

We Find the Way



For Where You'll Go Next

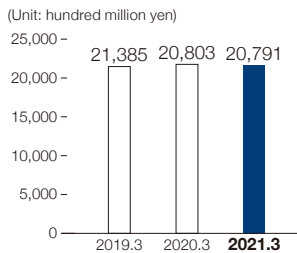
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Editorial Policy	Up until now, the Nippon Express Group have reported annually on initiatives to solve social issues and realize a sustainable society through the business of our in the Nippon Express Group CSR Report. In compiling this report, we have decided to publish it as a CSR Data Book, which is a concise and concrete summary of the Group's concept, stance and initiatives for CSR activities, so that a wide range of stakeholders can understand them, while maintaining consistency with the Integrated Report that we began publishing in the previous fiscal year.
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.
Reporting Period	Fiscal 2020 (April 1, 2020–March 31, 2021) (certain sections may include information prior to fiscal 2019 and up to 2021)
Issue Date	July 2021 (the previous report: July 2020, published as the CSR Report)
Reference Guidelines	<ul style="list-style-type: none"> • GRI Sustainability Reporting Standards (Core option) • Environmental Reporting Guidelines 2018 by the Ministry of the Environment
Contact	CSR Promotion Division Nippon Express Co., Ltd. 1-9-3 Higashi-Shimbashi Minato-ku, Tokyo 105-8322, Japan Phone: +81-3-6251-1421 Fax: +81-3-6251-6719 URL https://www.nittsu.co.jp

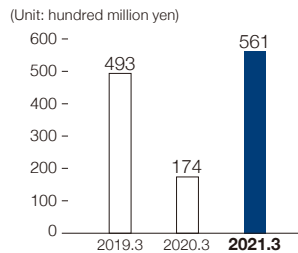
Company Information

Financial Information

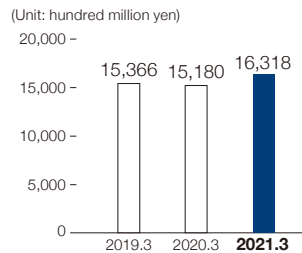
Revenue (consolidated)



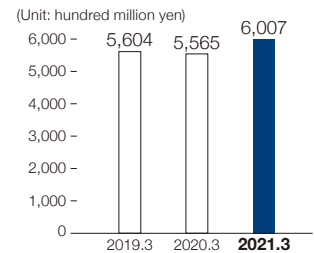
Net income (consolidated)



Total assets (consolidated)



Net assets (consolidated)



Global Network: (As of March 31, 2021)

Number of countries

47

Number of cities

314

Number of locations

733

Number of employees overseas

21,520

Total number of locally hired presidents

12

(This means the total number of locally hired presidents or chairmen of companies in the Nippon Express Group. For acquired companies, only those at the top of their corporate group are included in the count.)

Europe

- NIPPON EXPRESS EUROPE GMBH
- NIPPON EXPRESS (DEUTSCHLAND) GMBH
- NIPPON EXPRESS (NEDERLAND) B.V.
- NIPPON EXPRESS (U.K.) LTD.
- NIPPON EXPRESS (RUSSIA) L.L.C. etc.

East Asia

- NIPPON EXPRESS (CHINA) CO., LTD.
- NIPPON EXPRESS (H.K.) CO., LTD.
- NIPPON EXPRESS AUTOMOTIVE LOGISTICS (CHINA) CO., LTD.
- NIPPON EXPRESS (TAIWAN) CO., LTD.
- NIPPON EXPRESS KOREA CO., LTD. etc.

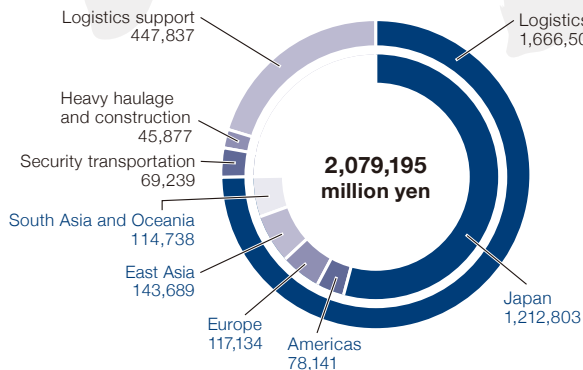
South Asia and Oceania

- NIPPON EXPRESS (SOUTH ASIA & OCEANIA) PTE., LTD.
- NIPPON EXPRESS (SINGAPORE) PTE., LTD.
- NIPPON EXPRESS (MALAYSIA) SDN. BHD.
- NITTSU LOGISTICS (THAILAND) CO., LTD.
- NIPPON EXPRESS (VIETNAM) CO., LTD. etc.

Americas

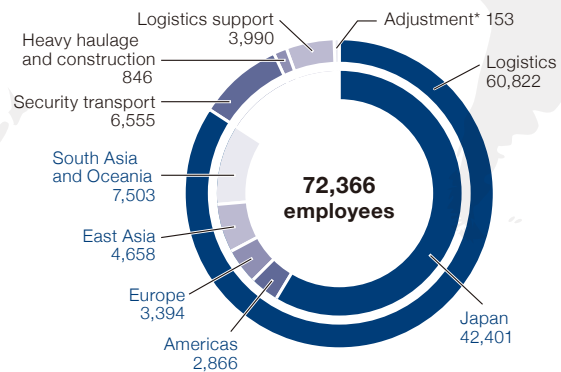
- NIPPON EXPRESS USA, INC.
- NIPPON EXPRESS CANADA, LTD.
- NIPPON EXPRESS DE MEXICO, S.A. DE C.V.
- NIPPON EXPRESS DO BRASIL TRANSPORTES INTERNACIONAIS LTDA. etc.

Sales by segment (consolidated) (Unit: 1 million yen)



*The value in the center of the graph excludes adjustments.

Employees by segment (consolidated)



*Adjustment: Employees engaged in the administration of the Company and group companies.

*Overseas employee data as of December 31, 2020

Key Locations /Facilities Established in Fiscal 2020

- Nippon Express USA, Inc, Chicago Logistics Center
- Nippon Express USA, Inc., Huntsville Logistics Center
- Nippon Express de Mexico, S.A. de C.V. Guanajuato-Apaseo Logistics Center
- Nippon Express Global SCM (Shanghai) Co., Ltd. Qingpu Phase II Warehouse

Involvement in Initiatives

Nippon Express involves itself proactively in many different outside organizations and forums in the logistics industry relating to the environment and society. We are committed to contributing to a sustainable society.

Outside organizations and positions

Ministry of Land, Infrastructure, Transport and Tourism

Ad Hoc Committee Member, Environmental Division, Transport System Subcommittee, Council of Transport Policy

Keidanren (Japan Business Federation)

Member of Committee on Corporate Behavior, & SDGs Committee, Environmental Safety Committee, Special Committee for Post-Earthquake Re-construction (Industrial and Regional Reconstruction Subcommittee)

Keidanren Committee on Nature Conservation

Vice chairman and member of Planning Division

Japan Association for Logistics and Transport

Member of Logistics Environmental Action Committee

Japan Trucking Association

Member of Environmental Action Committee and Environmental Action Subcommittee

Tokyo Employers' Association

Member of Environmental Committee

Tokyo Chamber of Commerce and Industry

Committee member of Certification Test for Environmental Specialists

Measures to Deal with COVID-19

Facilitating logistics as a social infrastructure company

In order to respond in a timely manner to changes in the situation regarding the COVID-19 pandemic, we established a general task force at the headquarters led by the president in February 2020 and also set up task forces at our major branches in Japan and overseas. The task forces cooperate on gathering information and taking action. To ensure the safety of our staff members and their families, the Nippon Express Group told its expatriate employees and their families to temporarily return to Japan in accordance with the level of pandemic risk announced by the Japanese Ministry of Foreign Affairs.

In addition, in order to place the highest priority on the safety and health of our customers, employees and their families, and to fulfill our mission as a social infrastructure company and designated public institution, we implemented thorough infection prevention measures and measures to prevent the spread of infection, and transported medical supplies such as masks and protective clothing to medical facilities.

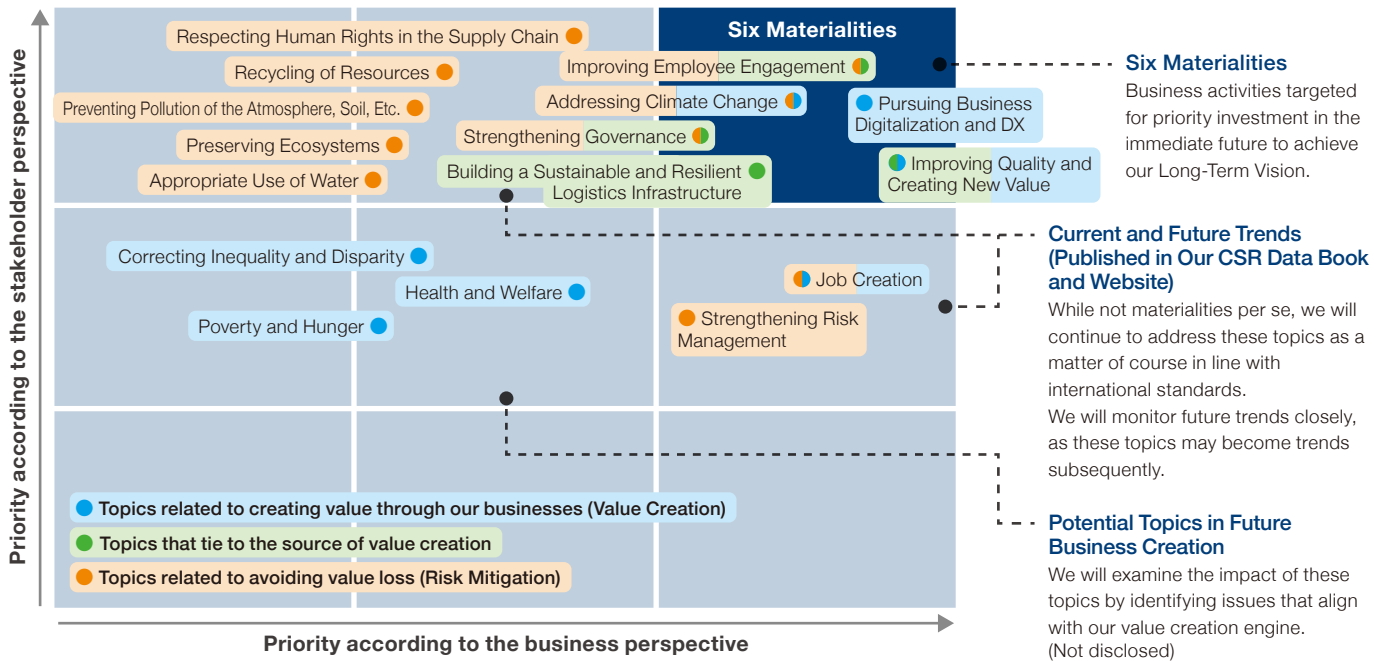
In response to the declaration of a state of emergency in April 2020, the head office implemented remote work for more than 70% of staff by limiting the number of employees coming to the office to remote work in principle when possible. When the emergency declaration was reissued in January and April 2021, the number of employees working remotely was reduced as much as possible, and more than 70% of the head office employees worked remotely. Our branches have encouraged telework and staggered work shifts to the extent that their business operations would not be hampered, because they could not stop operating completely. Nippon Express is also a designated public corporation according to the Act on Special Measures for Pandemic Influenza and New Infectious Diseases Preparedness and Response that went into force in April 2013. Top priority is given to the transportation of supplies requested by the national government or local public organizations. In addition, we do everything we can to meet the requests of many customers to support social infrastructure through logistics.

We have been designated a designated public corporation, and we believe that our responsibility is not only to comply with the requests of the national government or local public organizations, but also to fulfill the extremely important mission entrusted to us by society.

Reconfirming of Materiality Assessment

In order to achieve the Nippon Express Group's long-term vision of becoming a logistics company with a strong presence in the global market, we have reviewed our materiality initiatives for 2021. In addition to the perspective of providing value to stakeholders, which is the same as the perspective of key issues that we have previously communicated, we have evaluated the issues from the perspective of priority in business terms to make them consistent with the management plan.

*Please see the Integrated Report for detailed information on the materiality initiatives identification process.



Main ESG Issues

In this CSR Data Book, the Nippon Express Group's initiatives, including the main ESG issues identified in the above materiality assessment, are described separately for each ESG.

	ENVIRONMENT	SOCIAL	GOVERNANCE
Main ESG Issues	<ul style="list-style-type: none"> Addressing Climate Change Recycling of Resources Preventing Pollution of the Atmosphere, Soil, Etc. Appropriate Use of Water Preserving Ecosystems 	<ul style="list-style-type: none"> Building a Sustainable and Resilient Logistics Infrastructure Respecting Human Rights in the Supply Chain Job Creation Improving Employee Engagement Pursuing Business Digitalization and DX 	<ul style="list-style-type: none"> Strengthening Governance Strengthening Risk Management Improving Quality and Creating New Value
Description in the CSR Data Book	<ul style="list-style-type: none"> Environmental management Reduce CO₂ emissions by reinforcing controls on climate change Provide logistics technologies and services with low environmental impact Strengthen adaptive capacity and resilience in the face of climate change Promote resource recycling Protect terrestrial and marine ecosystems 	<ul style="list-style-type: none"> Ensure robust respect for human rights in the supply chains Secure occupational health Create job satisfaction in the workplace Train human resources who can work globally Promote diversity and inclusion Promote workstyle innovation Strengthen global partnerships Contribute to sustainable and tough infrastructure development Contribute to society through our business operations 	<ul style="list-style-type: none"> Promote fair business practices Implement robust anticorruption measures Ensure occupational and social safety Maintain social safety involving logistics Encourage global quality to meet expectations from customers and society Enhance corporate governance Personal data protection Risk management

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.

Shareholders and investors

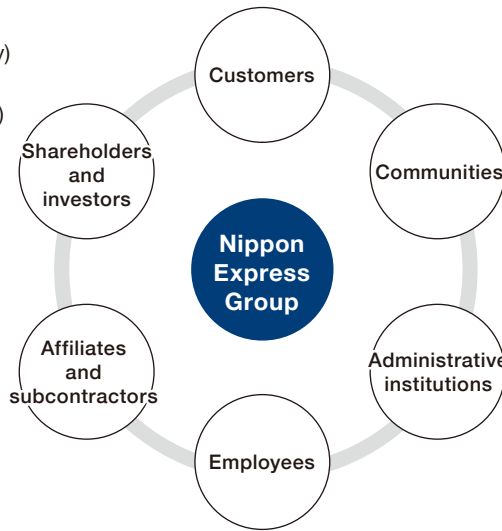
- General Shareholders' Meetings (annually)
- Results briefings (quarterly)
- Dialogue-based ESG programs (regularly)
- Reporting such as annual reports (as necessary)

Affiliates and subcontractors

- Safety council meetings (semiannually)
- Meetings and briefings (as necessary)

Employees

- Internal whistleblowing system "Nittsu Speak Up" (regularly)
- Individual interviews (as necessary)
- Internal questionnaires (as necessary)
- Compliance awareness survey (annually)
- Company newsletter (monthly)



Customers

- Exhibitions, briefings and seminars (as necessary)
- Opinions provided to Customer Service Center (telephone, the Internet) (regularly)
- Questionnaires for customers (as necessary)

Communities

- Participation in business/industry organizations (as necessary)
- Dispatch of personnel to provide lectures and training (as necessary)
- Social contribution activities (as necessary)

Administrative institutions

- Committees, conferences and meetings (as necessary)

ENVIRONMENT

Management Approach

Make positive contributions to climate change, resource recycling, and biodiversity as a logistics company

We are pursuing the mitigation of climate change through the reduction of greenhouse gas emissions from our business activities, and are committed to emergency transport in the event of a disaster or other contingencies, regarding it as the responsibility of a designated public institution. Through our business activities, we are also proactive in recycling resources and protecting biodiversity.



Main ESG Issues

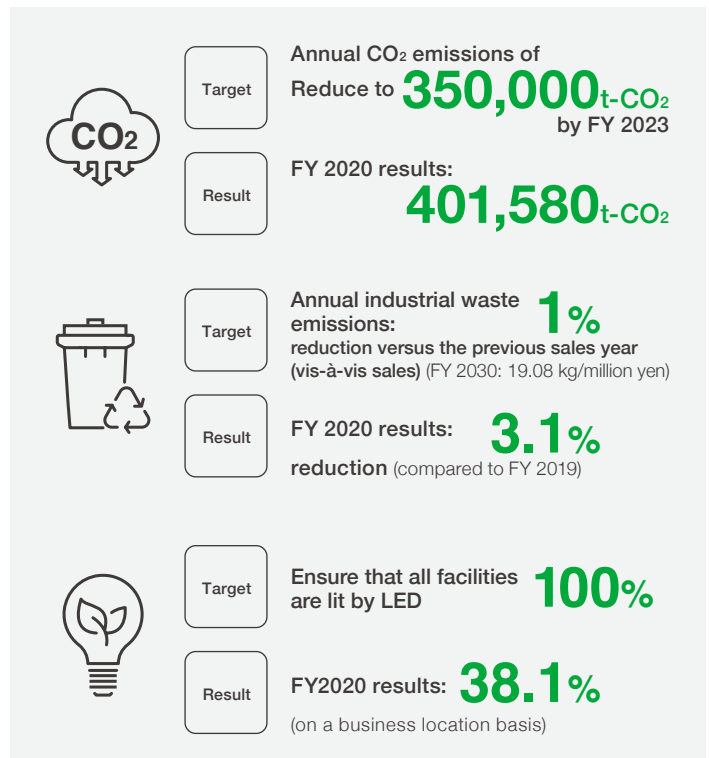
- Addressing Climate Change
- Recycling of Resources
- Preventing Pollution of the Atmosphere, Soil, Etc.
- Appropriate Use of Water
- Preserving Ecosystems

Specific Topics

- Environmental management
- Reduce CO₂ emissions by reinforcing controls on climate change
- Provide logistics technologies and services with little environmental impact
- Strengthen adaptive capacity and resilience in the face of climate change
- Promote resource recycling
- Protect terrestrial and marine ecosystems

The Nippon Express Group's Approaches

- Reduce greenhouse gas emissions by facilitating the shift to LED, introducing eco-friendly vehicles and encouraging modal shifts and eco-driving
- Save resources by promoting the 3Rs and increasing the number of eco-friendly products and services
- Thoroughly prevent the cross-border movement of non-native species in compliance with relevant ordinances and treaties



Environmental Management

Nippon Express Group Environmental Charter Policies and Targets

The Nippon Express Group focuses particularly on the Nippon Express Group Charter of Conduct. We have the Nippon Express Group Environmental Charter in place for the whole Group to fulfill our responsibilities to the Earth's environment.

Please see our website for details of the Nippon Express Group Environmental Charter.

Environmental Charter | Nippon Express <https://www.nipponexpress.com/about/csr/charter/>

Promotion of Environmental Management Organizations and Systems

The Group is working to implement environmental management in accordance with the Nippon Express Group Environmental Charter. We have established the Environmental Management Promotion Committee, which is chaired by the president, to create a cross-organizational framework for promoting environmental management throughout the Group. We are also working on risk management.

Environmental Management System Organizations and Systems

To further advance activities for environmental conservation, the Nippon Express Group's offices are working to obtain ISO 14001 certification, the international standard for environmental management systems, and Green Management Certification, a certification system for transportation companies that have implemented initiatives for environmental conservation.

Organizational structure for promoting environmental management



• Obtaining Green Management Certifications

Numerous offices throughout the Nippon Express Group have been obtaining Green Management Certification, which is granted to companies that engage in business with a minimal environmental impact. As of the end of March 2021, 35 Nippon Express trucking offices and three warehousing offices have received this certification. Among Group companies, 16 trucking offices have been granted Green Management Certification.

• Increasing ISO 14001-certified Business Locations

Since the Air Freight Business Branch received ISO 14001 certification for its operations in the Baraki area (Ichikawa, Chiba Prefecture) on June 24, 1998, 21 Nippon Express Group business locations in Japan and overseas have been similarly certified as of March 2021.

*For the names of the locations, please see our website.

Environmental Targets Policies and Targets

We have been working on environmental management by setting long-term targets for 2030, and we have decided to move up the target year for CO₂ emissions to strengthen our efforts. We will also consider setting a new long-term target consistent with the Japanese government's 2050 Carbon Neutral Declaration and 46% emission reduction target for FY2030 (compared to FY2013), based on recent international trends and regulations on climate change.

• Reduce annual carbon dioxide emissions to 350,000t-CO₂ by FY2023

*This is a non-consolidated target. The target up until now was a 30% reduction from FY2013 levels by FY2030.

• Reduce industrial waste generation vis-à-vis sales each year by 1% from the previous year (until FY2030)

*This is a non-consolidated target.

FY2016 standard value: 21.96 kg/million yen

FY2030 target value: 19.08 kg/million yen

*See page 6 for the results from FY2020.

Reduce CO₂ Emissions by Reinforcing Controls on Climate Change

Our View on Climate Change Policies and Targets

The Nippon Express Group recognizes climate change as a social issue of global scale.

Abnormal weather resulting from climate change may pose obstacles to logistics infrastructure by causing the suspension of flight, shipping and railway services and the closure of highways. Worse, it may lead to an increase in our operating costs. Abnormal weather may also bring about decreases in production and shipment quantities for our clients, possibly leading to decreases in the amount of cargo we handle and our profits.

By securing two or more modes of transport, the Nippon Express Group will enhance the resilience of its operations against climate change. We will also work in cooperation with clients to make modal shifts from joint logistics and truck-centered transport to ships, railroads and other modes of transport with a low impact on the environment.

Using the NEES System to Visualize Energy Use Organizations and Systems

Nippon Express has used its proprietary Nittsu Ecology & Economy System (NEES) to visualize energy since 2011. This system keeps us accurately updated on the consumption of diesel oil, electricity, gas and other forms of energy at approximately 2,000 business locations in Japan. NEES has enabled each of our business locations to run an environmental management system and take steps to reduce energy use. As a direct result of our efforts to save electricity and other forms of energy, the data collected have proven useful in disclosing information outside the Company and formulating new energy conservation targets.

Accurately Controlling Fluorocarbons Organizations and Systems

Fluorocarbons not only harm the ozone layer but also have an extremely high greenhouse effect. Nippon Express strives to preserve the ozone layer and prevent global warming by reducing CO₂ emissions and accurately controlling fluorocarbons. There were no major leaks in 2020.

• ECO-FREONTIA® Fluorocarbon Management System

The Act on Rational Use and Proper Management of Fluorocarbons ("Fluorocarbons Management Act") came into force in April 2015. We comply with the Act by operating ECO-FREONTIA®, our proprietary system for controlling fluorocarbons, in an effort to prevent the leakage of fluorocarbons.

This system prevents the omission of inspections and calculates the volumes of leaked fluorocarbons from the inspection data by creating a database of information about the professional-use freezers, refrigerators and air conditioners (Class I Specified Products) that are regulated under the Fluorocarbons Management Act and by sending out e-mail alerts whenever the relevant equipment undergoes a simple or periodic inspection.

Environmentally Friendly (Low-emission) Vehicles Activities and Achievements

Nippon Express actively introduces environmentally friendly vehicles that mainly include low-emission diesel trucks such as those complying with the post-new long-term regulations, as well as CNG, hybrid and LPG trucks. As of March 31, 2021, the Nippon Express Group has a domestic fleet of 12,076 such vehicles in total.

• Compressed Natural Gas (CNG) Trucks

The same natural gas as that for use in city gas is compressed under high pressure to fuel CNG trucks. This type of vehicle emits 20% to 30% less CO₂ than gasoline-fueled cars. Moreover, CNG trucks emit far fewer NOx*1 than diesel cars and emit no PM*2.

*1 NOx: nitrogen oxides. *2 PM: particulate matter.

• Bi-fuel CNG Trucks

Mainly used for air cargo deliveries and the transport of valuables, these modified vehicles run on both CNG and regular gasoline. Once the CNG has been used up, the motor can be manually switched to gasoline.

• Hybrid Trucks

Hybrids combine different forms of motive force, such as ordinary engines and electric motors. The energy created by the engine or braking is converted to electricity and stored to provide an auxiliary driving force when starting, accelerating or climbing.

• LPG Trucks

Equipped with engines fueled with liquefied petroleum gas, LPG vehicles are commonly used as taxis. LPG trucks emit far fewer NOx than diesel cars and emit no PM.

Increasing the Number of Environmentally Friendly Facilities Activities and Achievements

The Nippon Express Group is increasing its number of environmentally friendly facilities. In fiscal 2020, we generated 6,838,916.04 kWh from recyclable energy (6,744,387.04 kWh from solar power and 94,529.00 kWh from wind power). In addition, the Nippon Express Group has developed standards for the installation of equipment that are applicable to the construction of logistics facilities and offices. The standards require our equipment to be more effective in utilizing recyclable energy and reducing greenhouse gases by promoting LED use, reflect our consideration for biodiversity, enhance the safety and health of staff members and people in the neighboring communities and contribute to the continuation of our business operations.

• Environmental Considerations in the Nippon Express Group Integrated Hub Building

The Nippon Express Group Integrated Hub Building was completed in December 2019, based on the concepts of an earthquake-proof structure to ensure the safety of the building, and a functional and comfortable environment for offices featuring excellent energy-saving performance. It boasts a cutting-edge structure with advanced eco-friendly equipment, including private electric generators, a photovoltaic facility and a building energy management system (BEMS).



Provide Logistics Technologies and Services with Low Environmental Impact

Promotion of Modal Shift Activities and Achievements

The Nippon Express Group facilitates cooperation between customers and logistics companies to make numerous modal shifts, switching from truck-centered transport to transport using railways and ships. Modal shifts to organically link different modes of transport such as trucks, trains, ships and aircraft reduce the environmental impact and make transport more efficient, and they also provide alternatives within business continuity plans (BCP).

• Modal Shift to Rail Transport

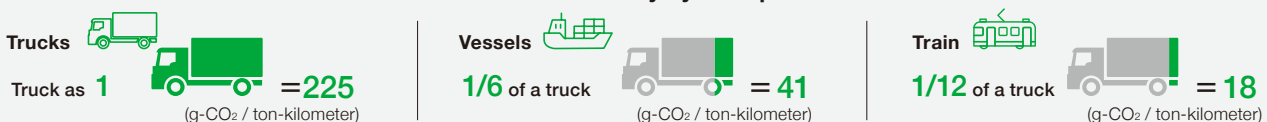
The larger the cargo volume and the longer the distance it is hauled, the more efficient and reliable railway transport is found to be in comparison to truck transport. Being eco-friendly and highly energy-efficient, rail transport is effective in reducing CO₂ emissions. By working with customers to make modal shifts to secure and reliable railway transport across a wide range of cargo from bulk to small lots, we address driver shortages and social challenges such as the reduction of environmental impact.

As part of our commitment to the reduction of our environmental impact, we also focus on visualization. Rail Container NAVI, our proprietary service for rail container information, allows for the checking of CO₂ emissions and energy consumption during the use of rail transport. CO₂ reduction effects can be simulated on our website simply by entering where cargo will be picked up and its destination. We have also developed 12-foot hybrid containers that can be loaded onto both trains and coastal vessels, and we offer a transport service using railroads and ships to control the impact on the environment.

• Modal Shift to Domestic Marine Transport

Maritime transport is a mode of low-cost, long-haul transport for large cargo volumes, and it has a low impact on the environment. In 1964, the Nippon Express Group put Japan's first container vessel, Dai-ichi Tennichi Maru, into service between Tokyo and Muroran, followed by Dai-ni Tennichi Maru between Osaka and Muroran, thereby launching integrated land and sea transport services. The Group currently operates five large state-of-the-art vessels, including Himawari 8 and Himawari 9, which were launched in September and December 2017 respectively, along two scheduled routes that serve eight ports around Japan. Cargo departing from and arriving at locations far inland from the port is transported in conjunction with rail transport in an effort to reduce CO₂ emissions from fuel consumption.

CO₂ emissions intensity by transport mode



Source: "CO₂ emissions in the transportation sector" from the Ministry of Land, Infrastructure, Transport and Tourism website
https://www.mlit.go.jp/sogoseisaku/environment/sosei_environment_tk_000007.html

Encouraging Eco-driving Activities and Achievements

Aiming to reduce the environmental impact of truck transport, we encourage eco-driving to curb CO₂ emissions and fuel consumption, and are committed to improvements in safety.

• **Safe Eco-driving Education**

We have incorporated safe eco-driving, which is characterized by the constant practice of safety, ecology and economy, into the curricula for all types of driver training. By continuing these training programs, we strive to ensure that all Nippon Express drivers engage in safe eco-driving.

The eco-driving training uses fuel consumption gauges and, to heighten employee awareness of safety, the environment and cost, Nippon Express has been certified as an eco-driving training organization by the Foundation for Promoting Personal Mobility and Ecological Transportation.

• **Digital Tachographs**

Nippon Express uses the Operation Support System that links digital tachographs with work terminals (smartphones) to perform vehicle operation management, operational activities such as loading and attendance management.

We are also pairing IoT technology with our unique education and training to eliminate traffic accidents and cut CO₂ emissions through greater fuel efficiency.

Rate of introduction of digital tachographs	
Nippon Express Co., Ltd.	100 %
Branch operating companies	93.2 % (as of the end of March 2021)

Top Industry Share in Transporting and Installing Wind Power Generators Activities and Achievements

Nippon Express occupies a top share, nearly 70%, in the domestic market for transporting and installing wind power generators. We greatly contribute to the popularization of renewable energy in Japan. Also, we will suitably support offshore wind power generation, which is expected to expand.

Strengthen Adaptive Capacity and Resilience in the Face of Climate Change

Social Responsibility as a Designated Public Institution Organizations and Systems

Nippon Express is a designated public institution in the transport industry under the Disaster Countermeasures Basic Act, the Citizens Protection Act (Act Concerning Measures to Protect the Public in Cases of Armed Attack), and the Act on Special Measures for Pandemic Influenza.

At the time of the torrential rain disaster that occurred in July 2020, we transported emergency supplies such as food, beverages, temporary toilets, and air-conditioning equipment to Kumamoto Prefecture, which suffered extensive damage, based on a request from the government.

Nippon Express has developed its crisis management and various other systems so that it is capable of continuing its business operations while safeguarding the lives and safety of employees and their families even during an emergency. Nippon Express fulfills its social responsibility as a designated public institution by transporting emergency supplies amongst other responses at the request of the national or prefectural governments.

Strengthened Resilience at Logistics Hubs Activities and Achievements

Tokyo C-NEX, Nippon Express' largest logistics hub located in Koto-ku, Tokyo, has an earthquake-proof structure and a large emergency power generator to ensure that, in the event of a blackout, electric power can be used for eight hours per day for three days. This will facilitate the early restoration of logistics functions after a large-scale disaster.



Promote Resource Recycling

Perspective on Resource Recycling Policies and Targets

The Nippon Express Group has been reducing the waste generated through its business activities and advancing the 3Rs (reduce, reuse, and recycle) with the objective of realizing a recycling-based society. In particular, the Nippon Express Group focuses its efforts on reducing the waste from its business locations as well as thoroughly sorting paper and other waste for easy recycling.

Resource Recycling Activities and Achievements

Nippon Express undertakes the transport of waste, which plays a role in resource recycling. Using rail and marine containers, we engage in the wide-area transport of mercury waste from municipalities and companies around the country to disposal contractors. In addition, PCB (polychlorinated biphenyl) waste entails significant hazards and its transport to disposal facilities must be carried out by trained personnel.

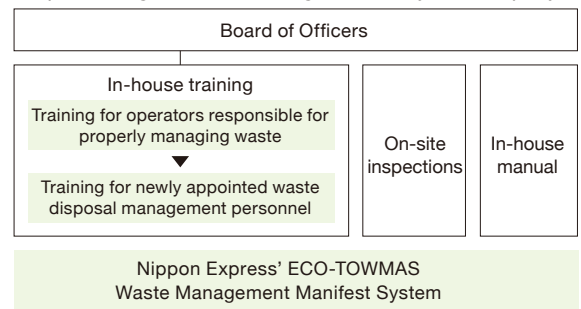
Using rail containers which have a low environmental impact, we performed wide-area transport of enormous amounts of waste resulting from the Great East Japan Earthquake, the Kumamoto Earthquake, the Reiwa 1 East Japan Typhoon and other recent disasters.

Reducing and Properly Managing Waste Organizations and Systems

Waste Management System

To properly manage waste, Nippon Express shares information regarding waste with the Board of Officers and disseminates instructions. In addition to providing in-house training and conducting work site inspections, Nippon Express uses a system of managing waste manifests to confirm that the waste generated by the Company is being disposed of properly. In October 2002, because of a violation of the Waste Disposal Act, Nippon Express received a severe penalty, with its designation as a wide-area recycling industrial waste processor revoked by the Ministry of the Environment. To prevent such errors from recurring in the future, Nippon Express has strengthened its structures and is committed to properly managing the waste generated by the Company through means such as establishing a system and conducting training for all employees. There were no major leaks in 2020.

Proper management of waste generated by the company



Release Amounts Subject to Notification Under the PRTR Act

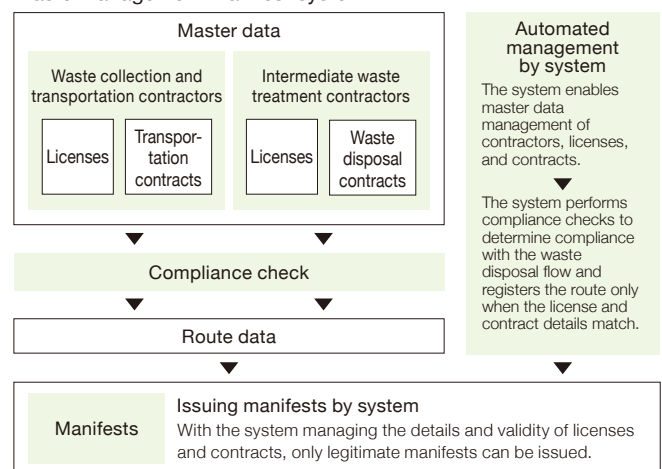
Although none of Nippon Express' business locations are required to submit notifications under the Act on Confirmation, etc., of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (the "PRTR Act"), business sites that handle chemical substances subject to the Act are listed on the environment data page.

ECO-TOWMAS® Waste Management Manifest System

Since October 2014, Nippon Express has been employing the ECO-TOWMAS® Waste Management Manifest System to properly manage industrial waste generated by the Company. When Nippon Express' business locations dispose of industrial waste, ECO-TOWMAS® automatically performs compliance checks to determine whether the disposal is being properly outsourced by comparing the information entered at the locations with the license and contract details of the company to whom disposal is to be entrusted. If ECO-TOWMAS® determines that there is a lack of compliance, the system will not issue manifests.

ECO-TOWMAS® also supports electronic manifests. After the Company transitioned to electronic manifests, the use rate of electronic manifest routes reached 99.3% and the issue rate of electronic manifests was 93.1% as of March 2021.

Waste management manifest system



Environmentally Friendly Products Activities and Achievements

Nippon Express makes active use of reusable materials (packing materials that can be used repeatedly) in its moving services, thereby achieving environmentally friendly removals operations. Using its own original reusable tableware trunks, Nippon Express can transport tableware by simply placing it inside the cushioned trunks. This results in no newspaper or cardboard boxes being used, reducing waste when moving. Furthermore, the reusable tableware trunks enable rapid moving and have a good reputation among customers.



Reusable protection material for moving operations (tableware trunk)

Protect Terrestrial and Marine Ecosystems

Preventing Alien Species from Crossing Habitat Boundaries Organizations and Systems

Nippon Express makes the utmost efforts to prevent the unexpected transportation of alien species that threaten ecosystems, human lives, agriculture, forestry and fisheries.

Each Nippon Express business location takes extra care to keep out invasive alien species such as fire ants based on information provided by the Ministry of the Environment, the Ministry of Land, Infrastructure, Transport and Tourism, and local governments. However, if alien species are detected, Nippon Express cooperates with the relevant locations and shipping customers in immediately exterminating the alien species and handles the fumigation of the containers.

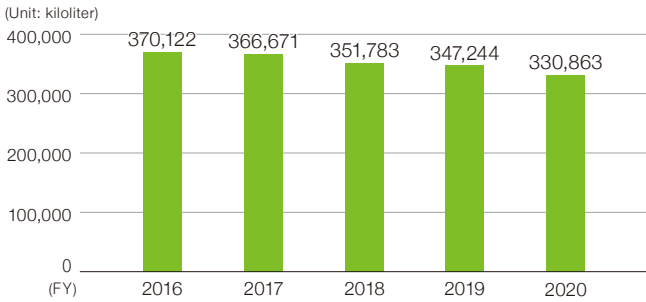
In case an invasive alien species poses a hazard, Nippon Express establishes packing-unpacking procedures specific to the shippers and regions concerned. Whenever such an alien species has been found, work processes will be immediately stopped and appropriate measures, such as extermination, will be taken.

Conservation of Marine Ecosystems Organizations and Systems

For the conservation of marine ecosystems, Nippon Express tries to reduce emissions of contaminated water, waste, ballast water and other pollutants from our ships into the sea. Himawari 8, one of our ships, is equipped with a marine instrument from an incorporated nonprofit organization, VOS Nippon, to provide salinity, temperature and pH measurements of the water along the coasts of Japan. The data is used to make forecasts of meteorological, hydrographic and fishing conditions and for research on ocean currents, biological environments and other phenomena in coastal waters.

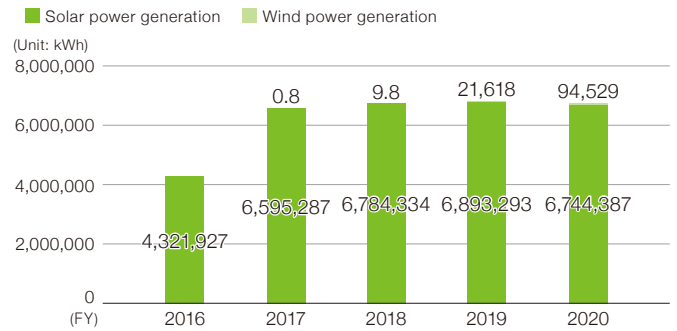
Environmental Data

Energy consumption in Nippon Express Group (crude oil equivalent)



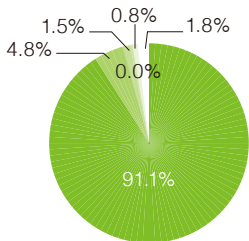
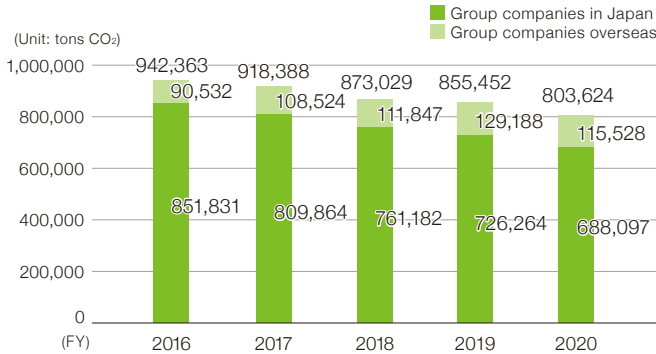
*1 The data shown here aggregate the energy consumption by Nippon Express and its consolidated companies in Japan and overseas (equivalent to Scope 1 and 2).
*2 For natural gas, 13A city gas (heat value of 45 GJ/thousand cubic meters) applies.

Power generated from renewable energy resources (FY2020: Group companies in Japan)



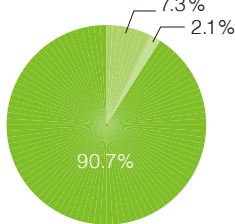
*3 Renewable power generation, electricity used in-house and electricity sold are not included in the Nippon Express Group's energy use.

CO₂ emissions (Scope 1 and 2)



Component ratio for Scope 3
(Nippon Express Group in FY2020)

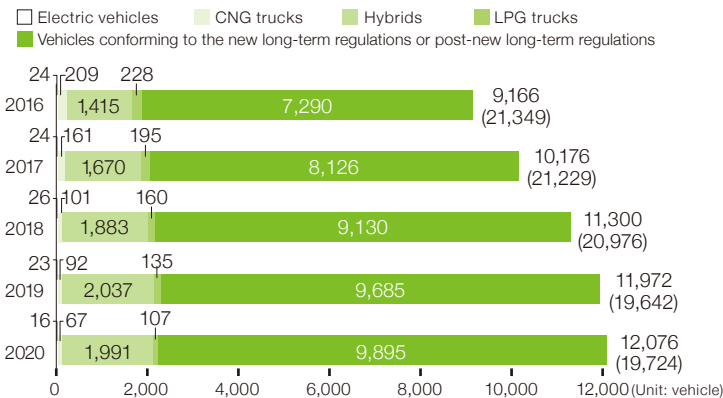
- Emissions from purchased goods/services
- Emissions from capital goods
- Energy-related
- Upstream transport /distribution
- Waste
- Other



GHG emissions across all supply chains
(Nippon Express Group in FY2020)

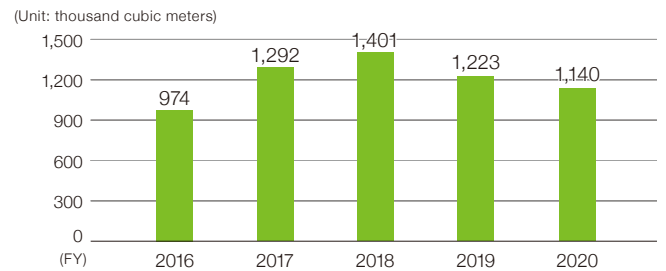
- Scope 1
- Scope 2
- Scope 3

Number of eco-friendly vehicles owned (Group companies in Japan) (As of March 31 for each fiscal year)



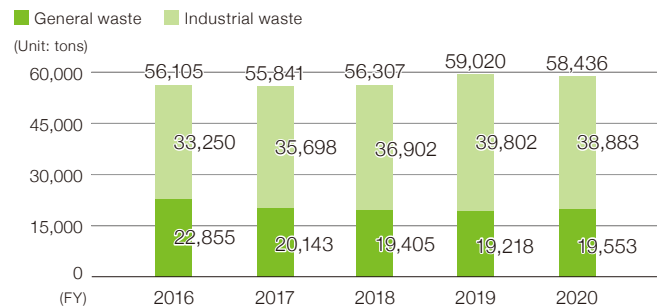
*4 The parenthesized figure represents the total number of vehicles owned.
*The calculation method for vehicles that comply with the new long-term regulations and post new long-term regulations has been revised and, in addition to vehicles that meet the existing heavy-duty vehicle fuel efficiency standards, vehicles that meet +5%, +10%, or +15% of the heavy-duty vehicle fuel efficiency standards are included. Similarly, the number of units before FY2020 has been revised.

Water usage



*5 Data for Nippon Express on a non-consolidated basis until FY 2017, and for the domestic Group total from FY 2018 onward

Waste volume (Group companies in Japan)



LED lighting for facilities

(Nippon Express Co., Ltd. only)

	Unit	FY 2018	FY 2019	FY 2020
Based on offices	%	21.8	33.1	38.1

PRTR-related emissions of notifiable substances

(FY2020: Nippon Express)

Business segment	Number of offices	Total amount of substances handled (kg/year)	Main substance name	Main use
Targeted business category but amount handled is below the threshold subject to notification	5	229	Fenitrothion	Insecticide and insect control in warehouses
Not reportable business category but office uses reportable substance	13	9,422	Methyl bromide	Fumigation work in operations incidental to import customs clearance

Fluorocarbon Management Act

(FY2020: Nippon Express)

(Act on Rational Use and Appropriate Management of Fluorocarbons)

	Applicable equipment (number of systems)
Class I specified products	9,290

Types of fluorocarbon	Actual leakage amount (kg)	Calculated leakage amount (tons CO ₂)
R410A	269	563
R401A	20	24
R407C	4	7
Total	—	595

• Third-party verification of CO₂ emissions data

Nippon Express commissioned SGS Japan Inc. to conduct third-party verification of CO₂ emissions data (CO₂ emissions from fossil fuel use in Japan) for FY2019 based on ISO 14064-3:2006.

We are planning to obtain third-party verification also on CO₂ emissions data for FY2020.

We will ensure accuracy and reliability by receiving verification from a third party and will continue to work on further reducing CO₂ emissions.

Please see our website for details of the Third Party Verification Report.
https://www.nipponexpress.com/pdf/about/csr/environment/co2_emission.pdf

SOCIAL

Management Approach

Respect the human rights of all stakeholders in our corporate activities and fill our workplaces with smiles

We respect human rights and occupational health throughout our supply chains and remain aware of our social and public missions in an effort to make society safe and secure for everyone.



Main ESG Issues

- Building a Sustainable and Resilient Logistics Infrastructure
- Respecting Human Rights in the Supply Chain
- Job Creation
- Improving Employee Engagement
- Pursuing Business Digitalization and DX

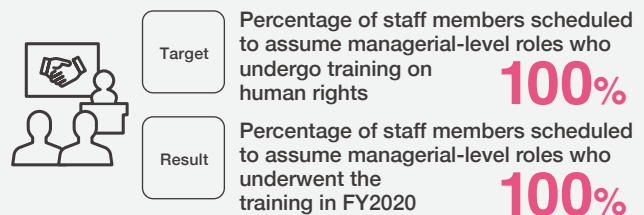
Specific Topics

- Ensure robust respect for human rights in our supply chains
- Secure occupational health
- Create job satisfaction in the workplace
- Train human resources who can work globally
- Promote diversity and inclusion
- Promote work style innovation
- Strengthen global partnerships
- Contribute to sustainable and tough infrastructure development
- Contribute to society through our business operations

The Nippon Express Group's Approach

- Use the Nittsu Safety & Health Management System (NSM) to thoroughly raise staff members' awareness of safety and health
- Provide guidance and education on health
- Encourage respect for human rights in our procurement practices
- Promote human resources management to achieve employee success and growth
- Promote value creation for customers and society and solutions to social issues through innovation
- Resolve community-based issues and contribute to social development

Management Indicators



Respect for Human Rights

Ensure Robust Respect for Human Rights in the Supply Chains

Our View on Respect for Human Rights in Our Supply Chains Policies and Targets

The Nippon Express Group advocates "respect for human rights" in the Nippon Express Group Charter of Conduct and explicitly declares that it will respect human rights in its activities; will not engage in conduct that violates human rights, such as discriminatory treatment; and will reject child labor and forced labor. The Nippon Express Group Compliance Regulations also include respect for human rights and dignity. We are committed to the achievement of supply chains that respects the human rights of all stakeholders.

We take the perspective of social responsibility in selecting business partners and procuring materials and services in pursuit of business activities to contribute to the international community and the global environment.

CSR Promotion Across Our Supply Chains Organizations and Systems

In February 2021, we revised the Nippon Express Group Compliance Regulations and created guidelines, and are working to strengthen our compliance training and education system, including respect for human rights, and to create workplaces that mutually understand and respect the diversity of races, nationalities, cultures, and genders in the Nippon Express Group, including overseas.

With regard to child labor, we use our part-timer management system to prevent the registration of 15-year-old or younger workers. In terms of forced labor (long working hours), we use our attendance management system to control overtime work. By doing so, we keep up-to-date on risk. In addition to risk management to prevent child labor and forced labor, we select our suppliers based on our own criteria when starting business with new companies. Before signing a contract, we will conduct a check based on the External Work Capability Evaluation Standards to check the systems related to the Labor Standards Act (working hours, holidays, etc.) and operation management (prevention of overwork of crew members, safety assurance, etc.), and conclude a basic contract after determining that there is no risk to our company by using the subcontractor. The contract includes provisions on environmental laws and regulations (Article 2.5), education (Article 4), and the exclusion of antisocial forces (Article 21) to ensure that we do not place orders that would violate the Subcontract Act.

After the start of transactions, we work with our suppliers to ensure security in our supply chains.

Education on Human Rights Activities and Achievements

We distribute copies of the Compliance Handbook (Japanese, English and Chinese) to staff members of Nippon Express Group companies in Japan and overseas. The Handbook makes clear that we prohibit the use of child labor and forced labor, prohibit transactions with companies that use such labor, and prohibit acts that violate the human rights of others and cause mental anguish through discrimination and harassment based on race, nationality, culture, or gender. The abovementioned prohibitions are thoroughly emphasized in our staff training.

There were no cases of human rights violations in fiscal 2020.

Compliance education via e-learning

(harassment prevention course)

Number of attendees	18,875
Total duration	About 9,437 hours

Designed for our salespersons and administrative staff members

Antidiscrimination education within the corporate group

	Nippon Express non-consolidated
Method of implementation	Video viewing
Duration of training workshops	25 minutes per person
Number of attendees	879 (Including 331 managerial-level and 548 other attendees)

Compliance education using our “Compliance Handbook” and other materials

Number of attendees	65,581
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For all Group employees in Japan

Participation in other antidiscrimination workshops and lectures organized by public offices

	Nippon Express non-consolidated
Number of training sessions	11 sessions
Total length of time spent by our staff members in attending the workshops	14 hours and 2 minutes
Number of attendees	53 (Including 47 managerial-level and 6 other attendees)

Secure Occupational Health

Every fiscal year, the Nippon Express Group formulates a Safety & Health Management Policy applicable to all companies in the Group based on the previous fiscal year’s safety and health record and the results of Group efforts.

FY2021 Safety & Health Management Policy

The Nippon Express Group Health Philosophy “Create healthy workplaces full of smiles”

• Health Management Policy Target **[Company-wide Target]**

10% or greater improvement year-on-year in obesity prevalence rate and smoking rate

Overall health risk score: 100 or less

*Score of workplace (group) analysis by stress check

[Individual Target]

Zero occurrence of long-term absences due to illness

Mental Health Care Organizations and Systems

The early detection of mental health problems in the workplace and the prevention of absences from work require each staff member to have appropriate knowledge of mental health care and to suitably cooperate with medical specialists. Based on this, Nippon Express encourages the four types of care listed below.

• Self-care

We promote self-care measures by providing staff members with information about maintaining their mental health six times a year. In collaboration with the Nippon Express Worker’s Union and the Nippon Express Health Insurance Association, we create and issue “Just Between You and Me,” a pamphlet for distribution to all staff members, in an effort to ensure that any mental health problems among staff members, their family members and their colleagues are addressed at an early stage.

• Management Awareness Training

We organize line care training sessions such as level-based training for newly promoted managers. We also endeavor to improve our workplaces based on the results of group analyses of stress checks and organizational diagnoses.

• Care by In-house Health Care Staff

We have posted around 170 Healthcare Instructors nationwide, consisting of qualified public health nurses and other nurses, and established a mental health consulting system. Healthcare Instructors undergo specialist training in psychological counseling to improve their interview and counseling skills as they provide staff members with mental health care. We also invite instructors from outside the company to give lectures.



Workplace health poster

● **Care from Outside Experts and Institutions**

We have established Home Doctor 24, an outside consultation service, and assigned specialized staff to support our employees and their family members so that they can feel at ease sharing their physical and/or mental concerns.

● **A Company-wide Program for Supporting Absent Staff Members' Rehabilitation and Return to Work**

Nippon Express has established a program that is designed to support employees who are on a leave of absence to undergo treatment for mental health problems. Health care instructors appointed at the branch level, primary physicians, physicians under company contract and workplaces make concerted efforts to support staff members with mental health problems at each stage of their absence so that their return to work can be facilitated.

Visualizing Health Management Activities and Achievements

As part of the health collaboration with the Nippon Express Health Insurance Association, the Nippon Express Group tries to keep its staff members healthy through WellsPort Navi, a health support service involving the use of a smartphone or a computer. WellsPort Navi allows the user to view changes in checkup data as charts and graphs to easily manage health in accordance with vital records on meals, blood pressure, weight, abdominal girth and step count. We also send health-related e-mail newsletters that aim to improve the recipient's lifestyle. We have been providing multifaceted support for staff members' efforts to stay healthy, as part of which we organized group walking events using WellsPort Navi in October 2020 and February to March 2021.

Measures Against Lifestyle-related Diseases Activities and Achievements

In order to prevent lifestyle-related diseases among employees, we conducted a no-smoking campaign in May 2020 and October 2020 as a collaborative health program with the Nippon Express Health Insurance Association. We encourage our employees to become healthier by proactively informing them that they can receive subsidies for the cost of smoking cessation visits to hospitals and smoking cessation applications.

A Workplace That Supports Sustainable Growth

Create Job Satisfaction in the Workplace

Human Resources Principles Policies and Targets

The three principles at right define the basic philosophy of Nippon Express' human resources system.

Respect for the individual	Treat each employee as an individual with emotions and intentions, not simply as part of the workforce.
Performance-based culture	Our personnel affairs shall place importance on skills and be based on verifiable results.
Importance of on-site operations	Ensure that skilled human resources are assigned to on-site operational departments.

Human Resources Management Organizations and Systems

In October 2018, Nippon Express introduced a talent management system for accumulating and utilizing personal information about staff members. By using this system effectively to make proposals on issues such as the placement of human resources and education opportunities, we will pursue human resources management to enable all staff members to pursue their careers to higher levels and continue to improve.

Train Human Resources Who Can Work Globally

View on Human Resources Development Policies and Targets

In accordance with our Education & Training Policy, the Nippon Express Group is committed to the education and training of staff members in many different forms with the aim of enabling them to contribute to the achievement of our Corporate Strategy. The biggest goal set forth in the policy is to produce "autonomous human resources" who are capable of thinking and acting on their own.

In order to develop global human resources, we are dispatching more than 30 employees each year as overseas business trainees to acquire local knowledge of international freight operations and improve their ability to deal with different cultures. (Actual dispatching has been postponed for FY2020 due to the coronavirus pandemic.)

Education Policy (2019-2023)

1. Promote proactive growth of employees and foster human resources through learning
2. Diversify learning and create an environment where employees can learn when they want to learn
3. Communicate with Nippon Express Group companies and strengthen "collaboration" in learning

Nittsu Group University Organizations and Systems

In 2010, the Nippon Express Group established the Nittsu Group University (an internal organization) to train human resources to be capable of leading the logistics industry. The Nittsu Group University unifies the Company's educational programs and reviews its educational activities annually on the basis of our Education Policy in an effort to facilitate staff members' acquisition and improvement of knowledge and skills.

The main training facilities are NEX-TEC Shibaura (Shibaura Campus), a group facility for classroom and discussion-based management training; Shiodome Head Office Building (Shiodome Campus), mainly for specialized knowledge acquisition training; and NEX-TEC Izu (Izu Campus), where truck drivers, forklift operators, and others receive technical skills training.

To foster attitudes and workplace climates for independent learning and growth, we also provide staff members with a distance learning program titled "Nippon Express Door to Self-development." Combining the Nippon Express Group's knowledge and skills in linguistics, leadership, general knowledge and many other different areas will help the Group to develop the human resources needed to take on the challenge of creating new value.

Leader Development Training Organizations and Systems

Based on the fiscal 2020 education plan, NITTSU Group University conducted Leader Development Training using online tools for 20 employees selected from among employees around the age of 30. Eight meetings and four seminars were held from August 2020 to February 2021, with the main goal of developing management professionals for 2037 who have acquired fundamental problem-solving skills that enable them to more deeply rethink the nature of problems and find solutions for root causes.

In fiscal 2021, we will conduct leader training at the general level, administrative level, and management level, aiming to create a system with continuity for the development of the next generation of leaders.

Overseas Business Trainee System Organizations and Systems

In 1958, Nippon Express dispatched employees overseas for the first time. In 1964, we launched an overseas business training system for developing our future overseas representatives. More than 2,000 trainees have been sent overseas to date.

Education & Training Performance Activities and Achievements

In fiscal 2020, due to the coronavirus pandemic, the training format was changed from a group format to a remote format using online tools.

A total of 93 classes were held by NITTSU Group University, with 2,125 participants. Of these classes, training linked to the personnel system was held 40 times, with a total of 1,150 participants.

On the other hand, as an initiative of our human resources development organizations to strengthen the profitability of the logistics business and enhance the functions of logistics solutions, a number of training programs were conducted with the goal of achieving the ability to design operations and build systems for improving logistics. In total 1,429 people participated in these classes and related correspondence classes.

For Career Training designed to support staff members' career goals, we added more training opportunities for staff members in career-track positions and those with area-based roles. The aim is to provide training programs to many staff members by dividing opportunities into different age groups irrespective of positions and job ranks.

Promote Diversity and Inclusion

Our View on Diversity and Inclusion Policies and Targets

In implementing diversity-related efforts, the Nippon Express Group disseminates extensive information about the commitments of the president, branch managers and other managerial-level personnel and clarifies the objectives and necessity of these efforts as well as our company-wide determination to proceed with such efforts.

Our Basic Policy on Diversity Promotion

- We aim to achieve both growth as a genuinely global logistics company and self-fulfillment among employees by fostering a corporate culture in which diverse personalities interact through the promotion of diversity.
- We will respect all employees regardless of age, gender, sexual orientation, gender identity, nationality and disability, and strive to promote diversity in order to respect diverse individuality.

To this end, the Nippon Express Group formulated a Diversity Promotion Plan and is implementing a cycle of four reforms - mindset reform, corporate climate reform, workstyle reform and behavioral reform - while innovating our workstyles as set forth in our Corporate Strategy.

We will continue to steadily implement the measures stated in the Diversity Promotion Plan in pursuit of achieving the goals.

We have formulated an Action Plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace.

Please see our website for further details: https://www.nittsu.co.jp/corporate/pdf/action_plan_for_woman_success.pdf

Implementation System Organizations and Systems

The Head Office's Diversity Promotion Group and branch-level personnel responsible for encouraging diversity cooperate with each other in facilitating our diversity management.

Ensuring that employees have access to accurate knowledge about diversity, share its aims and behave with a sense of ownership can facilitate diversity energetically and quickly.

• e-learning

We have been implementing e-learning continuously from fiscal 2017 to promote diversity and flexible work styles throughout the company. In fiscal 2020, we conducted remote work training for managers to learn specific methods of management and communication tailored to remote work.

• Managerial-level personnel training

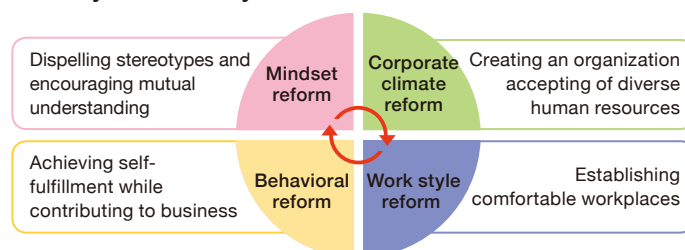
The Nippon Express Group has training programs for staff members to acquire skills in diversity management, which involves respecting and turning differences into organizational strengths irrespective of gender, age and other factors (approximately 400 staff members participated in five remote sessions in fiscal 2020).

• Strengthen female staff members' networking

Eliminating female staff members' worries and problems requires the development of a cross-organizational network consisting of female colleagues. Based on this idea, a seminar has been organized in each region since fiscal 2018, focusing on colleagues in rural areas where women account for smaller proportions of the workforce. Led by a female outside director, the seminar consists of two parts, including topic-based groupwork and a lecture by an outside director. Through the application of our systems and diversity-related plans as well as animated communication, we boost employees' motivation to work and support the creation of networking opportunities.

In fiscal 2021, we plan to hold seminars for female managers in area positions who will play a central role in each area.

Diversity Promotion Cycle



Awareness-Raising Activities Activities and Achievements

To strongly encourage diversity on an organization-wide basis, diversity declarations from all branch managers are compiled and provided to staff members via our Diversity Promotion Group portal site and other media. Branch managers exercise their individuality and clarify their visions and attitudes on encouraging diversity. This is aimed at boosting the momentum toward greater diversity and at urging staff members to reform their mindset and behavior.



Diversity Promotion Group portal site

Employing Foreign Students Full-time Activities and Achievements

For a Japanese company to achieve growth in global business operations, it cannot scrimp on training human resources that can function as a bridge between Japan and the rest of the world.

In parallel with its efforts to train local staff, Nippon Express hires foreign students under an employment system designed to maximize their aptitudes and broaden the scope of their activities. We have high hopes that these foreign employees will serve as a driving force in fusing diverse values to create new business domains, in addition to augmenting the operations of our overseas business locations.

Employment of Persons with Disabilities Activities and Achievements

To encourage the employment of persons with disabilities, the Nippon Express Group is increasing its job categories throughout its network in Japan. Nittsu Heartful Co., Ltd., a special subsidiary company* that employs persons with disabilities, makes business cards and other printed materials and provides internal mail services within the Head Office building. The subsidiary is also actively engaged in business support services that involve dispatching persons with disabilities to Nippon Express offices in the Tokyo area according to their aptitudes.

* Special subsidiary company: a company whose operators give special consideration to employing persons with disabilities with the aim of encouraging and stabilizing employment of the disabled

Promote Workstyle Innovation

Our View on Workstyle Innovation Policies and Targets

Allowing a staff member to proudly and energetically assume a leading role requires enhancing his/her lifestyle as well as work. Achieving workstyle innovation is indispensable for the growth of the Nippon Express Group's operations and, by enhancing both the private lives and work of our staff members, it will also generate a multiplier effect and ensure that our staff members lead wholesome lives.

We are working to expand the deployment and penetration of remote work in order to realize diverse and flexible work styles. In fiscal 2021, we have set three priority items for promoting work style reform (referring to employees as "san," allowing employees to wear whatever they want, and encouraging remote work), which we will promote company-wide.

MINDS, a workstyle reform community Policies and Targets

Since February 2020, the Nippon Express Group has participated in a community promoting workstyle reform consisting of millennials working in 10 companies from different industries, such as manufacturing, finance, transportation, food and IT. The Nippon Express Group concurs with MINDS' mission of "creating a society where all individuals can be themselves at work," and its vision of "going beyond industrial and corporate borders to spread diverse workstyles throughout Japanese society starting with millennials." We are also involved in verifying and recommending the creation of human resources and job types capable of adapting to an accelerating AI age. In this way, we will contribute to spreading diverse workstyles throughout Japanese society.

Helping Employees Balance Child/Nursing Care and Work Organizations and Systems

Nippon Express helps employees balance child/nursing care and work with the aim of assisting human resources from a variety of backgrounds to pursue their careers and keep them from having to quit their job against their will to take care of a child or an ailing family member.

To enable employees to fulfill their work responsibilities even when they find it difficult to commute to work due to child/nursing care or other such obligations, we have introduced a new at-home work program (revised to a remote work system in November 2020) to help individuals to continue their careers. We are working to improve our personnel systems by, for example, allowing staff members to take longer leave or work shorter hours in order to care for their children. In addition, our male staff members are encouraged to be involved more in childcare, and we also try to reduce overtime work.

Given that the number of employees facing nursing care responsibilities is expected to increase sharply in future, we use educational programs and materials to convey accurate information about nursing care and the importance of work-life balance, endeavoring to create a workplace climate where colleagues can recognize and respect each other's circumstances.



Nippon Express was certified as a child care support company in the fourth General Employer Action Plan formulated in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children, and has maintained this level of certification.

Helping Staff Members Balance Work and Family Life Activities and Achievements

While almost all female staff members who have given birth to a child while employed by the Company have taken childcare leave, the number of their male counterparts taking childcare leave remains small. We continue to offer seminars for staff members who have just returned from child-care leave and training is provided to managers as well so that everyone in their workplaces can join together to systematically help colleagues to balance work and childcare.

Foreseeing Life Events in Supporting Continued Service Activities and Achievements

Seminars are scheduled to provide participants regardless of gender an opportunity to resolve immediate concerns and exchange information so that they can balance life events and work and develop a long-term career vision with peace of mind. These young staff members receive guidance from outside lecturers and have roundtable discussions with other colleagues who are on childcare leave and serve as role models. By participating in these programs, they will be better equipped to balance work and children, and acquire related expertise.

Supporting Childcare Leave Takers Activities and Achievements

Seminars are held for employees who are on childcare leave. The purpose of the program is to ease anxiety about achieving a balance between work and childcare, and to learn concrete measures to build an environment that enables autonomous action and a balance between work and childcare, thereby achieving a smooth return to work and raising awareness of employment after returning to work.

Going forward, we plan to hold seminars for employees regardless of gender who are planning to take childcare leave on the revision of the Child Care and Family Care Leave Act and on how to reduce their anxiety about taking leave as much as possible.

Work Style Reform Efforts Activities and Achievements

• Efforts to Eliminate Long Working Hours

Nippon Express uses a company-wide system to manage working hours and is striving to reduce overtime. If any staff member ends up working longer than the predetermined working hours, this will be reported to the Board of Officers and the top corporate managers will firmly commit to rectifying the situation.

Using systems and other measures, companies of the Nippon Express Group stay correctly informed of how long their employees work in an effort to eliminate long working hours.

• Promoting Use of Annual Paid Leave

In the current management plan, we have set a KPI of doubling the annual paid leave utilization rate by 2023 compared to fiscal 2017, and we are working to achieve this goal by setting gradual targets starting in fiscal 2019. In fiscal 2017, the annual paid leave utilization rate was 24.3%, compared to 44.9% in fiscal 2020.

- **Promotion of Remote Work**

With the aim of putting in practice a more flexible work style and improving productivity per hour, the telecommuting system was changed to a remote work system from November 2020, and all employees engaged in tasks that can be performed via remote work were allowed to work at home or at satellite offices to make effective use of commuting and travel time.

- **Support for Equal Pay for Equal Work**

From April 2019, we have changed to an employee system and wage system oriented around the degree of contribution to work based on roles and duties. As part of these efforts, non-regular employees who are engaged in the same duties as employees who have worked continuously for a certain period of time at the Company were promoted to regular employees. In addition, the working conditions of fixed-term employees who are engaged in the same duties as employees were made similar to those of employees and, in order to support equal pay for equal work, unreasonable differences in treatment between regular and non-regular employees have been eliminated and the system designed to enable all employees to work in a more positive and proactive manner.

Relationship with the Worker's Union Activities and Achievements

The Nippon Express Worker's Union boasts 29,065 members as of March 31, 2021. Leveraging the relationship of mutual trust they have built up over the years, Nippon Express and the Nippon Express Worker's Union have confirmed their commitment to working together toward their shared goals of growing the Company and improving its work environment, all the while respecting each other's positions and maintaining proper labor-management order.

The parties consider it important to facilitate communication between labor and management to ensure that corporate management reflects the consensus of the employees. Based on this concept, the parties exchange opinions on management through the Central Management Conference, which was established to facilitate comprehensive discussions between labor and management. With respect to collective bargaining, the labor agreement defines collective bargaining matters and specifies that the parties shall work to solve any issues peacefully through collective bargaining on the basis of mutual good faith in consideration of the public nature of companies. In addition, we have established procedures in the collective agreement to ensure that any violation of workers' rights will be deliberated on and handled promptly and fairly.

The labor agreement specifies that a party seeking to make revisions to the agreement shall notify the other party of this intention in writing not later than 30 days before the expiration of the effective period. In addition, the labor agreement includes provisions on safety and health to reflect the top priorities of ensuring safety and creating healthy workplaces that are full of smiles. Under these provisions, with the realization of a rewarding and disciplined workplace environment in mind, the parties analyze the status quo and work on future initiatives to address their respective issues, including those related to safety and health, through technical committees comprising experts representing labor and management respectively.

Employee Data

		FY2018	FY2019	FY2020	
Employees ^{*1}	Men	27,401	28,500	28,647	
	Women	4,879	5,949	6,119	
Employees by age ^{*1}	Under age 30	—	—	4,786	
	Age 30 to age 50	—	—	16,383	
	Above age 50	—	—	13,597	
Employees by employment status ^{*2}	Full-time employees	27,853	31,943	32,795	
	Non-full-time employees	4,427	2,506	1,971	
Employees hired ^{*3} New graduates	Men	905	3,452	1,043	
	Women	477	1,745	666	
Employees hired Mid-career hires ^{*4}	Men	4	10	13	
	Women	2	5	4	
Percentage of women among hires (new graduates and mid-career hires)	—	34.5 %	33.6 %	38.8 %	
Turnover ^{*1}	Men	1,210	704	1,180	
	Women	443	239	387	
Turnover rate ^{*4}	Within three years of joining the company	5.1 %	9.0 %	8.1 %	
Average age ^{*3}	—	42.6	44.0	43.7	
Average years with the company ^{*3}	—	18.0	16.2	16.0	
Average days of paid leave taken ^{*3}	—	6.2	11.3	12.2	
Persons taking maternity leave	—	125	179	179	
Persons taking childcare leave	Men	19	22	65	
	Women	123	128	149	
Persons taking family care leave	—	12	10	8	
Employment rate of persons with disabilities ^{*5}	—	2.23 %	2.29 %	2.28 %	
Number of persons with disabilities hired ^{*5}	—	8,659.0	8,859.5	8,936.0	
Total number of employees eligible to take childcare leave	Men	693	666	541	
	Women	123	125	143	
Percentage of employees who return to work after childcare leave	Men	100 %	100 %	95 %	
	Women	90 %	96 %	97 %	
Retention rate of employees who return to work after childcare leave	Men	82 %	100 %	94 %	
	Women	96 %	88 %	91 %	
Percentage of women with managerial positions	—	1.2 %	1.3 %	1.5 %	
Percentage of female assistant managers	—	7.9 %	9.4 %	11.3 %	
Performance and career development targets	General staff	Men	—	—	9,541
		Women	—	—	1,311
	Area-based staff	Men	—	—	16,626
		Women	—	—	3,728
	Temporary employees	Men	—	—	519
		Women	—	—	182

(Remarks)Nippon Express Co., Ltd. only

*1 Employees (Japan), employees (global), employees (area-based staff), employees (elderly), and branch employees ···· (until FY2018)

Employees (general staff), employees (global), employees (area-based staff), employees (elderly), and temporary employees under direct contract ···· (from FY 2019)

*2 "Non-full-time employees" are branch employees ···· (until FY2018)

"Non-full-time employees" are temporary employees under direct contract ···· (from FY 2019)

*3 Employees (Japan), employees (global), employees (area-based staff) ···· (until FY2018)

Only employees (general staff), employees (global) and employees (area-based staff) ···· (from FY 2019)

*4 Employees (Japan) in sales and administrative jobs ···· (until FY2018)

Only employees (general staff) in administrative jobs ···· (from FY 2019)

*5 Figures based on the calculation method in the Levy and Grant System for Employing Persons with Disabilities

Innovation Based on Collaboration and Co-creation

Strengthen Global Partnerships

Our View on the Creation of Innovations Through Collaboration and Co-creation Policies and Targets

By taking measures such as proactive involvement in national policies for the formation of a safe society, the Nippon Express Group uses advanced technologies in facilitating the automation, energy saving and streamlining of its logistics sites. We pursue improvements in our productivity without compromising the advantages of the sites that are optimized to suit our client companies. In addition, we pursue cooperation beyond organizational borders and strengthen cooperation among R&D functions within the Group to facilitate trial use of advanced technologies with a view toward overall optimization. Our mission is not only to accumulate and share knowledge obtained from the trial use of advanced technologies, but also to communicate the needs of the logistics industry to manufacturers and vendors and stimulate the development of new technologies.

Promotion of Open Innovation Activities and Achievements

We promote open innovation to create new business value by participating in various committees, subcommittees and matching programs and by exchanging opinions on the possibility of collaboration, with the aim of creating innovative services and business models through collaboration and information sharing with start-up companies.

Contribute to Sustainable and Tough Infrastructure Development

Developing Cutting-Edge Logistics Technologies Activities and Achievements

Through many different governmental working groups such as a committee taking part in a national project to encourage automated truck platooning*, the Nippon Express Group is committed to the creation of new logistics services to support society in the future.

We are proactive about the use of advanced technologies to innovate logistics sites, and we are considering the use of material handling equipment and cargo-handling robots to streamline operations and save manpower at our warehouses and distribution centers.

* Official name: Committee for Research, Development and Verification for Incorporating an Advanced Automatic Driving System into Society (Verification for Incorporation of Truck Platooning into Society).

• Achievement of 24-hour Warehousing Operations

In April 2020, an automatic forklift linked to the WMS (warehouse management system) was introduced at the Sanin Branch's Suntory Okudaisen Distribution Center. This automated forklift uses an automatic charging system that enables charging by passing through points embedded in the floor (no need to replace batteries), thus enabling 24-hour warehousing operations.

• Efforts to Digitize Roll Call and Pre-trip Inspections

We will promote digitization and improve the accuracy, labor saving, and efficiency of operational management tasks by using smartphones and cloud servers to aggregate various data for operational management, health management, and alcohol checks previously compiled in analog form.

• Supporting the Development of a Crawler-Type AGV

We supported the development of and performed test runs for a remote-controlled, crawler-type automatic guided vehicle (AGV), aiming to reduce driver workloads and ensure greater safety at work sites such as terminals where workers use different routes depending on the time of day.



Providing Special Transport Services Activities and Achievements

Fine arts transport and heavy haulage and construction are among some of Nippon Express' transport services requiring specialized skills and a wealth of experience as well as special facilities and equipment.

We regard it as an important social responsibility to maintain and improve the quality of specialized transport services that Nippon Express is uniquely qualified to provide, and we remain committed to this principle.

● **Transporting Works of Art**

The Fine Arts Business Division transports articles for display at exhibitions held in Japan and overseas and entire collections when art galleries and museums relocate. The numerous exhibits that come from overseas as well as treasures and Buddhist statuary from temples and shrines around Japan are all culturally/historically important, and many have been designated National Treasures or Important Cultural Properties. We work closely with relevant parties when transporting goods, paying particular attention to ensure that the value of goods being handled is not diminished in any way during transport.

● **Transport of Heavy Equipment and Construction of Plant Facilities**

The Heavy Haulage & Construction Division is involved in the transport and installation of heavy equipment and the construction of plant facilities, and thus is working to build or maintain important social infrastructure in a variety of locations both in Japan and overseas. These business operations are essential to society, ensuring a high level of compatibility between transporting and building, and adding real value to goods.

● **Pharmaceutical Logistics**

For pharmaceutical logistics, in addition to quality control based on GDP guidelines (standards for the proper distribution of pharmaceutical products), we provide platform services dedicated to pharmaceuticals, including BCP (business continuity plan) compliance, joint logistics and round-trip use of vehicles. With our safe and reliable supply network, we are contributing to the improvement of the value of pharmaceuticals and people's health through transportation.



Kyushu Pharmaceutical Center

Community Involvement

Contribute to Society Through Our Business Operations

Our View on Community Involvement Policies and Targets

The Nippon Express Group's business activities rely on local social infrastructure such as roadways, railways, ports, and airports and are closely tied to the relevant communities and societies. Recognizing its social and public missions as a logistics company, the Nippon Express Group will communicate actively with local communities and engage in social action programs rooted in these communities.

Dispatching Personnel to Universities to Give Lectures for Endowed Courses Activities and Achievements

The Company has been dispatching personnel to give lectures to university students in courses organized by the Japan Association for Logistics and Transport for the purpose of developing human resources for the logistics and transport industry. Due to the coronavirus pandemic, the lectures were held online in fiscal 2020, and lectures on topics relating to logistics and environmental issues were given to share information on the logistics-related activities that the Company has been undertaking to address environmental issues such as global warming. Attended by 186 students from Yokohama National University, the lectures helped the students to deepen their interest in and understanding of logistics, and offered opportunities for the Company to solicit frank opinions from young people.

The participants commented that they were able to learn about efforts to create a sustainable society through logistics.

Reforestation Activities in "Nittsu Forests" Activities and Achievements

As a part of our environmental and social contribution activities and under the concepts of enhancing the multifaceted functions of forests, contributing to local communities, and fostering environmental human resources, we systematically plant trees and clear undergrowth twice a year with the cooperation and guidance of local government offices and forestry cooperatives. To date, approximately 2,000 people have participated in these reforestation activities, planting more than 10,000 seedlings.

In fiscal 2020, due to measures to combat the new coronavirus, employee participation in activities was canceled. Nonetheless, in Iide Town, the local management committee was asked to conduct a survey on the growth of the trees planted and, in Nichinan Town, the Faculty of Agriculture of Tottori University conducted a study on forestation with consideration for biodiversity such as plants and animals; the results were compiled into a map of living things. We will continue our efforts to preserve the natural environment for future generations.



From the map of living things

Contribute to World Peace Through Our Business Operations

Activities and Achievements

The Forwarding Business cooperates with local logistics companies on export/import customs clearance, deliveries and other logistics operations in the central African country of Cameroon. We handle vehicles, housing equipment, foodstuff and other materials and goods that are indispensable for the local people's everyday lives and their safety. Cameroon comprises a key logistics hub in Central Africa and much of the cargo going to and from Central Africa will be aggregated there. By continuously offering reliable logistics quality for this key Central African transport hub, we contribute to world peace in terms of, for example, continued security and peace and the prevention of food crises in Central Africa. We have also been strengthening and expanding our global partnerships with local logistics companies.

Supporting Cultural Exchange and Social Contribution Activities

Activities and Achievements

- In the East Asia Region, we are supporting BCP under logistics restrictions due to the impact of the coronavirus and providing relief goods transportation services to Wuhan.
- On May 7, 2020, Nippon Express USA Inc. participated in a project called Let's Support COVID-19 Fighters! to provide box lunches to front-line medical workers in New York City. The Consul General of Japan in New York presented us with an award for this initiative.
- In January 2016, Nippon Express (China) Co., Ltd., and Nippon Express (Shanghai) Co., Ltd., established the Nippon Express Scholarship to help foster the next generation, and have been providing scholarships to Shanghai Maritime University for 10 years. In this scholarship program's fifth year, the university selected ten scholarship recipients and held a scholarship award ceremony on November 18, 2020.

Appropriate Transport of Disaster Waste

Activities and Achievements

Nippon Express has been collecting and transporting waste, including contaminated waste, generated in large-scale disasters such as the 2011 Great East Japan Earthquake and the 2016 Kumamoto Earthquake, to storage or receiving facilities. By rapidly removing large volumes of waste, we have supported the recovery of disaster-hit areas and contributed to the reduction of CO₂ emissions through transportation by rail and ship.

- From February to October 2020, disaster waste (rice straw) generated by river flooding caused by torrential rain damage from the Reiwa 1 East Japan Typhoon was transported by rail from Osaki City, Miyagi Prefecture to waste disposal facilities in Tokyo using special containers.

Community investment

	FY2020
Forest cultivation activities	363,000 yen
Donations	2,100,000 yen
Cosponsorship	400,000 yen

* Investment expenses for the CSR Promotion Division

Acceptance of company visits and work experience programs (FY2020)

	Total number of people
Company visits	105
Work experience programs	55

Social contribution activities and achievements (FY2020)

	Total number of participants and dispatched personnel
Cleanup activities	9,979
Traffic safety campaign	190
Cooperation and participation in festivals	10
Blood donation	526
Dispatch of instructors to schools	5

*Other activities: donations, collection of PET bottle caps, community safety campaigns, etc.

The number of employees includes employees of the Company and Group companies in Japan.

Number of students attending logistics-related lectures at schools (FY2020)

	Total number of people
Number of participants	360

GOVERNANCE

Management Approach

Build a management platform that supports improvements in sustainable corporate value

We consider establishing and maintaining a fair and efficient management structure while also ensuring the soundness and transparency of management to be one of the key management issues to be addressed in sustainably enhancing our corporate value.



Main ESG Issues

- Strengthening Governance
- Strengthening Risk Management
- Improving Quality and Creating New Value




Specific Topics

- Promote fair business practices
- Implement robust anticorruption measures
- Ensure occupational and social safety
- Maintain Social Safety Involving Logistics
- Encourage global quality to meet expectations from customers and society
- Enhance corporate governance
- Personal Data Protection
- Risk management

The Nippon Express Group's Approach

- Strengthen supervisory functions and implement effective operation by leveraging the Board of Directors, Audit & Supervisory Board and Compliance Committee
- Continue to provide compliance education programs to prevent anti-competitive behavior and bribery
- Spread and promote the use of Nittsu Speak Up, a whistleblowing system, among employees
- Use the Nittsu Safety & Health Management System (NSM) to thoroughly inform all staff members of the importance of health and safety
- Provide affiliates and subcontractors with guidance and education on safety

Management Indicators

	Target	Attendance at compliance education courses:	100%
	Result	FY2020:	97.6%
	Target	Compliance Manager Conferences in all Group regions in Japan	
	Result	FY2020:	Held in all regions (97 participants)
	Target	Achieve annual quantitative targets of the Safety & Health Management Policy	

* See page 25 for details on the Safety & Health Management Policy.
* See page 27 for the FY2020 results.

Sound Company Conduct

Promote Fair Business Practices

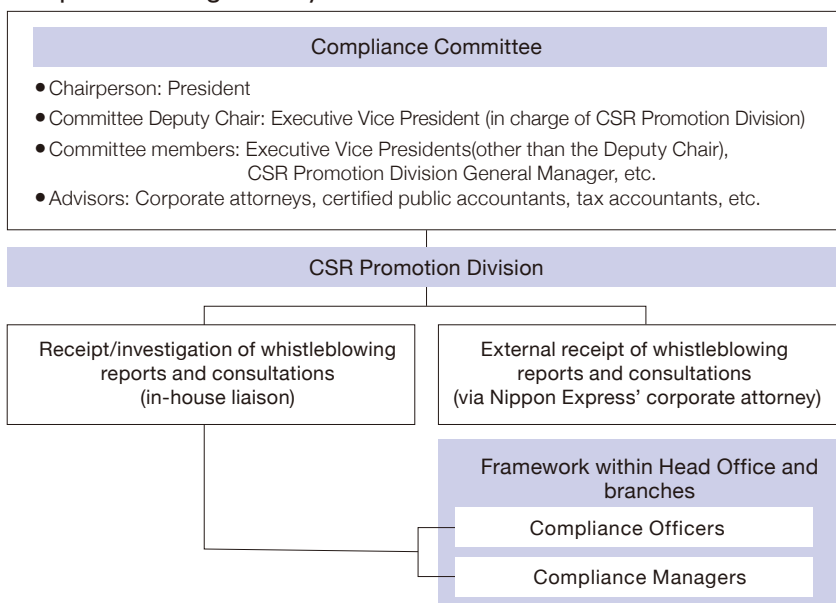
Compliance Management Structure

Organizations and Systems

Nippon Express established its Compliance Division (now the CSR Promotion Division) and Compliance Regulations in 2003 to define a code of conduct for staff members. A Compliance Committee headed by the President has also been set up. In addition, the Nittsu Speak Up whistleblowing system has been put in place to facilitate self-correction, and to promptly detect and prevent violations of laws.

In pursuit of compliance management, the Nippon Express Group takes measures to ensure honesty and fairness in its corporate activities.

Compliance management system



Compliance Training Activities and Achievements

The Nippon Express Group distributes a Compliance Handbook (in Japanese, English, and Chinese) to all Group employees, including overseas employees. The handbook summarizes specific examples of compliance and the Code of Conduct in an accessible manner. We use the handbook for employee training as it is an effective tool for promoting compliance management. In fiscal 2020, we used the Compliance Handbook to train 65,581 employees in Japan.

For sales and administrative employees, we conduct e-learning twice a year to prevent harassment and non-compliance. In fiscal 2020, 36,693 employees participated in this training. We are also working to raise awareness about the importance of thoroughly ensuring compliance within the Group, and we convene an annual conference for Nippon Express Group compliance managers with the aim of sharing information and exchanging opinions related to compliance.

Every month, the CSR Promotion Division distributes a CSR Newsletter and a Compliance Calendar to our workplaces. Besides sharing information about cases of compliance violations, the CSR Newsletter helps readers to obtain more knowledge and raise their awareness about CSR. The Compliance Calendar presents some compliance slogans collected from staff members and is designed to spread compliance throughout the workforce via employee involvement and friendly content.

Compliance Awareness Survey Activities and Achievements

Every year, the Nippon Express Group carries out a compliance awareness survey of all employees in Japan.

The survey conducted in November 2020 (target group: 67,247 persons; respondents: 58,152) addressed compliance awareness, assessments of workplace conditions, compliance awareness improvements, harassment prevention, and misconduct or improper activities among all employees.

Implement Robust Anticorruption Measures

Instilling Compliance Awareness Activities and Achievements

The Compliance Handbook, which is distributed to all Group employees, including overseas staff, as a training tool for employees, describes business entertainment, exchanges in the form of gifts or money, and the provision of favors to civil servants or persons in similar positions as unacceptable. In addition, the Handbook clearly bans accepting or providing gifts or money, or entertainment that is unacceptable according to normal social practices, or exceeds the boundaries of business practices. We are making every effort to reduce the risks by making sure all employees are thoroughly informed. We circulated the Overseas Business Management Handbook, which contains information about the ban on paying bribes to civil servants or persons in similar positions in other countries. In addition, in February 2021, we established the Nippon Express Group Anti-bribery Regulations, which also cover overseas Group companies, and created guidelines to improve our systems and employee education.



Compliance Handbook

Compliance Violations Activities and Achievements

In fiscal 2020, there were no cases of legal action due to anticompetitive conduct, violations of antitrust laws, or violations of the Antimonopoly Act. We were not subject to serious fines or other punitive measures due to violations of environmental laws and regulations, nor did we receive specific complaints concerning infringements of customer privacy.

Ensure Occupational and Social Safety

Safety & Health Management Policy Policies and Targets

Every fiscal year, the Nippon Express Group formulates a Safety & Health Management Policy applicable to all companies in the Group based on the previous fiscal year's safety and health record and the results of Group efforts.

FY2021 Safety & Health Management Policy

The Nippon Express Group Safety Philosophy "Safety takes precedence over everything else."

- **Safety Management Policy Target** **[Company-wide Target]**

Reduce serious accidents and disasters to zero.

30% or more improvement in traffic accidents and occupational accidents compared to the same period of the previous year

- **[Individual Target]**

Reduce day-to-day accidents and disasters to zero in all workplaces.

● **Commitment to Safety**

The Nippon Express Group has composed a Commitment to Safety to raise and extend safety awareness at all Group companies. The Commitment to Safety expresses a strong commitment to prevent accidents and disasters, and the Nippon Express Group undertakes a number of efforts to put this Commitment into regular practice.

● **President's Commitment to Safety**

Since fiscal 2014, posters clearly spelling out the commitment and responsibilities of the President have been created and put up in all workplaces to boost safety awareness.



Safety poster

Commitment to Safety

- We will abide by all applicable laws and rules and prioritize safety above all else.
- We will never forget past accidents and always learn from them.
- We will undertake daily risk prevention activities.
- We will improve our expertise in order to conduct safer operations.
- We will remain conscious of safety and endeavor to prevent accidents.

Nittsu Safety & Health Management System (NSM) Organizations and Systems

In April 2010, after a thorough review of the existing safety and health management program, the Nippon Express Group introduced the Nittsu Safety & Health Management System (NSM) built upon three programs in pursuit of a more reliable system for safety and health management.

The first program is “Open Communication in the Workplace” for effectively disseminating corporate policy and strategic direction from the top management to our front-line colleagues. The second program, “Challenge Circles (CC),” involves small group discussions on addressing problems in workplaces and ensuring safety. The third program is health and safety training/education for supervisors and managers.

NSM makes the three programs continuously function in a PDCA (plan, do, check and act) cycle, thus improving workplace environments.

Safety Measures Taken by Affiliates and Subcontractors Activities and Achievements

Branch operating companies are independent corporations but, as part of the Nippon Express Group, they need to implement safety measures that are on par with those implemented by Nippon Express. The relevant officer at the managing branch provides branch operating companies with safety education and guidance under the supervision of the Head Office and in line with Nippon Express’ practices. Safety council meetings with affiliates and subcontractors are held biannually at each branch office to discuss safety and quality only. The meetings are carefully designed to ensure the provision of safe and secure transport services to customers.

Guiding and Educating Site Workers Organizations and Systems

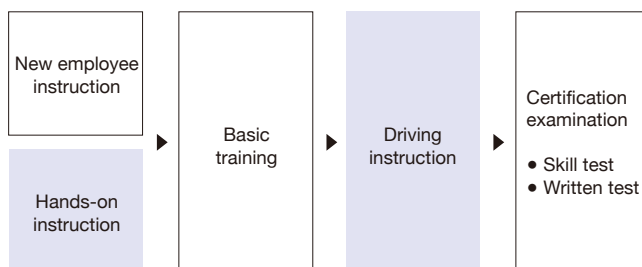
The Nippon Express Group focuses on safety education and training for truck drivers and forklift operators in order to prevent workplace accidents.

Nippon Express has established a proficiency examination system to certify staff members’ knowledge and skills and determine whether they have learned proper driving etiquette and can operate vehicles safely in the manner expected of every staff member of the Nippon Express Group. Only after they complete this in-house training and testing can they assume driving duties.

As our frontline worksite management is changed, supervisors and team leaders lead by formulating instructional and educational plans to completely eliminate accidents and disasters. They also become involved in educating colleagues about safety, for example, by instilling basic behavior and encouraging skill improvements. Head Office Mentors train branch-level instructors who play a central role in passing on high-quality skills in an effort to improve and standardize work quality and boost safety awareness and skill improvement.

In addition, we collect information on traffic and labor accidents at our overseas locations, examine preventive measures, and make necessary improvements.

Training programs for drivers and forklift operators



Instructor system for drivers and forklift operators



Specialist Training Activities and Achievements

● **Specialist Training in Heavy Haulage Techniques**

In order to safely carry out heavy haulage and construction, it is extremely important to have access to the latest information, knowledge and technical capabilities as well as strong communication and negotiation skills for collaborating with customers and subcontractors. Nippon Express’ Heavy Haulage & Construction Business Division previously based its human resources development on OJT, and we

established an educational system designed to standardize and further improve our service level. Specialist training is systematically carried out through our own unique curriculum, and we plan to provide training by job level, from beginner to instructor training, in heavy haulage and construction operations.

• **Create New Approaches to Keep the Economy Going**

With regard to cash, which is the bloodstream of the economy, our company is responsible for transportation services as well as warehousing services such as the storage and calculation of cash for financial institutions and retail stores and the procurement of funds for financial institutions and ATM funds.

Because productivity and digitalization pose major challenges, we are reviewing our existing system of operations and are beginning to shift some “human” activities to machinery to reduce personnel and costs. The Chubu Security Transport Branch’s Business Center has partly introduced robots into the automatic transportation of goods such as cases containing cash and other business activities and has taken other actions to continue changing its operational system and build a new mechanism to keep the economy going.

• **Efforts to Improve Quality**

As security transport professionals, we transport our customers’ valuables safely and unfailingly by assigning highly-skilled security guards and using transport vehicles equipped with GPS and other sophisticated security devices. Each November, as the crime-prone year-end and New Year holidays approach, Nippon Express organizes extensive training at its security transport sites to raise security alertness and skills. In the future, we will continue to introduce remote training to meet the needs of the times, and to build on our efforts to further improve quality through daily operations and training in the security transportation business, where ensuring safety and security is a crucial mission.

Commitment to Safety in Logistics Activities and Achievements

With “Safety takes precedence over everything else” as its Safety Philosophy, the Nippon Express Group is committed to completely eliminating accidents and disasters on a company-wide basis. By disseminating messages from senior management on achieving zero accidents and communicating the safety principles of each branch and section via workplace-wide meetings, we aim to spread safety awareness among all staff members. At workplaces, small group bottom-up activities are held to address challenges in ensuring safety and organize safety patrols by safety teams in an effort to prevent accidents. We also train technical and practical instructors to increase our staff members’ skill levels and safety awareness.

• **Measures to Ensure Drivers’ Safety**

The Safety and Health Promotion Division regularly conducts aptitude tests on drivers, who are the bedrock of our business operations, and provides safe driving guidance in accordance with the drivers’ characteristics as determined by the test results. Sleep apnea syndrome (SAS) screening tests are also conducted on a regular basis. We make thorough efforts to ensure workers’ safety. For example, complete checkups and medical treatment may be required and driving restrictions may be imposed as necessary.

Safety panels are established when accidents or disasters occur to prevent any recurrences through actions such as safety drills, ride-along instruction by supervisors and team leaders and reviews of safe working procedures.

• **Use of an Eye Tracking System**

The system visualizes the safety checks of drivers and forklift operators, and verifies the points and timing of the checks. In addition, users are able to improve their skills by comparing videos with their instructors.

• **Training Equipment for Accident Prevention When Backing Up**

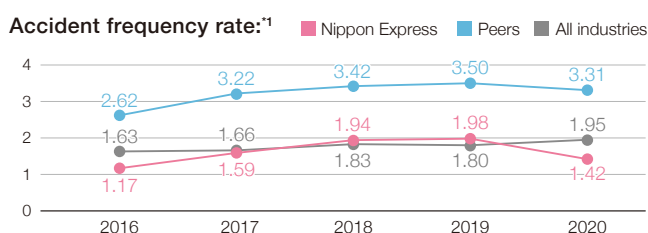
By installing a device that resembles an eave at the rear of the vehicle and viewing the backward movement at the same time as the rear-view camera image from outside the vehicle, we can verify visibility and blind spots. It can be demonstrated that a rear-view camera also has blind spots (patent pending).

• **Introduction of Special Vehicle for Accompanied Driving Lessons**

In June 2021, a special vehicle for training (W-cab truck with auxiliary brake on the passenger seat) will be introduced and accompanying instruction will be provided. If the instructor senses danger when instructing a new employee, the instructor will step on the brakes to avoid it. Multiple people can be provided instruction at the same time in a 2t vehicle because of the double cab.

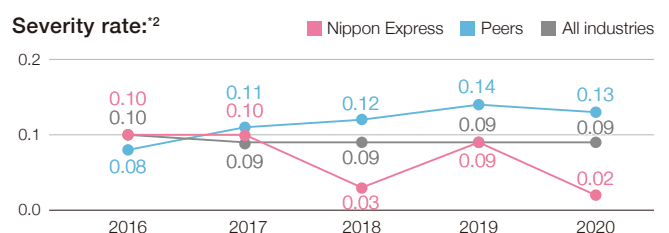
Maintain Social Safety Involving Logistics

Safety-related Data • Index of labor accidents



*1 The frequency rate is an international indicator that indicates the incidence rate of occupational accidents.

$$\text{Number of casualties per one million working hours} = \frac{\text{Number of casualties}}{\text{Total number of working hours}} \times 1,000,000$$



*2 Severity rate is an international indicator that indicates the degree of injury caused by occupational accidents.

$$\text{Days lost per 1,000 working hours} = \frac{\text{Workdays lost}}{\text{Total number of working hours}} \times 1,000$$

- **Rules on recording and reporting accident statistics**

Nippon Express has established Safety & Health Rules and has safety management systems in place at all of its offices. Safety Officers at our business locations prepare and collect safety-related materials, keep important records, investigate the causes of accidents and analyze these accidents to apply the lessons learned to our day-to-day safety activities.

- **Workers engaged in activities with a high incidence or high risk of disease**

Nippon Express has established Safety & Health Rules and has health management systems in place at all of its offices. Health Officers at our business locations are required to investigate risks, hazards or other matters concerning our operations before taking measures accordingly.

Expenses for transport safety (FY2020)

Item	(Unit: million yen)
Labor cost of safety-related positions (domestic)	1,101
Educational costs (training at Head Office)	386
Material publishing	2
Driving control system (digital tachograph) related	584
Accident and disaster prevention awareness materials, etc.	5
SAS screening tests	23
Other safety measures	117
Total	2,218

Acquisition of certification as safety excellence enterprise (G-Mark*3) (as of January 2021)

	Number of authorized offices	Number of G-Mark certified offices	Rate of certification
Total number of certified offices in Nippon Express	501	489	97.6 %
Number of certified offices in the Nippon Express Group	244	234	95.9 %

Number of accidents relating to Article 2 of the Automobile Accident Reporting Regulations (FY2020)

Item	(Unit: number of accidents)
Vehicle malfunction	17
Fall	0
Fire	0
Collision	3
Death or injury	0
Total	20

Reference) Industry certification status (as of December 2020)

	Number of authorized offices	Number of G-Mark certified offices	Rate of certification
Nationwide	85,445	27,065	31.3 %

*3 G-Mark: A certification issued by the Japan Trucking Association to truck transportation businesses that satisfy certain criteria in traffic safety efforts, etc. It is a system to make user selection of safer companies easier, and to raise awareness about improving the safety of truck transport companies as a whole.

Encourage Global Quality to Meet Expectations from Customers and Society

Our View on Quality Policies and Targets

The Nippon Express Group is committed to the maintenance and improvement of its service quality as an effective means of achieving sustainable corporate growth and performance improvements. To support the enhancement of customers' lives through logistics, we are endeavoring to acquire ISO9001 certification, an international quality control system, so that we can respond sincerely to customer feedback and offer high-quality service to continue earning customers' trust and satisfying customers. Our ISO-certified branches set targets in their customer surveys and conduct monitoring to achieve the targets.

Quality Management System Organizations and Systems

In addition to ISO9001 certification, we have introduced our own original system for handling cargo accidents and remained consistently committed to quality improvements. In particular, an accident with damage amounting to 5 million yen or more may be handled under supervision by the division in charge (Business Division).

Customer Consultation System Organizations and Systems

Nippon Express has introduced a customer consultation system (VOCS) that allows the entire company to share customers' inquiries, opinions and requests directed to its website.

The inquiry page on the website is periodically redesigned by the Website Administration Committee so that customers can submit inquiries more easily. These improvements have led to further inquiries from customers. We will compile the opinions and requests received from customers into a database to keep up with changes in social and economic conditions as we endeavor to develop new products and improve our service quality.

Inquiries/requests received in FY2020	
Inquiries	12,306
Requests	711

Customer Questionnaire Survey Organizations and Systems

Nippon Express air cargo transport organizations across the country have been obtaining ISO9001 certification. To qualitatively improve our transport service, we set targets for customer satisfaction on a nationwide basis and consistently check our performance by means of customer questionnaire surveys. Whenever we receive opinions and requests, we discuss them in our periodic “Review Meetings” in order to improve our work and bring about continued enhancements in the quality of our transport service.

Customer Survey on Our Removals Services Activities and Achievements

We have been asking customers who make use of our removals services to respond to a questionnaire survey on our removals services. The opinions we receive from this survey will be utilized in making future business improvements and developing services in the hope that these will lead to greater customer satisfaction and improved service quality.

Our Actions on Halal Certification Activities and Achievements

In March 2021, we developed a speedy halal logistics service that can handle small-quantity cargo such as single cardboard boxes by introducing the work procedures for halal logistics system certification to our domestic air transportation product, Express High Speed.

In 2014, we became the first Japanese company to obtain Halal Logistics Certification in Malaysia, and we are working to establish global halal logistics services. In Japan, we obtained halal certification for our warehouses for the first time in 2016 and we have since been building a network of halal logistics services, including the introduction of halal roll boxes for mixed transport of small-lot cargo less than a truckload, and halal rail containers for large-lot cargo.

Corporate Governance

Enhance Corporate Governance

Basic Views on corporate governance Policies and Targets

The Nippon Express Group upholds its mission to resolve social issues through logistics and support social sustained development and growth in accordance with the “Nippon Express Group Corporate Philosophy.” We also believe that working hand-in-hand with all stakeholders, including shareholders and investors, and respecting their viewpoints is indispensable to the realization of sustained growth and improvement of corporate value. To this end, ensuring compliance and guaranteeing management transparency, as well as speedy management through rapid decision-making and the clarification of responsibility, are important.

Building such a system and ensuring that it functions properly comprises our basic policy on corporate governance. On the grounds of these basic views, our company strives for continuous progress and reinforcement of its corporate governance.

*Please see the Integrated Report for detailed information on our corporate governance.

Evaluation Process for ESG Management Performance Organizations and Systems

We are aware that the initiatives for ESG management are essential challenges. With this in mind, the Board of Directors and the Board of Officers are always prepared to discuss them as part of their important risk management efforts. In addition, with the establishment of the Environmental Management Promotion Committee and the Compliance Committee, both of which are chaired by the President, we are ready to steadily implement measures to understand and solve issues in related fields. To this end, we will regularly conduct internal audits on our labor environment, safety management and other elements of our business operations.

Personal Data Protection

Personal Data Protection Policy Policies and Targets

Nippon Express handles a variety of personal information, including customer information, as necessary for business. To this end, we have established a Personal Data Protection Policy, and we comply with rules and regulations as well as other norms pertaining to the protection of personal data, while simultaneously working on the establishment of autonomous rules and appropriate implementation systems that match our corporate philosophy and businesses. We are working to acquire and certify personal information protection, including acquisition of the Privacy Mark.

Certifications Received Relating to the Protection of Personal Data Activities and Achievements

- **Privacy Mark**
Nippon Express, Nittsu Shoji, Nippon Express Travel, Careerroad, Nago E-Technology, Okinawa Nittsu Air Cargo Service, Wanbishi Archives
- **ISMS (Information Security Management System) Certifications**
Nippon Express, Nittsu Shoji, Nippon Express Capital, Nittsu Information Systems, Nittsu NP Logistics, Nittsu NEC Logistics, Wanbishi Archives (As of March 31, 2021)

Risk Management

Regulations and Policies for Risk Management Organizations and Systems

Nippon Express has established four sets of rules based on its Crisis Management Rules: Disaster Management Rules, Overseas Crisis Management Rules, IT System Risk Management Rules, and Pandemic Management Rules. These various rules lay out the measures to be taken in response to the various risks posed by wide-area disasters, outbreaks of new strains of influenza and other infectious diseases, information system risks, emergencies overseas, etc., and we are hoping to strengthen collaboration within the Group on the basis of the Nippon Express Group Disaster Measures Regulations.

System to Ensure Business Continuity (BCM/BCP) Organizations and Systems

Nippon Express has developed a Business Continuity Plan (BCP) in order to continue its operations even in an emergency situation such as a major disaster or the spread of a new influenza strain or other infectious disease. We are ensuring our resilience by systematically preparing advance measures, disaster drills, initial responses and relief activities to implement during an emergency.

The various Head Office divisions and other key business locations throughout Japan have stocked up on emergency supplies as well as hygiene products to combat new strains of influenza and other infectious diseases, and have been equipped with satellite telephones and priority mobile phones for use during disasters if telephone lines are cut. A liaison system for quick contact during emergencies has also been established.

Disaster Management System Organizations and Systems

Based on its disaster management rules and disaster reporting guidelines, Nippon Express stipulates that, when a disaster subject to reporting 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 its intranet in order to promptly confirm the safety of employees, assess the extent of damage to facilities, and expedite relief efforts.

Safety Confirmation System Organizations and Systems

Confirming the safety of employees is one of the most important tasks among the initial responses taken during an emergency. In accordance with its Basic Policy for Business Continuity Management (BCM) that has been formulated within the Business Continuity Plan (BCP), Nippon Express has adopted a Safety Confirmation System that automatically sends safety confirmation emails to employees, in response to earthquakes of a certain severity or warnings issued by the Japan Meteorological Agency, in order to rapidly confirm the safety of employees during disasters.