

CSR Report 2008

NIPPON EXPRESS



Editorial Policy

- This report covers Nippon Express' corporate social responsibility (CSR) initiatives during fiscal 2007, and comprises such features as an explanation of our CSR management structure, reports on our activities and performance data.
- We have attempted to provide an understanding of the freight industry's CSR efforts by describing industry conditions, environmental challenges, recent policy measures and other factors behind our initiatives.
- In addition to the use of illustrations and photographs, we have endeavoured to keep the text easy to understand.
- In writing this report we have referred to the *Environmental Reporting Guidelines (2003 Version)* (published in March 2004 by Japanese Ministry of the Environment) and the GRI Sustainability Reporting Guidelines 2002.
- This report also includes some information about ongoing initiatives launched in or prior to fiscal 2005 in order to provide an overall understanding of Nippon Express' business and its CSR involvement.

Scope of This Report

This report covers CSR-related initiatives and management structure of Nippon Express as a unit (Some group companies are also included).

Applicable Period

April 1, 2007 to March 31, 2008

In certain places we have used data covering up to July 2008 for matters deserving special mention.



About the Cover Illustration

Yokohama French Legation

January 1872

Artist: Kuniteru Utagawa

From Museum of Logistics (owned by Nippon Express)

A drawing of the French Legation, built in 1865, showing boats ferrying between Yokohama and Miyanokashi (Kanagawa) beyond the main street.

Although this is labelled the French Legation, one can see the Italian flag flying out front. It is said that national flags were often mistaken in *nishiki-e* (coloured woodblock prints) depictions of Yokohama.

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●●● Daring to Change

The Nippon Express Group is working for the accomplishment of the five key goals outlined in our “Three-Year Power Up Plan—Take on Reform, Together with Our Customers,” launched in fiscal 2006. Fiscal 2008 is the final year of this three-year corporate mission.

- Powering Up Sales—Boldly Taking on Challenges
- Powering Up On-site Capabilities—Pursuing Quality
- Powering Up CSR Practices—Fulfilling Social Responsibilities
- Powering Up the Management Structure—Expanding Profits
- Powering Up Small Package Transport Business—Pushing Forward Reform

We will continue to make a collective effort to press ahead with our reform.

●●● In Celebration of Our 70th Anniversary

In October 2007, Nippon Express marked a turning point by celebrating the 135th anniversary of our foundation and the 70th anniversary of our establishment. We wish to extend our sincere gratitude to our customers and shareholders as well as to others with a stake in our company for the patronage and support you have shown us over the years. I believe in the necessity of making this turning point into a powerful step, to ensure the never-ending development of Nippon Express. While taking a bold step to change our corporate identity, corporate culture and employee awareness, we will further strengthen ourselves to become:

- A company that is ahead of the times and can flexibly adopt to changes
- A company that is not passive, but is proactive
- A company that is able to fulfil its responsibilities expected by society

Also it is this year, Nippon Express Co., Ltd. and Japan Post Holdings Co., Ltd. have come to an agreement to build a comprehensive and strategic business alliance by integrating our respective express courier service businesses: Pelican Express and Yu-Pack Service. This is a landmark for Nippon Express as we aim to expand the scope of our business across the board.

●●● Initiatives to Ensure Safety and to Consider the Environment in Our Business Activities

With our logistic business as the core business, Nippon Express Group provides a wide variety of services. Our field of activities are no longer limited to Japan but is spread around the world. To ensure the future sustainability of these services that rely on public infrastructure such as roads, stations, ports and airports, it is essential for us to place the utmost importance on safety and the environment both domestically and globally. The entire Nippon Express Group shares the “Safety Oath,” instituted in October 2007, and we have built a strong level of safety awareness through ongoing corporate education. On the environmental front, the Nippon Express Group is a large consumer of fossil fuels and, consequently, generates greenhouse gasses. We consider our approach to this issue as the largest responsibility we have toward society as whole. We continue to implement global warming prevention initiatives as a part of our business activities. We have also further developed our corporate citizenship programmes since last year with a focus on protecting the environment.

●●● Promoting Compliance Management

The Nippon Express Group's corporate interests are wide-ranging and so are the laws and ordinances which we must adhere to. Observance is indispensable to the continuity of our business. In fact, we cannot be content by simply adhering to the laws; but we must remain conscious of our social responsibilities by constantly pursuing the logistical ideal to serve the current socio-economic environment while conducting business. It is my opinion that only by doing so can we begin to gain society's trust. All of us at the Nippon Express Group will continue to show true diligence in upholding compliance.

While pursuing a policy of compliance, we were suspected of violating Antitrust Laws in April 2008 and were investigated by the Japan Fair Trade Commission. We have fully cooperated with the investigation and will continue to practice strict compliance in our business activities.

We look forward to further developing our CSR activities based on the feedback we receive from our stakeholders in response to this CSR Report. We look forward to receiving your frank opinions and comments.

August 2008

Masanori Kawai

Masanori Kawai

President
Nippon Express Co., Ltd.



Business Outline and Financial Details

The Nippon Express Group is composed of Nippon Express and its 292 subsidiary companies (including 267 consolidated companies), and 67 affiliates: a total of 360 companies. Our core operations are "Distribution and Transport Operations" such as motor transportation and railway utilization transportation and so on. Furthermore, we are developing "Goods Sales Operations" related with our business and "Other Businesses" which includes real estates and so on.

Domestic Companies (292 Companies Including Nippon Express)

Distribution and Transportation Operations

Rail forwarding



Motor transport



Marine transport



Air freight and travel



Ware housing

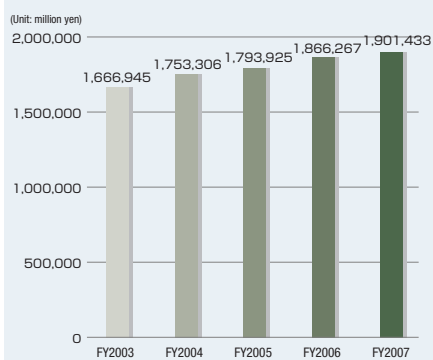


Heavy haulage construction

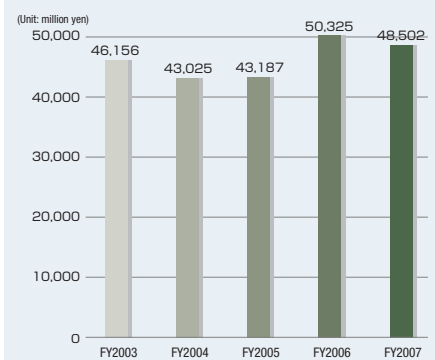


Financial Details

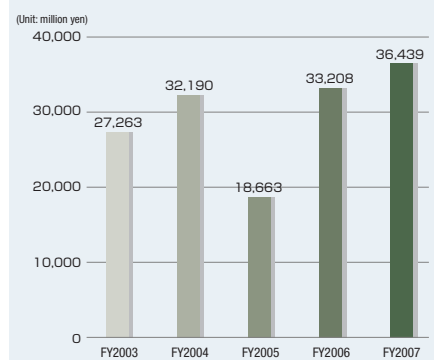
Revenues (Consolidated)



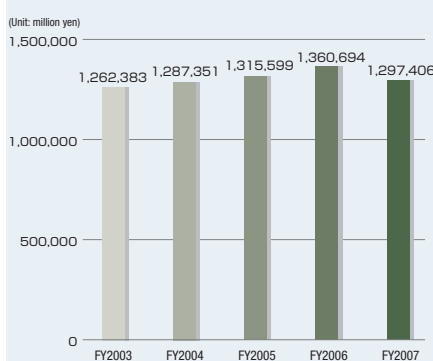
Operating income (Consolidated)



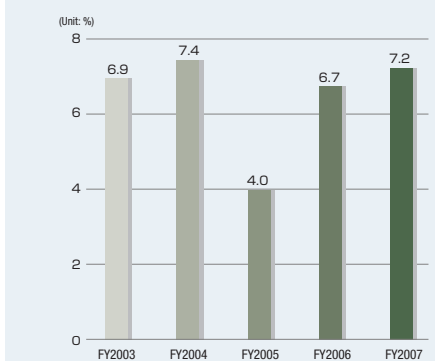
Current net income (Consolidated)



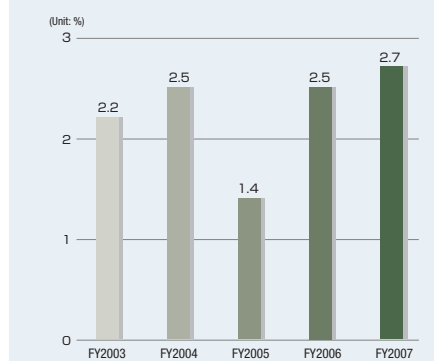
Total assets (Consolidated)



ROE*1 (Consolidated)



ROA*2 (Consolidated)



*1 ROE: Return on equity. Return on equity (%) = (Net profit/Shareholders' equity at beginning and end of period) x 100
 *2 ROA: Return on assets. Return on assets (%) = (Net profit/Average total assets at beginning and end of period) x 100

Goods Sales Operations

Goods Sales

Subsidiaries and affiliates such as: Nittsu Shoji Co., Ltd., Taiyo Nissan Auto Sales Co., Ltd. and Nittsukicoh Co., Ltd. conducts sales and lease of various products ranging from distribution equipment, wrapping and packing materials, vehicles, petroleum and LP gas, and also offers vehicle maintenance services, conducts insurance business and other services.



Other Businesses

Real Estate

Subsidiaries and affiliates such as Nittsu Express Real Estate Co., Ltd. are mainly engaged in letting, brokerage, appraisals, designing of buildings and warehouses, supervision and management.

Other

Nittsu Research Institute and Consulting, Inc. conducts surveys and research, Nittsu Driving School runs driving courses, and Careerroad Inc. provides manpower dispatch services.

Overseas Companies (68 Companies)



Nippon Express Global Logistics (Shanghai) Co., Ltd. truck and SSE*



Nippon Express (Deutschland) GmbH trailer



Nippon Express (Singapore) Pte Ltd.



Nippon Express U.S.A. warehouse



Nippon Express (Deutschland) GmbH office



Nippon Express U.S.A. trailer

Business

Management

Environment

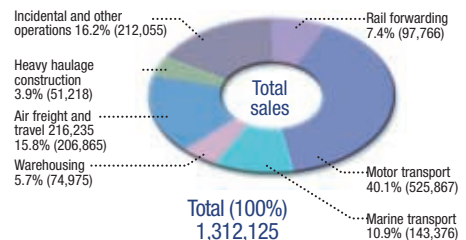
Society

Company Profile (as of March 31, 2008)

Name: Nippon Express Co., Ltd.
 Founded: 1872, as Riku-un Moto Kaisha (Land Transportation Company)
 Established: October 1, 1937
 Headquarters: 1-9-3 Higashi-Shimbashi, Minato-ku, Tokyo 105-8322, Japan
 Telephone: +81-3-6251-1111
 Name of representative: Masanori Kawai, President
 Paid-in capital: ¥70,175 million
 Number of shareholders: 86,672
 Number of employees: 38,517 (Non-consolidated)/67,773 (Consolidated)
 Number of commercial freight transport vehicles: 19,240
 Major branches: 64 branches including: Sapporo Branch, Sendai Branch, Chiba Branch, Tokyo Branch (Chuo Ward, Tokyo), Yokohama Branch, Niigata Branch, Kanazawa Branch, Nagoya Branch, Osaka Branch, Shikoku Branch (Takamatsu), Hiroshima Branch, Fukuoka Branch, Tokyo Air Service Branch (Minato Ward, Tokyo), Tokyo International Transport Branch (Shinagawa Ward, Tokyo), Tokyo Security Transport Branch (Koto Ward, Tokyo).

Sales by business division (year ended March 2008, non-consolidated)

(Unit: million yen) (Composition ratio: %)



*SSE: Shanghai Super Express. Please refer to "Modal Shift to Domestic Marine Transport," p. 18.

70th Anniversary Commemorative Projects

For celebrating the 70th anniversary of our establishment on October 1, 2007 we created the following goals:

- Turn over a new leaf, use this opportunity as the starting line for the development of the future of Nippon Express
- Improve employees' pride for the company, raise motivation and strongly encourage independent actions to be taken
- Make a stronger appeal about the company to society; improve our corporate value and image.

We planned three Commemorative Projects. The details and the selection of these projects were carried out for about three years.

- Creation of Our Corporate Philosophy
- Implementation of Social Contribution Programmes
- Creation of a Safety Symbol

Through successful completion of two of these projects—"Creation of Our Corporate Philosophy" and "Creation of a Safety Symbol"—Nippon Express' priorities for our CSR activities became clear.

Creation of Our Corporate Philosophy.....

To celebrate our 70th anniversary, the Nippon Express Group published the new corporate philosophy describing our social responsibilities, values and future direction. This was created to: make a strong appeal of our company's existence to future society, to increase corporate value and improve corporate image. At the same time, ensure our employees' pride in the company they belong to and increase their spirit.

Initially, we reviewed the company's creed, "Our Principles" (adopted in 1958), and the "Nippon Express Conduct Charter" and we tried to express our intentions more concisely for better understanding by our employees. We also reflected the results of our employees' awareness survey, management interview research and key public figures interviews about the current and the future status of the company.

Our Principles (Company Creeds)

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

To work for the company's future by improving operations

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

(Adopted April 1, 1958)

Implementation of Social Contribution Programmes.....

As a good corporate citizen, we aim to provide support for social issues from a corporate point of view, by carrying out ongoing social contribution programmes. We decided to start with the three programmes (see p. 42).

- Create environmental education material, *kidsXchange* and support in-school lessons by certified weather forecasters
- Implementation of forest cultivation project
- Fund for the future—“Click Donations”



Forest cultivation project

Creation of a Safety Symbol.....



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

Nippon Express' operations co-exist with accidents and disasters. Safety initiatives are one of our company's most important concern. For us, safety is the foundation of our corporate activities. To win ongoing public trust in conducting our business, there is a need to urge sincere effort for our safety initiatives as a company both internally and externally.

As part of our 70th anniversary commemoration, we decided to create a Safety Symbol. This is a wish for the safety of our employees and their families. This also represents the protection provided by the company and our effort for all of our employees.

The result is two beautiful monuments, one installed at headquarters and one at the Izu Training Centre, engraved with our employee “Safety Oath” (see p. 30). Through employee education, we are sharing and the purpose and promoting further understanding of “Safety Oath” to raise the level of safety awareness.

The Safety Symbol is a unique motif of four pillars. Four pillars represent land, air, sea and people—which are foundations of Nippon Express' business. The monument is an artistic rendition of these complex intertwining pillars creating our global network. Depending on one's position, the composition shows a slow pressive turn: symbolic of Nippon Express' powerful steps as a company. From the sides, the monument can be seen as a circle, a sphere, the earth and the world of solidarity and harmony.

Fundamental Philosophy and Corporate Governance

As part of the 70th Anniversary Commemorative Projects to celebrate the founding of Nippon Express, we adopted the "Nippon Express Group Corporate Philosophy." While remembering the spirit of the previous motto of Nippon Express—"Our Principles"; we will work for the realization of the fundamental philosophy that shows the way for the future of Nippon Express Group to society at large.

Nippon Express Group Corporate Philosophy

Our Mission

Be a Driving Force for Social Development

Our Challenge

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

Our Pride

Inspire Trust Every Step of the Way

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

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

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

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

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



Our Thinking on Corporate Governance

Nippon Express' fundamental thinking related with corporate governance are "realization of speedy management through quick decision making" and "establishment of a clear division of responsibility."

Specifically, since June 2006 the number of the board of directors were reduced from 25 members or less to 15 members or less. Furthermore, the term was shortened from two years to one year. All this resulted in revitalizing the board and speeded up the decision making and attempts were made to clarify each directors' management responsibilities for each business year. At the same time, the Company has introduced a board of executive officers with the goal of ensuring rapid execution of operations.

As of June 27, 2008, we had 15 directors and 26 executive officers (14 of who also acted as directors). In addition, our auditors attend board meetings and other important meetings, review important 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 function as a supervisory institution that operates from an objective point of view. As of June 27, 2008, we had four auditors (three of who were outside auditors).

Creating Internal Control Systems

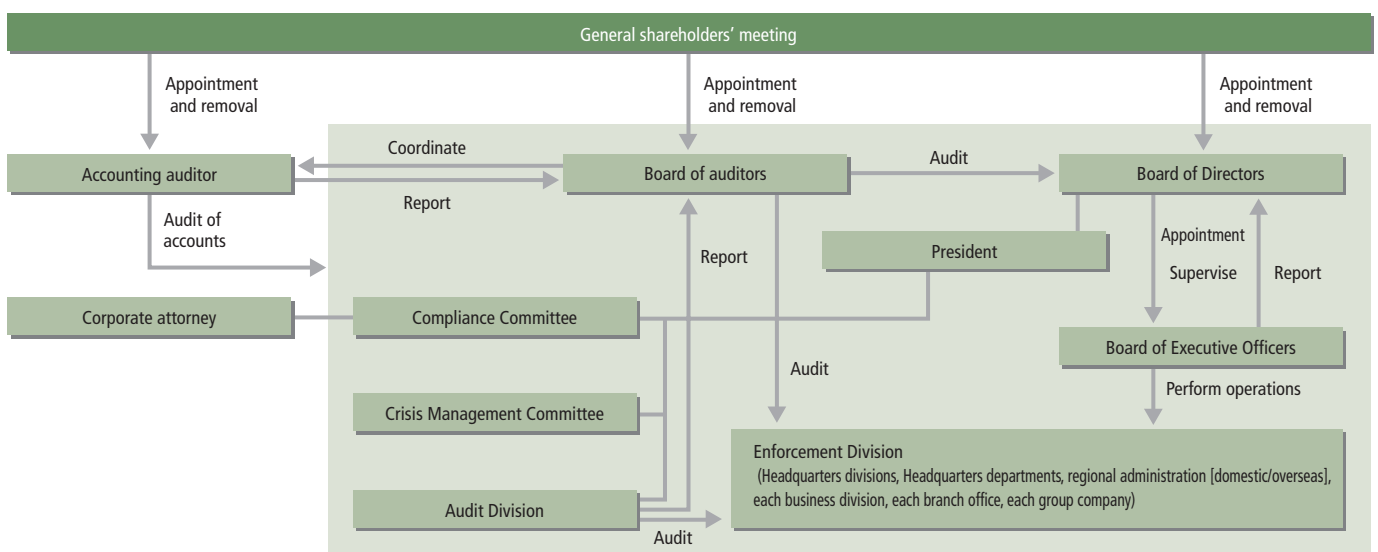
In order to conduct business fairly and efficiently, it is important to create internal control systems. Nippon Express has created effective control systems, including a compliance system, a risk management system, an internal audit system and a system to assure fair business operations in all Group companies.

In addition, with the enforcement of newly enacted Corporate Law, in May 2006, Nippon Express adopted and instituted the Basic Policy Relating to the Establishment of an Internal Control System at the board of directors meeting.

Preparing to Comply with the Japanese Version of the SOX Act

Nippon Express is advancing measures for the creation of internal control systems in accordance with the Financial Instruments and Exchange Law (known as the Japanese version of the SOX Act), which came into full effect April 2008. Following the formation in June 2006 of the Law for Amending the Securities and Exchange Law and Other Financial Laws, in August 2006 we launched the Internal Controls Promotion Project, which we regard as one of our top-priority initiatives. In accordance with the Nippon Express Group Assessment Policy for Internal Control over Financial Reporting, adopted by the Nippon Express Group in February 2008, we are evaluating our internal control system in order to ensure the reliability of the Nippon Express Group's consolidated financial statements.

Corporate Governance Organization Chart

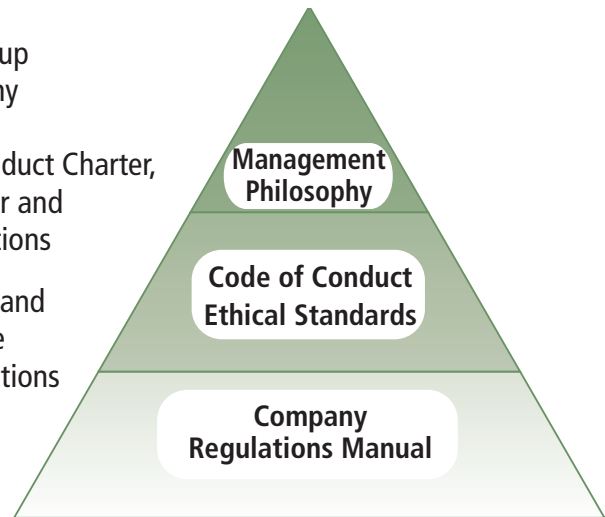


Management Organization

Nippon Express is continually enhancing our strong management organization dedicated to responding to CSR issues. We currently have plans to implement a new management system to further enhance and strengthen the foundation of our organization.

Nippon Express CSR Initiatives Concept

Management Philosophy	Nippon Express Group Corporate Philosophy
Code of Conduct and Ethical Standards	Nippon Express Conduct Charter, Environment Charter and Compliance Regulations
Company Regulations and Manuals	Various regulations and manuals such as the Employment Regulations



Creating a Crisis Management System

The Crisis Management Committee was established in accordance with the Crisis Management Code adopted in January 2000. The committee prepares contingency measures for natural disasters, discovery of risk to information systems, acts of terrorism and so on. The committee has also prepared similar measures for accidents, natural disasters, terrorism and other risks that may occur overseas.

Concerning natural disasters, in October 2001 the committee adopted the Nippon Express Group Disaster Measures Regulations, through which we are strengthening our cooperative effort within the Group. In-house, we have started up a Disaster Management System site on the intranet and established thorough Reporting Procedures for Disasters, and so on. The criteria for determining whether a report is required when a disaster occurs (for example, in

the case of an earthquake registering four or above on the Japanese seismic scale), and provides a reporting system between branches and headquarters regarding the state of the disaster, or a system for the sharing of information between branches.

Moreover, to enable us to respond when power failures occur, or when mobile phone or other telephone networks are disconnected, we have introduced satellite phones and installed them in related divisions at the headquarters and major branches.

In the case of large-scale earthquake disasters such as the Hanshin-Awaji (Kobe) Earthquake in 1995 or the Mid-Niigata Prefecture Earthquake in 2004, as a designated public agency under the Disaster Measures Basic Law, Nippon Express provides emergency transportation in accordance with requests from the national or prefectural governments.

Compliance-oriented Management Organization

In June 2003, Nippon Express created the Compliance Division. We believe in the importance of legally compliant business management. This has led to a reinforcement of our management system. Along with the adoption of Compliance Regulations, in October 2003, we established "Nittsu Speak Up," a whistle-blower system, as one of the several measures to encourage honest and fair company activities. In February 2005, the Legal Affairs and

Compliance Division was established by upgrading the former Compliance Division (with functions to address legal and intellectual property issues) by adding functions for compliance with and guidance for laws on rationalizing motor vehicle businesses, freight transport, and compliance with laws on warehousing and fair trade.

In May 2007, the name was changed to the Compliance Division, reflecting its new exclusive focus on compliance issues.

Personal Data Protection and Management System

Upon creating the Corporate Social Responsibilities Department in February 2005, we also established the Personal Data Protection Division for the purpose of separating the operations for protecting and managing personal data (formerly handled by the Compliance Division) and building a system that would be stronger and leak-proof. The division institutes our Personal Data Protection Policy, which sets the company's position on protecting and managing personal data, as well as in-house rules on protecting this data and ensures that all employees know about them. The division improves

the personal data management system by assigning personal data managers and management officers. It also conducts personal data protection education for all employees. In this way, the division has raised the consciousness about personal data protection throughout the company. Furthermore, following rigorous screening of documents and on-site inspections, Nippon Express obtained Privacy Mark certification from the Japan Information Processing Development Corporation in March 23, 2007.

Personal Data Protection Policy (Items)

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

(Adopted April 1, 2005)
(Revised October 26, 2007)

TAPA Certification Approved

The Technology Asset Protection Association (TAPA) is non-profit association of security professionals and related business partners from high technology companies. TAPA was established in 1997 in the U.S. and has been active in Europe since 1999. TAPA standards are also applied in the freight industry to ensure high safety levels, and are known throughout the world as the foremost guideline in

terms of security and safety practices.

TAPA certifications are classified into three levels, from Class C to Class A, Class A being the top rank. As of the end of March 2008, Nippon Express Group has obtained the Class A certification at 18 offices in Japan and abroad.

CSR Procurement

When selecting cooperating dealers, Nippon Express enters into contracts only with those who fulfil our evaluation criteria with regard to compliance and quality. For business involving the handling of personal data, we propose and sign a separate contract

for safe guarding confidentiality. In addition, we instruct and educate the cooperating dealers regarding quality, safety and environmental issues when necessary.

Targets and Achievements

Below is a summary of our targets and achievements in our CSR activities as a whole.

FY2007 Targets and Achievements in CSR as a Whole and FY2008 Targets

Item	FY2007		FY2008	Mid-term Targets
	Targets	Achievements	Targets	
Corporate governance	Preparing enforcement of the Japanese version of the SOX Act	Evaluation of internal controls and building an auditing system for financial reporting	Submission of Internal Controls Report required from fiscal year ending March 31, 2009	Submission of Internal Controls Report
Promotion of compliance (laws and regulations pertaining to business activities)	Educate employees Ensure full compliance through inspection training	Educate employees Conduct inspections of branches by Headquarters and improvement study meetings	Educate employees Ensure full compliance through inspection training	Educate employees Ensure full compliance through inspection training
Personal data protection initiatives	Educate employees Ensure full compliance through inspection training Obtain Privacy Mark	Educate employees Conduct workplace exchange inspections Obtain Privacy Mark	Educate employees Ensure full compliance through inspection training Maintain Privacy Mark	Maintain Privacy Mark
Introduction of eco-friendly vehicles	3,000 vehicles	2,697 vehicles added	3,500 vehicles	Promotion of CNG vehicles
Obtaining environmental certification at facilities (ISO 14001/Green Management certification)	Work to maintain certifications received by each facility while upgrading our environmental initiatives	Obtain certification at all regional managing branches that have not yet obtained certification (July 2007)	Obtain more certifications in the Kanto area. Upgrade our environmental initiatives	Upgrade our environmental initiatives
Better fuel economy	Diesel vehicles 1.0% improvement over previous year	Diesel vehicles 0.49% improvement over previous year	Diesel vehicles 1.0% improvement over previous year	Diesel vehicles 1.0% improvement over previous year
Modal shift rate	50%	49.9%	50%	50%
Promoting green purchasing	Rate of green purchasing: more than 50%	Implement green purchasing of mainly office supplies from Nittsu Shoji Co., Ltd. Purchase rate 48.7%	Rate of green purchasing: more than 50%	Rate of green purchasing: more than 50%
Initiatives pertaining to hire of employees	Continually achieve mandatory proportion of jobs for handicapped people Proactively recruit women	Proportion of jobs for handicapped people 2.11% 26.5% of new hires for office work are women Commence mid-career hiring	Continually achieve mandatory proportion of jobs for handicapped people Proactively recruit women	Continually achieve mandatory proportion of jobs for handicapped people Proactively recruit women Increase recruitment of women to management positions
Safety initiatives	Continue transport safety management	Implement internal inspection No non-compliant items	Continue transport safety management	Continue transport safety management
Community beautification activities	Continue beautification activities	16,236 people participate in beautification activities	Continue beautification activities	Continue beautification activities
Social contribution activities	Commenced forest cultivation project in October Also started environmental education programme	Commenced forest cultivation project in October Distributed environmental education materials in January 2008	Forest cultivation activity held in Iide Town three times a year Established new forest cultivation project Started revising educational materials	Forest cultivation in several locations Increased distribution of environmental education materials
Supporting the nurturing of the next generation (promoting childcare leave system)	Childcare leave: Men—more than one; women with newborns—more than 70%	A total of 116 employees have taken childcare leave.	Childcare leave: Men—more than four; women with newborns—more than 80%	Childcare leave: Men—more than four; women with newborns—more than 80%
CO ₂ reduction	27.2% less compared to 1990	29.7% less compared to 1990	28.2% less compared to 1990	Goal: 32.2% less than 1990 emissions by 2012

Business

Management

Environment

Society

Input

Vehicles

Gasoline, diesel fuel, fuel oil, etc.

(See p. 28-29)

Facilities

Electricity, water, packing materials, office supplies, paper, etc.

(See p. 28-29)

Environment

Promoting Modal Shift (p.17)

Collection and Delivery System Improvements (p.22)

Initiatives to Introduce Low-pollution Vehicles and Enhance Fuel Economy (p.24)

Initiatives for Promoting Resource Conservation and Energy Conservation (p. 26)

Output

Vehicles

NOx,^{*1} SOx,^{*2} CO₂, PM,^{*3} noise, etc.

(See p. 28-29)

Facilities

Effluent, wastes, substances subject to PRTR Law, etc.

(See p. 28-29)

Society

Safety Initiatives (p. 30)

Personnel Training and Workplace Environment Initiatives (p. 35)

Communication with Society (p. 40)

Social Contribution Programmes (p. 42)

Nippon Express' Involvement with Stakeholders

Customers

- Providing secure and reliable freight transport services
- Disclosure of company information

Shareholders

- Disclosure of IR information
- Accountability for environmental conservation and compliance

Community

- Showing consideration for the community
- Cooperation in environmental conservation

Administrative authorities

- Permits, authorization, notifications
- Cooperation for transport- and traffic-related measures

Suppliers

- Requests for facilitating the introduction of low-emission vehicles
- Requests for legal compliance

Employees

- Initiatives for human resource development and respect for human rights
- Promoting occupational safety and health

*1 NOx: nitrogen oxide. Elevated concentration of nitrogen dioxide produces harmful effects on the respiratory apparatus and is a cause of acid rainfall.

*2 SOx: sulfur oxide. Generated by burning fossil fuels containing sulfur, sulfur oxide causes air pollution and acid rainfall.

*3 PM: particulate matter. Elevated concentration of particulate matter adheres to the lungs and trachea, producing a harmful effect on the respiratory apparatus. Also considered to be a cause of cancer.

Environmental Charter

Nippon Express has adopted the Environmental Charter as its fundamental policy concerning environmental conservation. Many of the Nippon Express Group's overseas affiliates have also announced their adoption of similar policies.

History and Promotion of Environmental Management

Nippon Express' environmental management initiatives began in 1991 with the establishment of the Environmental Measures Committee. Organizational changes followed in response to the types of problems faced resulting in the creation of the Environment Division in January 2003. This was again changed to the present Environment & Social Contributions Division in October 2007. We have also pursued environmental conservation by

establishing groups such as the Nippon Express Group CSR Council, which furthers environmental management in the Nippon Express Group. Furthermore, the Waste Products Management Committee and the Conference of General Waste Products Managers discuss measures for appropriate waste management and measures for promoting recycling.

Environmental Charter (Excerpts)

Basic Philosophy on Environmental Conservation

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

Basic Guidelines on Environmental Conservation

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

Application of the Environmental Charter

This Environmental Charter shall apply to all facilities of Nippon Express, as well as to group companies both in Japan and overseas, ensuring close networks of communication for the mutual exchange of information that will in turn support our efforts in respect of environmental conservation.

(Adopted May 2001)

《 Taking Our Beautiful Earth into Tomorrow 》
Environmental Manifest of Nippon Express USA, Inc.

In order to demonstrate corporate social responsibility, the Nippon Express Group proudly introduces environmental initiatives as one of the guiding principles of management and company-wide planning. We, at Nippon Express USA, shall undertake an active role towards achieving this goal through economically and socially viable means.

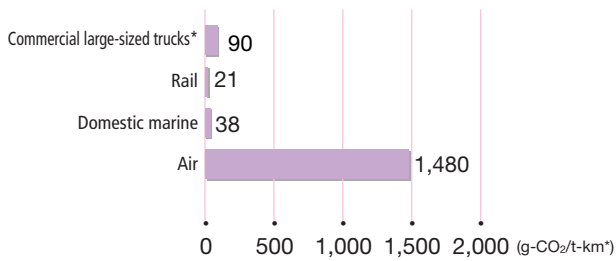
We are extremely grateful for the benefits we receive from utilization of industrial technologies and resources in conducting our business. We are also mindful of the fact that industrialization is affecting the sustainability of the environment, and that we should strive to make an appropriate contribution to restore and preserve the health of our planet.

We hereby pledge, in this Environmental Manifest, to fulfil our responsibility by establishing a corporate infrastructure to promote various environmental initiatives, engender employee awareness on this subject, research and develop methods for efficient use of resources, and steadily promote a policy of responsible use of energy, material and other business resources.

Promoting Modal Shift

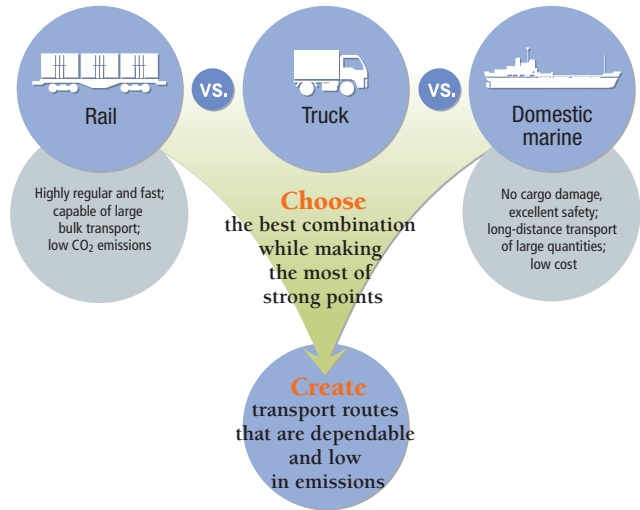
Modal shift in freight transport means switching from transport relying heavily on trucks to relying more on railways and ships. In line with the goals of the Green Logistics Partnership Conference, and together with our sender and freight companies, Nippon Express has cooperated and collaborated on numerous occasions to switch from truck centred transportation to transportation utilizing railways and ships successfully in fiscal 2007. Furthermore in Europe, the modal shift measures are expanding within the Nippon Express Group.

CO₂ Emission Basic Units by Transport Mode

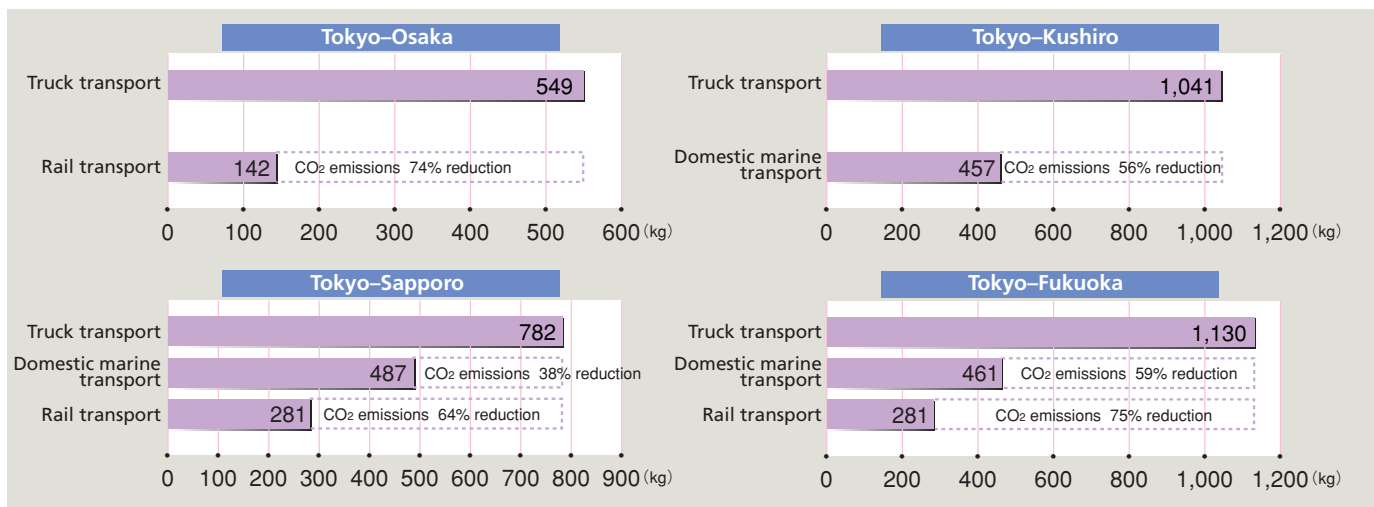


Source: The Ministry of Economy, Trade and Industry Notification No. 66 (March 29, 2006), "Method of Calculating the Energy Usage Involved in the Transport of Cargo Carried out by Freight Haulers"
 *Maximum load for trucks 10,000 kg-11,999 kg; load ratio provisionally calculated at 100%

Comparing Characteristics of Transport Modes



Effect of Modal Shift Comparing Characteristics of Transport Modes (provisionally calculated using the optimum t-km method in the case of transporting a 10-ton cargo)



A Manager's Perspective ▶▶▶ Case of Toyota Industries Corporation Takahama Plant



Akira Masamura
 Supervisor, Kariya Front
 Nagoya Container Branch

Toyota Industries Takahama Plant has employed rail freight since October 2002. This has enabled us to load one or two industrial vehicles (forklifts) into a 12-ft container for delivery to retail stores within Japan. In response to the critical issue of CO₂ emission reductions, we expanded our original four retail stores to the current total of 16. We additionally increased our annual container utilization; originally shipping only 20 containers per year, we totalled 100 (155 forklifts) as of June 2008. However, we then faced transferring cargo over the 20-cm gap between the container floor and the ground, requiring a specialized ramp. To save

energy, we employ an automated vehicle for loading and unloading. We consistently confer with customers concerning lashing to further improve transport. Current plans involve 31-ft containers in our ongoing quest for environment-friendly transport, and we will continue promoting rail conveyance within the company.



*t-km: the value obtained by multiplying the weight (t) and haul distance (km) of shipped cargo

Modal Shift to Rail Transport

Railways can transport large quantities of freight with good regularity and economy as well as high energy efficiency. Another significant feature is that CO₂ emissions per unit distance and weight are lower than those of trucks.

Nippon Express is actively promoting the truck-to-rail shift, thereby improving service, heightening the efficiency of operations, minimizing energy use and thus decreasing the environmental burden. We have a wide variety of initiatives aimed to smoothen the switch from current truck transport to rail, such as using containers that suit the amount and type of cargo, and introducing a system that can easily transfer cargo between trucks and ships. The Super Green Shuttle Train selected as a model project by the Green Logistics Partnership Conference, and receiving a subsidy from the Ministry of Land, Infrastructure and Transport, commenced operation between Tokyo and Osaka from March 2006. We are attempting to push forward modal shift by transporting twenty 31-ft containers one-way (of which 10 are handled by Nippon Express) on a daily basis.

In December 2007, the Shikoku Branch received the Minister's Prize from the Ministry of Land, Infrastructure, Transport and Tourism at the Green Logistics Partnership Conference. The prize highlighted significant CO₂ emission reductions following the incorporation of using return rail transport to carry procured materials after making product deliveries. The Obihiro Branch received commendation from the Director General for Policy Planning at the same ministry for low-energy consumption with a modal switch from truck to rail transport for potato distribution. Moreover, Nippon Express joined Toyota Motor Corporation, Toyota Transportation Co., Ltd. and Japan Freight Railway Company in creating the Toyota Long Pass Express for auto parts transport. The project received the Logistics Environment Award from the Japan Federation of Freight Industries.

Modal Shift to Domestic Marine Transport

In 1964, Nippon Express 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. Both companies had been operating regularly on this route but two high-speed RORO vessels* by each company were phased into operation from October 2003 to January 2004. This not only increased both companies' total freight volume on this route by 30% but also enabled us to increase speed. At present, Nippon Express connects points nationwide with 10 cutting-edge large ships, comprising the Tokyo-Kushiro route "Akashia-Erimo Line" and two other regular routes and the vessels operated jointly with MOL Ferry.

Operating regular routes, assuring cargo safety through door-to-door intermodal transport, creating information systems incorporating the latest information technology and engaging in other efforts enable us to accommodate increasingly diverse and sophisticated customer needs. We are actively switching from truck to coastal marine transport and in other ways providing transport systems with a low environmental burden.

In response to the increasing demand for modal shift, in recent years we have increased the percentage of our shift from transport mainly by 12-ft containers to transport by RORO vessels that can handle trailer chassis. Further, in November 2003, we launched a collaborative service called "Shanghai Super Express," a Hakata-Shanghai route by Nippon Express and three other companies. The result is a high-speed marine transport service between Shanghai and Tokyo with Hakata Port as a transit point.

A Manager's Perspective

▶▶▶ Case of Lotte Co., Ltd.



Shuzo Sada
Manager, Tokyo Ferry Group
Hakata-ko Branch

Lotte was already involved in the implementation of environmental initiatives, and was considering methods of reducing CO₂ emissions in their business activities.

The Kyushu-Kanto route was mainly serviced by trucks and showed fairly heavy traffic volume. The Headquarters' Sales Division II at Nippon Express played a central role by proposing a modal shift from truck to marine transport.

Although this modal shift brought about a slight increase in lead time, after viewing our schedule

simulation and being briefed on CO₂ emission reductions, Lotte enthusiastically approved programme implementation. Marine trailer transport was set to start in April 2008 and Nippon Express has received orders for the transport of snack foods from the Lotte Kyushu factory to the Kanto area. At present, Lotte uses marine transport in parallel with truck transport but is considering switching fully to the former.

*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.

Domestic Marine Shipping



Himawari 6



Himawari 1

Modal Shift to Rail Transport in Europe

In September 2007, the Luxemburg Branch of Nippon Express (Belgium) began trial implementation of transport procedures authorized under the Marco Polo Programme, an endorsement of environmental initiatives begun by the Commission of the European Communities in July 2003. Implementation commenced with a modal shift from trucks to rail transport for the Luxemburg-Spain route. The Marco Polo Programme aims at improving environmental performance for cargo transport within the EU by a switch from truck transport to marine routes, inland waterways and railways. A single train can transport up to forty cargo trailers from Luxemburg through Perpignan, France, to its destination of Barcelona. The Luxemburg-Perpignan route is 1,050 km, with trains emitting approximately one-fifth the CO₂ produced by trucks completing the same route.

In addition, the German rail company, Deutsche Bahn, is running trial transport of 49 containers simultaneously from Beijing to Hamburg, covering approximately 10,000 km in 15 days. Such

long-distance transport is seen as a highly competitive alternative, offering excellent advantages such as lower costs than air transport, yet faster delivery than marine conveyance.



Modal shift in Europe

Modal Shift to River Transport by Barge

In Europe, a larger role is anticipated for river transport using barges (inner harbor and inland waterway vessels). A look at the 2006 transport results by mode for the Netherlands shows 30.6% of all shipments were handled by barges. Construction on the Delta Barge Feeder Terminal progresses as an addition to the barge

infrastructure underway in the Netherlands. This barge-specific terminal will handle up to 900,000 of 20-ft containers.

Nippon Express' strength will show in our ability to maximize our relationships with multiple barge transport companies, thereby offering our customers a greater range of shipping options.

Business

Management

Environment

Society

Environmental Certifications

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

Obtaining ISO14001 Certification

In June 1998, Nippon Express gained ISO 14001 certification for three service centres (since consolidated into two) at the Tokyo Air Service Branch in Baraki (Ichikawa City, Chiba Prefecture), followed by five centres in March 2000, two centres in March 2001 and, in March 2002, two more centres. We are working to obtain and enhance ISO certification at still more facilities, including those other than the Air Cargo Business Division.



ISO 14001 registered certification for Nep Logistics, Inc.

First certifications, June 24, 1998

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

Additional certifications, March 30, 2000

Tokyo Air Service Branch: Narita Airport Logistics Centre
Nagoya Air Service Branch: Nagoya Distribution Centre
Osaka Air Service Branch: Nanko Air Cargo Centre
Fukuoka Air Service Branch: Fukuoka Air Cargo Centre
Tokyo Air Service Branch: Yokohama International Air Cargo Centre (moved)

Additional certifications, March 30, 2001

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

Additional certifications, March 29, 2002

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

New certification, May 31, 2005

Shikoku Heavy Haulage Construction Branch

Obtaining Green Management Certification

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

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

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

As of March 2008, the situation with regards to Green Management Certification is as follows: nationwide, in the truck division 252 facilities out of approximately 950 Nippon Express non-consolidated truck facilities, and 13 Group companies in 26 facilities have obtained certification; and in the warehouse division, which began operating from July 2005, 32 Nippon Express non-consolidated facilities and one Group company in one facility have obtained certification.

What are vehicle conditions affecting the environment?

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

Inspection/repair items with environmental impacts	Specific impacts	Responses
■ Exhaust gases	<ul style="list-style-type: none"> Black smoke: needs maintenance 	<ul style="list-style-type: none"> Routine visual checks for black smoke are important. Regularly use tester to measure black smoke concentration. Immediate inspections (determining causes) and maintenance are important when something is wrong.
■ Air filter	<ul style="list-style-type: none"> Poor fuel economy: increases CO₂ Black smoke: needs maintenance 	<ul style="list-style-type: none"> Regular cleaning and changing is important.
■ Engine oil	<ul style="list-style-type: none"> Poor fuel economy: increases CO₂ 	<ul style="list-style-type: none"> Regular oil changes are important.
■ Tyre air pressure	<ul style="list-style-type: none"> Black and white smoke Poor fuel economy: increases CO₂ (10% pressure drop worsens fuel economy about 3%) 	<ul style="list-style-type: none"> Routine tyre pressure checking with tyre gauge is important.
■ Muffler	<ul style="list-style-type: none"> Improper installation or damage cause noise 	<ul style="list-style-type: none"> Listen for unusual noises.
■ Air conditioner	<ul style="list-style-type: none"> Leaking refrigerants are greenhouse gases. Dirty evaporators cause air conditioner inefficiency, which worsened fuel economy. 	<ul style="list-style-type: none"> If air conditioner cools poorly, immediately inspect and repair. Regularly clean the evaporator.

A Manager's Perspective

▶▶▶ Initiatives with Respect to Green Management for Trucks (Hiroshima Branch)

In fiscal 2007, 12 operations within the Hiroshima Branch region were inspected for and received the Green Management Certification.

In this the process of obtaining the Green Management Certification, I visited every location in the Hiroshima City, Kure City, Mihara City and Takehara City regions, prepared the required documentation, and carefully explained each initiative to related parties. The initiatives included education programmes for eco-driving, anti-idling and vehicle inspection and maintenance. I made great efforts to ensure that each and every employee understood the initiatives, was fully aware of our goals, and was ready to work together to implement them. I look forward to cooperating with everyone as a team in the future to

create a company that can further benefit society.

I also place importance on continuously supporting green management and further improving and enhancing our initiatives.



Sachiyo Takemoto
Supervisor (Administration)
Hiroshima Branch



A Manager's Perspective

▶▶▶ Initiatives with Respect to Green Management for Warehouses (Sendai Branch)

The Sendai Branch Chuo Warehouse Section recently took on the challenge of obtaining Green Management Certification (Warehouses) for the first time, targeting our Northeast Block. To begin with, we set targets for "a 1% increase in electricity usage efficiency" and "3% waste reduction." As we had no previous experience to guide us, and as the process was quite different from truck certification, we progressed through trial and error.

We began with the warehouse and each office independently creating maintenance inspection standards for facilities, machinery and equipment, and setting specific maintenance and inspection rules

based on "who," "when," "where" and "how." Each warehouse and office then developed periodic inspection & maintenance logs and energy-saving checklists, specifying that maintenance inspections be assigned to personnel on a rotating basis. As a result, all employees participated in our Green Management project and shared in the attainment of our energy conservation targets.

Our teamwork paid off; we obtained the Green Management Certification in October 2007. Our next goal is to ensure that we surpass current levels, striving for even higher targets while remaining ever aware of the environment and Green Management.



Kenichi Kano
Manager, Chuo Warehouse
Section Sendai Branch

Collection and Delivery System Improvements

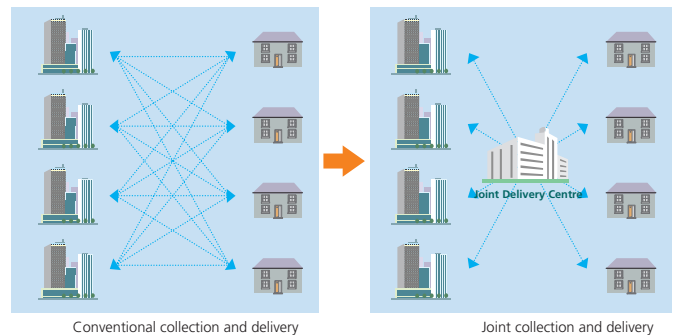
Improving our transport system is another way in which Nippon Express is pushing forward our initiatives to reduce the impact on the environment.

Joint Collection and Delivery

In urban areas, where transport is largely done by trucks, distribution has been causing major problems such as air pollution from CO₂, NO_x, PMs and other emissions, and traffic congestion. Many of these problems are seen to have resulted from higher frequency of collections and deliveries due to smaller lots, lack of cargo processing facilities and increased streetside parking for pickups and deliveries.

To address this situation, we are advancing joint collection and delivery to cut exhaust emissions and to mitigate traffic congestion as well as to increase inner- and inter-city distribution efficiency by more effective use of truck carrying capacity. This involves creating joint distribution centres to integrate the collection and delivery, and such efforts are underway nationwide.

How Joint Collection and Delivery Works



Joint Delivery of Food Products to the Fuji Fixed-temperature Centre



The Fuji Fixed-temperature Centre of the Fuji Branch is dedicated to housing foods that require storage at a set temperature between 20 and 25°C, such as bread, prepared dishes and semi-controlled rice. We provide joint delivery to 1,316 small retail shops and chain restaurants (as of August 1, 2008), serving the entire Shizuoka Prefecture for 14 food manufacturers of items such as Beer Taste Drink and processed foods.

Recently, there has been a sharp increase in the number of convenience stores and general merchandise stores (GMS) with logistics chains providing their own delivery net. This translates into decreased load rates for trucks delivering to smaller outlets, rendering delivery efficiency increasingly difficult. This issue has become a burden as a consequence for manufacturers. Delivery issues for retail outlets include extraneous noise from the opening and closing of shutters during delivery, increased traffic during unloading, and general impositions on the local area. In response to these problems, shipping trends show more retail stores placing stricter demands such as fixed delivery times and enhanced product

controls through conversion from unmanned deliveries to manned freight receiving.

By consolidating shipments of several manufacturers to the same regions, we have been able to serve the needs of both manufacturers and retail outlets. In addition, by significantly reducing the number of vehicles used for such deliveries, we have aggressively reduced CO₂ emissions.

Utilizing Cargo and Vehicle Allocation System

Nippon Express operates a cargo and vehicle allocation system, which provides for reinforcing our in-house transport coordination facilities and transport information system, and efficiently uses truck carrying capacity on both outbound and return trips.

Until recently, the system covered facilities linked by leased lines but, since July 2003, when it was time for system renewal, we

have been using an improved system developed by the Japan Institute of Logistics Systems under a commission from the former Ministry of International Trade and Industry and former Ministry of Transport. This improvement allowed us to operate the system with existing general-purpose computers.

Initiatives on Industrial Waste Collection and Transportation for Recycling

Nippon Express collects and transports industrial waste as part of its integrated freight transport business. We are the approved operators for the waste haulage business of 107 municipalities nationwide,* and are taking initiatives in collection for recycling and reuse, for which there is currently a high demand.

Utilizing a combination of railway and ship transportation to provide wide-area collection and delivery, with an extensive and coherent distribution network in which manufacturing and sales are fully integrated—Nippon Express has a composite strength unrivalled by other companies, and offers its customers the benefits of a safe and dependable service cultivated over many years in the logistics business. We are actively working to implement such business initiatives, which we have named “Eco-business,” in an effort to contribute to a recycling-based society. *Approval not yet obtained for certain items.

Initiatives on Industrial Waste Collection and Transportation

In the case of industrial waste, we carry out the collection and transport from the company discharging industrial waste to the intermediate treatment facility and final disposal plant.

For example, we use rail containers for the collection and transport of discarded fluorescent lamps (collected by municipalities) to treatment plants. The collection and transport of effluent and sludge from factories to thermal facilities is also done using rail containers which is a safe and dependable method that has minimal environmental impact. In the case of effluent and sludge, open top containers suitable for that type of material are used.



Effluent sludge transport truck

Contributing to a Recycling-based Society

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

As a designated collection point for manufacturers observing the Law for the Recycling of Specified Kinds of Home Appliances (Home Appliance Recycling Law), one initiative for the household appliance recycling business involves the collection of household appliances and transporting them to the recycling plant. Other recycling initiatives are being implemented for bicycles, motor cars, construction debris, and containers and packaging.



Designated collection point

PCB Waste Transportation

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

Under the Law Concerning Special Measures against PCB Waste that came into force in 2001, we have to dispose of all PCBs in Japan by the year 2016. Since December 2004, a disposal corporation with the 100% financial backing of the government has begun to dispose PCBs.

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



Transporting PCB waste

Initiatives to Introduce Low-pollution Vehicles and Enhance Fuel Economy

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

Eco-friendly (Low-emission) Vehicles

Instead of merely obeying the law, Nippon Express went beyond and actively introduced eco-friendly vehicles including newly developed models. In 2005, we reviewed the definition of the clean energy vehicles that we had been adopting until then and revised our policy. We stopped purchasing electric and methanol vehicles, manufacturing of trucks had been discontinued, and emphasis was shifted to decreasing emissions of large vehicles. In fiscal 2007, we increased the purchase of hybrids and CNG vehicles that conform to the new long-term regulations for large-sized vehicles, which increased our total fleet at the end of March 2008 to 2,967, against our target of 3,000 vehicles.

Vehicle type	(Number)						
	FY	2002	2003	2004	2005	2006	2007
Methanol vehicles		32	31	8	1	0	0
Compressed natural gas vehicles		171	228	264	300	337	373
Hybrid vehicles		44	61	155	229	322	407
Electric vehicles		2	2	0	0	0	0
LPG vehicles		866	998	1,079	1,120	1,143	1,140
Ultra-low PM vehicles (large type)				117	339	475	475
New long-term regulation vehicles*				14	139	467	572
Total		1,115	1,320	1,637	2,128	2,744	2,967

*In fiscal 2007, only heavy-duty vehicles that meet fuel efficiency criteria were added to the number of new long-term regulation-compliant vehicles.

Eco-friendly Vehicles



Compressed natural gas (CNG) trucks

Fuel for these trucks is the same natural gas used by urban households, compressed under high pressure. CO₂ emissions are 20 to 30% lower than gasoline, NO_x emissions are much lower than diesel and there is no PM. However, further problems that need to be solved include making fuel tanks smaller and lighter and enhancing fuelling stations.



Hybrids

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



LPG trucks

Engines are fuelled with liquefied petroleum gas, which is commonly used by taxis. NO_x emissions are far lower than diesel and there is no PM. Because fuelling stations (LPG stations) are found nationwide, this is the most common type of clean energy truck.

Eco-driving Education

“Eco-driving” has two meanings: ecological driving and economical driving. The idea behind eco-driving, or driving in an eco-friendly manner, is to protect the environment and resources and yet achieve economical profits. Furthermore, it involves working toward safety by endeavouring to drive moderately.

Every year from facilities around the country, Nippon Express gathers employees who play a central role in driving instruction and conducts comprehensive instructor training. This training programme is called the “driving instructor training course,” and its

purposes include mastering eco-driving, learning how to drive safely and having participants see how driving smoothly without sudden acceleration and braking is an integral element of safe driving. Those who complete the course are designated as in-house driving instructors, who then train and instruct drivers personally. This course enables instructors to understand eco-driving with both mind and body, and they further educate fellow drivers at their respective branches.

Installation of Digital Operation Recorders

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

This system now makes it possible to calculate for each vehicle eco-driving factors such as excessive vehicle speed, sudden acceleration and braking, idling time and excessive engine speed. When values set in advance are exceeded, the date, time, place and other data are recorded on a card, and an operation manager will use the performance output following vehicle operations to give

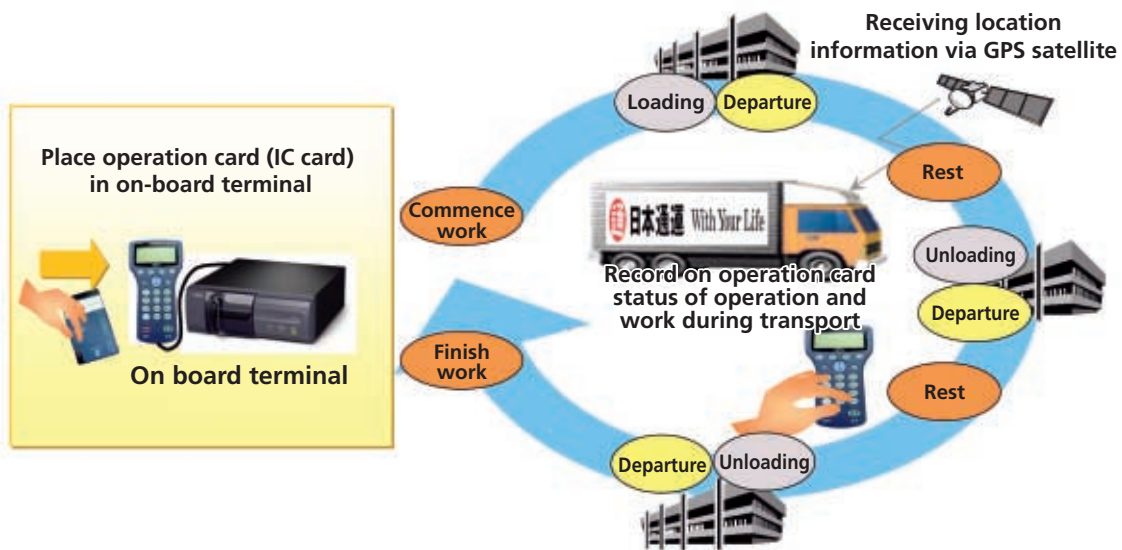
the driver meticulous guidance. Fuel efficiency is improved through repeated guidance and supervision of drivers' everyday vehicle operation.

This initiative with respect to fuel-efficient driving, through the introduction of an operation management system utilizing digital operation recorders, won the Logistics Environmental Conservation Activities Award of the seventh Logistics Environment Award from the Japan Federation of Freight Industries in June 2006.

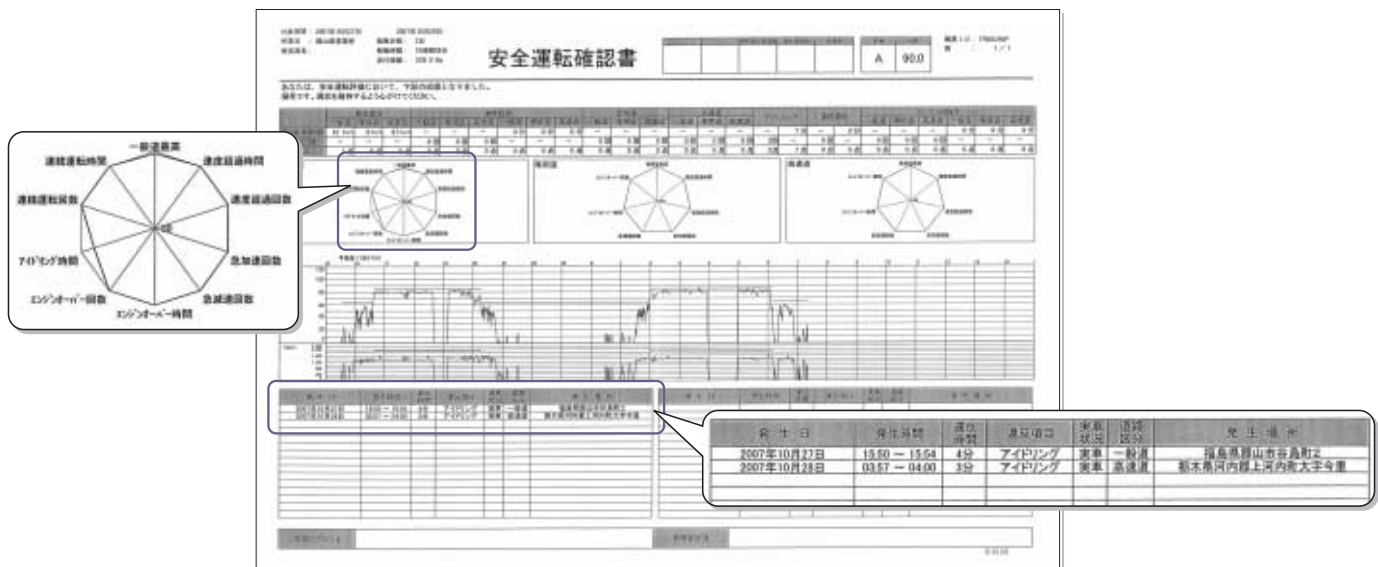


Digital operation recorder

Digital Operation Management System (conceptual diagram)



Safe Driving Confirmation Note



Initiatives for Promoting Resource Conservation and Energy Conservation

While carefully considering the impact of truck transport on environment, we also work to conserve resource for materials in the moving domain. When establishing new warehouses and offices, we construct highly efficient energy conserving architecture.

Development of Reusable Packing Materials for Moving

Under the theme of resource conservation, waste reduction and improvement of operation efficiency, Nippon Express developed its own reusable packing materials for moving in 1992 and has been using them nationwide ever since. These materials can be used repeatedly because soiling and damage can be undone by cleaning and maintenance, helping us to substantially reduce the waste generated by the use of rolled cardboard and bubble wrap. Especially eco-packing, Ecologicompo (Full Pack), which was developed mainly by female employees, is an environment- and customer-friendly moving service in which Nippon Express employees do everything from advance packing preparation to post-packing cleanup. Our packing materials, developed by reviewing methods of packing all household goods, are reusable. For example, our tableware trunk case offers simple packing in place of the conventional practice of wrapping tableware in paper.



Ecologicompo eco-packing materials



Tableware trunk case

TOPICS

Osaka-nishi Branch Hokko Logistics Centre Receives Osaka Sustainable Building Award Honourable Mention

Nippon Express' Osaka-nishi Branch Hokko Logistics Centre (founded June 2007), recently received an honourable mention as part of the First Osaka Sustainability Building Award. This award publicly recognizes architectural structures and initiatives demonstrating outstanding environmental consideration based on the Osaka Prefectural Global Warming Prevention Regulations. This award was established in April 2007 with the aim of promoting excellent urban environments and enhancing awareness of environment-friendly buildings. Specifically, the aim is to increase the number of structures with high environmental performance, low environmental impact and reduced energy consumption. The Osaka Prefectural Environmental Protection Regulations for Buildings Promotion Committee judges buildings based on (1) CASBEE* evaluation, (2) attainment of criteria set by Osaka Prefecture and (3) documentation and physical location assessment. The Osaka Governor's Award, Outstanding Performance Award and Honourable Mention are presented to owners and designers of buildings boasting the highest level of commitment to the environment.

The Hokko Logistics Centre was awarded an honourable mention along with the following favourable

evaluation: Hokko Logistics Centre "is an exemplary model of what an environment-friendly warehouse should be, reducing energy consumption through elimination of delivery lifts, despite being a multi-level warehouse and use of natural lighting and ventilation. It also creatively integrates environmental considerations into its external design and functionality. It has achieved reductions in energy use as a warehouse while pursuing functionality as a logistics centre."



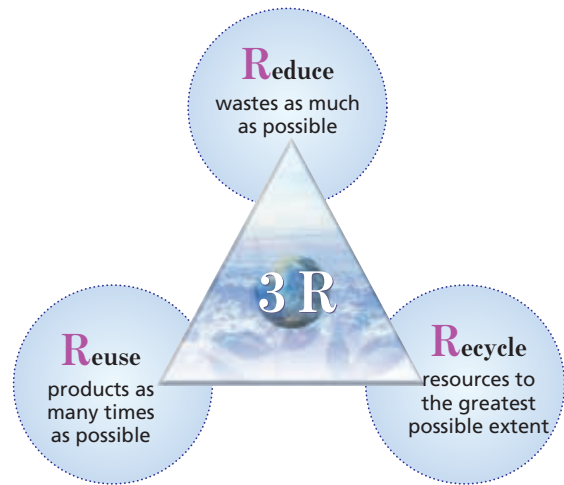
*CASBEE (Comprehensive Assessment System for Building Environmental Efficiency): A comprehensive assessment system which exceeds mere evaluation of basic conservation considerations (e.g., resource-conservation, energy-efficiency and improved recycling) and assesses building environmental efficiency factors in terms of internal comfort, amenities and aesthetics.

Reducing Waste and Advancing the 3Rs

Nippon Express is promoting the proper treatment and recycling of waste by ensuring the separation of waste discharged from its offices and facilities. There are also continuing efforts for green purchasing, electricity and water conservation.

Advancing the 3Rs

The 3Rs is a principle for efforts to build a recycling-based society. It stands for "reducing" the volume of wastes generated, "reusing" materials whenever possible and "recycling" used products as resources. At Nippon Express we do our best not only to reduce waste from all business locations, but also to collect and sort paper and other waste generated in our offices for easy recycling.



"Green Coops" Green Purchasing System

In order to promote green purchasing of stationery company-wide, Nippon Express with the collaboration of the group company Nititsu Shoji Co., Ltd. commenced the trial operation from January 2007 of Green Coops, the web ordering system for the purchase of environmentally friendly products, with full-scale operation beginning in April.

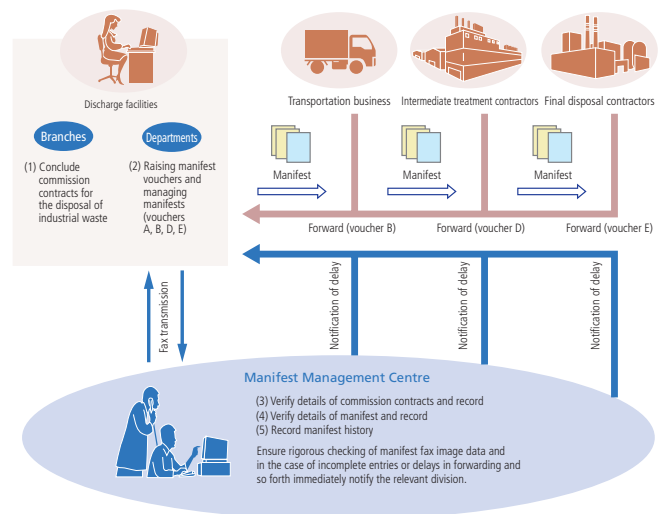
Through this system, customers procuring stationery and office equipment are able to select and order wherever possible products that fulfil the criteria specified in the Law on Promoting Green Purchasing or that have received Eco Mark certification. Along with promoting the procurement of eco-friendly goods, it allowed us to ascertain the purchasing rate of such items. Furthermore, since Green Coops is linked to the accounting system, we can simplify administration procedures.



Manifest Management System

Since June 2003, Nippon Express has been operating a manifest management system for industrial waste, with the aim of establishing a centralized management system for industrial waste discharged from our facilities. This system verifies that when outsourcing operations to a waste treatment dealer no discrepancies exist between the manifest for industrial waste discharged from our facilities such as discarded packaging materials and the terms of the contract for treating the material concerned. When a contract is concluded between all facilities and a treatment dealer, or when a manifest has been issued by a facility, a copy of the document is sent without delay to the Manifest Management Centre and the details are verified before being recorded as data. This information is then made available on the Internet for use by the facilities.

The system was effective in a number of ways, allowing us to rigorously ensure the proper treatment of industrial waste, ascertain the amount of discharged waste and tackle ways of reducing it, and select prime subcontractors.



Environment-related Data

In our Environmental and Social Report 2006, for the first time we disclosed data pertaining to the Nippon Express Group's energy usage, waste emissions and other related issues. In addition, this year's report once again includes the CO₂ emitted by sources other than mobile emission sources such as trucks and ships. While every effort was made to compile accurate performance data, it was necessary to include some estimated quantities calculated from the purchase value as well as annual estimates based on fixed monthly quantities. We will endeavour to ascertain more precise data in the future.

Energy Usage, Etc. of Nippon Express Group (FY2007)

Type	Unit	Nippon Express non-consolidated	Affiliates		Total	Nippon Express non-consolidated CO ₂ emissions (t)	Domestic Group company CO ₂ emissions (t)	
			Domestic	Overseas				
Energy	Electricity	1000 kWh	247,518	38,685	68,429	354,632	137,372	21,470
	Diesel oil	KL	99,133	123,248	14,992	237,373	259,728	322,910
	Petroleum	KL	11,737	5,901	2,435	20,073	27,230	13,690
	Natural gas	1000 m ³	2,623	478	—	3,101	5,456	994
	LP gas	Ton	12,084	3,746	—	15,830	36,252	11,238
	Heavy fuel oil	KL	304	2,900	—	3,204	824	7,859
	Heavy fuel oil (for ships)	KL	57,273	98,865	—	156,138	170,674	294,618
	Kerosene	KL	1,839	1,241	—	3,080	4,763	3,214
Total CO₂						642,299	675,993	

Type	Unit	Nippon Express non-consolidated	Affiliates		Total
			Domestic	Overseas	
Water	m ³	832,182	—	—	832,182
OA paper (A4 equivalent)	10,000 sheets	30,684	7,553	—	38,237
Waste	General waste	Ton	38,229	3,855	42,084
	Industrial waste	Ton	40,614	16,521	57,135
	Total	Ton	78,843	20,376	—

Notes:

- Data shown here is the aggregate of Nippon Express non-consolidated and consolidated companies (domestic 212, overseas 55), total 267 (as of March 31, 2008).
- The Nippon Express non-consolidated data was aggregated from various network systems, and the data of the affiliates was aggregated from questionnaire surveys.
- Of the affiliates, questionnaires were collected from 195 domestic companies. In the case of overseas companies, questionnaires were collected from 39 companies. This number excludes 15 overseas companies where either offices are included in other consolidated companies or where no Japanese representative is present.
- The numerical values include provisional calculations of quantities used from purchase value, or provisional calculations restored to annual quantities from fixed monthly quantities.
- The CO₂ emissions basic unit was calculated in accordance with the Ministerial Ordinance on Calculation of Greenhouse Gas Emissions Pertaining to Business Activities by Specified Emitters (Ordinance of the Ministry of Economy, Trade and Industry and the Ministry of the Environment, No. 3 of 2006).

Industrial Waste Emissions by Item (FY2007: Nippon Express non-consolidated)

Industrial waste items	No. of control manifests for industrial waste	Weight (kg)	Weight distribution ratio
1 Sludge	194	287,697	0.71%
2 Waste oil	292	148,736	0.37%
3 Inflammable waste oil	4	46	0.00%
4 Waste acid	6	37,670	0.09%
5 Waste alkali	12	103,916	0.26%
6 Waste plastics	16,268	23,434,982	57.70%
7 Waste metal	1,527	6,626,568	16.32%
8 Waste glass	172	287,016	0.71%
9 Debris	12	26,958	0.07%
10 Mixed waste	1,276	2,965,253	7.30%
11 Animal and plant residues	125	403,684	0.99%
12 PCB waste	5	334	0.00%
13 Infectious waste	1	1	0.00%
14 Wood shavings, etc.	3,903	6,291,007	15.48%
Total	23,797	40,613,867	100.00%

Notes:

- Items recorded in units other than weight or volume (cars, roll containers, etc.) have been converted to weight (kg) or volume (m³).
- Items expressed as volume (m³) were converted into weight based on a table of specific gravities by industrial waste item. For mixed waste, the specific gravity for general waste was applied.
- The aggregate does not include cases where waste cardboard and the like is handed over to a used paper recycler, or where in buildings leased for commercial use the waste disposal for the entire occupied building is managed and the corresponding charge included in the rent.
- Contrary to the case (No.3) above, where a company other than Nippon Express occupies a facility, this may be totalized as emissions of Nippon Express.

PCB Storage (FY2007)

Transformers and other equipment using PCBs (polychlorinated biphenyls) are properly managed and stored according to company management rules, which are based on legal ordinances; processing of these stored items started in 2007.

Equipment type	Transformers	Capacitors	Stabilizers
No. of units	25	135	6,744

Emissions of Substances Reportable under the PRTR Law (FY2007)

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

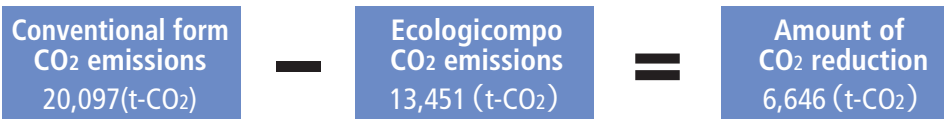
Facility type	No. of facilities	Total amount used (kg/y)	Main substance	Main use
Reportable business category but amount used by facility is under reporting threshold	18	917	Methyl bromide	Warehouse fumigation
Not reportable business category but facility uses reportable substance	19	58,198	Methyl bromide, Hydrogen cyanide	Fumigation for operations incidental to import customs clearance

CO₂ Reduction Effect Due to Use of Reusable Packing Materials for Moving

Product Name	Basic unit (kg-CO ₂)	CO ₂ emissions (t-CO ₂)
Conventional form	87.92585	20,097
Ecologicompo	Full Pack	89
	Half Pack	1,612
	Self Pack	11,750
	Subtotal	13,451

Notes:

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



Environmental Accounting

The introduction of environmental accounting is regarded 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 (FY2007)

(million yen/y)

Investment category	Major examples	Amount
Investment in modal shift	Rail transport containers (<i>Eco-Liner 31</i> , <i>Big Eco-Liner 31</i> , etc.)	73
	Ship containers (R&S container, etc.)	70
	Tractors and trailers for freight containers	1,257
Investment in reusable packing materials for moving	Eco-packing, netted blankets, high-pad, etc.	1,302
Vehicle-related investments (eco-friendly vehicles, etc.)	CNG, hybrid and LPG vehicles, heavy-duty vehicles that meet fuel efficiency	1,472
Costs for appropriate waste disposal and management	Costs related to Manifest Management Centre	42
Costs for Environmental Management System registration	ISO 14001 and Green Management certification	13
Investment in planting greenery	Forest cultivation project, landscape gardening and other work at branches	22
Total		4,251

*LCA (life cycle assessment): Life cycle assessment is the method of assessing the environmental impact of a product from its manufacture through to its use and disposal.

Nippon Express' greatest asset is its employees who are healthy in both mind and body. We believe that the meaning of fulfilling our social responsibility is assuring employee safety and health in the workplace by creating a pleasant working environment and improving working conditions.

Commitment to Safety

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

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

Herewith, we formally pledge and announce for all to hear our Commitment to Safety.

We will
abide by all applicable laws and rules
and prioritize safety above all else.

We will
never forget past accidents and
always learn from them.

We will
undertake daily risk prevention activities.

We will
improve our expertise in order to
conduct safer operations.

We will
remain conscious of safety and
endeavor to prevent accidents.



NIPPON EXPRESS

2008 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 the social responsibility of the company. We shall establish our safety-first policy in the workplace through implementation of the following guidelines in accordance with a management philosophy based on in human dignity.

- A. Adhere to relevant laws and regulations and in-house regulations**
- B. Continually improve safe transport management**
- C. Promote workplace safety and health activities based on the Five S's**
- D. Advance health awareness**
- E. Improve the work environment**

Transport Safety Management

In accordance with the Trucking Business Law that was revised in October 2006, Nippon Express formulated new Transport Safety Management Regulations and appointed a general controller for safety, and notified the Tokyo Transport Branch Office of the appointment.

Due to the revision of the law, transportation companies are obliged to address the issue of improved transport safety through constant senior management-led initiatives, as well as to compile safety management regulations for transport business operators in order to create a well-designed safety management system that unites all company members from senior executives to on-site employees through implementation of a safety-first policy.

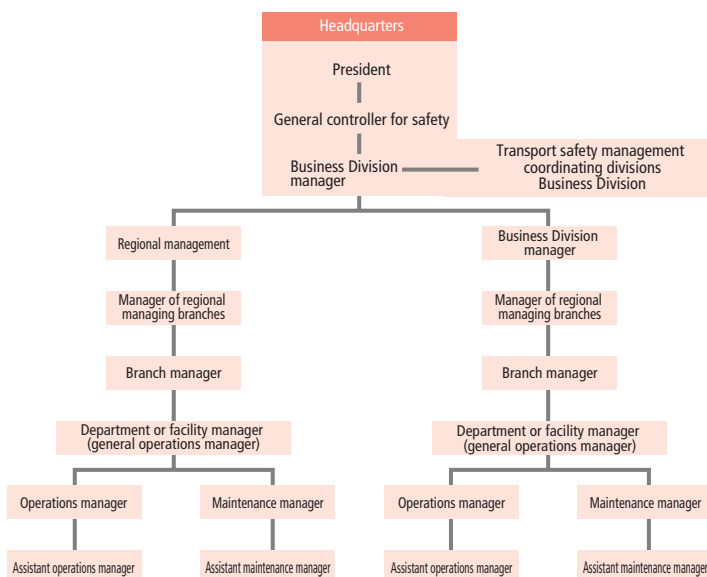
Our internal ISO auditor performed an internal audit on December 26, 2007, confirming that transport safety management

has been properly implemented and maintained. No non-compliance issues were noted. Nippon Express will continue to do our best to promote transport safety management.

Actual Costs Incurred for Transport Safety (FY2007)

Item	(Unit: million yen)
Labour cost of safety-related positions (domestic)	1,498
Educational costs (training at headquarters)	521
Material publishing	8
Nippon Express Group National Safety and Health Conference	1
Digital operation recorders, etc.	1,050
Accident and injury prevention awareness material, etc.	28
SAS screening test	112
Other safety provisions	87
Total	3,305

Transport Safety Management (Operation Management, Maintenance Management) Organization Chart



Izu Training Centre for safety education and training

Safety Training Programme Sponsored by Headquarters (FY2008)

Course name	No. of times held	No. of participants	Course name	No. of times held	No. of participants
New Employee Course (local) (Technical skills)	4	320	Regular Voluntary Inspection Training Course	1	30
Technician Course	10	700	SD Instructor Training Course	3	150
Basic Safety Management Course	6	420	SD Instructor Follow-up Workshop	8	400
Advanced Safety Management Course	1	60	Arrow Express Distribution Instructor Training Course	5	250
Operations Management and Maintenance Management Course	1	70	Port Transport Training Course	1	20
Basic Driving Course	6	300	Guarded Transport Follow-up Course	4	160
Driving Instructor Training Course	5	180	Guarded Transport 5-year Employee Refresher Course	3	160
Workshop for Driving Instructor Trainers	2	100	Guarded Transport 10-year Employee Refresher Course	2	40
Trailer Driving Instructor Training Course	1	36	Guarded Transport New Assistant Officer Course	1	40
Trailer Driving Instructor Follow-up Workshop	4	216	Guarded Transport Assistant Officer Course	2	160
Driving Skills Training Workshop	2	100	Guarded Transport Commanding Officer Course	1	160
All-Japan Truck Driving Contest Prep Workshop	3	140	Guarded Transport Business Centre Operations Supervisor Course	1	160
Basic Forklift Operator Course	5	180	Fine Art Transport Instructor Training Course	1	15
Forklift Operator Instructor Training Course	2	72	Fine Art Transport Special Handling Advanced Course	4	80
Forklift Operator Instructor Follow-up Workshop	2	90	Introductory Heavy Construction Machine Operation Course (new employees, new positions)	1	12
Workshop for Forklift Operator Instructor Trainers	2	90	Basic Heavy Construction Machine Operation Course I	1	20
Forklift Operator Driving Training Course	3	90	Basic Heavy Construction Machine Operation Course II	1	30
All-Japan Forklift Driving Competition Prep Workshop	1	40	Heavy Haulage Transport Instructor Training Course	2	50
Total no. of times held: 102		Total no. of participants: 5,141			

Obtaining Certification under Safety Evaluation Programme

Scores are awarded in three areas by the National Freight Motor Transport Rationalization Programme Implementation Agency (the Japan Trucking Association) based on evaluation criteria in the areas of: (1) legal compliance pertaining to safety; (2) accidents and violations; and (3) vigorousness of safety efforts. Results are referred to the Safety Evaluation Committee; and the evaluation is issued after the committee's report.

To ensure that the safety evaluation programme is rigorous, fair and transparent, the Safety Evaluation Committee deliberates not only on evaluation decisions but also on matters necessary for programme implementation. The committee comprises experts, persons associated with labour unions whose members work in the truck transport business, shippers' organizations, consumers,

officials from the Ministry of Land, Infrastructure and Transport and officers of implementation organizations nationwide.

The total number of facilities certified as excellent safety facilities as of FY2007 was 763 (80.7% of all facilities). In addition, a total of 199 facilities in branches and affiliated operation companies have been certified. Nippon Express will continue with initiatives for certification of facilities that have not yet been approved.



Excellent safety facility logo

TOPICS Alcohol Check at Pre/Post Shift Roll Call

As part of our effort to eradicate driving under the influence of alcohol, we require all Nippon Express drivers and forklift operators to pass a sobriety test with an alcohol detector, whether or not they have consumed alcohol the day preceding their shift. Blood alcohol checks are enforced both before and after shifts. We are emphatic about our drunk driving education, taking advantage of all opportunities to educate employees, including poster campaigns discouraging driving under the influence of alcohol and safe driving training.



Traffic Accidents

Although we are happy to report Nippon Express had no fatal accidents in 2007, the number of injuries, and the kilometre and vehicle rates have all worsened compared to 2006 results. We performed a full analysis of each incident to determine the cause of the accident as well as influencing factors, and are implementing strict initiatives to prevent traffic accidents in 2008.

Traffic Accident Data

	2004	2005	2006	2007
No. of accidents resulting in injury or death nationwide	952,191	933,828	886,864	832,454
No. of traffic accidents resulting in injury or death in Nippon Express	205	198	182	192
Km ratio	1.04	1.13	1.13	1.34
Vehicle ratio	0.023	0.025	0.025	0.029
Number of fatal accidents in Nippon Express	1	1	2	0

Km ratio: Number of traffic accidents occurring per 1 million km travelled

Vehicle ratio: Number of traffic accidents occurring per 1 fleet vehicle

(Km ratio and vehicle ratio traffic accidents include accidents resulting in damage to property or other vehicles [damages exceed ¥100,000]).

Measures to Prevent Sleep Apnea Syndrome—Targeting a “Driver Drowsiness Zero-accident” Policy

Learning from the 2003 railway accident in which the conductor fell asleep and overran his stop, Nippon Express immediately implemented measures to combat sleep apnea syndrome (SAS). In March 2003, we commenced driver interviews as a stopgap, soon adding sleep apnea history to our employees’ routine physicals.

However, one driver who passed the sleep apnea interview was subsequently diagnosed with a serious

sleep apnea problem after receiving a voluntary screening test. From this, we learned the limitations of diagnosis via interviews, and the critical need for examinations using certified testing equipment.

In fiscal 2007, all 29,000 Nippon Express drivers were administered the screening test, which will be repeated every five years.

Adjusting employee work conditions after sleep apnea screening test

■ Screening test administration

Target group: All Nippon Express drivers (22,486) and Group company drivers (6,577)



■ Follow-up on employees with positive test results

- Each employee received a detailed explanation of sleep apnea syndrome from our industry physician and health advisor, with instructions for immediate examination by a specialist.
- Industry physician and health advisor provide on-going guidance to improve BMI.*



■ Work re-entry for SAS sufferers

- Specialist of industry doctor must evaluate and approve ability to drive
- Employees who are in treatment or under observation are only allowed a light work schedule, and must submit to pre-shift health checks and can be told to take the day off. Health conditions must also be reported after shift is completed.



Screening test administered by flow sensor (photo provided by NPO Sleep Health Laboratory)

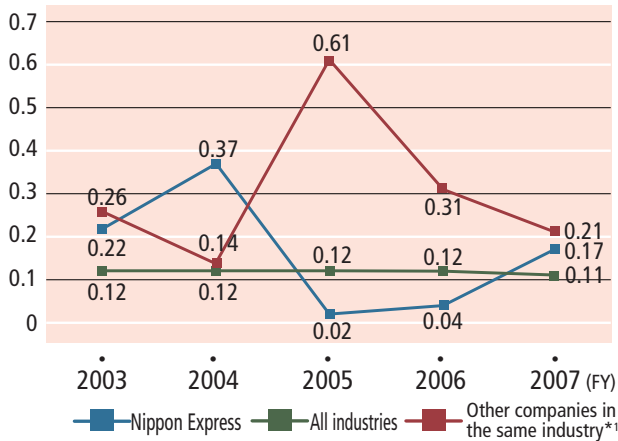
*BMI: body-mass index

Labour Accident Prevention Training

Nippon Express has experienced a fall in occupational safety due to traffic accidents. Driver injuries from rear-end collisions are notably on the rise. Serious injuries sustained in head-on collisions due to oncoming vehicles crossing the centre line are also evident in the

worsening rates of accident frequency and severity. Safety initiatives are being implemented in 2008, with training focused on defensive-driving, forklift safety, and adherence to work procedures.

Severity Rate*2

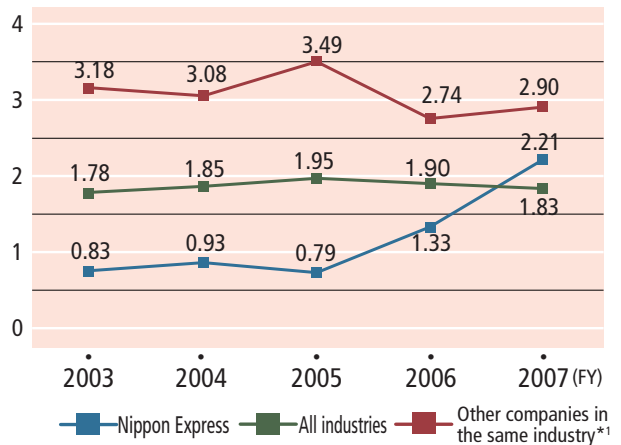


*1 "Other companies in the same industry" refers to general freight haulers.

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

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

Accident Frequency Rate*2



*1 "Other companies in the same industry" refers to general freight haulers.

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

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

Nittsu Safety Group Activities

NSG stands for the Nittsu Safety Group. People from the same workplace who share the same purpose autonomously set up groups and decide on their own goals, then work on solving safety and health-related problems in the workplace. These small group activities have been in progress since 1981.

The ultimate goal of NSG activities is to achieve open, cheerful workplaces without accidents, injuries or illness. To eliminate accidents and injuries from workplaces and to make them open and cheerful, NSG activities are carried out periodically. Details of the activities in the various workplaces are reported at Regional Managing Branch NSG Activity Case Presentation Meetings. Especially outstanding activities are commended at the Nippon Express National Safety and Health Convention held every year at the Headquarters.

In 2007, the Tottori, Osaka Air Service and Shikoku branches were chosen as representatives out of more than 3,000 groups nationwide, and their activities received recognition.



Early morning risk prediction training (Tottori Branch)

Personnel Training and Workplace Environment Initiatives

Precisely because Nippon Express is part of a labor-intensive industry—a service industry entailing mainly freight transport—training the people who are the company’s driving force is a major mission. We put efforts into enhancing workplace environments not only to bring out the abilities of each employee, but also to train employees to be industry individuals who contribute to society.

Personnel System

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

- **Human Dignity**
Regard each employee as an individual with emotions and will, not as mere labor.
- **Emphasis on Performance**
Implement an ability-focused personnel system based on demonstrable achievements.
- **Utilize Talent**
Endeavour to place talented employees in non-clerical jobs.

Personnel System Reform

To make the personnel system more acceptable to employees and to increase their job motivation through fair and impartial evaluations, in April 1999 we instituted a Job Function Qualification System and “personnel evaluation based primarily on attempting to achieve goals.”

The Job Function Qualification System sets capabilities that the company expects of each qualification category (job function requirements), and creates criteria to judge whether those capabilities have been attained (promotion criteria), thereby making it necessary to fulfil the established conditions and criteria for promotion.

Employees (FY2007)

Total no. of employees	38,517	Average age	40.5
Men	33,089	Average years of service	17.2
Women	5,428	Rate of employment of disabled people	2.11%

Personnel Development System

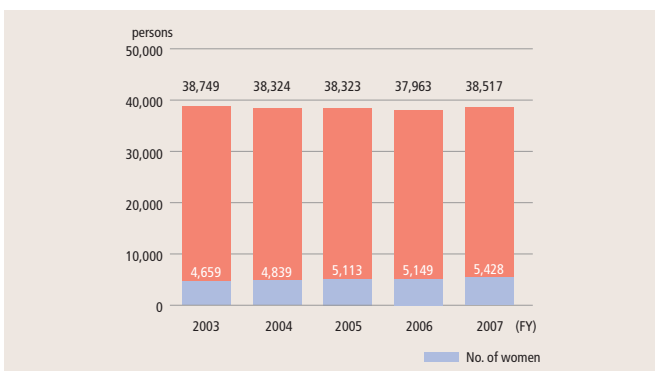
The starting point of Nippon Express’ human resource development and employee skill development is on-the-job training (OJT) conducted by the supervisor of each department/division through everyday operations.

Our Job Knowledge Contests conducted since 1997 are one element of OJT. Once a year, young employees ranking below assistant manager take an examination based on the knowledge of their jobs. This helps to improve each employee’s job knowledge, which in turn helps Nippon Express to offer high-quality services.

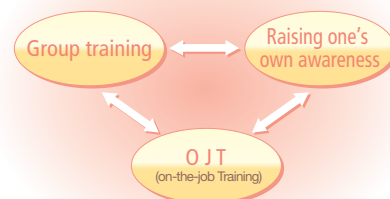
Group training is provided for specific levels, divisions and skills. Level-based training has employees systematically study and acquire the job performance capabilities, job knowledge, skills and basic actions needed at each level so that individual employees fulfil responsibilities corresponding to their roles. Its purpose is to enhance employees’ natural abilities. Division-based training is meant to have employees master specialized knowledge, while the purpose of skill training is to improve practical skills and techniques. Furthermore, by training instructors in working divisions, we establish a training system for front-line staff and thus, provide for higher quality work.

In other ways as well, we help each employee with the challenge of setting and achieving goals, and assist and promote awareness-raising through distance learning in order to create a corporate culture of self-directed learning.

Total Number of Employees



Education System





Personnel Development System Reforms

The FY2008 Education and Training Policy and Planning initiative, adopted in April 2008, is a fundamental policy to foster self-motivated personnel and next-generation leaders, promote a healthy corporate climate, restructure OJT (on the job training), strengthen management and workplace competence, and promote the implementation of CSR measures. The focus of this policy is on personnel development based on the following three areas.

■ Restructuring OJT

- Reorganize educational programme for new employees
- Provide coaching technique training for managerial positions

■ Re-enforce Managerial Positions

- Establish introductory and follow-up training workshops for newly appointed section managers
- Revise the *Management Handbook*; enhance contents comprehension through e-learning programmes

■ Re-enforce Business Practice Education

- Business proposal enhancement workshops
- Host Business Leader Training: aim at fostering business leaders of regional managing branches



Leader Development Workshop (management level)

Plans are also underway for the construction of new training facilities for business and administrative related personnel to enhance our educational and training facility system.

FY2008 Education and Training Distribution Chart

Level	Business and Administration Personnel		Skilled Technicians	
	Group training	Distance learning (required)	Group training	Distance learning (required)
Level	● Branch Manager Workshop			
	★ New Branch Manager Training			
	★ New Deputy Manager Training		Management ability development training	
	★ Leader Development Workshop (Management class)			
	★ Section Manager Follow-up Training			
	★ New Section Manager Training	★ Career Development Workshop		
	★ Section Manager Advancement Training			
	★ New Assistant Section Manager Training	★ Leader Development Workshop (Mid-career class)		
	★ New Mid-career Employee Training (Nationwide: business, administration)	● OJT Instructor Training	Administration ability development training	★ Technician Training
	★ Mid-career Employee Training	● Operations Basic Training		Essential knowledge training
★ 3rd Year Training		Pre-management Training	■ New Employee Training II (Technical skills)	
● 2nd Year Training		Essential knowledge training	★ New Employee Training I (Technical skills)	
■ New Employee Training II (Nationwide: business, administration)				
★ New Employee Training I (Nationwide: business, administration)				
■ New Employee Training (Regional: business, administration)				

★ Headquarters holds training in one location ● Headquarters holds training in several blocks ■ Regional managing branches hold training sessions ■ New courses

Relationship with the Labour Union

The All Nippon Express Labour Union was launched in 1946 and, as of May 31, 2008, has approximately 27,000 members. With a strong relationship of trust, the company and labour union have affirmed that they mutually respect the other's situation and will maintain the order between labour and management as they cooperate in activities for better working conditions and company advancement, which both parties perceive to be their common objectives.

To reflect the collective will of union members in company management, we have established the Central Management Council in the headquarters, block management councils in each block, regional managing branch committees in each regional managing branch and branch committees in each branch, which hold discussions and inquiries or give reports about important matters in business operations.

Commitment to Human Dignity

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

In line with this thinking, we use every opportunity to provide training on discrimination against minorities and other human rights issues in group training and meetings. When hiring employees, we always use fair screening procedures, and completely exclude discriminatory treatment. In the event of sexual harassment, power harassment or other such treatment, we have arrangements for reporting and consultation through our whistleblower system—"Nittsu Speak Up"—which enables us to prevent and rectify discrimination and similar behaviour through immediate action.

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

Initiatives to Support the Nurturing of the Next Generation

In accordance with the Law Concerning the Promotion of Measures to Aid the Nurturing of the Next Generation of Children, Nippon Express endeavours “on the condition that all employees sufficiently demonstrate their ability in their work, and respect diverse ways of thinking with regard to child rearing and the balance of life overall, enable each employee to realize autonomously their own life design, and contribute actively to activities centred on childrearing in the local community, thereby discharging its social responsibility as a corporate citizen.”

In April 2005, Nippon Express formulated a general entrepreneur action plan with the goal of encouraging employees to take childcare leave, implementing self-awareness training for the purpose of reducing overtime and so on. The first term of this plan ended in September 2007, with a total of 116 men and women taking childcare leave.

The second term of our general entrepreneur action plan was initiated in October 2007 and will last for a period of three and a half years.

Workplace Healthcare

Nippon Express has assigned health advisors in all branches to provide employees with health guidance. Advisors conduct regular health check-ups and give health counselling to individuals.

Especially to prevent illnesses caused by mental health problems or overwork, our Health Management Policy sets forth the basic policy on health management and places priority on key issues. Specifically, the policy clarifies the roles of workplace managers, health officers and health advisors while promoting measures under the “Four Types of Mental Health Care” given below.

In addition, in 2008 we commenced sleep apnea syndrome testing on drivers whose age ends in “0” or “5” as part of our continuous effort in the prevention of traffic accidents by drowsy drivers.

Initiatives with Respect to Four Types of Mental Health Care

1. Self-care
Self-checks on stress levels using a “Stress Level Check-sheet” published on the internal website.
2. Care provided within the Organizational Structure
Education and training for workplace managers, etc.
3. Care by Industrial Healthcare Staff and Others at Facilities
Support such as individual counselling mainly by industrial physicians, health officers and health advisors.
4. Care Based on Resources Outside Company Facilities
Use of specialized institutions outside company facilities through industrial physicians, health advisors, the Nippon Express Health Insurance Association and others.

Using the Childcare Leave System

Noriko Omae
Assistant Section Manager (Administration)
Tokyo Branch

I took childcare leave for a year starting March 2007. This provided me with the time to learn how to care for the baby—my first—and to adjust to my new lifestyle. I also had the opportunity to become acquainted with young families in my area and broaden my perspective beyond work.

When the year ended, I felt general concerns about returning to work and balancing my job, household and childrearing. But thanks to the support of colleagues, family and friends, I have successfully become a “working mother!” I look forward to discovering new challenges so that I continue to grow even as I watch my child grow up.



Measures for Earthquakes and Other Types of Disasters

Nippon Express has been appointed a designated public corporation under the Disaster Measures Basic Law, and is expected to implement disaster relief measures and disaster recovery measures, such as emergency transport based on the instructions from national and prefectural agencies in times of major disasters. In recent years, we have provided

emergency support during disasters both domestic and overseas, based on the Nippon Express Group's consolidated transport capabilities. We will continue to do our best in the future to fulfil our responsibilities to society as a corporate citizen through our transport capabilities in times of disaster and emergency.

Emergency Efforts in Response to the Niigataken Chuetsu-oki Earthquake.....

Kashiwazaki City in Niigata Prefecture suffered extensive damage in the Niigataken Chuetsu-oki Earthquake that hit on July 16, 2007, from collapsed houses to gas and water supply stoppage, railroad blockages, etc. Amidst the wreckage, the Nippon Express Niigata Branch responded to requests from the Niigata Prefecture Disaster Countermeasure Office by storing emergency relief supplies and transporting the supplies to evacuation centres. In response to a late night request from the Countermeasure Office on the day the earthquake occurred, the Nippon Express Niigata Branch dispatched three logistics advisors to the Kashiwazaki City

Hall to man the emergency supplies transport centre. In addition to delivering daily necessities such as food and water to the evacuation centres, Nippon Express also provided storage for emergency supplies sent from all over Japan in six locations within Niigata Prefecture. Nippon Express also cooperated with JR Freight Railway Company for approximately two months securing transport and maintaining customer services for the Shinetsu Line while their freight transport service was down due to mudslides caused by the earthquake



Rumoi Branch vehicles arrive from Hokkaido providing substitute transport services between Niigata and Kuroi stations



Transporting emergency supplies in collaboration with Japan Ground Self-Defence Force



Driver and vehicle from Nagasaki to provide substitute transport services

Support Activities for Areas Afflicted by Myanmar Cyclone.....

Nippon Express (Singapore) Pte Ltd., the only distribution company in the Asian region to be designated as a reserve warehouse for disaster relief supplies by the Japan International Cooperation Agency (JICA), an affiliate organization of the Ministry of Foreign Affairs of Japan, provides emergency transport of disaster relief supplies throughout the region. On May 6, 2008, the Japanese government announced it would provide relief supplies to Myanmar in response to the cyclone that ravaged the country

from May 2 to 3. Nippon Express Singapore received orders from the government and immediately began preparations for deliveries to Myanmar. By the following day, tents, power generators and all other relief supplies arrived at Yangon International Airport and were delivered to JICA. Due to a subsequent deluge of supplies, securing transportation space for more deliveries was a challenge, but the second round of supplies was finally handed over successfully.



Storage for relief supplies at Nippon Express (Singapore) Pte Ltd.

Support Activities for Areas Afflicted by the 2008 Sichuan Earthquake.....

Many victims lost their homes in the destruction of the Sichuan Earthquake that hit China on May 12, 2008. The Chinese government asked for aid from around the world in the form of tents for earthquake victims. In response, Nippon Express provided emergency transport of 2,700 tents in June per request of the Japanese Red Cross Society. In a rather complicated operation, the tents were received by the manufacturer in Karachi, Pakistan, and transported to Chengdu International Airport in Sichuan Province on two charter cargo flights. The emergency cargo was immediately handed over to the Sichuan Red Cross Branch of the International Red Cross at the airport. In the face of overwhelming obstacles such as extreme time constraints and adverse conditions at both pick-up and delivery points,

Nippon Express was able to successfully complete the mission with the admirable cooperation of all related parties, including speedy action on the part of Nippon Express (Singapore) chartering cargo flights and Chengdu Branch of Nippon Express (China) Co., Ltd., preparing import clearance at the point of arrival. In addition, Nippon Express subsidiary companies in China poured great efforts into fundraising activities, presenting the Red Cross Society of China with donations collected from both individuals and corporate entities for the earthquake victims.



Transporting relief supplies for the Japanese Red Cross Society

In order for larger number of people to know about Nippon Express' CSR initiatives, we conduct wide-ranging communication activities, most of which take the form of environment-related events and guest lectures at universities or workshop seminars for companies or citizens.

We also accept a large number of students as interns from various schools, helping to enhance and deepen the public's understanding the Nippon Express business.

Exhibitions at Trade Fairs and Presentations at Lecture Meetings, Seminars, etc.

Lecture Meetings, Short Courses, Seminars, Titles, etc.	Sponsor	Event date
University lecture Faculty of Commerce, Kansai University Theme: The Freight Industry and Environmental Problems	Japan Federation of Freight Industries	April 19, 2007
University lecture "Freight Transport and Labour in the 21st Century" Ryutsu Keizai University Total lectures: 44	Nippon Express	May 9, 2007 and others
University lecture Faculty of Urban Liberal Arts, Tokyo Metropolitan University Theme: The Freight Industry and Environmental Problems	Japan Federation of Freight Industries	May 9, 2007
2007 SCM Solution Fair 2007 1. Panel display by Marketing and Sales Promotion Division 2. Lecture at SCM Symposium 2007	Japan Institute of Logistics Systems	May 24 and 25, 2007
Low-pollution Vehicle Seminar in Sapporo 1. Panel discussion participation Theme: Accelerating Introduction of Low-emission Vehicles in Hokkaido 2. Vehicle exhibition Exhibition of Nippon Express CNG vehicle carrying two JR five-ton containers	Hokkaido District Transport Bureau, Ministry of Land, Infrastructure and Transport	June 29, 2007
University lecture Faculty of Economics, Yokohama National University Theme: The Freight Industry and Environmental Problems	Japan Federation of Freight Industries	October 18, 2007
Low-pollution Vehicle Fair Exhibition of two Nippon Express CNG vehicles	Kobe City	October 20 and 21, 2007
Corporate with Eco-action Exhibition Panel exhibition of Nippon Express' actions for the environment and eco-business Environmental Report Reading Group Meeting	Minato Eco-Conscious Consortium	November 20–December 1, 2007
Mekong Area Land Transportation Project Exhibition in Bangkok, Thailand Video and Slide Presentation of Demonstrative Driving Experiment by Nippon Express (Vietnam) Company Ltd. and Hi-Tech Nittsu (Thailand) Co., Ltd.	Ministry of Economy, Trade and Industry Ministry of Land, Infrastructure and Transport	February 25 and 26, 2008



Mekong Area Land Transportation Project Exhibition



SCM Solution Fair 2007



Low-pollution Vehicle Fair in Kobe

Internships (for university, vocational school, high school)

Department/ branch	Offered to	Number accepted	Period		Internships Details
Administration, Labour Department, etc.	AIESEC in Japan	1	September 10, 2007–November 23, 2007	53 days	Travel, general international transport import/export, CSR report (English version) editing support
Chubu Fine Arts Transport Branch	Kibi International University	1	August 21, 2007–September 26, 2007	21 days	Fine art transport and handling experience
Chubu Fine Arts Transport Branch	Kibi International University	1	February 4, 2008–March 7, 2008	26 days	Fine art transport and handling experience
Kansai Fine Arts Transport Branch	Kibi International University	4	August 24, 2007–September 14, 2007	17 days	Fine art transport and handling experience
Tokyo Air Service Branch	Tokyo Metropolitan University	1	September 13, 2007–September 14, 2007	2 days	International air cargo division: facility tour and worksite training
Tokyo Air Service Branch	Takushoku University	1	February 21, 2008–February 27, 2008	5 days	International air cargo division: facility tour and worksite training
Fukuoka Air Service Branch	Aso-juku (vocational school)	4	March 3, 2008–March 7, 2008	5 days	International air cargo operations work experience
Sendai Air Service Branch	East Japan Air Technical School	1	July 25, 2007–August 10, 2007	17 days	Assistance in general air passenger traffic support work
Sendai Air Service Branch	East Japan Air Technical School	2	July 25, 2007–July 27, 2007	3 days	Assistance in general air passenger traffic support work
Sendai Air Service Branch	Tohoku Foreign Language College	1	August 2, 2007–August 4, 2007	3 days	Assistance in general air passenger traffic support work
Sendai Air Service Branch	Akita International University	2	August 1, 2007–August 12, 2007	12 days	Assistance in general air passenger traffic support work
Sendai Air Service Branch	Akita International University	1	August 13, 2007–August 24, 2007	12 days	Assistance in general air passenger traffic support work
Sendai Air Service Branch	Akita International University	2	August 18, 2007–August 29, 2007	12 days	Assistance in general air passenger traffic support work
Sendai Air Service Branch	Tohoku Foreign Language College	1	August 13, 2007–August 17, 2007	5 days	Assistance in general air passenger traffic support work
Sapporo Air Service Branch	Sapporo Business Academy	5	March 3, 2008–March 14, 2008	10 days	Airport facility tour and assistance in general air passenger traffic support work
Sapporo Air Service Branch	Sapporo School of Business	1	February 18, 2008–February 29, 2008	10 days	Airport facility tour and assistance in general air passenger traffic support work
Tokyo Travel Branch	Ryutsu Keizai University	5	August 1, 2007–August 14, 2007	14 days	Telephone support, travel-related work, general business assistance
Tokyo Travel Branch	Toita Women's College	3	August 20, 2007–August 31, 2007	11 days	Telephone support, travel-related work, general business assistance
Tokyo Travel Branch	Kokushikan University	2	August 27, 2007–September 7, 2007	12 days	Telephone support, travel-related work, general business assistance
Tokyo Travel Branch	Nagoya Women's University	1	August 1, 2007–August 14, 2007	14 days	Telephone support, travel-related work, general business assistance
Tokyo Travel Branch	Nagoya University of Arts and Sciences Junior College	1	January 29, 2008–February 12, 2008	15 days	Telephone support, travel-related work, general business assistance
Tokyo Travel Branch	Nagoya Gakuin University	1	February 1, 2008–February 15, 2008	15 days	Telephone support, travel-related work, general business assistance
Tokyo Travel Branch	Nagoya Future Culture College	1	June 1, 2007–June 14, 2007	14 days	Telephone support, travel-related work, general business assistance, administration, accounting, etc.
Tokyo Travel Branch	Doshisha Women's College of Liberal Arts	2	September 3, 2007–September 14, 2007	10 days	Tour reception desk, information document preparation and arrangements and other backend office work
Tokyo Travel Branch	Kyoto Sangyo University	2	August 6, 2007–August 31, 2007	10 days	Tour reception desk, information document preparation and arrangements and other backend office work
Tokyo Travel Branch	Ryukoku University	1	June 18, 2007–June 29, 2007	10 days	Tour reception desk, information document preparation and arrangements and other backend office work
Tokyo International Transport Branch	Ryutsu Keizai University	2	August 20, 2007–August 31, 2007	10 days	Import/export work experience for customs clearance, etc.
Tokyo International Transport Branch	Tokyo Metropolitan University	2	September 11, 2007–September 21, 2007	8 days	International import/export business operations, warehouse operations, port transportation operations, drayage operations experience
Yokohama International Transport Branch	Harbor Polytechnic College	1	February 18, 2008–February 22, 2008	5 days	Container terminal facility tour, foreman operations, documentation experience
Osaka International Transport Branch	Kobe University	2	August 20, 2007–August 24, 2007	5 days	Corporate introduction, logistics centres (Shanghai transport division) facility tour and work experience
Osaka International Transport Branch	Hiroshima National College of Maritime Technology	1	August 20, 2007–August 24, 2007	5 days	Corporate introduction, logistics centres (Shanghai transport division) facility tour and work experience
Tokyo Branch	Ryutsu Keizai University	2	September 10, 2007–September 14, 2007	5 days	Warehouse, Pelican Centre, logistics centre tours and work experience
Tokyo Branch	Takushoku University	1	February 4, 2008–February 8, 2008	5 days	Logistics centre, moving centre, Pelican Centre tours and work experience
Toyama Branch	Toyama National College of Maritime Technology	2	July 23, 2007–July 27, 2007	5 days	Port operations (customs, shipping agents, loading operations) work experience and port facility tour
Shimonoseki Branch	Baiko Gakuin University	3	August 6, 2007–August 24, 2007	10 days	Shimonoseki maritime operations facility tour and basic work experience
Matsue Branch	Tsubouchi Gakuen	2	January 7, 2008–February 1, 2008	19 days	Pelican Centre, moving centre office work experience
Nagasaki Branch	Ryutsu Keizai University	1	August 20, 2007–August 31, 2007	10 days	Facility tour, business assistant experience, gaining general knowledge of distribution industry
Oita Branch	Ritsumeikan Asia Pacific University	2	September 3, 2007–September 14, 2007	12 days	Travel centre office assistant
Niigata Branch	School for the Mentally Handicapped, Faculty of Education, Niigata University	1	February 1, 2008–February 20, 2008	5 days	Assistant in accounting office, etc.
Akita Branch	Akita International University	2	August 21, 2007–August 31, 2007	9 days	Maritime shipping section, observe cargo discharge, import/export related business experience
Sendai Branch	East Japan Air Technical School	3	June 17, 2007	1 day	Tour conductor experience (accompany chief conductor)
Sendai Branch	East Japan Air Technical School	2	September 9, 2007	1 day	Tour conductor experience (accompany chief conductor)
Sapporo Branch	Otaru Commercial High School	2	November 13, 2007–November 15, 2007	3 days	Pelican Centre office work, customer-relations experience
Obihiro Branch	Obihiro Core Career College	1	June 18, 2007–June 29, 2007	12 days	Pelican Centre office work experience
Obihiro Branch	Hokkaido Obihiro Agricultural High School	1	September 19, 2007–September 21, 2007	3 days	Pelican Centre office work experience
Obihiro Branch	Hokkaido Memuro High School	1	October 17, 2007	1 day	Pelican Centre office work experience
Obihiro Branch	Hokkaido Memuro High School	1	October 18, 2007	1 day	Pelican Centre office work experience
Obihiro Branch	Obihiro Core Career College	1	November 5, 2007–November 16, 2007	12 days	Pelican Centre office work experience and platform operations experience
Obihiro Branch	Hokkaido Obihiro South Commercial High School	1	February 5, 2008	1 day	Pelican Centre office work experience
Obihiro Branch	Hokkaido Obihiro South Commercial High School	1	February 6, 2008	1 day	Pelican Centre office work experience

Business

Management

Environment

Society

Nippon Express' social initiatives focus on two main objectives: proactive community activities to protect the environment and programmes to ensure a sustainable future for our children. In October 2007, we launched three major programmes in commemoration of our 70th anniversary.

Environmental Education

YouthXchange is an environmental education programme promoted by United Nations Educational, Scientific and Cultural Organization (UNESCO) and United Nations Environment Programme (UNEP). Targeted mainly at teens, youthXchange seeks to raise awareness of lifestyles and consumer habits in line with a sustainable society. As the first Japanese company to cosponsor the initiative, Nippon Express created Japanese-language educational CDs for classroom use. We also produced *kidsXchange*, learning materials modified for Japanese elementary school children. We also sponsor other activities heightening the appeal of environmental education as part of our overall charity work. The *kidsXchange* publication includes a teacher's manual and educational materials for fifth and sixth grade students. The materials were completed in January 2008 and introduced into classrooms from March 2008 by 73 elementary schools in the Kanto region.

Our other activities include co-sponsoring environmental presentations by weather forecasters who are dispatched to elementary schools by the nonprofit Weather Caster Network. Since March 2008, we have sponsored events at 20 schools based on Nippon Express' original material concerning energy conservation in the transport business.



Forest Cultivation Project

While helping cultivate "the Nittsu Forest," 70 hectares of wooded area in Iide Town in Nishi-Okitama-gun, Yamagata Prefecture, we also join local families three times annually for nature-oriented activities such as weeding, clearing, and seedling planting. The first event was held from October 21 to 23, 2007, and included a signing ceremony with town officials and a commemorative tree-planting ceremony.

Nippon Express now plans similar activities for other areas (Tokyo, Kinki, Chukyo, etc.) based on the wonderful success we have enjoyed with the town of Iide.



Fund for the Future—"Click Donations"

In a click donation programme, users activate a button on a website, generating a donation for a charitable cause indicated by the site sponsor or advertiser. Such a click-to-donate page was added to the Nippon Express website on October 1, 2007, commemorating our 70th anniversary.

As a global logistics company with branches worldwide, the Nippon Express Group is donating funds based on the number of monthly 'clicks' to the Children Forest Programme. Sponsored by the Organization for Industrial, Spiritual and Cultural Advancement-International, this programme supports children in developing countries through its involvement in environmental protection activities worldwide.



Nippon Express Presents “Saori Yuki and Sachiko Yasuda Songs with Your Life Concert 2”

These Nippon Express family concerts, a collection of children’s songs performed by sisters Saori Yuki and Sachiko Yasuda (cosponsored by Nippon Express since 1995), celebrated its 22nd anniversary since its inception in 1986. The sisters hope to “preserve the wonderful songs of Japan for the children of the 21st century generation” by charming fans nationwide with the beauty of the Japanese language, richness of expression and warm presentation.

We also cosponsor the Homemade School Concerts, which the sisters host by going to junior high schools all over the country, out of a desire to present children’s songs to the youth. Since 2002, the sisters have held these “homemade” concerts with students, teachers and parents, and have been appreciated greatly by students and many others who have taken part.

By supporting these concerts, Nippon Express intends not only to move and delight people, but also play an important role in passing Japan’s rich traditional heritage on to the next generation.



Museum of Logistics

The Museum of Logistics, created by the Forwarders Council, is Japan’s first museum specializing in the freight transport industry. The museum was established in August 1998 in the Takanawa district of Tokyo’s Minato Ward to widely promote the logistics industry to the public.

The collection, of which Nippon Express owns several items, comprises about 10,000 documents, 2,000 artefacts, 40,000 photographs and 100 videos and films.

In addition to permanent exhibits presenting the history and current state of the freight transport industry, the Museum of Logistics offers a selection of hands-on activities, such as “corrugated cardboard handicrafts,” “*furoshiki* cloth wrapping techniques” and “trying on a home-delivery service driver’s uniform.” The Museum is not only used by elementary and junior high school study tour classes and for company staff training, but it also attracts a wide variety of age groups to its special exhibitions, movie screenings, courses on paleography and other related events held on an occasional basis.

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



“Contemporary Logistics Exhibit Room,” first basement of the Museum of Logistics

Contributions to Local Communities

The majority of Nippon Express' activities to benefit the local community involve schools. Recently, we have expanded our usual programme of field trips and traffic safety classes to host an increasing number of workplace experience opportunities for children from elementary and junior high schools or schools for handicapped children. In addition, we cosponsor and participate in tree planting activities and clean-up drives, as well as in community festivals, with the collaboration of regional branches of the Japan Trucking Association and other regional public organizations, and cooperate in implementing emergency notification systems for children and the elderly.

Tree Planting



Sapporo Branch: Planting ezoyamazakura (sergeant cherry) trees in Yubari City



Shikoku Branch: Tree planting in Naoshima

Community Festivals



Tokushima Branch: Awa Odori Festival



Aomori Branch: 62nd Aomori Nebuta Festival

Transporting Pedestrian Bridge to Indonesia



Kansai Heavy Haulage and Construction Branch
Osaka Shipping Branch
Transporting pedestrian bridge to Indonesia that is no longer in use in Japan



Local junior high school students on a tour of Nippon Express facility

Nippon Express Involvement in Schools



Kanazawa Branch: Local junior high school students gaining hands-on experience at Nippon Express facility



Sapporo Branch: Traffic safety class at Nishino Dai-ni Sakura Kindergarten



Nippon Express (H.K.) Co., Ltd.: Presenting books and sports equipment to neighborhood elementary schools

In Response to 2007 Third-party Review and Survey

Opinions Concerning CSR Report

Response by Nippon Express

Third-party View

While establishing an organization that applies CSR to all operations, I would like to see a CSR management system created that handles progress in an integrated fashion.

The CSR Report Editing Committee will be further expanded in order to create a CSR promotional organization that involves more management personnel as well.

I think the creation of a system and organization that shares CSR-related information to all employees within the Group companies is also important.

CSR-related information is also distributed through existing company mail magazines such as the *Compliance Newsletter* and *Environmental News*.

You should proactively disclose information to stakeholders using a variety of opportunities and media to establish even better relations between the Nippon Express Group and its stakeholders, starting with supply-chain management.

Environmental initiatives and social contribution activities were made public through magazine and newspaper articles, newspaper advertisements and radio interviews.

Comments received at Environmental Report Reading Group*

I am confused as to what information is being communicated to whom. The report just seemed like a company outline to me.

This report was mainly written for persons in logistics-related industries, students considering Nippon Express as their future career, and teachers and students studying CSR and the environment at school. In the future, we will continue our efforts to make this report even more reader-friendly.

I think you should add more analytical information concerning the reasons for the increase in traffic accidents and labour accidents (I think the reason for the rise in these numbers is very important).

Explanations concerning the reasons for declines in various numerical rates have been included in the CSR report from the 2008 report.

I don't see any mention of mid-term goals for issues like CO₂ emissions, etc.

Reduction targets for CO₂ emissions through 2012 are provided starting with the FY2008 report.

Concerning the compliance issue, I think descriptions of the laws Nippon Express must adhere to should also be included in the report.

There are many other industry laws that apply to each business the Nippon Express Group is involved with in addition to the Road Traffic Law and Industrial Safety and Health Law. For example, Nippon Express is affected by regulations including the Trucking Business Law, Security Industry Law, Warehouse Industry Law and Customs Brokerage Law. Although inclusion of explanations for all of these laws was considered in the past, the idea was abandoned due to the limited space of the report.

I would like to see more pages concerning environmental issues. An introduction to the kinds of environmental education employees receive would be helpful.

Although we normally focus on environmental information, lately we have increased the number of pages dedicated to other issues within the limited space of the report. We will give consideration to the revival of the environmental education article in the 2009 report.

*Environmental Report Reading Group: A group established as part of the Corporate with Eco-action programme sponsored by the Minato Eco-conscious Consortium (see p. 40).

Third-party Evaluation

Though almost every company tries to combat global warming through environmental protection initiatives, Nippon Express stands out as a leader. Its proactive efforts include a major modal shift to rail and maritime transport, the reuse of packing materials, and promotion of the 3Rs (reuse, reduce, recycle).

In addition, Nippon Express was the first Japanese corporation to become involved with the United Nations Educational, Scientific and Cultural Organization (UNESCO) and United Nations Environment Programme (UNEP)-sponsored youthXchange, an environmental education programme enlightening the youth of the next generation. And, as part of its 70th anniversary commemoration, Nippon Express expanded involvement in this programme to create *kidsXchange*, consisting of educational materials for elementary school children. This programme is already in use in over 70 schools, and has received high praise from teachers in the field.

Needless to say, as this approach to environmental problems is crucial to corporate sustainability, we should see an even wider range of activities in the future.

As a global logistic leader, Nippon Express should expand their excellent CSR work by categorizing it into two areas—CSR management and CSR communication—with policies for each area and specific activities fulfilling these policies. From this perspective, I would like to offer the following evaluation of fiscal 2007 activities with new areas to which I feel Nippon Express should henceforth turn its attention.

1. Starting with managerial improvements, as I advised last year, pinpoint issues affecting society and public expectations of the company while establishing a consistent management direction based on the Nippon Express Group Corporate Philosophy. At the same time, create the infrastructure for a CSR-oriented management system within the new business plan.
2. In light of this advice, the results of this report are highly commendable. CSR awareness was clearly fostered by promoting company-wide preparation of the CSR report from the initial stages via a CSR Report Editing Committee comprised of experts from each division. The focus was

kept on the environment and social contributions—in other words, the crux of Nippon Express CSR activities. As a result, more employees comprehend not only how CSR relates to environmental and compliance issues, but also how CSR activities affect their own work and other business activities.

3. In terms of communication, Nippon Express's proactive approach—taking the lead in disclosing negative information to stakeholders—demonstrates their commitment to building relationships of trust with the stakeholders. Through further interaction with stakeholders in an even wider range of areas, the company can continue to create valuable relationships while making concerted efforts to disclose information to the public.
4. Finally, establish a system and training programme to enable CSR information sharing among all employees, including Group employees, in an effort to strengthen intra-corporate communication. By doing so, workplace competency will increase and actual CSR practice will be realized. In addition, Nippon Express must learn from the experience of being investigated for possible antitrust law violations by every employee promising to exceed minimum adherence to laws by displaying high moral standards, applying CSR initiatives in every aspect of work. This stance itself will strengthen the professional competency of each and every employee, and in turn, earn genuine public trust.



A handwritten signature in black ink, appearing to read 'H. Ishida', written over a light blue background.

Hiroshi Ishida

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

Response to Third-party Evaluation

I kindly thank you for your comments and suggestions.

Concerning your first piece of advice to “pinpoint issues affecting society ... and create the infrastructure for a CSR-oriented management system,” we recognize that it is critical to reflect CSR concepts in our corporate management. We plan to identify issues needing swift resolution based on a current CSR evaluation of Nippon Express, and will incorporate supporter input, beginning with stakeholders. We will remain constantly aware of the importance of this process when implementing a mid-range business plan for the coming fiscal year.

In terms of disclosure, we continue concerted efforts to disclose all negative information. The downturn in our safety index is one example. Safety is critical to ensuring business continuity for Nippon Express. Not only did we proactively disclose the unfavourable index, we also embraced the CSR objective of explaining the cause and solution to stakeholders.

However, we are not yet sufficiently sharing CSR information within the Group companies. We must strengthen our approach to ensure all employees grasp the significance of CSR activities. I plan to enhance and broaden internal communications through training sessions and other channels to include all Group companies.

Also, as you point out, Nippon Express was suspected of violating Antitrust Laws in April 2008 and is under investigation by the Japan Fair Trade Commission. While we always assume a stance of fair competition and conduct business under full adherence to the law, we continue to act in good faith and cooperate fully with the commission’s investigation. We will also take this opportunity to review and improve our activities to be seen as a highly trusted corporation.



Masaki Izumikawa

Masaki Izumikawa
Executive Vice President in Charge of
the Corporate Social Responsibility Department

Editors' Note

Thank you kindly for reading the *CSR Report 2008*. We are honoured to present this second edition of the publication renamed as the "CSR Report."

The 2008 version is based on a format based on recommendations from the newly-organized CSR Report Editorial Committee. Most of the 18 members belong to departmental management at headquarters, compiling articles as they learn more about CSR. In contrast to past editions, which relied upon fewer authors, this year's report reflects opinions of a diversified committee, resulting in a more innovative, more informative report.

Also of note in this year's edition has more reports from overseas offices, such as updates on overseas affiliates' CSR activities. The modal shift happening in Europe is our feature story, and we also introduce the environmental declaration from Nippon Express USA and Nippon Express Singapore's disaster relief work. Following the *Environmental and Social Report's* re-emergence as the *CSR Report* last year, the focus naturally leaned toward environmental issues in the inaugural issue. This year, we feel we have achieved a more balanced presentation.

In this employee-generated report, we will work tirelessly to look into CSR issues affecting Nippon Express, and will aim for integration of CSR solutions. We look forward to hearing your opinions and thoughts.



CSR Report Editing Committee workshop activities



CSR Report Editing Committee workshop activities

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

For making comments and sharing your opinions, please visit the "Contact Us" section of the Nippon Express website mentioned above.

List of Consolidated Companies for Environment Related Data: 267 Companies (as of March 2008)

Domestic

Nippon Truck Co., Ltd.	System Pro-move Service Co., Ltd.	Nittsu Driving School	Careerroad	Nittsu Heartful Co., Ltd.	Sakai-ko Kairiku Unso
Nittsu MC China Investment	Tokushima Express	GT-LIS Co., Ltd.	Nittsu Hokuriku Sogo Maintenance	Nago e-technology	Kato Transport Co., Ltd.
Sendai Port Silo Co., Ltd.	Hokuoh Transportation Inc.	Bingo Express	Nippon Shipping Co., Ltd.	Touhoku Truck	Nittsu Otaru Unyu
Nagasaki Kowan Unyu	Nipponkai Warehouse Co., Ltd.	Kita-Nihon Kaiun	Tsutai Warehouse Co., Ltd.	Osaka Warehouse Co., Ltd.	Nittsu Soya Dairy Milk Service
Nittora Logistics Service	Hakodate Air Service	Niigata Chuo Unso	Nittsu Nagoya Seitetsu Sagyo	Shanghai Super Express Co., Ltd.	Nittsu Obihiro Ryutsu
Nittsu Sapporo Terminal Logistics	Tsutai Logistics Service	Nippon Courier Service	NTS Co., Ltd.	Nittsu Sapporo Market Freight Handling Service	Nittsu Soma-ko Unyu
Kitami Nittsu Unyu	Nittsu Muroran Unyu	Nittsu Sapporo Logistics Service	Nittsu Obihiro Unyu	Nittsu Wakkanai Unyu	Nittsu Hirosaki Unyu
Higashine Unyu	Nittsu Kushiro Unyu	Nittsu Asahikawa Unyu	Nittsu Obihiro Unyu	Hiroo Kaiun Cargo Handling	Nittsu Akita Butsuryu
Nittsu Senhoku Unyu	Koun Yuso	Nittsu Obihiro Unyu	Nittsu Sennan Unyu	Nittsu Sennan Unyu	Nittsu Sakata Butsuryu
Nittsu Hachinohe Unyu	Nittsu Kesenuma Unso	Nittsu Suwa Unyu	Aomori Koun	Nittsu Akita Unyu	Nittsu Ota Unyu
Nittsu Yokote Unyu	Nittsu Iwate Unyu	Nittsu Sendai-ko Butsuryu	Nittsu Akita Unyu	Nittsu Shonai Unyu	Nittsu Nagano Unyu
Nittsu Koriyama Unyu	Nittsu Odate Unyu	Nittsu Morioka Pelican Service	Nittsu Maebashi Unyu	Nittsu Maebashi Unyu	Nittsu Tokyo Unyu
Nittsu Utsunomiya Unyu	Nittsu Fukushima Unyu	Nittsu Yamagata Unyu	Nittsu Nagai Unyu	Nittsu Ojiya Unyu	Nittsu Sumidagawa Unyu
Shinano Truck	Nittsu Takada Unyu	Nittsu Aizu Unyu	Nittsu Gunma Unyu	Nittsu Ina Unyu	Nittsu Chiba-minami Ryutsu Service
Nittsu Tokyo Haiso	Nittsu Matsumoto Butsuryu	Niigata Nittsu Unyu	Sanjo Nittsu Unyu	Nittsu Removal Service	Nittsu Niiza Unyu
Nittsu Kanda Chuo Unyu	Nittsu Fluid Transport	Nittsu Suwa Butsuryu	Nittsu Suwa Unyu	Ryoso Tsuun	Nittsu Shonan Butsuryu
Nittsu Chiba Freight Transport	Nittsu Tokyo-nishi Unyu	Nittsu Tokyo Ryutsu Service	Nittsu Consumer Service	Nittsu Kogoe Unyu	Nittsu Komaki Unyu
Nittsu Kashima Unso	Nittsu Funabashi Unyu	Nittsu Tokyo Security	Nittsu Yamanashi Unso	Nittsu Yokohama Unyu	Nittsu Yamamori Butsuryu
Nittsu Kawasaki Unyu	Nittsu Ibaraki Unyu	Nittsu Sakura Unyu	Nittsu Saitama Unyu	Nittsu Nagano Unyu	Nittsu Ishikawa Nittsu Unyu
Chita Unyu	Nittsu Shizuoka-chubu Unyu	Nittsu Tsukuba Unyu	Chikutetsu Unyu	Nittsu Tsu Unyu	Fukui Nittsu Unyu
Nittsu Mie Automobile Transport	Nittsu Moriyama Unyu	Nittsu Shizuoka-tobu Unyu	Nittsu Hamamatsu Unyu	Nittsu Tajimi Unyu	Nittsu Shiga Unyu
Nittsu Komatsu Unyu	Nittsu Gifu Unyu	Nittsu Higashi-Aichi Unyu	Nittsu Mikawa Unyu	Nittsu Kurobe Unyu	Nittsu Kochi Unyu
Okura Logi-Tech	Nittsu Toyama Unyu	Nittsu Ogaki Unyu	Nittsu Takayama Unyu	Nittsu Nara Unyu	Nihon-kai Port Service
Nittsu Hyogo Unyu	Nittsu Osaka Unyu	Toyama Nittsu Automobile	Nittsu Takaoka Unyu	Nittsu Kyoto Unyu	Mitsuwa Transportation Co., Ltd.
Nittsu Wakayama Unyu	Nittsu Hikami Unyu	Nittsu Osaka Logistics Service	Nittsu Osaka Butsuryu	Nittsu Nishi-Kagawa Unyu	Nittsu Bofu Unyu
Nittsu Shikoku Unyu	Nissin Kaiun	Nittsu Kobe Unyu	Nittsu Maizuru Unyu	Sakai-ko Butsuryu	Nittsu Kurume Yuso
Nittsu Fukuyama Tekko Unyu	Nittsu Ehime Unyu	Nittsu Kagawa Unyu	Nittsu Takamatsu Logistics Service	Nittsu Matsue Unyu	Nittsu Nagasaki Unyu
Nittsu Yoneko Unyu	Iwakuni Nittsu Unyu	Bitsu Butsuryu	Minato Sagyo	Nittsu Shimonoseki Unyu	Tokyo Air Cargo Service
Nittsu Ube Unyu	Nittsu Yoneko Butsuryu	Nittsu Kure Sagyo	Nittsu Hiroshima Ryutsu Service	Nittsu Yahata Sagyo	Logistics System Transport
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Issued by (please direct inquiries into):

**Environment & Social Contributions Division
Nippon Express Co., Ltd.**

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

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