



Title: The Newly Opened Port of Yokohama in Kanagawa
Artist: Sadahide Utagawa
Year: February 1860
Nippon Express Co., Ltd. Collection
(Entrusted to Kanagawa Prefectural Museum of Cultural History)

This woodblock print (ukiyo-e) is one of a series of works in a genre called "Yokohama ukiyo-e woodblock prints" depicting everyday life in Yokohama at the end of the Edo Period and start of the Meiji Period. The print shows a street running from the first to the fifth precinct of Honcho, part of a Japanese settlement in Yokohama, within the first year following the opening of the port at the end of the Edo Period. This street was the main street and had a width of 10 meters. Today, this street runs from the first to the sixth precincts of Honcho in Naka-ku, Yokohama.

The picture details the liveliness of the town with carts carrying heavy loads, workhorses distributing cargo to shops, many merchants crossing paths, people plying their trades in the street and people travelling through. It's not clear whether or not such lively scenes actually took place, but it emphasizes the prosperity of the newly opened port area and Yokohama, which is said to reflect the intentions of the feudal government of the time.

Nonetheless, 154 years have passed since this print was made public. People's appearances have changed while workhorses and carts have given way to trucks and lines of merchant stores have been transformed into high-rise buildings. Nowadays, the Minatomirai train line runs under this road. The print portrays a booming Yokohama following the start of foreign trade as Japan opened up and in a way it could be said that it provides a glimpse into the future prosperity of the domestic economy stemming from international logistics.

CSR REPORT 2014



Delivering your passion across the globe



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Editorial Policy

This report aims to communicate to stakeholders in an easy-to-understand manner the Nippon Express Group's philosophy and initiatives related to Corporate Social Responsibility (CSR). In addition to the management structure, activity details and results data concerning the Nippon Express Group's CSR efforts, we have attempted to provide an understanding of the logistics industry's CSR efforts by describing the relationship between the logistics industry and the environment, recent policy measures and other factors behind our initiatives.

In fiscal 2014, we confirmed the direction we aspire to as the Nippon Express Group through dialogue with companies and NPOs/NGOs and learned individuals as well as internal discussions as part of "Dialogue with Stakeholders as a Step Forward Towards Human Rights Due Diligence," and designated "Nippon Express' Global CSR" as a key global challenge over the near term.

Scope of This Report

This report covers CSR-related efforts and the 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

Fiscal 2013 (April 1, 2013 – March 31, 2014)
(Certain parts include information prior to fiscal 2012 and up to June 2014.)

Reference Guidelines

- GRI Sustainability Reporting Guidelines G.3.1
- Environmental Reporting Guidelines (Fiscal 2012 Version) issued by the Japanese Ministry of the Environment

Message from the President

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

A recent spate of natural disasters and weather anomalies have potentially been caused by global warming and such threats are not confined to a single region anymore. Also, disparities have become more exacerbated as human activity becomes more global in nature and the impact of economic activity reaches every corner of the earth. Against this backdrop, corporations are becoming increasingly responsible for ensuring a sustainable society as corporate activities in society grow.

One year has passed since the start of the Nippon Express Group Corporate Strategy 2015 – Innovation and Moving Forward. We are working to fulfill our role behind the scenes through one of the four basic strategies, “Contributing to Society through our Business in Accordance with Corporate Social Responsibility (CSR) Management.” This expresses our mission to provide solutions through logistics that realize a sustainable society. There are three aspects to this commitment.

First, our activities make use of the earth’s resources and impact the environment in creating value. In order to ensure sustainable activities, it is necessary to actively take steps to minimize environmental burden and preserve the environment. Examples include promoting a modal shift and standardization in logistics, shifting to trucks with low environmental burden and forest cultivation.

Second, the world is becoming more global in nature. Various organizations are expanding the scope of their activities on a global scale and the provision of borderless logistics is indispensable to contribute to a sustainable society. We will increase our locations worldwide and further develop our system to provide logistics services globally that can be used with peace of mind.

Third, we must respond to emergencies such as disasters. Nippon Express has been specified as a designated public institution by the Prime Minister pursuant to the Basic Act on Disaster Control Measures. In that context, we are committed to providing logistics services that support the continuation of business under any circumstances. This determination was further reinforced through support activities for the Great East Japan Earthquake and activities in disasters subsequent to this.



Economic globalization has led to a continuing number of companies making forays overseas and in line with this supply chains are becoming more international and complex in nature. Also, this has resulted in the emergence of various social issues in addition to environmental challenges and public demand for companies to address these issues is growing. As a global logistics company, we contribute to customers around the world through our logistics operations, providing new value that is unique to the Nippon Express Group. We pursue the creation of new value from logistics through a focus on safety and the environment and by pooling all resources on a worldwide scale.

Companies cannot survive without the trust of society. In the case of Nippon Express, where business is focused in the logistics industry, it is more important than anything to ensure safety and compliance. It is critical that we tackle environmental challenges and continue with sincere efforts in safety, quality, disaster prevention and human rights based on a corporate governance system that is honest, fair and transparent not only to all customers, but also shareholders, local communities and government, suppliers and employees. In that sense, we must listen to the opinions of stakeholders in fulfilling our social responsibility. Going forward, we will actively work to resolve social challenges through our business and strive to contribute to the realization of a better society.



President
Nippon Express Co., Ltd.

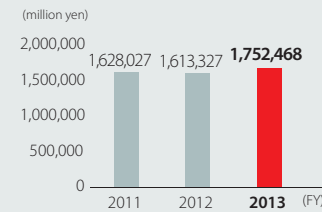
Kenji Watanabe

Business Outline

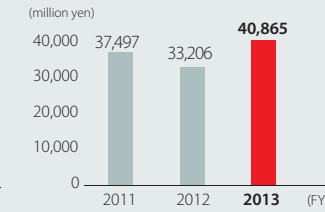
The Nippon Express Group comprises Nippon Express and 294 subsidiaries and sub-subsidiary companies (including 263 consolidated companies), and 70 affiliates: a total of 365 companies. In addition to our core operations of distribution and transportation, such as truck, railway, air and marine cargo transport, we are also expanding in a variety of related areas, including security, travel, sales, real estate and driving education.

Financial Information

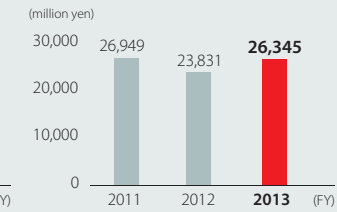
Revenues (Consolidated)



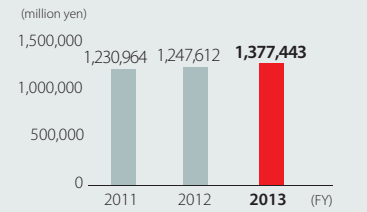
Operating income (Consolidated)



Net income (Consolidated)



Total assets (Consolidated)



Motor transport

Employing our transportation centers and networks throughout Japan to provide general motor truck transportation businesses such as reserved vehicle shipping and special consolidated freight transportation



Railway transport

Domestic and international freight transportation services utilizing railways, with major freight stations in Japan established as hubs



Air freight

Import and export services and a domestic freight forwarding service utilizing aircraft founded on advanced know-how and a network that spans the globe



Moving services

Based on our domestic and overseas centers and networks, our wide range of transportation 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.



Fine arts transport

We offer the safest packaging and transportation 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 transportation.



Security transport

In addition to transportation of cash, checks and related items between headquarters and branches of many financial institutions and the transportation 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.



Marine transport

International transportation services mainly for import/export combined multimodal transportation, regularly scheduled on-ship transportation mainly for domestic routine container and RORO vessels, and in-port transportation services for on-ship and harbor cargo work at major ports



Heavy haulage and construction

Hauling of heavy loads, equipment installation, plant construction, maintenance services and high-tech factory equipment transport and installation both within Japan and overseas



Warehousing

Warehouses that function not only as places for product storage but also as centers for distribution processing as well as transportation and delivery, are operating as the distribution centers for many locations across Japan.



Travel and events

Utilizing the know-how accumulated through the Group's long history as a pioneer in this field, as well as the global network of Nippon Express, we offer services with scrupulous attention to the details of customers' needs.



Goods sales

Nittsu Shoji Co., Ltd., and other Group affiliates sell and lease products ranging from distribution equipment and vehicles to gasoline and LP gas, and also offer vehicle maintenance services, insurance sales and other services.



Other businesses

Nittsu Research Institute and Consulting, Inc. works in consulting; Nippon Express Capital Co., Inc., handles financing; Nittsu Real Estate Co., Ltd., designs buildings and supervises construction, and manages facilities; Careerroad Co., Ltd., serves as a dispatch company for workers; many other affiliates, including Nittsu Driving School, provide a broad range of logistics-related services and products.



世界日通。 Global Logistics Provider

Global Activity

The Nippon Express Group has one of the world's largest global networks spanning 40 countries and 229 cities worldwide.

New locations



No. of countries

40

No. of cities

229

No. of locations

480

No. of employees overseas

18,628

As of March 31, 2014

New bases and facilities established overseas in fiscal 2013

As of March 31, 2014 compared with March 31, 2013

+20 locations

Overseas locations added in fiscal 2013

- April** Nippon Express de Mexico Guanajuato Logistics Center **1**
Nippon Express (India) Indore Warehouse and Office
Nippon Express (India) Nagpur Warehouse
- July** Nippon Express (Xi'an) Co., Ltd.
Nippon Express (Vietnam) Haiphong Truck Control Center **2**
- September** Nippon Express Global SCM (Shanghai) Co., Ltd. **3**
Chongqing MinSheng Nittsu Xiyong Logistics Co., Ltd.
Nippon Express Korea PAJU EGKr Warehouse
- November** Nippon Express (Cambodia) Co., Ltd. **4**
- December** Nippon Express (Russia) Ulyanovsk Office
- January** Nippon Express do Brasil Cajamar Logistics Center **5**
Nippon Express de Mexico San Luis Potosi Office
Nippon Express (India) Tuticorin Office
Nippon Express (India) Baroda Office
Nippon Express (Taiwan) Next Warehouse

Europe

- Nippon Express Europe GmbH
- Nippon Express (Deutschland) GmbH
- Nippon Express (Russia) LLC
- NEX Logistics Europe GmbH
- Nippon Express (U.K.) Ltd.
- Nippon Express (Ireland) Ltd.
- Nippon Express (Nederland) B.V.
- Nippon Express Euro Cargo B.V.
- Nippon Express (Belgium) N.V./S.A.
- Nippon Express France, S.A.S.
- 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.
- APC Logistics AB
- ML Milestone Logistics B.V.
- Milestone Fresh B.V.
- Euro Overseas Logistics S.A.
- APC Logistics A/S
- Oslo Terminalservice A/S
- Franco Vago S.p.A.
- Moda Logistics S.r.l.
- Franco Vago (UK), Ltd.
- Franco Vago Transitarios, Unipessoal, Lda (Lisboa)
- Franco Vago Transitarios, Unipessoal, Lda (Porto)
- Franco Vago S.A.
- Nippon Express Co., Ltd., Johannesburg Representative Office

East Asia

- Nippon Express (China) Co., Ltd.
- Nippon Express (H.K.) Co., Ltd.
- Nippon Express (Shenzhen) Co., Ltd.
- Nippon Express (Zhuhai) Co., Ltd.
- Nippon Express (South China) Co., Ltd.
- Nippon Express (Guangzhou) Co., Ltd.
- Nippon Express Cargo Service (Shenzhen) Co., Ltd.
- Nippon Express Global Logistics (Shanghai) Co., Ltd.
- Nippon Express (Xiamen) Co., Ltd.
- Nippon Express (Suzhou) Co., Ltd.
- Shanghai e-Technology Co., Ltd.
- Nittsu Sinotrans Logistic Dalian Ltd.
- Nippon Express (Shanghai) Co., Ltd.
- Nippon Express Removals Service (Shanghai) Co., Ltd.
- Nippon Express Korea Co., Ltd.
- Nippon Express (Taiwan) Co., Ltd.
- Beacon International Express Corp.
- APC Asia Pacific Cargo (H.K.) Ltd.
- Multifreight (H.K.) Limited
- APC Asia Pacific Cargo (China) Ltd.
- Franco Vago Air & Sea Services, Ltd.
- Franco Vago Int'l Logistics (Shanghai), Ltd.
- Dalian Nittsu Container Manufacturing Co., Ltd.
- Nittsu Shoji (Wuhan) Co., Ltd.
- Nittsu Shoji (H.K.) Co, Ltd.
- Nittsu Shoji (Shanghai) Trading Co, Ltd.
- Japan Bingo Express Co., Ltd., Shanghai Representative Office
- Nippon Express (Xi'an) Co., Ltd.
- Nippon Express Global SCM (Shanghai) Co., Ltd.
- Chongqing MinSheng Nittsu Xiyong Logistics Co., Ltd.

South Asia/ Oceania

- Nippon Express (South Asia & Oceania) Pte., Ltd.
- Nippon Express South Asia-Oceania Regional H/Q Phnom Penh Representative Office
- Nippon Express (Singapore) Pte. Ltd.
- Nippon Express (Australia) Pty. Ltd.
- Nippon Express (New Zealand) Ltd.
- MAJU NEX Logistics Sdn. Bhd.
- Nippon Express (Malaysia) Sdn. Bhd.
- Nittsu Transport Service (M) Sdn. Bhd.
- Nippon Express (Philippines) Corporation
- NEP Logistics, Inc.
- Hi-Tech Nittsu (Thailand) Co., Ltd.
- NEX Logistics (Thailand) Co., Ltd.
- Nippon Express (Thailand) Co., Ltd.
- Nippon Express Engineering (Thailand) Co., Ltd.
- TBSC Logistics Co., Ltd.
- JFE Logistics (Thailand) Co., Ltd.
- PT. Nippon Express Indonesia
- PT. Nittsu Lemo Indonesia Logistik
- Nippon Express (India) Private Limited
- Nittsu Logistics (India) Private Limited
- Nippon Express (Vietnam) Co., Ltd.
- Nippon Express (Bangladesh) Ltd.
- APC Asia Pacific Cargo (S) Pte. Ltd.
- APC Logistics (Thai) Company Ltd.
- APC Asia Pacific Cargo (Vietnam) Ltd., Rep. Office
- Nittsu Shoji (Thailand) Co., Ltd.
- PT. Nittsu Shoji Indonesia
- Nittsu Shoji Co., Ltd., Malaysia Representative Office
- Nippon Express (Cambodia) Co., Ltd.
- Nittsu Shoji (India) Private Limited
- Nittsu Shoji Leasing (Thailand) Co., Ltd.

Americas

- Nippon Express U.S.A., Inc.
- Nippon Express U.S.A. (Illinois), Inc.
- Nittsu New York, Inc.
- NEX Transport, Inc.
- Nippon Express Global Logistics, Inc.
- Nippon Express Travel USA, Inc.
- Associated Global Systems, Inc.
- Nippon Express Canada, Ltd.
- Nippon Express do Brasil Ltda.
- Nippon Express de Mexico S.A. de C.V.
- NEX Global Logistics de Mexico, S.A. de C.V.
- Map Cargo S.A.S.
- Franco Vago Int'l, Inc.
- Century Enterprises, Inc.
- All Air Customs Brokers, Inc.
- Fashion Logistics, Inc.
- Franco Vago L.A., Inc.
- Nittsu Shoji U.S.A., Inc.

Nippon Express Group CSR

The management plan “Nippon Express Group Corporate Strategy 2015 – Innovation and Moving Forward” based on the spirit of the Corporate Philosophy, Nippon Express Group Charter of Conduct and Nippon Express Group Environmental Charter, started in April 2013.

Nippon Express Group
Corporate Strategy

2015
Innovation and
Moving Forward

Stakeholders

Corporate
Philosophy

Code of
Conduct and
Standards of
Conduct

Regulations and
Standards Manuals

Employment Regulations,
Compliance Regulations,
Environmental Regulations, etc.



Charter of Conduct

While clearly stipulating respect for human rights, including the rejection of child labor and forced labor, interactive communication with a wide range of stakeholders, the respect for employee diversity essential to business globalization 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.

<http://www.nipponexpress.com/about/corporate/charter/index.html>

Environmental Charter

In order to promote “Responsibilities to the Earth’s Environment” and “Social Contribution Activities” in the Nippon Express Group Charter of Conduct, the Nippon Express Environmental Charter was revised in April 2012 to become the Nippon Express Group Environmental Charter, positioned as a set of policies with which all companies within the Group should comply. The Nippon Express Group as a whole fulfils its responsibility for the Earth’s environment.

<http://www.nipponexpress.com/about/csr/charter/index.html>

Proportion of sales from overseas-related business

FY2015

40%

Operating income margin for domestic combined business

FY2015

3%

[Growth Potential]

Further Expanding Our Global Logistics Business

[Profitability]

Strengthening Management Practices for Our Domestic Businesses

[Growth Potential]

Expanding Business by Utilizing the Diversity of Group Companies

[Social]

Contributing to Society through Our Businesses in Accordance with CSR Management

Nippon Express Group CSR Activities

To fulfill our social responsibility as a global logistics company, the Nippon Express Group contributes to the further development of society by providing various modes of transport with an emphasis on safety while also focusing on efforts aimed at environmental preservation. In addition, we will fulfill our responsibility to stakeholders by building strong relationships and driving sustainable growth toward the realization of our corporate philosophy.

Vision

Nippon Express Group’s to-be model

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

<http://www.nipponexpress.com/about/corporate/idea/index.html>

Stakeholder Engagement

Dialogue with Stakeholders as a Step Forward Towards Human Rights Due Diligence

In driving globalization of business, the Nippon Express Group believes it is important to identify actual and potential human rights issues in our value chain and to take appropriate step to address these issues. For that purpose, we participated in the Stakeholder Engagement Program (Human Rights Due Diligence Workshop) organized by Caux Round Table Japan (CRT-Japan) as we did in fiscal 2012 and advanced dialogue with other companies and NPO/NGOs as well as proceeded with discussions internally aimed at setting challenges to be addressed as the Nippon Express Group.

Dialogue with 10 companies, 6 NPO/NGOs and three experts

STEP A
1 Dialogues with other companies and NPO/NGOs
 (July and August 2013)

- NPO/NGOs pointed out potential and actual human rights impacts of business activities.

STEP B
2 Identified key human rights issues in respective industries
 (July and September 2013)

- Identified value chain and associated region for specific products and services.
- Mapped actual and potential human rights issues in the value chain by sector.

Areas of concern and findings related to the business activities of Japanese companies that have come to light through their own initiatives were announced by NPO/NGOs and experts engaged in resolving human rights issues, and related philosophies from an industry perspective were shared by both sides.

Following identification of actual and potential human rights issues in the value chain, relevant stakeholders were also identified based on the inputs from the participating companies and experts. "Human Rights Issues by sector v.2" was drawn up reflecting the results of three discussions between participating companies and of one-month public consultation held in January 2014.



Human Rights Issues Deemed Significant in the Logistics Industry

| Key human rights issues in logistics sector | | | Concrete issues of concern *Particularly relevant value chain shown in parentheses. | Value chain | | | |
|---|----------------------------|--------------------------|--|-------------|----------|----------------|----------|
| | | | | Production | Purchase | Transportation | Disposal |
| Core operation/ Supply chain | Workplace conditions | Working hours | • Long working hours possible, especially at work sites and subcontractors during busy periods | | | ● | |
| | | Health and safety | • Workplace accidents may occur at sites where heavy machinery is used and heavy goods are handled such as ships under operation and terminals, due to inadequate direction regarding work safety • Long working hours may cause mental health problems | | | ● | |
| | Discrimination | During work | • Possible discrimination in work conditions, training and promotion due to gender and educational background, particularly with unfair handling of foreigners in the port area in terms of employment and treatment | | | ● | |
| | | Redundancy and dismissal | • The requests of part-time and contract workers for open-ended employment contracts may not be fully considered | | | ● | |
| Community | Resources | Use of natural resources | • Environmental, air and water pollution as well as the destruction of ecosystems may occur in the supply chain for fuel (Purchase) • Gas emitted from a large number of transportation vehicles passing through a transit route may cause air pollution locally (Transport) | | ● | ● | |
| Society and government | Relations with governments | Bribery and corruption | • Possible risks of being involved in bribery and corruption such as facilitation payments (Transport) • Possible risks of being involved in cozy relationships with government or bribery and corruption when negotiating with government or administration on route development and capital investment (Production, purchase) | ● | ● | ● | |

Confirmation of direction aspired to by the Nippon Express Group

STEP F
3 Listened to opinions and held discussions internally

- Conducted survey on CSR initiatives at overseas Group companies
- Conducted compliance questionnaire for all employees (collection rate 82.1%)
- Conducted discussions internally at the CSR Report Editorial Committee (November 2013 – February 2014)

We conducted a new questionnaire survey of overseas Group companies in order to grasp the current status of CSR initiatives at each site. We also expanded the scope of our compliance questionnaire, which we had been conducting on a yearly basis, to include all employees of Nippon Express (a total of 40,430 including temporary staff).

In addition, discussions were held at the CSR Report Editorial Committee, comprising members from each division at Head Office (Sales Planning Division, Removals Sales Division, Eco-Business Division, Railway Forwarding Division, Overseas Planning Division, Public Relations & Advertising Division, General Affairs & Labor Division, Finance & Accounting Division, Business Division, Corporate Planning Division, Air Cargo Business Division, Heavy Haulage & Construction Business Division, Fine Arts Business Division, Corporate Social Responsibility Division) to edit the CSR report. These discussions concerned the key challenges facing the Nippon Express Group in light of the different value chains for each division and details of human rights issues deemed important in the logistics industry compiled in 2 (table at left).

- Key issues extracted from discussions at the CSR Report Editorial Committee
- Improve corporate value as logistics infrastructure — Reliability, sustainability, solutions
 - Be aware and act as a global logistics company — Global Logistics Provider
 - Create corporate value as a company that values people — Safety



STEP G
4 Dialogue with outside experts
 (April 2014)

- Held dialogue between outside experts and our Corporate Social Responsibility Division

The Nippon Express Corporate Social Responsibility Division held a dialogue with experts concerning the way in which the Group carried out its CSR activities and the roles that should be fulfilled. We also received some advice regarding key challenges to be addressed.

(See p16-19 for details)



Stakeholder Engagement Program (Human Rights Due Diligence Workshop)

The Stakeholder Engagement Program is an initiative that aims to listen to stakeholders in different countries, mainly regarding business and human rights, and to help companies carry out effective CSR activities in a global context.

Main Participating Groups

• Six NPOs/NGOs

- Amnesty International Japan
- ACE Japan
- Oxfam Japan
- Change Fusion
- Lighthouse: Support Center for Human Trafficking Victims, other

• Three experts

- Osamu Shiraiishi (Asia-Pacific Human Rights Information Center)
- Kenichi Kumagai (Public Relations, The ILO Association of Japan, The Japan Association for Advancement of ILO Activities), other

• 10 companies (industry)

- Finance, information & communications, manufacturing, logistics

Selection of key priorities

5 Key priorities in near term on global scale

STEP H

- Select key themes in near term as Nippon Express' Global CSR that should be prioritized on a global scale

The Nippon Express Group selected key themes that should be addressed globally in the near term from the items of Nippon Express Group Charter of Conduct, considering the findings from the Human Rights Due Diligence initiatives, internal dialogue and discussion, the survey on CSR initiatives at overseas Group companies, and the internal compliance questionnaire. The selections were based on the following social issues surrounding the Nippon Express Group and social value that Nippon Express is already providing.

Concrete action policies and objectives will be formulated and deployed throughout the Group in 40 countries and 229 cities worldwide based on the key issues comprising the three points shown at right known as Nippon Express' Global CSR.

- Social issues surrounding Nippon Express Group
 - Global warming
 - Air pollution
 - Resource scarcity
 - Natural disasters
 - Globalization
 - Infrastructure
 - Long working hours
 - Safety and labor

- Social values that Nippon Express has already been providing
 - Responsibilities to the Earth's environment
 - Contribution to the global community
 - Safety/security
 - Human rights
 - Corporate governance
 - Community involvement

Nippon Express' Global CSR

1. Responsibilities to the Earth's Environment

Protection of the global environment is a key issue that we must constantly be aware of and that must be addressed as a logistics company that utilizes fossil fuel and emits CO₂ round-the-clock.

We will continue to implement measures as before to increase efficiency in resource use that include introducing eco-friendly vehicles and equipment.

2. Sound Company Conduct

As a logistics company that operates worldwide, it is critical that we not only comply with the laws of each of the countries and regions we enter, but that we also understand and implement fair business practices, which are increasingly in the spotlight these days.

We will not engage in cartels, dumping, bribery or other illicit behavior. We will also take steps to raise awareness of the need for sound company conduct through such means as distributing a handbook and providing training to employees.

3. Respect for Human Rights

As the scope of our business expands, the Nippon Express Group supply chain continues to become more global in nature. As this occurs, it is necessary to ensure that we respect human rights from a broader perspective that extends beyond workplace and work environment, particularly in developing countries, and we believe that not doing so runs the risk of impacting the continuity of our business going forward.

We will implement measures aimed at enhancing awareness of the need for respect for human rights throughout the Group on a global basis.

Endorsement

Caux Round Table Japan herewith confirms that Nippon Express has understood the holistic approach shown as the framework of Sustainable Navigation, and undertook the following activities.

Nippon Express participated in a series of Human Rights Due Diligence Workshops at the Nippon CSR Consortium. During the workshops, Nippon Express contributed to identifying human rights issues related to the value chain of the logistics sector, while sharing expertise with other members from different companies, NGOs and experts. In addition, at the individual company level, Nippon Express has mapped existing CSR activities, identified three key themes, and had a dialogue with experts.

I look forward to seeing how Nippon Express will determine policy and put these selected key themes into concrete actions.

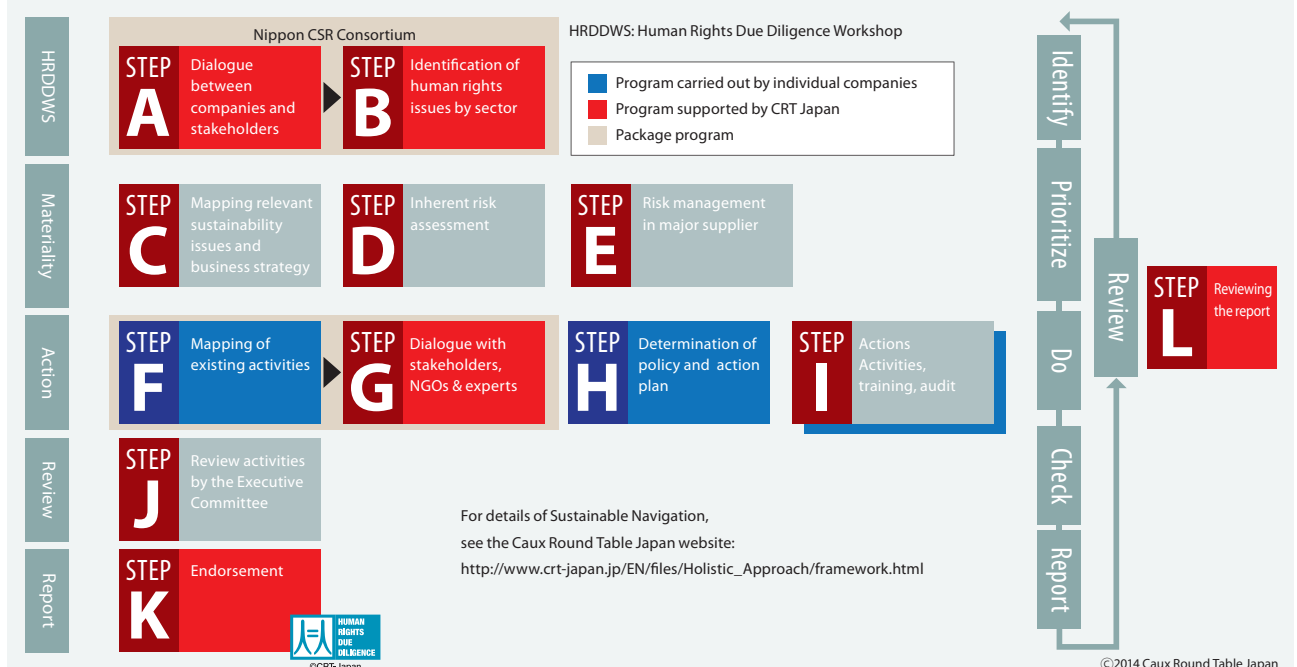


Executive Director
Caux Round Table Japan
Hiroshi Ishida

Sustainable Navigation

Sustainable Navigation, developed by Caux Round Table Japan, points to initiatives required in the implementation of CSR activities. It elucidates each step to be taken, from step A to L in all, identifying relevant issues, taking appropriate measures to resolve these issues while having dialogues with stakeholders,

and reporting on the process and progress. The Nippon Express Group is currently working on Steps A, B, F and G and has selected Step H as a key issue in the near term on a global basis. Through this report, we are taking Step K (Endorsement) and Step L (Review, Third-Party Opinion).



Stakeholder Dialogue

The Nippon Express Corporate Social Responsibility Division held a dialogue with outside experts concerning the way in which the Group carries out its CSR activities and the roles that should be fulfilled. We also received some advice regarding key challenges to be addressed and ascertained the direction we should aim for as the Nippon Express Group.



Participants

[Outside experts]

- 1 **Kaori Kuroda** (Executive Director, CSO Network Japan)
- 2 **Makoto Teranaka** (Visiting Instructor, Tokyo Keizai University, former Secretary General, Amnesty International Japan)

[Moderator]

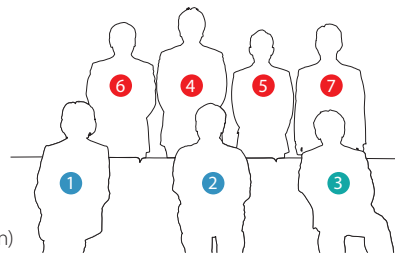
- 3 **Hiroshi Ishida** (Executive Director, Caux Round Table Japan, Visiting Professor, Graduate School of Economics, Kyushu University)

[Nippon Express]

- 4 **Tatsuya Suzuki** (General Manager, Corporate Social Responsibility Division)
- 5 **Yoshihiro Fujiki** (Group General Manager, Corporate Social Responsibility Division)
- 6 **Yasuhiro Yabe** (Group General Manager, Corporate Social Responsibility Division)
- 7 **Hirohisa Minakawa** (Assistant Group General Manager, Corporate Social Responsibility Division)

Overview

- Theme
CSR policy and initiatives
- Date
April 28th, 2014
- Venue
Head office, Nippon Express Co., Ltd.



Suzuki: I would like to express my appreciation to Ms. Kuroda and Mr. Teranaka for taking the time to be with us again this year.

Nippon Express believes in the importance of listening to a wide array of opinions from people outside the company and reflecting them in management in order to promote CSR-oriented management.

We received several recommendations and evaluations through stakeholder dialogue last year. We touched on the evaluations in last year's CSR Report and shared them internally as part of training and other initiatives. We have already

implemented some of the recommendations, but in reality it is difficult to respond to certain other areas. In particular, the company is striving to enable women to take more active roles, but it seems that development will take a little longer following efforts to strengthen this area of employment.

We are pushing ahead with efforts to realize last



year's recommendation to "expand CSR policy worldwide" and we aim to gather opinions on this along with other initiatives and reflect these in future endeavors.

1. Concerning Nippon Express Group Initiatives

(Explanation of outline of Nippon Express Group business activities by Executive Office)

Effective Initiative

Teranaka: The Nippon Express Group is undertaking diverse efforts in Malaysia. The implementation of eco-driving has helped reduced CO₂ and you have been certified by the Clean Development Mechanism (CDM) (see p22-23), which has led to an even lower traffic accident rate. Besides this, on an environmental front you realized a modal shift and are even working toward attaining halal certification (see p41). The effects of this certification in particular are expected to have broader implications in commodities management and quality control.

Ishida: It is critical that the project itself is closely related to one's core business in order to contribute to society.



Fujiki: In terms of CDM, giving reward corresponding to degree of implementation in eco-driving provides a worthy incentive. Also, in Malaysia, there are no regulations restricting time

spent continuously driving. By deciding on an upper limit independently we have reduced driver fatigue and thus lowered sudden work absenteeism. This has also helped smooth the way for simpler work allocation. As a result, we have established a solid business, even taking into account initial investment.

Ishida: I think this initiative is really interesting. Malaysia is an excellent reference point to use when entering Middle Eastern, Islamic countries. It might be difficult to suddenly make a foray into Middle Eastern countries, but Malaysia would provide a good reference to how a capitalist market economy works in the Islamic culture. Malaysia also includes Nippon Express's SS7000

overland truck transport route, which serves as part of your transportation network in the Asia region, and if you position this country as a strategic global point, I believe it may not only drive growth and social development, but also become a good example of contributing to society through business based on CSR management, as stated in the Group management plan.

Yabe: Economic growth is progressing in Malaysia. This and other factors make it an easy environment to implement CSR activities, especially since we have numerous drivers there due to long-term efforts in long-haul transportation between Thailand and Malaysia and because of increasing awareness toward CSR in the general population.



Going forward, a key challenge is determining how to expand this measure to other countries aside from Malaysia and across other overseas sites of Nippon Express as we work to develop business internationally along with the overseas foray of Japanese-affiliated companies.

Suzuki: In China and India, many places still emphasize efficiency over safety, and overloaded vehicles are the norm. In regions like this a future challenge will be to roll out such initiatives with the understanding of the local people.

Teranaka: On that point, the product "Arrow Box Hanger" (see p39), which not only enhances load efficiency, but also makes sure clothing does not wrinkle during transportation, is a great example of leveraging local knowledge.

Kuroda: That's a wonderful development.

Teranaka: We have heard about several services that are easy to use for small- and medium-size businesses such as LOGI-PAY (see p38), and I think these are perfect for fair trade.*

* Fair trade is a system of trade that aims to enhance the livelihood and independence of producers and workers in developing countries, which are in a weak position, through constant purchase of raw materials and products from such countries at a fair price. Small- and medium-size businesses in Japan may even be viewed as being in a weak position.

Expectations for Future Improvement

Teranaka: Nippon Express has a variety of philosophies and charters, namely the Corporate Philosophy, Group Charter of Conduct and Group Environmental Charter, but I think the correlation between these elements has become a little bit difficult for employees to grasp.

Kuroda: Sharing the essentials of the philosophy and charter of conduct around the world will shape the future of the company.

Teranaka: It has been stated that CSR management is one of the pillars of the Nippon Express Group Corporate Strategy. I believe that all management should be CSR-oriented. Since the different codes are already functioning and running, it would be good to further clarify them in terms of governance.

Ishida: That's really important. The Nippon Express Group is implementing a number of worthwhile initiatives but they are a bit disjointed. Your people around the world are becoming increasingly aware of problems, so it's a good time to try and connect these points. On top of this, it is necessary to increase efficiency and devise a strategy, which requires governance through management. If this cannot be done, it will be difficult to achieve a concrete direction, and as such, it would be better



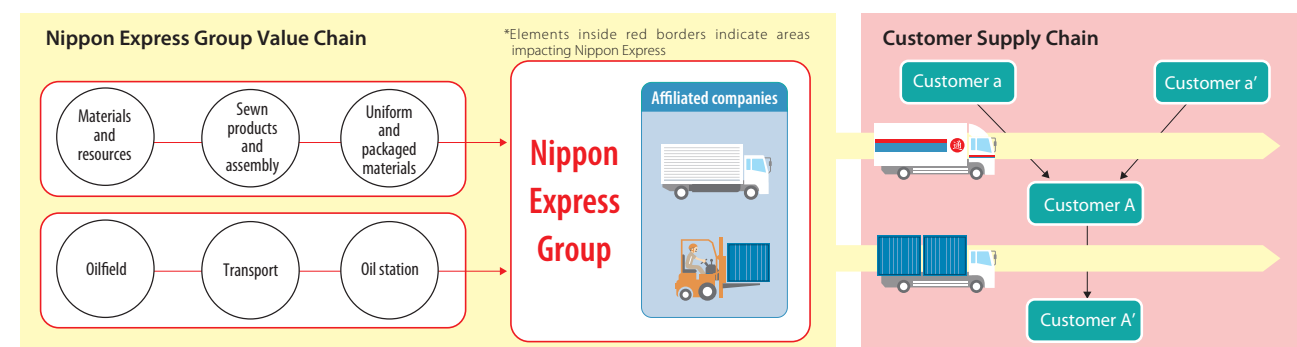
to formulate a policy, as Mr. Teranaka said.

2. Concerning Global Deployment of CSR Policy

Minakawa: Before speaking about deploying the CSR policy worldwide, I would like to discuss the value chain (diagram below) as considered by the Nippon Express Group. The value chain is made up of two parts: connections with customers and relationships with affiliated companies and resource, equipment and material suppliers. The Nippon Express Group is given directives and is checked by customers, but the reverse is seldom true. It is really only affiliated companies and suppliers that can have an influence over customers. In that sense, we hope to start this initiative from affiliated companies and suppliers to begin with.



As the first step in sharing the CSR policy worldwide, we conducted a questionnaire at overseas sites in order to get an idea of the state of CSR initiatives in terms of efforts being made relative to the Charter of Conduct in areas such as safety, sound company conduct, the environment and human rights. We received responses from 39 sites, including major bases, which showed that most initiatives concern human rights. This division has participated in the Human Rights Due Diligence Workshop organized by Caux Round Table Japan since fiscal 2012 and deepened understanding of the importance of "business and



The Nippon Express Group value chain consists of two parts: connections with customers and relationships with affiliated companies and suppliers. The Nippon Express Group will first advance initiatives based on connections with affiliated companies and suppliers that have an impact on the organization.

human rights," but our candid impression is that people overseas are up against human rights issues far greater than those found in Japan. Also, there were fewer responses than expected regarding environmental initiatives, but I believe it is imperative to strive to preserve the environment, especially as a characteristic of the logistics industry is continuous CO₂ emissions. In light of these factors and past lessons, it is critical to ensure sound company conduct without breaching laws or standards.

Based on this, we selected "responsibilities to the Earth's environment," "sound company conduct" and "respect for human rights" from the eight items of the Group Charter of Conduct and codified them as "Nippon Express' Global CSR" that we are promoting as our global shared guidelines. As background to compiling these guidelines, we believe that the Nippon Express Group's global initiatives will be called into question as we expand our business worldwide.

Kuroda: It surprises me that there were only a few responses from overseas regarding environmental efforts.

Yabe: Maybe it's because local subsidiaries are in fact doing what they should locally and there was nothing noteworthy to comment on relative to initiatives being undertaken in Japan.

Ishida: This is related to the discussion we've had thus far, but how do you feel about the Nippon Express Group's value chain just mentioned? First, we heard that the three CSR policies are being implemented mainly at affiliated companies rather than at customer sites.



Teranaka: I think customers should take higher priority than affiliated companies.

Suzuki: Recently, transport between third countries without crossing Japan has been increasing markedly

and customers are not limited to solely using Japanese companies anymore. Some things only concern developing countries, so it is necessary to appropriately discuss the basic policy pointed to earlier.

3. Conclusion

Teranaka: I think what you need from now is to establish CSR from a management perspective. It is essential to have consistency between the various other management tools and CSR as well as to explain CSR initiatives using these tools. If you can establish CSR from a management stance, it'll be easier to gain the understanding of employees around the world. In order to ensure a common language worldwide, I think it would be better to incorporate an analysis of general management into CSR.

Kuroda: This relates to what Mr. Teranaka said. Environmental initiatives have been woven into management and are turning a profit, but other programs are still in the



development phase. This is something that needs to be addressed. According to questionnaire results, it is clear that some overseas local subsidiaries are already acting with an awareness of this. You need to take advantage of this opportunity and position CSR within management.

Ishida: Although various initiatives were introduced today, if you sort through them and tell your story that incorporates the three core elements, it will lead to greater understanding of the Nippon Express Group's CSR.

Suzuki: I hope we can move forward with initiatives based on the opinions offered today. In particular, global deployment of CSR policy is indispensable for the Nippon Express Group in conducting business worldwide under a shared philosophy, and as such, we will continue to hold sufficient discussions as we proceed.

Thank you for your valuable inputs today.

Supporting Creation of a Low-Carbon Supply Chain Through International Rail Transport Service

International Rail Transport Service Between Thailand and Malaysia

In December 2013, Nippon Express started an international rail transport service between Bangkok, Thailand and Kuala Lumpur, Malaysia, the first for a Japanese-affiliated company. The special train is capable of mass transport by hauling a maximum of 27 cars of cargo at once. Compared with truck transport between these destinations, this reduces CO₂ emissions by 40% (Nittsu Research Institute and Consulting estimate).

As background to the start of such an international rail transport service, we see the creation of a supply chain in the ASEAN region, Japanese companies seeking to reduce CO₂ throughout the supply chain and a shift in policy as key social issues.

Today, in ASEAN member states, there is a strong move toward realization of an ASEAN union, while there has been remarkable growth as a consumer market due to improvement in purchasing power and progress in local production for local consumption. Within the ASEAN region, logistics between countries has become increasingly lively, driving the need to create a regional supply chain as a key issue to support this growth.

Japanese companies closely related to Asian countries are also required to shift to activities and policies that aim to reduce CO₂, not only on a company basis, but throughout the supply chain as in the Scope 3 classification in guidelines for greenhouse gas calculations.

The Nippon Express Group will support the growth and development of the region from a logistics perspective and contribute to the creation of a low-carbon supply chain in response to such social issues.



Toward the Start of Service After Overcoming Two Years of Challenges Since Project Inception

Nippon Express (Malaysia) used to transport car parts manufactured by Japanese automakers in Malaysia to factories on the outskirts of Bangkok, Thailand by truck. The company then started looking into the possibility of more eco-friendly rail transport service capable of mass transport in accord with the growing need for enhanced transport capacity as plant production scale expands.

There were numerous challenges to this goal, however, including inadequate rail infrastructure in Malaysia and Thailand, a lack of locomotive engines and import/export customs issues. Nippon Express (Malaysia) approached KTM (Keretapi Tanah Melayu, or Malaysian Railways Limited) and SRT (State Railway of Thailand) and, after around two years of negotiations and trial operations, managed to secure a regular service once a week. The company is working to stabilize operation and increase the number of services.

Transport route



Through this project, CO₂ was **reduced by 40%, or 5,148 t-CO₂**, from the 12,801t-CO₂ emitted by truck transport to the 7,653t-CO₂ of rail transport (Nittsu Research Institute and Consulting estimate).

40%

Comment from Project Manager

Maximizing Corporate Know-how to Resolve Issues

The biggest hurdle in the beginning was gaining understanding from SRT (State Railway of Thailand) and KTM (Malaysian Railways Limited). Everything was uncertain at the outset, such as transport quality, scheduling, cost and customs.

Fortunately, Nippon Express had experience setting up rail transport for automakers in Japan and experience with truck transport on the Malay Peninsula. We leveraged this experience in devising the project, worked steadily to overcome each challenge and, with the support of customers and other related parties, we succeeded in starting a regular transport service.

The service has just commenced and in the future we hope to enhance it and develop it as a new logistics system on the Malay Peninsula that benefits a great number of customers.



Osamu Sasaki

General Manager,
Automotive Industry Division,
Marketing & Sales Center,
Nippon Express
(South Asia & Oceania) Pte. Ltd.

Comment from Project Manager

Boosting Future Development through Import/Export Customs

After conducting trial transport between Kuala Lumpur and Bangkok for the first time, I was confident that we would be able to create the service, since we were basically ushered through without a hassle when I traveled together on the test run with the cargo container from Pedang Besar Station on the Malaysia-Thailand border to Sungai Way Station (Kuala Lumpur).

Also, in the past, Pedang Besar Station was essentially used only for bonding and customs clearance forwarding procedures. This meant that there was the risk that large containers would be detained at the railway platform, but when we explained the importance of future development through import/export customs at the station, we gained their understanding and were allowed to transit smoothly.



Kohei Ishinaka

General Manager,
Port Klang Ocean Cargo Branch,
Nippon Express (Malaysia)
Sdn. Bhd.

Aiming to Reduce CO₂ Emissions While Ensuring Safety in Asia

Promoting Eco-Driving in Asia

There is a need to develop infrastructure in Asia amid advances in the Asian economy and the growing wave of globalization. For that reason alone, an urgent task is to respond to environmental issues, namely environmental preservation and fossil fuel depletion. The Nippon Express Group is required to play an important role in resolving these challenges by supporting the livelihood of people and the advancement of industry through logistics.

The Nippon Express Group has taken the lead in implementing a digital driving control system and eco-driving aimed at improving fuel efficiency and reducing CO₂ emissions. As an example, Nippon Express (Malaysia) makes use of the UN's Clean Development Mechanism (CDM*) and has taken the following steps to reduce greenhouse gas emissions in emerging countries.

- Input and stored all data on fuel amount, driving distance and transport manifest.
- Made recommendations on driving habits for drivers based on charts showing output from digital driving recorders. We also provided incentives.
- Developed a system for continuous data management and driver guidance.

Our program for creating emission credits is currently being assessed as we aim to allocate the amount of greenhouse gases reduced through these initiatives as part of Japan's emissions quota.

* The Clean Development Mechanism (CDM) is one of the flexibility mechanisms defined in the Kyoto Protocol for reducing greenhouse gas emissions. The system generates greenhouse gas emission credits as set forth by the UN. Nippon Express is currently providing transport services that are granted emission credits.

Development of the CDM Project

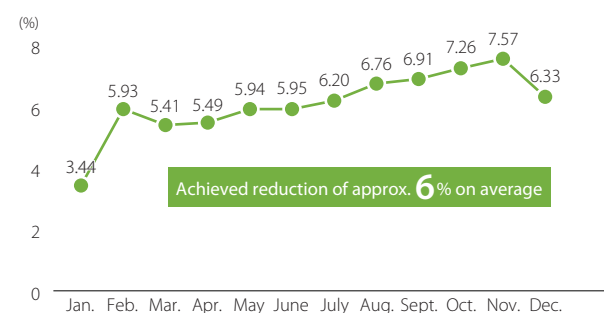
- October 2009:** Started investigation into CDM (generation of emission credits) project following a NEDO feasibility study
- January 2012:** Started initiatives under CDM project
- December 2012:** Registered CDM project with UN
- August 2013:** Assessed for first round of emission credit generation



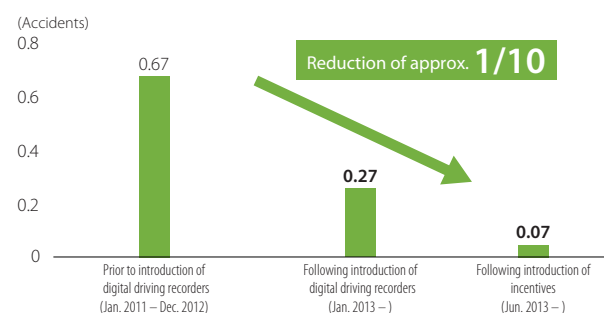
Meeting with examining authority



CO₂ Reduction Rate in 2013 (Nittsu Transport Service)



Number of Accidents Per 1,000 Drives (Nippon Express (Malaysia))



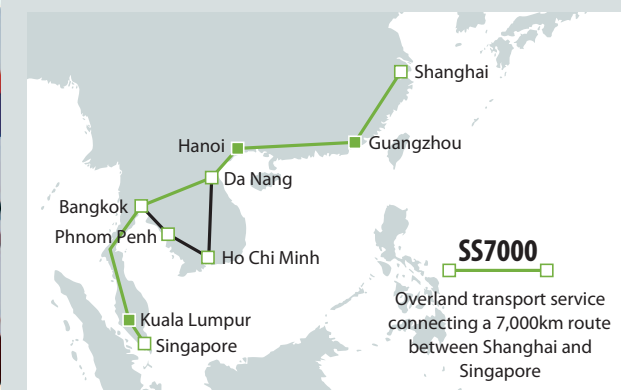
6%

Achieved 6% reduction in CO₂ emissions in Nippon Express transport services for 2013 (compared with baseline)



Participants in a driver course

Part of the driver course



Improved Fuel Efficiency and Safety by Introducing Safe Eco-Driving and a Driving Control System

The use of a driving control system has enabled management of drivers' continuous driving time, which has led to the introduction of rules for taking breaks after a certain period of driving time. This has helped resolve the problem of driver fatigue and improved the operating rate of trucks by reducing work absenteeism and late delivery.

We also collate and manage detailed data on the driving habits of drivers, which has enabled us to analyze the type of driving that causes accidents and damage to cargo as well as provide concrete guidance on driving.

In addition, we provide training for safe eco-driving and have adopted an incentive program that encourages drivers to think about what kind of improvements they should make and act accordingly. Know-how regarding highly fuel-efficient and safe driving is also shared between drivers.

Evaluations from Customers and Government Agencies

Panasonic Malaysia

- This agrees with the "Eco Concept" deployed by Panasonic worldwide. We would like to continue sharing information going forward.
- Fragile solar panels were delivered over poor roads on time and without incident. The ability to transport with such high quality can be attributed to safe, eco-driving.
- Panasonic is an international company that must provide products to customers with the same quality irrespective of country. We hope this initiative is deployed in other countries as well.

Canon Marketing (Malaysia)

- The entire Canon Group is promoting Green Initiatives and this kind of endeavor can be reported in Japan as a local initiative being implemented overseas.
- Although other transport companies actively approach us for work, having a CDM is an extremely good reason for selecting a business partner.
- We would like to share information on this program with Canon in other countries. Does Nippon Express conduct the same initiative elsewhere? If not, we hope you do so soon.

Malaysia's Ministry of Natural Resources and Environment

- This program has been influential in formulating a benchmark for the creation of a reporting and authentication scheme for CO₂ emissions being promoted by the government. It is possible that this will be made into legislation as well, so we hope that Nippon Express plays a part in its formulation.
- The Indonesian and Thai governments would welcome this initiative. It could be an effective tool in countries faced with traffic-related problems.

Malaysia Green Technology Corporation (Government agency)

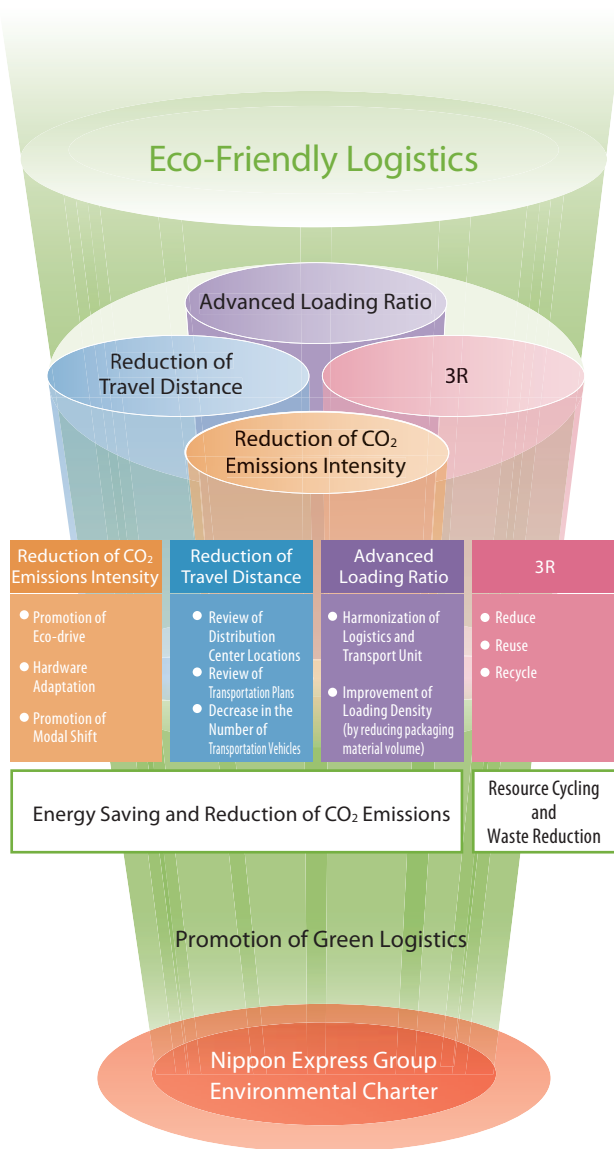
- We would like to introduce this program into the CO₂ reduction policy we are formulating for the Malaysian government. We hope that we can work in partnership with Nippon Express on this.

Responsibility for the Global Environment

A major challenge for humankind is to pass along the environment in a sustainable state for the next generation. Humans have over the years advanced society, but this has put an incredible burden on the earth at the same time, characterized by the emission of greenhouse gases. The Nippon Express Group has also placed a load on the environment through business that uses public roads as well as public facilities such as ports, railroads and airports. As professionals in the transport business, we aim to contribute to society through delivery to customers worldwide while eliminating the use of wasteful energy and reducing greenhouse gases.

Promoting Green Logistics

Under the Nippon Express Group Environmental Charter, "promotion of green logistics" is set as one of the main pillars in the new Group Corporate Strategy. We are committed to "earth-friendly logistics."

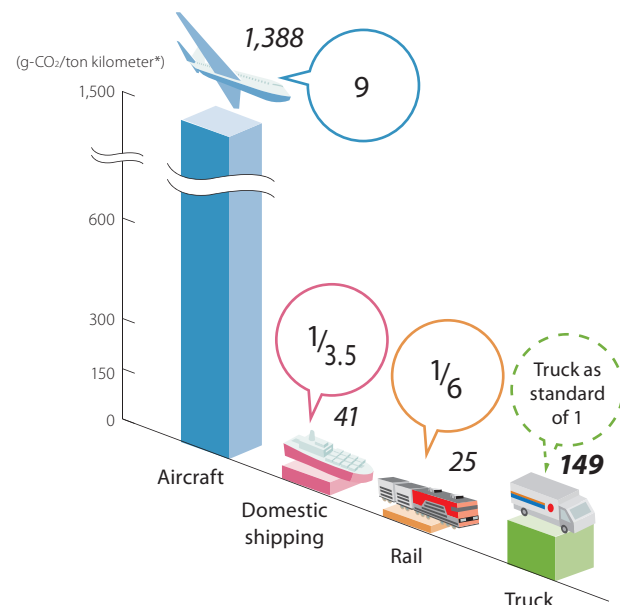


Promotion of Modal Shift

CO₂ Emissions Basic Unit Per Mode of Transport

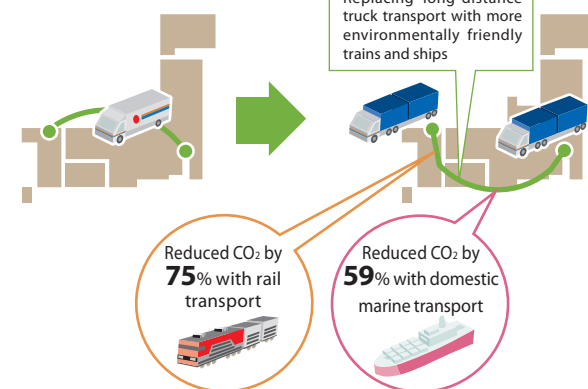
The Nippon Express Group has been engaged in various initiatives targeting a modal shift from a heavily truck-dependent system of transport to one that utilizes trains and ships based on collaboration and cooperation with customer companies and logistics businesses.

CO₂ emissions intensity by transport mode



*Source: Extracted from "Greenhouse gas emissions calculation and results, greenhouse gas inventories (reports, database) fiscal 2012, greenhouse gas emissions," on Japan's Ministry of the Environment website

CO₂ Emissions Reduction



Comparison in case of truck transport of 10 tons of cargo between Tokyo and Fukuoka

Modal Shift to Rail Transport

Rail cargo transport is more effective the longer the distance and bigger the load and is a stable and secure method of transport based on precise railway timetables. Also, it is in the spotlight as the most eco-friendly, highly efficient mode of transport that is effective in reducing CO₂ emissions.

Nippon Express makes maximum use of its strength in safe and secure rail cargo transport in promoting a shift with customers, from mass transport to small-lot transport, as an efficient means of transport and is working to reduce environmental load.

Topics

Shifting to Rail Transport Reduces CO₂ Emissions by 84%

BASF was looking into making a modal shift in transportation of certain raw materials in Japan from tank trucks as part of measures to prevent global warming. In response, Nippon Express proposed highly eco-friendly rail transport as a mode of transport.

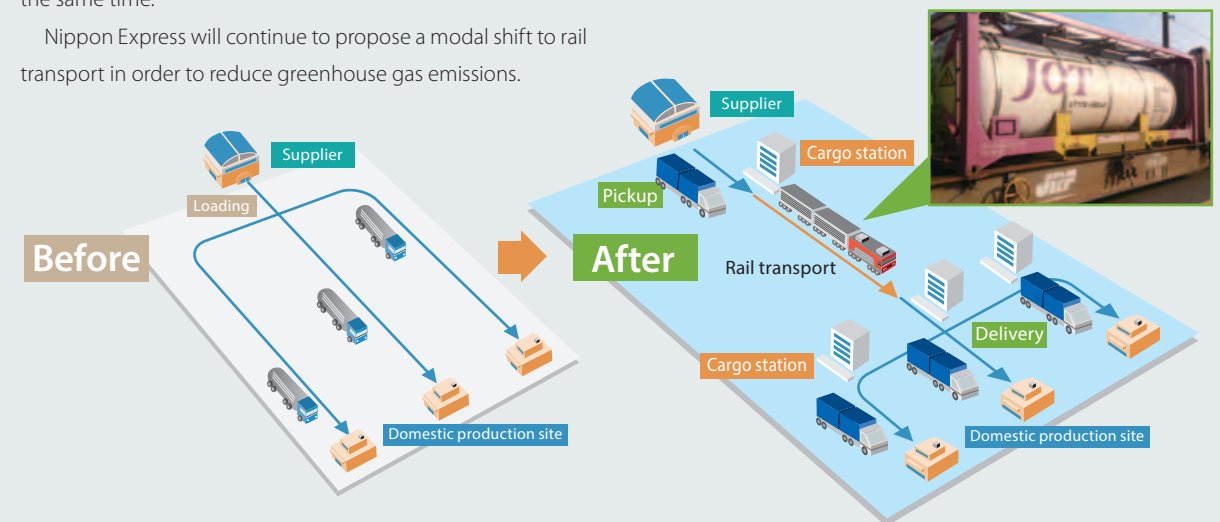
In order to transport raw materials in liquid form by rail, it was necessary to ensure delivery at a volume similar to that handled by tank truck as well as stable supply in accord with production plans at manufacturing sites. In light of these considerations, we selected 20-foot ISO tank containers for transportation and created a system enabling stable supply of the raw materials at the same time.

Nippon Express will continue to propose a modal shift to rail transport in order to reduce greenhouse gas emissions.

About BASF

BASF, otherwise known as The Chemical Company, is headquartered in Germany. As a leading company in the chemical industry, BASF has created a good relationship with society through chemicals in order to ensure a sustainable future. The company started doing business in Japan in 1888. Activities cover the four business segments of chemicals, performance products, functional materials & solutions and agricultural solutions.

In 2013, BASF enhanced its energy efficiency by 20% (2012: 22%) and reduced its specified greenhouse gas emissions by 34% (2012: 33%), relative to 2002. BASF is working on a group-wide basis to reduce greenhouse gases as a measure to prevent global warming.



Customer's Voice

BASF is aiming to reduce greenhouse gas emissions per ton of sales by 40% by 2020 relative to 2002 and improve energy efficiency (excluding oil and gas) by 35% as global environment-related objectives.

On this occasion, the modal shift to rail transport enabled an 84% reduction in CO₂ emissions compared with tank trucks transport, as well as a reduction in transport costs. In addition, the use of precise railway timetables enables planned and efficient delivery, which has made it easier to employ a cargo receipt system and production plan at manufacturing sites. It's also very effective in that it is possible to use container drayage and other alternative transport based on Nippon Express's logistics network in case of emergency such as railway line suspension.

Moreover, BASF has rolled out a voluntary initiative called Responsible Care® that aims to preserve the environment, safety and health in all processes from the development of chemical substances to production, logistics, use, final consumption and disposal. Results of activities under the initiative are made public to ensure active dialogue and communication with society. In particular, the modal shift has produced significant results in the areas of environmental protection and safety in logistics.

Going forward, we will examine the possibility of rolling out this modal shift initiative to other manufacturing sites and transporting other raw materials with the cooperation of Nippon Express.

Supply Chain Management
Functional Materials & Solutions
BASF Japan Ltd. Daisuke Kobayashi

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 Muroran, followed by the Dai-ni (No.2) Tennichi Maru between Osaka and Muroran. In 2003, Nippon Express and MOL Ferry Co., Ltd. launched a joint service between Tokyo and Hakata with high-speed RORO* vessels Himawari 5 and Himawari 6. In April 2013, Himawari 7, a state-of-the-art high-speed RORO vessel, went into service between Tokyo and Tomakomai. Currently Nippon Express connects locations nationwide with bases at 9 ports including the Port of Matsuyama, which recently went into service, with seven large, state-of-the-art ships including two serving in our regular routes, and five in joint service with MOL Ferry.

In domestic marine transport, Nippon Express is implementing various low-fuel-consumption initiatives to

reduce CO₂ emissions. We outfitted Himawari 5 and 6, which are operating in the routes of coastal service between Tokyo and Kyushu via Setouchi, with auto-control engines that match fuel injection according to the speed of the vessels. The fuel efficiency of Himawari 7, in service between Tokyo and Tomakomai, was greatly improved by installing an electronic control engine with a higher functionality. Installation of movable blades on the hulls for preventing rolling, and improvements made in the vessel shape, the propeller screws and the helm enabled us to enhance safety, environmental friendliness and transportation capacity at the same time.

*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.

Topics

Environmental Results of State-of-the-Art High-speed Roll-On Roll-Off Vessel "Himawari 7"

Himawari 7, a vessel based on a coastal shipping system that started services in April 2013, has become even more environmentally friendly compared with conventional ships. Nippon Express vessels featuring a coastal shipping system have traditionally been eco-conscious. The following table compares Himawari 7 and Himawari 1 in terms of energy efficiency in transport (CO₂ conversion of the volume of fuel

required to move a ship with capacity of W tons a distance of D miles), an indicator of ship operating efficiency.

The operating energy efficiency of Himawari 7 has been improved by around 40% from Himawari 1, with that amount translating into enhanced fuel efficiency and a reduction in CO₂ emissions.

| | Himawari 1 (Calculation period: October 2013-February 2014) | Himawari 7 (Calculation period: July 2013-March 2014) |
|---|--|--|
| Tokyo→Tomakomai (Monday, Saturday departure) | 33.23g-CO ₂ /ton-mile | 19.83g-CO ₂ /ton-mile |
| Tokyo→Tomakomai (Tuesday, Friday departure) | 32.05g-CO ₂ /ton-mile | 19.15g-CO ₂ /ton-mile |
| Tomakomai→Tokyo (Saturday, Thursday departure) | 33.38g-CO ₂ /ton-mile | 19.63g-CO ₂ /ton-mile |
| Tomakomai→Tokyo (Monday, Wednesday departure) | 33.98g-CO ₂ /ton-mile | 19.57g-CO ₂ /ton-mile |



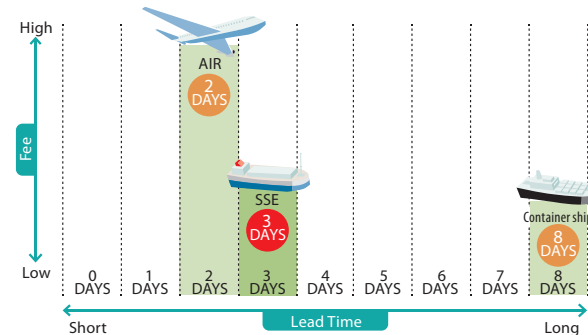
*The smaller the number the higher the efficiency

Shanghai Super Express

Shanghai Super Express (SSE) is a novel transportation service connecting Hakata, Japan and Shanghai, China quickly and seamlessly, using RORO high-speed vessels, that allow wheeled cargo to directly roll on and roll off anywhere in Japan. 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. In addition, our integrated Rail & Sea service, which utilizes railway containers to deliver as far as Shanghai, our E-WING service,

which combines coastal shipping transport and SSE, our Arrow Box China service (between Osaka and Shanghai), which utilizes Arrow Box in Japan, as well as our high-speed delivery and eco-friendly delivery services all provide solutions that help improve our customers' logistics and resolve challenges in the supply chain.

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



Promoting Eco-Driving

Digital Driving Recorder

Digital driving recorders are being replaced by new in-vehicle devices equipped with a drive recorder, with the new driving management system being introduced in a step-wise manner since September 2013. The predecessor system assessed driver operation through excessive speed, sudden acceleration, sudden deceleration and idling time and was used to confirm the degree of implementation of safe eco-driving as well as provide guidance. In addition to excessive speed, sudden acceleration and sudden deceleration, the new operating management system employs an electronic pendulum, which enables the evaluation of forward/backward and left/right movement based on centrifugal force when turning right/left and swerving.

Moreover, the incorporation of a drive recorder means dangerous driving against safe eco-driving can be video

recorded, which provides the opportunity to provide guidance to the driver afterward, make education more meaningful and further entrench safe eco-driving.

Overview of New Operating Management System



Initiative as an Eco-Driving Training Course Provider

Eco-driving is kind to the environment and contributes to better fuel efficiency and safety. Nippon Express provides an eco-driving training course that utilizes a fuel consumption gauge at our Izu Training Center, a facility for internal education, which serves to further raise employee awareness and maximize the three effects of eco-driving, namely environment, safety and cost. In December 2012, Nippon Express was certified as an eco-driving training course provider, a first in the logistics industry, by the Foundation for Promoting Personal Mobility and Ecological Transportation.

163 people
completed the eco-driving course (fiscal 2013)

The Izu Training Center has been give a certified training course for company driving instructors since fiscal 2013 and 163 participants have been issued a certificate for completing the eco-driving course.

Five such courses are planned for fiscal 2014 as part of efforts to fulfill our responsibility to the environment.



Eco-driving course

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.

At Nippon Express, drivers are taught to drive safely, ecologically and economically. Safe eco-driving is included in the curriculum for new employee training and driver instructor training, courses that see around 800 people attend per year. Driver instructors teach fellow drivers at their own facilities the

knowledge and skills they acquire and all Nippon Express drivers undergo continuous education to ensure they implement safe eco-driving.



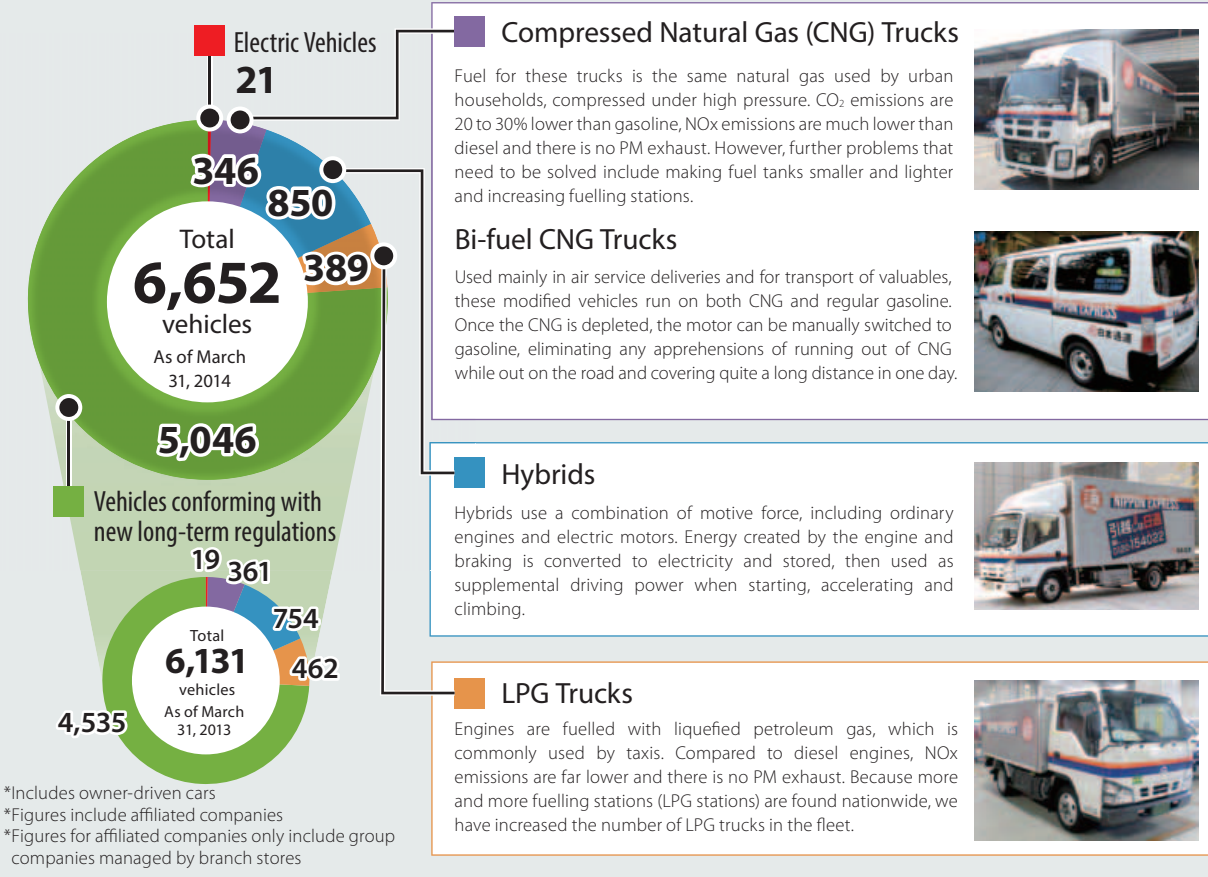
Participants in the eco-driving course after receiving their training completion certificate

Environmentally Friendly (Low-emission) Vehicles

In addition to complying with laws and regulations, the Nippon Express Group actively promotes the introduction of environmentally friendly vehicles. We have introduced CNG, hybrid and LPG trucks while focusing on low-emission diesel

trucks that conform to new long-term regulations, resulting in a fleet of 6,652 vehicles as of March 31, 2014 (an increase of 521 vehicles year on year).

Nippon Express Group Number of environmentally friendly vehicles in fleet (as of March end, 2014)



Topics

Environmental Consideration through Introduction of Hybrid Transporters

Nippon Express' Heavy Haulage & Construction Business Division has introduced hybrid transporters developed jointly with Italy-based Industrie COMETTO S.p.A.

Transporters are used to transport ultra-heavy loads such as rockets. They are normally powered by diesel engine, which requires exhaust emission controls such as the installation of a ventilation system for structures when used inside. Also, there are limits to driving time and driving speed with only an electric motor when transporting heavy loads.

The vehicle developed on this occasion switches between engine operation via diesel engine and battery operation via

electric motor, which realizes zero exhaust gas when operating inside via battery and enables the transport of heavy loads as before when operating outside via engine.

Thanks to this construction method, there is no need for exhaust gas equipment, which serves to keep equipment costs down as well as enable trouble-free transport of heavy loads.



Promoting Environmentally Friendly Facilities

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

Formulation of Standards for the Installation of Environmentally Friendly Equipment

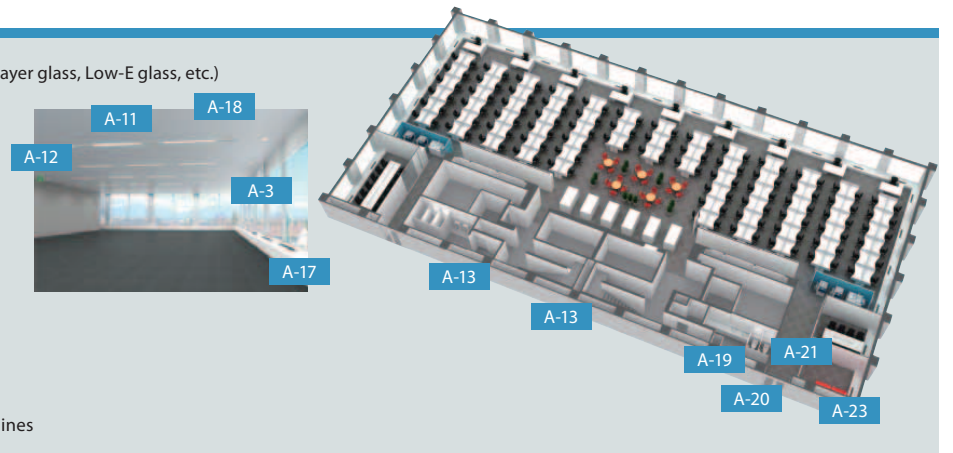
In January 2014, the Nippon Express Group formulated standards for the installation of equipment when constructing logistics facilities and offices. These standards refer to equipment to reduce greenhouse gases such as CO₂, including the proactive use of renewable energy, equipment that encourages biodiversity and equipment that is conducive to the enhanced safety and health of people working there and the local community, and to business continuation.

Installation of Environmentally Friendly Equipment as Standard

- | Exterior | |
|----------|--|
| A-1 | Super-insulation specified roofing material |
| A-2 | Low-pollution external wall (coating) material |
| A-3 | Super-insulating glass (multilayer glass, Low-E glass, etc.) |
| A-4 | Rooftop greening |
| A-5 | Heat-blocking pavement |
| A-6 | Permeable pavement (drainage pavement) |
| A-7 | Use of wood from thinned trees |
| A-8 | Organism-conscious plants |
| A-9 | Hybrid outside lights |
| A-10 | High-efficiency transformers (top runners) |
| A-14 | Schedule-controlled lighting |
| A-15 | Solar power generating equipment |
| A-16 | Power generation equipment for emergencies |
| A-17 | Natural ventilation system |

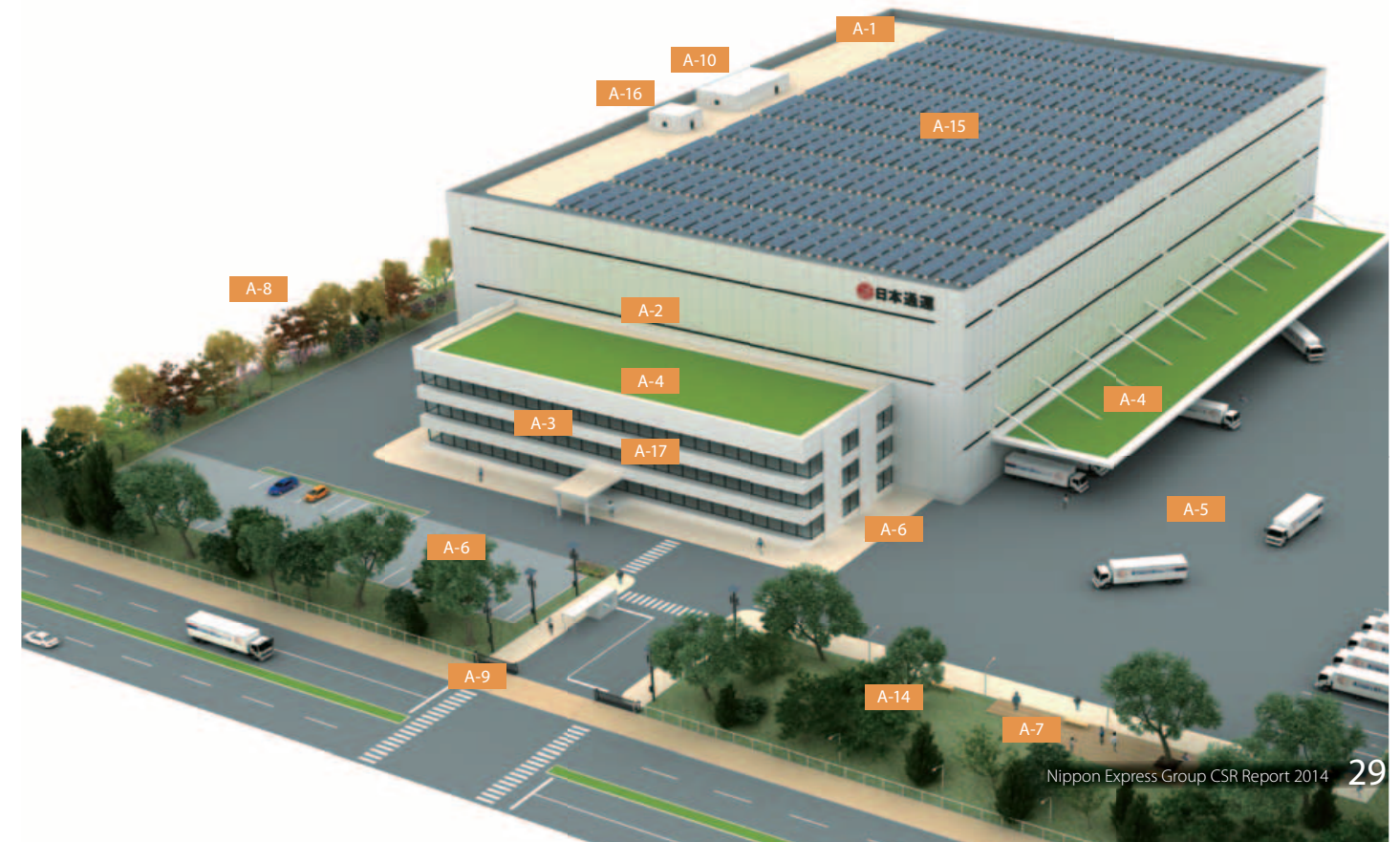
Interior

- | | |
|------|--|
| A-3 | Super-insulating glass (multilayer glass, Low-E glass, etc.) |
| A-11 | LED lighting |
| A-12 | LED guiding lights |
| A-13 | Human sensor-controlled lighting |
| A-17 | Natural ventilation system |
| A-18 | Total heat exchanger-type ventilation fan (Lossnay) |
| A-19 | High-efficiency gas water heater |
| A-20 | Automatic water faucets |
| A-21 | Water-saving toilets |
| A-23 | Energy-saving vending machines |



Item related to interior and exterior in general

- | | |
|------|--|
| A-22 | Eco-material (including green purchasing and use of recycled material) |
|------|--|



Main Environmentally Friendly Facilities



Tokyo Air Service Branch, Baraki International Logistics Town No. 2 (BILT-2)

[Construction completed January 21, 2014]

- A-15** 828 solar panels, maximum output 207kWh
- A-11** **A-12** LED lighting in entire building
- A-5** Outdoor reflective pavement
- A-16** In-house power generation facility (portable) 500KVA
- A-9** Outdoor hybrid lighting (solar-powered, wind-powered)

It is possible to take a tour of these facilities and there is even a seminar room for visitors (photo at bottom right).



Chiba Marine Transport Branch Narashino Logistics Center

[Construction completed August 31, 2010]

- A-9** Hybrid outdoor lighting
- A-15** 2,682 solar panels, maximum output 480kWh



Attained LEED Silver Certification, which recognizes overall environmental performance of buildings as set forth by US Green Building Council

Nippon Express USA, Inc. Chicago Branch

[Construction completed January 6, 2011]

- A-14** Schedule-controlled lighting system
- A-16** In-house power generation facility
- A-13** Lighting controlled by human sensors and natural light sensors
- A-20** Automatic water faucets
- A21** Water-saving toilets



Nippon Express USA, Inc. Los Angeles Branch

[Construction completed December 8, 2009]

- A-1** Super-insulation specified roofing material
- A-3** Super-insulating glass (multilayer glass, Low-E glass, etc.)
- A-15** Solar power generating equipment; 285 solar panels (total monthly output: approx. 7,800kWh)
- A-3** Super-insulating glass (multilayer glass, Low-E glass, etc.)
- A-13** Human sensors controlled lighting
- A-21** Water-saving toilets

Topics

"Power-saving Initiative through the Energy Use Visualization System NEES" earns Logistics Environment Award at 14th Logistics Environment Awards

This initiative aimed to reduce energy use company-wide through the precise identification of energy consumption in the roughly 2,000 locations that use energy nationwide. Through the "Power-saving Initiative through the Energy Use Visualization System NEES (NITTSU ECOLOGY & ECONOMY SYSTEM)," we started from the integrated management of company-wide energy consumption, including for electricity, light oil and gas, as well as the number of copy paper sheets purchased. The NEES system calculates the total amount of energy consumed company-wide and the data can be viewed

freely from any location. That means each location can look into setting energy-saving objectives and initiatives using a PDCA cycle.



Awards ceremony at the 23rd Regular General Meeting of Japan Federation of Freight Industries

Topics

Nippon Express Group's Solar Power Generation Projects

Nittsu Shoji Co., Ltd.

Nittsu Shoji completed construction of a solar power generation system using 1,072 solar panels on the rooftop of four Fukuoka Factory buildings in April 2013 and has started selling power to a power company. The Fukuoka Factory has installed an LCD monitor and solar power generating panel demonstration device to confirm the status of power generation, and plans are in place to use the facility to promote the sale of the solar power generating system and as a place to educate people about the environment.



Solar panels seen from above the Fukuoka maintenance factory

In addition, the small-scale solar power generating system "Petit Solar" marketed by Nittsu Shoji was installed by the Yokohama LP Gas Office in April, the Matsuyama Factory in June and the Kagoshima LP Gas Office in October, and operations are underway. Going forward, the company will seek to implement environmentally friendly business through renewable energy.

| Location | Fukuoka Factory 3-2-6 Kashihamafuto, Higashi-ku, Fukuoka | Yokohama LPG Gas Office 8-17-28 Fukayakami, Ayase | Matsuyama Factory 393-3 Tomhisamachi, Matsuyama | Kagoshima LPG Gas Office 1179-1 Kajichokida, Aira |
|-----------------------------|---|--|--|--|
| Power generation start date | April 8, 2013 | April 30, 2013 | June 24, 2013 | October 18, 2013 |
| Power generation capacity | 224.048kWh | 19.22kWh | 13.56kWh | 49.5kWh |
| CO ₂ reduction | Approx. 146.7t/year | Approx. 6.55t/year | Approx. 4.65t/year | Approx. 146.7t/year |



Solar panels at Nittsu Shoji Head Office

Nittsu Real Estate Co., Ltd.

Nittsu Real Estate is in charge of making effective utilization of the land owned by the Nippon Express Group and has started a business for the sale of electricity from solar power. The project is being undertaken in Izunokuni in Shizuoka Prefecture and Matsumoto in Nagano Prefecture.

| Location | 4913-1 Oaza Imai Aza Nojiri, Matsumoto | 983-3 Nirayama, Tada Izunokuni |
|-----------------------------|--|--|
| Power generation start date | November 1, 2013 | March 5, 2014 |
| Power generation capacity | 990kWh | 750kWh |
| Annual power generation | 1,308,475kWh Number of standard households (4-person family) that can be powered: 330 | 853,225kWh Number of standard households (4-person family) that can be powered: 215 |



Solar power generation by Nittsu Real Estate (Matsumoto)



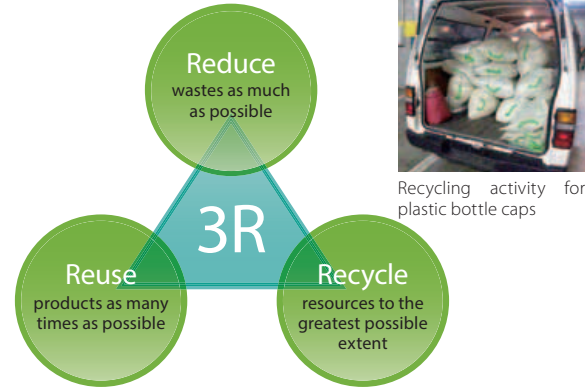
Solar power generation by Nittsu Real Estate (Izunokuni)

Reducing Waste and Advancing the 3Rs

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.

Bulletin board made of timber from forest cuttings from a company-owned forest in Izu Nirayama

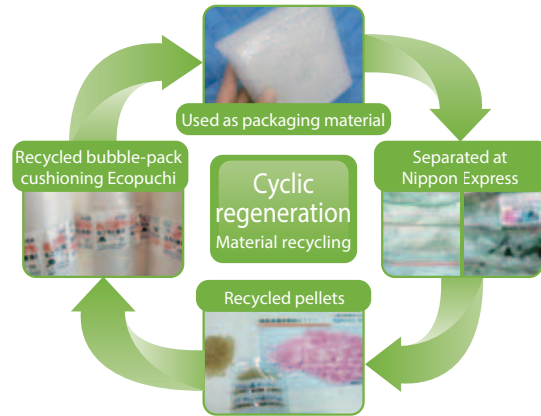


Promoting the 3Rs Through Resource Recycling and Reuse

The Nippon Express Group is vigilant about separating packaging material used for overseas relocation that it used to simply dispose of, which is provided to operators as individual materials (resources) and recycled before being used as recycled material. The new material can be recycled again and again.

Going forward, we will work to reduce waste and CO₂ emissions by expanding such initiatives.

Cyclic regeneration system for Ecopuchi bubble-pack cushioning



Eco-friendly Products

Unique Nippon Express Reusable Materials Realizing Eco-Friendliness and Higher Efficiency

All reusable materials (packaging materials that can be used repeatedly) used in Nippon Express's Ecologicompo moving service are unique to the company.

All household items are packed courteously and quickly using a wide variety of reusable materials. Also, employing reusable materials makes it possible to reduce waste from materials that are used once and then disposed of such as cardboard boxes and cushioning material, which is kind on the environment.

Paper Recycling Boxes

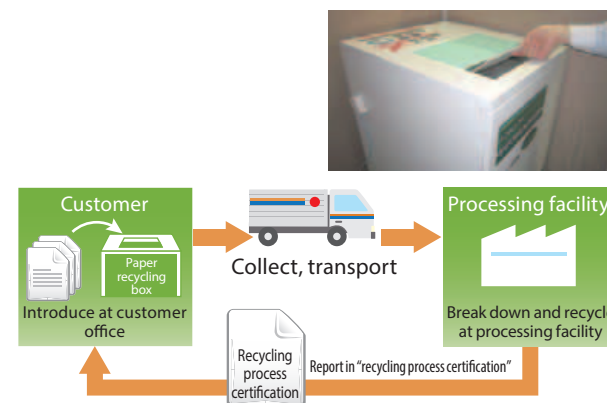
Paper recycling boxes with locks are placed in offices instead of shredders for people to post personal information and confidential documents. Nippon Express provides a safe and reliable service in which the boxes are collected regularly and processed by a well-respected and trustworthy processing facility.

In addition to security as a top priority (boxes include locks), the boxes are easy to use (no need to remove clip) and costs are minimized (no need for electricity). Ultimately, they help with customers' CSR efforts by contributing to environmental preservation (reuse as papermaking material).



Ecologicompo packaging materials

Shoe cupboard



Offset Eco2

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

* 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.

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 that 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.

Authentication number: CO2-0023
 Ministry of the Environment Carbon Offsetting website:
<http://www.jcs.go.jp/e/>
 Attained certification: Nippon Express Co., Ltd.

Offset Eco2



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

Topics

Nippon Express started in earnest transport and installation of wind-power generation equipment in 1999 and has delivered and set up around 70% of the wind-power generation facilities built in Japan. Such facilities are divided into rotor blade, nacelle (part that supplies wind to the power generator) and tower, among other components, which are transported from the

Wind-Power Generating Equipment

Nippon Express Group's APC (APC China, Tainjin Branch; APC Sweden, Malmo Branch) spent around a month and a half delivering 10 wind-power generation windmills from the Jiangyin Port in Jiangsu Province, China to the Port of Karlshamn in Sweden in November 2013. Since a typhoon hit the same day the shipment was due to leave port, schedule readjustment meant heavy sailing. Nonetheless, the heavy equipment, which measured 45,000m³ in total volume and 5,000 tons in total weight, was safely delivered to Sweden thanks to the cooperation of respective locations and the high quality of the work.



factory to the construction site and installed. The blades can be up to 40-45m in length and the nacelle can weigh up to a few dozen tons, so transportation requires the latest technology.

In addition, solar power generating equipment has an extensive track record and has been evaluated highly by customers.

Solar Power Generating Equipment

In December 2013, Nippon Express installed solar power generating equipment at a former housing construction site in Kodai, Muroran, Hokkaido. We received a request from Toko Electrical Construction Co., Ltd., which was acting as EPC (Engineering, Procurement and Construction) contractor for Ichigo ECO Energy Co., Ltd., which constructs mega-solar power plants around Japan, and attached 4,984 solar modules. The power generation capacity of the Ichigo Muroran Hatchodaira ECO Power Plant is 1,246kW, enough to power 410 standard households (four-person family).



Ichigo Muroran Hatchodaira ECO Power Plant (Hokkaido)

Environmental Preservation Activities



Forestation Cultivation Activities in the “Nittsu Forest”
In order to curb global warming and preserve biodiversity, Nippon Express has established “Nittsu Forests” in three locations around Japan: Iide in Yamagata Prefecture, Nichinan in Tottori Prefecture and Izu Nirayama in Shizuoka Prefecture, where employees and their families conduct forest cultivation activities.

The forest is thinned and trees are planted systematically based on cooperation and guidance from local people from such institutions as town halls, forestry cooperatives and NPOs.

Climate change, including record-high temperatures and torrential downpours, is having a major impact on the world’s environment. Against this backdrop, Nippon Express’s forest cultivation activities continue to grow in significance and value.

Biodiversity Initiatives

Nippon Express conducted an activity with local elementary school children in Iide, Yamagata Prefecture to look for living creatures in the waterways. Also, nest boxes for owls were set up in Izu Nirayama in 2010.

In Shiranuka, Hokkaido, we started a study of wild fauna and flora as well as a nest-building initiative to protect the Blakiston’s fish owl, a protected species, with the cooperation of the Wild Bird Society of Japan.



Iide forest cultivation activities
(With children in Iide as part of an activity to look for living creatures)

Activities during Environment Month

Every year, the Nippon Express Group conducts a nationwide clean-up campaign during Environment Month in June, as part of its efforts for environmental conservation. More than 10,000 of our employees and their family members participate throughout the country every year, working in groups to beautify the environment by cleaning up around our business facilities, around stations, in parks, etc.

Hamarikyu Gardens, which neighbors our Head Office, is a particular focus of our beautification activities, and is the scene of leaf clean-ups and other volunteer activities throughout the year.



Cleaning up leaves in Hamarikyu Gardens

Environmental Communication

Eco-products fair

We participated in Eco-Products 2013, held at Tokyo Big Sight from December 12-14, 2013.

Our booth featured the “Nittsu Forest Plaza.” With the interior of the booth decorated like the world of a fairy tale, we displayed panels introducing our efforts to protect the environment, such as our forest cultivation initiatives in Nittsu Forest and Ecologicompo. As events for children, we held a “Forest School,” at which we introduced our CSR activities in the form of a class, conducted a house-moving game using trunks filled with crockery, and offered an aroma experience using plant extracts including Japanese cypress from Nichinan.



Our booth, “Nittsu Forest Plaza”

Environmental Education

Employee Environmental Education Program

During the periods of training we conduct for new employees, for employees who are promoted to Section Chief, and for employees who are promoted to Assistant Manager, we offer comprehensive CSR education with a focus on the environment. In addition, during the period of training for new employees, at our Izu Training Center the trainees are offered a hands-on experience of forest cultivation activities, watch environmental DVDs, and engage in dialogue with staff members of the Corporate Social Responsibility Division.

“kids X change”: Material for Environmental Education

“kids X change” is an education material for higher-grade elementary school children in Japan, created by the Nippon Express Group based on a book “youth X change,” published by the United Nations Environment Programme (UNEP) and the United Nations Educational, Scientific and Cultural Organization (UNESCO) for promoting the environmental education of people from 15 to 25 years of age. They are used in environmental education, with a focus on elementary schools that are UNESCO Associated Schools.



Forest cultivation activities

Dialogue

Watching DVDs



“kids X change” environmental educational material

Environment-related Data

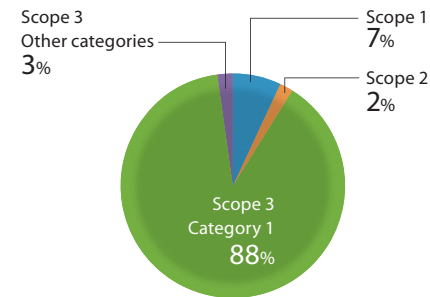
Energy usage, etc. of Nippon Express Group (FY2013)

| Type | Unit | Nippon Express (non-consolidated) | Affiliates | | Total | Nippon Express non-consolidated CO ₂ emissions (t) | Domestic Group company CO ₂ emissions (t) | Overseas Group company CO ₂ emissions (t) |
|-----------------------------|---------------------|-----------------------------------|------------|----------|---------|---|--|--|
| | | | Domestic | Overseas | | | | |
| Electricity | 1,000 kwh | 245,860 | 49,671 | 83,036 | 378,567 | 135,223 | 27,319 | 45,670 |
| Diesel oil | kℓ | 76,668 | 84,046 | 11,367 | 172,081 | 197,803 | 216,839 | 29,327 |
| Gasoline | kℓ | 6,360 | 3,902 | 4,472 | 14,734 | 14,755 | 9,053 | 10,375 |
| Natural gas | 1,000m ³ | 1,636 | 473 | — | 2,109 | 3,632 | 1,050 | — |
| LP gas | ton | 2,940 | 2,026 | — | 4,966 | 8,821 | 6,078 | — |
| Heavy fuel oil | kℓ | 207 | 4,604 | — | 4,811 | 561 | 12,477 | — |
| Heavy fuel oil (for ships) | kℓ | 50,640 | 32,031 | — | 82,671 | 151,920 | 96,093 | — |
| Kerosene | kℓ | 826 | 556 | — | 1,382 | 2,058 | 1,384 | — |
| Total CO₂ | | | | | | 514,773 | 370,293 | 85,372 |
| | | | | | | Total of domestic group companies | Total of whole Group | |
| | | | | | | CO ₂ Emission (t) | 885,066 | 970,438 |
| | | | | | | ditto (t) | 890,995 | 976,884 |
| | | | | | | Year-on-year change | -0.7% | -0.7% |

| Type | Unit | Nippon Express (non-consolidated) | Affiliates | | Total |
|---------------------|---------------------|-----------------------------------|---------------|----------|---------------|
| | | | Domestic | Overseas | |
| Water | 1,000m ³ | 1,237 | — | — | 1,237 |
| Copy/ printer paper | 10,000 sheets | 50,588 | 11,210 | — | 61,798 |
| General waste | ton | 19,078 | 2,897 | — | 21,975 |
| Industrial waste | ton | 30,857 | 8,349 | — | 39,206 |
| Total | | 49,935 | 11,246 | | 61,181 |

- Notes: 1. Data shown here is the aggregate of Nippon Express non-consolidated and consolidated companies (domestic 173, overseas 90) total 263 (as of March, 2014).
 2. The Nippon Express non-consolidated and consolidated data for Japan was aggregated using the NEES system and DIVA system, and the data of the overseas consolidated companies was collected from questionnaire surveys.
 3. 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).
 4. Amount of copy paper is counted through conversion to A4 size.

Ratio of Scope 3 (FY2013)



Notes:

- Scope 1 and Scope 2 represent domestic and overseas Nippon Express Group companies
- Scope 3 is calculated for Nippon Express in isolation

Industrial waste emissions by item (FY2013 Nippon Express nonconsolidated)

| Industrial waste items | Number of control manifests for industrial waste | Weight (kg) | Weight distribution ratio |
|----------------------------------|--|-------------------|---------------------------|
| 1 Wood shavings | 5,491 | 15,497,548 | 50.22% |
| 2 Waste plastics | 13,135 | 10,963,454 | 35.53% |
| 3 Mixture | 728 | 1,638,171 | 5.31% |
| 4 Waste metal | 887 | 1,173,740 | 3.80% |
| 5 Animal and plant residues | 130 | 614,790 | 1.99% |
| 6 Combustion residue | 68 | 422,060 | 1.37% |
| 7 Sludge | 140 | 226,006 | 0.73% |
| 8 Waste oil | 164 | 93,356 | 0.30% |
| 9 Waste paper | 90 | 90,780 | 0.29% |
| 10 Waste glass, china, porcelain | 199 | 57,620 | 0.19% |
| 11 Strong alkali (Hazardous) | 5 | 48,420 | 0.16% |
| 12 Fiber waste | 23 | 13,475 | 0.04% |
| 13 Waste alkali | 6 | 12,312 | 0.04% |
| 14 PCB etc. | 7 | 3,064 | 0.01% |
| 15 Others | 17 | 1,862 | 0.01% |
| Total | 21,090 | 30,856,657 | 100% |

Notes:

- Items expressed as volume (m³) were converted into weight based on a table of specific gravities by industrial waste item.
- 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 is included in the rent.
- Contrary to the case 2 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 (FY2013)

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 below handle reportable substances.

| Facility type | Number of facilities | Total amount used (kg/y) | Main substance | Main use |
|---|----------------------|--------------------------|----------------------------------|--|
| Reportable business category but amount used by facility is under reporting threshold | 9 | 308 | Fenitrothin | Warehouse fumigation |
| Not reportable business category but facility uses reportable substance | 18 | 17,360 | Methyl bromide, Hydrogen cyanide | Fumigation for operations incidental to import customs clearance |

CO₂ emission reductions of moving materials in FY2013

| Product Name | Basic unit ⁴ (kg/ a moving) | CO ₂ reduction (t) |
|--|--|-------------------------------|
| Ecologicompo | Full ^{*1} | 5.50608 |
| | Half ^{*2} | 43.12909 |
| | Self ^{*3} | 67.14119 |
| | Total | 9,056 |
| CO ₂ emissions without using Ecologicompo | 87,92585 | (12,644) |
| Amount of CO ₂ reduction (t) | | -3,588 |



- *1 Ecologicompo Full: moving plan in which the mover handles everything for the customer, including the packing and unpacking of smaller objects.
 *2 Ecologicompo Half: moving plan in which the mover handles all packing and unpacking, including smaller objects as specified by customer.
 *3 Ecologicompo Self: moving plan in which the customer handles the packing and unpacking of smaller objects.
 *4. The "basic unit" is calculated as CO₂ emissions per one moving.

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

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

| Investment category | Major examples | Amount | | |
|---|---|--------------|--------------|--------------|
| | | FY2011 | FY2012 | FY2013 |
| Investment in modal shift | Rail transport containers (Eco-Liner 31, Big Eco-Liner 31, etc.) | 269 | 232 | 98 |
| | Ship containers | 209 | 207 | 106 |
| | Tractors and trailers for freight containers | 668 | 447 | 794 |
| Investment in reusable packing materials for moving | Netted blankets, high-pad, etc. | 224 | 142 | 141 |
| Vehicle-related investments (environmentally friendly vehicles, etc.) | CNG, hybrid and LPG vehicles, heavy-duty vehicles that meet fuel efficiency | 3,343 | 3,315 | 3,259 |
| Costs for appropriate waste disposal and management | Costs related to Manifest Management Center | 32 | 31 | 32 |
| Costs for Environmental Management System registration | ISO 14001 and Green Management certification | 20 | 25 | 25 |
| Investment in planting greenery | Forest cultivation project, landscape gardening and other work at branches | 24 | 6 | 24 |
| Others: Investment in facilities energy saving | Lighting equipment and inverter switchover | 115 | 368 | 252 |
| | Total | 4,907 | 4,777 | 4,731 |

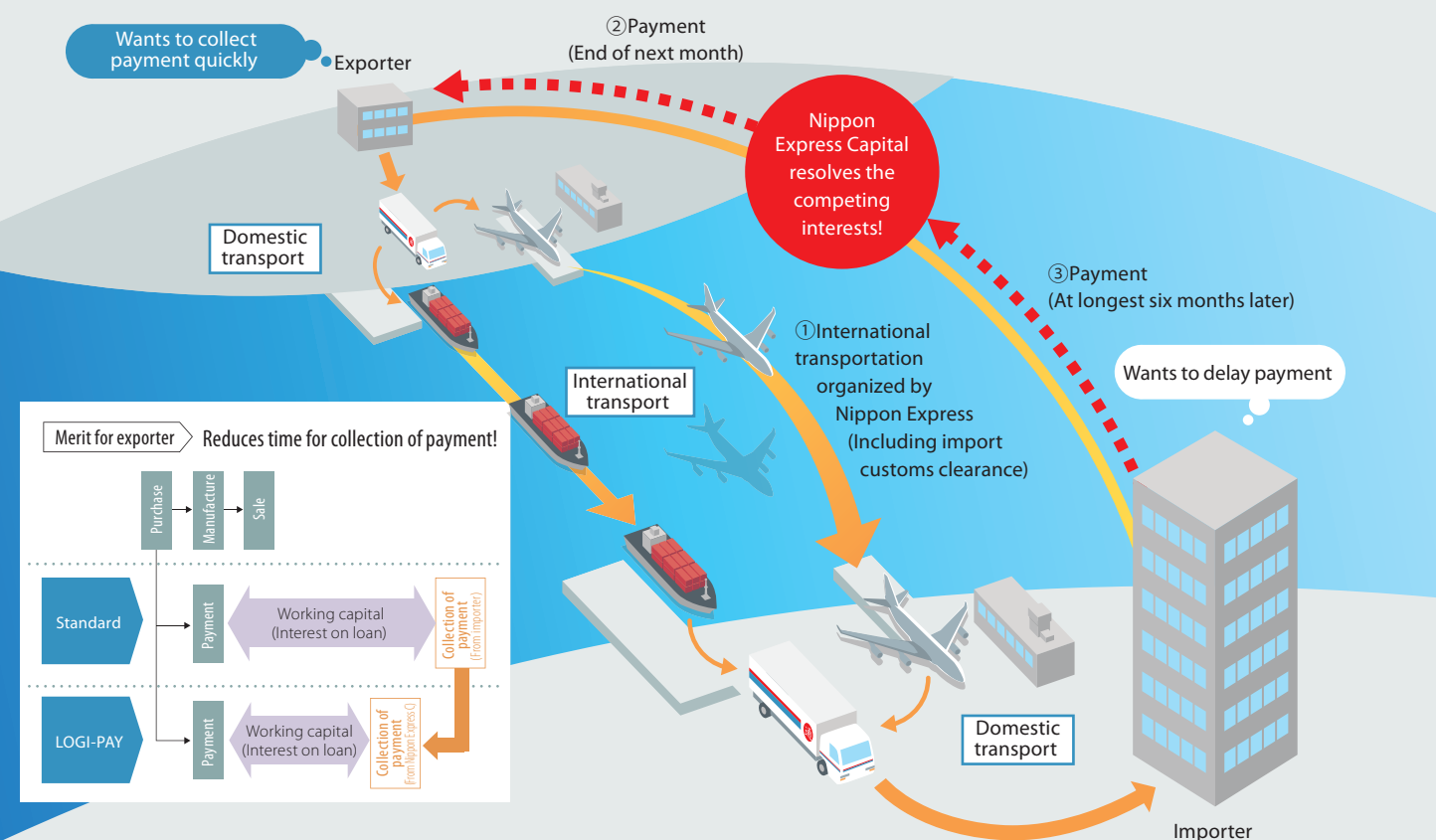
Obtaining Environmental Certifications

In June 1998, the Nippon Express Group obtained ISO 14001 certification for three service centers (since consolidated into two) at the Tokyo Air Service Branch in Baraki (Ichikawa City, Chiba Prefecture). As of December 2012, we have obtained certification for a total of 15 centers around the world.

| First certifications, June 24, 1998 | | First certification, May 31, 2005 | |
|---|--------------------------------------|--|---|
| Tokyo Air Service Branch: | Baraki Export Cargo Center | Shikoku Branch: | Shikoku Heavy Haulage & Construction Branch |
| Tokyo Air Service Branch: | Baraki Air Cargo Distribution Center | First certification, May 10, 2007 | |
| Additional certifications, March 30, 2000 | | Nep Logistics, Inc. | |
| Tokyo Air Service Branch: | Narita Airport Logistics Center | First certification, March 24, 2010 | |
| Nagoya Air Service Branch: | Nagoya Distribution Center | Nippon Express (South China) Co., Ltd. | |
| Osaka Air Service Branch: | Nanko Air Cargo Center | First certification, March 18, 2011 | |
| Fukuoka Air Service Branch: | Fukuoka Air Cargo Center | Osaka Branch: | Sharp Osaka Branch |
| Additional certifications, March 30, 2001 | | New certification, December 5, 2012 | |
| Hiroshima Air Service Branch: | Hiroshima Domestic Air Cargo Center | NEX Transport, Inc. | |
| Sendai Air Service Branch: | Sendai Airport Logistics Center | | |
| Additional certifications, March 29, 2002 | | | |
| Nagoya Air Service Branch: | Nagoya Air Cargo Center | | |
| Takamatsu Air Service Branch: | Takamatsu Air Cargo Center | | |

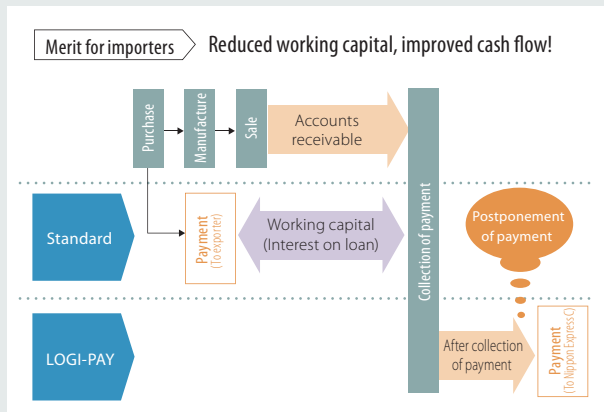
We Contribute to the Promotion of Industry by Responding to the Needs of Small and Medium-sized Businesses

1 NEX-SOLUTION LOGI-PAY: Advance payment service for international logistics



The LOGI-PAY advance payment scheme resolves issues of the timing of collection of payment for the exporter and the making of payment for the importer! When importing equipment and parts from Japan, some of our customers who are expanding overseas face the problem that factors such as reviews by financial institutions or the regulations of the country into which they are importing mean that procuring the funds to make payment will take time and effort.

In order to provide our customers with financial support, in collaboration with our wholly owned financial subsidiary Nippon Express Capital (Nippon Express C), we have made available NEX-SOLUTION LOGI-PAY, an advance payment service for goods involved in international logistics transactions.

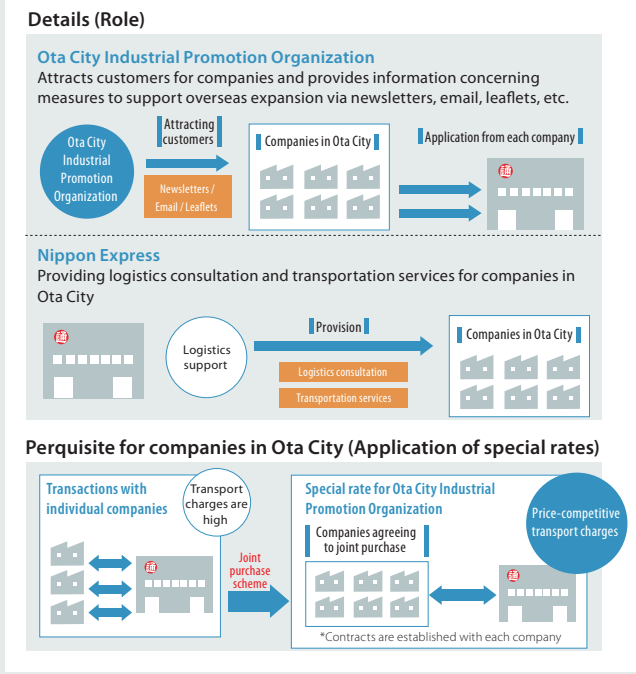


2 Support for Overseas Expansion by Small and Medium-sized Enterprises: Ota City Industrial Promotion Organization

It is said that 99.7% of Japan's companies are small and medium-sized enterprises and, while these companies may possess a high degree of technical capability, they face a variety of difficulties in engaging in overseas transactions or expanding overseas, and they therefore hesitate to do so.

Focusing on Ota City, famous as a manufacturing town where approximately 4,000 factories possessing a high level of technical capability are concentrated, the Ota City Industrial Promotion Organization implements support measures closely tailored to the city. We have been examining the potential for providing seamless service to small and medium-sized enterprises by joining forces with this organization and adding our logistics services to its menu of services. With the opening of an international terminal at Haneda Airport, the convenience of the airport, given its location within Tokyo, has increased. The model of using Haneda Airport is ideal for Ota City, which can expect to increase the speed of supply to manufacturing bases within the Asian region. As the first step, we will offer a high-speed door-to-door-service (to Thailand and Shanghai) as an initial product in our campaign to promote the use of Haneda's international routes.

With our alliance with the Ota City Industrial Promotion Organization as the impetus, we have also decided to participate in the "Shitamachi Bobsled" project being conducted by Ota City. In order to demonstrate their precision machinery and metal machining techniques to the world, 40 small and medium-sized businesses in Ota City have come together to develop a bobsled for "F1 on ice," as bobsledding is popularly known. Aiming towards participation in the Sochi Olympics to be held in Russia in February 2014, the sled's first competition was the Bobsled & Skeleton World Championships held in Lake Placid in the US. We stand behind the goal of this project, and we actively supported these small and medium-sized companies in their overseas challenge by offering seamless international transport in cooperation with Nippon Express USA.



3 Responding to the International Market's Demand for Transportation of Small-lot Hanger Boxes: Arrow Box Hangers

With increases in product import costs and distribution costs in the apparel industry, the unit lots in supplementary orders placed by companies in the industry are generally becoming smaller in order to minimize the risk of holding large-scale inventory. Because of this, the need for transportation of small-lot hanger boxes is increasing, for example when replenishing stock in a store or arranging an emergency shipment.

In response, Nippon Express has commenced using Arrow Boxes, which have a proven record of safety and convenience within Japan, in international transport. In order to increase safety we have introduced together with this, the Arrow Box Hanger (patent pending), a new product that keeps clothes from falling, prevents wrinkling, and increases the loading ratio.

Another advantage of the hangers is that the ability to ship products hanging makes packaging materials unnecessary, and eliminates the burden of direct delivery for the store.



Contribution to the Global Community

By widening the area in which we are able to provide safe and secure distribution, the Nippon Express Group supports the growth and development of society by means of logistics. Since we established Nippon Express USA in 1962, the Nippon Express Group has continued to expand its network, reaching into Central and South America and the African continent in addition to North America, Europe, and Asia.

By adapting to regional characteristics and responding to our customers' specific needs while firmly maintaining the standards of quality that we apply in Japan, we have realized convenient-to-use logistics that enables optimization of supply chains on a global scale.

Sea and Air Cold Chains contributing to Export Expansion

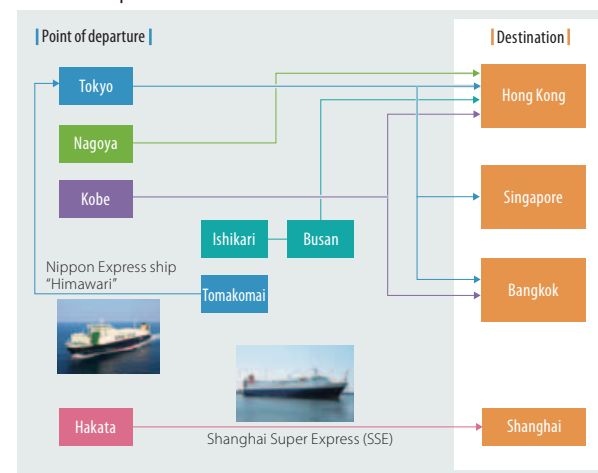
The worldwide boom in Japanese food is generating an increase in exports of foodstuffs and agricultural products, of which the majority are being exported to Asia. Nippon Express is providing extensive support to the food and agricultural

produce export industry by offering a low-temperature LCL (less-than-container load) service in kilo units to ensure that these safe and delicious Japanese products reach their destinations with no loss of quality or freshness.

Reefer LCL Service for Maritime LCL Transport

This service initially commenced in 2011 with Tokyo, Nagoya, and Kobe as departure points, and services from Hokkaido were added in 2013. The destinations are Hong Kong (from Tokyo, Kobe, Nagoya, and Ishikari in Hokkaido), Singapore (from Tokyo and Tomakomai in Hokkaido), and Bangkok (from Tokyo and Kobe). In May 2013, we also commenced a refrigerated mixed-load service from Hakata to Shanghai using the Shanghai Super Express (SSE) high-speed RORO shipping service.

Points of departure and destinations for maritime reefer LCL services

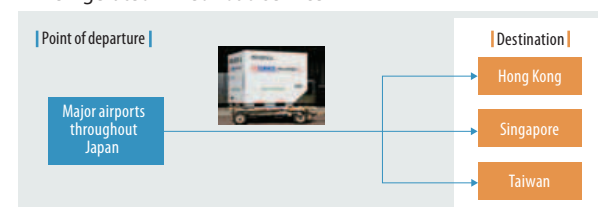


Mixed-load Service using Refrigerated Air Containers

Because planes are not equipped with freezer rooms, heretofore it has been standard procedure for those businesses able to ship in large quantities to purchase cold storage containers, and for others to rely on packaging, for example by packing ice into Styrofoam containers, for their cold transportation needs. In 2013, Nippon Express commenced a new service making it possible to use dedicated cold storage containers even with

less-than-container loads. The service departs from all major airports throughout the country, with a focus on Haneda in Tokyo, with Hong Kong, Taiwan, and Singapore as the destinations.

Air refrigerated mixed-load service



Insurance

We are offering a new international shipping insurance service to compensate for expenses incurred due to declines in quality, spoilage, or return of fresh foods to ensure the safety and security of transportation.



First Japan-Korea Double-license Vehicle Korean Tractor Trailer Chassis Commence Operation in Japan

Nippon Express is participating in a project to enable tractor trailer chassis (unpowered towed trailers) registered in Japan and Korea to each operate in the other country, realizing seamless transportation from manufacturing bases in Korea to manufacturing bases in Japan using a single vehicle. Japanese tractor trailer chassis commenced operation in Korea in October 2012, and Korean chassis commenced operation in Japan in March 2013.

We therefore developed and introduced wing-type chassis that conform to the relevant regulations in both Japan and Korea and made it possible to use a single vehicle for the entire process from pickup to delivery, further advancing the seamlessness of logistics. This eliminates the damage to containers associated with loading and unloading, and enables fast and efficient transportation.

Previously, when precision equipment was transported from Korea to Japan, the parts transported from the Korean manufacturing base to the port by a Korean chassis were unloaded and reloaded onto a special shipping chassis, transported by sea to Japan by ferry or RORO ship, unloaded, unpacked, and repacked into special containers in a warehouse in Japan, following which they were transported to the factory.



First Japan-Korea double-license vehicle



Customer's Voice

Previously, we used international containers when transporting imported parts from Korea. We examined the possibility of reducing transportation lead time to domestic levels, focusing on ferry routes that had ships scheduled daily on regular routes. By reducing lead time we aimed to reduce inventory and transportation costs, and the simplification of packaging for transportation would also reduce CO₂ emissions. The mutual operation of trailers in both Japan and Korea was an essential condition. At present the double-number shipments are going well, and our initial goals, the reduction of lead time, inventory, and CO₂, have also gone according to plan.

In the future, we want Nippon Express, as a leading international freight transportation company, to continue in its efforts to reduce lead time, develop standardized low-cost containers, and pursue other developments that help to realize savings in total logistics costs for its customers. We hope that the company will also use its considerable information-gathering resources in order to provide customers with the latest information on the easing of regulations, trends in laws and regulations, and other essential factors in countries around the globe, and offer dynamic proposals that will improve its customers' logistics.

In the future, we want Nippon Express, as a leading international freight transportation company, to continue in its efforts to reduce lead time, develop standardized low-cost containers, and pursue other developments that help to realize savings in total logistics



The staff of Nissan Motor Kyushu

Towards Certification of Nippon Express (Malaysia) as a Halal Distributor

"Halal" means "in conformity with Islamic law," and refers to foods that do not contain pork, alcohol, or other forbidden substances. Malaysia's state religion is Islam, and the country certifies foodstuffs, cosmetics, medicines and other relevant products as halal. However, it previously had no similar system dealing with the logistics services that transport these products. To respond to this, in July 2013 a government organization (JAKIM, the Department of Islamic Development) commenced granting halal certification (MS2400) for logistics, and established rules for distribution.

Halal Industry Development Corporation (HDC), and has submitted the necessary documents, and is scheduled to receive certification in July 2014. At the same time, the company has commenced negotiations concerning the transportation of halal products with customers who are considering using businesses that have received certification.

If halal certification is applied to the transportation industry, then manufacturers producing halal products, retail stores, and other relevant parties will only use transport companies with certification. This makes obtaining certification an extremely important matter.

Aiming to be the first Japanese-affiliated logistics company to receive certification, Nippon Express (Malaysia) is making progress in building a halal logistics service, for example by introducing trucks that are exclusively halal, in accordance with Islamic law. Because Malaysia's halal certification system has the greatest level of recognition in the world, receiving halal logistics certification in Malaysia can be expected not merely to have benefits in the country itself, but also to enable us in future to expand our international transportation in the rapidly expanding Islamic market.

Nippon Express (Malaysia) has received training from the

Acquiring Accurate Knowledge and Solid Skills in Order to Respond to Our Customers' Expectations

1

Holding of a Forklift Operator Contest in China

From February 11 to 15, 2014, the 2nd Nippon Express (China) Forklift Operator Contest was held in Shanghai, where the company's Head Office is located. This contest is held once a year to provide an opportunity for operators to devote themselves to sharpening their knowledge and skills in order to enable the company to distinguish itself from competitors by means of improvement in the level of safety and quality of forklift operation.

For the contest, we dispatched two veteran forklift operator instructors from Japan to China. Together with four members of staff of Nippon Express (China) who are being cultivated as candidates to become instructors, they gave instructions to the contestants and scored the contest.

From among the operators who achieved outstanding results in the contest, we selected those who could be expected to achieve success as operator instructors in the future to participate in the Nippon Express Group Nationwide Contest for Drivers and Forklift Operators held in May 2014 in Japan, enabling us to transmit the skills cultivated in Japan to China. We intend to actively promote this initiative as a pioneering example of the realization of quality in response to the expectations of our customers worldwide.



Forklift Operator Contest (China)

2

Outstanding Success in Competitions outside the Company!

Seeking to improve the safety and quality of driving and machine operation, the Nippon Express Group actively takes part in competitions held by organizations affiliated with the Ministry of Health, Labour and Welfare and the Ministry of Land, Infrastructure, Transport and Tourism. Employees who wish to take part in a competition strive to hone their skills and gain knowledge by daily practice of safe driving and safe operation, seeking to achieve victory. They bring the skills that they have cultivated through these efforts back to the workplace, and offer instruction and education as instructors in order to improve the skills of their work colleagues.

Four forklift operators belonging to the Nippon Express Group took high positions in the 28th National Forklift Driving Competition, held in September 2013. Ten Nippon Express Group drivers also won prizes at the National Truck Driver Contest held by the Japan Trucking Association. And in addition, we have also realized a great success in winning the prestigious Prime Minister's Award for four consecutive years.



National Truck Driver Contest

Safety and Security

At the Nippon Express Group, our goal is to provide logistics that contribute to a safe and secure lifestyle for all. The Nippon Express Group responds to all logistics needs. In doing so, the thing that we must always make our maximum priority is safety. Ensuring safety is our greatest social responsibility, and we place a particular emphasis on the safety management initiatives that enable us to fulfill this responsibility.

Commitment to Safety and Safety Symbol



Safety Symbol:
Poem of Wind and Light—A
Artist: Itaru Mishiku

Fiscal 2014 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 human dignity.

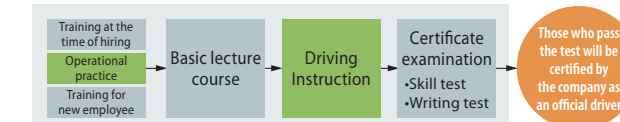
- 1 We will realize a disciplined workplace in which safety is fundamental
- 2 We will observe social, company, and workplace rules, and be sure to perform all basic operations
- 3 We will enhance the ability of our employees to discover problems in the workplace and to resolve them for themselves
- 4 We will proceed with the implementation of mental health measures
- 5 Promote measures to prevent the onset of lifestyle-related diseases
- 6 Fulfill expected roles in the health management system

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 and disasters, all licensed 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 Center, 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 on the latest knowledge and skill enhancement through regular follow-up courses.

Training Program for Drivers and Forklift Operators



Instructor System for Driver and Forklift Operator



The Nippon Express Group All-Japan Driver & Forklift Operator Contest

Every May, 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 realize 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.



Safety Initiatives

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.

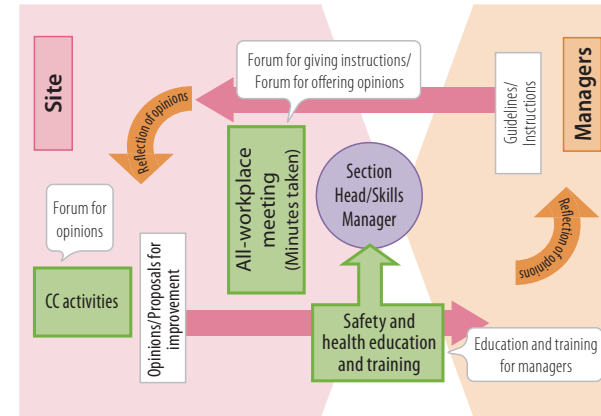
The first pillar is "plenary meeting in workplaces," efficient forums for communicating corporate policies and visions from top management to staff in the field.

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.



Safety-related Data

Actual costs incurred for transport safety (FY2013)

| Item | (Unit: million Yen) |
|--|---------------------|
| Labor cost of safety-related positions (domestic) | 1,502 |
| Educational costs (training at headquarters) | 539 |
| Material publishing | 3 |
| Nippon Express Group National Safety and Health Convention | 1 |
| Traffic control system (digital tachograph), etc. | 1,789 |
| Accident and disaster prevention awareness materials, etc. | 8 |
| SAS screening test | 26 |
| Other safety measures | 115 |
| Total | 3,983 |

Number of accidents relating to Article 2 of the Transportation Safety Management Regulation (FY2013)

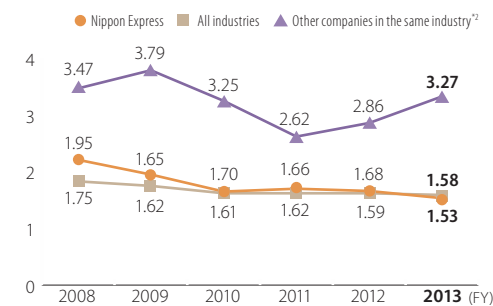
| Type of Accidents | Total |
|---------------------|-----------|
| Fires | 1 |
| Leaving the road | 1 |
| Collision | 5 |
| Fatal and injury | 2 |
| Vehicle malfunction | 8 |
| Health-related | 1 |
| Total | 18 |

Obtaining certification under safety evaluation program (As of January 2014)

| | |
|--|-------------|
| Number of Nippon Express registered offices for cumulative statistics: | 553 offices |
| Nippon Express Group registered offices: | 234 offices |

Index of labor accident

● Accident frequency rate^{*1}

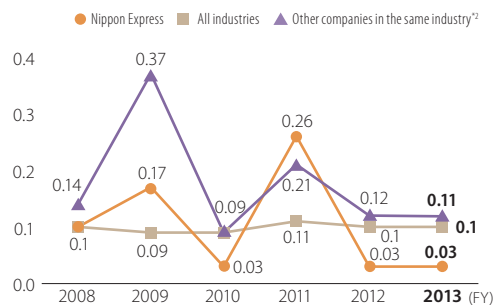


*1 The accident frequency rate is an international indicator showing the rate at which labor accidents occur.

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

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

● Severity rate^{*3}



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

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

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

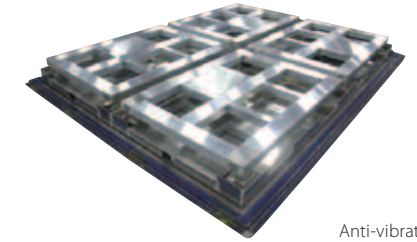
International Transportation Services using Anti-vibration Pallets

The anti-vibration pallets developed by Nippon Express reduce the impacts suffered by the cargo during the operations in which it is most likely to encounter them – transportation within airports, loading onto planes, and unloading – by approximately 75% (compared to other pallets used by Nippon Express), reducing the risk of damage.

In addition, because the pallets can be reused, services using them are more environmentally friendly than services using standard wood or paper pallets.

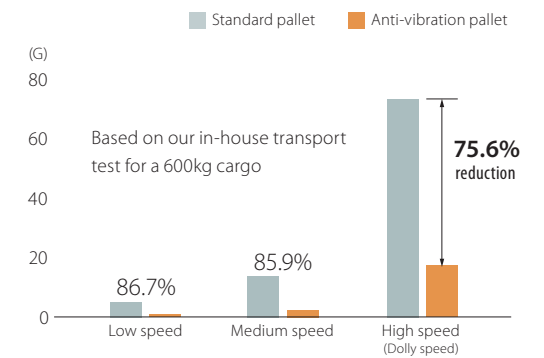
The pallets can also be used in combination with GLOBAL CARGO WATCHER, a data logger fitted with GPS that we have developed, enabling information on the transportation status of the cargo and its position to be obtained in real time.

Vibration reduction (At high speed)
75.6%
(In-house comparison)



Anti-vibration pallet

Vibration reduction when using anti-vibration pallet



Increasing Customer Satisfaction

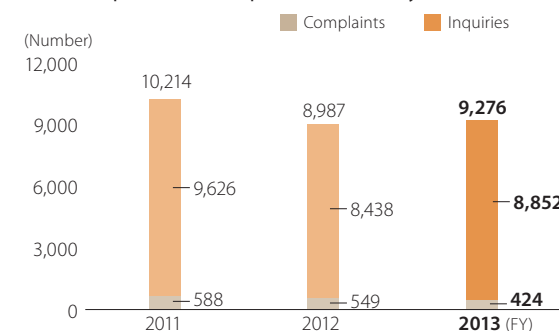
Voice of Customer Solution system

We have introduced the Voice of Customer Solution (VOCS) system, which enables us to centrally manage and share the inquiries, opinions, and complaints that we receive from our customers via our homepage.

The nature of the inquiries that we receive from customers changes frequently with change in the social situation and the economy. We periodically review the number of accesses to our homepage, and our Homepage Management Committee enhances the linkage between VOCS and our homepage.

The number of inquiries we receive from our customers is increasing. Basing ourselves firmly on "the customer's voice," we will analyze the inquiries and demands that we receive, and work to improve our products and services in order to increase convenience for our customers.

Number of inquiries and complaints received by VOCS



Proposing optimum moving plans

When our moving planners visit a customer's home to give an estimate, they use portable tablets to enable them to quickly propose the optimum moving plan that incorporates the details desired by the customer. In addition to being able to print out the estimate document there and then, they are also able to email the document to the customer's PC.



A moving planner offering an explanation to a customer

Pursuing quality through education and training

In order to ensure that we are able to provide a uniform and high-quality moving service anywhere in Japan, at our service centers throughout the country instructors cultivate moving professionals by providing systematic training in aspects of the work including customer service and packing techniques.



A training session

Human Rights (Workplace Environment)

At the Nippon Express Group, we cultivate our personnel to enable each of our employees to display their abilities to the fullest extent.

The type of personnel that we seek are individuals who will establish their own code of conduct and grow as people through their practice of our corporate philosophy.

We value our employees highly, and based on our vision and the Group's Charter of Conduct, we strive to create workplace environments that offer job satisfaction.

Our Philosophy of Human Resources

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

Human-based

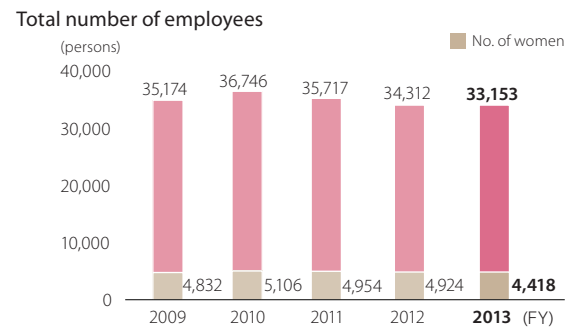
To treat every employee as an individual who has their own will and emotions, not just as part of a single homogenous workforce

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 (As of March, 2014)

| Total no. of employees | Average age | Average years of service |
|--------------------------------------|-------------|--------------------------|
| 33,153 (Men: 28,735 Women: 4,418) | 41.6 | 17.7 |

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 in FY2013, and is promoting human resources development.

Education and Training Policy

(For the three years of the Nippon Express Group Management Plan 2015)

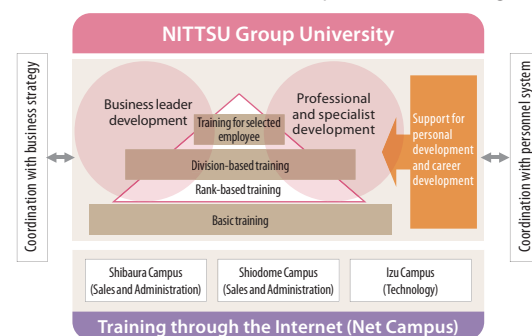
- A. Develop independent-minded human resources
- B. Develop global human resources
- C. Foster professional resources
- D. Implement the Corporate Philosophy and promote ethical behavior
- E. Reinforce the management of the Group
- F. Empower roles and functions of the human resource development department

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 value, while fostering a corporate culture that allows employees to develop their skills and abilities through these measures.

Framework of human resource development (Overall image)



Overseas Business Trainee System

Nippon Express first dispatched employees overseas in 1958, and commenced an overseas business training system in 1964. The system began with just a few staff being dispatched overseas, but now, every year around 50 young employees are dispatched to overseas subsidiaries throughout the world for one year (depending on the region, the period might be two years), where they receive business training by performing actual work duties. Since the system began more than 1,600 trainees have been dispatched overseas, making a significant contribution to the fostering of overseas personnel as we strive to be a global logistics company.

55 people

were dispatched to 31 companies in 22 countries (FY2013)



Staff members of Nippon Express (India) Bangalore branch and overseas business trainees

National Staff Management Candidate Training

We are aiming to promote growth as a global logistics company by fostering individuals among the employees of our overseas subsidiaries who display qualities making them suitable to join the management cadre in the future. We commenced this training in FY2012, and have now conducted it three times for a total of 15 days, during which we have educated the trainees by means of classroom training, e-learning, and discussions over the Internet.



National staff management candidate training

Promoting Diversity

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 center throughout Japan. As part of these activities, Nittsu Heartful Co., Ltd. was founded in October 1997, and was accredited as a special subsidiary company of Nippon Express in May 1998. Nittsu Heartful handles internal mail and business card printing for Nippon Express headquarters. In addition, we also provide business support services and assign disabled employees to various Nippon Express locations in the Tokyo area, in consideration of their capacities. We position a dedicated manager in each location to act as a close liaison between the employee, the family, and the special-needs school to help the employee feel comfortable in his or her workplace.

Employment rate of disabled people

| Fiscal Year | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 |
|---------------------|--------|--------|--------|--------|--------|
| Employment rate (%) | 2.05% | 2.04% | 1.92% | 1.95% | 1.96% |

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.

In the Izu Training Center, female Forklift Operator Instructors and training officers are active on the front line, successfully conducting the training programs for the employees nationwide.

Female employees are also playing integral roles in other training curricula and various projects. There are many high-quality female employees in responsible positions in service/product development and sales promotion: they are contributing to activating the workplace.

Transition of the number of employed

| | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 |
|-----------------------------------|--------|--------|--------|--------|--------|
| Number of recruits | 1,107 | 637 | 505 | 516 | 499 |
| Number of female recruits | 281 | 185 | 157 | 137 | 153 |
| Percentage of female recruits (%) | 25.4% | 27.0% | 31.1% | 26.6% | 30.7% |



President Watanabe (center) and employees receiving National Staff Management Candidate Training

Creating Workplaces that are Easy to Work In

Initiatives to Support the Nurturing of the Next Generation

Based on the Act on Advancement of Measures to Support Raising Next-Generation 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 centered on individuals independently realizing various life designs, as well as child-rearing in the local community, in order to fulfill 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, 228 and 213 employees took childcare leaves during the second period, between October 2007 and the end of March 2011, and the third period, between April 2011 and the end of March 2013, respectively.

We are currently in the fourth period of the General Employer Action Plan. In this fourth period, we are continuing to encourage employees to take childcare leave and are implementing self-awareness training to reduce overtime work, while instituting an onsite education program as part of our social contribution activities in each region.

In March 2014, following consultations between labor and management, we upgraded our childcare leave system, for example by extending the period within which it is possible to

take childcare leave, and by extending the period for measures such as working at reduced hours and nursing care leave.

Initiative for Reducing Long Working Hours

Under the top-down initiative of the company president, Nippon Express is trying to ensure that each employee's overtime does not exceed predefined limits. Specifically, overtime is regularly monitored, and once an employee's overtime is about to exceed the limit, his or her manager at that particular branch carefully reviews the workload allocation, and measures for improvement are considered at the whole branch with the involvement of the management department. Excess overtime must be reported to the Board of Directors if it inevitably happens. Based on the solid commitment of the top management, the issue of long working hours has been tackled with measures for improvement in place. The issues will be resolved through continuous effort.

Initiative for Appropriate Management of Work Hours

In Nippon Express, work-hour management is based on computer data of operating times and the start and finish times of digital driving recorders. Appropriate work-hour management became available by connecting to the objective data, which is also utilized as a baseline for the initiative to eliminate excess overtime.

Relationship with the Labor Union

The Nippon Express Worker's Union was launched in 1946 and, as of the end of March 2014, has approximately 23,350 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 labor and management and cooperate together while aspiring to the common goals of developing business and improving the labor environment.

At Nippon Express, we value communication between labor and management. In order for company management to reflect the collective will of the employees, management and labor 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, labor and management hold special committee meetings focused on topics such as promoting work-life balance and safety and health. These committees analyze current conditions and discuss future actions.



Mental Health Care

On mental health care, our emphasis is on obtaining correct understanding and establishing good communication with medical experts. Accordingly, the Nippon Express Group is

promoting the following four kinds of mental health care, as well as implementing regular stress checks for early detection of the signs of stress.

Self-care

We provide regular guidance to employees under the heading Information for the Maintenance of Mental Health.



A leaflet, "Anata to Watashi no Kokoro Note," is published and distributed to employees, with the aim of detecting signs of mental health problems for employees, their families, or colleagues, and treating them at an early stage. For this reason, family members are also requested to read the leaflet.



Care by Line at Workplace

Newly promoted managers are provided with training for managing mental health issues as a required program. Efforts for understanding and improving the work environment are underway, based on results of the stress checks.

Care from Outside Experts and Institutions

We have established a service called Mental and Physical Health Consultations, which enables employees and their families to consult with external specialists and organizations via the Internet or by telephone.

"Health Counseling for Mind and Body"

- Mental health counseling
- Health counseling
- Child-care and nursing-care counseling

Care by In-house Health Care Staff

Qualified nurses or public health nurses are assigned to branches nation-wide as healthcare instructors, as part of a system for mental care consultations. To improve the knowledge and skills of healthcare instructors, seminars featuring outside experts (industrial counselors) as lecturers are provided.

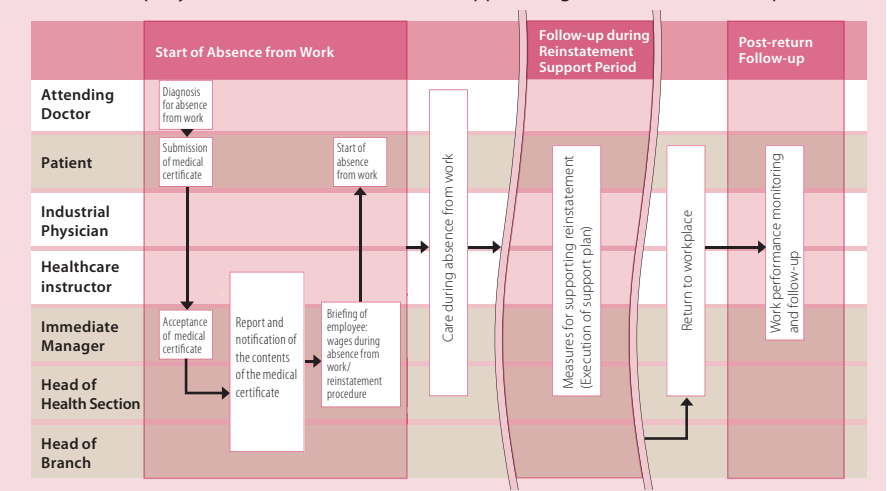


Healthcare Instructor Training

Care by Company-wide Unified Reinstatement Support Program for mental health problems

Responding to each stage of an employee's period away from work due to mental health problems, the healthcare instructor appointed to each of our branches, the attending physician, industrial physicians, and the workplace cooperate and work as one to support a smooth return to the workplace.

Flow of company-wide Unified Reinstatement Support Program for mental health problems



Across the Country, Engaging in Activities that Say "Nippon Express"



3 Commencement of Emergency Medical Equipment Return Service Doctor-Heli BRS (Board Return Service)

Doctor-Heli does a great service in transporting medical staff rapidly to patients requiring emergency medical treatment and taking the patients to the appropriate medical institutions. The backboard, a tool used in the transportation of the patient, is left at the medical institution to which the patient is transported, and it is therefore necessary for the medical institution to later return the backboard to its owner.

In order to reduce the burden on medical institutions, we developed a special backboard case, and commenced the Doctor-Heli BRS (Backboard Return Service). In addition, in order to support the continued provision of emergency medical treatment via Doctor-Heli as a supporting member of the NPO Emergency Medical Network of Helicopter and Hospital (HEM-Net), we donate 100 yen to the organization every time the BRS is used.



The backboard case developed by Nippon Express

1 Museum of Logistics Art of Wrapping Class

By informing people of the advanced transportation technologies and expertise that we have cultivated over our long history, we attempt to make ourselves part of our local communities, and also to contribute to the protection of precious cultural heritage.

In the Museum of Logistics Art of Wrapping Class, staff members of the Fine Arts Business Division, specialists in wrapping, act as teachers, offering university students in the midst of acquiring qualifications as museum curators, others involved with museums, and other interested parties an experience of the art of wrapping (held in August every year since 2000; this fiscal year's class was the 11th).

Close Up

Contributing to the protection of world cultural heritage
We are participating in the Project for the Grand Egyptian Museum Conservation Center and, as of February 2014, we have provided staff members of the Center with technical instruction in the handling of art objects seven times.



Practical instruction at the Project for the Grand Egyptian Museum Conservation Center



2 Visiting Classes on the Topic of Environmentally Friendly Moving

As part of our social contribution activities for the children who will lead the future, we conduct "visiting classes," in which members of our staff visit schools. In February 2014, under the topic of environmentally friendly moving, we introduced Nippon Express' moving services, with a focus on Ecologicompo.

Using real materials, the children experienced wrapping and unpacking procedures, and measured the amount of waste that was produced. Following this, Ecologicompo was demonstrated, with the visiting teachers explaining to the children the fact that moving by Nippon Express is fast, produces no waste, and is safe, communicating the importance of minimizing waste in order to reduce CO₂ emissions.



Children experiencing wrapping and unpacking

4 Transporting the "Yuka the Mammoth Special Exhibition"

By providing transportation using our advanced technologies and expertise, we bring people around the world the excitement of making contact with precious cultural heritage.

In 2010, a mammoth was excavated from the Siberian permafrost. Given the name Yuka, the mammoth's legs and trunk were almost intact despite the passage of 39,000 years, and the discovery was therefore greeted as a major event. Yuka was exhibited to the general public for the first time in the world at Pacifico Yokohama, and we were responsible for the transportation. Considering every possible eventuality, we established the optimum system, and executed the transportation from Russia to Yokohama and the set-up procedures at Yokohama Pacifico smoothly while maintaining the mammoth in its frozen state, which represented the major challenge of the process.



Close Up

Passing on the transportation and wrapping techniques that support the exhibition of cultural heritage

Seeking to pass the transportation and wrapping techniques that we have developed over our long history on to the next generation, and to develop new techniques, we work to educate and cultivate specialized staff members.



In-house training



Community Involvement

At the Nippon Express Group, we attempt to engage directly with our local communities, seeking to be trusted by and to grow with the community.

Our activities as a Group rely on public infrastructure including roads, rail, ports and airports.

Because we are intimately bound up in the community, we work vigorously to embody the statement made in our corporate philosophy: "Our Pride To Inspire Trust every Step of the Way."

Involvement with the Next Generation



We accepted
3
students

Accepting students for work experience (Nippon Express (Nederland))

In FY2013, Nippon Express (Nederland) accepted three students from the junior high school department of the Japanese School of Amsterdam for work experience. Under the guidance of members of the company's moving staff, the students experienced packing work and other moving procedures.



We have sponsored a total of
15
lectures

Being presented with a certificate of appreciation by Dr. Chen-Jung Tien, President of the China University of Science and Technology (June 7 at Nippon Express (Taiwan) Head Office)

Promoting industry-academia cooperation with Taiwanese universities (Nippon Express (Taiwan))

Nippon Express (Taiwan) was established as an overseas subsidiary 25 years ago. The company is currently pursuing activities that make a contribution to the community in its region as a gesture of thanks for its quarter century of existence. As part of these activities, it is sponsoring lectures at Taiwanese universities, promoting industry-academia cooperation.



We have accepted
368
students from
25 schools

Sponsored lectures

We dispatch lecturers for university lectures sponsored by Ryutsu Keizai University and the Japan Federation of Freight Industries. These lectures introduce environmental initiatives in relation to the most up-to-date trends in logistics and distribution.



We accept workplace visits (L) and work experience (R)

More and more junior high schools and high schools are visiting the company as a part of their career education. During their visit, we hope to facilitate their understandings of the sense of professionalism, through learning about our business, exchanging opinions with employees, and experiencing the workplace environment.



We have accepted
167
students from
54 schools

Activities that make a Contribution

Donations to flood-hit areas (Nippon Express (India))

In June 2013, heavy rains due to summer monsoons caused flooding and landslides in India's northern states and western Nepal. In India's Uttarakhand state, more than 5,700 people were killed or went missing, making this a disaster on the scale of the tsunami following the 2004 Indian Ocean Earthquake.

Donations from employees of Nippon Express (India) and a contribution from the company totaling 1.4 million rupees (approximately 2.23 million yen) were sent to assist people in the disaster-struck area.

Support for an orphanage in Selangor state (Nippon Express (Malaysia))

In September 2013, Nippon Express (Malaysia) invited 80 children and single mothers residing in a madrasa orphanage in Klang, Selangor state, to a meal for the Eid Al-Fitr Festival, and gave the children gifts of stationery and money. Nippon Express (Malaysia) has been conducting support activities of this type for orphanages as part of its CSR activities for several years now, and intends to continue them in the future.



Exchanges with the Local Community



Baseball classes

In November 2013, players and coaches from the Nippon Express Baseball Club participated as instructors in softball baseball classes for boys and girls in Saitama. 300 elementary school students playing on baseball teams in the city participated. They were very excited to receive instruction from our coaches and players and to watch demonstrations by the players.



We will continue to contribute to our local communities through events such as these baseball classes.



Nippon Express presents Saori Yuki and Sachiko Yasuda: Songs With Your Life Concerts and "Handmade School Concerts"

Sisters Saori Yuki and Sachiko Yasuda commenced their concerts of children's songs with the desire to present the beauty of Japanese songs to 21st century children, and to inspire them to sing. This desire resonates deeply with us, and we have been sponsoring the concerts since 1995.

The sisters also visit junior high schools for what they call "handmade school concerts," which they create together with students in gymnasiums and lecture halls, and we have supported these concerts since their commencement in 2002. In 12 years, the concerts have been held at 81 schools throughout the country.



Aomori Nebuta Festival

Participation in Festivals across the Country

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



Traffic Safety Classes for Young Children

Nittsu Driving School Yamagata supports traffic safety in the local community, offering traffic safety lessons for small children.

We support the Museum of Logistics by providing Donations and Objects to Exhibit

Operated by the Forwarders Council, the Museum of Logistics* is Japan's first museum wholly dedicated to logistics. Starting life in 1958 as an archive of transport-related materials in our Head Office, the museum moved to its present location in Takanawa, Minato Ward, in 1998, in an attempt to broaden the appeal of logistics to the general public.

The museum is provided with a permanent exhibition room and a film room, which introduce visitors to the past and present of the logistics industry, and it also offers a variety of experiences, with visitors able to make a cart that will carry a load out of cardboard, try on transportation uniforms, and use transportation tools of the past and wrapping cloths. In addition to welcoming groups including elementary and junior high school students, vocational college students, university students and company personnel undergoing training, the museum also attracts a broad age range to special exhibitions, film screenings and lectures.

In FY2013, the museum hosted a special exhibition entitled "Rail Freight Transport and Express Delivery in the Meiji, Taisho and Showa Eras." Using materials that had not previously been displayed to the public, this exhibition offered an overview of trends in rail freight transport and express delivery (handling of rail freight), which provided logistics during Japan's modernization, from the Meiji Era to the prewar period.

Nippon Express supports the operation of the Museum of Logistics through donations and the provision of items to display.

* The Museum of Logistics boasts an unrivaled collection of distinctive and valuable materials, including approximately 6,000 documents, approximately 200 fine art and craft items, approximately 1,000 actual objects, more than 100,000 photographs, and approximately 200 films related to transportation since the Edo period. The majority of these materials have either been donated by or belong to Nippon Express.



Corporate Governance

With the realization of speedy management through rapid decision-making and the clarification of responsibility as fundamental principles, the Nippon Express Group sets out to improve relations of trust with its stakeholders as it engages in its business activities.

We recognize that the enhancement and strengthening of corporate governance, the thorough institution of compliance, the identification and management of potential risks, and the guarantee of transparency in management are what society demands from a company, and we conduct our activities accordingly.

Corporate Governance Structure

Our Thoughts on Corporate Governance

Nippon Express' fundamental thinking related with corporate governance is "the realization of speedy management through rapid decision-making" and "the clarification of responsibility." The number of the board members is specified less than 15, and the term is one 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, 2014, we have 14 directors and 29 executive officers (12 of whom 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, 2014, we have four auditors (three of whom are outside auditors).

Creating an 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.

Crisis Management System

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 emergency overseas. Collaboration within the Group has been reinforced according to the Nippon Express Group Disaster Measures Regulations.

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) as well as the Act on Special Measures concerning the Relief of Pandemic Influenza executed in April 2013, Nippon Express 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 soon after the Great East Japan Earthquake.

Furthermore, as well as preparing stockpiles for emergencies of supplies including food and drinking water, and hygienic items as a counter measure against influenza, such as masks and gloves, we have brought in satellite phones and mobile phones with priority access at times of disaster or disruptions to mobile phones or other telephone networks. By installing them

at related divisions of the head office and major branches across the country, we ensure prompt communication in the event of emergency.

System to ensure business continuity (BCM/BCP)

Nippon Express developed BCM (Business Continuity Management) as well as a BCP (Business Continuity Plan) in

BCM Basic Policy

- 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 related people, above all else.
- 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.
- Minimization of effects on customers**
In times of emergency, in times 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.
- 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.
- Disaster preparation in times of normal business operations**
In times of normal business operations, 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.

order to continue our operations even when we face disasters or a threat like the spread of new influenza. 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 swiftly invoking a BCP (Business Continuity Plan).

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 fulfill our social responsibility as a designated public institution under the Disaster Measures Basic Law, the Civil Protection Act, and the Act on Special Measures concerning the Relief of Pandemic Influenza, and as a maintainer of social functions that contributes to realizing an efficient and stable supply chain.

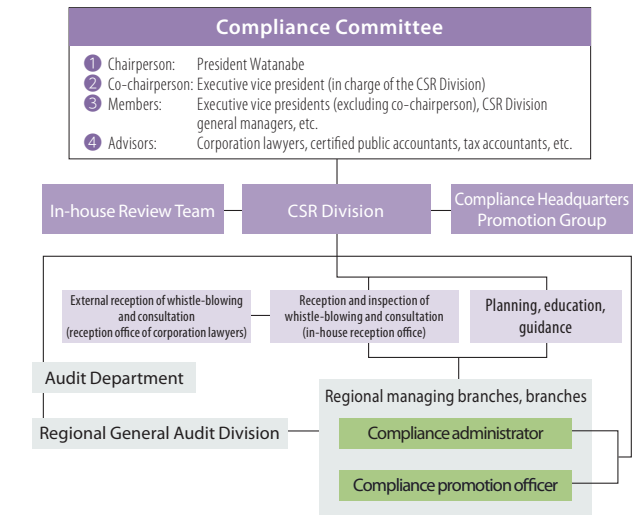
Compliance Initiatives

Compliance Management Promotion System

Stressing the importance of compliance management, Nippon Express established the Compliance Division (currently the Corporate Social Responsibility Division) in June 2003. In October of the same year, Compliance Regulations were also created at the Head Office, 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.

In addition, in FY2013, we conducted a compliance questionnaire for all employees and temporary staff (response rate: 82.1%). We intend to provide education and OJT based on the results of this survey to enable us to continuously maintain a comprehensive awareness of compliance.

System to promote compliance



Received certifications related to the protection of personal data

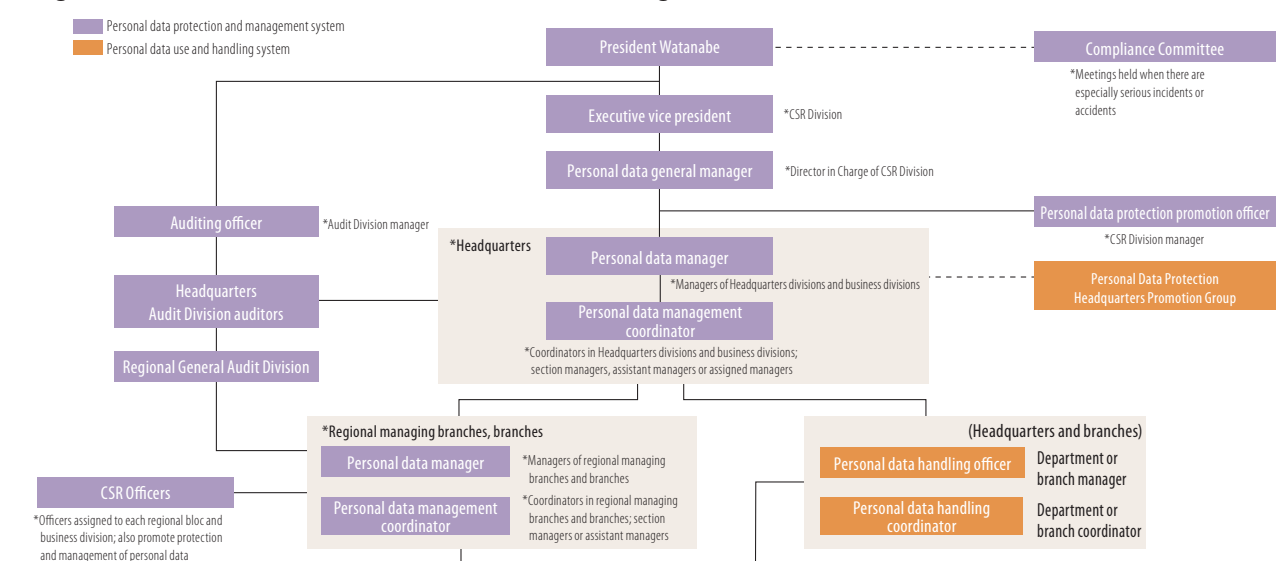
- Privacy marks**
Nippon Express, Nittsu Shoji, Nippon Express Capital, Careerroad, Nago E-Technology, Nittsu Tokyo Ryutsu Service, Nippon Express Travel, Okinawa Nittsu Air Cargo Service, Tokushima Express
- TRUSTe**
Nittsu Research Institute and Consulting
- ISMS (Conformity Assessment Scheme for Information Security Management System)**
Information Technology Promotion Division, Nippon Express, Nippon Express Tokyo Air Service Branch Information System Center, Nippon Express Tokyo Air Service Branch VAL Cargo Center, Nippon Express Tokyo Office Service Branch, Nittsu Information Systems

Personal Data Protection Policy (Items)

- Respect for individuals' personal data
- Personal data protection system
- Secured management of personal data
- Compliance with laws and other regulations pertaining to protecting personal data
- Response to complaints and counselling requests
- Continuing improvement of program for compliance with personal data protection policy

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

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



Seeking to Realize Sustainable Logistics

As a designated public transport institution, the Nippon Express Group places the highest possible priority on the provision of logistics when disasters occur. Immediately following the Great East Japan Earthquake, we began working via our business to transport not only relief supplies, but also goods necessary for manufacturing activities and to enable people to restart their lives again. With the passage of time since the Great East Japan Earthquake, our initiatives in relation to disasters are diversifying, and we recognize that constant preparation is also an important consideration. Climate change will see disasters occurring more frequently as a result of typhoons, heavy rains, tornados and landslides, and when they do the Nippon Express Group will be ready with immediate logistic responses, within Japan and overseas.

Providing Transportation for Wide-area Disposal of Debris

To promote the recovery of the disaster-struck areas, it is essential to dispose of the debris left by the disaster. This is said to exceed 20 million tons for Iwate, Miyagi, and Fukushima Prefectures alone (Reconstruction: Status and Future Initiatives, Reconstruction Agency, May 2012). Of this, a total of approximately 620,000 tons of debris from Iwate and Miyagi Prefectures was subject to "wide-area disposal" outside the prefectures.

Wide-area disposal was conducted in Tokyo, Osaka, and 16 prefectures, and the Nippon Express Group cooperated with rail and shipping companies to transport debris from the collection sites to freight stations and ports, and then from freight stations to disposal sites. We manufactured dedicated containers for rail transport, and used these in the transportation of the waste.

Transportation of the debris from Iwate and Miyagi Prefectures commenced in November 2011 and concluded in February 2014. In this period of two years and four months, we transported approximately 62,000 tons of debris.



The last load from Hibarino Pier in Ishinomaki



Via dumptruck to an intermediate processing site in the city

Transportation of Debris produced by the Izu Oshima Typhoon

Typhoon No. 26, which struck in October 2013, caused a great deal of damage on Tokyo's Oshima Island. A large-scale landslide occurred in the west of Oshima, generating what is said to be approximately 110,000 tons of debris.

Of this, approximately 30,000 tons of mixed debris made up of driftwood and building rubble began to be transported off the island for disposal at disposal sites in Tokyo from December 2013.

We proposed a transportation scheme to the Tokyo Metropolitan Government involving the use of the containers that we had previously used to transport debris produced by the Great East Japan Earthquake. Cooperating with transportation and shipping companies in Oshima, we are transporting debris from Tatsumi Pier in Koto Ward to disposal sites.



Loading debris on Oshima Island



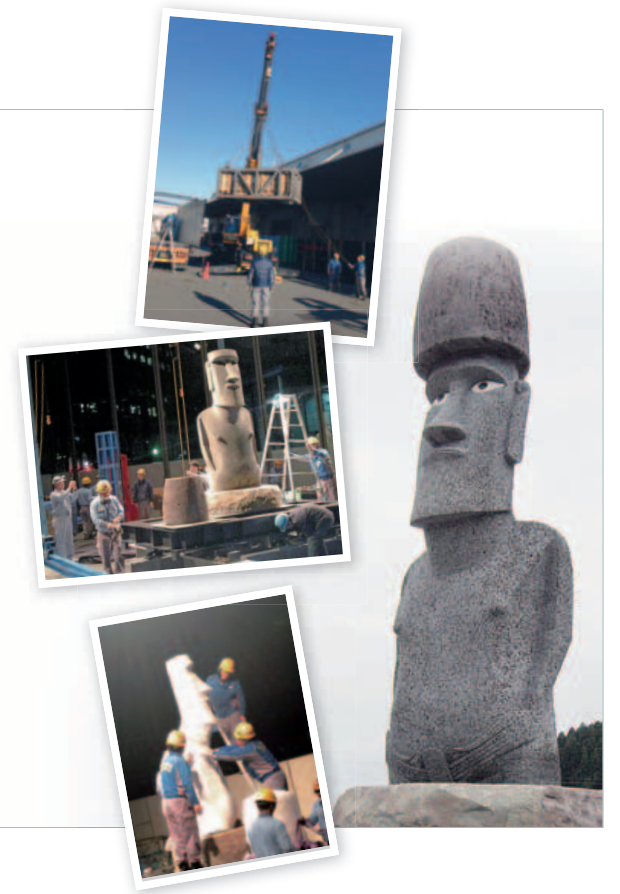
Loading a delivery vehicle at Tatsumi pier, Koto Ward

Topics 1

Transporting a Moai created with Special Feeling from Chile to Minamisanriku Town

Minamisanriku in Miyagi Prefecture and Chile in South America have a history of exchange that commenced following the Chilean earthquake. A Chilean moai statue sits on the coastline of Minamisanriku town as a symbol of recovery from disaster, friendship and disaster prevention.

In March 2011, the head of the moai was washed away by the tsunami that occurred in the wake of the Great East Japan Earthquake. Learning what had happened to the town, Chile presented it with a new moai. Responding to a request from Mitsubishi Corporation LT, Inc., we began to make preparations to receive the moai in Japan. The new moai was a precious object, having been newly carved from Easter Island fieldstone, something that ordinarily never leaves the island. The statue was 2.3m tall and weighed 1.5 tons. After its departure from Chile, the moai was displayed in Tokyo and Osaka. This special moai incorporating the warm feelings of the Chilean people finally reached its destination in Minamisanriku town after six months.



Topics 2

Contributing to the solution of problems resulting from donations to a food bank that stockpiles food reserves to prepare for disasters

Canon Marketing Japan, Inc. (Canon MJ) supports the food bank initiatives of the NPO Second Harvest Japan (2HJ), and when it is time for the NPO to replace its reserves of food and drink, the company donates supplies that have a specific amount of time left before their use-by date.

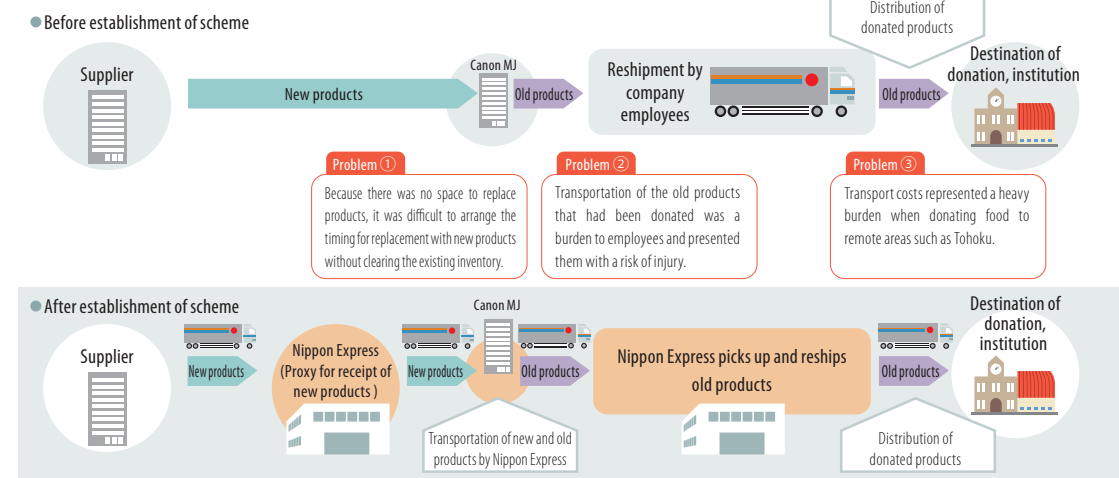
When a company or organization operates a food bank, it accepts donations of food that is unable to be distributed despite still being within its use-by date, or food donated as disaster reserves, etc. and distributes it to welfare institutions, the poor, and others in need.

Canon MJ faced the following three issues in making these donations:

- 1 Because there was no space for the replacement of products, it was difficult to arrange the timing for replacement with new products without clearing the existing inventory.
- 2 Transportation of the old products that had been donated was a burden to employees and presented them with a risk of injury.
- 3 Transport costs represented a heavy burden when donating food to remote areas such as Tohoku.

In September 2013, we managed to solve these problems when Canon MJ began using a scheme under which Nippon Express acts as the company's proxy for cargo handling and transportation, using our storage facilities.

Scheme for replacement of food reserves for disaster preparation



Third-party Opinion



Executive Director,
Caux Round Table Japan

Visiting Professor, Graduate School of
Economics, Kyushu University

Hiroshi Ishida

The Japanese economy is recovering, and the activities of Japanese companies on the global stage are increasing in vigor.

The Nippon Express Group has made "Global Logistics Provider" its slogan, and is aiming towards the development of its business as a global logistics company. Having established the target of making sales in its international business 40% of its overall sales, the scope of the company's success is increasing as it approaches this goal.

As a global company, it becomes increasingly important for the Nippon Express Group to communicate its CSR initiatives not only in Japan but also overseas. It will be essential for the Group to tell its stories in the sustainability context that is a common basis for CSR reporting in the international community. This would help the Nippon Express Group to gain more understanding and acceptance from stakeholders.

Praiseworthy points

In the company's 2014 report, I have seen a positive development in the Group's initiative to select three key themes that should be addressed in the near term as "Nippon Express' Global CSR." In doing so, the company has addressed the need for the clarification of CSR policy, which had been pointed out for years. The selection of three key themes through stakeholder dialogue would be a significant step forward.

Turning to reports of activities, I believe that there is merit in considering the company's activities in Malaysia. The modal shift through the use of rail transport between Thailand and Malaysia, the reduction of environmental burden (CDM) via thoroughgoing education in safe eco-driving, and the company's achieving of certification as a halal distributor, as introduced in this report, are all initiatives that incorporate the elements of environmental awareness, safety, and diversity that are indispensable to a global logistics company.

In addition to being part of the economically developing ASEAN region, Malaysia also has a large Muslim population, and

functions as a gateway to the Middle East and the rest of the Muslim world. This is a case in which a company can make a contribution to society via a business that is closely involved with the actualities of its region.

Desirable points for the future

This report has focused on three priority initiatives: responsibilities to the Earth's environment, sound company conduct, and respect for human rights. What I hope for in the future is the formulation of concrete policy for initiatives based on these three items, and the implementation of those initiatives. The Nippon Express Group is effecting a diverse range of initiatives, including some not discussed in this report. I have heard that at some branches a variety of measures are being put into effect in order to support the greater success of women in the workplace. The issue for the future will be how the company shares and develops these good examples, including its initiatives in Malaysia, across the Group and the globe.

I have great hopes that into the future the Nippon Express Group will formulate more concrete policy and set KPIs in order to promote its CSR activities truly on a global scale, considering the specific situation in each country with differing regulations and cultures.

An important hidden aspect of this report is the existence of the CSR Report Editorial Committee. The committee members, selected from various Head Office departments, met seven times over the course of four months, working on the formulation of this report after learning about the fundamentals of CSR. The Committee enabled the Nippon Express Group to create a CSR report based on internal approvals and supports, as well as to raise awareness on CSR within the company. I am sincerely hopeful that those employees with deeper understanding on CSR will be a driving force in implementing the Group's CSR initiatives in the future.

List of Major Affiliated Companies (as of April 2014)

| | | | | |
|--|--------------------------------------|----------------------------|------------------------------------|----------------------------------|
| Nittsu Shoji Co., Ltd. | Careerroad Co., Ltd. | Nittsukicoh Co., Ltd. | Sendai Port Silo Co., Ltd. | Hakodate Air Service Co., Ltd. |
| Nittsu Transportation Co., Ltd. | Nittsu Panasonic Logistics Co., Ltd. | Hokuo Unyu Co., Ltd. | Nipponkaisoko | Nippon Express Travel Co., Ltd. |
| Nittsu Real Estate Co., Ltd. | Taiyo Nissan Auto Sales Co., Ltd. | Kita-Nihon Kaiun Co., Ltd. | Osaka Warehouse Co., Ltd. | Nippon Shipping Co., Ltd. |
| Nittsu Research Institute and Consulting, Inc. | Nittsu Information Systems Co., Ltd. | Tsutai Warehouse Co., Ltd. | Tokushima Express Co., Ltd. | Shanghai Super Express Co., Ltd. |
| Nippon Express Capital Co., Ltd. | Nittsu Heartful Co., Ltd. | Touhoku Truck Co., Ltd. | Bingo Express Co., Ltd. | |
| Nittsu Driving School Co., Ltd. | MC Nittsu China Holdings Co., Ltd. | Shiogamako Unso Co., Ltd. | Sakaiminato Kairiku Unso Co., Ltd. | |

Total of Consolidated Companies: 263

Please see p.8-9 for information on oversea affiliated companies.

Nippon Express Company Profile (as of March 31, 2014)

| | | | |
|---------------|--|--|---------------------------|
| Name: | Nippon Express Co., Ltd. | Name of representative: | Kenji Watanabe, President |
| Founded: | 1872, as Riku-un Moto Kaisha (Land Transportation Company) | Paid-in capital: | ¥70,175.27 million |
| Established: | October 1, 1937 | Number of shareholders: | 71,875 |
| Headquarters: | 1-9-3 Higashi-Shimbashi, Minato-ku, Tokyo 105-8322, Japan | Number of employees: | 33,153 |
| | | Number of commercial freight transport vehicles: | 14,531 |

Editors' Note

Thank you for reading the Nippon Express CSR Report 2014.

As has been our previous practice, in order to edit the report we formed an editorial committee after calling for committee members from each department. The committee members first studied CSR, and selected the articles that they would write after reaching an understanding of the subject. This time, we had more committee members, and I also have the feeling that the articles have improved in quality.

Nippon Express' Management Plan seeks to "Contribute to society through our business in accordance with corporate social responsibility (CSR) management." Working without fanfare, we engage in business activities that seek to create a sustainable society. Editing this CSR Report has once again demonstrated to us that the pursuit of logistics as a job on a day-to-day basis is respected by others, and that CSR efforts are meaningful. Three years after the Great East Japan Earthquake, the details of efforts to restore life to normal in the disaster-hit area have changed, but they go on. And as a result of climate change, natural disasters are threatening vast numbers of

people throughout the world. The Nippon Express Group's efforts to aid in recovery also have no end, and we will report on them again.

A variety of Nippon Express Group initiatives were evaluated during our dialogues with stakeholders prior to the publication of this report. It was pointed out to us that our individual initiatives are not linked together. It was suggested that we should draw lines linking each of these individual initiatives, and develop them as a plane rather than points. We hope that this CSR Report will go some way towards fulfilling the function of connecting the points and lines of our initiatives throughout the world. To this end, we hope that it shows the various faces of the Nippon Express Group, and that it communicates the potential of the Group.

We will have succeeded in our work if our readers gain even slightly more understanding of the Nippon Express Group as it attempts to realize a sustainable society via logistics from a reading of this report.

We look forward to hearing your candid opinions and impressions of this report.

■ Planned and Edited by
Nippon Express Co., Ltd.
CSR Report Editorial Committee
(Secretariat: CSR Division)

■ Contact
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■ Publication: September 2014



CSR Report Editorial Committee

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