is actualizing the concept of a “Global Nippon Express” and effectively taking advantage of the capability of our comprehensive logistics services to respond to our customers who are proceeding with overseas expansion.

Our goal for the near future is to increase the ratio of our international sales to 50% on a consolidated accounting basis through further strengthening our overseas business.

‘Promotion of Strategic Environmental Management’

On April 1, 2012 the Nippon Express Environmental Charter was revised to become the ‘Nippon Express Group Environmental Charter’ based on the belief that global environmental issues should be addressed through group-wide efforts, as well as the necessity that we respond to the expectations of society. Along with our own efforts for compliance and efficient use of resources and energies in business operations, the Nippon Express Group has also been developing and offering specifically tailored products and services in order to contribute to our customers who are eager to promote environmental management. We believe that promoting ‘Green Logistics’ for reducing the environmental burden is the way to fulfil the social responsibility of the Nippon Express Group and we aim to achieve this through such activities as undertaking modal shifts in logistics, coordinating transportation and distribution, promoting environmentally friendly products and services, and transferring to eco-friendly vehicles and ships.

‘Enhancement of Management Infrastructure’

In the age of globalization, many companies are seeking opportunities and shifting their business operations outside Japan, and this is a process through which they further accelerate the current trend of globalization. In order to meet the needs of these companies, the enhancement of management infrastructure is critical. The Nippon Express Group will provide refined and comprehensive Japanese-style logistic services to meet our customers’ expectations of high quality. Furthermore, it is absolutely imperative to foster and utilise human resources capable of developing business through appropriate knowledge, foreign language skills, and passion. We strive to attain the goal of a Global Nippon Express with the NITTSU Group University, which was established in fiscal year 2010, playing an integral role in developing the human resources required in the age of globalization.

‘Promotion of Corporate Social Responsibility (CSR) Management’

Safety is of primary importance in the CSR initiatives of the Nippon Express Group. Social responsibility for ‘ensuring safety’ is an overriding and uncompromisable value for the



Nippon Express Group, which is a globally operating business that utilises public infrastructure including roads, airports, ports and harbours. Addressing and promoting global safety measures for minimizing accidents and disasters, the Nippon Express Group places utmost priority on safety. Concurrently, it is also a matter of importance that human resources with outstanding skills and expertise can be guaranteed through competitions and other measures.

Compliance with local and international laws and standards is prerequisite for business. Without compliance, no company can be qualified for conducting business. For our international business operation, the Nippon Express Group should be capable of applying international and local rules. In addition, as our social responsibility has been broadening, it is absolutely imperative for us that all employees are acting upon high ethical values, and going above and beyond what is required in terms of compliance.

The Nippon Express Group also believes that considering and acting to avoid human rights violations in business operations is critical. The globalization of business requires us to be able to create a corporate environment in which not only external differences, such as race, gender, and age, but also inner differences like belief, religion and personality are accepted, understood, and utilised.

We, the Nippon Express Group, wish to be a company that benefits from society and contributes to both people and society. With our aim of ‘protecting the lives and livelihood of people’ firmly in mind, we contribute through logistics and live up to the trust put in us by global society.

Lastly, but not least, please feel free to share your comments and opinions concerning our CSR report and business activities. We integrate the invaluable feedback from our various stakeholders - be they customers or stockholders, local community members or government officials, suppliers or employees - in order to improve the CSR management of the Nippon Express Group.

September 2012

Kenji Watanabe President
Nippon Express Co., Ltd.

Corporate Philosophy

Nippon Express Group Corporate Philosophy

Our Mission
Be a Driving Force for Social Development

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

Our Pride
Inspire Trust Every Step of the Way

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

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

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

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

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

 **NIPPON EXPRESS**

Vision

(Nippon Express Group's to-be model)

◆ **A Global Logistics Company:**

Supports customers worldwide through logistics services

◆ **A Company that Fulfils its Responsibilities to the Earth:**

Cares for the environment and works to realize a low-carbon society

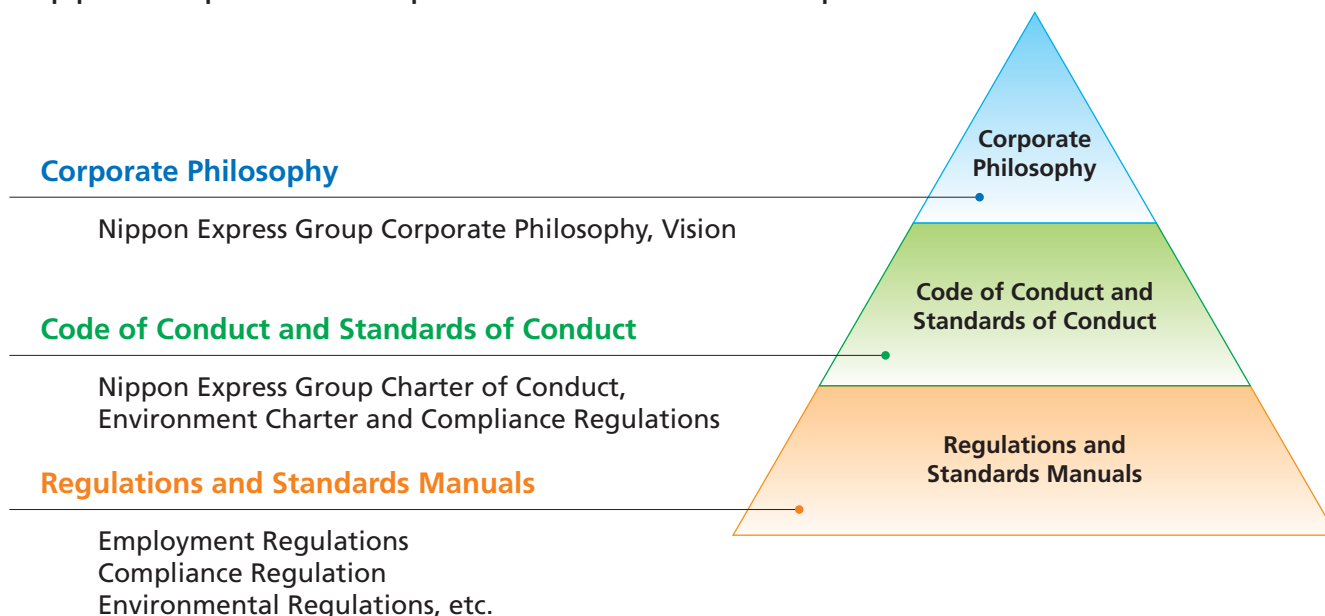
◆ **A People-friendly Company:**

Values its employees and helps them to achieve job satisfaction

Declared in 2009 as the Nippon Express Group model for the decade ahead.

As part of the 70th Anniversary Commemorative Projects to celebrate the founding of Nippon Express, we officially adopted the “Nippon Express Group Corporate Philosophy” in October 2007. The Nippon Express Group will continue striving to realize this corporate philosophy, which follows the spirit of the previous guiding precepts, “Warera no kotoba”.

Nippon Express Group CSR Initiative Concept



Revisions to the Nippon Express Group Charter of Conduct*

Following the publication of ISO26000 (international standards regarding social responsibility) in November 2010, the Nippon Express Group revised the Nippon Express Charter of Conduct (April 2011) based on recent changes related to corporate social responsibility (CSR). The original Nippon Express Charter of Conduct, applicable only to Nippon Express Co., was revised as the Nippon Express Group Charter of Conduct, and now embraces all Group affiliates in Japan and overseas.

While clearly stipulating respect for human rights, interactive

communication with myriad stakeholders, the respect for employee diversity essential to business globalisation and other initiatives, the Nippon Express Group Charter of Conduct also promotes conduct exceeding CSR requirements throughout the supply chain in a manner the Group is well positioned to implement.

Refer to the Nippon Express website to view the Nippon Express Group Charter of Conduct.
<http://www.nipponexpress.com/about/corporate/charter/index.html>

Response to the United States Department of Justice and European Commission on issues of international airfreight transportation

In March 2009, Nippon Express was handed down a cease and desist order and surcharge payment order from the Japan Fair Trade Commission due to violation of the Antimonopoly Act regarding fuel surcharges on international airfreight forwarding. The United States Department of Justice was also investigating this matter on suspicion of a breach of the Antitrust Law.

Nippon Express was fully cooperative with the investigation, yet determined to take a plea-bargaining stance in light of the current circumstances in which early resolution of the issue served the overall interest of the company.

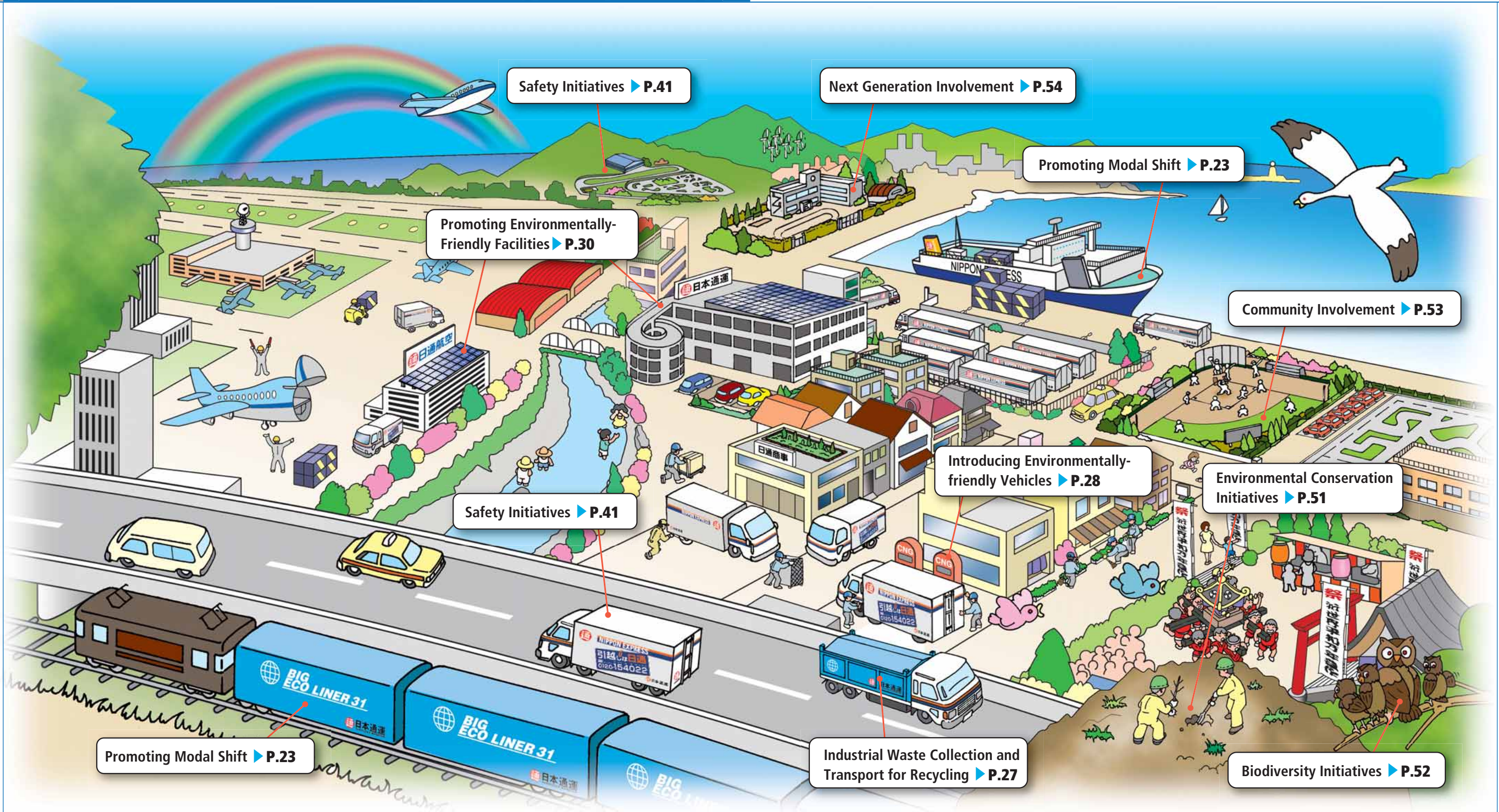
On March 28 2012 Nippon Express (China) Co., Ltd. (henceforth Nittsu China) also received a notice of determination of penalty from the European Commission due to violation of the European Community Competition Law. The European

Commission conducted investigations of delivery and distribution companies, and Nittsu China was fully cooperative with the efforts. Currently, close examination of the contents of the notice is underway, and we will sincerely consider this issue and strive to restore trust lost.

The Nippon Express Group has been strengthening its compliance management to abide by the competition laws of foreign countries as well as the Antimonopoly Act, clearly stating its aim to “carry out appropriate business transactions within competition that is fair, transparent and open” in the revised Nippon Express Group Charter of Conduct. We will continuously reinforce our system to prevent similar incidents in future.

CSR Activities of the Nippon Express Group

To fulfil our social responsibility as a global logistics company, we ensure safety and contribute to further development of society by providing various modes of transport, while actively carrying out our responsibility for the environment.



Our Responsibility to Various Stakeholders

Customers	Shareholders and Investors	Communities	Administrative Authorities	Suppliers	Employees
<ul style="list-style-type: none"> • Providing secure and reliable logistic services • Disclosing company information 	<ul style="list-style-type: none"> • Disclosing IR information to investors and shareholders • Ensuring stable dividends 	<ul style="list-style-type: none"> • Working with local communities, NPOs and NGOs • Cooperating in environmental conservation 	<ul style="list-style-type: none"> • Securing permits/authorization and filing notifications • Cooperating in transport- and traffic-related measures 	<ul style="list-style-type: none"> • Promoting fair business practices • Maintaining and enhancing quality 	<ul style="list-style-type: none"> • Undertaking initiatives for human resource development and respect for human rights • Promoting occupational safety and health

Targets and Achievements

Targets and achievements of our overall CSR are organized and described in this section alongside items measured for importance assessment (materiality analysis).

Selection of Materiality Issues

In fiscal 2008, Nippon Express extracted and organized issues of high priority from the following two perspectives, “sustainable development of the society” and “further improvement of the corporate value of the Nippon Express.”

This measurement of materiality was implemented for sustainable development of business activities harmonizing with the society.

The figure below classifies the most important areas (circled in dotted lines) into three fields* and maps each item accordingly.

Every year we list the current year’s CSR activity goals and corresponding actual results along with the following year’s CSR goals. This year we added the key issues clarified by the

materiality measurement results to the process of determining the CSR activity goals for fiscal 2011.

*Explanation of the Three Fields

•**Pattern 1: Field of Materiality**

This field is of great importance for both our stakeholders and Nippon Express. We believe that continued focus and effort is necessary in this field.

•**Pattern 2: Field of Management**

This field is of higher priority for our stakeholders than to Nippon Express. We believe that improving internal awareness and materializing the solutions for existing problems are necessary in this field.

•**Pattern 3: Field of Communication**

This field is of higher priority for Nippon Express than to our stakeholders. We believe further enhancing communication with our stakeholders and improving social recognition are necessary in this field.

Selecting Materiality Issues

The level of importance for 145 topics, which stakeholders are likely to request, was measured according to the following two axes, “level of importance (impact and interest) for the stakeholders” and “level of importance for the Nippon Express (effect on the corporate value).”

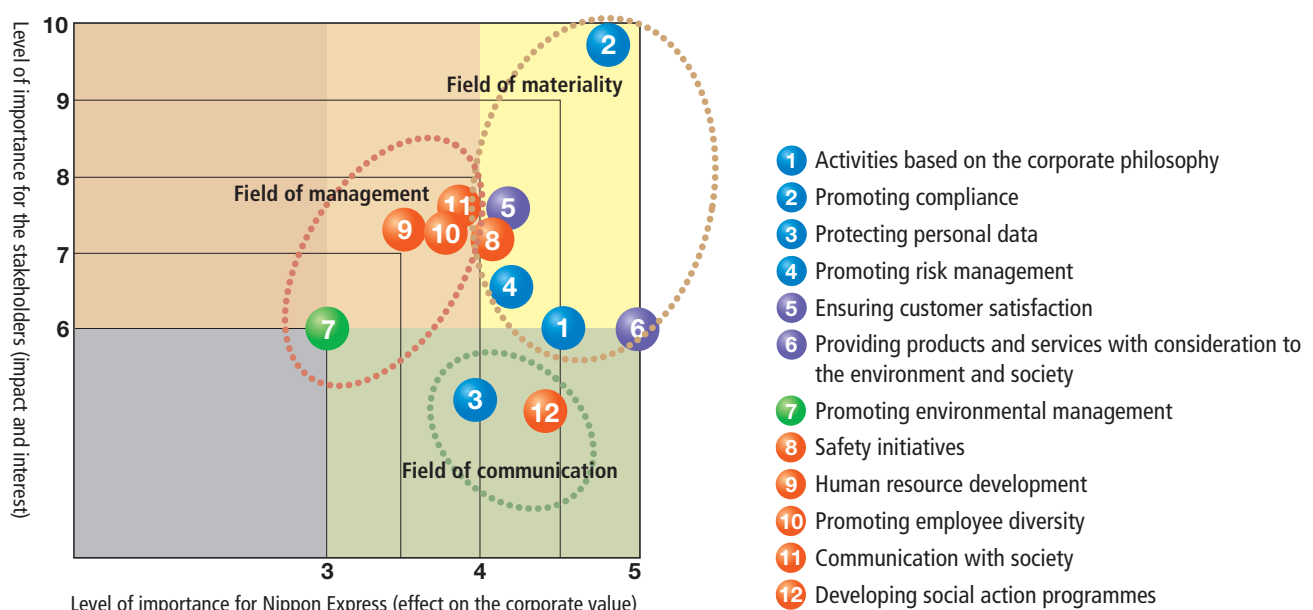
The “level of importance for the stakeholder,” which indicates the level of impact and interest for the stakeholders, was measured based on the contents and frequency of requests made in various guidelines, surveys, rating agency research items and other information outlets. Moreover, “the level of importance for Nippon Express” indicates mid- and long-term effects on corporate value from the perspectives of both management and communication. This includes various factors which lead to the improvements of the corporate value.

Upon the measurement, we interviewed the representatives of relevant departments. During the interview, we focused on

the following three points: understanding the consciousness that the interviewees had based on business activity situations, fostering self-motivated awareness on materiality and sharing of acknowledgements.

These activities were carried out under the supervision of the Caux Round Table (CRT)* with an effort to reflect the perspective of our stakeholders.

*Caux Round Table (CRT): CRT, comprised of business leaders from around the world, was established in Caux, Switzerland, in 1986. This group is active in projects promoting healthy economies and societies through business.















FY2011 Achievements in CSR and FY2012 Targets—Based on Materiality

Field	Item	FY2010 Achievements	FY2011 Targets	FY2011 Achievements	FY2012 Targets	Reference page
Field of Materiality	Activities based on the corporate philosophy	<ul style="list-style-type: none"> Increased international Sales by 30.9% 	<ul style="list-style-type: none"> Promote management plan based on the corporate philosophy (Growth as a Global Logistic Company) 	<ul style="list-style-type: none"> Increased international sales to 30.8% of total company business 	<ul style="list-style-type: none"> Promote management plan based on the corporate philosophy (Growth as a Global Logistic Company) 	P6-7
	Promoting compliance	<ul style="list-style-type: none"> Implemented compliance education for employees of all Nippon Express branch offices and worksites Held meetings for all compliance leaders in Nippon Express business divisions and management branches Conducted compliance education for employees of all branches and subsidiaries 	<ul style="list-style-type: none"> Educate employees Hold a meeting of compliance leaders Ensure full compliance through inspection training Assisting the education of each group company 	<ul style="list-style-type: none"> Conducted compliance education for employees of all Nippon Express branches and worksites Held meeting for all compliance leaders in Nippon Express business divisions and management branches Fully implemented compliance training for employees in all the group companies in Japan, distributing a compliance card to all employees, and chanting 'compliance self-check' every day. 	<ul style="list-style-type: none"> Educate employees Hold a meeting of compliance leaders Ensure full compliance through inspection training Assisting the education of each group company 	P57
	Promoting risk management	<ul style="list-style-type: none"> Established Disaster Control Management Headquarters and invoked our Business Continuity Plan (BCP) Implemented Great East Japan Earthquake relief measures 	<ul style="list-style-type: none"> Conduct maintenance and training based on the Business Continuity Plan (BCP) 	<ul style="list-style-type: none"> Partial revision of Business Continuity Plan Created more specific action plan based on reviewing potential risks 	<ul style="list-style-type: none"> Conduct maintenance and training based on business continuity plan (BPC) 	P56
	Ensuring customer satisfaction	<ul style="list-style-type: none"> Improved website contact access. Inquires increased by 70% compared to last year; analysis of results led to renewal of "Search by Topic" contents. 	<ul style="list-style-type: none"> Detailed analysis of "Search by Topic" on homepage and VOCS inquiries, increase customer satisfaction via the homepage 	<ul style="list-style-type: none"> Reinforced initiative for customer satisfaction focusing on VOCS and 'Search by Topic' on the home page Total +7.2%, Number of Inquiry +10.4%, Number of claim -26.7% 	<ul style="list-style-type: none"> Detailed analysis of number and contents of inquires in each category at "Search by Topic" on homepage, and improve the contents to meet customers' needs and enhance customer satisfaction. 	P37-40
	Providing products and services with consideration to the environment and society	<ul style="list-style-type: none"> Completed centre (August 2010) featuring solar panel installations (maximum electricity generated: 482 kilowatts per hour) in Narashino, Chiba Prefecture. Green Management Certification: Decreased due to branch reorganization, etc Achieved total fleet of 5,138 environmentally-friendly vehicles (as of end of March 2011) Modal shift rate: 53.1% (FY2009) 	<ul style="list-style-type: none"> Proactively develop an environmentally-friendly business Establish environmentally-friendly logistics bases Proactively develop environmentally-friendly logistics products and services Expand modal shift focusing on transport and coastal shipping Achieve total fleet of 4,580 environmentally-friendly vehicles 	<ul style="list-style-type: none"> Additional 2 warehouses certified by the Act on Advancement of Integration and Streamlining of Distribution Business. One of them is located in Tennoji Branch Logistics Centre Achieved total fleet of 5,638 environmentally-friendly vehicles (end of March 2012) Modal shift rate: 52.3% (FY2011) 	<ul style="list-style-type: none"> Proactively develop an environmentally-friendly business Establish environmentally-friendly logistics bases Proactively develop environmentally-friendly logistics products and services Expand modal shift focusing on transport and coastal shipping 	P22-36
	Safety initiatives	<ul style="list-style-type: none"> Zero major accidents in 2010 15 prize-winners in truck driver contest and 7 prize-winners in forklift operator competition 	<ul style="list-style-type: none"> Continue transport safety management 	<ul style="list-style-type: none"> 12 prize-winners in truck driver contest and 4 prize-winners in forklift operator competition 	<ul style="list-style-type: none"> Achieve total fleet of 5,800 environmentally-friendly vehicles Continue transport safety management 	P41-44
Field of Management	Promoting environmental management	<ul style="list-style-type: none"> 4.1% CO₂ reduction rate compared to FY2009 Green purchasing rate: 51.6% 	<ul style="list-style-type: none"> Reduce CO₂ emissions 2.0% by (CO₂ intensity) compared to FY2009 Nippon Express Group results Promote green purchasing, green purchasing rate of over 60% 	<ul style="list-style-type: none"> 13.0% CO₂ reduction rate compared to FY2009 Green purchasing rate: 53.8% 	<ul style="list-style-type: none"> Continue Nittsu Safety & Health Management System Reduce CO₂ emissions by 3.0% (CO₂ intensity) compared to FY2009 Nippon Express Group results 	P22-36
	Human resource development	<ul style="list-style-type: none"> 89 employees took childcare leave (68.5% of women with newborns) Continued employment rate: 88.0% Established NITTSU Group University 	<ul style="list-style-type: none"> Childcare leave ratio: 80% or more Rate of employees remaining on the job for one year or more after returning from childcare leave: 79% 	<ul style="list-style-type: none"> 109 employees took childcare leave (80.7% of women with newborns) Continued employment rate: 75.7% 	<ul style="list-style-type: none"> Promote green purchasing, green purchasing rate: over 60% Childcare leave ratio: 80% or more Rate of employees remaining on the job for one year or more after returning from childcare leave: 79% 	P46-50
	Promoting employee diversity	<ul style="list-style-type: none"> Worked to maintain employment ratio of handicapped individuals 2010 results: 2.04% Proactively recruited women, 2010 results: 27.2% 	<ul style="list-style-type: none"> Continually promote employment of handicapped individuals Proactively recruit and assign women 	<ul style="list-style-type: none"> Efforts to maintain employment ratio of handicapped individuals, 2011 results: 1.92% Proactively recruited women, 2011 results: 32.1% 	<ul style="list-style-type: none"> Continually promote employment of handicapped individuals Proactively recruit and assign women 	P49
	Communication with society	<ul style="list-style-type: none"> Implemented initiatives to maintain and improve quality from suppliers Expanded educational tours for workplace experience 	<ul style="list-style-type: none"> Strengthen relationships with stakeholders 	<ul style="list-style-type: none"> Workplace visits: 8 schools Educational tours: 6 schools Conducted university courses provided by the Japan Federation of Freight Industries: 3 universities 	<ul style="list-style-type: none"> Strengthen relationships with stakeholders 	P45, P51-54
Field of Communication	Protecting personal data	<ul style="list-style-type: none"> Conducted education for all employees Conducted inspections and instruction in two sections per block, while targeting all blocks Renewed privacy mark 	<ul style="list-style-type: none"> Educate all employees Conducted workplace inspection exchanges in all departments/divisions and work sites. Carry on the privacy mark 	<ul style="list-style-type: none"> Conducted education for all employees through e-learning and/or DVD. Conducting workplace inspection exchanges in all departments/divisions and work sites Agreed a contract for the granting of the privacy mark 	<ul style="list-style-type: none"> Educate all employees Conduct workplace exchange inspections at all departments, offices, centres and other worksites Maintain privacy mark 	P57
	Social action programmes	<ul style="list-style-type: none"> Held forest cultivation activities five times: twice in Iide Town, twice in Nichinan Town, and once in Izu Continued earth beautification activities Conducted kids X change classes and onsite lessons Distributed revised materials for the environmental education 	<ul style="list-style-type: none"> Hold forest cultivation activities six times: twice in Iide Town, twice in Nichinan Town, twice in Izu Continued community beautification activities Distributed revised environmental education materials 	<ul style="list-style-type: none"> Held forest cultivation activities 6 times: twice in Yamagata prefecture, twice in Shizuoka prefecture, and twice in Tottori prefecture Continued community beautification activities Conducted onsite lesson at 1 school 	<ul style="list-style-type: none"> Held forest cultivation activities 6 times: twice in Yamagata prefecture, twice in Shizuoka prefecture, and twice in Tottori prefecture Continue community beautification activities Distribute revised environmental education materials 	P51-54

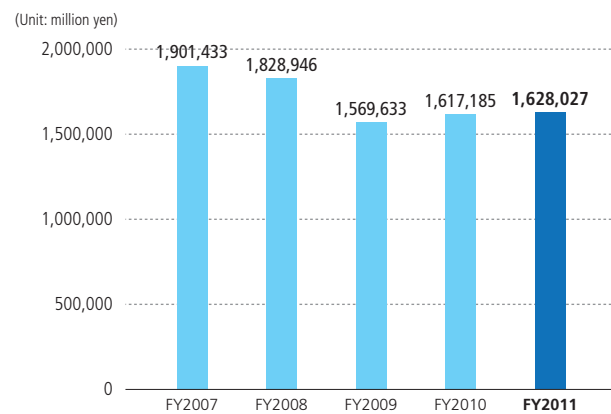
Business Outline

The Nippon Express Group comprises Nippon Express and 276 subsidiaries and sub-subsidiary companies (including 250 consolidated companies), and 62 affiliates: a total of 339 companies. In addition to our core operations of distribution and transport, such as truck and railway cargo transport, we are also expanding in a variety of related areas, including security, travel, sales, real estate and driving education.

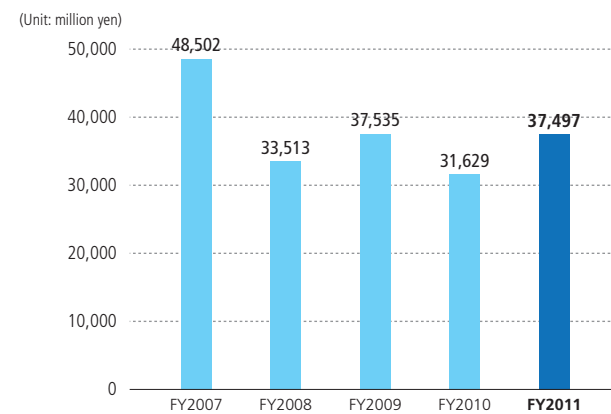
<p>Motor transport</p>  <p>Employing our network of transport centres throughout Japan to provide general freight transport services such as reserved vehicle shipping and special consolidated freight transport</p>	<p>Railway transport</p>  <p>Domestic and international freight transport services utilizing railways, with major freight stations in Japan established as hubs</p>	<p>Air freight</p>  <p>Import and export services utilizing aircraft and a domestic freight forwarding service founded on advanced know-how and a network that spans the globe</p>	<p>Marine transport</p>  <p>International transport services mainly for import/export combined multimodal transportation, regularly scheduled on-ship transport mainly for domestic routine container and RORO vessels, and in-port transport services for on-ship and harbour cargo work for domestic companies</p>	<p>Heavy haulage and construction</p>  <p>Hauling of heavy loads, equipment installation, plant construction, maintenance services and high-tech factory equipment transport and installation both within Japan and overseas</p>	<p>Warehousing</p>  <p>Warehouses that function not only as places for product storage but also as centres for distribution processing as well as transport and delivery, operating as the distribution centres for many locations across Japan</p>
<p>Removals</p>  <p>Based on our domestic and overseas centres and networks, our wide range of transport modes, from trucks and railways to ships and airplanes, facilitates a full menu of moving services to meet the needs of individual households and companies alike.</p>	<p>Art transport</p>  <p>We offer the safest packaging and transport of one-of-a-kind art objects, in the care of our experienced, professional staff and our vehicles, which are climate-controlled and equipped with air suspension specifically for art transport.</p>	<p>Security transport</p>  <p>In addition to transport of cash, checks and related items between headquarters and branches of many financial institutions and the transport of funds for the Bank of Japan, we are rapidly expanding our patented business model, the automatic teller CSD (Cash Safety Delivery) service, greatly reducing the burden of managing branch sales proceeds for our customers.</p>	<p>Travel and events</p>  <p>We are expanding business activities in the travel industry as well, focusing on group tours for corporate, civil service and educational organizations, overseas business travel and travel in Japan for overseas visitors. We are also enhancing our event planning and management related services.</p>	<p>Goods sales</p>  <p>Nittsu Shoji Co., Ltd., and other Group affiliates sell and lease products ranging from distribution equipment and vehicles to petroleum and LP gas, and also offer vehicle maintenance services, insurance sales and other services.</p>	<p>Other businesses</p>  <p>Nittsu Research Institute and Consulting, Inc., works in consulting; Nittsu Capital Co., Inc., handles financing; Nittsu Real Estate Co., Ltd., designs buildings and warehouses, and manages facilities; Careerroad, Inc., serves as a dispatch company for workers; many other affiliates, including Nittsu Driving School, provide a broad range of logistics-related services and products.</p>

Financial Details

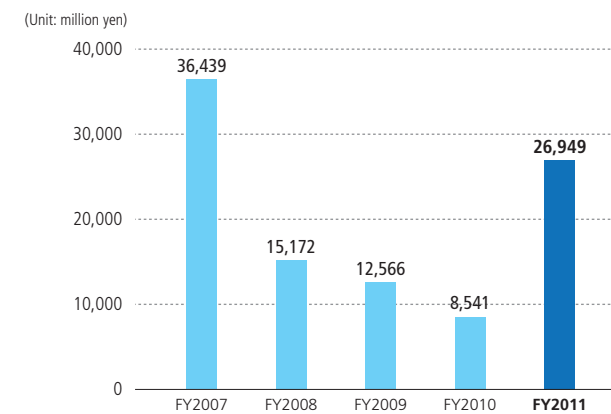
Revenues (Consolidated)



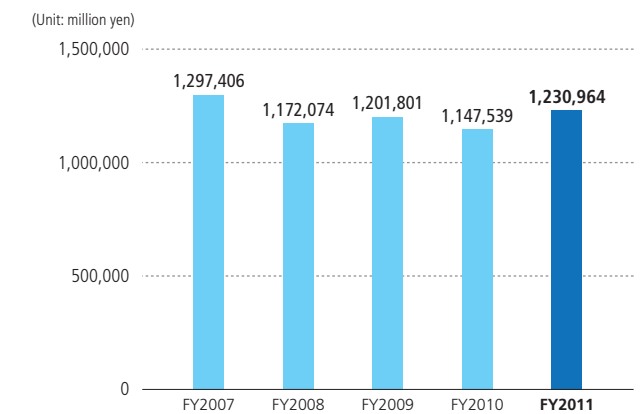
Operating income (Consolidated)



Current net income (Consolidated)

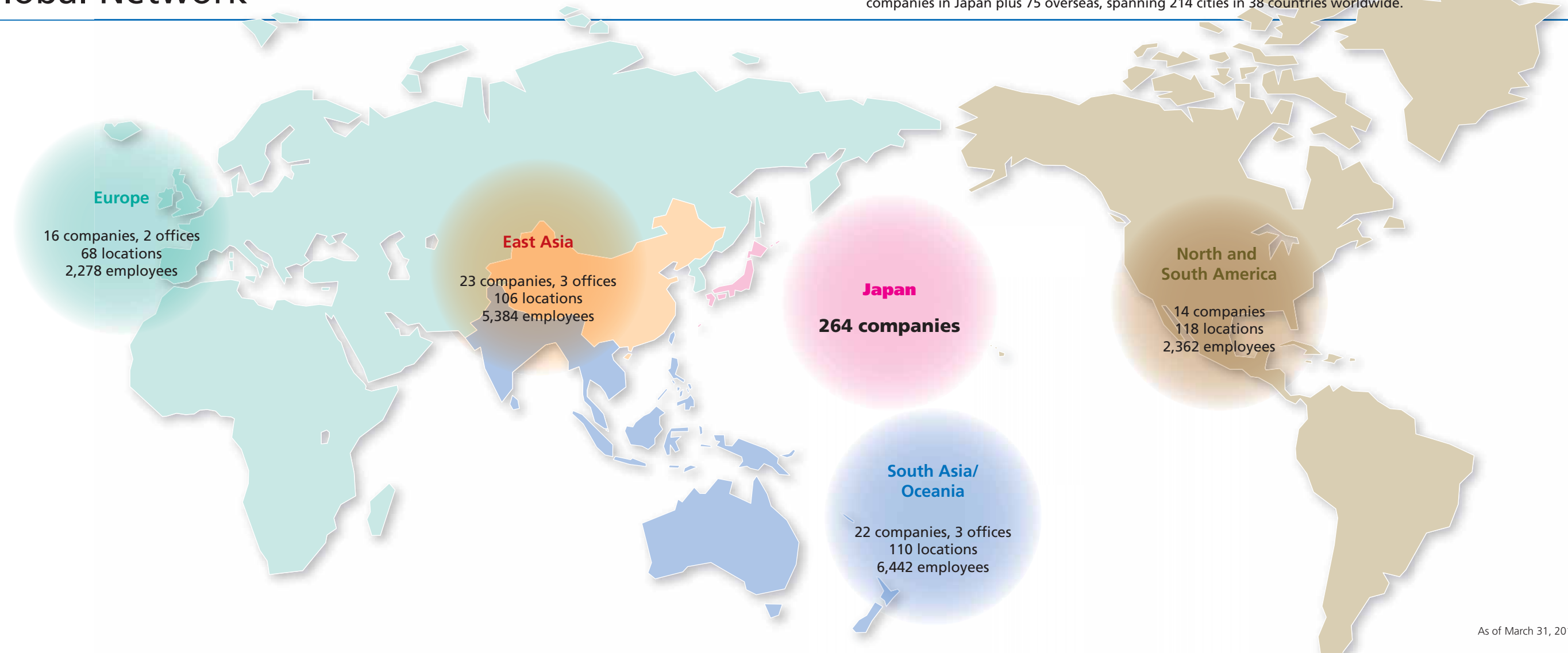


Total assets (Consolidated)



Global Network

The Nippon Express Group has one of the world's largest logistics networks, with 264 companies in Japan plus 75 overseas, spanning 214 cities in 38 countries worldwide.



As of March 31, 2012

Europe		East Asia		South Asia/Oceania		The Americas
Nippon Express Europe GmbH	Nippon Express (Istanbul) Global Logistics A.S.	Nippon Express (China) Co., Ltd.	Nippon Express (Shanghai) Co., Ltd.	Nippon Express (South Asia & Oceania) Pte., Ltd.	Nippon Express (Thailand) Co., Ltd.	Nippon Express U.S.A., Inc.
Nippon Express (Deutschland) GmbH	Nippon Express Co., Ltd., Moscow Representative Office	Nippon Express (H.K.) Co., Ltd.	Nippon Express Korea Co., Ltd.	Nippon Express (Singapore) Pte., Ltd.	Nippon Express Engineering (Thailand) Co., Ltd.	Nippon Express U.S.A. (Illinois), Inc.
Nippon Express (Russia) LLC	Nippon Express Co., Ltd., Johannesburg Representative Office	Nippon Express (Shenzhen) Co., Ltd.	Nippon Express (Taiwan) Co., Ltd.	Nippon Express (Singapore) Pte., Ltd., Dhaka Representative Office	TBSC Logistics Co., Ltd.	Nittsu New York, Inc.
NEX Logistics Europe GmbH		Nippon Express (Zhuhai) Co., Ltd.	Beacon International Express Corp.	Nippon Express (Singapore) Pte., Ltd.	PT. Nippon Express Indonesia	NEX Transport, Inc.
Nippon Express (U.K.) Ltd.		Nippon Express (Zhuhai F.T.Z.) Co., Ltd.	Nippon Express Co., Ltd., Seoul Representative Office	Phnom Penh Representative Office	PT. Nittsu Lemo Indonesia Logistik	Nippon Express Global Logistics, Inc.
Nippon Express (Ireland) Ltd.		Nippon Express (Guangzhou) Co., Ltd.	Nippon Express Co., Ltd., Pusan Representative Office	Nippon Express (Australia) Pty., Ltd.	Nippon Express (India) Pte., Ltd.	Nippon Express Travel USA, Inc.
Nippon Express (Nederland) B.V.		Nippon Express Cargo Service (Shenzhen) Co., Ltd.	Dalian Nittsu Container Manufacturing Co., Ltd.	Nippon Express (New Zealand) Ltd.	Nittsu Logistics (India) Private Limited	Associated Global Systems, Inc.
Nippon Express Euro Cargo B.V.		Nippon Express (Xiamen) Co., Ltd.	Nittsu Shoji (Wu Han) Co., Ltd.	NEX Logistics (Malaysia) Sdn, Bhd	Nippon Express (Vietnam) Co., Ltd.	Nippon Express Canada, Ltd.
Nippon Express (Belgium) N.V./S.A.		Nippon Express (Jiaxing) Co., Ltd.	Nittsu Shoji (Hong Kong) Co, Ltd.	Nippon Express (Malaysia) Sdn, Bhd.	Nippon Express Bangladesh Ltd.	Nippon Express do Brasil Ltda.
Nippon Express France, S.A.		Shanghai Nittsu Puling Logistics Co., Ltd.	Nittsu Shoji (Shanghai) Trading Co, Ltd.	Nittsu Transport Service (M) Sdn, Bhd.	Nittsu Shoji (Thailand) Co., Ltd.	Nittsu do Brasil Comercial, Ltda.
Nippon Express (Italia) S.R.L.		Nippon Express (Suzhou) Co., Ltd.	Japan Bingo Express Co., Ltd., Shanghai Representative Office	Nippon Express (Philippines) Co., Ltd.	PT. Nittsu Shoji Indonesia	Nippon Express de Mexico S.A. de C.V.
Nippon Express (Schweiz) AG		Shanghai e-Technology Co., Ltd.		NEP Logistics, Inc.	Nittsu Shoji Co., Ltd., Malaysia Representative Office	NEX Global Logistics de Mexico, S.A. de C.V.
Nippon Express de Espana, S.A.		Nittsu Sinotrans Logistic Dalian Ltd.		Hi-Tech Nittsu (Thailand) Co., Ltd.		Map Cargo S.A.S
Nippon Express Portugal S.A.				NEX Logistics (Thailand) Co., Ltd.		Nittsu Shoji U.S.A., Inc.
Nippon Express (Middle East) L.L.C.						

Nippon Express Group Initiatives in Overseas Regions

This section introduces initiatives and actions taken in the Nippon Express Group's four overseas regions: the Americas, Europe, East Asia, and South Asia & Oceania.

The Americas

Including Nippon Express U.S.A., Inc., which marks its 50th anniversary in 2012, there are 14 local subsidiaries located throughout the United States, Canada, Mexico, Brazil, and Colombia (added in 2012) in this region. Nippon Express has established an integrated forwarding system between the United States, Canada, and Mexico, the three founding nations of the North American Free Trade Agreement (NAFTA). In burgeoning Mexico and Brazil, Nippon Express is focusing on system upgrades to keep pace with the market penetration of Japanese-owned companies.

Initiative Case Study

Resource and energy conservation initiatives based on environmentally-friendly management targets

—Nippon Express U.S.A., Inc.

In June 2008 Nippon Express U.S.A., Inc. was certified as a "Smart Way Partner" by the United States Environmental Protection Agency and has since been maintaining the qualification.

In February 2010, when the Nippon Express U.S.A., Inc. Los Angeles Air Cargo Branch building was reconstructed, the new building was designed to feature low power consumption and CO₂ emissions. In line with the Environmental Manifest of Nippon Express U.S.A., Inc., the building is fitted with high-functionality glass, high-efficiency lighting and controls, and high-performance air-conditioning, and constructed with recycled materials and heat insulation materials that boast a high R-value. The new building has also been equipped with a solar power generation system that is expected to cover 10 percent of the branch's annual energy requirements.

In addition, the Chicago Logistics Centre East, a new building opened in 2011 as a part of the Chicago Logistics Centre, received LEED (Leadership in Energy and Environment Design) Silver Certification in November from the U.S. Green Building Council, a non-profit organization offering comprehensive evaluations of the environmental performance of buildings. Special recognition was given to the building's environmental contribution as a work of architecture that promotes environmentally-friendly facilities from building site selection to increased recycling of construction materials,

greater use of natural light through design innovations, improved water and electricity conservation based on advanced equipment, and priority parking for hybrid cars.

Realizing that the number of customers who prefer to conduct business with companies that display a clear awareness of environmental issues has been on the rise, the Nippon Express Group will continue to address issues of the global environment.



Chicago Logistics Center



LEED Silver Certification

East Asia

Nippon Express operates 23 local subsidiaries in a close-knit economic region that includes primarily China, together with Taiwan and South Korea. In May 2011, the overall management of the region was transferred to Shanghai from Hong Kong, and in November, Nippon Express Removals Service (Shanghai) Co, Ltd., the first domestic removal company outside Japan, was established in China. Responding to ever-growing market needs and utilizing diversified transportation modes and distribution networks in the region, Nippon Express continues to expand domestic as well as intra-regional logistics services.

Initiative Case Study

Visualizing and demonstrating logistics services sites: raising the Nippon Express Group's profile through quality transport

—Nippon Express (South China) Co., Ltd.—

—Nippon Express (Suzhou) Co, Ltd.—

In response to the expansion of domestic distribution services, 'visualizing and demonstrating' logistic service capabilities is being promoted in China. As a part of this initiative, the appearance and atmosphere of operation offices at Nippon Express South China and Nippon Express Suzhou are similar to those of showrooms.

For example, the locations of Nippon Express trucks are dually monitored by both display panels hung on office walls that reflect digitally managed information and, at the same time, on a trace board where the location information is updated based on reports from the truck drivers. Detailed transit information has become available by ascertaining the current location of cargo in real time and visualizing the status of deliveries.

Additionally, staff members are carrying out business quickly and efficiently in tidy office spaces with clear awareness of 'being watched' and of 'demonstrating company values'.

Transport infrastructure in China is not yet fully estab-

lished. The lack of a public system for sharing traffic information on, for example, accidents and traffic jams, often causes difficulties in confirming the latest status of transport and deliveries. The showroom-style offices provide a great opportunity for demonstrating the high quality service that the Nippon Express Group can offer.



Showroom-like Operation Office at Nippon Express (Suzhou)

Europe

The entire European Region* is served by Nippon Express' own network, which comprises 16 local affiliates located in 19 countries, including all major European nations the such as Germany, the Netherlands and the United Kingdom, as well as Central and Eastern European countries, the Russian Federation, and the United Arab Emirates. In 2010, a local affiliate was established in the Republic of Turkey, whose economy has been rapidly growing. Additionally, Nippon Express Europe GmbH, a regional headquarters company for the European Region, was established in 2012.

*The European Region includes Europe, Africa and the Middle East.

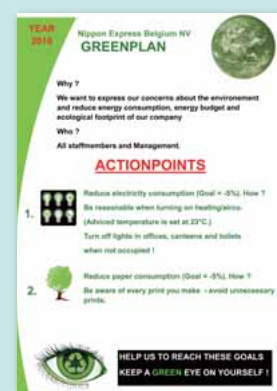
Initiative Case Study

Promoting energy conservation with the Green Plan; initiative furthering quality and safety

—Nippon Express (Belgium) N.V./S.A.

Nippon Express (Belgium) N.V./S.A. is continuously promoting energy conservation as part of the Green Plan, one of the components in the activity plan established by the Safety Committee, a group composed of corporate representatives and internal labor union representatives. Posters displayed in company buildings and other initiatives communicated issues of paper saving and electricity saving, such as upper temperature limits for heating during the winter season, and consequently (year on year) reductions of 22.7% and 5.9% were yielded in paper use and energy respectively in 2011, exceeding the original target of 5%. The volume of waste also decreased by 48% (year on year) through the promotion of recycling packing material. Further initiatives will take place in order to support these current practices.

Nippon Express Belgium also supports the Nippon Express Group Corporate Philosophy, targeting 100% customer satisfaction through a Quality Policy awareness campaign. In addition, initiatives to bolster regular education of employees on safety and health issues are underway, and these include operational safety courses for drivers and warehouse workers as well as first aid seminars.



Green Plan



Quality Policy

South Asia/Oceania

In 2012 Nippon Express (South Asia & Oceania) Pte., Ltd., a regional headquarters company, was established in Singapore, under which Nippon Express has placed 22 local subsidiaries in India, Australia, and 6 member states of the Association of Southeast Asian Nations (ASEAN), including Malaysia, the Philippines and Thailand. In September 2011, a representative office was opened in Cambodia, followed by the establishment of Nippon Express Bangladesh Ltd. Other initiatives are also underway, for example, developing cross-border logistics routes a throughout the region, and building distribution systems to meet domestic demand in India, the region's economic powerhouse.

Initiative Case Study

Locally-based programs: drivers' courses and educational trips

—Nippon Express (India) Pte., Ltd.—

—Nippon Express (Vietnam) Co., Ltd.—

The Nippon Express (India) Pte., Ltd. Chennai Branch aims to reinforce the truck business based on the milk run distribution approach adopted by the auto industry.

In May 2011, a driving course was held targeting drivers at partner companies. Inviting additional lecturers from truck manufacturers, the course was attended by more than 70 drivers. Despite an increase in the number of automobiles, education on good driving manners has not been adequately provided in India, and frequent traffic accidents are a serious social concern. The purpose of this driving course is to raise awareness toward safety and the concept of 'eco-driving' through lectures on traffic rules and energy-saving driving for fuel efficiency.

In Vietnam, the recently inaugurated Song Than Logistics Centre hosted an educational trip for students studying at the Japanese supplementary school in Ho Chi Minh. The students were actively raising questions and showing great interest in warehouse facilities, such as forklifts and containers which they had never seen before. The trip ended with great success. The Nippon Express Group continues to value its relationship with

local communities and the children who will lead the next generation, and engages in various activities aimed at earning the public's trust.



Driving course for drivers from partner companies in India

Striving to realize sustainable logistics: Logistics for delivering our future

To be an integral part of society

— Response to the Great East Japan Earthquake —

Emergency transportation as “Designated Public Institution”

Nippon Express Co., Ltd., set up a Disaster Response Headquarters immediately after the earthquake as the sole ‘designated public institution’ among motor truck transportation business operators under the Disaster Countermeasure Basic Act. Operating on a round-the-clock basis, the organization was capable of promptly responding to requests from the Cabinet Office, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), and the Japan Trucking Association (JTA).



A truck on the Tohoku Expressway

Employing every available measure for supporting transportation to the stricken area

The total number of trucks deployed for emergency transportation from March 11th to April 30th, 2011 was 6,800, a scale of emergency transportation the Nippon Express Group had never previously experienced.

In addition to truck transportation, systems were organized expeditiously in order to fully deploy land, sea, and air transportation modes in responding to a constellation of requests. From March 23rd, we started container transportation service to the

Tohoku region on behalf of the Japan Freight Railway Company, due to damage to railway tracks to the Tohoku region, by utilizing trailers and domestic vessels. On March 29th, *Himawari 1*, a Nippon Express Group cargo liner, called at Sendai Port and loaded relief supplies for supporting the restoration of operations at the seriously affected port of Shioyama.



A vehicle loaded with medical products



Loading rescue relief materials into a Self-Defence Force vehicle



Loading truck aboard *Himawari 1*



Air-freighted specialized vehicle from overseas

Issues becoming apparent

Throughout our relief operation, there were various challenges to face, such as fuel shortages that arose shortly after the earthquake and conflicting information about the distribution of emergency relief supplies.

Based on this experience, Nippon Express Co., Ltd., has started preparations for large-scale disasters in future, including reviewing its fuel security system and collaborating with the public sector for establishing/designing logistics structures for emergencies.

From the time of its establishment, the mission of the Nippon Express Group has been to connect people, companies, and communities through transporting goods and to support the development of society. In order to sustain this abiding commitment, we have identified changes in society and evolved into what we are today. In this report, we present some of the Nippon Express Group’s activities for realizing a sustainable society, including responses to new social issues triggered by the Great East Japan Earthquake, development of products and services accommodating economic globalization, and activities for conservation of the global environment.

Continuous assistance for rehabilitation and reconstruction

As progress was made in rehabilitation and reconstruction, the nature of activities offered by our company also changed from emergency evacuation assistance to continuous life support assistance.

In March 2011, we provided transportation for the collective relocation of residents from Futabamachi, Fukushima Prefecture who had taken refuge at the Saitama Super Arena. In April, we drained water with pump vehicles in the coastal areas where floodgates had been destroyed. Later, we were also engaged in removing floating cranes stranded at Miyako Port in Iwate Prefecture, transporting power plant equipment lent from the government of Thailand, and transporting manufacturing equipment to and from the factories affected.

From December 2011, responding to requests from local governments in the affected area, we transported about 2300 tons of rubble (disaster waste) to disposing facilities in areas willing to receive the rubble.(as of March 2012)

Employees from various regions were dispatched to support operations at affected Nippon Express offices. Voluntary activities

by employees have been increasingly widespread, such as “Tohoku Reconstruction Support Volunteer Activities” launched by employees and their family members in the Kanto area.



Distribution of “Gambaro Tohoku, Gambaro Nippon” stickers and emblems to all the employees



Draining water in the areas where floodgates had been damaged



Electric power generating equipment transported from Thailand



Removing a stranded crane barge



Loading up rubble in containers

Initial response to the Great East Japan Earthquake

Mar 11th	14:46 Earthquake	
	15:30 Set up Disaster Response Headquarters Initiated BCP (Business Continuity Plan)	
	19:00 Declaration of Nuclear Emergency Situation (Fukushima No.1 nuclear power plant)	
	23:30 Started relief supply transportation (around-the-clock operation)	
Mar 12th	Started relief supply transportation for employees	
Mar 14th	Tokyo Electric Power Company started planned blackout Release of employees from work duties. Training Center facilities offered for accommodation of employees having difficulty in returning home	
Mar 21st	Dispatch of staff from Head Office to Sendai for disaster recovery assistance	
Mar 23rd	Started container transportation service on behalf of JR Tohoku Main Line rail service.	
Apr 26th	Drafted operational guidelines and manuals for work in the	
		restricted area around Fukushima No.1 nuclear plant
Apr 27th	Started radiation dosimetry of export air cargos as an agent at Nippon Express Narita Airport Office (sequentially executed in other airports such as Haneda, Kansai, and Chubu).	
May 16th	Resumed operation at offices, temporarily closed under an evacuation order due to Fukushima No.1 nuclear power plant accident	
Jul 1st	Implemented power saving measures at all offices based on “Summertime Power Saving Plan”.	
Sep 1st	Resumed operation of a distribution centre at Sendai Airport Office (after the earthquake, operations temporarily shifted to Sendai Oroshimachi)	
Sep 30th	Emergency Evacuation Preparation Zone within 20 to 30 km radius of the Fukushima No.1 nuclear power station abolish. Closure of the Disaster Response Headquarters, while continuing rehabilitation and reconstruction efforts under normal operation systems	

Contribution to Society through Global Logistics

Supporting Growth in Asia through Logistics Service

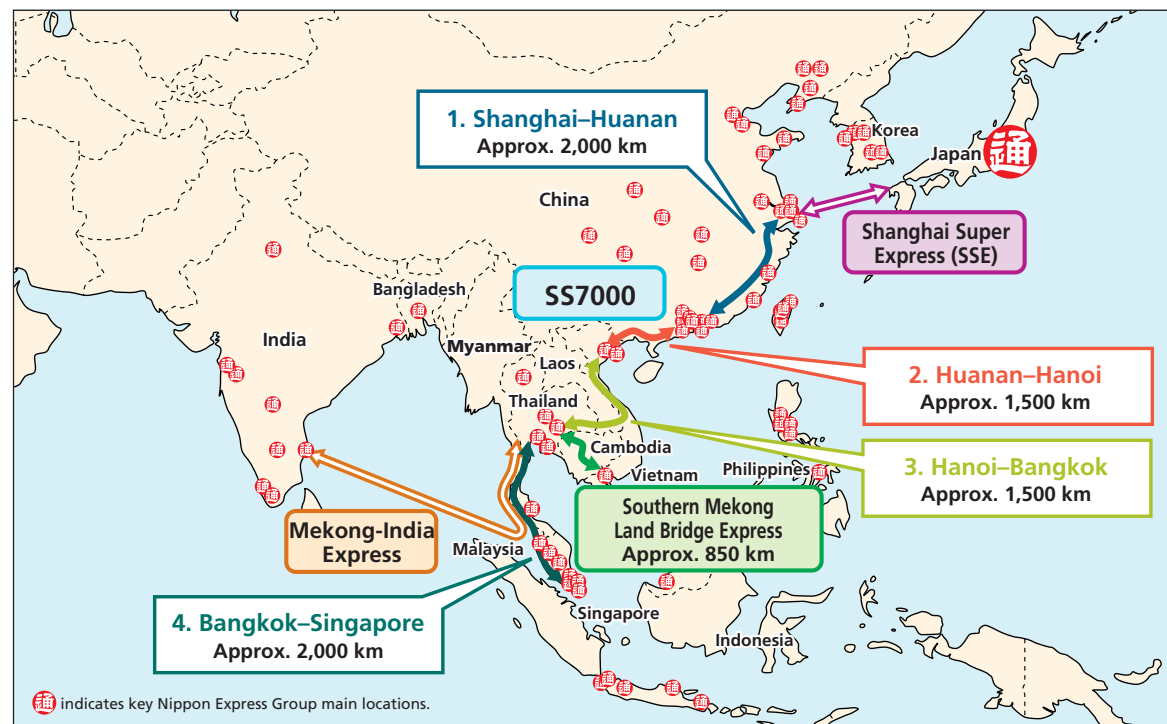
Assisting in establishment of cross-border supply chains

For the Asian region, which has become the world's manufacturing hub and a massive market, the establishment of supply chains within the region is vital to achieving further economic growth. In addition, as regional trade has been boosted by the FTAs between China and ASEAN countries, there is an urgent need to establish transport routes.

The Nippon Express Group has established a number of

operation locations in Asia, including China and India, while creating new modes of transportation and developing its network. We support growth and expansion in Asia through logistics with the implementation of optimal supply chains, flexibly integrating both regional characteristics and varying customer needs, while maintaining the Nippon Express Group's quality standards.

*FTA: Free trade agreement



Shanghai Super Express (SSE)

The Nippon Express Group operates a regular marine shuttle, the Shanghai Super Express (SSE), twice weekly between Hakata and Shanghai. Running at 20 knots, the high-speed transport vessel takes just 28 hours to reach its destination.

The RORO (Roll-On/ Roll-Off) vessel feature, which allows wheeled cargo to directly roll on and roll off without using a large crane, facilitates highly efficient cargo handling that can unload or load a ship within three hours.

All domestic transport access points, including airports, railways, highways, and domestic marine vessels, are located within a 30-minute radius of Hakata Port. The SSE links Japan's economic centres to Shanghai, Huanan and other regions in China with lead times as short as those of air transport.

Mekong-India Express

The Mekong-India Express was launched to meet the increasing logistics demand generated by the AIFTA,* providing an overland and marine intermodal transport service linking Bangkok, Thailand and Chennai, India.

The aforementioned SS7000 is used to transport goods overland from Bangkok to the Port Kelang (Malaysia) midpoint, where cargo is shifted to marine transport for the Port Kelang-Chennai leg. The conventional 17-day marine transport drops to 11 days, shaving off a full week in lead time to yield logistics support for our customers via the essential economic pipeline known as the Mekong-India Industrial Corridor.

*AIFTA: ASEAN-India Free Trade Agreement

SS7000

The SS7000 covers the approximately 7,000-kilometre overland route connecting Shanghai and Singapore. The route comprises four main trunks: (1) Shanghai-Huanan route (approx. 2,000 kilometres), (2) Huanan-Hanoi route (approx. 1,500 kilometres), (3) Hanoi-Bangkok route (approx. 1,500 kilometres) and (4) Bangkok-Singapore route (approx. 2,000 kilometres). Compared to conventional marine transport, this configuration has greatly reduced lead time. Marine transport between Hanoi and Bangkok, for example, normally takes 15 days, whereas the SS7000 reduces the time to four days.

Southern Mekong Land Bridge Express

Rich natural resources and an abundant labour force in the southern part of Indochina have attracted many manufacturing industries, and an increasing number of companies are launching business in Cambodia. Accordingly, demands for transporting parts and finished products between neighbouring countries such as Thailand or Vietnam and Cambodia are growing.

We will responding to the rapidly growing needs with door-to-door ground transportation service by linking Bangkok (Thailand), Phnom Penh (Cambodia) and Ho Chi Minh City (Vietnam), leveraging the Southern Economic Corridor extending 850km east to west in the southern part of Indochina.

Safe and Eco-drive Training at Nippon Express (South China) Co., Ltd.

In order to implement eco-friendly logistic services in Asia as well, we provided training for improving safe & eco-friendly driving techniques and enhancing knowledge of environmental conservation to staff in China.

In November 2011, basic training in safe and eco-friendly driving and vehicle inspection were conducted at the Izu Training Centre (Shizuoka Prefecture) for Nippon Express South China staff. In December, 117 Chinese drivers received training at Nippon Express South China (Nansha) from Japanese. The purpose of the training is to provide good understanding of safety and environmental issues. The program consists of classroom lectures as well as practice of each step included in the work process, such as inspection and operation of vehicles, correct driving posture, brake control, and on-site instruction. The instructors demonstrated good practices, which facilitated trainees in understanding correct driving skills and the basic procedures for vehicle inspection, appropriate to traffic rules in China. In the on-site training, the instructors also provided objective assessments to the trainees based on the number of warnings issued by digital driving recorder.

Nippon Express South China will conduct safe and eco-friendly driving training locally, with occasional support from Japan, and widely disseminate the ideas of safe and eco-friendly driving among drivers.



Prior to inspection



On-the-road instruction

"Choose Nittsu for Removals" Campaign In China

Nippon Express Removals Service (Shanghai) Co., Ltd., was established in October 2011, and launched operations from November.

Despite the fast growing economy, moving services in China had been limited mostly to the transportation of furniture and household goods from point to point, and there was no expert company capable of providing comprehensive service, including preliminary inspection, quotation, packing and unpacking and installation. Given customers are increasingly demanding more diversified and higher quality services, we decided to launch the company in Shanghai in order to leverage our rich experience and know-how gained in Japan. The service is provided by staff trained in Japan, with the same moving materials used in Japan. Business performance has been steadily improving based on appreciation by customers.

In order to meet the demands of the highly promising market for domestic moving in China, we will develop services optimized for the Shanghai market, with a future vision of deploying them in all major cities in China.



All staff strive to persuade customers to "Choose Nittsu for Removals"

Environmental Initiatives

Leaving the environment in better shape for the next generation is a big challenge in today's world. While achieving social development, human beings have created environmental burdens, including CO₂ emissions.

As a professional logistics group, we will contribute to society by delivering goods to people around the world, while striving to achieve more energy-efficient "Earth-friendly logistics."

Environmental Charter

In April 2012, the Nippon Express Environmental Charter was revised to become the Nippon Express Group Environmental Charter, positioning it as a set of policies with which all companies within the group should comply. Nippon Express Group as a whole fulfils its responsibility for the global environment.


Established: May 10, 2001
Revised: April 1, 2010

Nippon Express Environmental Charter

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

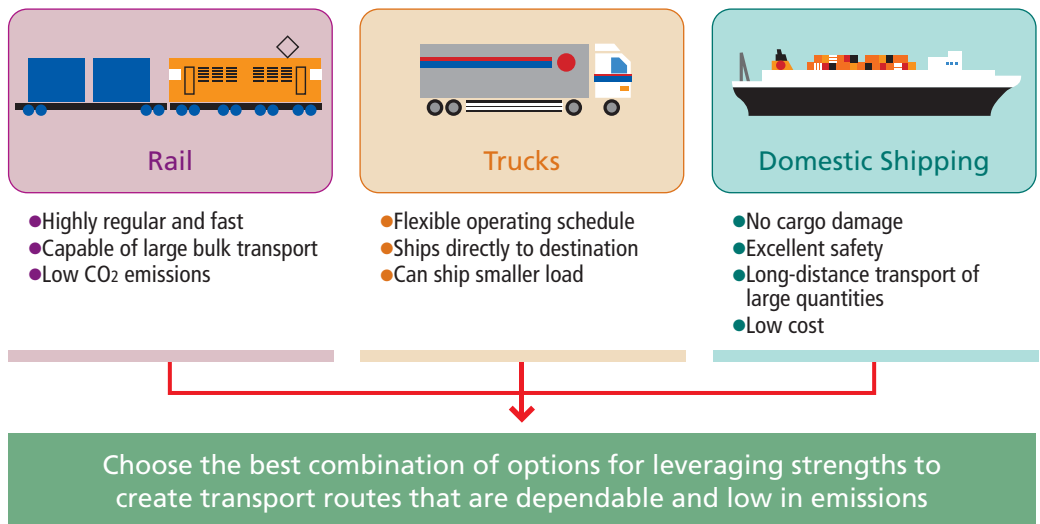
Code of Conduct
Recognizing that preservation of the Earth's environment is a challenge facing all mankind as well as an indispensable requirement for our company's existence and activities, we shall independently and proactively strive to fight global warming, preserve biodiversity and construct a recycling-based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

- 1. We will promote green logistics.**
 - We will decrease our burden on the environment through the curtailment of harmful greenhouse gases by practising environmentally-friendly logistics.
 - We will work to develop environmentally-friendly logistics products, services and packaging.
- 2. We will work to more efficiently use natural resources and energy.**
 - We will work to construct a recycling-based society by promoting the 3Rs and the conservation of energy and resources.
 - We will expand our use of renewable energies.
 - We will support our customers' efforts toward building a recycling-based society.
- 3. We will adhere to environmental laws and ordinances.**
 - We will comply fully with the Act on the Rational Use of Energy, municipal ordinances and all other environmental laws.
- 4. We will train environmental personnel.**
 - We will develop personnel with environment-oriented mindsets who will practice strategic environmental management.
 - We will cultivate environmental personnel through environmental education and preservation initiatives.
- 5. We will promote an environmental social action programme.**
 - We will work to contribute to society in the areas of environmental preservation and environmental education of future generations.
- 6. We will report information about our environmental initiatives to society.**
 - We will work to communicate with society and proactively submit information concerning environmental initiatives.
- 7. We will continually improve upon our environmental management system.**
 - We will create a company-wide environmental management system and enhance its functions.
 - We will continually improve upon our efforts toward the environment and strive for successful environmental management.

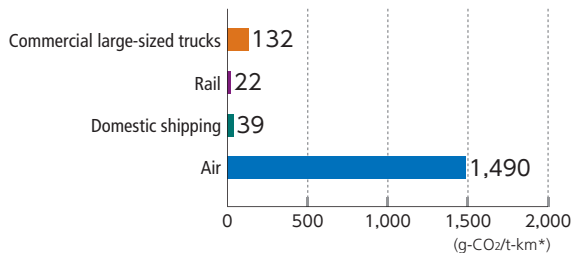
 **NIPPON EXPRESS**

Modal Shift

A modal shift in freight transport means switching from transporting mostly by trucks to transport utilizing railways and ships. By aligning ourselves with the intent of the Green Logistics Partnership Conference, the Nippon Express Group has promoted collaboration and cooperation between shipping companies and freight companies, and successfully implemented numerous modal shift initiatives in 2011, switching from truck-centred transportation to greater use of railways and ships. The Nippon Express Group is also expanding modal shift activities overseas as well as in Japan.



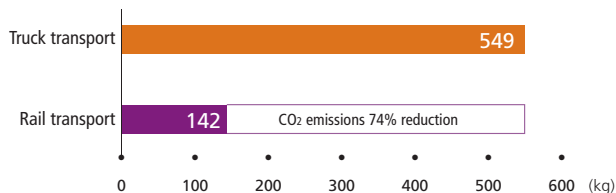
CO₂ Emission Intensity by Transport Mode



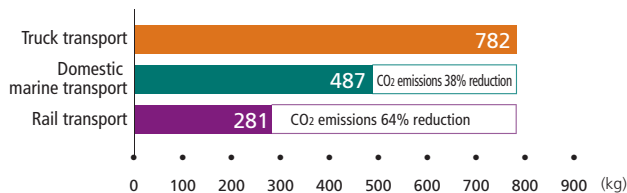
Source: Ministry of Economy, Trade and Industry Notification No. 66 (March 29, 2006), "Method of Calculating the Energy Usage Involved in the Transport of Cargo by Freight Haulers"
 *When loading ratio of 11-ton trucks is unavailable

Comparison of CO₂ Emission Reductions Due to Modal Shift (calculated using the Revised T-km Method* in the case of transporting a 10-ton cargo)

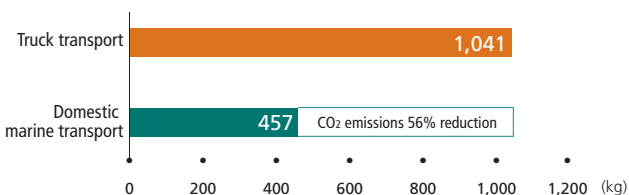
●Tokyo–Osaka



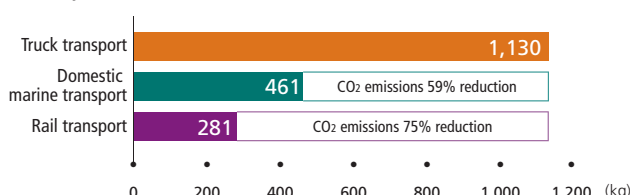
●Tokyo–Sapporo



●Tokyo–Kushiro



●Tokyo–Fukuoka



*Revised T-km Method: Calculation method described in the amended Act on the Rational Use of Energy (Energy Saving Act), which was revised in April 2006. This method computes the amount of energy used for a shipment based on the ton-kilometre value calculated with the actual cargo weight and transport distance.

Modal Shift to Rail Transport

Railways can transport large quantities of freight not only economically with good regularity and safety, but also with low CO₂ emissions per unit of distance and weight compared with those of trucks, which is another significant feature.

From the perspective of environmental conservation, Nippon Express is actively promoting a truck-to-rail modal shift, and, thereby improving transport services with heightened efficiency of operations, minimise energy use and thus decreased environmental burden.

Aiming at facilitating the smooth shift by using containers that suit the amount and type of cargo and other factors, we seek to offer services that are attractive to greater numbers of customers.

In particular, in addition to a general purpose 12-ft (5 t) container, use of a large 31-ft container that enables freight to be transported by train without changing lot or type of packing and a small 6-ft (2 ton) container that is suitable for small-lot delivery are promoted, along with systematic increase and replacement of those general purpose containers.

Additionally, there are some initiatives underway, such as the expansion of rail freight transportation by actively incorporating

'trial freight' offered by All Japan Freight Forwarders Association as one of the measures to promote the modal shift and the leveraging of support systems provided by the national and local governments.

As an outcome of these initiatives, the Super Green Shuttle, a train specially equipped to handle 31-ft containers operating between Tokyo and Osaka, was awarded the Minister's Prize as a model project by the Green Logistics Partnership Conference.

In fiscal year 2008, the TOYOTA LONG PASS EXPRESS, a dedicated train for auto parts transport jointly developed by Toyota Motor Corporation, Toyota Transportation Co., Ltd, Japan Freight Railway Company, and Nippon Express, was awarded the 9th Logistics Environment Award from the Japan Federation of Freight Industries.

In the fiscal year 2011, many initiatives for the modal shift took place. For example, cases of Mitsubishi Fuso Truck and Bus Corporation, Honda Logistics Inc., Panasonic Storage Battery Co., Ltd., Yakushima Denko Co., Ltd., and Nippon Transport Corporation were adapted to the Modal Shift Project lead by the Ministry of Land, Infrastructure, Transport and Tourism.

Manager's Report

Case at Tsukishima Foods Industry Co., Ltd.



Masakazu Nakamura

Manager
Tokyo Container Branch Container Centre
Nippon Express Col, Ltd.

In 2003 Tsukishima Food Industry Co., Ltd. opened a new logistics centre in Kobe, which was designed to be a hub for the all delivery in the Chukyo area and areas west of the Chukyo area, under the logistics reform initiatives of the company. At the same time, conventional transportation systems including the 5t-container shipping from Tokyo Logistics Centre were replaced with the mass transportation system utilizing the constant temperature trailer trucks.

Historically the company is highly environmentally conscious and actively engaged in various environmental conservation activities. Such a corporate background drives them to initiate a further review of train transport services, including assessing the feasibility of adopting large container transport between Tokyo and Kobe. Since we found such initiatives taking place, we proposed that the company utilise our 31-ft cool container transport service.

Besides this proposal, we called for a partner company to jointly realise round-trip transportation by participating in the Green Logistics Partnership. However, it was not easy to find the partner, because in those days the

concept of environmental management was just about to become popular.

Later through, thanks to continuous efforts by the persons responsible for the modal shift initiative, the first partner company was found to achieve the modal shift with the 31-ft cool containers on the route between Tokyo and Sapporo. Nevertheless, the primary goal of achieving the modal shift between Tokyo and Kobe remained unattained.

Even after that, the company continued to reinforce environmental initiatives through activities like obtaining the ISO14000 certificate, to which we responded with another proposal based on the concept of the newly developed 31-ft Super UR Container service. Comments from the company to the proposal were positive, and, after testing the proposed service during the summer season and examining its results, the company stated in would consider the timing of full-scale operation.

The plan was carried out without change, in spite of the Great East Japan Earthquake. Selecting hot summer days, the service was tested four times to verify whether the functionality of the container satisfies the conditions required for food transportation. In October 2011 full operation of the 31-ft Super UR Container was launched, and accordingly the objective of realizing the modal shift in transportation between Kobe and Tokyo was finally achieved.

Regarding the search for a partner company who could also utilise the return trip transport between Tokyo and Kobe, we were able to introduce a confectionary company that has made the round trip transportation available, currently once or twice a week.

Aiming at a more complete joint transport operation, we will seek new companies who can leverage the return-trip route from Kobe, and further develop the joint transport scheme with the enriched service.



Modal Shift to Domestic Marine Transport

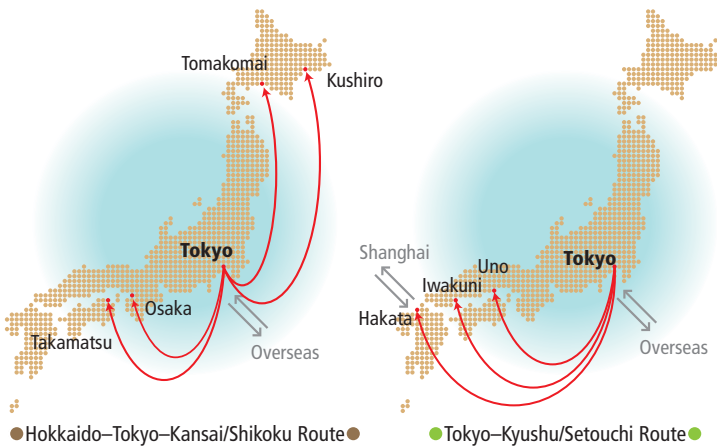
In 1964, the Nippon Express Group initiated combined land-sea services with Japan's first container vessel, the *Dai-ichi* (No.1) *Tennichi Maru*, between Tokyo and Muroan, followed by the *Dai-ni* (No.2) *Tennichi Maru* between Osaka and Muroan. In 2003, Nippon Express and MOL Ferry Co., Ltd. launched a joint service between Tokyo and Hakata. At present, Nippon Express connects points nationwide with 7 cutting-edge large ships, including 2 regular routes and some vessels operated jointly with MOL Ferry.

In domestic marine transport, Nippon Express is implementing various low fuel consumption initiatives to reduce CO₂ emissions. In particular, we outfitted our high-speed RORO vessels, * *Himawari 5* and 6, which were phased into operation for coastal service between Tokyo and Kyushu and Setouchi routes, with auto-controlled engines that match fuel injection with vessel speed. The vessels employ a narrow shape to create less water resistance. In addition, we increased the propulsion power of the newest propellers and put movable blades on the hulls to prevent rolling, making for smoother voyages.

On every voyage in each of our sea routes, the Nippon Express Group takes various data such as freight weight, transport distance and fuel consumption to constantly research and analyse, ultimately realizing energy saving navigation. We also check sea current speed and direction for each season to select the most energy-efficient sea routes.

In addition to its environmentally-friendly aspects, Nippon Express's domestic marine transport provides reliable delivery times by running vessels regularly and assures cargo safety through door-to-door intermodal transport. While we create information systems that make full use of the latest information technology and engage in other efforts to enable us to accommodate increasingly diverse and sophisticated customer needs, we are actively switching from truck to coastal marine transport.

Nippon Express and three other companies launched a collaborative service between Hakata and Shanghai called "Shanghai Super Express." The result is a high-speed marine transport service between Shanghai and Kanto/Hokkaido with Hakata Port as a transit point.



Himawari 5

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

Manager's Report

Case at Tokyo Electron BP Ltd.



Nobuyuki Yamazaki
Assistant Manager
Hakata Port Branch
Nippon Express Co., Ltd

Tokyo Electron Ltd. manufactures and distributes semiconductor production equipment and FPD manufacturing equipment, and exports the products all over the world. For transporting products for export from its Koshi factory, one of the company's manufacturing sites located in Koshi city, Kumamoto prefecture, to Narita airport, the company had relied on using trucks on land. Upholding promotion of the modal shift as one of its environmental practices, Tokyo Electron approached us about making a modal shift, in response to which we proposed that they utilise domestic marine transportation between Hakata to Tokyo.

Use of the domestic marine transportation enables reduction of both CO₂ emissions and cost through mass transportation, which the company found very attractive. We also explained other advantages such as relatively fewer shocks and vibrations received by the products during transportation,

and precise regularity of domestic vessel operations, which cleared a concern about strict delivery timeline requirements and time to manage custom clearance for export products. Finally Tokyo Electron Ltd. decided to adopt our trailer-based marine transport service from October 2011.

In October, when the new service was launched, we were onsite to attend the loading process at Kumamoto and Narita to ensure that loading and lashing methods inside the trailers and shock-absorbing materials were appropriately selected. At the same time, the levels of shocks and vibrations impact to the products during the transportation were observed, and the results of this observation successfully demonstrated that the shock level was lower than that of land transport. All the initial tasks were completed smoothly, without hindrance.

Currently Tokyo Electron utilises the marine transport service alongside its conventional truck service. We believe that more frequent use of our marine transport services will facilitate further advancement of the modal shift at the company.



Transport System Improvements

Improving our transport system is another way in which the Nippon Express Group is pushing forward our initiatives to reduce the impact on environment.

Joint Products Delivery Initiative by Epson Sales Japan Corp. and Canon Marketing Japan Inc.

Canon Business Support Inc., a company responsible for operating products distribution of Epson Sales Japan Corp. and Canon Marketing Japan Inc., was planning to address environmental issues further in the area of logistics services, as a part of their overall initiatives for promoting environmental management. Defining reduction of CO₂ emission as a major target, the company was discussing the potential of a joint delivery scheme.

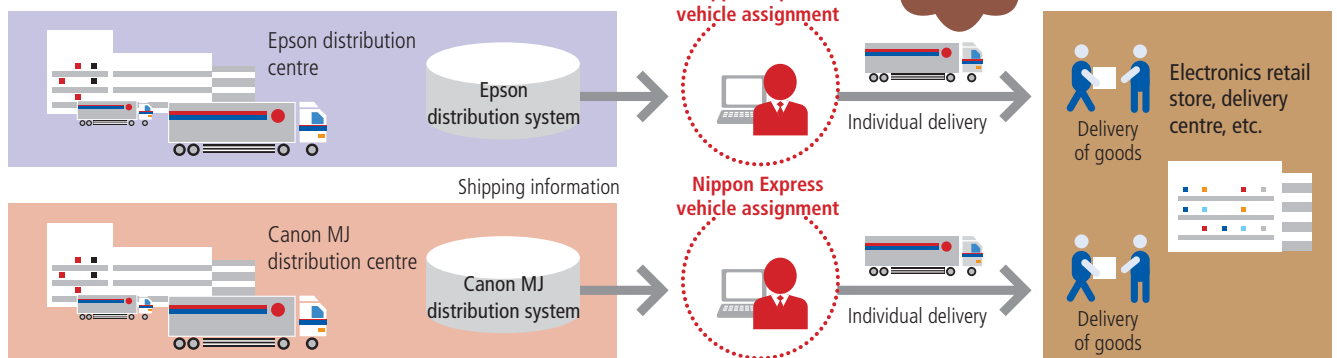
Recognizing that there were some routes on which vehicles of both companies were delivering to the same sites but loading efficiencies were low, we made a proposal to Canon Business

Support to jointly utilise the vehicles to reduce the number of vehicles required in the operation.

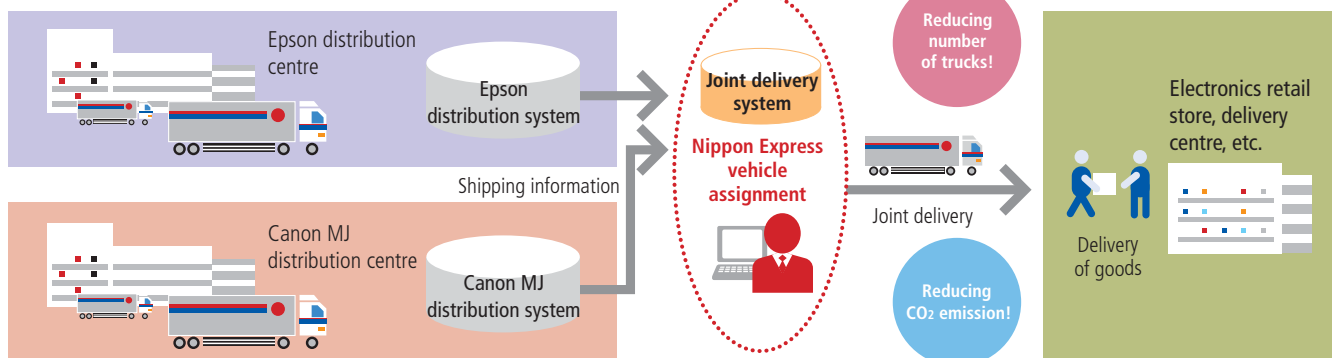
As a result, the two companies recognised and acknowledged the effectiveness of efficiency improvement in both loading rates and delivery for reduction of CO₂ emission, namely reductions in the numbers of vehicles used, and they agreed with the idea that delivery by the same vehicle and by the same driver improves quality and creates consistency in the delivery service. Thereby, the joint delivery materialised between the two companies.

● Joint Delivery Schemes – Joint delivery to distribution centres of large electronics retail stores

1. Previous schemes



2. Joint delivery schemes



[Reducing CO₂ Emission]

Transportation-related CO₂ reduction: - 426.4t
Average reduction rate: 25.1%

[Reusable Packaging Container]

Reusable plastic containers of the same design were adopted in both companies for collecting small consumables like ink cartridges in the joint delivery scheme. Colour classification was also introduced to avoid error in discharge/delivery.



This initiative was recognised with the Special Logistics Environmental Award by the Japan Federation of Freight Industries, presenter of the 12th Logistics Environment Awards.

Industrial Waste Collection and Transport for Recycling

The Nippon Express Group collects and transports industrial waste as part of its comprehensive logistics business. Approved by all authorized local governments as a provider of collection and delivery services*, we also manage waste collection logistics to meet the high demand for recycling and reuse. Utilizing a combination of rail and ship transport to provide a wide range of consolidated transport, including waste collection from manufacturing through post-consumption—the Nippon Express Group has a composite strength unrivalled by other companies, and offers its customers the benefits of a safe and dependable service cultivated over many years in the logistics business.

We are actively working to implement such business initiatives, which we have collectively named "Eco-business," in an effort to contribute to a recycling-based society.

*Approval not yet obtained for certain items

Initiative on Industrial Waste Collection and Transport

In terms of industrial waste, we collect and transport waste products throughout the entire process—collecting from the company discharging industrial waste, conveying the load to an intermediate treatment facility and carrying it on to the final disposal plant.

For example, we use rail containers for the collection and transport of discarded fluorescent tubes (collected by municipalities) to treatment plants. Effluent and sludge is collected and transported from factories to incineration facilities using rail containers; a safe and dependable method minimizes CO₂ emissions and environmental impact. Open-top containers are used for effluent and sludge to meet specific material requirements.

Contributing to a Recycling-based Society

In addition to the recovery of products that are required by law to be recycled, under the Law for the Promotion of Effective Utilization of Resources, we are also supporting manufacturers who are proactively engaged in recycling initiatives.

As a household appliance recycling service initiative, Nippon Express operates a designated collection point for manufacturers observing the Law for the Recycling of Specified Kinds of Home Appliances (Home Appliance Recycling Law), including the collection and transport of appliances to the recycling plant. Similar transport activities target automobiles, construction debris, containers and packaging, as well as confidential business documents, which receive dissolution treatment at processing plants for recycling into raw materials.

One of our newest initiatives is the development of a resource recycling system that focuses on the reclamation of food waste.

PCB Waste Transportation

The manufacture and use of PCBs, which were used mainly as insulation in transformers in the 1950s and 1960s, was prohibited in 1972 owing to their strong hazardous properties, after which safekeeping of PCB oil and electrical equipment containing PCB oil was strictly enforced.

Under the Law Concerning Special Measures Against PCB Waste, put into effect in 2001, all PCBs in Japan must be disposed of by 2016. With 100% financial backing of the government, treatment companies have been systematically disposing of PCB waste since December 2004.

Nippon Express carries out safe and dependable operations with particular care being taken during the collection and transport of PCBs to treatment facilities and the transfer to storage facilities.



Vehicle for collecting and delivering open-top containers



Manufacturers' designated collection point under the Home Appliance Recycling Law



PCB delivery vehicle (tank lorry)

Initiatives to introduce various low-pollution vehicles and enhance fuel economy

Nippon Express is making vigorous efforts to reduce emissions of CO₂, NO_x (nitrogen oxide) and PM (particulate matter), as well as putting environmentally-friendly vehicles and other technologies into service to improve fuel efficiency.

Environmentally-friendly (Low-emission) Vehicles

In addition to complying with law and regulations, Nippon Express went a step beyond and actively introduced environmentally-friendly vehicles including specially developed new models.

In April 2005, we reviewed the definition of “clean energy vehicle” that we had been adopting until then and revised our policy, shifting the emphasis to decreasing emissions from our large vehicles and revising the name to “environmentally friendly vehicles.” Since then, we have increased the number of CNG, hybrid and LPG trucks, while focusing on the addition of low-emission diesel trucks that conform to the new long-term regulations for large-sized vehicles throughout Japan, growing our fleet to a total of 5,638 vehicles as of March 31, 2012.

Number of environmentally-friendly Vehicles in Fleet (as of March end, 2012)

Vehicle type	Number		
	Total	Nippon Express non-consolidated	Affiliate companies
Electric vehicles	11	11	0
CNG vehicles (compressed natural gas)	371	311	60
Hybrid vehicles	718	637	81
LPG vehicles	515	459	56
New long-term regulation vehicles	4,023	2,971	1,052
Total	5,638	4,389	1,249

*Includes passenger cars for business use.

*Includes only related distribution companies managed by affiliates.

*The range of vehicles included in these numbers has varied each fiscal year. As of January 2010, we standardized the scope (for example, excluding ultra-low PM vehicles), compiling and reviewing past data as well. In addition, as previous data lacked continuity due to numerous vehicle transfers from changes in business organization, etc., the chart only shows the current fiscal year.

Environmentally-friendly Vehicles



Compressed Natural Gas (CNG) Trucks

Fuel for these trucks is the same natural gas used by urban households, compressed under high pressure. CO₂ emissions are 20 to 30% lower than petrol, NO_x emissions are much lower than diesel and there is no PM exhaust.

However, further problems that need to be solved include making fuel tanks smaller and lighter and enhancing fuelling stations.



Hybrids

Hybrids use a combination of motive force, including ordinary engines and electric motors. Energy created by the engine and braking is converted to electricity and stored, then used as supplemental driving power when starting, accelerating and climbing.



Bi-fuel CNG Trucks

Used mainly in air service deliveries and for transport of valuables, these modified vehicles run on both CNG and regular petrol. Once the CNG is depleted, the motor can be manually switched to petrol, eliminating any apprehensions of running out of CNG while out on the road and covering quite a long distance in one day.



LPG Trucks

Engines are fuelled with liquefied petroleum gas, which is commonly used by taxis. Compared to diesel engines, NO_x emissions are far lower and there is no PM exhaust. Because more and more fuelling stations (LPG stations) are found nationwide, we have increased the number of LPG trucks in the fleet.

Safe Eco-driving Education

“Safe Eco-driving” has three meanings: safe driving, ecological driving and economical driving. The idea behind eco-driving, or driving in an eco-friendly manner, is to protect the environment and resources while reducing costs. Furthermore, it involves seeking greater safety through moderate and responsible driving.

Nippon Express conducts safe eco-driving training each year at the group’s training centre in Izu, to which nearly 800 staff members attend over a year.

Especially those employees who play central roles in driving instruction at each facility around the country are gathered and provided with comprehensive instructor training. This training,

called “Driving Instructor Training Course”, focuses on mastering safe eco-driving and learning how to drive safely. Those drivers who complete “Driving Instructor Training Course” and certified as “Driver Instructors” by the head of branch offices they belong to, and are expected to take the knowledge and skills they acquired back to their own facilities and hand it on to their fellow drivers.

From the fiscal year 2011, the eco-driving training sessions have been held in multiple locations in collaboration with truck manufactures. This initiative also enables us to actively learn eco-driving techniques from the truck manufactures.

Installation of Digital Operation Recorders

Through the installation of digital operation recorders, operation data items standardized for the entire company are accumulated in the operation management system’s server via our intranet, enabling people in all sections, branches and headquarters to share objective data on fuel economy, engine idling and other information.

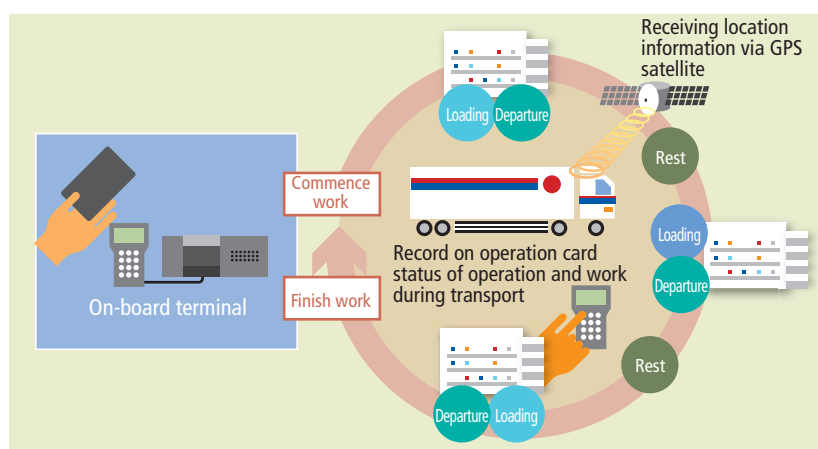
This system now makes it possible to calculate safe eco-driving factors for each vehicle, such as excessive vehicle speed, sudden acceleration and braking, idling time and excessive

engine speed. When values set in advance are exceeded, the date, time, place and other data are recorded on a card, and an operation manager will use the performance output following vehicle operations to give the driver meticulous guidance. This continual driver guidance and supervision concerning daily vehicle operations lead to both fuel efficiency improvements and safety enhancements.

● Digital Operation Management System (conceptual diagram)



Digital operation recorder



Initiative for improving vessel fuel efficiency

Nippon Express and Nippon Shipping Co., Ltd. collaborated in an experiment in which ECoRO an optimised navigational planning support system developed for domestic marine vessels, was installed and run on Nippon Express’s RORO container ship *Himawari 1*. The system was jointly developed by the Japan Weather Association, the National Maritime Research Institute, an independent administrative institution, Tokyo University of Marine Science and Technology, and other institutions, and is capable of creating optimal navigational planning (sea route recommendations, vessel speed planning, fuel consumption forecasts and estimated arrival times) by combining the navigational performance of marine vessels with meteorological and oceanographic information provided from the Japan Weather Association. The system also enables accurate port arrival estimates, while minimizing fuel consumption through navigational

recalculations while at sea based on meteorological and oceanographic updates and other key information changes. This is a promising technology for higher energy efficiency and enhanced safety in the operation of vessels.



Himawari 1

Promoting Environmentally-friendly Facilities

The Nippon Express Group actively promotes environmentally-friendly facilities through activities such as construction of warehouses featuring solar panel installations and buildings hosting rooftop greenery.

Environmentally-friendly facilities employing solar power

Construction of the Chiba Marine Transport Branch Narashino Logistics Centre was completed in October 2010. The centre serves as the core facility for parts storage and transport operations for Mercedes-Benz Japan Co., Ltd., whom the Nippon Express Group serves as logistics partner.

This state-of-the-art logistics service centre, managed by the Nippon Express Group, provides after-service support for Mercedes-Benz vehicles sold in Japan by streamlining parts storage and import customs clearance, container export, warehouse operations and domestic transport operations. In other words, the centre, providing comprehensive services from warehousing to clearance and transportation, is run in a manner truly embodying our corporate vision—a “global logistics company.”

At the same time, the centre is the essence of our corporate vision of “a company that fulfils its responsibility to the Earth.” The 2,682 solar panels covering the facility roof generate up to

480 kilowatts of electricity per hour, providing approximately one-third of the facility’s power consumption.



Concerning power shortage in Kansai

In April 2012, Nippon Express Group expanded environmentally friendly facilities in the Kansai area, where power shortage is anticipated in the coming summer. The ‘Tennoji Branch Logistics Centre’ completed in Yao city, Osaka prefecture, is equipped with environmentally-friendly facilities such as photovoltaic

installation on wall surface (maximum 57.7kw/h), LED lighting fixtures, hybrid street lights, a lighting control system, a rainwater utilization system, a water-saving toilet system, and thermal barrier coating. Emergency power generators were also installed, which enables the facilities to serve as hubs at times of disaster.



Tennoji Branch Logistics Centre



Emergency Power Generator

Rooftop Greening at Nittsu Driving School

The Nittsu Driving School’s new building incorporates rooftop greenery for energy conservation. The fourth floor rooftop is almost completely covered in flora, significantly contributing to insulation efficiency and reduction of the heat island effect.

In the Energy Conservation Assessment Report published by Cool Net Tokyo (Tokyo Metropolitan Center for Climate Change Actions) in November 2010, Nittsu Driving School received praise for its “highly advanced facility boasting nearly 100% greening when most companies are still experimenting with partial rooftop greenery.”

*As there is no fence installed, the rooftop is not open to the public for observation.



View of Nittsu Driving School

Rooftop Greenery

Initiatives for Promoting Resource and Energy Conservation

In addition to implementing initiatives to promote environmentally-friendly truck transport, we are actively conserving resources used in packaging and promoting initiatives to ensure energy conservation in warehouses and offices.

Development and Introduction of Reusable Packing Materials for Moving

The Nippon Express Group continues to develop various packing materials to promote resource conservation, waste reduction, and work efficiency. With development and introduction of reusable moving materials for our chinaware trunk, shoe cabinet, and portable wardrobe, "Ecologicompo" household moving service is an environmentally- and user- friendly service providing significant reduction of waste.

From January 2011, packing materials for flat-screen televisions were newly added to our material line for safely transporting flat-screen televisions, and these rapidly became popular after the complete transfer to digital terrestrial broadcasting in July 2011.

With regards to overseas removals, the conventional cardboard crates* used as external packing material are gradually being replaced by reusable steel-frame containers.

Use of steel-frame containers lessens the CO₂ gases emitted during waste processing of the cardboard used in the conventional crates (reducing 47.6 kilograms of CO₂ emissions per crate). According to fiscal 2011 calculations, 2,773 steel-frame crates were used, reducing CO₂ emissions by 131,995 kilograms.

*Cardboard crate: framed box made from cardboard for transport packing



Packing Materials for Flat-screen Televisions

Ecologicompo packing materials



Steel-frame container

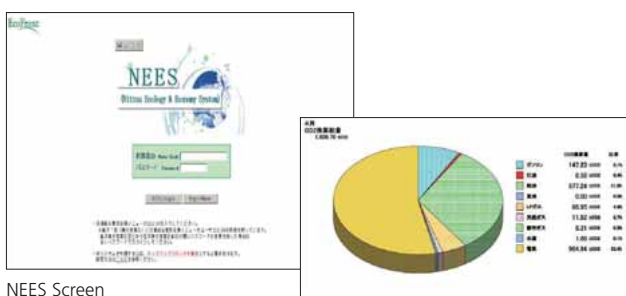
Cardboard crate

Development and Introduction of 'NEES', Energy Visualization System

The Nippon Express Group utilizes various energies for business operation, including light, oil and gasoline for running vehicles, and electricity and gas for buildings and offices. For the purpose of conserving the global environment, there is a compelling need for efficient use of limited fossil fuels and for minimizing CO₂ emission. The Nippon Express Group Environmental Charter addresses our commitments to efficient use of these energies and resources.

In order to achieve energy efficiency in the actions of indi-

vidual employees, we launched "NEES (Nittsu Ecology & Economy System)", a system for visualizing energy use, in November 2011. The NEES enables employees to access the status of worksite energy use online with charts and graphs. For proceeding from the 'visualise' to the 'reduce' stage of energy use, measures have been implemented through "Strategic Environmental Management Challenge 2012", which specifies measures of the current management plan.



NEES Screen

Strategic Environmental Management Challenge 2012

- Challenge 1 Cut 10% of total electricity use year-on-year
- Challenge 2 Improve 1% of fuel (light gas oil) consumption rate year-on-year
- Challenge 3 Cut 10% of copy paper use year-on-year

Reducing Waste and Advancing the 3Rs

Through methodical separation of waste generated in all business locations, Nippon Express is able to promote proper waste processing and recycling. We also continue to implement green purchasing as well as electricity and water conservation.

Advancing the 3Rs

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



Promoting the 3Rs by recycling packing materials

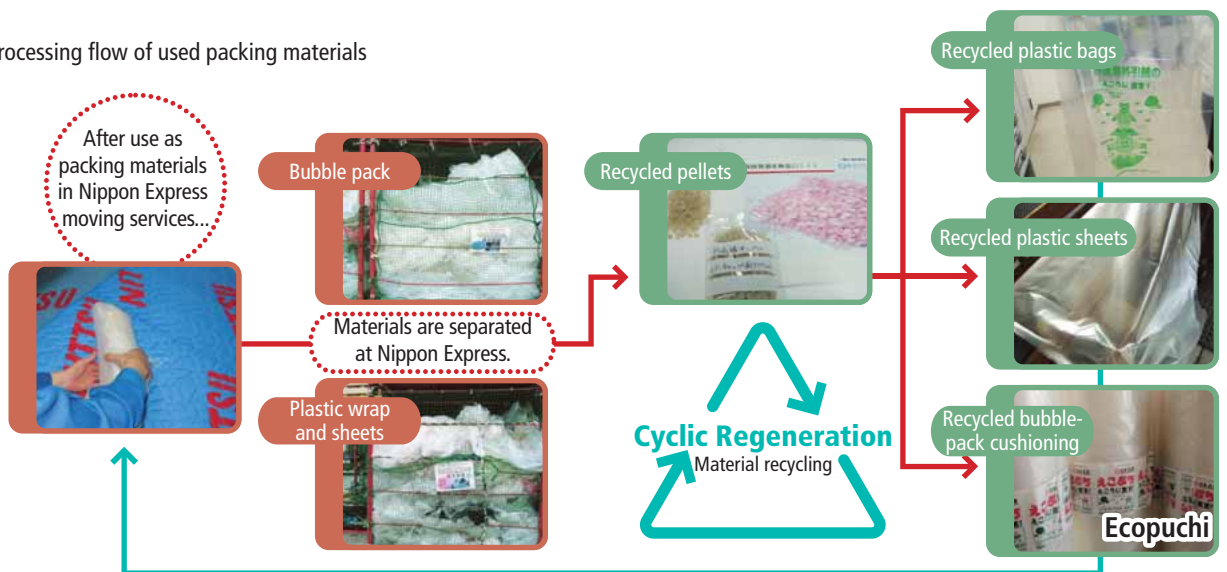
Although returnable packing materials can be used in our Ecologicompo and other moving services in Japan, overseas moves involving much longer distances make it necessary to use conventional packing materials to ensure the more robust protection of cargo.

Thus, the Nippon Express Group carefully separates materials generated from overseas moves, and materials that were previously disposed of as “garbage” are processed for reuse. One such material we reuse is Ecopuchi, our bubble-pack cushioning. The key point in this initiative is “methodical separation.”

Paper tape and other packing materials are carefully removed from the plastic sheets, separated according to type. The resources are then delivered to a vendor for processing into renewed materials, which we later purchase as “recycled materials.”

The Nippon Express Group will continue to expand its 3Rs initiative, which pledges to “reduce” generated waste, “reuse” waste as much as possible, and “recycle” waste, forming renewed resources to the best of our abilities.

● Processing flow of used packing materials



This initiative was recognized with the Special Logistics Environmental Award by the Japan Federation of Freight Industries, presenter of the 11th Logistics Environment Awards.

Obtaining Environmental Certifications

To further advance activities with respect to environmental conservation at its facilities, Nippon Express is actively working to obtain certification for ISO 14001, the international standard on environmental management systems, as well as Green Management Certification at each facility.

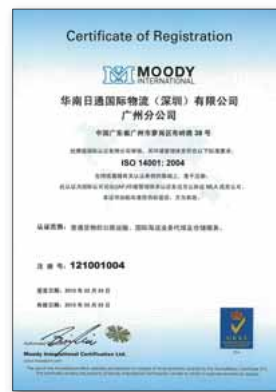
Obtaining ISO14001 Certifications

In June 1998, Nippon Express obtained ISO 14001 certification for three service centres (since consolidated into two) at the Tokyo Air Service Branch in Baraki (Ichikawa City, Chiba Prefec-

ture). As of March 2012, we have obtained certification for a total of 14 centres around the world.



ISO 14001 registered certification for Nep Logistics, Inc.



ISO 14001 registered certification for Nippon Express (South China) Co., Ltd.

First certifications, June 24, 1998

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

Additional certifications, March 30, 2000

- Tokyo Air Service Branch: Narita Airport Logistics Centre
- Nagoya Air Service Branch: Nagoya Distribution Centre
- Osaka Air Service Branch: Nanko Air Cargo Centre
- Fukuoka Air Service Branch: Fukuoka Air Cargo Centre

Additional certifications, March 30, 2001

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

Additional certifications, March 29, 2002

- Nagoya Air Service Branch: Nagoya Air Cargo Centre
- Takamatsu Air Service Branch: Takamatsu Air Cargo Centre

New certification, May 31, 2005

- Shikoku Branch: Shikoku Heavy Haulage Construction Branch

New certification, May 10, 2007

- Nep Logistics, Inc. (Philippines)

New certification, March 24, 2010

- Nippon Express (South China) Co., Ltd.

New certification, March 18, 2011

- Osaka Branch: Sharp Osaka Office

Obtaining Green Management Certification

Green Management Certification is a system of certifying and registering businesses that promote environment friendly management (Green Management) and have achieved a certain level. The certifying body for Green Management is the Foundation for Promoting Personal Mobility and Ecological Transportation, which comes under the jurisdiction of the Ministry of Land, Infrastructure, Transportation and Tourism.

The Green Management Certification system began as a basic environmental certification for small- and medium-sized trucking businesses. However, Nippon Express developed this further by instituting initiatives at each approved facility—placing emphasis on environmental performance evaluation followed by certification through third-party screening—after which they are considered to be effective environmental management systems operating at the facility level. With that in mind, we have been

focusing our efforts on obtaining the certification of trucks and warehouses in all main locations.

In the truck division, as of March 2011, at 220 facilities of Nippon Express and 26 facilities in 12 group companies have obtained certification. In our warehousing division, established in July 2005, 33 facilities of Nippon Express and one facility in one group company have obtained certification.

The Kyoto Protocol Target Achievement Plan adopted by the Japanese Cabinet in April 2005 refers to the “dissemination and acceleration of Green Management in transport businesses,” while the operation policy of the Revised Energy Conservation Law which came into force in April 2006 recommends the selection of freight haulers who are considerate of the environment (businesses that have obtained ISO 14001 certification and Green Management Certification).

Initiatives for Obtaining Green Management Certification

Specific initiatives to obtain Green Management Certification involve recognizing the environmental impacts in the table below regarding vehicles, taking steps to deal with them, and recording the results.

Inspection/repair items with environmental impacts	Specific impacts	Responses
Exhaust gases	•Black smoke: needs maintenance	•Routine visual checks for black smoke are important •Regularly use tester to measure black smoke concentration •Immediate inspections (determining causes) and maintenance are important
Air filter	•Poor fuel economy: increases CO ₂ •Black smoke: needs maintenance	•Regular cleaning and changing is important
Engine oil	•Poor fuel economy: increases CO ₂	•Regular oil changes are important
Tyre air pressure	•Poor fuel economy: increases CO ₂ (10% pressure drop worsens fuel economy about 3%)	•Routine tyre pressure checking with tyre gauge is important
Muffler	•Improper installation or damage cause noise	•Listen for unusual noises
Air conditioner	•Leaking CFC refrigerants, which are greenhouse gases	•Routine checking of effective cooling is important •If air conditioner cools poorly, immediately inspect and repair



Air pressure measurement using tyre gauge



Air pressure measurement using pen-type tyre gauge



Black smoke check using black smoke chart



Air-conditioner gas status check using sight glass

Environment-related Data

In our Environmental and Social Report 2006, for the first time we disclosed data pertaining to the Nippon Express Group's energy usage, waste and emissions, as well as CO₂ emitted by sources other than mobile emission sources such as trucks and ships. This compiled data includes estimated quantities calculated from the purchase value as well as annual estimates based on fixed monthly quantities.

● Energy Usage, Etc. of Nippon Express Group (FY2011)

	Type	Unit	Nippon Express non-consolidated	Affiliates		Total	Nippon Express non-consolidated CO ₂ emissions (t)	Domestic Group company CO ₂ emissions (t)
				Domestic	Overseas			
Energy	Electricity	1,000kWh	261,680	37,387	69,581	368,648	146,279	20,899
	Diesel oil	kℓ	78,707	92,518	10,620	181,845	203,064	238,696
	Petroleum	kℓ	7,018	4,328	3,423	14,769	16,282	10,041
	Natural gas	1,000m ³	1,777	478	—	2,255	3,963	1,066
	LP gas	kℓ	2,908	1,973	—	4,881	8,724	5,919
	Heavy fuel oil	kℓ	215	5,786	—	6,001	583	15,680
	Heavy fuel oil (for ships)	kℓ	56,001	34,791	—	90,792	168,003	104,373
	Kerosene	kℓ	992	550	—	1,542	2,470	1,370
Total CO ₂							549,367	398,044

	Type	Unit	Nippon Express non-consolidated	Affiliates		Total
				Domestic	Overseas	
	Water	m ³	1,760	—	—	1,760
	Copy/printer paper	10,000 sheets	45,198	9,040	—	54,238
Waste	General waste	ton	21,466	3,317	—	24,783
	Industrial waste	ton	27,976	5,651	—	33,627
	Total	ton	49,442	8,968	—	58,410

- Notes: 1. Data shown here is the aggregate of Nippon Express non-consolidated and consolidated companies (domestic 188, overseas 62) total 250 (as of March 31, 2012).
 2. The Nippon Express non-consolidated and consolidated data for Japan was aggregated from various network systems, and the data of the overseas consolidated companies were collected from questionnaire surveys. The overseas consolidated data reflects survey results of 41 companies but does not include data concerning 22 companies where either office are included in other consolidated companies or where no Japanese representative is present.
 3. The numerical values include provisional calculations of quantities used from purchase value or provisional calculations restored to annual quantities from fixed monthly quantities.
 4. Figures of consumption (electricity, gas, water) by the Nippon Express non-consolidated are provisional numbers as of June 15, 2012.
 5. The CO₂ emissions basic unit was calculated in accordance with the Ministerial Ordinance on Calculation of Greenhouse Gas Emissions Pertaining to Business Activities by Specified Emitters (Ordinance of the Ministry of Economy, Trade and Industry and the Ministry of the Environment, No. 3 of 2006).
 6. From FY2012, number of copy paper is counted through conversion to A4 size.

● Industrial Waste Emissions by Item (FY:2011 Nippon Express nonconsolidated)

	Industrial waste items	No. of control manifests for industrial waste	Weight (kg)	Weight distribution ratio
1	Sludge	222	598,939	2.14%
2	Waste oil	207	112,422	0.40%
3	Inflammable waste oil	2	36	0.00%
4	Waste acid	11	36,392	0.13%
5	Waste alkali	12	4,462	0.02%
6	Waste plastics	13,195	10,451,909	37.36%
7	Waste metal	946	1,394,840	4.99%
8	Waste glass, china, porcelain	220	164,101	0.59%
9	Combustion residue	74	205,930	0.74%
10	Debris	701	834,096	2.98%
11	Mixture	201	972,840	3.48%
12	Animal and plant residues	4	401	0.00%
13	PCB etc.	5,215	13,000,056	46.47%
14	Wood shavings	114	199,205	0.71%
	Others	21,124	27,975,629	100.00%

- Notes: 1. Items recorded in units other than weight or volume (cars, roll containers, etc.) have been converted to weight (kg) or volume (m³).
 2. Items expressed as volume (m³) were converted into weight based on a table of specific gravities by industrial waste item. For mixed waste, the specific gravity for general waste was applied.
 3. The aggregate does not include cases where waste cardboard and the like is handed over to a used paper recycler, or where in buildings leased for commercial use the waste disposal for the entire occupied building is managed and the corresponding charge included in the rent.
 4. Contrary to the case 3 above, where a company other than Nippon Express occupies a facility, this may be totalized as emissions of Nippon Express.

● Emissions of Substances Reportable under the PRTR Law (FY2011)

Although none of our facilities is required to report under the PRTR Law (Law Concerning Reporting of Releases into the Environment of Specific Chemical Substances and Promoting Improvements in Management), the facilities shown on the right handle reportable substances.

Facility type	No. of facilities	Total amount used (kg/y)	Main substance	Main use
Reportable business category but amount used by facility is under reporting threshold	14	308	Fenitrothion	Warehouse fumigation
Not reportable business category but facility uses reportable substance	21	30,589	Methyl bromide, Hydrogen cyanide	Fumigation for operations incidental to import customs clearance

● CO₂ Emission Reductions in FY2011

Product Name	Basic unit (kg- CO ₂)	CO ₂ emissions (t- CO ₂)
Conventional form	87.92585	18,409
<i>Ecologicompo</i>	Full	5.50608
	Half	43.12909
	Self	67.14119
	Subtotal	13,162
Amount of CO ₂ reduction (t- CO ₂)		5,248

Notes: 1. Expresses the difference between the emissions with the moving service actually provided and the case where all the removals are carried out in the conventional style.
 2. *Ecologicompo* Full: moving plan in which the mover handles everything for the customer, including the packing and unpacking of smaller objects.
 3. *Ecologicompo* Half: moving plan in which the mover handles all packing and unpacking, including smaller objects as specified by customer.
 4. *Ecologicompo* Self: moving plan in which the customer handles the packing and unpacking of smaller objects.
 5. The "basic unit" in the chart is calculated as the average amount of household goods handled by Nippon Express in accordance with LCA (life cycle assessment)* basic unit for each individual material used.

Conventional form CO ₂ emissions 18,409 (t- CO ₂)	—	<i>Ecologicompo</i> CO ₂ emissions 13,162 (t- CO ₂)	=	Amount of CO ₂ reduction 5,248 (t- CO ₂)
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Environmental Accounting

Nippon Express regards the introduction of environmental accounting as an important indicator for evaluating environmental management. In the future, we intend to develop more detailed indicators but, for this year, we are reporting the main investments in environmental conservation.

● Investments in Environmental Conservation (FY2011)

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

Investment category	Major examples	Amount
Investment in modal shift	Rail transport containers (Eco-Liner 31, Big Eco-Liner 31, etc.)	269
	Ship containers	209
	Tractors and trailers for freight containers	668
Investment in reusable packing materials for moving	Netted blankets, high-pad, etc.	224
Vehicle-related investments (environmentally-friendly vehicles, etc.)	CNG, hybrid and LPG vehicles, heavy-duty vehicles that meet fuel efficiency	3,343
Costs for appropriate waste disposal and management	Costs related to Manifest Management Centre	32
Costs for Environmental Management System registration	ISO 14001 and Green Management certification	20
Investment in planting greenery	Forest cultivation project, landscape gardening and other work at branches	24
Others: Investment in facilities energy saving	Lighting equipments and inverter switchover	115
Total		4,907

Together with Our Customers

The Nippon Express Group has stipulated "A global logistics company: Supports customers worldwide through logistics services" as one of its corporate visions. In order to live up to the vision, we believe that gaining the trust and satisfaction of customers who utilize our products and services is essential. In an environment where people's values are diversifying, we have also been taking initiatives to create partnerships with our customers, for thinking and acting together rather than merely offering products and services.

Ecologicompo Half - Moving Service Product Created by Listening to Our Customers

Nippon Express has added "Ecologicompo Half" to its product line along with "Ecologicompo Self", in which customers prepare for and clean up after their moves all by themselves, and "Ecologicompo Full", in which everything is handled by our staff. "Ecologicompo Half" was introduced following consideration for the results of a survey of customers who had experienced their families' moves, and it involves our staff partially handling our customers' moves. Their work includes packaging and unboxing/storing dishes in cupboards, shoes in shoe cup-

boards, clothes in closets, and clothes of Japanese-style and western-style in chests, which are all painfully time-consuming activities. About 90% of customers who have used this service expressed their satisfaction.



Special Trunk for Dishes

Pursuit of a High-quality Moving Service

The Nippon Express Group names its sales representative who is responsible for all the work from making the estimate by visiting customer's home to completing the entire job as a "moving planner". A moving planner not only just explains the moving service but also proposes the most appropriate service to satisfy the individual needs of each individual customer in order to allay their concerns about moving.

Our training centres across Japan give skill-honing training to moving planners with the aim for them to become a "moving concierge" who can provide advice to customers on every aspect of their moves.

Furthermore, in order to foster professionals of moving and to improve the quality of their work, we systematically provide training to our staff to enhance the level of packaging techniques as well as their manners, and thus we aim to further improve customer satisfaction.

We continue to make efforts to further increase our service quality which allows us to say to customers "leave it to us and rest assured."



Moving Planner



Training Centre

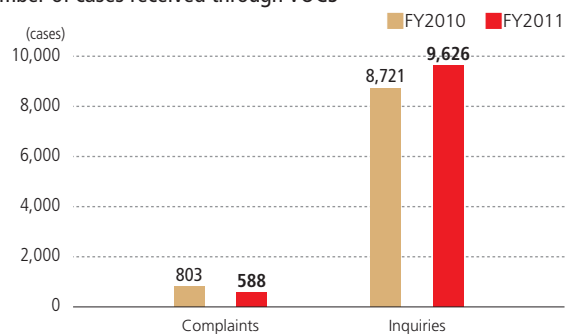
VOCD: Voice of Customer Solution

We consolidated and systematised inquiries, opinions and complaints received from customers via the company's website and introduced the company-wide customer consultation system (VOCS: Voice of Customer Solution).

The number of VOCS in 2011 resulted in an increase of inquiries and a decrease of complaints. The reason for the increase of inquiries is that we added the search function, "Search by Topic", on the front page of our website in April 2011 which made pages on our services more easily viewed, especially those which had received many inquiries from customers in the past. This resulted in a 10.4% increase from the previous year of inquiries.

We continue to make the efforts to improve our products and services by analysing the inquiries and demands we receive through "VOCS".

Number of cases received through VOCS



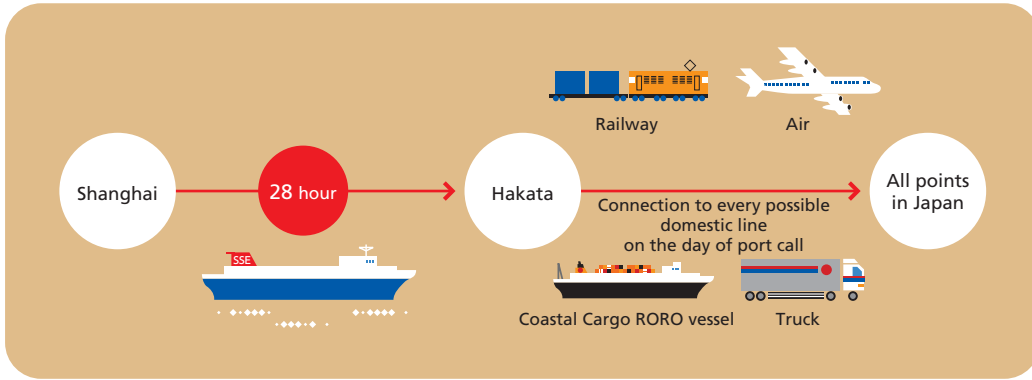
	Complaints	Inquiries	Total
FY2010	803 cases	8,721 cases	9,524 cases
FY2011	588 cases	9,626 cases	10,214 cases

Shanghai Super Express

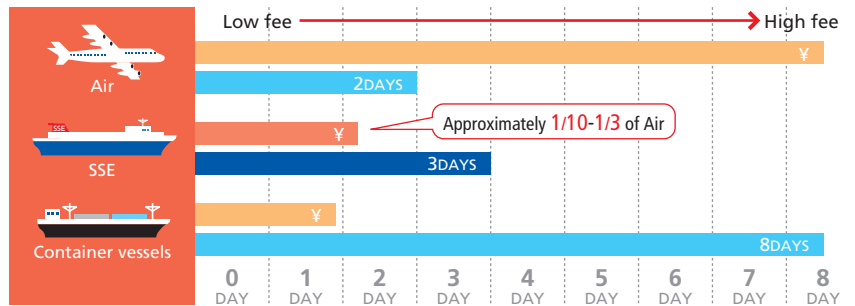
Shanghai Super Express (SSE) is a novel transportation system connecting Japan and China quickly and seamlessly, using RORO (Roll-On / Roll-Off) high-speed vessels, that allow wheeled cargo to directly roll on and roll off anywhere in Japan via Hakata. SSE has the benefits of both conventional cargo vessels as well as air transport, namely economy of scale, eco-friendliness, and high speed. In an environment where product life cycles are becoming increasingly short, SSE can significantly contribute to improving customers' production and

sales efficiency.

By combining SSE with other transportation services, we will be able to provide our customers highly reliable express maritime transport services that serve as solutions for their supply chain challenges. For example, our Rail & Sea multimodal transport service allows railway containers to be loaded directly onto vessels shipping to Shanghai, while our express maritime transport service with consolidated cargo can shorten lead time to nearly that for air cargo.



● Comparison of lead time & fee between SSE and other transportation (approximate)



TOPICS Customer Interview: Shanghai Super Express (SSE)

—JUKI Corporation—

JUKI Corporation is a leading global manufacturer, producing and selling industrial sewing machines and industrial apparatus for manufacturing sites all over the world. In expanding its industrial sewing machine business, especially in China, JUKI Corporation has selected SSE service.

In our interview with Mr. Katsuro Ogiwara, Manager of Shipping Management Group in Sales Department, Sewing Machinery Business Unit, we asked about how and why the company decided to use SSE and what its impression of SSE was.

■ Would you tell us why JUKI decided to use SSE service, and how SSE supports your business?

Before SSE was launched, we had an opportunity to learn that the service would be significantly faster than conventional marine transport with less than half the shipping fees; it sounded attractive to us.

Now we have found in fact that SSE is the optimal transportation service, because the most critical matter for us is strict observance of production delivery times.

The service we often use is RAIL&SEA multimodal transportation service, departing Shanghai on Friday and arriving at our factory in Tochigi Prefecture on Monday.

■ How is your company engaged in environmental issues?

Our company has implemented measures for CO₂ reductions across the board since the Kyoto Protocol was signed. With the use of SSE, we will be able to reduce CO₂ emissions during distribution of goods and act as a socially responsible company.

■ What do you expect from Nippon Express Co., Ltd.?

I expect the company to take leadership in the industry to promote the evolution of current logistics systems, for example by leveraging "inland depot"* for congestion relief at container yards in Tokyo and round-trip shipments coordinating import and export. I believe that such efforts will be able to reduce the number of queueing vehicles and CO₂ emissions from them.

*Custom clearing site set up outside the port facility



Mr. Katsuro Ogiwara
 Manager, Shipping Management Group, Sales Department, Sewing Machinery Business Unit
 JUKI Corporation

Steel Liner

As one of the top priorities of its environmental measures, the steel industry has been promoting a reduction in CO₂ emissions which accounts for about 13% of that of all industries and the need for a modal shift toward rail transport is increasing.

In order to meet the need, the Nippon Express Group developed a "Steel Liner", an open top 31-ft container which is suited to transport steel products and has been supporting a modal shift within the steel industry.



● Merits of Steel Liners

<p>Inner Size Can carry 9m-sized products</p> <p>Point 1</p>	<p>Stanchion Is equipped with a three-stage stanchion as a standard and it prevents collapsing of a load. Can carry steel pipes.</p> <p>Point 2</p>	<p>Three-flap Face A three-flap face makes it possible to accommodate work using a forklift. A side face can be completely opened.</p> <p>Point 3</p>	<p>Floor Spec Can accommodate all sorts of cargo. Many stanchion pockets are used, which are the same as trailers.</p> <p>Point 4</p>
<p>Double Door in the Back Can load from the back. When flaps are closed, can secure an evacuation route thus enhancing security.</p> <p>Point 5</p>	<p>Floor Hook Many hooks for lashing and for sheets are used.</p> <p>Point 6</p>	<p>Steps Steps for moving up are placed inside and outside of flaps</p> <p>Point 7</p>	

T O P I C S Case Study: The Use of Steel Liners

—Nippon Metal Industry Co.,Ltd.—

Since it was established in 1932, Nippon Metal Industry Co., Ltd has been the pioneer of the industry as the specialised manufacturer of stainless steel and has been consistently manufacturing products which boast high-quality. They are currently using a Steel Liner for transporting products to Sapporo.

We asked Mr. Toshio Watanabe, General Manager, and Mr. Ichiro Yasukura, Deputy General Manager, of its distribution department, about their trigger for starting to use a Steel Liner and for their feedback on using this service.

■ **Tell us about your trigger for starting to use a Steel Liner, an open top 31 ft container. Also how do you evaluate this service?**

We used a ferry and a trailer to transport products to Sapporo in the past. When considering cost-cutting measures, we were introduced to the Steel Liner, a railway container transport, so we started to use it.

As our environmental awareness is increasing, we expect to reduce CO₂ emissions as well as energy use and to further cut transporting costs by continuing use a Steel Liner.

■ **What do you think about environmental issues?**

The metal of stainless steel which we are manufacturing can be called "earth-friendly metal", since it has a superior durability in general and is recyclable, which corresponds with the needs of a recycling-based society. On the other hand, we use energy like fuel and electricity and produce exhaust gas, discharged water and by-products through our production activity, so we are to be more involved in conserving global environment too. As for the environmental countermeasures, we have been making efforts in reducing environmental loads, and saving energy and natural resources, as well as in reducing and recycling by-products. We would like to actively promote global environment conservation and to contribute to building a society which is in harmony with the environment.

■ **Do you have any feedback on using a "Steel Liner", the open top 31 ft container? Is there anything you hope for from Nippon Express in the future?**

We are most grateful for the Steel Liner for dealing with loading from the development stage to delivering to our clients.

We expect you to do such things as further improve distribution efficiency and to propose an effective plan for reducing the environmental load.



Mr. Ichiro Yasukura
Deputy General Manager,
Distribution Department
Nippon Metal Industry Co.,Ltd.

Mr. Toshio Watanabe
General Manager,
Distribution Department
Nippon Metal Industry Co.,Ltd.

Offset Eco2

In addition to reducing CO₂ emissions in our own business operations, the Nippon Express Group started to sell "Offset Eco2" in February 2011, aiming at achieving Japan's "Minus 6%" greenhouse gas emissions goal*1 mandated by the Kyoto Protocol.

"Offset Eco2" is an environmentally-friendly logistics service that combines international airfreight transport service and Kyoto mechanism-based*2 CO₂ emission credits.

We continue to share awareness of environment conservation with our customers and to promote the plan of environmentally-

"ECO2" and "Offset Eco2" are registered trademarks of Nippon Express.

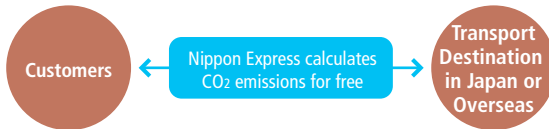


friendly logistics products that take full advantage of various modes of transportation.


*1 This refers to indirect participation in national efforts to achieve Japan's greenhouse gas reduction initiative (Team Minus 6%) (a six percent reduction from 1990 levels) as set in the Kyoto Protocol. In January 2010, it was renewed and changed to "Challenge 25", the national effort to achieve 25% reduction from 1990 levels by 2020, and Nippon Express continues to participate in "Challenge 25 Campaign".

*2 This refers to flexible measures that enable the achievement of the emissions reduction goal as established in the Kyoto Protocol. Specifically, this system allows the amount of harmful greenhouse gases one country has reduced in a developing country to be converted into that country's reduction target.

● Scheme of Offset Eco2



We "visualise" the amount of CO₂ emitted by customer's freight transport individually on the basis of the reliable calculating standard, then "offset" CO₂ which corresponds to it. Customers can report their usual shipping operation as a "CSR activity."

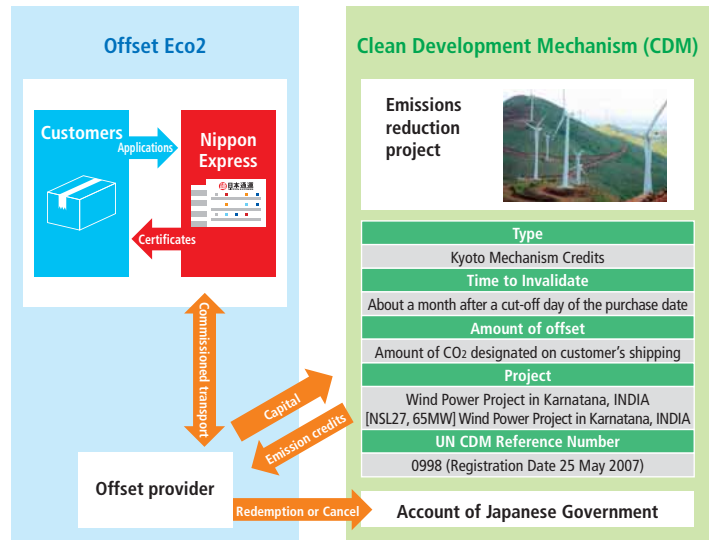


Offset Eco2 has obtained the carbon offset certification based on the standards set by the Ministry of the Environment in order to secure the credibility of carbon offset.

The carbon offset certification system is a third-party certification system which determines the individual arrangement of carbon offset to be based on the certification standards set by the Ministry of the Environment and grants the carbon offset certification label.

Certification Number: 4CJ-1100070
 Website of Certification Centre on Climate Change, Japan : <http://www.4cj.org/>
 Certification Obtainer: Nippon Express

● Emissions Credit Initiative



TOPICS Case Study: Application of Offset Eco2 —MICRO-TECHNICA Co.,Ltd.—

MICRO TECHNICA CO., LTD. is a manufacturer related to industrial imaging inspection apparatuses and imaging equipment. It is also an agent dealing PC-related equipment and industrial cameras overseas as well. They have been using the services of Nippon Express for the past 4 years for their import/export shipping to/from countries such as China, Taiwan, Korea and Germany. They have now started to use the Offset Eco2 service.

We asked about their trigger for and their feedback on using the Offset Eco2 to Ms. Setsuko Iwata who is in charge.

■ Tell us about your trigger for using the Offset Eco2 service.

We received a survey on "activities addressing environmental issues" from a major company, one of our clients, and this triggered us to consider using the Offset Eco2 service.

■ How do you evaluate the Offset Eco2 service?

It is difficult for small and medium-sized companies to work on the CO₂ reduction by themselves. This service allows us to contribute to the CO₂ reduction in the distribution service which we use in our normal businesses. Furthermore, the advantage is that we can deal with it without having someone who is specially assigned to it within our company.

■ Do you have any feedback on using the service or anything you expect from Nippon Express from now on?

When we use the Offset Eco2 for air transport, Nippon Express issues the certificate. This gives us as an opportunity to prove that we work on CO₂ reduction to our clients through validation from a credible institution. This also links to improving our company's image and leads to the creation of new business.

■ Tell us how you started to do business with Nippon Express. What kind of things do you expect to us from now on?

4 years ago, when we were to export exhibiting equipment to an exhibition in Shanghai, we asked another transport operator but were told that it was difficult to do in terms of the types of equipment as well as the delivery date. Then we asked Nippon Express and you took it on willingly. The shipment passed customs at Shanghai without any difficulty and it made it in time for the exhibition. Since then, we've been asking you to transport for imports/exports to/from countries such as China, Taiwan, Korea and Germany.

At Nippon Express, customer's information is shared among not only the sales representatives but also the staff at the customs clearance service at Narita, so you are always very helpful and speedy whomever we ask to deal with us. We trust Nippon Express very much.



Product of MICRO TECHNICA CO., LTD.



Ms. Setsuko Iwata
MICRO TECHNICA CO., LTD.

Safety Initiatives

The Nippon Express Group aims to meet all the transport needs of our customers, from ultra-large cargo such as wind-power generating equipment to valuable articles requiring meticulous care, such as art and money. We always put safety first. Recognizing our responsibility to ensure safety, we place the highest priority on safety management initiatives, striving ceaselessly to offer delivery service that can realize safe and secure lifestyles for everyone.

Commitment to Safety and Safety Symbol

In October 2007, in observation of the 70th anniversary of the Nippon Express Group's founding, we adopted a Commitment to Safety, aiming at enhancing safety awareness across the Group. We inscribed the commitment on the Safety Symbol sculptures installed at the Nippon Express Headquarters and the Izu Training Centre.

The Commitment to Safety expresses our resolve to prevent accidents and disasters. We have implemented various safety initiatives in order to put this pledge into practice.

Commitment to Safety

Driven by respect for the preciousness of life, we in the Nippon Express Group regard it as our mission to support and raise the standards of safety and prosperity for all society.

We will strive our utmost to fulfil this mission, earn the trust of society and prevent accidents, thus ensuring sustainable company operations and the happiness of our employees and their families.

Herewith, we formally pledge and announce for all to hear our 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
endeavour to prevent accidents.

 **NIPPON EXPRESS**



Safety Symbol: *Poem of Wind and Light—A*,
artist: Itaru Mishiku

2012 Safety and Health Management Policy

Employee safety and health is the foundation of the company's competitive existence and assuring the safety and health of our employees is considered to be the social responsibility of the company. We shall establish our safety-first policy in the workplace through implementation of the following guidelines in accordance with a management philosophy based on in human dignity.

1. Implement "Safety First" in the workplace.
2. Adhere to relevant laws/regulations and in-house regulations; be thorough in basic activities.
3. Continually improve upon the transport safety management system.
4. Reinforce initiatives promoting mental health measures for employees.
5. Promote measures to prevent the onset of lifestyle-related diseases.
6. Reinforce health management system.

Nittsu Safety & Health Management System (NSM)

In April 2010, upon thorough review of the previous safety and health management practices, Nippon Express Group launched the Nittsu Safety & Health Management System (NSM), comprising three pillars.

The first pillar is "plenary meeting in work places," efficient forums for communicating corporate policies and visions from top management to staff in the field.

The second pillar is "Challenge Circles (CC)," small-group discussions on issues in particular workplaces or common

matters such as approaches on ensuring safety.

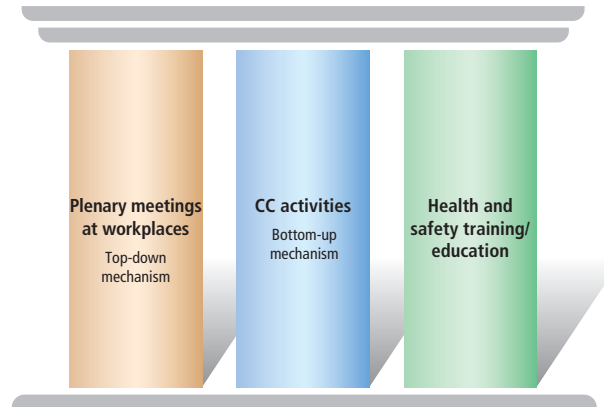
The third pillar is health and safety training/education for managers and supervisors.

NSM is a system to create better workplace environments by implementing these three pillars based on the PDCA (plan-do-check-act) cycle in a continuous manner. We will strive to implement NSM, aiming to establish a more efficient safety and health management system.



Health and Safety training and education

● Three pillars constituting NSM

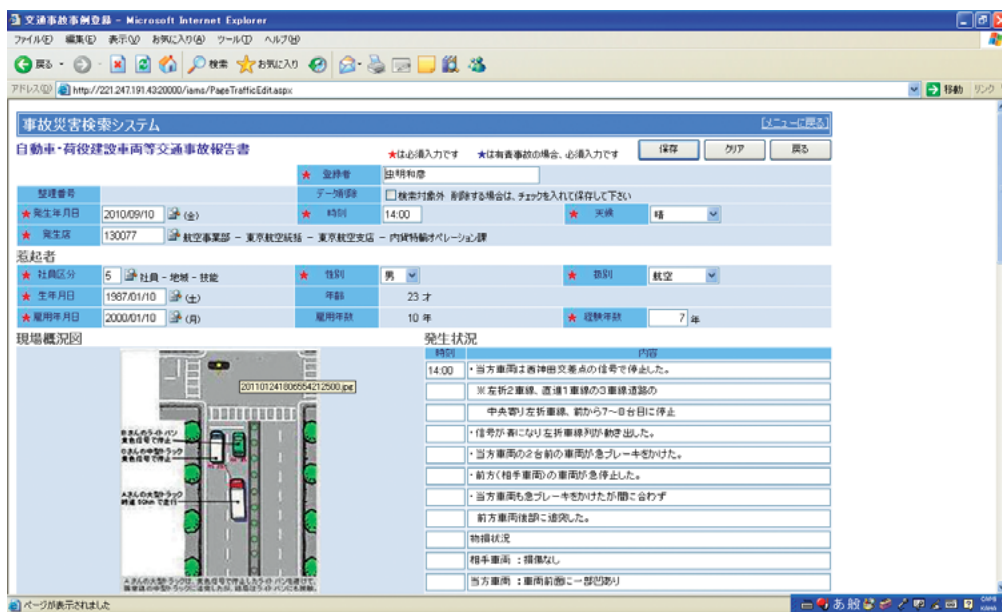


Application of Accident and Disaster Information (Accident and Disaster Search System)

The Nippon Express Group maintains a system that shares and applies crucial information throughout the company via the Accident and Disaster Search System, a database accessible through the company intranet providing categorized information concerning past traffic and labour accidents.

This system enables us to rapidly share information with every workplace within Japan concerning all traffic and labour

accidents that occur in any location as well as share measures to prevent recurrences, while developing proactive prevention measures for similar types of accidents on a lateral basis. The Nippon Express Group is continually committed to learning from past accidents and ensures safe driving and safe work environments.



Education and Training System

The Nippon Express Group has been emphasizing the importance of safety education and training for truck drivers and forklift operators.

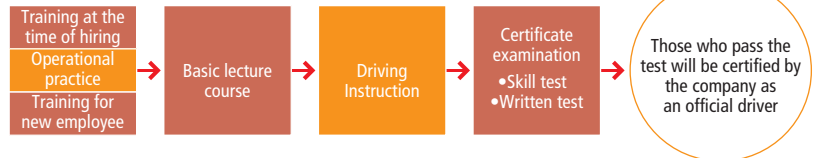
In order to prevent workplace accidents, all drivers and forklift operators are required to complete and pass Nippon Express' exclusive training and certificate examination before starting their work. For the employees who are in charge of training, a special education program, the Driving Instructor Training Course, is offered at the Izu Training Centre, which boasts the

perfect environment for training with generously equipped facilities. After completing the course designed to enhance comprehensive knowledge of safety as well as driving quality, the certified instructors return to their respective branches and function as instructors for drivers and forklift operators. The instructors receive ongoing education and skill enhancement through regular follow-up courses.

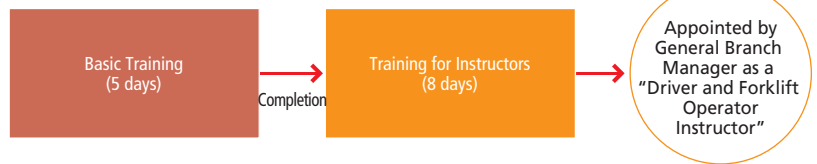


Izu Training Centre

● Training Program for Drivers and Forklift Operators



● Instructor System for Driver and Forklift Operator



Nippon Express Group All-Japan Driver & Forklift Operator Contest

Every year the Nippon Express Group All-Japan Driver & Forklift Operator Contest is held as part of our efforts to improve driving performance, including compliance with traffic rules, fuel-efficient driving and maintenance inspection skills. While this helps prevent traffic and industrial accidents, reduce

environmental burdens and lower costs, it also instills a sense of professional self-awareness and pride in our drivers and forklift operators, and reminds them of their responsibility as a member of society.



Industry Competition Champions!

—26th All-Japan Forklift Driver Competition and 43rd All-Japan Truck Driver Contest

The Nippon Express Group actively participates in contests sponsored by extra-departmental organizations of the Ministry of Health, Labour and Welfare and the Ministry of Land, Infrastructure, Transport and Tourism. The education and training for participating in such competitive arenas is considered a part of our formal training for skills upgrading. Most contenders who participate in such competitions later take on key roles as instructors in the training and education of their workplace colleagues for further skills upgrading.

In the 26th All-Japan Forklift Driver Competition sponsored by the Land Transportation Industry Safety and Health Association and held in October 2011, all 4 Nippon Express Group participants won top prizes, including first place. 12 Nippon Express Group participants also won prizes in all categories at the 43rd All-Japan Truck Driver Contest hosted by the Japan Trucking Association (public interest incorporated association). Nippon Express Group employees were also honoured to receive the Prime Minister's Prize for the second consecutive year.



Transport Safety Management

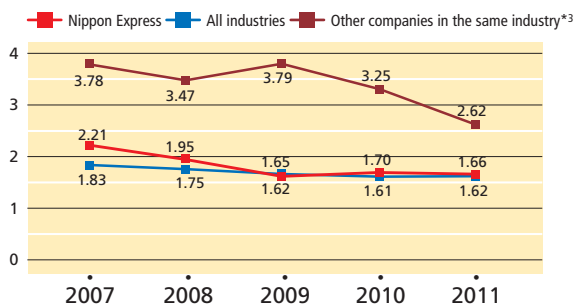
The Nippon Express Group is actively implementing Transport Safety Management, as set forth by the Ministry of Land, Infrastructure, Transport and Tourism, in an effort to uphold our corporate social responsibilities through transport safety. While we proactively implement initiatives to improve transport safety based on senior management leadership, we are building a safety management system within the company for the proper application of the PDCA (plan, do, check, action; see page 42 for details) cycle based on the cultivation of two-way communication between business management divisions and the field site.

In accordance with the Motor Truck Transportation Business Act, we formulated a new Transport Safety Management Regulations, appointed a general controller for safety (responsible for and in charge of issues related to ensuring transport safety) and notified the Minister of Land, Infrastructure and Transportation of the appointment.

The Nippon Express Group will continue our sincere efforts to ensure transport safety through the enhancement of our transport safety management system.

Index of Labour Accident

● Accident Frequency Rate*1



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

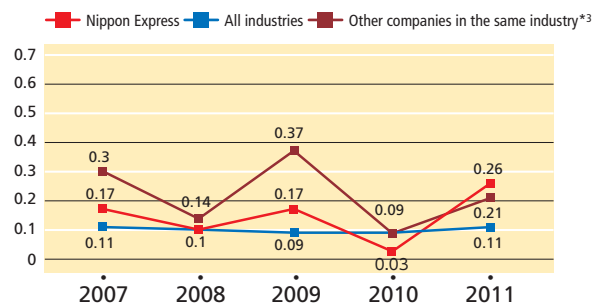
$$\text{No. of deaths and injuries per 1,000,000 hours worked} = \frac{\text{No. of deaths and injuries}}{\text{Total hours worked}} \times 1,000,000$$

*3 Refers to general freight haulers for goods transported by road.

● Actual Costs Incurred for Transport Safety (FY2011)

Item	(Unit: million yen)
Labour cost of safety-related positions (domestic)	1,600
Educational costs (training at headquarters)	491
Material publishing	4
Nippon Express Group National Safety and Health Convention	1
Traffic control system (digital tachograph), etc.	298
Accident and disaster prevention awareness materials, etc.	6
SAS screening test	26
Other safety measures	117
Total	2,543

● Severity Rate*2



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

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

*3 Refers to general freight haulers for goods transported by road.

Causes of Traffic Accidents

In 2011, Nippon Express had 12 traffic accidents which were specified in Article 2 of the Transportation Safety Management Regulation.

We already analysed on the cause of accidents and have been implementing measures to prevent similar accidents. All the employees continue to work together to prevent any future traffic accidents.

● Number of Accidents (FY2011) Relating to Article 2 of the Transportation Safety Management Regulation

Type of Accidents	Total
Rollover	1
Collision	5
Serious Injury, etc.	2
Vehicle Malfunction	2
Vehicle Fire	1
Health Relating	1
Total	12

Obtaining Certification under Safety Evaluation Programme

The safety evaluation programme is a system for fairly evaluating and certifying facilities proactively working to ensure transport safety, with the aim of making it easier for transport users to select safe and secure transport providers.

In order to establish regularity in evaluations of cargo transport via truck, the government entrusted the National Freight Motor Transport Rationalization Programme Implementation Agency (the Japan Trucking Association) to establish evaluation criteria in three areas: (1) legal compliance pertaining to safety; (2) accidents and violations; and (3) vigorousness of safety efforts. Evaluations comprise 38 items

and results are referred to the Safety Evaluation Committee (part of the Japan Trucking Association), which then issues certifications after approval.

The total number of Nippon Express facilities certified as "excellent safety facilities" as of fiscal 2011 was 559 (92.5% of all applicable facilities). In addition, a total of 286 facilities among the Nippon Express Group companies have been certified.

The Nippon Express Group will continue to implement transport safety initiatives by working to obtain certification for more facilities.

Together with Our Partners

From their driving manners on the road while making deliveries to the way they greet the customer upon delivery, we consider the attitude and actions of our subcontracted drivers, to whom we entrust transport of cargo, to be a reflection of the safety and quality levels of the Nippon Express Group overall. In order to fully respond to the diverse requests of our valued customers and society in general, we aim to fulfil our responsibilities as principal contractor, build trusting relationships as a partner and work to expand both our business as well as our partners' businesses.

Appropriate Transaction Initiatives

The Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (Subcontractor Act) was partially revised in 2003 to include the services provided in the transport industry. According to the revisions, almost all transactions between Nippon Express and its partners fall under the regulations of the Subcontractor Act. As compliance with this act forms the basis of appropriate business relationships, Nippon Express applies our

Subcontractor Act support system to each transaction to ensure fair and proper conduct, including the electronic delivery of order placement documentation and management of payment dates.

With the expedient implementation of such internal systems, the Nippon Express Group aims to maintain appropriate relationships with our partners.

Partner CSR Quality Maintenance and Enhancement Initiative

Nippon Express considers that it is important to promote the maintenance and enhancement of quality together not only within our group companies, but also among our partner companies and those companies we rely on for contracted transport as well. Accordingly, we have developed the External Performance Evaluation Standards, an agreement comprising 16 standards, which potential suppliers must fulfil in order to enter contracts such services such as delivery operations.

Additionally, in order for us to fulfil our responsibility of "being safe" to our society as well as to achieve the quality required by our customers, we must enhance the safety and quality of our partner companies, including our group companies. To achieve this, we hold The Safety Council with Partner Companies more than twice per six months at each regional bureau.

At The Safety Council with Partner Companies, we have the following aims and have been working together with our partner companies to enhance safety and quality;

1. To ask for understanding of our safety measures and let them be known.
2. To grasp the partner companies' current situations on safety and share/exchange information.
3. To provide and convey information about social situations and

customers' demands to partner companies as main contractors.



Safety Council with Partner Companies

Nippon Express Group Initiatives

Customers may have noticed trucks with the name of Nippon Express painted on the sides, such as "Nippon Express XXX Transport" and "XXX Nippon Express," as our drivers make deliveries and are on the road. These vehicles, in fact, belong to the Nippon Express Group, not Nippon Express itself. Our customers are served by an array of "Nippon Express or Nittsu services" services, which is the Nippon Express Group comprising of the 338 companies in Japan and abroad, and each group company is a main business partner of ours as well.

The Nippon Express Group works together as a single entity to promote CSR initiatives. Two examples of tandem efforts as a group are the motor transport rationalization (truck transport) initiative and the Safety Evaluation Program (see page 44 for related article).

As part of such efforts, we hold the Nippon Express Group CSR Council every year among the main affiliate companies. This event was initiated in June 2001 as "the Nippon Express Group Environmental Issues Information Exchange Meeting", and developed into "the Nippon Express Environmental Council" and has changed its name to "the Nippon Express Group CSR Council" in 2005. In order to further advance our CSR initiatives as a group, we continue to hold meetings with the other group companies in Japan as well.

Together with Our Employees

As our vision and the Group Conduct Charter state clearly, the Nippon Express Group values its employees and strives to create a work environment conducive to job satisfaction. We want our employees to develop their own personal codes of conduct, while embodying our corporate philosophy, and to make efforts to improve themselves. The Nippon Express Group continues to help all of our employees develop their abilities and perform at their best.

Personnel System

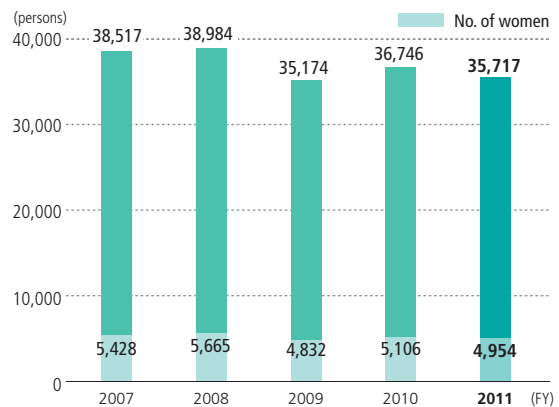
Nippon Express's personnel system has a basic philosophy comprising the following three principles.

- **Human-based**
To treat every employee as an individual who has their own will and emotions, not just as part of a single homogenous workforce
- **Merit-based**
To adopt a merit-based personnel system with consideration for verified performance results
- **Field-based**
To place competent human resources in the field site

Employees (FY2011)

Total no. of employees	35,717	Average age	40.8
Men	30,763	Average years of service	17.0
Women	4,954		

● Total Number of Employees



Personnel System Reform

To make the personnel system more acceptable to employees and to increase their job motivation through fair and impartial evaluations, we instituted "the Job Function Qualification System" and "the Goal-based Personnel Evaluation System" in April 1999.

The Job Function Qualification System sets the capabilities

that the company expects in each qualification category (job function requirements) and the criteria to assess whether to those capabilities have been attained (promotion criteria.) The set requirement and criteria have to be met in order for an employee to get promoted.

Human Resources Development

To ensure continuous growth, it is essential for companies to create a corporate culture that allows employees to develop their skills and abilities. Today's rapidly changing business environment requires companies to foster independent-minded employees and the next generation of leaders. Companies also need to cultivate personnel who contribute to the realization of corporate goals, by providing education and training designed to enhance employees' business skills as well as understanding of CSR.

In order to realize further growth, the Nippon Express Group established an education and training policy (see right) in 2010, and is promoting human resources development.

Education and Training Policy (3-year plan from fiscal 2010 through fiscal 2012)

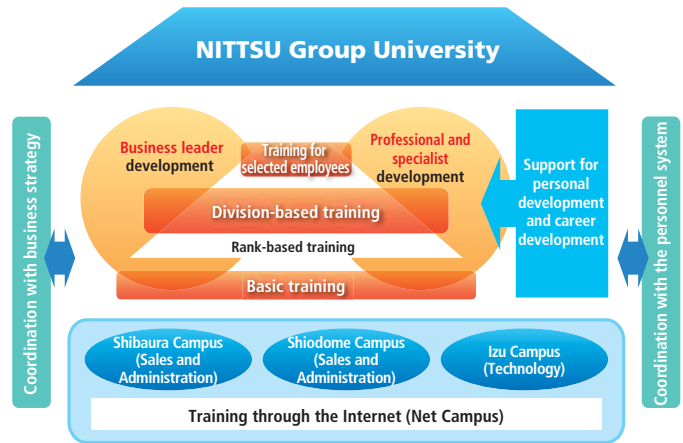
- A. Implement Corporate Philosophy and promote ethical behaviour
- B. Create corporate culture that allows employees to develop their skills and abilities
- C. Develop independent-minded employees
- D. Promote succession of skills and develop employee expertise
- E. Strengthen frontline and business capabilities
- F. Develop next-generation leaders
- G. Develop global human resources
- H. Promote diversity management

NITTSU Group University

The "NITTSU Group University (internal organization)" was established in April 2010 for the purpose of fostering professional personnel who can lead the distribution industry. Conventional systems and strategies for human resource development have been consolidated and annually reviewed to facilitate employees acquiring knowledge and developing skills. Similarly, a wide range of "learning opportunities" is offered to employees, such as various e-learning programs for promoting self-development and "NITTSU Business School" where classes are taught by external lecturers.

By crystallizing its knowledge and skills, the Nippon Express Group seeks to create new values, while fostering a corporate culture that allows employees to develop their skills and abilities through these measures.

● Framework of Human Resource Development (Overall Image)



NEX-TEC Shibaura

● NEX-TEC Shibaura

It was completed in May 2010 as the main campus of "NITTSU Group University". It is a human resource development center with environmentally-friendly features such as solar and wind powered streetlights.



Training session

Global Human Resource Development Overseas Trainee Programme

Nippon Express started to send employees overseas in 1958, and established an overseas trainee programme in 1964. Though the programme began with only a few participants, about 50 young employees per year are now sent to overseas subsidiaries for 1 year (in some cases 2 years) to undertake on-the-job training. With more than 1,500 employees complet-

ing the training to date, the programme contributes greatly to the realization of our goal to be a global logistics company by helping our employees develop global expertise.

In our 2011 programme, 55 employees were sent to 30 companies in 23 countries.



Overseas Trainees and Nippon Express UK staff



Overseas Trainees and Nippon Express Taiwan staff

Relationship with the Labour Union

The Nippon Express Worker's Union was launched in 1946 and, as of the end of March 2012, has approximately 26,000 members. Nippon Express and the Nippon Express Worker's Union have affirmed that within their relationship of mutual trust they have built, both parties will respect the other's situation, maintain the order between labour and management and cooperate together while aspiring to the common goals of developing business and improving the labour environment. At Nippon Express, we value communication between labour and management. In order for company management to reflect the collective will of the employees, management and labour

exchange opinions concerning the management of the company in two venues: the Central Management Council, which is for general discussions between headquarters and the Nippon Express Worker's Union Central Division, and Branch Committees, which are held between company branches and union branches.

Furthermore, labour and management hold special committee meetings focused on topics such as promoting work-life balance and safety and health. These committees analyse current conditions and discuss future actions.

Commitment to Human Dignity

Nippon Express's compliance rules recognize the United Nations' Universal Declaration of Human Rights,* and on that basis, prohibit all actions leading to discrimination, sexual harassment and so on.

In line with this thinking, we use every opportunity to provide training on preventing discrimination against minorities and other human rights issues in group training and meetings. When hiring employees we always use fair screening procedures and completely exclude discriminatory treatment. In the event of sexual harassment, power harassment, or any other such

treatment, we have arrangements for reporting and consultation through our whistleblower system—"Nittsu Speak Up"—which enables us to prevent and address discrimination and similar behaviour through immediate action.

*Article 2 of the Universal Declaration of Human Rights, which was adopted by the United Nations General Assembly in 1948, reads, "Everyone is entitled to all the rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status."

Initiatives to Support the Nurturing of the Next Generation

Based on the Law Concerning the Promotion of Measures to Aid the Nurturing of the Next Generation of Children, Nippon Express values the various ideas regarding the balance between work and personal life, such as child rearing and all other work-life balance issues, under the premise that all employees will be able to sufficiently bring out their abilities in their work. We are actively contributing to activities centred on individuals independently realizing various life designs, as well as child rearing in the local community, in order to fulfil our social responsibility as a corporate citizen.

During the first period of the General Employer Action Plan, between April 2005 and the end of September 2007, 116 men and women took childcare leave. Similarly, during the second period, from October 2007 to the end of March 2011, 228 employees took childcare leave. We are currently in the third

period of the General Employer Action Plan, which was initiated in April 2011 and will be carried out for two years. In this third period, we continue encouraging employees to take childcare leave and are implementing self-awareness training to reduce overtime work, while instituting an onsite education programme as part of our social contribution activities in each region.

Starting in fiscal 2010, we will take up improving employee job satisfaction as a key measure based on the Nippon Express Group Corporate Strategy 2012—Towards New Growth, and will continue to hold discussions between management and labour to promote a balance between work and personal life and realize a better work environment.

Workplace Healthcare

Nippon Express has assigned health advisors who are certified nurses, or certified with specialized knowledge regarding medicine or health, to all branches for employee health guidance. Advisors provide individual health counselling by making regular rounds in the workplace.

Concerning the recent rise in mental health issues throughout society, we have received the Guidelines for Improvement of Preservation of Workers' Mental Health from the Ministry of Health, Labour and Welfare and have heightened the priority of mental health measures as a key item within our safety and health management policy. The following measures are currently underway.

In addition, we have set targets aimed at decreasing overall work hours to eliminate extensive work hours as a prevention measure for health impairment caused by overwork. We are

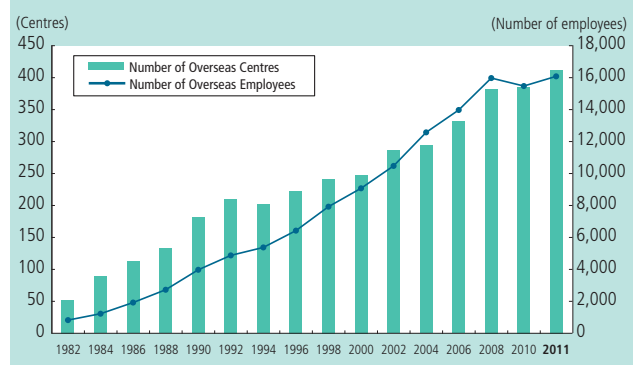
also making an effort to streamline employee tasks and implement joint workplace inspections with the labour union.

- Self-care: An email magazine is distributed specifically for employees.
- Training held by job category
- Workplace Health Care: Mental health training sessions for workplace managers are held in each region of Japan, taught by outside specialists.
- In-house Care by Industrial Healthcare Staff: Health counselors undergo an outside training course called Mental Consultation Specialty Training and the consultation system is being improved.
- Care by Outside Specialists and Organizations: The Mental and Physical Health Consultation Line, an outside consultation service which can be reached online or by telephone, has been established.

Employees Supporting Overseas Networks

It was 1958 when Nippon Express established its New York representative office, the first overseas office. The Nippon Express Group currently has 16,466 employees in 402 locations within 214 cities spanning 38 nations, providing international services such as marine and air cargo transportation and overseas travel. We continue to proactively pursue domestic and regional product logistics that conform to the circumstances affecting each area. Nippon Express Group is reinforcing the development of national staff (local hires) in an effort to provide pluralistic services with local companies in each country, as a global logistics provider.

Transition in Number of Overseas Centres and Overseas Employees



Women in the Nippon Express Workforce

As active involvement of women is imperative for corporate expansion, Nippon Express is aggressively promoting the hiring of female employees.

At its Izu Training Centre, Nippon Express tutors employees in fundamental driving and maintenance skills as well as providing safe driving and operational practice designed to prevent driving and forklift operating accidents. Female forklift operators work as instructors, playing an important role in the development of a "strong workplace."

Female employees also oversee curricula planning and management for educational training programmes at the same centre, allowing drivers, forklift operators and other employees from across the country to enjoy smooth progress through our educational training course.

Transition of the Number of Employed

Fiscal year	No. employed	Percentage	
		No. of women	Percentage
2004	923	144	15.6%
2005	1,004	226	22.5%
2006	1,373	471	34.3%
2007	1,515	416	27.5%
2008	1,680	519	30.9%
2009	1,257	366	29.1%
2010	972	268	27.6%
2011	637	178	27.9%
2012	488	156	32.0%



Education & training staff at Izu Training Centre



Forklift operator instructor

Employment of Disabled People

In an effort to step up employment of disabled people, Nippon Express is expanding the range of occupational fields offered at every centre throughout Japan. As part of these activities, Nittsu Heartful Co., Ltd. was founded in November 1997, and was accredited as a preferential subsidiary of Nippon Express under the Handicapped Persons' Employment Promotion Act in May 1998. Nittsu Heartful handles internal mail and business card

printing for Nippon Express headquarters. Our Gambaritai Group is another business support service, assigning disabled employees to various Nippon Express locations in the Tokyo area. In support of the Gambaritai Group, we position a dedicated manager in each location to act as a close liaison between the employee, family, special-needs school, etc., to help the employee feel comfortable in his or her workplace.

Increased Employment Rate of Disabled People (total per FY)

FY2006	1.95%
FY2007	2.05%
FY2008	2.08%
FY2009	2.05%
FY2010	2.04%
FY2011	1.92%



Internal mail service



Business card printing service

TOPICS Initiative to Improve Quality of Transport at Overseas Offices

As more and more Japanese companies are expanding overseas, the number of customers who demand quality from logistic companies on a worldwide scale is increasing. Therefore, it is now our task to standardise the quality of transport not only in Japan but also at overseas offices.

Over the past few years, the Nippon Express Group, mainly at the Tokyo Air Service Branch, has been promoting to institute and introduce universal procedures and global guidelines in order to achieve the high-quality global standard operations (world standard quality) at airfreight transportation.

As part of that, in 2010, "the Overseas Airfreight Skill Training Course" for operation managers and instructors of overseas offices was held in Japan. In 2011, Japanese skill instructors were sent to 13 overseas offices and they gave practical skill training to the local staff. They also checked and instructed on the implementation of universal procedures and global guideline. What to instruct at each working process has become clear through giving the instruction which is suited to each country's own situation. It has enabled the instructors to check the result on site and led to the further improvement of quality. This initiative also helped to raise the abilities of the skill instructors and to reinforce the communication channel with the local staff.

By continuing the initiative in 2012, the Nippon Express Group will execute its high-quality transport on a worldwide level and aim to further improve our customer satisfaction.



Overseas Skill Training Course
(The Nippon Express, Mexico)



Overseas Skill Training Course
(The Nippon Express, Malaysia)

TOPICS Initiative of CSR Department on New Employees' Training

New employees for clerical positions in 2012 learnt basic skills necessary in the workplace and the business summary of Nippon Express at our head office, NEX-TEC Shibaura and the Izu Training Centre for about 3 weeks after the initiation ceremony. They learnt about CSR for a whole day at the Izu Training Centre. They were given a lecture on compliance, personal information management and environmental policies during the morning. Then, during the afternoon, they engaged in forest cultivation in the company-owned forest around the Training Centre as part of training/learning through experience.

There were 187 new employees for the clerical positions who took the course in 2012. They were divided into 2 groups, so around 90 people per group worked together to engage in the forest cultivation activity. The good weather and the energy of young employees together with the cooperation of the local forest cooperative and Nits Real Estate, which manages the forest, made the activity go very well.

They gained a better understanding of the importance of forest preservation through the activity in which they thinned the forest, put logs in the wood chipping machine and place chips back to the logged area in order to change the rough forest to be the environment where new lives will come out. Additionally, they learnt the importance of teamwork as well as their own roles through acting together as a group.

At first, they found it more difficult and harder than they thought to cut trees, since many of them were from urban areas and were not accustomed to using a saw, but once they got the knack of it, their efficiency got better and chips were sprinkled over the forest more quickly. At the end of the activity, they planted a Japanese dogwood tree as to symbolise a prayer for them to become a full member of society.

At the end of the day, all participants had an open dialogue about the training on CSR, exchanged opinions on such things as the contents of the lecture, and forest cultivation. Many views

were expressed, for instance "I was able to realise the importance of CSR at a company through actually experiencing it by myself" and "Even if it's a small thing, it's important to act on first."



Forest Cultivation in the New Employees Training



Tree Thinning



Dialogue

Together with Society

As a company using public infrastructure such as highways, railways, ports and airports for its business and working closely with the public, we should be a trusted member of society. "Our pride: inspire trust every step of the way" is an integral part of the Nippon Express Group corporate philosophy, which expresses our resolve to earn the trust of society. We will strive to promote communication with other members of society, and realize mutual development with them.

Involvement in the Environment

Environmental Conservation Activities

The Nippon Express Group has been involved in environment preservation of forests, and this is to protect water and soil. Nippon Express has been organizing the forest cultivation activities in three prefectures in Japan; Yamagata, Tottori and Shizuoka. Many employees and their families have participated in them and taken it as an opportunity to re-think about our relations to our environment. We have also been strengthening environmental education too. For instance, we have included a tree thinning activity in our training for new employees which was conducted in the company-owned forest in Izu Nirayama (Shizuoka).

Furthermore, together with our group companies, we conducted "the Leaf-raking Activity" in Hama-rikyu Gardens located in front of our head office. We value our connection with a local community as well as environment preservation.

In urban areas, we supported "the My Tree Program" of the Tokyo metropolitan government in March 2011 and planted 100 medium trees along the Sotobori-dori avenue and brightly-colored flowers and fruits decorate the main street every season.



Forest Cultivation Activity



Forest Cultivation Activity in the Training for New Employees



"Leaf-Raking Activity" in Hama-rikyu Gardens



Trees Planted in "the My Tree Program" of the Tokyo Metropolitan Government

Nationwide Cleanup Activity and Local Recycling Activity

The Nippon Express Group has been conducting Nationwide Cleanup Activity during the Environment Month since 2004. In June 2011, 12,594 employees and family members joined forces in various cleanup events focusing on areas surrounding each business facility. Recently more and more facilities are conducting such activities on a monthly basis, not only during the Environment Month.

The Nippon Express Group also pursues a mundane recycling activity. We have participated in "the Ecocap collection program"*1 since January 2009. As of May 2012, 603,960 caps were collected throughout the Nippon Express Group, providing 755 children with vaccines while reducing CO₂ emissions by 4.756 kilos.*2

In addition, unused calendars of the following year are collected and presented to social welfare facilities. At the end of 2011, we presented them to the evacuated people from the Great East Japan Earthquake who lived in temporary housing.



Nationwide Cleanup Activity



Collected plastic bottle caps

*1 The program organized by an NPO, the Ecocap Movement. They collect plastic bottle caps and sell them to recycling companies and donate their profits toward purchase of vaccines for children in developing countries.

*2 800 caps (20 yen) covers the polio vaccination of one child. Also 6.3 kilos of CO₂ emissions is reduced by recycling 800 caps.

Biodiversity Initiatives

We undertake biodiversity initiatives by considering the creatures who share the planet earth with us. We carried out the "In Search of Living Creatures" program in the rivers nearby the Nittsu Forest (Iidemachi, Yamagata prefecture) together with local pupils, and learnt about the creatures living in rivers.

Following the study of wild birds in Izu Nirayama in 2010, we conducted the study of rearing of wild birds in the company-owned forest in Shiranukacho, Hokkaido, in June 2011 (breeding

time) and December 2011 (wintering time) and confirmed 43 kinds of wild birds inhabiting the area. In addition, we confirmed that fishes inhabited the spring-fed rivers and many mammalian footprints including mice in the marshy area.

We keep on making our efforts to preserve the environment where a great variety of creatures are able to inhabit.



"In Search of Living Creatures" program



Study of Rearing of Wild Birds in the Company-owned Forest in Shiranukacho, Hokkaido



Birdhouses for Owls Placed in the Forest of Izu

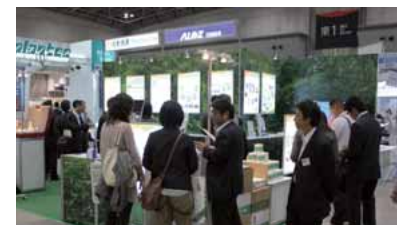
Participation in the New Environmental Exposition 2011

The Nippon Express Group participated in "the New Environmental Exposition 2011" whose purpose was to enlighten environment conservation as well as to bring stability to people's lives and the growth of environment-related industries by providing information of various environmental technology and services. We introduced our environmentally-friendly products, such as paper recycling related transport service, moving service with using repeatedly useable packaging materials, and product/service with carbon offset for preventing global warming, through a display and a presentation.

We reduced the power consumption by using LED lighting for

our exhibit panels (previous year: 3000W -> this year: 1620W.)

We also exhibited our energy-saving efforts by giving away our original eco bags to the people who answered our questionnaire.



Booth at the New Environmental Exposition 2011

Involvement in the Arts and Culture

Nippon Express presents Saori Yuki & Sachiko Yasuda, *Songs With Your Life Concert* and *Homemade School Concert*

Based on their desire to pass beautiful Japanese songs on to the children of the 21st century in the hope that they will inherit and continue to sing them, sisters Saori Yuki and Sachiko Yasuda started this Children's Songs concert. Nippon Express shares their objective and has continued to support the duo's concerts since 1995.

Homemade School Concerts are exactly what their name implies—the pair visit junior high schools, borrows the gymnasium or auditorium, and produces a concert in collaboration with the schools' students and staff. Nippon Express has

supported these concerts since their start in 2002 and, over a 10-year period, has held concerts at 77 schools across the country.



Homemade School Concerts

Museum of Logistics

The Museum of Logistics, established by the Forwarders Council, is Japan's first museum specializing in the freight transport industry. The museum was opened in 1998 to widely promote the logistics industry to the public.

The museum houses approximately 2,000 actual documents, 10,000 historical documents, 100 stock videos from the past industry films, 40,000 photographs, and a variety of other unclassifiable items on traffic and transportation from the Edo Period. A number of items in this distinctive and valuable collection are owned or were donated by Nippon Express.

The museum features permanent exhibition rooms and video viewing rooms introducing the past and present of the logistics industry. Visitors can also enjoy a range of hands-on experiences, such as "making delivery vehicles out of cardboard," "wearing delivery drivers' uniforms," "using delivery tools from the past," and "using furoshiki (Japanese wrapping cloth).

As well as being used for field trips from primary, junior high,

and high schools and for training for company employees, the museum occasionally hosts special exhibits, movie events and lectures which attract visitors of all ages. The total number of visitors surpassed 100,000 in May 2011.

The exhibition, "Photo Studio of Logistics – Witnesses of Passing Delivery Scenes", was held in 2011. About 150 items, which were shot from 1950s to 1970s in the photo collection of the field of logistics during and after World War II, were displayed.

Nippon Express supports the operation of the Museum of Logistics by offering donations, providing exhibit items and other means.



Museum of Logistics

Involvement in Local Communities

Baseball Clinic with the Nippon Express Baseball Club

The Nippon Express Baseball Club holds baseball classes for the local boys at the ground of the Nippon Express baseball team in Saitama-city. This team is competitive and a regular in a city-on-city baseball tournament. In 2011, more than 300 pupils and their parents living in the city participated in the event. The event is held annually usually around February, as part of community exchanges with the local community, and it aims to improve their baseball skills as well as to nurture young baseball players who are healthy both physically and mentally.

Also, during the training in Miyakojima which is held every February, the team has been actively trying to contribute to the local community, through such activities as helping to harvest sugar cane as part of showing their gratitude to the local people.



Baseball clinic



Baseball team members who are helping to harvest sugar cane in Miyakojima.

Participation in Festivals and Events across the Country

One of Japan's annual summer events is the summer festival in the Tohoku region. The scale of the events in 2011 was bigger than usual, since the people wished for the region's speedy recovery from the Great East Japan Earthquake. Under these circumstances, Nippon Express entered the Nebuta Festival of Aomori for the 65th consecutive time and around 100 employees of the Group mainly from the Aomori branch participated in it. We also entered the Sansa Odori Festival of Morioka (for the

34th time as of 2011) in which we have taken part since its opening year, and around 150 employees mainly from Morioka branch participated in it while wearing missangas hand-knitted by the people in the Sanriku region who were affected by the Earthquake.

The Nippon Express Group joins and supports festivals and events across the country for regional developments while actively deepening exchanges with local people.



Nebuta Festival of Aomori



Sansa Odori Festival of Morioka

CSR Activities in Overseas

Promotion of Career Education around the World

The Nippon Express Group invites students to our offices around the world and offers "career education" for them to learn more about work. In July 2011, Nippon Express (South China) in Guangzhou, China accepted 60 students from Sun Yat-sen University and arranged a field trip for them to learn about an advanced logistics system. In November 2011, Nippon Express

(Vietnam) accepted students from the Japanese supplementary school in Ho Chi Minh and arranged a facility tour at Song Than Logistics Centre which was just completed. We continue to promote CSR activities in various forms in the regions while aiming to be a company which contributes to society.



Field Trip at Nippon Express (South China)



Facility Tour at Nippon Express (Vietnam)

TOPICS Fund-raising Campaign through UNICEF

Nippon Express became a corporate member of the Japan Committee for UNICEF in 2008 and has been cooperating with them in the UNICEF Foreign Coins Collection Campaign* as part of our social contribution. We help them from the operational side by, for example, taking/collecting coins from member companies, and delivering them to transport/airline companies. We also put our efforts into fund-raising and PR activities as well.

*This is a fund-raising campaign to help the activity for protecting the lives and health of children in developing countries by collecting and sending unused coins from homes or workplaces to UNICEF.



PR poster of the UNICEF Foreign Coins Collection Campaign

Involvement with the Next Generation

Ryutsu Keizai University

Ryutsu Keizai University (RKU) was founded in 1965 by Nittsu Gakuen Educational Corporation, with support from Nippon Express, for the purpose of promoting research and education on logistics. In 1985 RKU Kashiwa High School was also established as an affiliate high school.

This is a rare case in Japan, where there are very few companies sponsoring the establishment or management of educational institutions, to promote learning or industry development.



Ryugasaki Campus

Since the school opened, the Nippon Express Group has provided a variety of support to the RKU and other universities by offering Nippon Express Donated Courses and accepting interns. The Nippon Express Group will continue to contribute to the further development of the logistics industry as well as human resource development.



Endowed Chair

Nurturing the Next Generation

Nippon Express has been working to nurture the next generation by producing "kids Xchange", the educational materials on environment for upper-grade primary school students. They explain environmental topics such as global warming, energy, resources, water, waste, and consumption in an easy-to-understand way. Since 2008, 5,000 students in a total of 80 schools have taken classes using the materials.

Nippon Express also "delivers lessons" as requested by schools, in which our employees go and give lessons at schools as instructors. They teach pupils about how recycling paper reduces deforestation by bringing environment-conscious products such as the Paper Recycle Box (PRB). Each year the number of primary/junior high/high school students visiting Nippon Express worksites is increasing, as is that of onsite work experiences by junior high students. In 2011, 43 students from

7 schools visited our worksites, 14 students from 6 schools participated in work experiences at our facilities, and 100 students in 1 school received "delivery" lessons from our employees.



"Delivery" Lessons at Junior High School



"Kids X change" Educational Materials on Environment



Worksite Visits by High School Students



Work Experiences by Junior High School Students

Corporate Governance

We, the Nippon Express Group, believe that high standards of corporate governance, compliance, transparency and risk management create an important foundation for responsible business practice. We aim to conduct business by acting according to our fundamental policy of “the realization of speedy management through quick decision making” and “the establishment of a clear division of responsibility,” while strengthening stakeholder trust.

Corporate Governance Structure

Nippon Express strives for transparent and efficient business management as we establish a corporate governance structure.

Our Thought on Corporate Governance

Nippon Express’ fundamental thinking related with corporate governance is “the realization of speedy management through quick decision making” and “the establishment of a clear division of responsibility.” Specifically, since June 2001 the number of the board members was reduced from 25 members or less to 15 members or less. Furthermore, the term was shortened from two years to one year. All this resulted in revitalizing the board and speeded up decision making. Attempts were made to clarify each directors’ management responsibilities for each business year.

At the same time, the Company has introduced a board of executive officers with the goal of ensuring rapid execution of

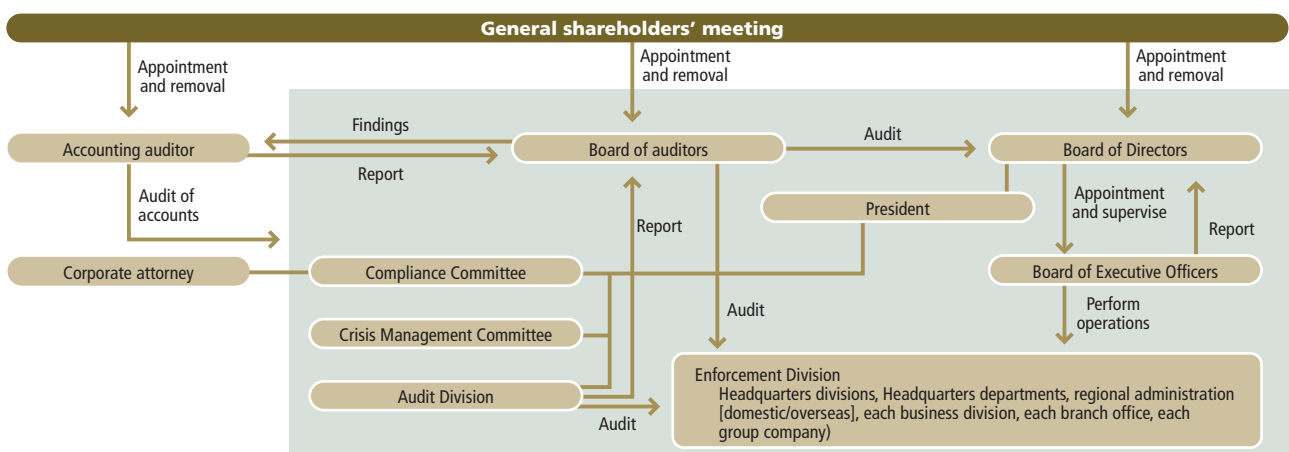
business operations. As of March 31, 2012, we have 13 directors and 29 executive officers (12 of those concurrently serve as directors). In addition, our auditors attend board meetings and other important conferences, review key documents, visit our main facilities for audits, perform reviews at subsidiaries, and report all results at meetings of the board of auditors and the board of directors. The board of auditors functions as a supervisory institution that operates from an objective point of view. As of March 31, 2012, we have four auditors (three of those are outside auditors).

Creating a Internal Control System

In order to conduct business fairly and efficiently, it is important to implement firm internal control systems. Nippon Express has created effective control systems, including a compliance system, a risk management system, an internal audit system and a system to assure fair business operations in all Group companies. In addition, with the enactment of the Corporate Law in May 2006, Nippon Express adopted and instituted the Basic Policy Relating to the Establishment of an Internal Control System at a board of directors meeting.

In accordance with a partial revision of the Securities Listing Regulations at the Tokyo Stock Exchange, the Basic Policy for the Exclusion of Antisocial Forces was adopted and instituted at the Board of Directors meeting in April 2008, providing a response to the need for a regulation to prevent the intervention of antisocial forces in our corporate activities.

● Corporate Governance Organization Chart



Crisis Management System

Nippon Express is actively involved in building a highly robust Crisis Management System preparing us to handle situations in any kind of disaster or emergency.

Creating a Crisis Management System

Nippon Express has constructed our crisis management system under four "Crisis Management Codes": "the Disaster Management Code", "the Overseas Crisis Management Code", "the System Risk Management Code" and "the New Influenza Management Code." We set the steps to be taken against widespread disasters, new types of influenza, information system risks, and terrorism-related risks.

As a designated public institution under the Disaster Measures Basic Law and the Civil Protection Act (the Act Concerning the Measures for Protection of the People in Armed Attack Situations), Nippon Express transported emergency materials upon requests of the national and prefectural governments during the aftermath of large-scale disasters such as the Hanshin-Awaji Earthquake and the Niigata Prefecture Chuetsu-oki Earthquake. Also soon after the Great East Japan Earthquake which caused the unprecedented damage to the country, we fulfilled a role as a designated public institution by working to assist the affected areas with rehabilitation and reconstruction. For instance, we transported emergency materials from the very first day the earthquake struck.

Concerning natural disasters, the Nippon Express Group Disaster Measures Regulations were adopted in October 2001, through which we are strengthening our cooperative effort

Business Continuity (BCP)

In addition to the risk posed by the occurrence of natural disasters such as large earthquakes and typhoons, we are also now facing a threat like the spread of new influenza.

Even under emergency situations, it is now a company's responsibility to take necessary measures and make plans for both preparation and action in advance so that we are able to continue or recover quickly to fulfil our primary obligations as a transportation company. Nippon Express is appointed as a designated public institution under the Disaster Measures Basic Law and the Civil Protection Act, and, in order for us to fulfil its responsibility, we are required to continue our operations.

Under these circumstances, the amount of requests asking us to work on "the comprehensive and systematic initiatives" as a company is increasing which enables us to continue our business operations not only in times of emergency but also in other challenging situations. In response, we developed BCM

within the Group. Our Reporting Procedures for Disasters establishes criteria for determining whether a report is required when a disaster occurs (for example, in the case of an earthquake registering four or above on the Japanese seismic scale). Utilizing the Disaster Management System established on our intranet, these reporting procedures provide an early-warning reporting system between all branches and headquarters regarding the state of disasters, as well as a system for sharing information between branches.

Furthermore, as well as preparing stockpiles for emergencies of supplies including food and drinking water, we have brought in satellite phones and mobile phones with priority access in a time of disaster to enable us to respond to power failures or disruptions to mobile phones or other telephone networks. We installed them in related divisions at the head office and major branches across the country.

Finally, as a counter-measure against influenza, we have stocked hygienic items, such as masks, gloves and goggles. In response to the new strain of influenza that emerged in April 2009, we provided staff with masks and took measures to ensure that infected staff or staff whose family had been infected stayed home from work.

(Business Continuity Management) as well as a BCP (Business Continuity Plan) specifically for Nippon Express in 2009.

As well as each company of the Nippon Express Group placing the health and lives of employees and their families first when responding to states of emergencies caused by natural disasters, industrial disasters and man-made disasters, we also try to continue our business operations as much as possible in order for us to be able to fulfil our social responsibility as a designated public institution and a maintainer of social functions under the Disaster Measures Basic Law and the Civil Protection Act. At the time of the Great East Japan Earthquake, we tried to continue our business operations, starting with the transport of emergency relief materials, by invoking a BCP (Business Continuity Plan) swiftly.

BCM Basic Policy

1. Priority of human life and safety

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

2. Contribution to society

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

3. Minimization of effects on customers

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

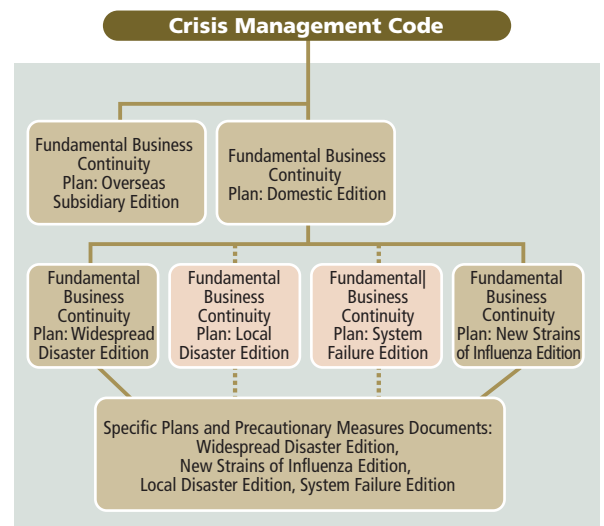
4. Thorough compliance with laws and regulations

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

5. Disaster preparation in times of normal business operations

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

Organizational Chart for Business Continuity System Documents



Compliance Initiatives

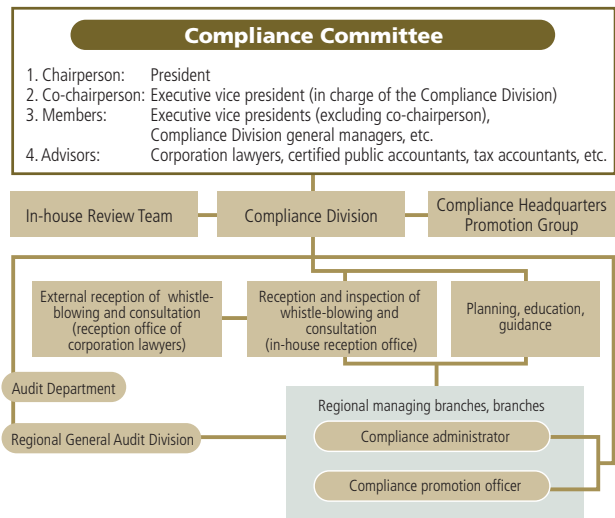
The Nippon Express Group declares that we will conduct our business operations based on sound corporate judgement under the Nippon Express Group Conduct Charter and strives for thorough compliance.

Compliance Management Promotion System

Stressing the importance of compliance management, Nippon Express established the Compliance Division in June 2003. In October of the same year, Compliance Regulations were also created, and, along with the establishment of a Compliance Committee chaired by the company president and an internal whistle-blower system (Nittsu Speak-up), several measures were undertaken to encourage honest and fair company activities.

From 2010, we set every November as a “Compliance Month” and undertake a comprehensive review of legal compliance and employee education across the country.

We have also tried to enhance the awareness on compliance by lending DVDs and distributing leaflets for education to prevent power harassment within group companies in Japan and overseas. Furthermore, we distributed a “compliance card” to all employees and encourage them to conduct “self-checking on compliance” on a daily basis.



Personal Data Protection and Management System

Along with the establishment of the Personal Data Protection Division in February 2005, Nippon Express also established the Personal Data Protection Policy and Personal Data Protection Code—exemplifying Nippon Express’s commitment to personal data protection management. Ongoing education utilizing

DVDs and e-learning is offered to all employees in an attempt to make information about personal data protection better known within the company.

The Nippon Express Group has also received various certifications related to the protection of personal data.

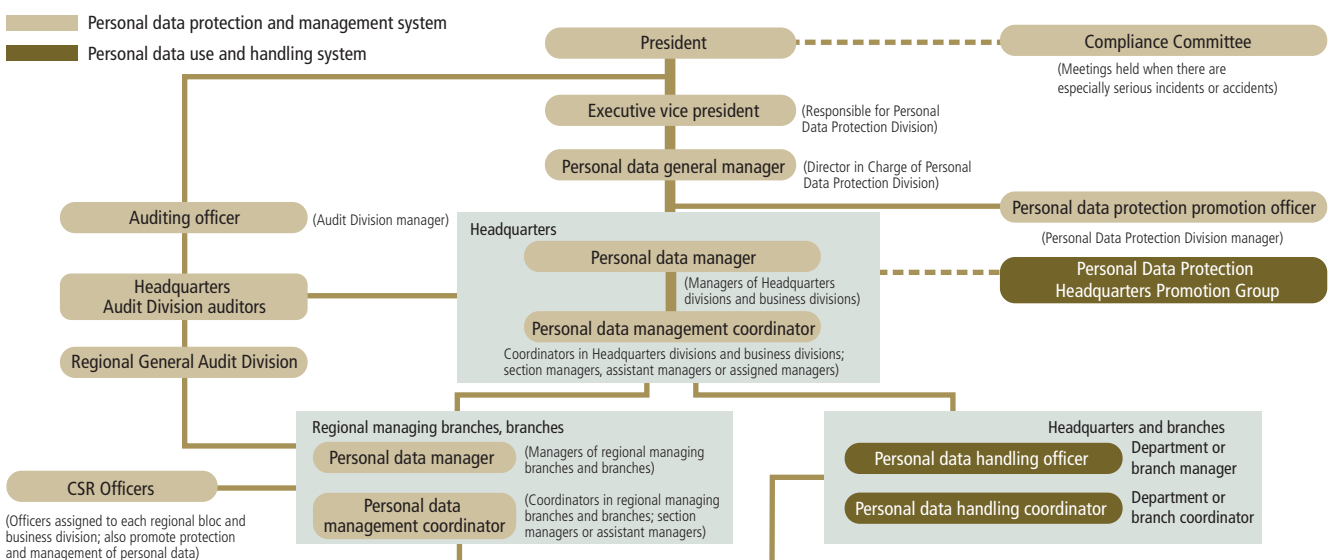
Personal Data Protection Policy (Items)

1. Respect for individuals’ personal data
2. Personal data protection system
3. Secured management of personal data
4. Compliance with laws and other regulations pertaining to protecting personal data
5. Respond to complaints and counselling requests
6. Continuing improvement of programme for compliance with personal data protection policy

Revised July 22, 2011 (Adopted April 1, 2005)

- Privacy marks
Nippon Express, Nittsu Shoji, Nittsu Capital, Careerroad, Nago E-Technology, Nittsu Tokyo Ryutsu Service, NEXDG
- TRUSTe
Nittsu Research Institute and Consulting
- ISMS (Conformity Assessment Scheme for Information Security Management System)
Nippon Express, Nippon Express Tokyo Airport Branch Information System Center, Nippon Express Tokyo Office Service Branch, Nittsu Information System

Organizational Chart for Business Continuity System Documents



Third-party Evaluation

The speed of integration within the global economy and the shifting of its central axis toward Asia are continually accelerating these days. Since the same tendency can be observed in the field of logistics, the role of the Nippon Express Group, which is based in Asia, must be increasing as well.

While pursuing its own growth as a “global logistics company”, the Nippon Express Group acknowledges that it must fulfil social responsibilities by appearing on and acting in the international stage, and face the stakeholders around the world with sincerity.

1. Clarification of CSR Strategy

As I pointed out in the last year’s “Third-party Evaluation”, the need to show what CSR means for Nippon Express to society is continually increasing, considering the fact that the range of activities referred to by the term, ‘CSR’ is widely expanding. In doing so, it is essential have a clear vision, and clarify what to work on specifically based on that vision, as well as what results are to be shown.

2. Active Participation to Defining Global Rules

In the logistics industry to which the Nippon Express Group belongs, there are three huge and extremely inherently important issues relating to the field of CSR. First, there is an issue about environmental problems, mainly on CO₂ emissions generated from transport medium, such as cars, ships and aircraft. In addition, there is an issue about labour and human rights as a labour-intensive industry. Then, there is an issue about supply-chain management relating to the above two issues (Nippon Express’ relations with each group company, subcontractors and business partners).

In these issues, the industry, mainly through companies in Europe, is establishing the rules for the industry. Especially on CO₂ emissions, Europe and the US have already set the unified standards and the same appears to be happening in Asia too.

It seems that as one of the characteristics of Japanese companies, they are (understandably) active in complying with rules including laws and regulations, but on the other hand, they are cautious in getting involved in the actual process of establishing rules. However, Japanese society has already refused this kind of passive attitude and begun to demand for more independently-minded approach. This corporate tendency has become more obvious since they took one step outside of Japan and this has resulted in many cases where the fruits of economic growth were usurped by other foreign companies. I, therefore, strongly wish for the Nippon Express Group’s active participation in this area.

3. Deployment of CSR Activities Relating to its Business Operations

As I mentioned last year as well, it is required of the Nippon Express Group that the deployment of CSR activities relates more to your business domain.

In this report, there are more pages on “Together with Our Customers” than the previous year, especially on the provision of environmentally-friendly services. It is important to try to address social issues through these individual activities. However, at the same time, it is necessary to ascertain which social issues you should address as a company, then to work on these with a clear vision of how to solve them.

4. Stakeholder Engagement

In this report, it is mentioned that you conducted a dialogue among new employees and the CSR department as a part of training for new employees. You made progress, however slight, as compared to the last year, when I said “(the Nippon Express Group) has not yet established opportunities for communication with its stakeholders”, but I have to say that it is not enough when considering the original meaning of “stakeholder engagement.”

When companies try to solve or address social issues, it is important for them to talk with the related stakeholders first, then to implement the initiatives with fully understanding these stakeholders’ opinions and needs. International rules including ISO 26000 require companies to do that.

When you work on any point I brought up here, stakeholder engagement is always an essential matter.



Hiroshi Ishida

A handwritten signature in blue ink, appearing to read 'H. Ishida', with a long, sweeping underline.

Executive Director,
Caux Round Table-Japan
Assistant Professor, Institute of
Business and Accounting,
Professional Graduate School,
Kwansei Gakuin University

List of Consolidated Companies: 250 Companies (as of March 2012)

Domestic

Nittsu Transportation Co., Ltd.	Tokushima Express BingoExpress Co., Ltd.	BingoExpress Co., Ltd.	Nippon Shipping Co., Ltd.	MC Nittsu China Holdings Co., Ltd.	Hokuoh Transportation Inc.
Kita-Nihon Kaiun Co., Ltd.	Tsutai Warehouse Co., Ltd.	Touhoku Truck Co., Ltd.	Shiogamako Unso Co., Ltd.	Sendai Port Silo Co., Ltd.	Nipponkai Warehouse Co., Ltd.
Niigata Chuo Unso Co., Ltd.	Nittsu Nagoya Seitetsu Sagyo Co., Ltd.	Osaka Warehouse Co., Ltd.	Sakaiminato Kairiku Unso Co., Ltd.	Nagasaki Kowan Unyu Co., Ltd.	Hakodate Air Service Co., Ltd.
Nippon Courier Service Co., Ltd.	NTS Co., Ltd.	Shanghai Super Express Co., Ltd.	Nittora Logistics Service Co., Ltd.	Nittsu Sapporo Logistics Service Co., Ltd.	Nittsu Sapporo Unyu Co., Ltd.
Nittsu Sapporo Market Freight Handling Service Co., Ltd.	Nittsu Otaru Unyu Co., Ltd.	Nittsu Muroran Unyu Co., Ltd.	Nittsu Hakodate Unyu Co., Ltd.	Nittsu Asahikawa Unyu Co., Ltd.	Nittsu Soya Nonyu Service Co., Ltd.
Kitami Nittsu Unyu Co., Ltd.	Nittsu Kushiro Unyu Co., Ltd.	Nittsu Obihiro Unyu Co., Ltd.	Hiroo Kaiun Cargo Handling Co., Ltd.	Nittsu Obihiro Ryutsu Co., Ltd.	Koun Yuso Co., Ltd.
Koun Butsuryu Co., Ltd.	Sendai Nittsu Unyu Co., Ltd.	Nittsu Sennan Unyu Co., Ltd.	Nittsu Soma-ko Unyu Co., Ltd.	Nittsu Senhoku Unyu Co., Ltd.	Nittsu Kesenuma Unso Co., Ltd.
Nittsu Sendai-ko Butsuryu Co., Ltd.	Aomori Koun Co., Ltd.	Nittsu Hirosaki Unyu Co., Ltd.	Nittsu Hachinohe Unyu Co., Ltd.	Nittsu Iwate Unyu Co., Ltd.	Nittsu Akita Unyu Co., Ltd.
Nittsu Akita Butsuryu Co., Ltd.	Nittsu Yokote Unyu	Nittsu Odate Unyu Co., Ltd.	Nittsu Yamagata Unyu Co., Ltd.	Nittsu Nagai Unyu Co., Ltd.	Nittsu Shonai Unyu Co., Ltd.
Nittsu Sakata Butsuryu Co., Ltd.	Nittsu Koriyama Unyu Co., Ltd.	Nittsu Fukushima Unyu Co., Ltd.	Nittsu Aizu Unyu Co., Ltd.	Nittsu Gunma Unyu Co., Ltd.	Nittsu Maebashi Unyu Co., Ltd.
Nittsu Ota Unyu Co., Ltd.	Nittsu Utsunomiya Unyu Co., Ltd.	Nittsu Takada Unyu Co., Ltd.	Niigata Nittsu Unyu Co., Ltd.	Sanjo Nittsu Unyu Co., Ltd.	Nittsu Ojya Unyu Co., Ltd.
Nittsu Nagano Unyu Co., Ltd.	Shinano Truck Co., Ltd.	Nittsu Matsumoto Butsuryu Co., Ltd.	Nittsu Suwa Butsuryu Co., Ltd.	Nittsu Suwa Unyu Co., Ltd.	Nittsu Ina Unyu Co., Ltd.
Nittsu Tokyo Unyu Co., Ltd.	Nittsu Tokyo Haiso Co., Ltd.	Nittsu Fluid Transport Co., Ltd.	Nittsu Tokyo Ryutsu Service Co., Ltd.	Nittsu Consumer Service Co., Ltd.	Nittsu Removal Service Co., Ltd.
Nittsu Sumidagawa Unyu Co., Ltd.	Nittsu Kanda Chuo Unyu Co., Ltd.	Nittsu Tokyo-nishi Unyu Co., Ltd.	Nittsu Tokyo Security Co., Ltd.	Nittsu Yamanashi Unso Co., Ltd.	Ryoso Tsuun Co., Ltd.
Nittsu Chiba-minami Ryutsu Service Co., Ltd.	Nittsu Chiba Freight Transport Co., Ltd.	Nittsu Funabashi Unyu Co., Ltd.	Nittsu Sakura Unyu Co., Ltd.	Nittsu Saitama Unyu Co., Ltd.	Nittsu Kogoshi Unyu Co., Ltd.
Nittsu Kashima Unso Co., Ltd.	Nittsu Ibaraki Unyu Co., Ltd.	Nittsu Tsukuba Unyu Co., Ltd.	Nittsu Yokohama Unyu Co., Ltd.	Nittsu Shonan Butsuryu Co., Ltd.	Nittsu Kawasaki Unyu Co., Ltd.
Nittsu Shizuoka-chubu Unyu Co., Ltd.	Nittsu Shizuoka-tobu Unyu Co., Ltd.	Nittsu Hamamatsu Unyu Co., Ltd.	Nittsu Nagoya Unyu Co., Ltd.	Chita Tsuun Co., Ltd.	Nittsu Nagoya-kita Unyu Co., Ltd.
Nittsu Higashi-Aichi Unyu Co., Ltd.	Nittsu Mikawa Unyu Co., Ltd.	Nittsu Tsu Unyu Co., Ltd.	Nittsu Yamamori Butsuryu Co., Ltd.	Nittsu Mie Automobile Transport Co., Ltd.	Nittsu Gifu Unyu Co., Ltd.
Nittsu Tajimi Unyu Co., Ltd.	Ishikawa Nittsu Unyu Co., Ltd.	Nittsu Komatsu Unyu Co., Ltd.	Nittsu Toyama Unyu Co., Ltd.	Nittsu Takaoka Unyu Co., Ltd.	Nittsu Korobe Unyu Co., Ltd.
Fukui Nittsu Unyu Co., Ltd.	Daiso Logi-Tech Co., Ltd.	Nittsu Osaka Unyu Co., Ltd.	Nittsu Osaka Ryutsu Service Co., Ltd.	Nittsu Osaka Logistics Co., Ltd.	Nittsu Nara Unyu Co., Ltd.
Nittsu Osaka Terminal Unyu Co., Ltd.	Nittsu Hyogo Unyu Co., Ltd.	Nittsu Hikami Unyu Co., Ltd.	Nittsu Kobe Unyu Co., Ltd.	Nittsu Maizuru Unyu Co., Ltd.	Nittsu Kyoto Unyu Co., Ltd.
Nittsu Shiga Unyu Co., Ltd.	Nittsu Wakayama Unyu Co., Ltd.	Nissin Kaiun Co., Ltd.	Nittsu Kagawa Unyu Co., Ltd.	Nittsu Takamatsu Logistics Service Co., Ltd.	Nittsu Nishi-Kagawa Unyu Co., Ltd.
Nittsu Kochi Unyu Co., Ltd.	Nittsu Shikoku Unyu Co., Ltd.	Nittsu Ehime Unyu Co., Ltd.	Bintsu Butsuryu Co., Ltd.	Sakaiminato Butsuryu Co., Ltd.	Nihon-kai Port Service Co., Ltd.
Nittsu Fukuyama Tekko Unyu Co., Ltd.	Iwakuni Nittsu Unyu Co., Ltd.	Nittsu Hiroshima Ryutsu Service Co., Ltd.	Nittsu Matsue Unyu Co., Ltd.	Mitsuwa Transportation Co., Ltd.	Nittsu Yonago Unyu Co., Ltd.
Nittsu Mizushima Unyu Co., Ltd.	Nittsu Shimonoseki Unyu Co., Ltd.	Nittsu Hofu Unyu Co., Ltd.	Nittsu Ube Unyu Co., Ltd.	Nittsu Tokuyama Unyu Co., Ltd.	Nittsu Fukuoka Truck Co., Ltd.
Fukuoka Himawari Unso Co., Ltd.	Nittsu Yahata Sagyo Co., Ltd.	Nittsu Kurume Yuso Co., Ltd.	Nittsu Kita-Kyushu Unyu Co., Ltd.	Oita Unyu Co., Ltd.	Nittsu Oita Truck Co., Ltd.
Nittsu Kumamoto Truck Co., Ltd.	Nittsu Nagasaki Unyu Co., Ltd.	Nittsu Miyazaki Unyu Co., Ltd.	Nittsu Kagoshima Unyu Co., Ltd.	Kyouriutsu Air Transport Co., Ltd.	Tokyo Air Cargo Service Co., Ltd.
Narita Air Cargo Service Co., Ltd.	Nittsu Haneda Grand Service Co., Ltd.	Chubu Air Cargo Service Co., Ltd.	Kanku Transport Service Co., Ltd.	Nittsu Transport Service Co., Ltd.	Logistics System Transport Co., Ltd.
Nittsu Meiko Unyu Co., Ltd.	Nittsu Shoji Co., Ltd.	Taiyo Nissan Auto Sales Co., Ltd.	Nittsu Kicoh Co., Ltd.	Koun Shoji Co., Ltd.	Nittsu Real Estate Co., Ltd.
Nittsu Estate Service Co., Ltd.	Nittsu Kansai Enterprise Co., Ltd.	Nittsu Fukuoka Security Service Co., Ltd.	Nittsu Research Institute and Consulting, Inc.	Nittsu Information Systems Co., Ltd.	Nittsu Express Capital Co., Ltd.
Nittsu Driving School Co., Ltd.	Careerroad Co., Ltd.	Nittsu Hearful Co., Ltd.	Gunma Ryutsu Service Co., Ltd.	Nittsu Office Facilities Co., Ltd.	Nittsu Hokuriku Sogo Maintenance Co., Ltd.
Nago e-technology Co., Ltd.	NEXDG Co., Ltd.				

Overseas

Nippon Express U.S.A., Inc.	Nippon Express Travel USA, Inc.	Nippon Express U.S.A. (Illinois), Inc.	Nittsu New York, Inc.	NEX Transport, Inc.	Nippon Express Global Logistics, Inc.
Associated Global Systems, Inc.	Nippon Express Canada, Ltd.	Nippon Express de Mexico S.A. de C.V.	NEX Global Logistics de Mexico, S.A. de C.V.	Nittsu do Brasil Comercial, Ltda.	Nippon Express do Brasil
Nippon Express Europe GmbH.	Nippon Express (Deutschland) GmbH	Nippon Express (Russia) Limited	NEX Logistics Europe GmbH	Nippon Express (Nederland) B.V.	Nippon Express Euro Cargo B.V.
Nippon Express (U.K.) Ltd.	Nippon Express (Ireland) Ltd.	Nippon Express (Belgium) N.V./S.A.	Nippon Express France, S.A.	Nippon Express (Italia) S.R.L.	Nippon Express (Schweiz) AG
Nippon Express de Espana, S.A.	Nippon Express Portugal S.A.	Nippon Express (Middle East) L.L.C.	Nippon Express (Istanbul) Global Logistics A.S.	Nippon Express (H.K.) Co., Ltd.	NIPPON EXPRESS (China) Co., Ltd.
Nippon Express (Shenzhen) Co., Ltd.	Nippon Express (Zhuhai) Co., Ltd.	Nippon Express Cargo Service (Shenzhen) Co., Ltd.	Nippon Express (Xiamen) Co., Ltd.	Nippon Express (Suzhou) Co., Ltd.	Nippon Express (Jiaxing) Co., Ltd.
Nippon Express Global Logistics (Shanghai) Co., Ltd.	Shanghai Nittsu Puling Logistics	Nippon Express (South China) Co., Ltd.	Nippon Express (Guangzhou) Co., Ltd.	Shanghai e-Technology Co., Ltd.	Nippon Express (Shanghai) Co., Ltd. Co., Ltd.
Nippon Express (Taiwan) Co., Ltd.	Beacon International Express Corp.	NEX Global Logistics Korea Co., Ltd.	Nippon Express (South Asia & Oceania) Pte., Ltd.	Nippon Express (Singapore) Pte., Ltd.	NEX Logistics (Thailand) Co., Ltd.
Nippon Express (Thailand) Co., Ltd.	Nippon Express Engineering (Thailand) Co., Ltd.	NEX Logistics (Malaysia) Co., Ltd.	Nippon Express (Malaysia) Sdn. Bhd.	Nittsu Transport Service (M) Sdn. Bhd.	Nippon Express (Philippines) Corporation
Neap Logistics, Inc.	PT. Nippon Express Indonesia	PT. Nittsu Lemo Indonesia Logistik	Nippon Express (India) Pte., Ltd.	Nittsu Logistics (India) Private Limited	Nippon Express (Australia) Pty., Ltd.
Nippon Express (New Zealand) Ltd.	Nippon Express Bangladesh Ltd.				

Nippon Express Company Profile (as of March 31, 2012)

Name: Nippon Express Co., Ltd.
 Founded: 1872, as Riku-un Moto Kaisha
 (Land Transportation Company)

Established: October 1, 1937

Headquarters: 1-9-3 Higashi-Shimbashi, Minato-ku,
 Tokyo 105-8322, Japan

Name of representative: Kenji Watanabe, President

Paid-in capital: ¥70,175.27 million

Number of shareholders: 84,162

Number of employees: 35,717

Number of commercial freight transport vehicles: 14,831

Editors' Note

We thank you for taking the time to read our "CSR Report 2012". In making this report, we set up "the CSR Report Editorial Committee" in the Head Office last autumn. The committee discussed how to create this report by repeatedly exchanging opinions among editors on how we shall send out information about the Nippon Express Group's CSR activities, and by reviewing the outline of ISO 26000, the approaches to CSR described there, and the "7 core subjects."

Last year, huge natural disasters, including the Great East Japan Earthquake, hit various parts of the world and many people were affected. For reconstruction and recovery, we believe that we must break away from the traditional 20th-century-type obsession with economic growth, preserve our precious global environment, and aim to create a 21st-century-style sustainable society from a global standpoint. We, a Nippon Express Group, continue to work to realize "sustainable logistics."



CSR Report Editorial Committee

■ Issued by

CSR Report Editorial Committee
 (Secretariat: Environment & Social Contributions Division)
 Nippon Express Co., Ltd.

1-9-3 Higashi-Shimbashi, Minato-ku, Tokyo 105-8322, Japan
 Phone: +81-3-6251-1418 Fax: +81-3-6251-6668
 URL: <http://www.nittsu.co.jp/>

To make comments and share your opinions, please visit
 the "Contact Us" section of the Nippon Express website mentioned above.



About the Cover Illustrations View of Steam Locomotive Railway Running Through Tokyo

Artist: Yoshitora Utagawa

Year: around 1871

Museum of Logistics Collection

2012 is the 140th anniversary of the start of railway operation in Japan. In October 1872, the first railway service spanning the 29km from Shimbashi (Shiodome) to Yokohama (Sakuragicho) formally went into service, reducing travelling time from 8 hours by foot to 53 minutes by train. This birds-eye view created the year before the inauguration of railway operation shows Shimbashi at the right of the picture, Shinagawa in the middle, and Yokohama on the left. Dikes found between Shimbashi and Shinagawa indicate that this part of the route was shifted to a marine route, because the Ministry of the Military (Hyobusho) had opposed land acquisition for rail service. Many Japanese-style ships and steamships are also depicted to illustrate the lively sea traffic. One could say that the picture exhibits a panoramic view of Yokohama, a trading port city open and connected to the rest of the world, and Tokyo linked by an emerging new means of transportation. In the spacious layout of the screen, the unfolding new era is represented by one railroad connected with marine traffic and extended far across the borders.

Issued by (direct inquires to)

CSR Report Editorial Committee
(Secretariat: Environment & Social Contributions Division)
Nippon Express Co., Ltd.
1-9-3 Higashi-Shimbashi, Minato-ku,
Tokyo 105-8322, Japan
Phone: +81-3-6251-1418
Fax: +81-3-6251-6668
URL: <http://www.nipponexpress.com>

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