



Title: Yokohama Iron Bridge
Artist: Gountei Sadahide
Date: August-October 1870
Location: Kanagawa Prefectural Museum of Cultural History
*This same work (partial) is also in the collection of Nippon Express.

This is a large work consisting of six horizontally-joined oversize woodblock prints. It is a view of Yokohama shortly after the Meiji Restoration (1868). Our cover features the central panel of this artwork.

The bridge that features so prominently as the focus of this work is the Yoshida Bridge. It provided an entrance to the City of Yokohama and its open port by bridging the Tokaido Road and Yokohama Road. Originally of wooden construction, the bridge did not prove sturdy enough for the constant passage of carriages and other traffic. It was replaced in 1869 by an iron bridge designed by the Scottish lighthouse engineer Richard Henry Brunton. As of its completion, it was reputed to be only the second iron bridge in existence in Japan, a testament to its novelty. A checkpoint (*kanmon*) was established near the bridge to control entry to the port and maintain security. Even today, this area of Yokohama is known as Kannai, meaning "inside the *kanmon*."

The Yoshida Bridge was a key transit point, with this print providing a vivid picture of the bustling transportation infrastructure in place at the time,

including horse-drawn carriages bearing Japanese men sporting their distinctive topknots, fully loaded freight carts, both horse-drawn and human-powered, workers running while pushing package-laden handcarts, people on horseback, Western ladies riding tricycles, and people being carried in palanquins. If you turn your attention to the waterfront you will see a variety of small boats, including one which appears to be carrying stones to be used in construction. In the distance, a wharf and the silhouettes of large ships anchored in the bay can be seen.

This iron bridge, which lay between the security checkpoint and the outside world, also marked the divide between the open port and the rest of Japan. Only a year after Sadahide released this print, the security gate was abolished and Japan's exchange with the wider world picked up pace. The bridge may be considered not only a bridge between the Tokaido Road and the Port of Yokohama, but to that era, a vital link between Japan and the world.

CSR REPORT 2015



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 its founding, the Nippon Express Group has used its logistical strength to connect people, businesses, and regions throughout the world. In so doing, we have continuously supported social development.

While our mission never changes, we will continue to 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 edge of the frontier of logistics.

We will always take pride in our ability to inspire trust in the global community.

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



Contents

3	Editorial Policy	16	Responsibility for the Global Environment
4	Message from the President	30	Contribution to the Global Community
6	Business Outline	34	For Your Wellbeing—Safety First
8	Global Activity	38	Human Resources (The Company is the People)
10	CSR and Materiality (Our Key Priorities)	42	Community Involvement
12	Stakeholder Engagement	48	Corporate Governance
14	Nippon Express' Global CSR	51	Third-Party Opinion
		53	List of Major Affiliated Companies/ Nippon Express Company Profile/Editors' Note

Editorial Policy

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

We have identified key priorities to be addressed by the Nippon Express Group based on international CSR-related guidelines including ISO 26000 and the opinions of international experts and our stakeholders, and provide details of these initiatives in this report (See P10-11).

This report is based on the principles specified by the GRI Sustainability Reporting Guidelines G4, but does not strictly conform to those guidelines.

Scope of This Report

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

Applicable Period

Fiscal 2014 (April 1, 2014 – March 31, 2015)
(Certain areas may include information prior to fiscal 2013 and up to June 2015.)

Reference Guidelines

- GRI Sustainability Reporting Guidelines G4
- Environmental Reporting Guidelines (Fiscal 2012 Version) issued by the Japanese Ministry of the Environment

Corporate Social Responsibility (CSR) for the Nippon Express Group means using the power of logistics to improve the quality of life for everyone while promoting commercial growth.



President & CEO
Nippon Express Co., Ltd.

Kenji Watanabe

The world today is faced with numerous grave problems, among them the increasing incidence of natural disasters and abnormal weather as a result of climate change, a spiraling global population and consequently increased demand for energy and food, and growing environmental and human rights issues that represent the other side of economic development.

In Japan, a declining birthrate and aging population and the resulting decline in labor power, the concentration of the population in urban areas and the depopulation of the countryside, and growing economic disparities have the potential to threaten the vitality of Japanese society.

The Nippon Express Group contributes to the resolution of social issues and the development of sustainable societies by offering safe and secure logistics services to people around the world.

Our medium-term management plan, "Nippon Express Group Corporate Strategy 2015: Innovation and Moving Forward," sets out four key strategies. "Contributing to Society through Our Businesses in Accordance with CSR Management" is positioned as one of the fundamental supporting pillars of these four strategies.

Our first concrete measures are aimed at ensuring safety. The Nippon Express Group makes use of public infrastructure including roads, airports and seaports in its business, and we therefore see efforts to ensure safety, and to realize continuing safety, as our highest priority, one in which no compromise can be tolerated. Seeking to prevent accidents and disasters involving either our employees or members of the public, we make active efforts to improve our employees' safety awareness and skills, for example by conducting regular employee education and training programs, and encouraging our drivers to take part in driving skills competitions both within and outside the company. With safety as our first priority, our Group is working globally to eliminate accidents.

Our second set of measures focuses on emergency responses to natural disasters. Our company is a designated public institution under the Disaster Countermeasures Basic Act. As such, we have a social responsibility in emergency situations to ensure that our business systems continue to function, that transportation of essential emergency supplies and our customers' supply chains are uninterrupted, and that lifelines for the general public are maintained.

Our third set of measures focus on protecting the environment and reducing our use of resources. As a company that utilizes diminishing resources in its business, it is essential for the Nippon Express Group to work proactively to reduce the environmental burden of its business activities and realize a low-carbon society. We are working to reduce CO₂, NO_x, and PM emissions through a variety of initiatives. For example, the operational support system that we introduced last year is helping to realize fuel-efficient driving, we are replacing our fleets with low-pollution vehicles that have a minimal environmental footprint, and we are promoting initiatives such as modal shift and combined shipments. We are also making efforts towards the realization of sustainable societies, for example by supporting environmental education for the children who will be the leaders of the next generation, and participating in forest cultivation activities with members of the local communities in which we do business.

Responding to changes in the social and economic environment, in 2014 we decided to launch 'Nippon Express' Global CSR, an integrated global CSR program that would also embrace our overseas businesses. As part of this initiative, "Responsibilities to the Earth's Environment," "Sound Company Conduct," and "Respect for Human Rights" were taken up as key priorities to be addressed by the Nippon Express Group.

To provide a symbol for our global initiatives, we set up posters in our workplaces throughout the world captioned "For a

Sustainable Earth" in the language of each country. We are also engaged in workplace greenification efforts, seeking to make the areas that our employees inhabit every day into green spaces. At Nippon Express Group sites around the world, employees are bringing plants to the workplace or planting seedlings, slowly but surely increasing the number of our green workplaces. We feel that these efforts are steadily nurturing an awareness of our "Responsibilities to the Earth's Environment" in each of our employees.

We have completed the translation of the Compliance Handbook that we provide to our employees in Japan into English and Chinese, and in 2015 we began distributing copies to our overseas affiliates. By ensuring that our Japanese and overseas employees all study the same materials, we are seeking to increase awareness of our common key priorities, "Sound Company Conduct" and "Respect for Human Rights."

A company is able to continue in its activities only to the extent that it has the trust of the community. For the Nippon Express Group, which focuses on logistics against the background of the ongoing globalization of economic activities, guaranteeing safety and compliance are important above all else. We feel that it is our social responsibility as a company to build fair and equitable systems in which corporate governance functions effectively; to listen to the opinions of not only our customers but of all our stakeholders on a global scale, including our shareholders, local communities, business partners and employees; to soundly manage risk; and to sincerely address issues including environmental problems and human rights issues.

As a global logistics company we will bring all our power to bear throughout the world, challenging ourselves to create new value from logistics. We will go on proactively working to resolve social issues and to contribute to the realization of a better society through our business activities.

Business Outline

The Nippon Express Group is made up of the parent company and subsidiaries, including second-tier subsidiaries, of which 266 are consolidated companies for a total of 299, and 69 affiliates, making a grand total of 368 companies. Beyond our core business of transportation and distribution, which includes trucking, rail transport, air, and marine cargo, we are expanding our scope in the areas of security services, travel, trade services, real estate, and driving education.

(Figures are as of March 31, 2015)

Moving Services

Utilizing both our Japanese domestic and global networks underpinned by a broad service menu including surface, rail, ocean, and air transport, we offer a robust range of moving services, from household effects to corporate relocation.



Motor Transport

Utilizing our extensive Japan network, we support a wide range of surface solutions including LTL, FTL, charter, and specialized transport (UNIQU, customized van transport, roller bed chassis, etc.).



Air Freight

Nippon Express offers both international and domestic air freight forwarding services, backed by unparalleled expertise and a global network.



Heavy Haulage & Construction

Haulage of heavy, oversize loads, equipment installation, factory construction, maintenance services, and hi-tech factory equipment transportation and installation both in Japan and overseas



Fine Arts Transport

Our considerable experience and specialized staff ensure the highest level of professional care for irreplaceable works of art, including specialized packing, transport in customized vehicles (temperature-controlled and air ride, GPS, and alarm-equipped), and full care at all points.



Courtesy of the Mucha Foundation

Security Transport

Today, we handle the transportation of cash, checks, and related financial instruments between the headquarters and branch offices of many financial offices, including the transportation of funds for the Bank of Japan. Recently we have expanded sales of our automatic teller CSD (Cash Safety Delivery) service to include non-banking clients, which eliminates the need for clients to physically deposit cash proceeds with their local bank.



Other Business Activities

Other business activities include logistics and transportation consulting (Nittsu Research Institute and Consulting, Inc.), capital financing (Nippon Express Capital Co., Inc.), building design and construction contracting (Nittsu Real Estate Co., Ltd.), and labor pool management (Careerroad Co., Ltd.). The activities of several other affiliates, including the Nittsu Driving School, support a broad range of logistics-related services and products.



世界日通。 Global Logistics Provider



Railway Transport

Japanese rail service for both domestic goods and support to international ocean shipments, fully supported by Nippon Express freight hubs at key rail stations



Marine Transport

Nippon Express offers both international multi-modal freight forwarding service (NVOCC, FTL) and domestic services (regular consol service, RORO). Portside transportation services including on-ship and harbor duties at major Japanese ports are available.

Warehousing

At Nippon Express, warehousing is so much more than storage. Our distribution centers support a wide range of value-added activities in addition to supporting nationwide distribution and reverse logistics.



Travel & Event Management

As a pioneer in this field with a long history of success, we have developed services that are finely tuned to meet clients' needs, all supported by our considerable global network.



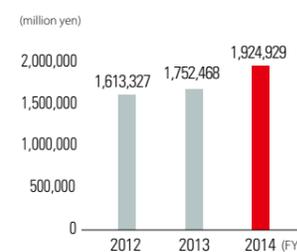
Trading Company Sales

Nittsu Shoji Co., Ltd. and other Group affiliates sell and lease products ranging from distribution equipment and vehicles to LP gas. Other vehicle maintenance services, insurance, and related services are also available.

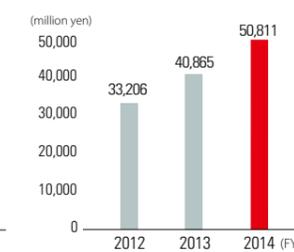


Financial Information

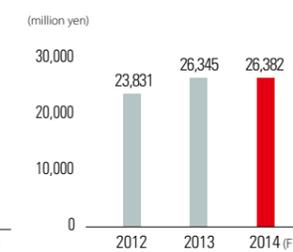
Revenues (Consolidated)



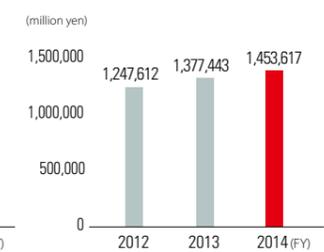
Operating income (Consolidated)



Net income (Consolidated)



Total assets (Consolidated)



Nippon Express Group Corporate Strategy 2015

Innovation and Moving Forward

Proportion of sales from overseas-related business FY2015 **40%**

Operating income margin for domestic combined business FY2015 **3%**

CO₂ emissions Yearly average **1.0%** or more reduction

For the three-year period from fiscal 2013 to fiscal 2015 using fiscal 2009 as the benchmark base unit for the Nippon Express Group.

- Further Expanding Our Global Logistics Business
- Strengthening Management Practices for Our Domestic Businesses
- Expanding Business by Utilizing the Diversity of Group Companies
- Contributing to Society through Our Businesses in Accordance with CSR Management

Global Activity

Spanning 41 countries and operating in 240 cities across the globe, the Nippon Express Group network is impressive both in scale and depth.

New locations

Europe

1 Nippon Express (Nederland) B.V.
European Logistics Centre 3 (ELC 3)



With the opening of the European Logistics Centre 3 (ELC 3), Nippon Express (Nederland) now manages the largest warehouse facility in Europe for the Nippon Express Group.

Covering an area of approximately 70,000 m² in the Maasvlakte district of the Port of Rotterdam, ELC 3 is a distribution center that supports shipments for the entire western European region. In the future ELC 3 will be operated in tandem with ELC 1 (already up and running) to optimize inventory levels and increase overall efficiency, in order to better meet our clients' SCM requirements.

2 Hi-Tech Nittsu (Thailand) Co., Ltd.
Kabinburi Logistics Center



Hi-Tech Nittsu (Thailand) has established a new location, the Kabinburi Logistics Center in the Hi-Tech Kabin Industrial Park, Kabinburi, Purachinburi Province, Eastern Thailand.

With an overall footprint of approximately 20,000 m² (building at 4,000 m²; container yard at 6,000 m²), the center is fully operational with cargo handling equipment (forklifts, etc.) in place to facilitate receiving, dispatch, storage, and value-added services including but not limited to cross-docking.*

* **Cross-docking:** transfer of inbound product to the outbound (dispatch) staging area to avoid storage/physical placement in inventory

East Asia

Number of countries
41

Number of cities
240

Number of locations
514

Number of employees overseas
20,018

As of March 31, 2015

3 Nippon Express (Taiwan) Co., Ltd.
NEXT* Warehouse



* Northern Formosa in East Asia Xover (crossover) Terminal

Nippon Express (Taiwan) has commenced operation of the NEXT Warehouse in Taoyuan City, Taoyuan County, Northern Taiwan. This new four-story facility has a total floor area of approximately 27,000 m². It is superbly located, situated approximately 20 km from Taipei, the primary market, 22 km from the Port of Taipei, and approximately 17 km from Taiwan Taoyuan International Airport. This is the Group's seventh warehouse in Taiwan and will further boost our ability to meet clients' increasingly sophisticated requirements.

4 Nippon Express (Singapore) Pte., Ltd.
Singapore Global Logistics Centre



Nippon Express (Singapore) has opened the Singapore Global Logistics Centre, a new facility located in the central Jurong East district. The new DC is approximately 55,000 m² in area. Each floor is serviced by direct ramp-ways for truck access. The 5th floor is air-conditioned and fitted with the latest in handling equipment. With excellent access to the Port of Singapore and the country's expressways, this DC will be the central Nippon Express facility in Singapore, with enhanced ease of use for our customers.

Expansion of Overseas Locations in Fiscal 2014

- April** Nippon Express Engineering (Vietnam) Co., Ltd.
- May** Hi-Tech Nittsu (Thailand) Kabinburi Logistics Center
- July** Nippon Express (China) Guiyang Branch
- November** Nippon Express (Deutschland) Timisoara Branch (Romania)
- December** Nippon Express (Myanmar) Co., Ltd.
Nippon Express de Mexico Salamanca Office
Nippon Express (Taiwan) MITT Warehouse
- February** Nippon Express (Shanghai) Taicang Office
Nippon Express (Vietnam) Amata Logistics Center
Nippon Express (Vietnam) Tien Son Logistics Center
Nippon Express (China) Zhengzhou Branch
- March** Nippon Express (China) Kunming Office

New bases and facilities established overseas in fiscal 2014

+34 locations

Americas

EUROPE

- NIPPON EXPRESS EUROPE GMBH
- NIPPON EXPRESS (DEUTSCHLAND) GMBH
- NIPPON EXPRESS (RUSSIA) LLC
- NEX LOGISTICS EUROPE GMBH
- NIPPON EXPRESS (U.K.) LTD.
- NIPPON EXPRESS (IRELAND) LTD.
- NIPPON EXPRESS (NEDERLAND) B.V.
- NIPPON EXPRESS EURO CARGO B.V.
- NIPPON EXPRESS (BELGIUM) N.V./S.A.
- NIPPON EXPRESS FRANCE, S.A.S.
- NIPPON EXPRESS (ITALIA), S.R.L.
- NIPPON EXPRESS (SCHWEIZ) AG
- NIPPON EXPRESS DE ESPANA, S.A.
- NIPPON EXPRESS PORTUGAL S.A.
- NIPPON EXPRESS (MIDDLE EAST) L.L.C.
- NIPPON EXPRESS (ISTANBUL) GLOBAL LOGISTICS A.S.
- NIPPON EXPRESS NEC LOGISTICS EUROPE B.V.
- APC LOGISTICS AB
- ML MILESTONE LOGISTICS B.V.
- EURO OVERSEAS LOGISTICS S.A.
- APC LOGISTICS A/S
- OSLO TERMINAL SERVICE A/S
- FRANCO VAGO S.p.A.
- MODA LOGISTICS S.R.L.
- FRANCO VAGO U.K. LTD.
- FRANCO VAGO TRANSITARIOS LDA. (PORTUGAL)
- FRANCO VAGO S.A. ESPANA
- NIPPON EXPRESS CO., LTD. JOHANNESBURG REPRESENTATIVE OFFICE

EAST ASIA

- NIPPON EXPRESS (CHINA) CO., LTD.
- NIPPON EXPRESS (H.K.) CO., LTD.
- NIPPON EXPRESS (SHENZHEN) CO., LTD.
- NIPPON EXPRESS (ZHUHAI) CO., LTD.
- NIPPON EXPRESS (SOUTH CHINA) CO., LTD.
- NIPPON EXPRESS (GUANGZHOU) CO., LTD.
- NIPPON EXPRESS CARGO SERVICE (SHENZHEN) CO., LTD.
- NIPPON EXPRESS GLOBAL LOGISTICS (SHANGHAI) CO., LTD.
- NIPPON EXPRESS (XIAMEN) CO., LTD.
- NIPPON EXPRESS (SUZHOU) CO., LTD.
- SHANGHAI E-TECHNOLOGY CO., LTD.
- NITTSU SINOTRANS LOGISTIC DALIAN LTD.
- NIPPON EXPRESS (SHANGHAI) CO., LTD.
- NIPPON EXPRESS REMOVALS SERVICE (SHANGHAI) CO., LTD.
- NIPPON EXPRESS KOREA CO., LTD.
- NIPPON EXPRESS (TAIWAN) CO., LTD.
- BEACON INTERNATIONAL EXPRESS CORP.
- NIPPON EXPRESS NEC LOGISTICS HONG KONG LTD.
- NIPPON EXPRESS NEC LOGISTICS TAIWAN LTD.
- NIPPON EXPRESS NEC LOGISTICS(SHANGHAI) LTD.
- NIPPON EXPRESS NEC LOGISTICS(SHENZHEN) LTD.
- APC ASIA PACIFIC CARGO (H.K.) LTD.
- MULTIFREIGHT (H.K.) LIMITED
- APC ASIA PACIFIC CARGO (CHINA) LTD.
- FRANCO VAGO AIR & SEA SERVICES, LTD.
- FRANCO VAGO INTERNATIONAL LOGISTICS (SHANGHAI), LTD.
- FV AIR CARGO SHANGHAI, LTD
- FRANCO VAGO SHIPPING SHANGHAI, LTD.
- FV WAREHOUSE SHANGHAI, LTD
- DALIAN NITTSU CONTAINER MANUFACTURING CO., LTD.
- NITTSU SHOJI (WUHAN) CO., LTD.
- NITTSU SHOJI (H.K.) CO., LTD.
- NITTSU SHOJI (SHANGHAI) TRADING CO., LTD.
- JAPAN BINGO EXPRESS CO., LTD. SHANGHAI REPRESENTATIVE OFFICE
- NIPPON EXPRESS (XIAN) CO., LTD.
- NIPPON EXPRESS GLOBAL SCM (SHANGHAI) CO., LTD.
- CHONGQING MINSHENG NITTSU XIYONG LOGISTICS CO., LTD

SOUTH ASIA & OCEANIA

- NIPPON EXPRESS (SOUTH ASIA & OCEANIA) PTE., LTD.
- SOUTH ASIA & OCEANIA REGIONAL H/Q PHNOM PENH REPRESENTATIVE OFFICE
- NIPPON EXPRESS (SINGAPORE) PTE., LTD.
- NIPPON EXPRESS (AUSTRALIA) PT., LTD.
- NIPPON EXPRESS (NEW ZEALAND) LTD.
- NEX LOGISTICS (MALAYSIA) SDN. BHD.
- NIPPON EXPRESS (MALAYSIA) SDN. BHD.
- NITTSU TRANSPORT SERVICE (M) SDN. BHD.
- NIPPON EXPRESS PHILIPPINES CORPORATION
- NEP LOGISTICS, INC.
- NIPPON EXPRESS (CAMBODIA) CO., LTD.
- NIPPON EXPRESS ENGINEERING (VIETNAM) CO., LTD.
- PT. NEX LOGISTICS INDONESIA
- NIPPON EXPRESS (MYANMAR) CO. LTD.
- NIPPON EXPRESS NEC LOGISTICS SINGAPORE PTE. LTD.
- NIPPON EXPRESS NEC LOGISTICS(THAILAND) CO., LTD.
- HI-TECH NITTSU(THAILAND) CO., LTD.
- NEX LOGISTICS (THAILAND) CO., LTD.
- NIPPON EXPRESS (THAILAND) CO., LTD.
- NIPPON EXPRESS ENGINEERING (THAILAND) CO., LTD.
- TBSC LOGISTICS CO.,LTD.
- JFE LOGISTICS(THAILAND)CO., LTD.
- PT. NIPPON EXPRESS INDONESIA
- PT. NITTSU LEMO INDONESIA LOGISTIK
- NIPPON EXPRESS (INDIA) PRIVATE LIMITED
- NITTSU LOGISTICS (INDIA) PRIVATE LIMITED
- NIPPON EXPRESS (VIETNAM) CO., LTD.
- NIPPON EXPRESS (BANGLADESH) LTD.
- APC ASIA PACIFIC CARGO (S) PTE., LTD.
- APC LOGISTICS(THAI) COMPANY LTD.
- NITTSU SHOJI (THAILAND) CO., LTD.
- NITTSU SHOJI (MYANMAR) CO., LTD.
- NITTSU SHOJI (SINGAPORE) PTE. LTD.
- PT. NITTSU SHOJI INDONESIA
- NITTSU SHOJI (MALAYSIA) SDN.BHD.
- NITTSU SHOJI INDIA PRIVATE LIMITED
- NITTSU SHOJI LEASING (THAILAND) CO., LTD.

AMERICAS

- NIPPON EXPRESS U.S.A., INC.
- NIPPON EXPRESS U.S.A. (ILLINOIS), INC.
- NITTSU NEW YORK, INC.
- NEX TRANSPORT, INC.
- NIPPON EXPRESS GLOBAL LOGISTICS, INC.
- NIPPON EXPRESS TRAVEL USA, INC.
- ASSOCIATED GLOBAL SYSTEMS, INC.
- NIPPON EXPRESS CANADA LTD.
- NIPPON EXPRESS DO BRASIL LTDA.
- NIPPON EXPRESS DE MEXICO, S.A. DE C.V.
- NEX GLOBAL LOGISTICS DE MEXICO, S.A. DE C.V.
- NIPPON EXPRESS NEC LOGISTICS AMERICA, INC.
- MAP CARGO S. A. S
- FRANCO VAGO INTERNATIONAL, INC
- CENTURY ENTERPRISES, INC
- ALL AIR CUSTOMS BROKERS, INC
- FASHION LOGISTICS, INC
- FRANCO VAGO LOS ANGELES, INC
- FRANCO VAGO BRASIL
- CONTAINER CITY, INC
- NITTSU SHOJI U.S.A., INC.

CSR and Materiality (Our Key Priorities)

Based on its Corporate Philosophy (“Be a Driving Force for Social Development,” “Create New Ideas and Value that Expand the Field of Logistics,” “Inspire Trust Every Step of the Way”), the Nippon Express Group is working to realize CSR activities with safety and security as a basic focus.

Today’s ongoing globalization of business activities and the consequent effects, both positive and negative, that companies have on society are the subject of close attention. As a responsible global logistics company, the Nippon Express Group has been engaged since 2013 in identifying key CSR priorities to be the focus of the entire Group. Taking into consideration international CSR-related guidelines such as ISO 26000 and the opinions of international experts and our stakeholders, we have selected the three themes shown at the right and the various issues gathered under each theme as key priorities for the Group.

Process of Identification of Materiality (Our Key Priorities)

Fiscal 2013

Fiscal 2014

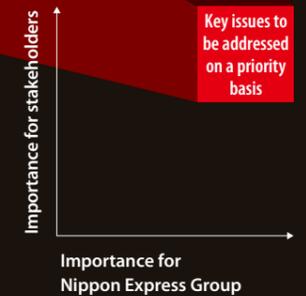
Taking into consideration the opinions of international experts and our stakeholders, we have identified “Responsibilities to the Earth’s Environment,” “Sound Company Conduct,” and “Respect for Human Rights” as three areas of CSR for the Group to focus on globally.

We have given consideration both to the effect our company’s business activities have on society and the effect that various issues have on our company, and we have identified a number of priority initiatives for concrete action under our three global CSR themes.

Step 1 Organization of Relevant CSR Issues
Taking into consideration CSR-related international guidelines including ISO 26000, various studies, employee surveys, and stakeholder dialogue with experts, we have identified 59 CSR issues that are relevant to our company.

Step 2 Allocation of Order of Priority
To allocate an order of priority, the effects of each relevant CSR issue on the Nippon Express Group (now and in the future; positive and negative) were discussed within the CSR Report Editorial Committee drawn from representatives of the 15 main Head Office divisions. Verifying the validity of this process in consultation with experts highly conversant with CSR and the logistics industry, we analyzed our order of priority from our stakeholders’ perspectives, and reflected the results.

Step 3 Validity Verification
After final internal verification of the validity of the priority ranking, key priorities were selected for the Nippon Express Group to focus on.



Key Priorities for the Nippon Express Group

Responsibilities to the Earth’s Environment

- Effective responses to climate change
- Reduction of energy use
- Reduction of waste
- Reduction of pollution

Sound Company Conduct

- Adherence to fair business practices, and cooperation with suppliers and business partners
- Prevention of corruption
- Prevention of anti-competitive behavior

Respect for Human Rights

- Actualization of safety and security for employees focus on occupational safety and health, creation of employee-friendly workplaces, prevention of discrimination in the workplace, provision of opportunities for further development of abilities
- Realization of safety and security for suppliers improvement of work practices in the supply chain
- Building of safe and secure communities employment of local people, prevention of child labor and use of excessive or unwarranted force by warehouse security personnel
- Actualization of safety and security for customers (Protection of privacy, customer satisfaction)
- Establish framework to ensure continuous due diligence is exercised in the realm of human rights. Work toward designing a grievance mechanism.

Engaging in initiatives focusing on these key priorities from a solid foundation of safety and security, the Nippon Express Group will contribute to the sustainable development of society as a whole as a responsible global logistics company.

* We will commence the publication of reports concerning these key priorities from next fiscal year.

* Because we envision that our key priorities will change with changes in social trends and the business environment, we intend to periodically re-examine them in consultation with our stakeholders.



Stakeholder Engagement

The Nippon Express Group believes that it is vitally important to engage in two-way communication with a diverse range of stakeholders in order to best respond to their expectations and concerns.

Major stakeholders	Main methods of engagement
Customers	<ul style="list-style-type: none"> • Holding of NITTSU Business Fair • Questionnaire concerning moving services (postcard) • Taking opinions at Customer Service Center (telephone, Internet)
Employees	<ul style="list-style-type: none"> • Internal whistleblowing system "NITTSU Speak-up" • Implementation of Employee Compliance Questionnaire • Standard interviews, etc.
Suppliers	<ul style="list-style-type: none"> • Holding of safety meetings
Shareholders and investors	<ul style="list-style-type: none"> • Holding of General Shareholders' Meetings • Holding of results meetings • Publication of annual reports
Government-affiliated organizations	<ul style="list-style-type: none"> • Attendance at various briefings • Participation in various meetings
NGOs and NPOs	<ul style="list-style-type: none"> • Dialogue with groups conducting global CSR initiatives • Participation in Stakeholder Engagement Program • Issuing of CSR questionnaires

Examples of Stakeholder Engagement

Dialogue with groups conducting global CSR initiatives

In September 2014, we held a dialogue concerning human rights initiatives in the Nippon Express Group with representatives of groups conducting international CSR initiatives: John Morrison of the Institute for Human Rights and Business (IHRB), Cathrine Bloch Poulsen-Hansen of the Danish Institute for Human Rights, and Amol Mehra of the International Corporate Accountability Roundtable (ICAR).

Reflecting upon the issues that a global logistics company should take into consideration, these three experts indicated the issue of transparency of cargo, to ensure that the company is not complicit in transporting stolen goods or victims of human trafficking; the necessity of knowing your customer, to ensure that the company is not complicit in human rights violations resulting from the transportation of weapons, etc.; the issue of security personnel using excessive or unwarranted force when security companies are engaged to protect cargo or warehouses; and, especially in developing nations, the issue of drivers spreading HIV and other infectious diseases. They also drew attention to opportunities for the creation of social value available to logistics companies in particular, such as the provision of large numbers of people with access to markets and the creation of employment



opportunities. Based on this dialogue, we launched a questionnaire survey of the status of CSR activities at our overseas offices in an effort to better understand the overall picture.

In the future, in addition to examining potential responses in particularly high-risk regions, we will give detailed consideration to initiatives that we will launch as a global logistics provider.



Outside participants

John Morrison

Institute for Human Rights and Business (IHRB)

Cathrine Bloch Poulsen-Hansen

The Danish Institute for Human Rights

Amol Mehra

International Corporate Accountability Roundtable (ICAR)

Chairperson

Hiroshi Ishida

Executive Director, Caux Round Table Japan, Visiting Professor, Graduate School of Economics, Kyushu University

Hiroyuki Suzuki

Caux Round Table Japan *As of this writing

Participants representing Nippon Express

Tatsuya Suzuki

General Manager, Corporate Social Responsibility Division

Hirohisa Minakawa

Assistant Group General Manager, Corporate Social Responsibility Division

*As of this writing

Yoshihiro Fujiki

Group General Manager, Corporate Social Responsibility Division

*As of this writing

Noriko Ozawa

Manager, Corporate Social Responsibility Division

Relationship with the Labor Union

The Nippon Express Worker's Union was launched in 1946 and, as of the end of March 2015, has approximately 22,820 members. Nippon Express and the Nippon Express Worker's Union have affirmed that within their relationship of mutual trust they have built, both parties will respect the other's situation, maintain the order between labor and management and cooperate together while aspiring to the common goals of developing business and improving the working environment. At Nippon Express, we value communication between labor and management. In order for company management to reflect the collective will of the employees, management and labor exchange opinions concerning the management of the company in two venues: the Central Management Council, which is for general discussions between headquarters and the Nippon Express Worker's Union Central Division, and Branch Committees, which are held between company and union branches.

Nippon Express also holds special committee meetings between labor and management, focusing on specific issues such as occupational safety and health, as part of our efforts to realize a well-ordered working environment that ensures job satisfaction. At these meetings, we analyze the current situation and discuss future initiatives.

Visit from the Minister of Public Works and Transport of the Lao People's Democratic Republic

In February 2014, we received a visit from His Excellency Mr. Sommad Pholsena, Minister of Public Works and Transport of the Lao People's Democratic Republic,* and His Excellency Mr. Khenthong Nuanthasing, Ambassador, Embassy of the Lao People's Democratic Republic in Japan, and their staff, for an exchange concerning the importance of Laos in relation to logistics in the Greater Mekong Subregion.

The group visited our Izu Training Center to observe employee training in truck and forklift driving skills, and exchanged opinions with personnel regarding the introduction of safety and driving skills training for truck drivers in Laos.

*As of this writing



Meeting at Nippon Express Head Office

Participation in Stakeholder Engagement Program

Seeking to achieve a greater understanding in the area of human rights and business, a subject of increasing international concern, and the UN's Guiding Principles on Business and Human Rights, in addition to considering the human rights issues relevant to our own company, Nippon Express participated in the Stakeholder Engagement Program organized by Caux Round Table Japan.

In this program, we exchanged opinions with representatives of other companies and NGOs/NPOs and experts in the field concerning potential human rights violations in the context of global risks (based on Global Risks 2014, published by the World Economic Forum), and deepened our understanding of human rights issues that may impact the logistics industry.

We also referred to details of the discussions we held as part of the program when identifying the key priorities (materiality) for the Nippon Express Group.



The Participants

For more details, please visit the Caux Round Table Japan website.

http://crt-japan.jp/portfolio/stakeholder_engagement_program/

Dialogue with European NGOs and NPOs

In March 2015, we visited Switzerland, the Netherlands and Belgium to engage in dialogues with representatives of groups conducting initiatives in the logistics industry and rating agencies and groups involved in CSR initiatives. We exchanged opinions concerning several subjects including disclosure of non-financial information, methods of calculating CO₂ emissions by the logistics industry, and corporate best practice in relation to business and human rights. The information we gathered regarding the latest global trends in CSR and the expectations and concerns of stakeholders is providing us with a reference for the development of CSR initiatives throughout the entire Nippon Express Group.



Kengo Sato, Assistant Group General Manager, Corporate Social Responsibility Division

Nippon Express' Global CSR



"Responsibilities to the Earth's Environment" promotion poster (Logo is trademark pending)

Greenery in Every Workplace

The Nippon Express Group commenced the greenification of its offices throughout the world as a shared global activity in January 2015.

As a symbol of the initiative, we have published posters in which our “通” logo is colored green, and they are being displayed in all our offices in order to help promote our greenification efforts.

Global Implementation of CSR Initiatives

The Nippon Express Group operates its business from 514 overseas locations (as of March 31, 2015).

Up to the present, our CSR activities have included the introduction of hybrid vehicles and other environmentally friendly modes of transport. We started Eco-Driving training in order to reduce CO₂ emissions and protect the earth's environment. We also ran a reforestation program and similar activities. However, as our business activities have become more global, it has also become necessary to mount efforts intended to fulfill our corporate social responsibility from a global perspective.

Therefore, from among the diverse range of social issues the Nippon Express Group faces in its international business activities, we have selected those we believe must be given the highest priority. To respond to these issues, we have launched global initiatives under the banner of Nippon Express' Global CSR.



Nippon Express' Global CSR

1. Responsibilities to the Earth's Environment

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

2. Sound Company Conduct

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

3. Respect for Human Rights

As the scope of our business expands, the Nippon Express Group supply chain continues to become more global in nature. Given this development, we must ensure that we respect human rights from a broader perspective that extends beyond workplace and work environment, particularly in developing countries, and we believe that not doing so might pose the risk of business discontinuity.

Concrete Measures to Respond to Key Priorities of Nippon Express' Global CSR

Responsibilities to the Earth's Environment

① Workplace greenification—a shared global activity of the Nippon Express Group

- As a grassroots effort to further reduce CO₂, we are encouraging our employees to bring plants to their offices throughout the world. This will also aid in increasing awareness of the need to reduce carbon footprints.
- In addition, overseas Group companies that are able are actively participating in reforestation.

② Overseas Group companies establish and work to achieve targets for environmental protection and the reduction of CO₂ emissions based on the circumstances of the regions in which they are located.

- We are engaging in efforts to contribute to the protection of the environment, including increasing the efficiency of our logistics operations, improving methods of transportation, and participating in community activities focused on the environment.

Sound Company Conduct and Respect for Human Rights

Employee Education Using Compliance Handbook (Overseas Editions)

- We are conducting educational programs for employees of our overseas Group companies using our Compliance Handbook as the study text.

* Environmental activities and employee education conducted in line with the Compliance Handbook, which are already in place at Japanese domestic branches, have been rolled out to both overseas Group companies and subsidiary and affiliated companies in Japan.



Further Expansion of Our “Eco-Drive Project” throughout Asia – Contributing to Increased Transportation Quality and Safety

Expansion of “Eco-Drive” in Asia

The provision of infrastructure throughout Asia is expected to pick up pace in the future. For Nippon Express as well, efforts to address energy and environmental issues in different countries are essential as we expand our overseas business.

Nippon Express began examining the introduction of Eco-Drive initiatives throughout ASEAN in 2009, and in 2012 we became the first logistics company in the world to register with the UN’s Clean Development Mechanism (CDM), via our activities in Malaysia. In addition, in July 2014, we became the world’s first logistics provider to convert CO₂ reductions achieved through Eco-Drive initiatives into carbon credits.

In Vietnam, these initiatives have been carried over into the Joint Crediting Mechanism (JCM^{*1}). On June 20, 2014, our Eco-Drive initiatives in Vietnam were adopted into the JCM by the Ministry of the Environment.

(Continued at right)

^{*1} The Joint Crediting Mechanism (JCM) quantitatively evaluates Japan’s contribution to the reduction and absorption of greenhouse gas emissions by means of the diffusion of greenhouse gas-reducing technologies, products, systems, services, infrastructure, etc. to developing nations, and uses this quantitative contribution towards the satisfaction of Japan’s reduction targets.

Status of promotion of safe Eco-Driving in Asia (as of April 2015)



Under review **Under implementation**

We are working to introduce safe Eco-Driving to each section of our land transportation route SS7000, spanning 7,000 km from Shanghai to Singapore, using the results in the Joint Crediting Mechanism and other programs.



Towards the Realization of a Low-carbon Supply Chain

In Vietnam, we intend to install systems that guide drivers in Eco-Driving techniques in 130 trucks employed by Nippon Express (Vietnam) Co., Ltd. in Ho Chi Minh City and Hanoi, Vietnam’s two largest cities. These systems will collect and analyze data including the amount of fuel used, the distance driven and driving behavior. Gyro-sensors used in digital tachographs fitted in each vehicle will detect and record driving behavior such as sudden acceleration, sudden braking and sudden turns of the steering wheel.

This will enable managers to offer drivers concrete instruction to improve their driving behavior based on actual data. This will extend not only to aspects of driving that affect safety and the quality of our transportation services, such as sudden acceleration and sudden braking, but will also encompass driving methods that increase fuel efficiency. We predict that as a result, we will be able to reduce CO₂ emissions by 310 t per year.

Projection for CO₂ reduction effect of Vietnam JCM initiative (Annual)

310t

Overview of Project for Reduction of GHG Emissions

- In Ho Chi Minh City and Hanoi, we will install systems fitted with digital tachographs that guide drivers in Eco-Driving techniques in 130 trucks employed by Nippon Express (Vietnam) Co., Ltd. Using a cloud network, these systems will collect and analyze data including the amount of fuel used, the distance driven and driving behavior.
- Based on this data, managers will be able to offer drivers instruction to improve their driving behavior and evaluate the outcomes, promoting better driving.
- The ability to analyze driver behavior and offer instruction realized through the introduction of this Eco-Drive guidance system will not only improve transportation quality but will also increase fuel efficiency, leading directly to reductions in CO₂ emissions.



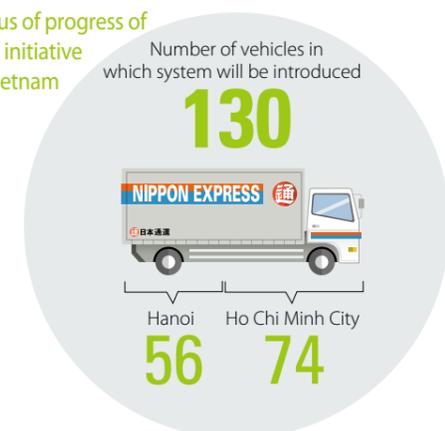
Digital tachograph

We have already introduced the same system in Malaysia. Results for 2013 included a reduction of approximately 6% in CO₂ emissions and a reduction of 90% in the number of accidents. In the future, we will continue to support regional growth and development through logistics and work towards the realization of low-carbon supply chains.



Briefing session for drivers (Nippon Express (Vietnam))

Status of progress of JCM initiative in Vietnam



Flow of introduction of JCM initiative in Vietnam

July 2014	Formulation of methodology
January 2015	Approval of methodology Holding of stakeholder meetings for drivers
February 2015	Examination and formulation of reference figures and emissions data
May 2015	Importation of digital tachographs into Vietnam Preparation of Project Design Documents (PDD)
July-August 2015	Commencement of introduction of system (Scheduled)

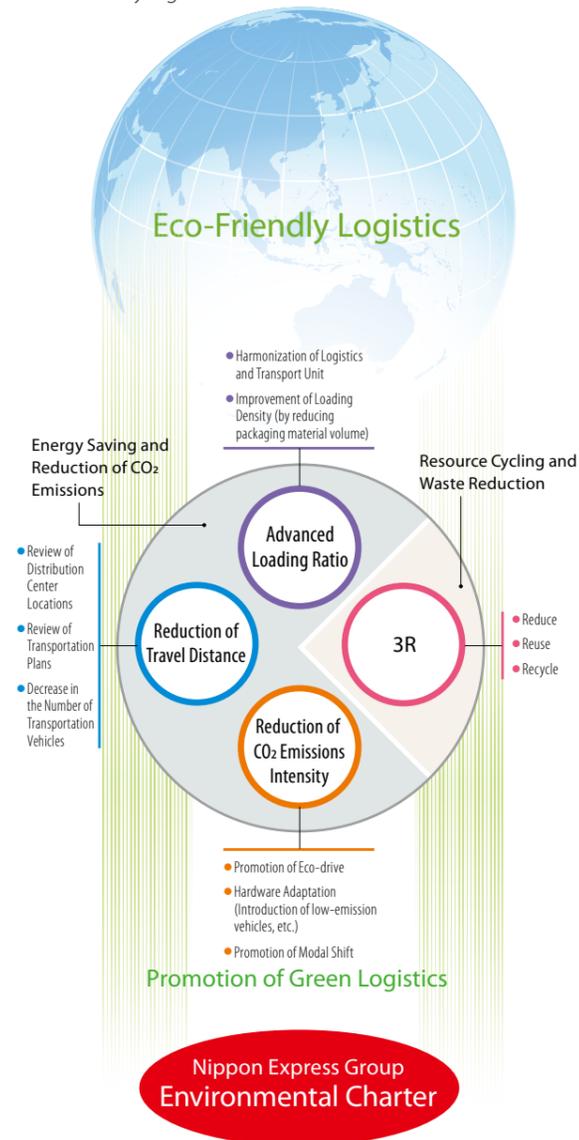
Responsibility for the Global Environment

A major challenge for humankind is to pass along the environment in a sustainable state for the next generation. Over the years, humans have advanced society, but this has put an incredible burden on the planet at the same time, one example being the emission of greenhouse gases.

The Nippon Express Group has also placed a load on the environment through business that uses public roads as well as public facilities such as ports, railroads and airports. As professionals in the transport business, we aim to contribute to society through delivery to customers worldwide while eliminating the use of wasteful energy and reducing greenhouse gases.

Promoting Green Logistics

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



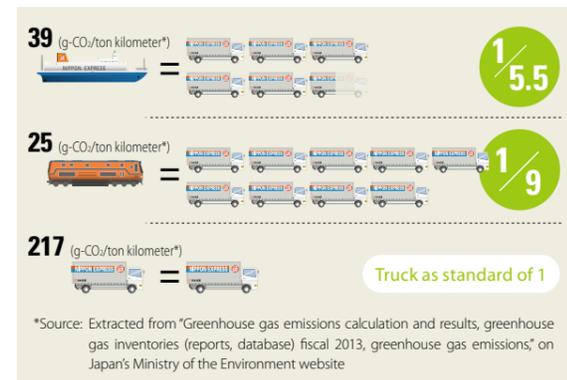
— Efforts to reduce CO₂ Emissions and Energy Use —

Promotion of Modal Shift

CO₂ Emissions Basic Unit Per Mode of Transport

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

CO₂ emissions intensity by transport mode



Modal Shift to Rail Transport

Rail cargo transport is more effective the longer the distance and more massive the load and is a stable and secure method of transport based on precise railway timetables. It is in the spotlight as the most eco-friendly, highly efficient mode of transport that is effective in reducing CO₂ emissions. Seeking to make optimal use of the safety and stability that are the strengths of rail cargo transport, Nippon Express is working with its customers to reduce its environmental footprint by promoting a modal shift to rail as an efficient mode of transport for everything from bulk freight to small-lot shipments. It also works as a partial solution to the shortage of truck drivers resulting from Japan's low birthrate and aging population.

Topics

Efforts to reduce CO₂ emissions

Kirishima Shuzo Co., Ltd., a brewer of shochu, formerly transported products from its brewery in Miyakonojo City throughout Japan by truck. Because the volume of the company's product being shipped increased in direct proportion to improved production conditions, continuing to use this method of transportation would have resulted in increased CO₂ emissions. Seeking to increase transportation efficiency and reduce the burden that it placed on the environment, the company therefore set about establishing seven cooperative delivery centers (with a focus on services provided by Nippon Express) around Japan. It also switched from truck to rail containers as the method used to transport its products to the joint distribution centers, resulting in a significant reduction in CO₂ emissions. In February 2015, the company established an eighth cooperative delivery center in Okayama. By shipping their product from Miyakonojo to Okayama by rail container and operating cooperative deliveries from Okayama to the Chugoku and Shikoku regions, the company is working to further reduce its CO₂ emissions.

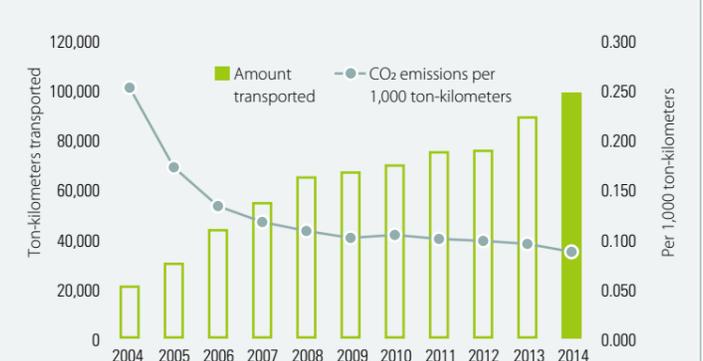
At Nippon Express, we will continue to work to reduce greenhouse gas emissions by proposing a modal shift to rail freight to our customers.

Kirishima Shuzo Co., Ltd.

Based in Miyakonojo City in Miyazaki Prefecture, Kirishima Shuzo Co., Ltd. manufactures and markets shochu. As a leading company in the industry, it aspires to be a company with a comprehensive involvement in international gustatory culture, and works to create a richer culture around the enjoyment of food and drink. Seeking to protect the environment, Kirishima Shuzo also continuously works to recycle the shochu lees and sweet potato scraps it produces as a shochu brewery and return them to the local environment. This recycling system received the New Energy Foundation Director's Award in the 12th New Energy Award in 2007, and the Minister of Agriculture, Forestry and Fisheries Award in the 23rd Grand Prize for the Global Environment Awards in 2014.



Amount transported and reduction in CO₂ emissions



Customer's Voice

After re-examining our logistical procedures, we established a cooperative delivery center in Yokohama in 2004 as an environmental measure. This enabled a modal shift to rail containers for primary transportation from our brewery to the center, followed by cooperative delivery to our customers. We have now set up eight cooperative delivery centers throughout the country. The revised Rationalization in Energy Use Law was passed in April 2006, and our modal shift to rail transport as a means of reducing energy use had a significant effect. In 2014, our energy use per ton-kilometer was reduced by 65% against 2004, and our transport costs were lower as well.

From 2007, we started using marine transport through Nippon Express for primary transportation of our products in addition to rail containers. As our modes of transportation diversified and the importance of control over our logistic processes increased, Nippon Express became an indispensable partner offering total support via rail, marine and truck transportation and warehousing services.

Yasuhiro Higashi

Assistant General Manager, Operations Department, Sales Division,
Kirishima Shuzo Co., Ltd.

Responsibility for the Global Environment



Modal Shift to Domestic Marine Transport

In 1964, the Nippon Express Group initiated combined land-sea services with Japan's first container vessel, the Dai-ichi (No.1) Tennichi Maru, between Tokyo and Muroran, followed by the Dai-ni (No.2) Tennichi Maru between Osaka and Muroran. In 2003, Nippon Express and MOL Ferry Co., Ltd. launched a joint service between Tokyo and Hakata with high-speed RORO* vessels Himawari 5 and Himawari 6. In April 2013, Himawari 7, a state-of-the-art high-speed RORO vessel, went into service between Tokyo and Tomakomai. Currently Nippon Express connects locations nationwide with bases at nine ports including the Port of Matsuyama, which recently went into service, with seven large, state-of-the-art ships including two serving in our regular routes, and five in joint service with MOL Ferry.

In domestic marine transport, Nippon Express is implementing various low-fuel-consumption initiatives to reduce CO₂

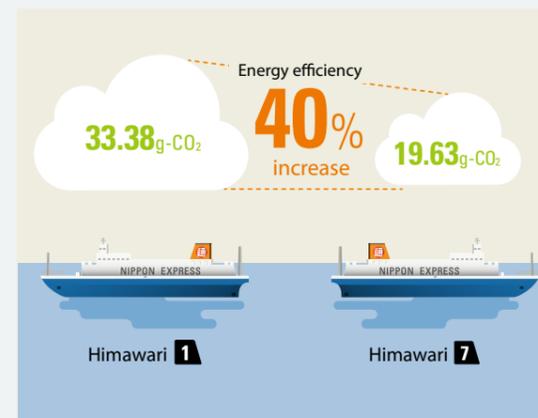
emissions. We outfitted Himawari 5 and 6, which are operating in the routes of coastal service between Tokyo and Kyushu via Setouchi, with auto-control engines that match fuel injection according to the speed of the vessels. The fuel efficiency of Himawari 7, in service between Tokyo and Tomakomai, was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

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

Topics

Environmental results of state-of-the-art high-speed roll-on roll-off vessel "Himawari 7"

Himawari 7, a vessel based on a coastal shipping system that started services in April 2013, has become even more environmentally friendly compared with conventional ships. The figure to the right compares Himawari 7 and Himawari 1 in terms of energy efficiency in transport (CO₂ conversion of the volume of fuel required to move a ship with capacity of W tons a distance of D miles), an indicator of ship operating efficiency. The operating energy efficiency of Himawari 7 has been improved by around 40% from Himawari 1, with that amount translating into enhanced fuel efficiency and a reduction in CO₂ emissions.

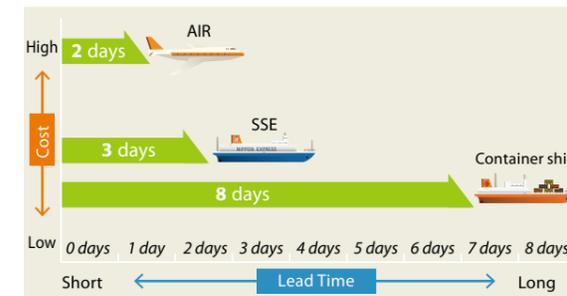


*Between Tomakomai and Tokyo
*Period of measurement: Himawari 1 October 2013 – February 2014
Himawari 7 July 2013 – March 2014

Shanghai Super Express

Shanghai Super Express (SSE) is an innovative transportation service connecting Hakata (Japan) and Shanghai (China) quickly and seamlessly by using RORO high-speed vessels that allow wheeled cargo to directly roll on and roll off anywhere in Japan. SSE has the benefits of both conventional cargo vessels as well as air transport, namely economy of scale, eco-friendliness, and high speed. In an environment where product life cycles are becoming increasingly short, SSE can significantly contribute to improving customers' production and sales efficiency. In addition, our integrated Rail & Sea service, which utilizes railway containers to deliver as far as Shanghai, our E-WING service, which combines coastal shipping transport and SSE, our Arrow Box China service (between Osaka and Shanghai), which utilizes Arrow Box in Japan, as well as our high-speed and eco-friendly delivery services all provide solutions that help improve our customers' SCM and resolve challenges in the supply chain.

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



Promoting Eco-Driving

Initiative as an Eco-Driving Training Course Provider

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

The Izu Training Center has been giving a certified training course for company driving instructors since fiscal 2013 and 202 participants have been issued a certificate for completing the eco-driving course.

Four such courses are planned for fiscal 2015 to help fulfill our responsibility to the environment.



Eco-driving course

Completed the eco-driving course
202 people
(Total for fiscal 2012–2014)

Safe Eco-Driving Education

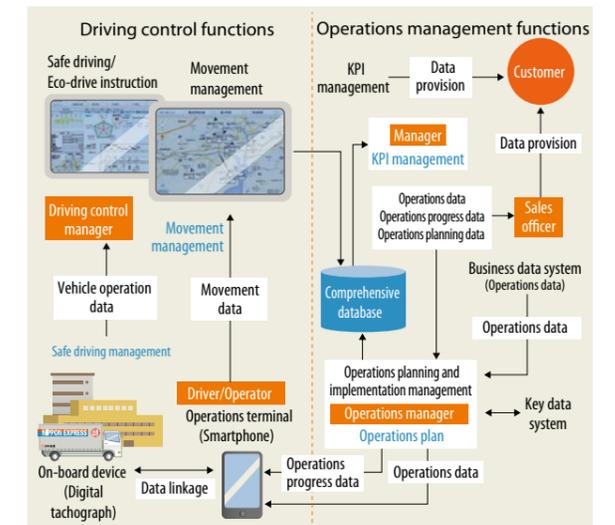
"Safe Eco-Driving" has three meanings: safe driving, ecological driving and economical driving. The idea behind eco-driving, or driving in an eco-friendly manner, is to protect the environment and resources while reducing costs. Furthermore, it involves achieving greater safety. At Nippon Express, drivers are taught to drive safely, ecologically and economically. Safe eco-driving is included in the curriculum for new employee training and driver instructor training, courses that handle approximately 800 people per year. Driver instructors teach fellow drivers at their own facilities the knowledge and skills they acquire and all Nippon Express drivers undergo continuous education to ensure safe eco-driving.



Digital Driving Recording

In July 2014, we commenced full-fledged implementation of an Operation Support System that fuses a new driving control system and operations management mechanisms. At present, we are proceeding by stages, enhancing functions and introducing the system to each of our locations. By connecting digital tachographs and operations terminals (smartphones), the Operation Support System enables us to centralize operations management and driving control functions, and to process data in real time via the Nippon Express Cloud. The main functions of the system are safe driving management, movement management, job attendance management and operational support (work progress management). We expect driver education using the safe driving management function to increase driving safety and fuel efficiency and to reduce CO₂ emissions.

Overview of operation support system



Responsibility for the Global Environment

Reduction of Energy Expenditure Necessary for Products and Services

The Nippon Express Group is committed to reducing its environmental footprint through the ongoing development of a diverse range of logistics support devices and the creation of logistics support systems.

Topics

Proposal for logistically efficient and environmentally friendly transportation system using international maritime containers (40-foot wing type)

Our proposal for a logistically efficient and environmentally friendly transportation system using international maritime containers (a new 40-foot wing type jointly developed by Nittsu Shoji and Nippon Express) was awarded the Logistics and Environment Special Award at the 15th Logistics and Environment Awards organized by the Japan Association for Logistics and Transport.

Unlike ordinary international maritime containers, these containers can be loaded and unloaded from both sides, and the wings can be easily opened and closed using a standard hand-held drill or by hand, thus increasing the efficiency of operations. In addition, they can be expected to contribute to increased modal shift if they can be used in domestic marine transport.



Topics

Making effective use of resources by using a new type of ball bearing in the air cargo roller bed

At the Nippon Express Haneda Airport Branch, we use a roller bed to handle airline containers, rather than forklifts. The roller bed system operates with 13,000 ball bearings. In the past, the wear and tear made it necessary to replace 1,200 of these bearings on an annual basis. To see if improvement was possible, we initiated a joint project with the ball bearing manufacturer to develop more durable bearings that could also be refurbished. Our success resulted in longer-wear bearings that only require maintenance every two years. As a result, resources are being used more effectively, with both cost and waste levels reduced. Our efforts also resulted in our being awarded the Logistics and Environment Special Award for this initiative.



Topics

Development of world's first conversion e-Truck

In September 2013, Nittsu Trading initiated the Conversion e-Truck Development Project in cooperation with the Japan Post Transport Co., Ltd., the Ehime Institute of Industrial Technology EV Development Center, the Sankyo Auto Co., Ltd., and the Association for the Promotion of Electric Vehicles. The prototype is now ready. "Conversion e-Truck" refers to a technology that involves replacing the fossil fuel-based engine of an existing truck with an electric-based engine. To ensure adequate driving distance and freight-carrying capacity, when electrifying a commercial truck it is essential to optimize energy efficiency in relation to the driving environment, e.g. hill climbing, and the type of load. Through further testing under a variety of conditions, troubleshooting and problem resolution will ensure the development of a highly reliable electric truck.



Transportation and Installation of Wind Power Equipment

— Yanagiyama WF Co., Ltd.

In 1999, Nippon Express started transportation and installation of wind power equipment, and now transports and installs approximately 70% of this equipment in Japan. Wind power equipment is transported in sections from the factory and assembled on-site. The transportation and installation of parts weighing more than 10 tons requires sophisticated technologies. In May 2014, we completed the installation of 12 wind turbines manufactured by Germany's Enercon GmbH, with an output of 2.3MW, on a 380m ridge of Mt. Yanagiyama in Satsumasendai City in the west of Kagoshima Prefecture. Our Heavy Haulage & Construction Business Division Overseas Project Team was responsible for the marine transport of the turbines from the Port of Emden in Germany to Satsumasendai Port in Kagoshima Prefecture. Our Kyushu Heavy Haulage and Construction Branch transported the turbines by land to the site, where our Shikoku Heavy Haulage and Construction Branch assembled them. The entire process took seven months, from landfall in Satsumasendai Port in October 2013 to completion of the installation in May 2014.

The turbines are steadily generating power, contributing to reductions in CO₂ emissions as one of the key weapons in the renewable energy arsenal.



Transporting a wind turbine tower

A team member comments...

Working 80 meters above the ground in winter, there were times when we had to suspend operations because of the seasonal wind. It was also difficult to coordinate the transportation and assembly processes, but teamwork from everyone involved brought us a successful completion.



Ryohei Wakabayashi
Supervisor,
Shikoku Heavy Haulage and
Construction Branch

Environmentally Friendly (Low-Emission) Vehicles

In addition to complying with laws and regulations, the Nippon Express Group actively promotes the introduction of environmentally friendly vehicles. We have introduced CNG,

hybrid and LPG trucks while focusing on low-emission diesel trucks that conform to new long-term regulations, with a fleet of 7,393 vehicles as of March 31, 2015.

Nippon Express Group: Number of environmentally friendly vehicles in fleet (as of March 31, 2015)



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 percent lower than gasoline, NOx emissions are much lower than diesel and there is no PM exhaust. However, further problems that need to be solved include making fuel tanks smaller and lighter and increasing the number of fueling stations.



Bi-Fuel CNG Trucks

Used mainly in air service deliveries and for transport of valuables, these modified vehicles run on both CNG and regular gasoline. Once the CNG is depleted, the motor can be manually switched to gasoline, eliminating any concern of running out of CNG while out on the road and making it possible to cover a considerable distance in one day.



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. Compared to diesel engines, NOx emissions are far lower and there is no PM exhaust.



*Includes owner-driven cars *Figures include affiliated companies *Figures for affiliated companies only include group companies managed by branches

Responsibility for the Global Environment

Topics

Introduction of environmentally friendly large CNG trucks

Nittsu Transport has recently added large CNG trucks to its fleet. The CNG trucks depart from the Kita-Osaka Truck Terminal to travel the Osaka to Okayama route. On the return trip from Okayama, they refuel at Osaka Gas's Nanko Eco Station, a natural gas station located in Osaka Nanko. The introduction of these trucks is expected to result in a 3.8t annual reduction in CO₂ emissions (rate of reduction: 7.5%).

The introduction of these CNG trucks should prove effective in reducing CO₂ emissions. The importation of shale gas from North America from 2017 onwards is expected to reduce the price of natural gas, and in addition, fuel diversification is also significant from the perspective of BCP measures. Nippon Express will collect and analyze operational data from Nittsu Transport, looking towards the further introduction of heavy-capacity CNG trucks to our fleet.



Promoting Environmentally Friendly Facilities

The Nippon Express Group actively promotes environmentally friendly facilities through activities including construction of warehouses featuring solar panels and buildings hosting rooftop greenery. In January 2014, the Nippon Express Group formulated standards for the installation of equipment when constructing logistics facilities and offices. These standards

cover equipment to reduce greenhouse gases such as CO₂, including the proactive use of renewable energy, equipment that encourages biodiversity and equipment that is conducive to the enhanced safety and health of people working there and the local community, and to business continuation.

Installation of Environmentally Friendly Equipment as Standard (example)

Exterior

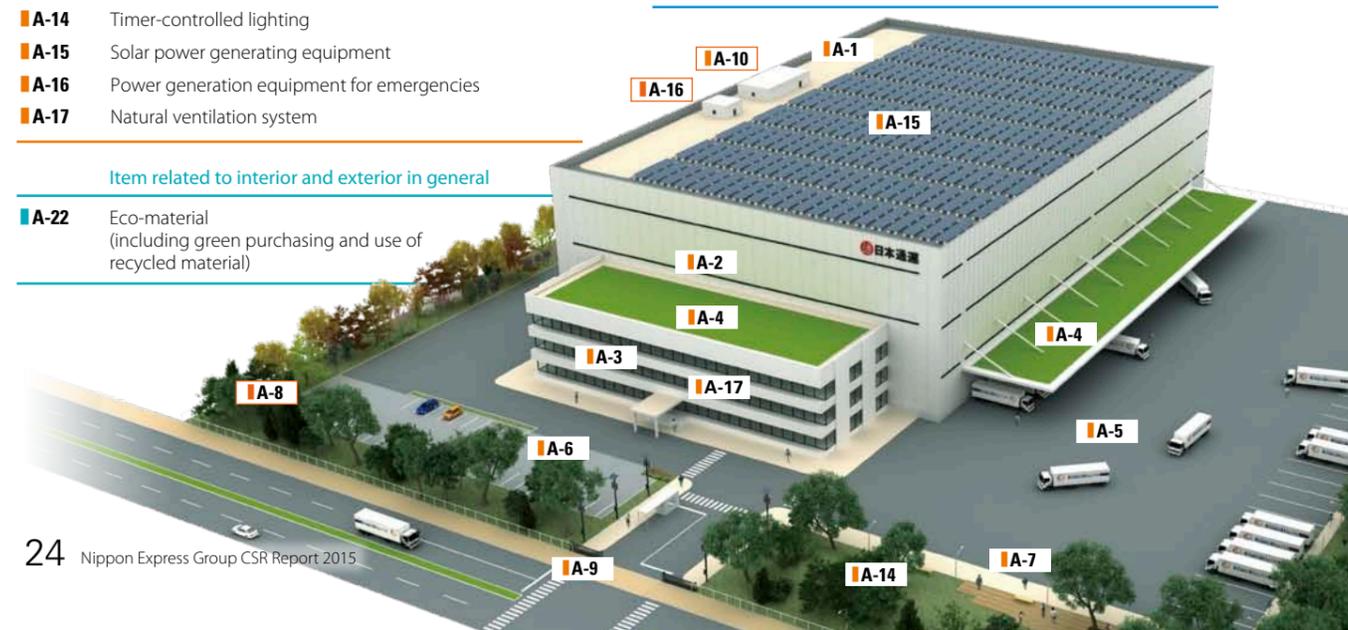
- **A-1** Super-insulation specified roofing material
- **A-2** Low-pollution external wall (coating) material
- **A-3** Super-insulating glass (multilayer glass, Low-E glass, etc.)
- **A-4** Rooftop greening
- **A-5** Heat-blocking pavement
- **A-6** Permeable pavement (drainage pavement)
- **A-7**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

Interior

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

Item related to interior and exterior in general

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



Key Environmentally Friendly Facilities



Nippon Express (Nederland) European Logistics Centre 3 (ELC 3) [Construction completed on October 1, 2014]

The ELC 3 has been certified as "Very Good" under BREEM, the European environmental performance assessment standard



The BREEM certification awarded to Nippon Express (Nederland)



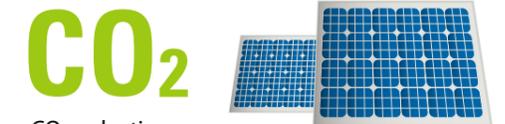
Kansai Security Transport Branch: New location in Nanba [Construction completed on March 31, 2014]

A variety of measures have been introduced, including LED guide lights and heat barrier paint



Maizuru Branch: New Warehouse in Maizuru International Terminal [Construction completed on September 30, 2014]

The new warehouse features solar power generating equipment (30 panels)
Maximum output: 7,200kW

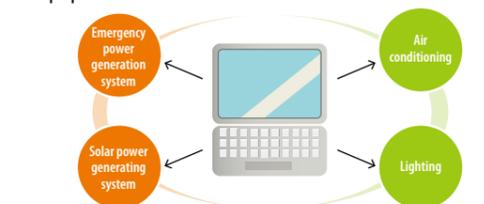


CO₂ reduction
4.3t-CO₂/year
(Estimated based on results for October 2014 – May 2015)



New Tokyo Logistics Center (Provisional name) [Scheduled for completion in January 2017]

The new center will feature demand monitoring equipment and a BEMS*



* An acronym for Building Energy Management System.

Responsibility for the Global Environment

Topics

Replacement of existing equipment with low-CO₂ devices

In March 2014, our Shizuoka Branch replaced all of the lighting in the commercial warehouse in its Shizuoka West Logistics Center with LED lighting. Compared to the previous fluorescent lighting, this will reduce annual power consumption by 60.7% and CO₂ emissions by 74.1 t. The Shizuoka Branch has also replaced the mercury vapor lights formerly used in its Central Logistics Center with LED lighting, which has reduced power consumption by 53.9% and CO₂ emissions by 5.33 t against the previous fiscal year. In addition, the Shibushi Sales Branch of our Kagoshima Branch has replaced its forklifts with hybrid models, reducing

(Branch designations as of March 31, 2015)

CO₂ emissions and fuel consumption by 50%. Both branches will verify the concrete effects of these changes using the Nippon Express Energy Use Visualization System (NEES), and will work to realize further reductions in their energy use based on the results.



Hybrid forklift (Kagoshima Branch Shibushi Sales Branch)

— Response to Waste and Pollution —

Reducing Waste and Advancing the 3Rs

Advancing the 3Rs

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



Cyclic regeneration system for Ecopuchi bubble-pack cushioning



Eco-Friendly Products

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

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

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



Ecologicompo packaging materials



GOH box

Promoting the 3Rs Through Resource Recycling and Reuse

The Nippon Express Group is now vigilant about separating packaging materials used for overseas relocation that were disposed of in the past. These are now reprocessed into individual packaging materials (resources) and are being used as recycled materials. The new material can be recycled again and again.

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

Appropriate Waste Management by Nippon Express

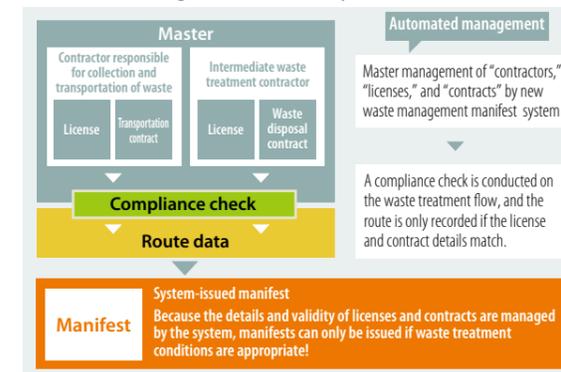
Committee to Oversee Waste Control

Nippon Express has established a Waste Planning General Committee made up of executive officers and audit & supervisory board members to ensure that appropriate waste management is undertaken. To further support this goal, we conduct in-house training and on-site inspections, and recently introduced a new waste management manifest system.

Appropriate Waste Management



New Waste Management Manifest System



New Waste Management Manifest System ECO-TOWMAS (Trademark registered)

To ensure appropriate management of the industrial waste that is produced, Nippon Express has upgraded the functions of its domestic management system. The new waste management manifest system, ECO-TOWMAS, commenced operation in October 2014.

When any of our worksites seek to dispose of industrial waste, the new compliance management function automatically checks for matches between license and contract data for the contractor that will be used and details input by the worksite. It then judges whether the conditions of the proposed disposal procedure are appropriate. The automatic manifest system issues a manifest only when the compliance check has been conducted and conditions are judged as being appropriate. ECO-TOWMAS was designed to also be compatible with electronic manifests. The plan is to transition to a 100% electronic process.



New Waste Management Manifest System ECO-TOWMAS

Topics

Contributing to the recycling of home appliances

The Law for the Recycling of Specified Kinds of Home Appliances (known as the Home Appliance Recycling Law), which went into effect in April 2001, stipulates the respective responsibilities of the end-user, the retailer, and the manufacturer in relation to specific home appliances (televisions, air conditioners, washing machines, refrigerators, and more recently LCD and plasma display televisions and clothes dryers) at the end of their useful lives. Since 2001, when the law was passed, Nippon Express has been contracted by home appliance manufacturers to provide designated collection points for end-of-life

appliances and to transport the appliances from the designated collection areas to recycling facilities throughout the country.



We have prioritized convenience for people bringing in their used appliances to the designated collection points. In our domestic network, there are 89 collection points throughout the country (as of March 31, 2015). Nippon Express will continue supporting the sound functioning of the Home Appliance Recycling Law, in addition to contributing to the effectiveness of other recycling laws, such as the End-of-life Vehicle Recycling Law.

Environment-Related Data

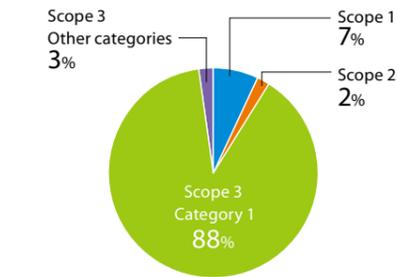
Energy usage, etc. of Nippon Express Group (FY2014)

Type	Unit	Nippon Express (non-consolidated)	Affiliates		Total	Nippon Express non-consolidated CO ₂ emissions (t)	Domestic group company CO ₂ emissions (t)	Overseas group company CO ₂ emissions (t)
			Domestic	Overseas				
Electricity	1,000kwh	236,982	74,929	88,942	400,853	130,577	41,286	49,007
Diesel oil	kℓ	73,870	79,850	13,187	166,907	190,585	206,013	34,022
Gasoline	kℓ	6,011	3,829	5,089	14,929	13,946	8,883	11,806
Natural gas	1,000m ³	1,533	659	—	2,192	3,419	1,470	—
LP gas	ton	2,877	1,839	—	4,716	8,631	5,517	—
Heavy fuel oil	kℓ	178	6,018	—	6,196	482	16,309	—
Heavy fuel oil (for ships)	kℓ	50,037	31,939	—	81,976	150,111	95,817	—
Kerosene	kℓ	699	551	—	1,250	1,741	1,372	—
Total CO ₂						499,492	376,667	94,835
						Total of domestic group companies		Total of whole group
						CO ₂ Emissions (t)	876,159	970,994
						ditto (t)	885,066	970,438
						Year-on-year change	-1.0%	0.1%

Type	Unit	Nippon Express (non-consolidated)	Affiliates		Total
			Domestic	Overseas	
Water	1,000m ³	1,041	—	—	1,041
Copy/ printer paper	10,000 sheets	49,205	11,781	—	60,986
Waste	General waste	ton	18,052	3,326	21,378
	Industrial waste	ton	26,224	9,645	35,869
Total		44,276	12,971	—	57,247

- Notes:
- Data shown here is the aggregate of Nippon Express non-consolidated and consolidated companies (domestic 174, overseas 92) total 266 (as of March 31, 2015).
 - The Nippon Express non-consolidated and consolidated data for Japan was aggregated using the NEES system and DIVA system, and the data of the overseas consolidated companies was collected from questionnaire surveys.
 - 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, 2006).
 - Amount of copy paper is counted through conversion to A4 size.

Ratio of Scope 3 (FY2014)



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

Industrial waste emissions by item (FY2014 Nippon Express nonconsolidated)

Industrial waste items	Number of control manifests for industrial waste	Weight (kg)	Weight distribution ratio
1 Wood shavings	5,359	13,515,755	51.55%
2 Waste plastics	12,785	10,000,173	38.14%
3 Waste metal	972	1,293,160	4.93%
4 Mixture	705	710,887	2.71%
5 Sludge	140	225,443	0.86%
6 Waste glass, china, porcelain	214	143,516	0.55%
7 Strong alkali (Hazardous)	11	102,070	0.39%
8 Waste paper	94	71,105	0.27%
9 Waste oil	113	63,289	0.24%
10 Animal and plant residues	30	55,470	0.21%
11 Waste alkali	4	12,943	0.05%
12 Combustion residue	9	9,990	0.04%
13 PCB etc.	15	7,559	0.03%
14 Fiber waste	20	6,562	0.03%
15 Others	12	5,679	0.02%
Total	20,483	26,223,601	100%

- Notes:
- Items expressed as volume (m³) were converted into weight based on a table of specific gravities by industrial waste item.
 - The aggregate does not include cases where waste cardboard and the like is handed over to a used paper recycler, or where in buildings leased for commercial use, the waste disposal for the entire occupied building is managed and the corresponding charge is included in the rent.
 - Contrary to Case 2 above, where a company other than Nippon Express occupies a facility, this may be totalized as emissions of Nippon Express.

Emissions of substances reportable under the PRTR Law (FY2014)

Although none of our offices are 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 offices shown below handle reportable substances.

Office type	Number of offices	Total amount used (kg/y)	Main substance	Main use
Reportable business category but amount used by office is under reporting threshold	13	414	Fenitrothin	Warehouse fumigation
Not reportable business category but office uses reportable substance	19	19,805	Methyl bromide, Hydrogen cyanide	Fumigation for operations incidental to import customs clearance

CO₂ emission reductions of moving materials in FY2014

Product Name	Basic unit ^{*4} (kg/ one moving)	CO ₂ reduction (t)	Ecologicompo CO ₂ emissions	CO ₂ emissions without using Ecologicompo	Amount of CO ₂ reduction
Ecologicompo	Full ^{*1}	5.50608	8,651t	11,974t	-3,323t
	Half ^{*2}	43.12909			
	Self ^{*3}	67.14119			
	Total		8,651		
CO ₂ emissions without using Ecologicompo	87.92585	(11,974)			
Amount of CO ₂ reduction (t)		-3,323			

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

Environmental Accounting

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

Investments in environmental conservation

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

Investment category	Major examples	Amount		
		FY2012	FY2013	FY2014
Investment in modal shift	Rail transport containers (Eco-Liner 31, Big Eco-Liner 31, etc.)	232	98	125
	Ship containers	207	106	154
	Tractors and trailers for freight containers	447	794	734
Investment in reusable packing materials for moving	Netted blankets, high-pad, etc.	142	141	117
Vehicle-related investments (environmentally friendly vehicles, etc.)	CNG, hybrid and LPG vehicles, heavy-duty vehicles that meet fuel efficiency	3,315	3,259	3,866
Costs for appropriate waste disposal and management	Costs related to Manifest Management Center	31	32	35
Costs for Environmental Management System registration	ISO 14001 and Green Management certification	25	25	25
Investment in planting greenery	Forest cultivation project, landscape gardening and other work at branches	6	24	14
Others: Investment in facilities energy saving	Lighting equipment and inverter switchover	368	252	463
Total		4,777	4,731	5,537

Obtaining Environmental Certification

Since the Baraki District Office of our Tokyo Air Service Branch, located in Ichikawa City, Chiba Prefecture, received ISO 14001 certification in June 1998, as of March 2015 the Nippon Express Group locations listed below have also been certified.

First certifications, June 24, 1998		Additional certifications, March 29, 2002	
Tokyo Air Service Branch	ISO management/Environmental management	Nagoya Air Service Branch	Nagoya Air Cargo Center
Tokyo Air Service Branch	Baraki Export Cargo Center	Takamatsu Air Service Branch	Takamatsu Air Cargo Center
Tokyo Air Service Branch	Baraki Air Cargo Distribution Center	First certification, May 10, 2007	
Additional certifications, March 30, 2000		Nep Logistics, Inc.	
Tokyo Air Service Branch	Narita Airport Logistics Center	First certification, March 24, 2010	
Nagoya Air Service Branch	Nagoya Distribution Center	Nippon Express (South China) Co., Ltd.	
Osaka Air Service Branch	Nanko Air Cargo Center	First certification, March 18, 2011	
Fukuoka Air Service Branch	Fukuoka Air Cargo Center	Osaka Branch	Sharp Osaka Office
First certifications, July 26, 2000		First certification, December 5, 2012	
Nittsu Panasonic Logistics Co., Ltd.		NEX Transport, Inc.	
Additional certifications, March 30, 2001		October 3, 2014 (Recertification due to division of company)	
Hiroshima Air Service Branch	Hiroshima Domestic Air Cargo Center	Nittsu NEC Logistics, Ltd. (Entire company)	
Sendai Air Service Branch	Sendai Airport Logistics Center		

1 Air & Ocean Cold Supply Chain Logistics: Nippon Express Brings Vitality to Japan's Agricultural, Marine, and Food Industries

The overseas market for Japanese agricultural and fisheries products and foodstuffs is growing. Nippon Express is assisting in the expansion of exports of agricultural and fisheries products and foodstuffs from Japan by developing new technologies to provide highly efficient international transportation services that ensure products arrive safely, with no loss of quality or freshness.

Mixed Shipment of Frozen and Refrigerated Products

① Mixed Shipment using Air Freight Cold Storage Containers

The NEX-FOOD Fresh Container service that we provide offers transportation of cargoes using air freight containers with a temperature control function. While it was formerly necessary to hire an entire cold storage container even when shipping a small quantity, this service does away with that necessity, significantly reducing cost. In addition, because the service transports products at a set temperature from the point of departure to the destination without relying on refrigerating materials, products arrive as fresh as when they were shipped out.

We started this service in 2013 for products being shipped from Japan to Hong Kong, Taipei and Singapore, and have since added Bangkok, Ho Chi Minh City, Kuala Lumpur and Jakarta, expanding the service to cover products transported to seven Southeast Asian cities.



Fresh container for air freight

② Mixed Shipment of Frozen and Refrigerated Products using Maritime Containers

For those customers wishing to ship medium-sized lots of refrigerated products, whose cargo size makes air freight too expensive, but for whom maritime containers are too large, we offer a mixed shipment service using reefer containers (refrigerated and frozen maritime containers).

Until now, we have offered frozen mixed freight services from Tomakomai, Tokyo and Kobe to Singapore, Hong Kong and Bangkok, and refrigerated mixed freight services from the same cities to Hong Kong. In 2014, we initiated a refrigerated mixed freight service to Port Kelang in Malaysia.

Nippon Express supports Japan's regional food industries, and will continue to contribute to the vitalization of the nation's agricultural, marine, and food product industries through food exports.



Interior of a maritime reefer container



Supporting Agricultural Exports Through the Freshness Maintenance System NECK'S

Freshness is everything in the case of fruits and vegetables, but agricultural exports face the problem of longer lead times than transportation within Japan. The greatest issue for the logistics provider is how fresh the product will be when it arrives on the consumer's plate.

In order to resolve this problem, Nippon Express developed NECK'S (Nippon Express Cool Keeping System), a proprietary freshness maintenance system (patent pending).

Using the NECK'S system, agricultural products are packed in special boxes, which are then loaded into reefer containers for transportation to their destination without further handling. Removable cassette-type boxes are fitted in the interiors of the

containers for shipment. These boxes have two functions:

① A moisture maintenance function (This maintains a 90-100% level of moisture in the container)

② An ethylene gas decomposition and removal function

These two functions enable the freshness of agricultural products to be maintained right up to the destination. Nippon Express will continue to promote the export of Japanese agricultural products and support Japan's food products industries through the provision of safe and stable food transportation services.



External view of a section of the Nippon Express Cool Keeping System NECK'S

2 Offering Global Support to Customers Seeking to Enter the Markets of Islamic Countries

With Islam as its state religion, Malaysia has always required halal* certification of foodstuffs, cosmetics, pharmaceuticals and other products entering the country. Until recently, there were no similar guidelines in place that applied to the logistics providers that transported these products. To address this issue, the Department of Islamic Development Malaysia (JAKIM), a Malaysian government organization, established rules concerning product distribution and began taking applications for halal certification from logistics companies in July 2013. The halal certification requirement for the transport industry means that manufacturers, retailers, and any other entities that deal with halal products are only able to use a certified provider, making the acquisition of certification an extremely important matter.

*Halal certification confirms that a product has been prepared in accordance with Islamic law, and contains no pork, alcohol, etc.

Towards Full-Fledged Transportation of Halal Products in Malaysia

Nippon Express (Malaysia) is the first Japanese logistics company to receive halal certification in relation to logistics procedures. The company applied for certification for its transportation procedures, and prepared by introducing four trucks that were religiously purified in accordance with Islamic (Sharia) law and conducting tests of transport procedures to stores, etc. based on the certification standards.

Having achieved certification, the company will first begin a fully fledged transportation service for halal food and beverages, cosmetics, and other products. In order to provide more broad-based support for the halal product supply chain, in the future it will also look into the possibility of acquiring halal certification for its warehouse.

The number of tourists from Islamic countries including Malaysia who are visiting Japan is also increasing, and demand for halal foods from hotels and restaurants is consequently expected to rise. Nippon Express (Malaysia) therefore also intends to work actively

in the area of international transportation of halal foods between Japan and Malaysia.

The halal certification granted to Nippon Express (Malaysia) is the only national certification of its kind, and the conditions for its granting are rigorous. As a result, it is well-known in other Islamic countries. In the future, based on the acquisition of this certification and the expertise gained in the Malaysian market, we will seek to create a network of halal logistics services spanning Islamic markets across the globe.



The halal purification process

Contribution to the Global Community

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

By adapting to regional characteristics and responding to our customers' specific needs while firmly maintaining and developing the standards of quality that we apply in Japan, we have actualized flexible logistics services that enable optimization of supply chains on a global scale.

LNG Plant Construction Project in Malaysia

The nations of ASEAN and Southeast Asia recovered rapidly from the Lehman Brothers collapse, and continue to experience steady economic growth. Overseas manufacturing and consumption/services businesses, in particular Japanese companies, have entered the markets of these nations, and projects for the provision of infrastructure are being vigorously advanced. In Malaysia, Vietnam, and Myanmar in particular, construction of power plants, oil refineries, and chemical plants is expected to increase.

Nippon Express is also involved in a project for the construction of a large-scale LNG plant in Bintulu in Malaysia's Sarawak state. This project depends on specialized equipment introduced by Nippon Express, i.e. very large-scale crawler cranes capable of hoisting 1,350-ton loads. These cranes will be used in future large-scale construction projects in Vietnam and Papua New Guinea. Nippon Express is supporting growth in Asia and around the world through the provision of stable and high-quality service.



Crawler crane able to hoist 1,350 tons

Shipping Containers with Anti-Shock Buffering for Transportation of Precision Equipment

In order to respond to the diverse needs of its customers, Nippon Express designs and develops ocean containers fitted to the shape and characteristics of specific cargoes. In August 2013, Nippon Express developed a new container that better protects precision instruments during overseas transportation.

Precision instruments and the equipment used in their manufacture are highly susceptible to vibration and shock, and tremendous skill and specialized equipment are essential for their transportation. Nippon Express transports precision instruments within Japan and overseas, but it has proven impossible to use container ships for overseas transportation due to the shocks that occur during the loading and unloading processes.

Our attempt to develop an international maritime container of a new size with new functions was a process of trial and error with collaborating companies, from seeking a manufacturer, through acquiring international certification for the addition of new functions, to final completion. The process resulted in the development of a shipping container with anti-shock buffering

that uses a shock-absorbing buffer and air balloons to ensure that the shipment is protected from shock.

These new maritime containers received the Award for Excellence at the 24th Japan MH Prize held by the Japanese Material Handling Society. A precision equipment manufacturer has also indicated that the containers have allowed them to conduct business in countries that they had not previously thought possible, resulting in a transformation of their corporate sales strategy.

Nippon Express believes that originality and creativity is essential to a company's development. We will continue to create new value through efforts to improve equipment and establish new transportation systems.

Opening of NEXT* Warehouse in Taiwan

The electronic commerce (EC) market is currently undergoing constant growth in Taiwan. Large numbers of household goods and other products purchased on the Internet are transported to major markets such as Taipei, and demand for the importation of products manufactured overseas and their distribution to Taipei and other regions is increasing. However, regulations do not allow the construction of warehouses in Taipei. In response to Taiwan's growing logistics needs, Nippon Express (Taiwan) constructed a 27,300-m², four-story warehouse in neighboring Taoyuan County.

The warehouse is temperature-controlled and its floor has an anti-dust coating, enabling the storage of electronic components, health foods, and other cargo requiring a temperature-controlled environment. We also introduced our proprietary inventory management system REWARDS, making it possible to offer value-added services, e.g. piece-picking and product inspection.

The NEXT Warehouse is the Group's seventh warehouse in Taiwan, and in addition to further boosting our ability to respond to our customers' increasingly sophisticated needs, it will enable us to provide a diverse range of transportation services through our company network in Taiwan.



Control box for vibration-prevention floor



Shipping container with anti-shock buffering



First use of the new containers (Port of Yokohama)



NEXT Warehouse

*NEXT is an acronym for Northern Formosa in East Asia Xover (crossover) Terminal.

Topics

Nippon Express opens Japan's first Ocean Container Swapping Center

Normal maritime practice dictates that ocean containers be returned to their port of discharge after the containerized goods have been delivered. In Japan, this results in chronic congestion of the roads around the Port of Tokyo, with trailers returning empty containers (inbound) and collecting empty containers to be filled by exporters. This condition puts a burden on society by compromising infrastructure and increasing distribution costs for importers, exporters, and transportation companies, not to mention the increased output of CO₂. More and more clients are pushing for a solution that will make it possible to avoid the constant "to and fro" of ocean containers.

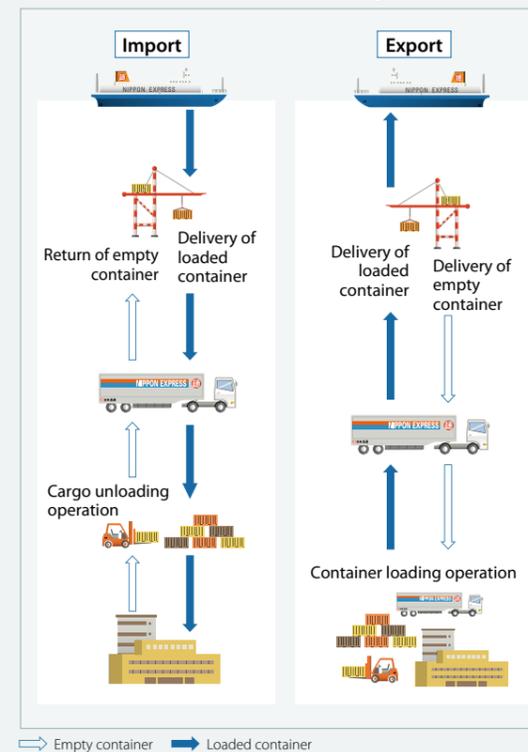
Enter Nippon Express, the first company in Japan to establish a container "swapping" station for the handling of empty ocean containers. The greatest challenge is timing, since an importer may not have export cargo, with the same being true of an exporter in reverse. Even if a given client has two-way cargo, it is unlikely that the inbound and outbound schedules will neatly match.

To manage this challenge, Nippon Express has set up its import/export "swapping" station in Tokyo's Minato Ward.

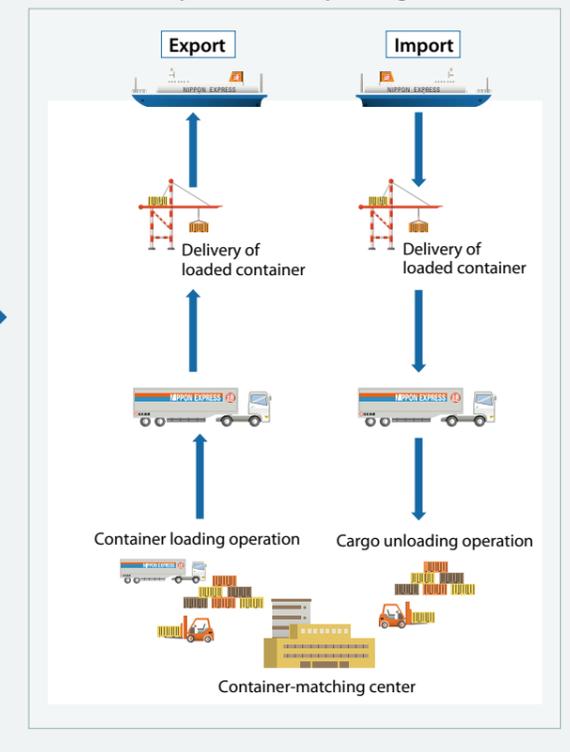
At this container swapping station, we centralize data concerning our customers' logistical requirements and other needs and design delivery routes based on factors including times for collection and delivery of cargo and the conditions of the site for delivery, enabling us to propose the optimum delivery methods to link a diverse range of customers. This achieves round use of containers and reduces the transportation of empty containers and the number of trucks on the road, contributing to easing of congestion around the port and reducing the environmental load caused by CO₂ emissions. On the client side, the benefits include reduced transportation costs and reduction in administrative burden (scheduling, paperwork, etc.)

In the future, we will work in partnership with maritime cargo forwarders and shipping companies to realize even greater benefits and optimized logistics.

Conventional maritime container shipment



Container transportation incorporating round use



Honing Our Experience, Technical Expertise, and Industry Knowledge to Better Meet Customers' Expectations

Holding of a Forklift Operator Contest in Shanghai

The 3rd Nippon Express (China) Forklift Operator Contest was organized by middle managers and held in Shanghai on March 12 and 13, 2015. This contest has been held annually since 2013 as part of Nippon Express (China)'s employee education and training process. It seeks to polish the knowledge and skills of the company's forklift operators, improving safety, ability to avoid accidents, and quality level in forklift operation to help distinguish the company from its competitors. Nineteen forklift operators selected from Nippon Express Group companies throughout China took part in the contest, and competed in three areas (theory, equipment inspection, and operating skills) for a total possible score of 800 points. The contest was supervised and points were awarded by five local forklift operation instructors. The top prize-winners took part in the Nittsu Group Nationwide Contest for Drivers and Forklift Operators held in Japan in May 2015. This is a pioneering initiative in which the operators will take the skills that they learn in Japan back to China, enabling us to realize a level of quality that meets the expectations of our customers worldwide. We intend to vigorously continue our efforts in this area.



3rd Nippon Express (China) Forklift Operator Contest



The major prizewinners

Outstanding Success in Competitions outside the Company!

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

Nippon Express Group contestants excelled in the 29th All-Japan Forklift Driver Skills Competition held by the Land Transportation Safety & Health Association in September 2014, winning the Minister of Health, Labour and Welfare Award and the Runner-up Award. Nine Nippon Express Group contestants took part in the 46th National Truck Drivers Contest held by the Japan Trucking Association in October. Our drivers took the top awards in the trailer category and the female driver category.



National Truck Driver Contest (Female driver category Grand Prize winner)



National Truck Driver Contest (Trailer category Grand Prize winner)

For Your Wellbeing—Safety First

The Nippon Express Group strives to foster a safe and worry-free lifestyle through its logistics services. The Group considers all possible logistics needs and how to respond to them, but never loses sight of its overall commitment to safety first. We firmly believe that ensuring safety is one of our greatest social responsibilities and place considerable emphasis on active deployment of the safety management initiatives that make it possible to meet this responsibility.

Safety Initiatives

Safety Pledge and Symbolic Sculpture



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

Fiscal 2015 Safety and Health Management Policy

Ensuring the safety and health of our employees is both a grave social responsibility and key to remaining a competitive entity. Our safety-first policy is realized through the adoption of the following measures, which when implemented must not compromise the spirit and dignity of the individual worker.

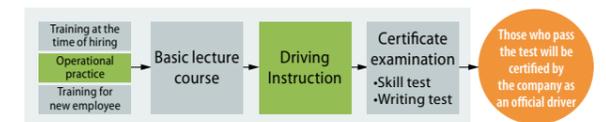
1. Actualize a disciplined workplace environment.
2. Actualize respect for rules and increase awareness of potential dangers.
3. Actualize the ability of each employee to identify and resolve issues in the workplace.
4. Continue our ongoing efforts to address and respond to mental health issues and lifestyle-related illness.
5. Promote measures to encourage self-motivated health management.

Education and Training System

The Nippon Express Group has been emphasizing the importance of safety education and training for truck drivers and forklift operators. In order to prevent workplace accidents all licensed drivers and forklift operators are required to complete and pass Nippon Express' exclusive training and certificate examination before starting work. For the employees who are in charge of training, a special education program, the Driving Instructor Training Course, is offered at the Izu Training Center, which boasts the perfect training environment with

generously equipped facilities. After completing the course, which is designed to increase safety awareness as well as driving skills, the certified instructors return to their respective branches and function as instructors for other drivers and forklift operators. The instructors receive ongoing education on the latest safety findings and skill enhancement through regular follow-up courses.

Training Program for Drivers and Forklift Operators

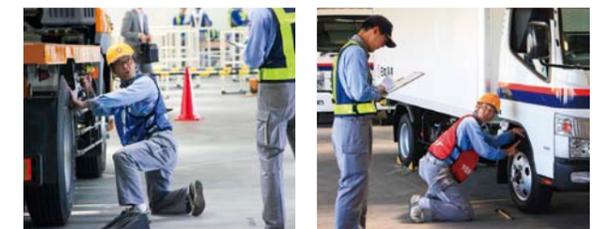


Instructor System for Driver and Forklift Operator



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

Every year, the Nippon Express Group All-Japan Driver & Forklift Operator Contest is held to improve driving performance, including compliance with traffic rules, fuel-efficient driving, and maintenance inspection skills. While this helps prevent traffic and industrial accidents, reduce environmental burdens, and realize lower costs, it also instills a sense of professionalism and pride in our drivers and forklift operators, reminding them of their responsibility as members of society.



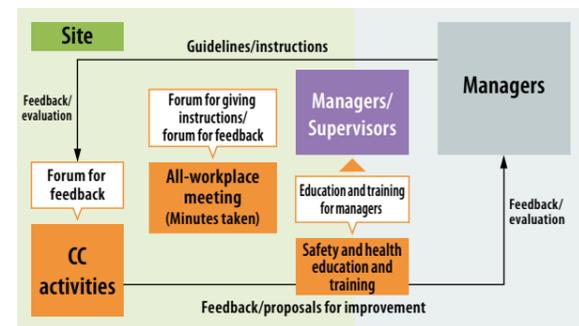
For Your Wellbeing—Safety First

Nippon Express Safety & Health Management System (NSM)

In April 2010, after a thorough review of the existing safety and health management program, the Nippon Express Group decided to launch the Nippon Express Safety & Health Management System (NSM). NSM is built upon three solid sub-programs.

The first sub-program is "Open Communication in the Workplace," under which an efficient forum has been established for disseminating corporate policy and strategic direction to all employees. The second sub-program, "Challenge Circles (CC)," is based on holding small group discussions focused on both local, branch-level issues and more general concerns, e.g. what measures should be taken to better ensure a higher level of safety in the workplace and on the job. The third sub-program is health and safety training/education for supervisors and managers.

NSM is designed to realize a better workplace environment through the three sub-programs outlined above. Once implemented, the NSM will operate in accordance with the PDCA (plan, do, check, and act) cycle throughout the life of the program. By introducing NSM, we will come closer to achieving a safe, healthy work environment with built-in continuous improvement.



Safety Measures for Affiliates and Sub-Agents

Operation sub-agents are, by definition, independent entities and will implement safety measures under their own responsibility in line with the scope of business involved. However, as members of the Nippon Express Group, it is essential for these companies to operate to the same safety standard as that of Nippon Express. To ensure this is the case, our Head Office requires that responsible employees of these entities undertake the same safety training and education as that provided to Nippon Express employees.

Furthermore, since 2011, Nippon Express has conducted biannual safety meetings with its affiliates and sub-agents to further support our goal of ensuring safe, reliable, and consistent service to our clients.



Safety Meeting

Measures to Reduce Overtime

Directive to Reduce Overtime

Under the executive order of the President, Nippon Express is working to ensure that each employee's overtime does not exceed predefined limits. Specific measures include close monitoring of overtime for each employee at the branch level. If the employee's overtime is close to the allowable limit, the responsible manager is required to review the workload allocation and determine, with the support and input of the administrative department, how to increase overall efficiency and reduce the total number of working hours for the branch and its employees. In the event an individual employee's hours are habitually over the working hour limit, this must be reported to the Board of Directors. Measures such as this should make clear the solid commitment of the company, at all levels, to resolve the issue of excessive working hours, with these measures to remain in place until the issue is resolved.

Measurement and Control of Working Hours

Office workers' working hours are measured against the operating hours recorded on the PC (time elapsed from PC power-up to shutdown) assigned to the individual employee. A digitized "time card" system is in place for employees not using a PC as part of their daily work routine.

Objective digital measurement of actual working hours has made it possible to implement appropriate measures to better manage working hours. The same data is also being used to set baseline levels for maximum allowable working hours in order to support the elimination of excess overtime.

Mental Health

In the realm of ensuring the mental health of our employees, our emphasis is on ensuring that there is proper understanding of the issues and appropriate communication with medical experts to support the following four areas of mental health maintenance and care. Regularly scheduled stress checks have also been implemented to promote early detection of stress-related symptoms in the workplace.

Self-Care

To facilitate self-care and awareness, Nippon Express provides guidance through its regular bulletins covering mental health issues. The company also produces a leaflet, "Just between you and me," which is distributed to employees with the aim of increasing awareness in order to aid early detection of mental health problems among employees, their families, and colleagues, and thereby ensure treatment at an early stage. Family members, for this reason, are also encouraged to read the leaflet.

Management Awareness Training

Newly promoted managers are required to undertake training in the area of mental health issues. Stress check results are being used to increase overall understanding and improve the work environment.



Care from Outside Experts and Institutions

We have established a service called "Health Counseling for Mind and Body," which makes it possible for employees and their families to consult with specialists and organizations via the Internet or by telephone.

"Health Counseling for Mind and Body"

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

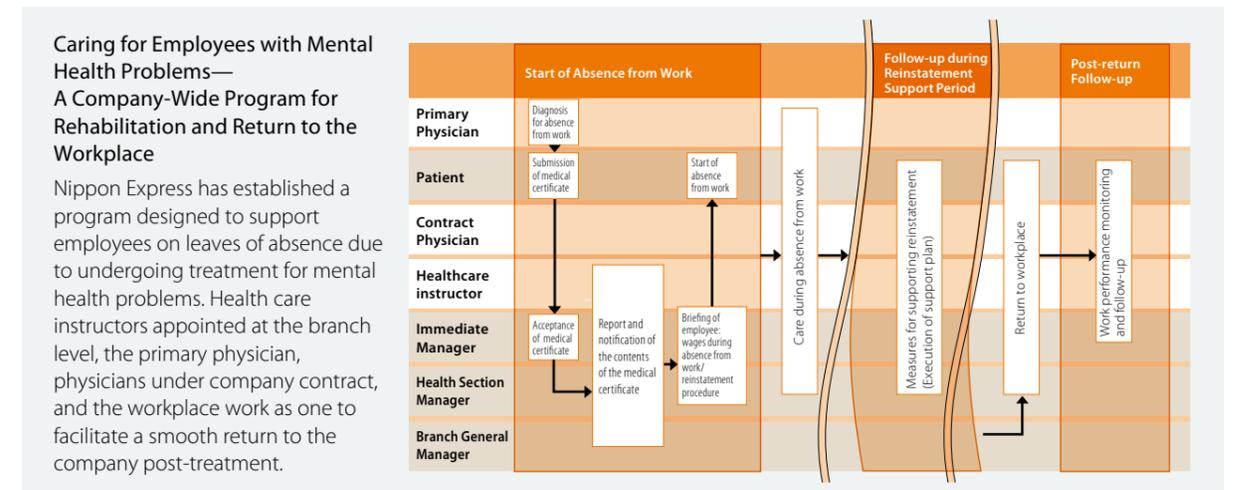
Care by In-House Health Care Staff

About 180 qualified nurses and preventive medical practitioners are assigned



Healthcare Instructor Training

to branches nation-wide as healthcare instructors to facilitate mental care consultation. To improve the knowledge and skills of healthcare instructors, seminars led by outside experts (industrial counselors) are given.



Safety-Related Data

Actual costs incurred for transport safety (FY2014)

Item	(Unit: million Yen)
Labor cost of safety-related positions (domestic)	1,510
Educational costs (training at headquarters)	494
Material publishing	3
Nippon Express Group National Safety and Health Convention	1
Driving control system (digital tachograph), etc.	1,902
Accident and disaster prevention awareness materials, etc.	6
SAS screening test	26
Other safety measures	115
Total	4,057

Number of accidents relating to Article 2 of the Transportation Safety Management Regulation (FY2014)

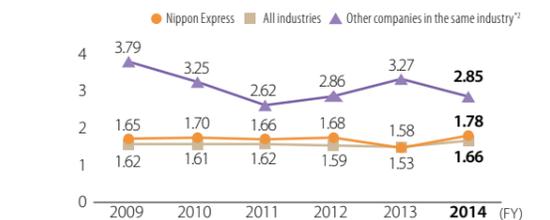
Type of Accidents	Total
Leaving the road	2
Collision	2
Fatal and injury	4
Vehicle malfunction	2
Health-related	1
Total	11

Obtaining certification under safety evaluation program (As of January 2015)

Number of Nippon Express registered offices for cumulative statistics:	532 offices
Nippon Express Group registered offices:	256 offices

Index of labor accidents

• Accident frequency rate^{*1}

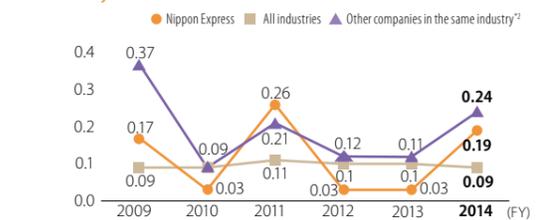


*1 The accident frequency rate is an international indicator showing the rate at which labor accidents occur.

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

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

• Severity rate^{*3}



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

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

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



Human Resources (The Company is the People)

HIGHLIGHTS

We challenge our employees to test their limits and hone their abilities, encouraging self-motivation and making it possible to train the next generation of corporate leaders.

National Staff Management Training Program

Nippon Express, as part of its globalization program, selects employees of our overseas subsidiaries who display management potential for managerial training and education. The program was initiated in FY2012 and has been conducted three times for a total of 15 days of intensive training, including classroom seminars, e-learning, and round table discussions via the Internet.



Specialized training

Fine Arts Handling Outreach Training Program (Fine Arts Business Division)

Nippon Express has specialized in the area of fine arts handling and transportation for many years, with a range of sophisticated skills mastered by our professional staff. In direct response to a request from our branches throughout Japan and to ensure this expertise is not lost, we initiated an outreach training program. Under this program, we dispatch highly trained specialists to field offices to train the next generation in the handling of works of art.



Specialized training (managerial)



Specialized training (practical)



National staff at recent management training seminar

Human Resources (The Company is the People)

The Nippon Express Group strives to maximize the potential of each and every employee. Our ideal is individuals with an innate sense of proper conduct who will mature in their career through their own efforts while adhering to our corporate philosophy and vision. We highly value our employees; our workplace vision focuses on the Ideal Nippon Express Group and our Charter of Conduct provides guidelines to actualize a workplace offering job satisfaction.

Human Resource Principles

Nippon Express manages human resources in line with three fundamental principles.

- **Respect for the individual**
Treat each employee as an individual with individual needs and personality and not simply as part of a homogenous workforce.
- **Merit is awarded.**
Ensure performance is measured and achievements, once verified, are taken into consideration.
- **Proper placement**
Ensure the appropriate level of skill and competency is matched to the position.

Employees (as of March 31, 2015)

Total no. of employees	Average age	Average years of service
32,510 (Men: 28,280 Women: 4,230)	42.2	18.3

Diversity and Equal Opportunity

The Active Role of Women in the Workplace

It should go without saying that only with the full contribution of women in the workplace can a company have any chance of growth or expansion. In line with this first principle, Nippon Express is actively recruiting women to join the company. Nippon Express fully agrees with the initiatives of the Japan Federation of Economic Organizations (Keidanren) and in line with same has launched a voluntary plan to support the promotion of women to management and executive positions. Details of this plan have been made public on the Keidanren website.

Transition of the number of employed

	FY2011	FY2012	FY2013	FY2014	FY2015
Number of recruits	637	505	516	499	730
Number of female recruits	185	157	137	153	228
Percentage of female recruits (%)	29.0%	31.1%	26.6%	30.7%	31.2%

Voluntary action plan

Striving to realize sustainable growth as a global logistics company, Nippon Express respects diversity among its employees and seeks to create workplaces in which each of our employees is able to thrive. Working in particular to ensure that female employees flourish in our organization, we are expanding a system for the support of work-life balance that offers a diverse range of working styles. Through training at various levels, including management positions, we will cultivate a workplace environment that readily accommodates women, and continue to increase the number of women in management positions.

Primary Initiatives

- Providing training tailored to female employees (career enhancement)
- Training in diversity management for managers
- Ensuring that at least 30% of recent recruits for regular company positions are women
- Promotion of work-life balance, including regulation of working hours

Employment of Persons with Disabilities

In our effort to increase the employment rate of persons with disabilities, Nippon Express is expanding the range and scope of work opportunities throughout its network in Japan. In conjunction with these actions, Nittsu Heartful Co., Ltd. was founded in October 1997 and received accreditation as a special subsidiary company of the Group in May 1998.

Nittsu Heartful is responsible for internal mail and business card production on behalf of our headquarters. The company is also actively engaged in providing business support services and positions in the Tokyo area for employees with disabilities. A dedicated manager is assigned at each location to act as a liaison between the employee, his or her family, and when required, the special needs school to ensure the employee is well-adjusted and comfortable in his or her workplace.

Employment rate of persons with disabilities

	FY2010	FY2011	FY2012	FY2013	FY2014
Employment rate of persons with disabilities (%)	2.04%	1.92%	1.95%	1.98%	1.96%

Human Resources (The Company is the People)

International Student Program

For a Japanese company engaged in global business, it is vital to train future employees who will be capable of acting as a bridge between Japan and the rest of the world. International exchange students in Japan not only understand their own culture but have come to an understanding of Japan's culture and customs. To both give exchange students a chance to achieve their life plan and to assist our overseas affiliates, Nippon Express established a new program directed at hiring exchange students for full-time positions.

We believe these new recruits will be some of our strongest players in the years ahead. With their international work experience, we expect they will play a role both in the development of business at our overseas locations and in the creation of new business opportunities realized through their diversity of vision.

Tapping into the Human Potential

To ensure continuous growth, it is vital that a company nurture a corporate culture that makes it possible for each employee to mature, grow and reach their full potential. Today's rapidly changing business environment requires a company to train self-sufficient managers who will become the next generation of leaders.

A company must also ensure its employees work toward achieving its corporate goals, using education and training designed to increase business skills and full comprehension of the CSR guidelines.

In order to achieve this, the Nippon Express Group established a revised training and education policy in FY2013.

Training and Education Policy

(under the Three-Year Management Plan 2015)

- A. Develop/nurture leadership.
- B. Develop global human resources.
- C. Develop specialists.
- D. Make manifest the corporate philosophy—ensure ethical behavior for all.
- E. Strengthen the overall management of the Group.
- F. Expand the breadth and reach (empowerment) of the HR department.

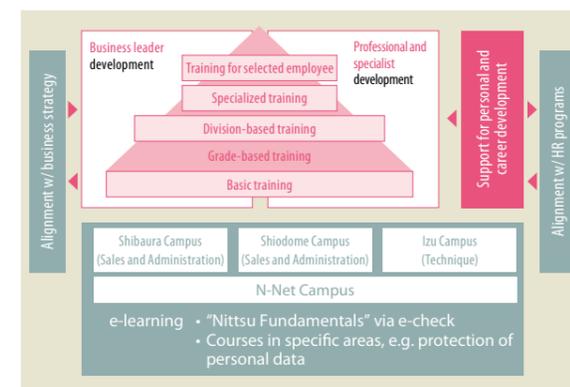
Nittsu Group University

The "Nittsu Group University," an internal organization, was established in April 2010 expressly for the purpose of developing specialists and finding/nurturing leaders. Conventional human resource development systems and strategies have been unified and made subject to annual review, in order to best support programs which make it possible for employees to reach their full potential.

Along the same lines, a wide range of training programs have been introduced, including various e-learning (self-training) programs and the "Nittsu Business School" at which classes are given by outside instructors.

By joining *knowledge* with *expertise*, the Nippon Express Group is working to create new value against the background of a corporate culture that both encourages and makes possible the individual growth and potential actualization of each employee.

Human Resources Development Schema



Overseas Business Trainee System

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

52 people
were dispatched to 27 companies
in 22 countries
(FY2014)

Topics

Holding of REWARDS training for Kyushu Region in Shanghai

In July 2014, we conducted our first-ever training program in Shanghai for 16 young members of sales staff in the Kyushu Region. The purpose of this training program was to deepen awareness of global logistics.

We had previously conducted training in the basic operation of the global inventory management system REWARDS for local members of staff in China, but we felt that it would also be of value to provide the same training to members of our sales staff in Japan, who have little opportunity to use the system.

On their first day of training the trainees visited Shanghai Yangshan Deep-Water Port, the world's largest container port. In an office environment, they listened to a discussion of subjects including the status of logistics in China, after which they moved to a training room in order to receive training using devices of the same type as those employed in actual operations. Following this, the trainees visited one of our locations in Shanghai where REWARDS is actually in use and were guided through areas including a warehouse that functions as a hub for export to Japan, a cargo inspection

area, and a distribution center (DC) for the dispatch of products to retail outlets. A lively exchange of opinions was held with local staff members.

Going forward, we intend to roll out this type of training to our regional branches in Japan to increase awareness of global logistics operations in the East Asian region.



The Kyushu Region trainees (In the REWARDS training room in Shanghai)

Creating an Employee-Friendly Workplace

Underpinning the HR policy are the guidelines incorporated into Japanese law under the Next Generation Education and Support Promotion Act (July 16, 2003, Law No. 120). Included is the principle that a balance must be maintained between work and personal life to ensure that the critical responsibility of child-rearing is fully undertaken. Nippon Express subscribes to this principle, which has been formulated in Japanese as the "work-life balance" model. We are actively taking measures that make it possible for our employees to achieve this balance, including contribution to activities that promote diversity in lifestyle choices and child-rearing. Through such programs, we are able to fulfil our social responsibility as a good corporate citizen.

From April 2013 to March 31, 2015, 292 employees (both men and women) took childcare leave. Since April 2015, we have continued to encourage our employees to take childcare leave, in conjunction with the introduction of both self-awareness training to reduce overtime and on-the-job training.

As it is expected that Japan's population will continue to rapidly decline coupled with ever-increasing longevity, Nippon Express is looking to diversify its workforce through increasing the number of women, senior citizens, etc. By doing so, we will support the realization of a balance between our employees' need to find satisfaction in their working lives with managing both child-rearing and care for the elderly, without losing sight of the need to increase overall productivity.

Across Japan—Engaging in Activities That Say “Nippon Express”

Myanmar Festival 2014

Nippon Express participated in Myanmar Festival 2014, held for two days from October 18 to 19, 2014 at Zojoji Temple in Tokyo’s Minato Ward. This year’s festival was the second in its short history, and was a huge success, with 59,000 visitors attending over the two days.

The Nippon Express booth featured panel displays and screenings of commercials publicizing our business, including our network within the ASEAN region, our cross-border transportation services, our transportation of heavy equipment and factory installation, our overseas moving services, in addition to offering consultation for international logistics. Over

the two-day period, we had approximately 1,500 visitors, including representatives of companies considering entry to the Myanmar market and people interested in our ASEAN network.



Games proved popular with many visitors

Balloons with the “Global Logistics Provider” logo were offered to children

Nippon Express Staff Visit an Elementary School Studying Global Warming

On July 15, 2014, Nippon Express staff members offered a “visiting class” on the theme of environmentally friendly ecological moving services to 27 fourth-year students of Dai-ichi Iide Elementary School in Iide, Yamagata Prefecture.

During the class, the Nippon Express staff shared data that contrasted the waste generated by the use of conventional materials in household moves (cardboard cartons, other disposable materials) with the use of eco-friendly materials developed by Nippon Express, including stretch net-equipped blankets, recyclable containers for kitchen goods, and other recyclable materials. The students were surprised to learn that moving services that utilize recyclable packing materials generate almost no waste.

We plan to expand our efforts in providing environmental education in the elementary and junior high school classroom, thus increasing awareness and interest in environmental issues among the young.

Close Up

In 2007, Nippon Express established a Nittsu Forest in Iide, Japan. Our reforestation work at Iide continues to this day. When considering where to start our eco-awareness activities for schoolchildren, Iide seemed like a logical choice. We wanted to show the schoolchildren of Iide that you can make a difference if you consider the importance of the global environment. We will continue our in-school education and reforestation program stressing the importance of preventing global warming and protecting biodiversity.



The children who were present at the class realized how important it is for everyone to be aware of the three Rs (recycle, reduce, reuse) and were enthusiastic about starting efforts of their own, such as taking their own bags when shopping and using their own personal chopsticks rather than disposable ones.



Protecting the World’s Cultural Heritage

Over its long corporate history Nippon Express has developed highly sophisticated and specialized logistics that are utilized and shared throughout the world and link us to individual cultures and communities. Part of these activities has been directed at the protection of art and cultural artifacts of global importance.

Nippon Express is also expending efforts ensuring the proper training of dedicated staff in this specialized area of fine arts and antiquities handling, in order to ensure that the necessary skill set is passed on to the next generation while new technology and methods continue to be developed.



Transportation and preparation of displays for an exhibition of items designated as National Treasures



Lectures on packaging art objects at the Museum of Logistics

Close Up 1

Sharing Technical Expertise

Nippon Express is participating in the Grand Egyptian Museum Conservation Center Project by providing technical advice and live demonstrations in the handling of fine art and artifacts to staff members of the Center. As of February 2015, we have conducted no less than seven training sessions.



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

Close Up 2

Outreach Program for Future Museum Curators

By holding classes on the handling and wrapping of works of art for interested individuals including university students studying to become museum curators, we are contributing to society by transmitting the skills and knowledge that we have cultivated through our extensive experience to the next generation.



Class for university students on handling and wrapping works of art

Transportation of Protective Gear to Ebola-infected Regions

In December 2014, Nippon Express transported protective gear from Japan to Dubai by air to support the Japan International Cooperation Agency (JICA) in its effort to provide emergency relief goods to Ebola-infected regions in Western Africa.

Responding to requests from Liberia, Sierra Leone, Guinea and Mali, JICA sent approximately 720,000 sets of protective gear (presented by the City of Tokyo) to these countries. Of these, Nippon Express inspected and packaged approximately 680,000 sets in Japan and transported them by air to Dubai. With Nippon Express (Middle East) taking delivery of the cargo and storing it in Dubai, we were able to provide a seamless transportation service from departure to arrival.



Community Involvement

The Nippon Express Group actively engages with both the local community and society at large to build trust and stimulate growth.

Nippon Express is dependent on public transportation infrastructure spanning the gamut from airports to seaports, rail, and roadways, without which we could not provide the services that are the foundation of the company.

As we are intimately bound to and dependent upon the community, we are fully committed to actualizing "Our Pride to Inspire Trust every Step of the Way," found in our corporate vision statement (philosophy).

Creating Employment

Creating Employment Opportunities for Those with Disabilities

On June 16, 2014 Nittsu Transport established the "Nittora Farm" on the premises of the *Waaku Hapinesu Faamu* (note: this is the name given in Japanese and is in no way pejorative in the original language) in Chonan-machi, Chosei County, Chiba Prefecture, Japan.

The Nittora Farm was specifically set up to provide work opportunities to those with disabilities. The working environment is designed to promote an enjoyable and relaxing atmosphere and is situated in a plastic-covered greenhouse 45 meters in length. Vegetables including Japanese mustard spinach, parsley, and lettuce are grown. The harvested vegetables are delivered to all points in the Nittsu transport network, enjoying considerable acclaim from the recipients. The Nippon Express Group will continue in its efforts to include all members of society in its business activities.



Mustard spinach under cultivation



Nittora Farm

Responding to Emergencies

Social Responsibility as a Designated Public Provider

Subject to the Disaster Countermeasure Basic Act, Nippon Express, as an overland transportation company, is required to provide lifeline support in the event of a disaster. Since the Great East Japan

Earthquake in 2011, we have taken even greater steps to develop regionally specific logistics solutions for the provision of emergency aid in response to the societal issues raised by the earthquake.

In response to an urgent call for help from both Hiroshima Prefecture and Hiroshima City after landslides that occurred in Hiroshima City (August 2014), the collective power of the Nippon Express Group was brought to bear in the transport of emergency supplies and goods from storage centers to the evacuation centers.



Transportation of emergency supplies and goods

Charitable Activities

Donation of Calendars

Each year, our Head Office works to ensure calendars are effectively utilized. As part of our contribution to local communities and 3R initiatives, since 2009 we have donated calendars, day planners, and other items received from clients for which we have no use. Distributed locations include social welfare councils and nursing care and childcare facilities throughout Japan. In January 2015, a total of 1,540 items were donated to 14 groups.



Donated calendars

Interaction with the Local Community

Participation in Festivals Across Japan

The Nippon Express Group participates in local festivals and events throughout Japan to build close ties with local communities and show its support.



Aomori Nebuta Festival



Tokushima Awa Odori

Support for the Museum of Logistics—Tokyo, Japan

The Museum of Logistics, operated by the Forwarders Council, is the first museum in Japan wholly dedicated to logistics. Starting life in 1958 as an archive of transportation-related materials held at the Nippon Express Head Office, the museum moved to its present location (Takanawa Ward, Tokyo) in 1998 with an eye toward introducing logistics to the general public.

The museum boasts an unrivaled collection of unique and valuable materials starting from the Edo period (1603-1868), which include approximately 6,000 historical documents, approximately 200 fine art and craft items, approximately 1,000 documents utilized in actual conveyance, more than 100,000 photographs, and approximately 200 films. The majority of the materials have either been donated by Nippon Express or are on loan.

The museum is equipped with a permanent exhibition area and a projector room that introduce visitors to the logistics industry, both past and present. Visitors are also encouraged to experience logistics firsthand by trying on uniforms and "using" the equipment of a bygone era. The museum is popular with a wide range of groups, including grade school children, college students (both vocational and university), and logistics company personnel undergoing training. The museum also attracts members of the general public of all age groups through its special exhibits, film screenings, and lectures.

Nippon Express Sponsors Saori Yuki and Sachiko Yasuda

This duo of singing sisters decided to inspire today's school children to sing by sharing the beauty of the Japanese songbook. Their passion struck a chord with Nippon Express, leading to our sponsorship starting in 1995.

The duo also works with junior high school students in impromptu jamming sessions through which a group "concert" emerges. The venues include school gymnasiums and assembly halls. These interactive concerts, which in Japanese have been dubbed "handmade school concerts," started in 2002. The effort has enjoyed our full support at the 86 schools that have participated to date.



"Handmade school concert"

In fiscal 2014, we organized two exhibitions: "Recollections of Rail Freight Transportation in the West Kanto Region – From the Field Notes of Rail Freight Researcher Issaku Watanabe," which looked at cargo transport in the West Kanto region during Japan's period of high economic growth; and "Travel and Transport on Japan's Highways – From the Edo to Meiji Periods," which provided an overview of changes in land transportation from the Edo to the early Meiji Periods. Nippon Express supports the museum through donations and gifts or loans of exhibit items.



Exterior of the Museum of Logistics

Community Involvement

Workplace Tours & Internships

Nippon Express encourages workplace tours in Japan on behalf of junior and senior high school students, in addition to offering internships to help young people decide their career path. The workplace tours make it possible for students to learn details of the logistics business while enjoying an open dialogue with our staff. Internships offer junior and senior high school students an opportunity to understand the nature of working life. They help the participants, in the context of working in the local community, to move closer to their career aspirations and those of their families while contributing to society and experiencing an active work setting.



A workplace tour

Workplace tours and internships throughout the company in fiscal 2014

Workplace tours: 22 schools
183
students

Internships: 42 schools
197
students

Actualizing Education

Sponsorship for the Construction of a Temple School in Myanmar

The Nippon Express Group has sponsored the construction of a temple school in Yangon, Myanmar. Education is free in Myanmar's government elementary and junior high schools, but because students are not provided with meals and the schools charge desk and uniform fees, many children cannot afford to attend. In addition to the government schools, there are also free schools operated by temples and volunteers that are recognized by the government as legitimate educational institutions. Children who graduate from a temple school are able to proceed to government senior high schools in the same way as graduates of government elementary and junior high schools.

Dhamma Dipa Monastic Education School, constructed in Yangon to commemorate 60 years of diplomatic relations between Japan and Myanmar, was opened on March 9, 2015. The Nippon Express Group donated all of the funds for the construction of the school. The school covers 293 m² and has four classrooms to accommodate its 275 students. In addition to volunteers, Dhamma Dipa is operated by the head priest and monks of a temple approved to operate schools by the Ministry of Religious Affairs and the Ministry of Education.

Nippon Express will continue its efforts to improve the quality of life in Myanmar through the support of education available to all.



Dhamma Dipa Monastic School

Nippon Express Endows Scholarship for the School of Logistics, Beijing Wuzi University

On October 23, 2014, Nippon Express (China) exchanged a memorandum of understanding with the School of Logistics at Beijing Wuzi University setting forth its intention to endow a Nippon Express scholarship.

Beijing Wuzi University was established in 1980 and its School of Logistics, a sister school of Ryutsu Keizai University (Japan), is recognized as a leader in the field of logistics studies in China. The endowment of the Nippon Express scholarship is another example of our commitment to supporting educational institutions in East Asia to ensure the greater development of human resources for the logistics industry through expanded cooperation between business and academia.



Ceremony for exchange of contracts concerning Nippon Express Scholarship

Protecting the Environment

Forestry—The Nippon Express Greenwood

To help curb global warming and preserve biodiversity, Nippon Express has established "Nittsu Forests" at three locations in Japan: Iide in Yamagata Prefecture, Nichinan in Tottori Prefecture, and Izu Nirayama in Shizuoka Prefecture, where employees and their families have been participating in forestry events since 2007.

These events are held twice a year, in the spring and fall, with planned tree-thinning and planting conducted in cooperation with, and under instruction from, town halls, forestry cooperatives, NPOs, and other related organizations. In 2014, we expanded our reach to include winter in the schedule, especially in the Iide-machi area, thereby working to protect the forests throughout the year.

The significance and value of our forestry events continue to rise given unprecedented changes in the global climate and their impact on the environment.



Cutting up logs to grow shiitake mushrooms (Iide, Yamagata Prefecture)



Participating in forest cultivation activities (Nichinan, Tottori Prefecture)

We Hold Classes for Children at the Eco-Products 2014 Exhibition

Nippon Express was an exhibitor at the Eco-Products 2014 exhibition, held for three days from December 11 to 13, 2014 at Tokyo Big Sight. The event featured the participation of a diverse range of exhibitors who have varying perspectives on ecological products, including company representatives, NPOs, NGOs, government authorities, municipal administrations, universities, research institutions, and the general public. It is one of Japan's largest environmental events, enabling visitors to consider various approaches to the realization of an environmentally friendly, sustainable society.

During the event, we publicized our forestry events and our use of environmentally friendly vehicles under the theme "Imagine, Act, Grow." We also offered classes for children in the form of a game using the reusable Ecologicompo products that we employ in our moving services, allowing elementary school students and other children visiting the event to enjoy and experience Nippon Express products that help to control greenhouse gas emissions.

Over the three-day period, our booth received 9,121 visitors, more than in any previous year. Visitor impressions included "Nippon Express's image has changed—it seems more approachable" and "I found your environmental initiatives very interesting." In the future, we will continue to publicize our environmental initiatives to as wide an audience as possible.



A class for children at the Nippon Express booth

Topics

Participation in the Sakura Namiki Project

As a company located in the region affected by the Great East Japan Earthquake, Nittsu Shoji participated in the Sakura Namiki Project in order to continue its support for recovery and reconstruction.

The Sakura Namiki Project, started in 2011, aims to plant a line of cherry trees at the highest points reached by the tsunami on March 11, 2011. It is hoped that the tree line will remind future generations of this combination of a major earthquake

and a powerful tsunami, which may very well occur in the East Japan region each century, and will provide people with a safety line that will help them survive any future tsunami. In March 2014, local residents and employees of Nittsu Shoji and their families planted 16 cherry tree seedlings to express hope for future generations, in the Taneji area of Wakabayashi Ward in Sendai City, which had suffered severe damage from the earthquake and tsunami.



Participating in the Sakura Namiki Project



Planting cherry tree seedlings

Corporate Governance

The Nippon Express Group takes corporate governance very seriously. Fundamental principles include achieving transparency in business operations, achieving timely decision-making, and making clear the corporate lines of responsibility. By embracing these principles while continuously enhancing and strengthening corporate governance, we are confident that trust with the community at large and our stakeholders is assured.

Corporate Governance System

Corporate Governance—First Principles

Corporate governance at Nippon Express is summed up in two key principles: 1) realize effective management through timely decision-making, and 2) make clear the lines of corporate responsibility. The Board of Directors meets a minimum of once a month, and more often if necessary, to issue resolutions covering important management areas and direct the general business of the company. The Board is made up of 15 members, each serving a one-year term. Two directors are appointed from outside the company to allow for a fresh perspective and enhance the Board in directing the general direction of the company (at the General Shareholders' Meeting held on June 26, 2015, one new external director was appointed).

At the same time, the Company has introduced a Board of Officers, charged with the task of ensuring the rapid execution of business operations. As of March 31, 2015, a total of 15 directors and 29 executive officers (11 of whom concurrently serve as directors) are in place. Furthermore, Audit & Supervisory Board members attend board meetings and other important meetings, review key documents, audit key facilities, and perform reviews at subsidiary companies to ensure alignment with corporate directives and guidelines. Results are reported in parallel to the Audit & Supervisory Board and the Board of

Directors to ensure impartiality on the part of the Audit & Supervisory Board. As of March 31, 2015, there are four Audit & Supervisory Board members, of whom three are external.

Creating an Internal Control System

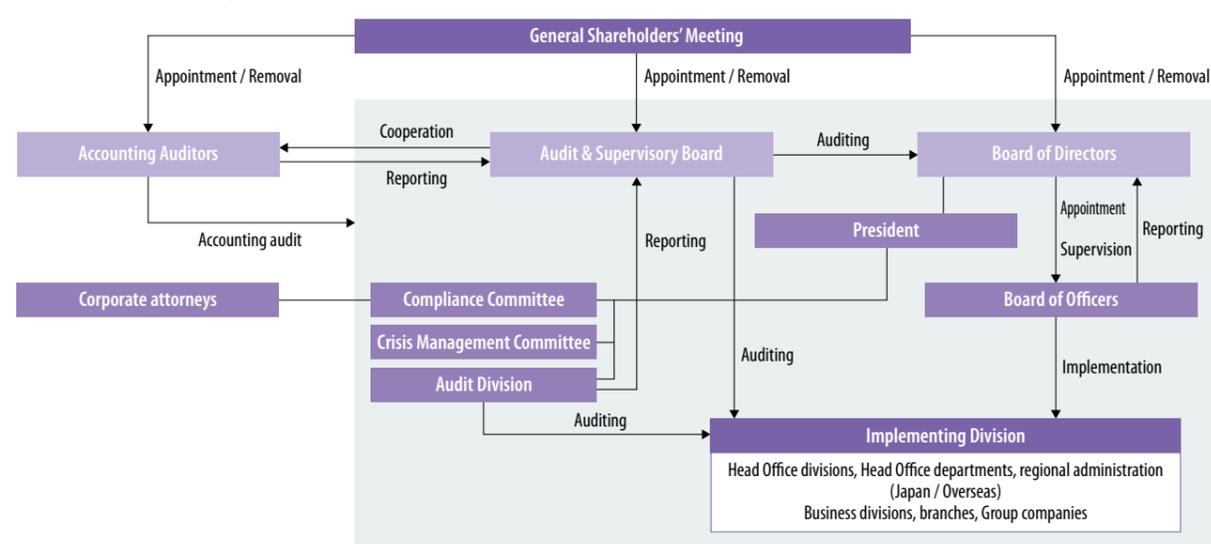
In order to conduct business fairly and efficiently, it is important to implement firm internal control systems. Nippon Express has created effective control systems, including a compliance system, a risk management system, an internal audit system and a system to assure fair business operations in all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

Business Continuity Plan—Crisis Management

Setting Up a BCP

The Nippon Express BCP breaks down crises into four categories: 1) natural disasters, 2) overseas crises of all kinds, 3) IT crises, and 4) new strains of influenza. Protocol to be followed in the event of any of the four categories has been established. Intra-group collaboration is reinforced under the Nippon Express Disaster Management Guidelines.

Corporate Governance System (as of March 31, 2015)



As a designated public institution under the Disaster Countermeasures Basic Act and the Civil Protection Act (the Act Concerning the Measures for Protection of the People in Armed Attack Situations) as well as the Act on Special Measures concerning the Relief of Pandemic Influenza executed in April 2013, Nippon Express fulfilled a role as a designated public institution by working to assist the affected areas with rehabilitation and reconstruction. For example, we transported emergency materials immediately after the Great East Japan Earthquake.

Furthermore, in addition to stockpiling emergency supplies including food and drinking water, protective masks and gloves are stored as a countermeasure in the event of an epidemic. Satellite and mobile phones with priority access have also been made part of our arsenal. Through strategic installation at appropriate divisions within HQ and major branches across Japan, the communication lifeline is maintained in the event of an emergency.

System to Ensure Business Continuity (BCM/BCP)

Nippon Express developed BCM (Business Continuity Management) as well as a BCP (Business Continuity Plan) in order to continue our operations even when faced with disasters or a threat such as the spread of a new influenza strain. At the time of the Great East Japan Earthquake, we maintained our business operations, starting with the transport of emergency relief materials, by swiftly invoking our BCP.

Each company of the Nippon Express Group places the health and lives of employees and their families first and foremost when responding to states of emergency caused by natural disasters, industrial disasters and man-made disasters. We also work to continue our business operations as much as possible in order

BCM Basic Policy

- 1 Priority of human life and safety**
Whether faced with widespread disaster, new strains of influenza, conflagration, terrorism, system failure or any other risk, the company will place the lives and safety of its employees, as well as their family and related people, above all else.
- 2 Contribution to society**
Even in times of emergency, the company will work to achieve as much of its social mission as is possible. Also, when assistance is requested of us, whether by the federal authorities, local authorities or the local community, we will respond to the best of our ability and contribute to the good of society.
- 3 Minimization of effects on customers**
In times of emergency, in times when our business operations are hindered or in cases when the continuity of all of those operations is in jeopardy, the company will continue to operate under the previously established priority operations for sustained continuity, place top priority on recovery and strive to minimize the effects of these issues on the customer.
- 4 Thorough compliance with laws and regulations**
Even in times of emergency, the company will adhere to all relevant laws, regulations and ordinances when conducting business.
- 5 Disaster preparation in times of normal business operations**
In times of normal business operations, the company will build cooperation between the members of the Nippon Express Group to protect against the occurrence of disasters and other accidents by promoting stocks of emergency food rations and hygienic supplies and by carefully conducting necessary training drills while working to secure the resources necessary for business continuity.

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

Crisis Management System

Based on its Crisis Management category, Nippon Express stipulates that when a disaster occurs in a region in which the company operates, information must be collected by each of the relevant locations and the necessary items reported in the Disaster Management System on the company's intranet in order to enable the status of damage, etc. to be rapidly assessed.

[Standards for events requiring reporting]

- Occurrence of an earthquake of *Shindo* 4 (on Japan's 0-7 scale of earthquake intensity)
- Damage due to a typhoon, flooding, fire or other disaster
- Occurrence of damage in the relevant region due to an airplane or train accident, explosion, etc.
- Other situations when the Head Office Disaster Response Strike Team decides that a report is necessary

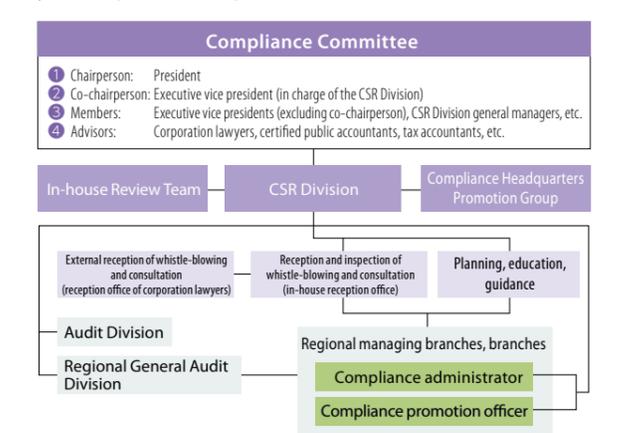


Compliance Initiatives (Prohibition of Anti-Competitive Practices)

Compliance Management Promotion System

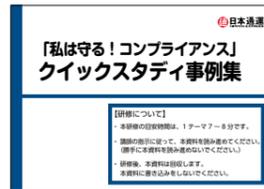
Stressing the importance of compliance management, Nippon Express established the Compliance Division (currently the Corporate Social Responsibility Division) in June 2003. In October of the same year, Compliance Regulations were established at the Head Office, along with the establishment of a Compliance

System to promote compliance (as of March 31, 2015)



Corporate Governance

Committee chaired by the company President and an internal whistle-blower system (Nittsu Speak-up), all of which were undertaken to encourage honest and fair company practices. In fiscal 2014, we held our 16th compliance questionnaire. The questionnaire was issued to all full-time employees and temporary staff, with a response rate of 84.5%. We intend to continuously raise awareness of compliance by means of employee education and OJT in the workplace using the results of this survey.



Nippon Express as an Authorized Economic Operator (AEO)

The AEO system requires trade-related businesses in the global supply chain to manage the security of their shipments and establish relevant systems, and offers complying businesses simple and rapid customs procedures. This system was instituted following the 9/11 terror attacks in the U.S. in order to both facilitate and ensure the security of international logistics. AEOs are businesses that are recognized and certified by international customs authorities as having implemented freight security management and established systems for legal compliance. Nippon Express was recognized and certified as an AEO Warehouse Operator



in January 2008 and as an AEO Customs Broker in May 2012. These certifications ensure that our shipments are processed expeditiously by customs.

Initiatives for the Protection of Personal Information

Policy for the Protection of Personal Data (Items)

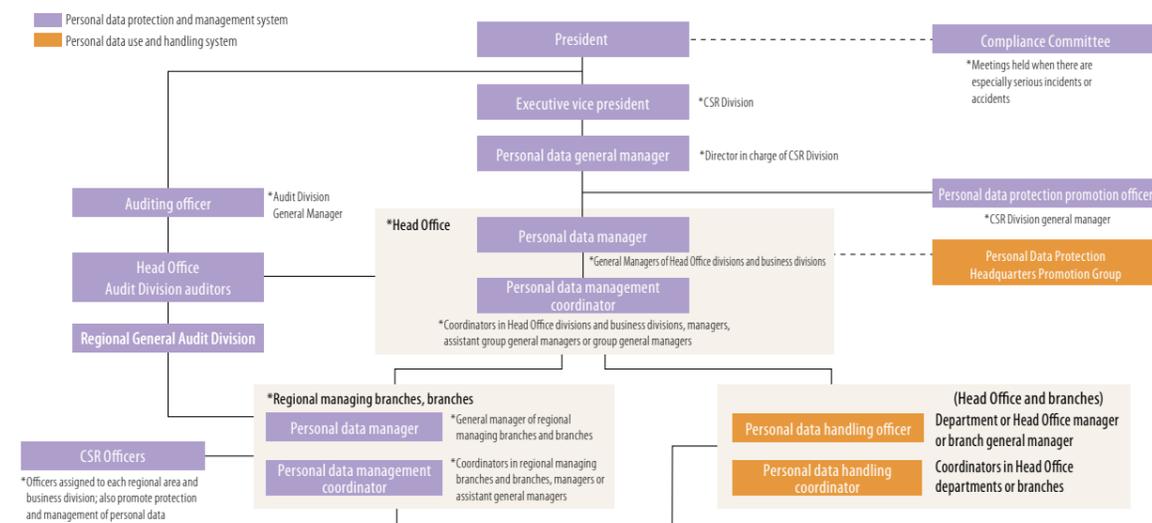
- ① Respect for individuals' personal data
- ② Establishment of personal data protection system
- ③ Implementation of secured management of personal data
- ④ Compliance with laws, government guidelines, and other standards pertaining to the protection of personal data
- ⑤ Response to complaints and counselling requests
- ⑥ Continuing improvement of program for compliance with personal data protection policy

Revised on July 22, 2011 (Formulated on April 1, 2005)

Received Certifications Related to the Protection of Personal Data

- **Privacy marks**
Nippon Express, Nittsu Shoji, Nippon Express Capital, Nippon Express Travel, Careerroad, Nago E-Technology, Nittsu Tokyo Ryutsu Service, Okinawa Nittsu Air Cargo Service
 - **ISMS (Conformity Assessment Scheme for Information Security Management System)**
Nippon Express Information Technology Promotion Division, Nippon Express Tokyo Air Service Branch VAL Cargo Center, Information System Center, Nittsu Information Systems, Nittsu Panasonic Logistics, Corporate Customers Development Group, Corporate Customers Business Division, No. 2 Corporate Business Division, Information System Center, Nittsu NEC Logistics, General Sales Division, Platform Division, Global Network Business Division, No. 1 Global Solutions Business Division, No. 2 Global Solutions Business Division, No. 3 Global Solutions Business Division, Head Office Regional Divisions
- (As of March 31, 2015)

Organizational Chart for Personal Data Protection and Management/Personal Data Use (as of March 31, 2015)



Third-Party Opinion



Executive Director,
Caux Round Table Japan
Visiting Professor, Graduate School of
Economics, Kyushu University

Hiroshi Ishida



1. Endorsement

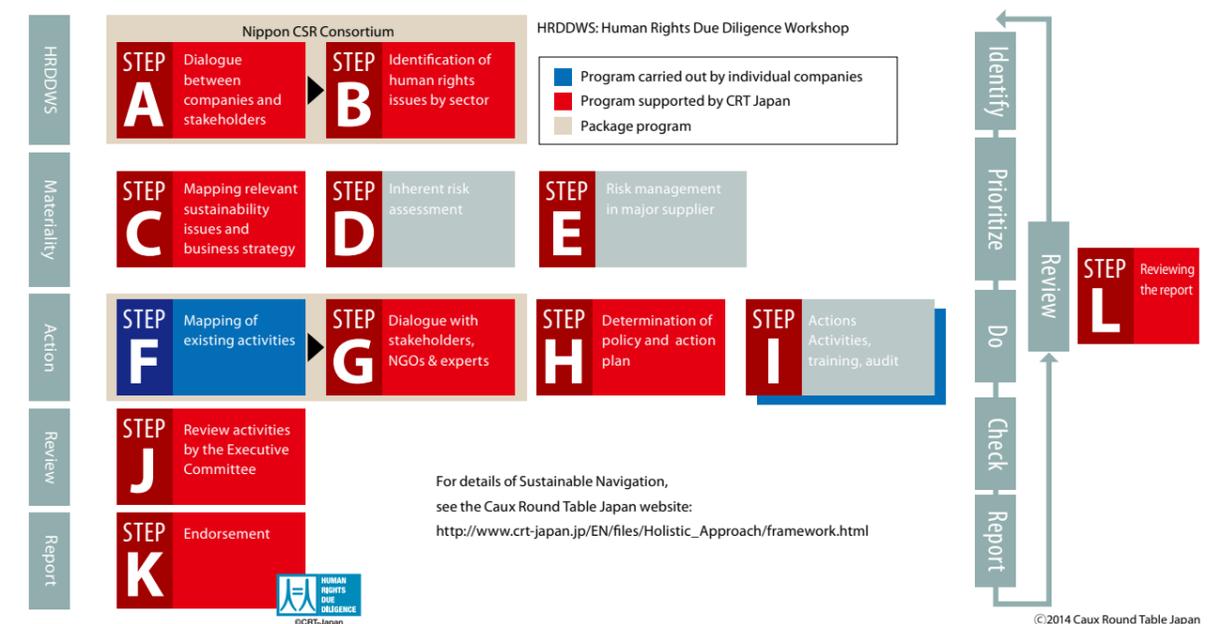
The Caux Round Table Japan has verified that Nippon Express Co., Ltd. has understood the Sustainable Navigation framework, has participated in the Stakeholder Engagement Program of the Nippon CSR Consortium, has held discussions with other companies in its industry, NGOs, and other relevant parties concerning the relationship between human rights issues and global risks based on Human Rights Issues by Sector v.2, and has worked to deepen its understanding of the relationship between business and human rights and the contexts in which human rights violations occur (Steps A and B). The Committee

has further verified that Nippon Express Co., Ltd. has engaged in dialogue with experts in the field of global human rights, and has sought opinions from these experts regarding its own initiatives with regard to human rights (Step J). In addition, we have verified that the company has given consideration to the results of its dialogues with human rights experts, important human rights issues by industry sector, and other relevant factors, and has organized CSR issues under three global CSR themes, and established an order of priority for related measures (Step C).

In the future, based on the key priorities that it has specified, we expect the company to upgrade existing measures, formulate guidelines for future measures, and engage in concrete initiatives to prevent or mitigate negative impacts, and where necessary to put corrective measures in place (Steps H and I).

Sustainable Navigation is a framework formulated by Caux Round Table Japan in relation to CSR initiatives that comply with global standards. The use of this framework enables companies to engage in effective CSR activities, judging what has been done and the extent of the effects, and what should be done in the future, while continuously advancing its activities.

Sustainable Navigation and the Status of Measures Implemented by the Nippon Express Group



For details of Sustainable Navigation, see the Caux Round Table Japan website: http://www.crt-japan.jp/EN/files/Holistic_Approach/framework.html

Third-party Opinion

2. Concerning Initiatives Implemented by the Nippon Express Group in Fiscal 2014

Praiseworthy Points

- From July to December 2014, Nippon Express participated in the Stakeholder Engagement Program, and engaged in discussions concerning the relationship between business and human rights in the logistics industry and important human rights issues for other industry sectors.
- In September 2014, Nippon Express engaged in dialogues with experts on global human rights, explained its initiatives, and sought opinions.
- Based on the results of these discussions and dialogues, between December 2014 and March 2015, Nippon Express established an order of priority for responding to important CSR issues affecting the company.

Desirable Points for the Future

Here, initiatives desirable for the future will be considered, based on Nippon Express' Global CSR.

1. Responsibilities to the Earth's Environment

While Nippon Express is currently engaging in diverse environmental initiatives, in order to increase its standing in the future, we expect the company to identify what has and has not been achieved from a global perspective, consider the significance for its business strategy, and re-examine its initiatives on this basis.

2. Sound Company Conduct

The prevention of corruption is not only a matter of major international concern (in particular in the Asian region), but is also an issue to which Nippon Express recognizes its need to respond. As the CSR Report Editorial Committee indicates, it is necessary to begin with risk assessment. It is not enough to merely state that Nippon Express will not be involved in corrupt activities; it would be desirable for the company to investigate matters at the level of specific activities, determining what is effective and in relation to whom. We would like to see Nippon Express engage in active cooperation with NGOs and other organizations possessing detailed knowledge in order to enable it to undertake effective measures in line with a global perspective.

3. Respect for Human Rights

Human rights issues shift with changes in society and the nature of business. It will be necessary for Nippon Express to maintain constant vigilance with regard to negative impacts arising from its business activities or its business relationships. To this end, the company must consistently exercise due diligence in relation to human rights and understand what concerns people have, and further develop a mechanism for dealing with complaints as a means of response. As we move towards the 2020 Tokyo Olympics and Paralympics, not only will the attention of the world be focused on Japan, but a variety of changes will also occur on the economic, social, and environmental fronts. We hope that Nippon Express will further deepen its understanding of the relationship between business and human rights, and will develop the agility to implement the necessary actions at the appropriate times and further advance the measures it is already implementing.

4. Other

The logistics industry is marked by a broad geographic expanse of business activities and the use of a variety of modes of transport of differing characteristics. The industry faces numerous CSR issues that cannot be resolved by a single company. In order to effectively and efficiently fulfill its CSR, it will be essential for Nippon Express to cooperate with global NGOs, industry bodies, other companies in the industry, and other relevant entities in order to increase its impact and scalability based on the latest information.

Extolling Nippon Express as a global logistics provider is also to demand responses to corporate social responsibilities at a global level. As attention on Japanese companies increases as we near the 2020 Tokyo Olympics and Paralympics, it is our expectation that Nippon Express will make active use of this opportunity, using it to win international trust.

List of Major Affiliated Companies (as of March 31, 2015)

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

Total of Consolidated Companies: 266

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

Nippon Express Company Profile (as of March 31, 2015)

Name:	Nippon Express Co., Ltd.	Name of representative:	Kenji Watanabe, President & CEO
Founded:	1872, as Riku-un Moto Kaisha (Land Transportation Company)	Paid-in capital:	¥70,175.27 million
Established:	October 1, 1937	Number of shareholders:	66,228
Headquarters:	1-9-3 Higashi-Shimbashi, Minato-ku, Tokyo 105-8322, Japan	Number of employees:	32,510
		Number of commercial freight transport vehicles:	14,501

Editors' Note

Thank you for reading the Nippon Express CSR Report 2015. As has been the case with previous reports, we recruited applicants from each division of our company to form the Editorial Committee for the present report. The committee members first made a general study of CSR and global trends in CSR initiatives, after which we held a number of workshops to discuss the significant impact that our company might have on the economy, society, and the environment into the future, and how we might best resolve related problems through logistics. Dialogue with stakeholders outside the company and the results of questionnaires have shown us that not only the themes we have selected for the company's CSR efforts, but also the issues that constitute risks, opportunities, and materiality for Nippon Express, are matters of global concern. One of the guidelines for the formulation of the Nippon Express CSR Report 2015 has been to communicate our

understanding of these themes and our efforts towards the resolution of related problems as "Nippon Express' Global CSR." At Nippon Express, we will continue in our efforts to contribute to the realization of sustainable societies through logistics, with additional initiatives to be detailed in future editions of the Nippon Express CSR Report.

Editorial Committee (Random order)				
Tomohiro Iida	Toshihiko Anno	Takeshi Kitayama	Hiroshi Yoritomi	Tadashi Okamoto
Noriko Cho	Keita Hamada	Koichiro Kamegawa	Kazuma Ienaga	Takayuki Yamagata
Takuro Watanabe	Hiroshi Komatsu	Kei Yamashita	Azusa Ioka	Ryuichi Ogawa
Secretariat				
Tatsuya Suzuki	Sachiko Abe			Noriko Ozawa
Kazuki Oonaka	Hirohisa Minakawa			Kengo Sato

Planned and Edited by

Nippon Express Co., Ltd.
CSR Report Editorial Committee
(Secretariat: CSR Division)

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



CSR Report Editorial Committee