

# CSR Report 2007



## Contents

Message from the President	1
Looking Back on CSR Activities in 2006	2
<b>Economic</b>	<b>3</b>
Progress Status of Business Plan	3
Outline of Business	4
Financial Details	6
<b>Nippon Express' Environmental and Social Involvement</b>	<b>8</b>
<b>Management</b>	<b>10</b>
Basic Philosophy	10
Corporate Governance	13
Crisis Management System and CSR Promotion System	14
Targets and Achievements	17
<b>Conversation: Aiming for Sustainable Logistics</b>	<b>18</b>
<b>Environment</b>	<b>22</b>
Environment-related Data	22
Promoting Modal Shift	24
Environmental Certification	26
Initiatives to Introduce Low-pollution Vehicles and Enhance Fuel Economy	28
Reducing the Use of Packing Material	30
Collection and Delivery System Improvements	31
Reducing Waste and Advancing the 3Rs	32
Initiatives on Industrial Waste Collection and Transportation for Recycling	33
<b>Society</b>	<b>34</b>
Personnel Training and Workplace Environment Initiatives	34
Occupational Safety and Health Initiatives	36
Communication with Society	38
Activities to Benefit Society	39
Activities to Benefit Local Communities	40
2006 Third-party View: Opinions Received at Environmental Report Reading Group	42
A Third-party View	43
Chronology of CSR Activities in Nippon Express	44
Environmental Data Consolidated Company List	45

---

### Editorial Policy

This report covers Nippon Express' corporate social responsibility (CSR) initiatives during fiscal 2006, and comprises such features as an explanation of our CSR management structure, reports on our activities and performance data.

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

---

### Scope of This Report

In its description of our CSR-related initiatives and management structure, this report covers Nippon Express as a whole, including some group companies.

---

### Applicable Period

April 1, 2006 to March 31, 2007

In certain places we have used data covering up to July 2007 for matters deserving special mention.

---

### About the Cover Illustrations

Front cover:

*Steam Train Traveling on Yokohama Railroad*  
By Utagawa Kunimasa, 1873, from Museum of Logistics

Back cover:

*Famous Tokyo Sights: Horse-drawn Railway Carriage Running at the Foot of Ueno Park Hill*  
By Utagawa Hiroshige III, 1882, from Museum of Logistics

---

## Message from the President

Nippon Express celebrated its 70th anniversary on October 1, 2007. At the time of its founding, the core of the company's business was transportation—conveying goods between customers and stations. In more recent years, however, we have been providing the logistics support services that underpin economic activity as a global logistics company, deriving close to 30% of our consolidated revenue from overseas operations. We were able to sustain the development of our operations, responding appropriately to the rapid changes in business environment at various times throughout our history, thanks to the backing of our customers, stockholders and all others with a stake in our company. I would like to take this opportunity to express my sincere gratitude to each and every one of you for your support of our efforts.

I do not wish to let this 70th anniversary of our founding pass as simply another event on the company calendar. Rather, I view it as an opportunity to generate some changes in the company. With this in mind, we have been launching a number of commemorative projects, including “Formulation of a Corporate Philosophy,” “Implementation of Sustainable Activities for Environmental Conservation to Benefit Society” and “Installation of a Monument Carved with the Motto ‘Pledge to Safety.’” Several new initiatives are also being planned, such as the introduction of new uniforms and the complete overhaul of the company Website.

Furthermore, we are earnestly pursuing steady initiatives with respect to compliance management and personal data protection. Transport safety is a particular concern, and as such we plan to establish a safety management framework under a senior management-led initiative focusing on “transportation safety management.” In terms of the environment, problems such as global warming and air pollution have become so severe as to endanger the survival of our planet. Since trucks are the main mode of transport used by Nippon Express for its distribution and transportation operations, it is even more imperative that we implement eco-friendly measures, centered around improving fuel economy and introducing low-pollution vehicles.

We at Nippon Express will continue to discharge our corporate social responsibilities in order to meet the expectations of trust that society has placed in us, whatever the times we operate in.

I welcome your candid views and comments.

*Masanori Kawai*

Masanori Kawai  
President



## Looking Back on CSR Activities in 2006

Following on from our activities in the preceding year, in fiscal 2006, Nippon Express strengthened the foundation of its core CSR initiatives with respect to compliance, personal data protection and environment conservation, while at the same time gradually extending their scope.

Concerning our initiative with regard to compliance, we continued to conduct education programs and inspection training in order to promote the thorough streamlining of all areas of business, including motor transport, as well as ensuring the strict observance of regulations and rigorous adherence to safety management.

In terms of our personal data protection initiative, we achieved an important objective. Nippon Express obtained Privacy Mark certification from the Japan Information Processing Development Corporation, with approval for the use of the Privacy Mark granted from March 23, 2007. In order to maintain this certification, we are prioritizing the implementation of education programs on personal data protection through workplace exchange inspections, e-Learning systems and the like.

As for our environmental initiative, we introduced a total of 2,670 eco-friendly vehicles, exceeding our target for fiscal 2006 of 2,500 vehicles. We also launched the Green Coops, a Web ordering system for the purchase of mainly office supplies, with the group company Nittsu Shoji Co., Ltd. Through the use of this system, we are increasing our promotion of green purchasing, which has long posed a challenge for the Group.

Meanwhile, the 70th Anniversary Project Executive Committee was formed in October 2006. In my capacity as chairman of this committee, I worked hard to realize three commemorative projects, namely, “Formulation of a Corporate Philosophy,” “Implementation of Sustainable Activities for Environmental Conservation to Benefit Society” and “Installation of a Monument Carved with the Motto ‘Pledge to Safety.’” These three projects expand further on the CSR activities of the Nippon Express Group as a whole.

We will respond to the trust you have placed in us by striving to ensure that these three commemorative projects take their place alongside existing CSR activities to permeate the company’s business operations at the deepest level.



*Masaki Izumikawa*

**Masaki Izumikawa**

Executive Vice President in Charge of  
the Corporate Social Responsibility Department  
Environmental Measures Committee Chairman

In order to achieve the target set for the next year, fiscal 2008, we are committed to the objectives of the Three-Year Power Up Plan which was launched in April 2006.

### Three-Year Power Up Plan

#### Basic Objectives

“Stepping up in size, building a strong Nippon Express Group and expecting a great leap forward.”

#### Direction of New Business Plan

- Increase proportion of overall profits accrued from overseas (international) operations
- Strengthen competitiveness of community-based business

1. Powering Up Sales
2. Powering Up On-site Capabilities
3. Powering Up CSR Practices
4. Powering Up the Management Structure
5. Powering Up the Small Package Transport Business



Five areas for powering up

#### Specific Measures in Relation to the Five Areas for Powering Up

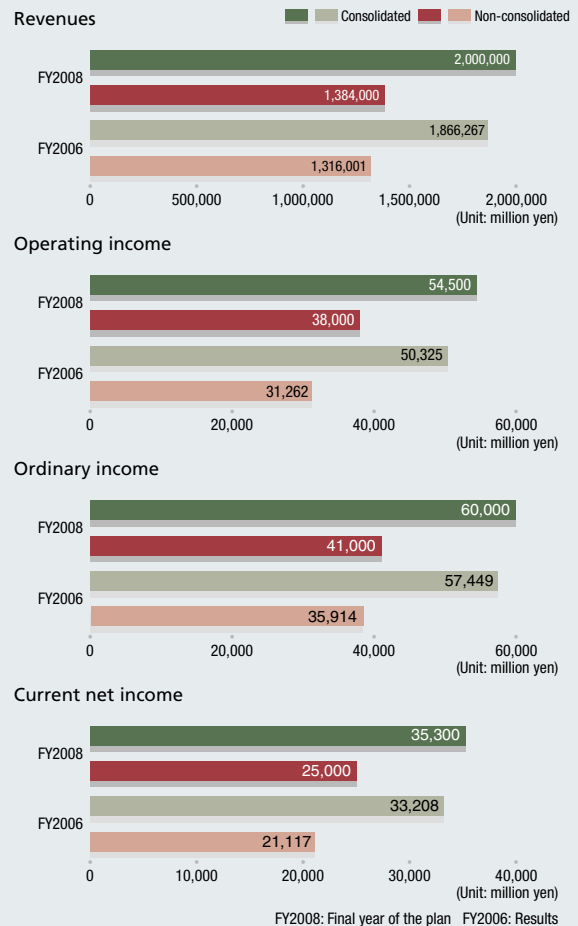
##### 1. Powering Up Sales—Boldly Taking on Challenges

- (a) Taking on logistics challenges
  - Expanding global business
  - Developing and expanding 3PL business\*
  - Strengthening corporate sales (making Nippon Express a one-stop location for all logistics needs)
- (b) Taking on local challenges in Japan and overseas
  - Expanding recycling and resource conservation-oriented business
  - Further cultivating areas of specialty/expertise
  - Strengthening removals business
  - Tailoring sales approach closely to specific localities
- (c) Taking on the challenges of new services
  - Expanding business into adjacent market sectors
  - Responding to reforms in “government-made markets”
  - Enhancing services and developing new products in line with social changes

##### 4. Powering Up On-site Capabilities—Pursuing Quality

- (a) Securing and developing human resources
- (b) Implementing immediate and unremitting quality improvement
- (c) Promoting greater operational efficiency

#### Numerical Business Targets



\* 3PL (third-party logistics) business: This involves designing plans to set up optimal logistics strategies on behalf of our customers and advising them on the creation of logistics systems, and providing high quality logistics services on behalf of the freight transport sector.

The Nippon Express Group is composed of Nippon Express and its 300 subsidiary companies, including 273 consolidated subsidiaries, as well as 56 affiliates, making a total of 357 companies. Distribution and transportation operations, such as motor transportation and railway utilization transportation, form the core of the Group, but we are also developing operations in goods sales and other areas such as real estate.

## Domestic Companies (290 companies including Nippon Express)

### Distribution and transportation operations

#### • Rail forwarding

Nippon Express operates its railway utilization transportation business from its bases located at major stations nationwide. In certain regions, these operations are handled by its subsidiaries and affiliates such as Bingo Express Co., Ltd. and Tokushima Express. Co., Ltd.



#### • Motor transport

With bases and networks throughout the country, Nippon Express operates special combined cargo transport such as Pelican Express, as well as reserved vehicle general cargo transport. Some of these operations are handled by its subsidiaries and affiliates such as Nippon Truck Co., Ltd. and Tohoku Truck Co., Ltd.



#### • Marine transport

Nippon Shipping Co., Ltd. and other subsidiaries operate mainly container-based domestic marine transport. Nippon Express carries out international transportation, consisting mainly of multimodal transportation of import-export cargo and wharf-side cargo moving operations at major ports nationwide, consisting mainly of inboard and longshore cargo handling. In certain ports, however, wharf-side cargo moving operations are handled by its subsidiaries and affiliates such as Shiogamako Unso Co., Ltd. and Hokuoh Transportation Inc.



#### • Air freight and travel

Nippon Express and its subsidiaries and affiliates operate domestic and international air forwarding services. Nippon Express and its subsidiaries such as NTS Co., Ltd. also handle domestic and international air travel services.



#### • Warehousing

Nippon Express provides storage and loading and unloading services in commercial warehouses throughout the country. In certain areas, these operations are handled by its subsidiaries such as Sendai Port Silo Co., Ltd. and affiliates such as Nippon Vopak Co., Ltd.



#### • Other operations

Nippon Express along with its subsidiaries and affiliates carry out the transportation, erection and installation of heavy cargo, plant construction and maintenance services and on-site (factory) transport operations.



### Goods sales operations

#### • Goods sales

Subsidiaries and affiliates such as Nittsu Shoji Co., Ltd., Taiyo Nissan Auto Sales Co., Ltd. and Nittsukicoh Co., Ltd. sell and lease a variety of products, including distribution equipment, wrapping and packing materials, vehicles, petroleum and LP gas, as well as operating vehicle maintenance, insurance agency and other services.



### Other businesses

#### • Real estate

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

#### • Other

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

### Distribution and transportation operations

In the United States, Nippon Express U.S.A. and other subsidiaries operate airfreight forwarding services, marine transport services, warehousing services and so forth. In other countries and cities of the world, operations are handled by subsidiaries and affiliates such as Nippon Express (U.K.) Ltd., Nippon Express (Nederland) B.V., Nippon Express (Deutschland) GmbH, Nippon Express (H.K.) Co., Ltd. and Nippon Express (Singapore) Pte Ltd. Additional overseas bases for the company's operations include Italy, Switzerland, Spain, Malaysia, Thailand and Australia, providing a global network for the development of its business. Other subsidiaries and affiliates including Nippon Express Travel U.S.A. and Nippon Express Tours (Nederland) B.V. carry out travel-related services in cities the world over.



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



Nippon Express (Deutschland) GmbH trailer



Nippon Express (Singapore) Pte Ltd.

### Goods sales operations

Nittsu Shoji U.S.A., Inc. is engaged in the sale of packing materials in the United States, while Dalian Nittsu Container Manufacturing Co., Ltd. manufactures and sells containers and the like in China.



Nippon Express U.S.A warehouse



Nippon Express (Deutschland) GmbH office

### Other businesses

Shanghai e-Technology Co., Ltd. provides logistics software development services in China.



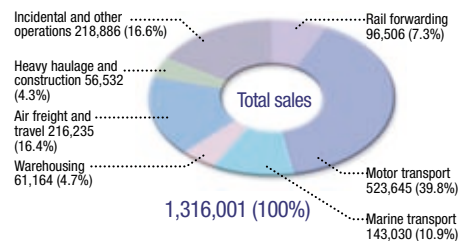
Nippon Express U.S.A trailer

## Company Profile (as of March 31, 2007)

Name: Nippon Express Co., Ltd.  
 Founded: 1872, as Riku-un Moto Kaisha (Land Transportation Company)  
 Established: October 1, 1937  
 Headquarters: 1-9-3 Higashi-Shimbashi, Minato-ku, Tokyo 105-8322, Japan  
 Telephone: +81-3-6251-1111  
 Name of representative: Masanori Kawai, President  
 Paid-in capital: ¥70,175 million  
 Number of shareholders: 87,264  
 Number of employees: (Non-consolidated) 37,963 (Consolidated) 67,773  
 Number of commercial freight transport vehicles: 19,916  
 Major branches: 64 branches including: Sapporo Branch, Sendai Branch, Chiba Branch, Tokyo Branch (Chuo Ward, Tokyo), Yokohama Branch, Niigata Branch, Kanazawa Branch, Nagoya Branch, Osaka Branch, Shikoku Branch (Takamatsu), Hiroshima Branch, Fukuoka Branch, Tokyo Air Service Branch (Minato Ward, Tokyo), Tokyo International Transport Branch (Shinagawa Ward, Tokyo), Tokyo Security Transport Branch (Koto Ward, Tokyo).

Sales by business division (year ended March 2007, non-consolidated)

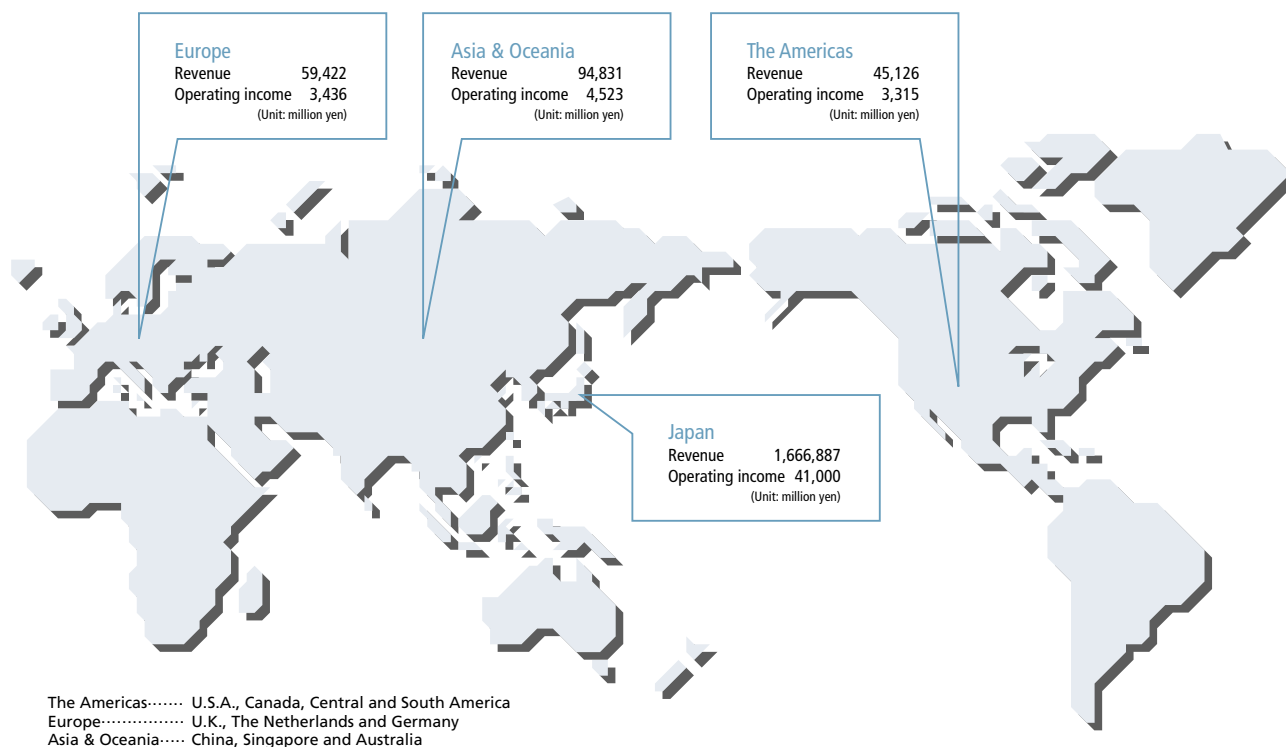
(Unit: million yen)



\*SSE: Shanghai Super Express. See "Modal Shift to Domestic Marine Transport," p. 25.

Approximately 30% of the revenue of the Nippon Express Group is derived from overseas business activity, and that rate is increasing year by year. We will continue to do our best as a global logistics company to further enhance corporate value.

## Profile by Region



As of March 31, 2007, the Nippon Express Group employs around 14,415 people in 340 offices and warehouses in 196 cities located in 37 countries.

## Review by Business Segment

For distribution and transportation operations, in Japan, handling volumes for air freight forwarding and marine transportation showed solid growth, and the heavy haulage and construction business reported good results for volumes handled. Overseas, handling volumes grew in all regions of the Americas, Europe and Asia/Oceania, and the number of consolidated subsidiaries also increased. As a result, revenues grew by ¥58.2 billion year-on-year, or 3.8%, to a total of ¥1,584.4 billion. Both domestic and overseas businesses showed strong profit growth on the whole, despite fuel costs that continued to rise throughout most of the year, resulting in operating income of ¥45.9 billion, an increase of ¥6.2 billion or 15.9% over the previous year.

For goods sales operations, the unit price of sales for petroleum and LP gas rose and the logistics equipment sales business showed favorable growth, resulting in revenues of ¥365.5 billion, a year-on-year increase of ¥15.1 billion, or 4.3%. Operating income grew by ¥5.3 billion, a year-on-year increase of ¥0.3 billion, or 6.8%.

For other businesses, revenues increased by ¥5.4 billion year on year, or 36.8%, to ¥20.1 billion, while operating income increased by ¥0.2 billion year on year, or 23.8%, to ¥1.2 billion.

(Unit: million yen)

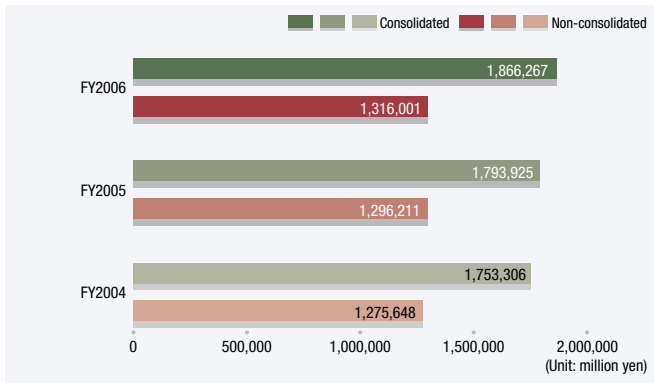
	FY2004	FY2005	FY2006
Transportation	1,485,266	1,522,325	1,580,546
Goods sales	263,216	266,908	279,080
Other	4,823	4,690	6,640
<b>Total revenue</b>	<b>1,753,306</b>	<b>1,793,925</b>	<b>1,866,267</b>
<b>Operating income</b>	<b>43,025</b>	<b>43,187</b>	<b>50,325</b>

## Notes:

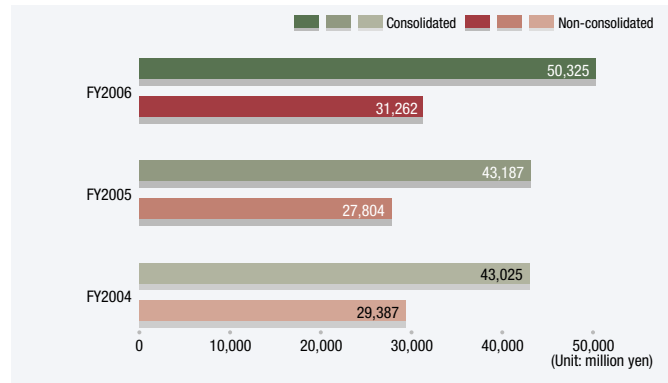
1. Figures have been rounded off, so the total revenue amount by business segment and total revenue amount do not correspond.
2. The revenue and operating income include only transactions conducted with non-Group customers.



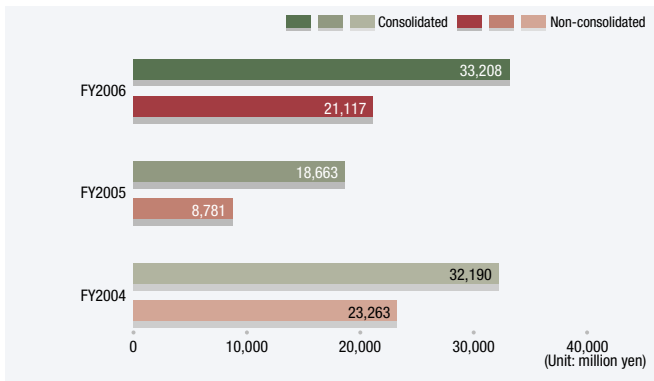
## Revenues



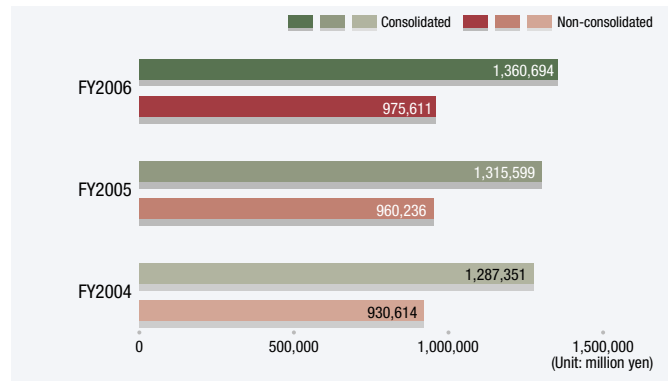
## Operating income



## Current net income



## Total assets



## TOPICS

### IR activity for overseas investors

IR activity refers to public relations activity conducted for the purpose of conveying to investors accurate information about the company to enable them to properly evaluate its corporate value. The president of Nippon Express, Masanori Kawai, visited institutional investors in London and Edinburgh in the U.K. in July 2006, and in New York, Boston and San Francisco in the U.S.A. in March 2007.

During these visits, the president explained the current state of the company's business operations, measures planned for future implementation and the like, as well as exchanging views with representatives of the investor institutions. We will continue to adopt this proactive approach to IR activity by senior management in order to build relationships of trust with our investors.



At an investor's office in Boston

# Nippon Express' Environmental and Social Involvement

## Input

### Vehicles

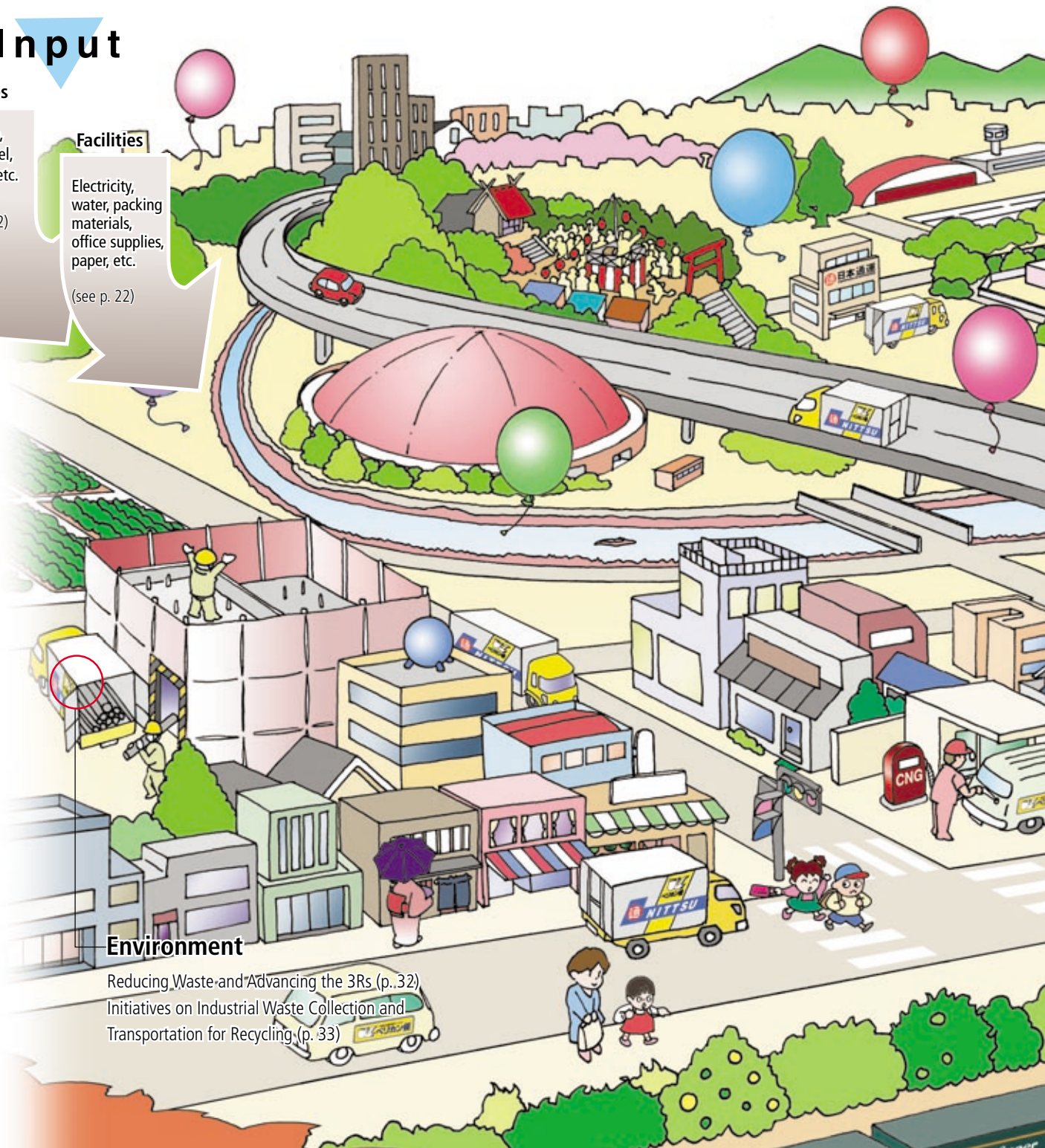
Gasoline, diesel fuel, fuel oil, etc.

(see p. 22)

### Facilities

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

(see p. 22)



### Environment

Reducing Waste and Advancing the 3Rs (p. 32)

Initiatives on Industrial Waste Collection and

Transportation for Recycling (p. 33)

## Nippon Express' Involvement with Stakeholders

### ● Customers

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

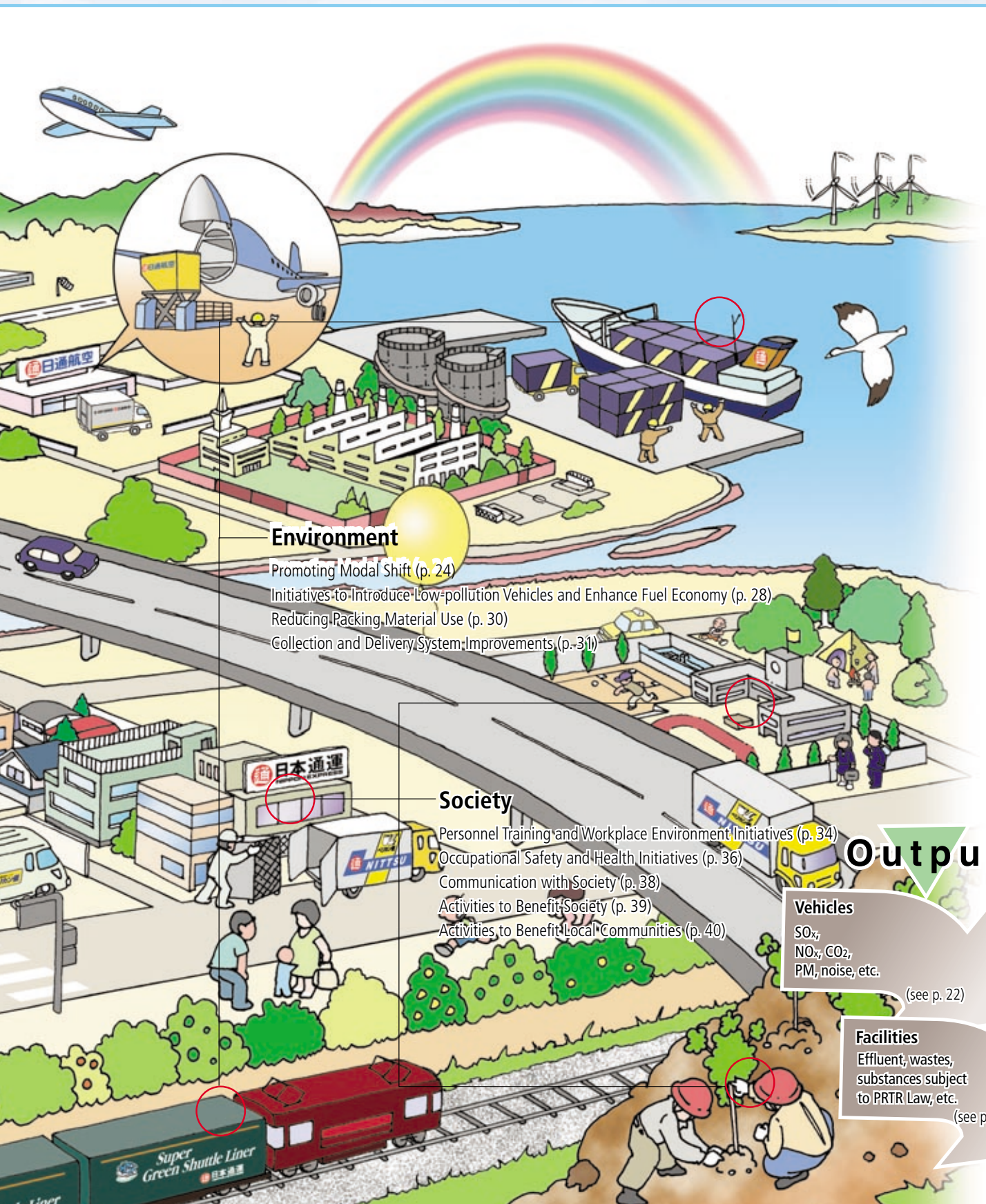
### ● Shareholders

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

### ● Community

- Showing consideration for the community
- Cooperation in environmental conservation

To discharge its social responsibility as a global logistics company, Nippon Express is consistently pursuing eco-friendly initiatives in everything from transport to office operations both in Japan and abroad. We place importance on working hand in hand with stakeholders and, in addition to making our activities more transparent, we are putting effort into environmental conservation.



### Environment

- Promoting Modal Shift (p. 24)
- Initiatives to Introduce Low-pollution Vehicles and Enhance Fuel Economy (p. 28)
- Reducing Packing Material Use (p. 30)
- Collection and Delivery System Improvements (p. 31)

### Society

- Personnel Training and Workplace Environment Initiatives (p. 34)
- Occupational Safety and Health Initiatives (p. 36)
- Communication with Society (p. 38)
- Activities to Benefit Society (p. 39)
- Activities to Benefit Local Communities (p. 40)

### Output

#### Vehicles

SO<sub>x</sub>,  
NO<sub>x</sub>, CO<sub>2</sub>,  
PM, noise, etc.

(see p. 22)

#### Facilities

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

(see p. 22)

#### Administrative authorities

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

#### Suppliers

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

#### Employees

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

As part of our program of initiatives to commemorate the 70th anniversary of the founding of Nippon Express, we adopted the "Nippon Express Group Corporate Philosophy." Retaining the spirit of "Our Principles" that Nippon Express employees have espoused as their guiding precepts, we are working hard to put these into practice in the form of a philosophy that declares to society at large our stance toward the future of the Nippon Express Group.

## Nippon Express Group Corporate Philosophy

### **Our Mission**

**Be a Driving Force for Social Development**

### **Our Challenge**

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

### **Our Pride**

**Inspire Trust Every Step of the Way**

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

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

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

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

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



**NIPPON EXPRESS**

# Nippon Express Conduct Charter

Company activities rest on a foundation of public trust and empathy. Further, a company is not simply an economic entity that pursues profit through fair competition, but an establishment that must be of service to society and its customers.

Nippon Express therefore ensures that, based on the following 10 items, we shall in Japan and abroad abide by all laws and international rules, and the spirit thereof, and shall act in accordance with good social sense.

1. Win the customer's trust by offering safety-conscious, high-quality services that benefit both society and the customer.
2. As a leading company in the industry, take the initiative in competition that is fair, transparent and open; along with maintaining a sound and normal relationship with political and administrative authorities.
3. Cut off relationships with all antisocial interests and organizations that threaten the order and safety of civil society, and resolutely confront them.
4. As a "good corporate citizen," vigorously conduct activities that benefit society.
5. Maintain communication with not only shareholders, but also broadly with society, disclosing company information actively and impartially.
6. Be aware that environmental initiatives are necessary for the existence of a company and its activities. Thus, implement environmental measures autonomously and actively, and

benefit society through environmental business as well.

7. Encourage composure and broad mindedness among employees; create workplace environments offering safe and pleasant working conditions, and respect employees' characters and individuality.
8. Regarding overseas activities, respect the cultures and customs of the countries concerned, and manage operations in ways that contribute to local development.
9. Executives shall perceive the realization of this charter's spirit as their own and take the initiative to serve as examples, keeping each individual concerned fully aware. They shall always listen to what people inside and outside the company have to say, build effective in-house institutions, and provide for thorough observance of corporate ethics.
10. In the event of a situation that violates this charter, executives shall demonstrate a stance, both internally and externally, toward solving the problem, and endeavor to investigate the cause and prevent a recurrence. They shall promptly and appropriately discharge their duty to provide the public with information and explanation and, having clearly defined authority and responsibilities, dispense strict discipline, amongst others as well as themselves.

(Revised October 2003)

## Conduct Charters and Regulations Overseas

Like Nippon Express, overseas subsidiaries of the Nippon Express Group establish conduct charters (Codes of Conduct) and compliance regulations. Based on the Nippon Express Conduct Charter and the Nippon Express Group Compliance Regulations, these conduct charters and regulations are adapted to take account of conditions specific to each country.

Nippon Express is also working hard to realize fair global competition. In October 2005, we sent a written communication to our representatives in our overseas subsidiaries urging them to observe the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, which prohibits actions to secure business by offering illegal benefits to staff members of governmental agencies and international bodies overseas, and the Unfair Competition Prevention Act amended in January 2005, which laid down penalties for acts of bribery of foreign public officials.

<p style="text-align: center;"><b>CODE OF CONDUCT</b></p> <p>The laws of Hong Kong govern the local rules and orders and serve as a final defense for companies against abuse, such as corruption, fraud and other restrictions.</p> <p>For any business corporation, the most effective financial defense is self-regulation, which defines what other obligations are needed in addition to the statutory requirements. This self-regulation practice takes the form of a code of conduct that sets out the ground rules for all concerned.</p> <p>Internally, it serves to set and set a clear idea of the accepted conduct for achieving business goals. It also helps maintain consistent standards of behavior throughout the company.</p> <p>Externally, adoption of a code of conduct enhances a company's reputation for fair and responsible dealing.</p> <p>A code of conduct is essential to the proper and effective operations of a company, just as the rule of law is to the stability and prosperity of Hong Kong. Internally, it strengthens the company's competitive edge.</p> <p>As such, Nippon Express (H.K.) Co., Ltd and its subsidiaries pledge to observe both the letter and the spirit of all relevant laws and to act in a socially conscious fashion both inside and outside Hong Kong, as stipulated in the following clauses.</p> <ol style="list-style-type: none"> <li>1. The Company believes that honesty, integrity and fair play are its important assets in business. All employees must ensure that the Company's reputation is not tarnished by dishonesty or corruption.</li> <li>2. The Company promotes fair and open competition and aims at developing and sustaining long term relationship with suppliers and customers based on mutual trust.</li> <li>3. The Company respects shareholders and the general public's rights to know the true and accurate information regarding the management of the Company.</li> <li>4. The Company renders its customers service that meets high standard of safety, quality and reliability.</li> </ol>	<p style="text-align: center;"><b>奉公守法規則</b></p> <p>(附錄)</p> <p>「香港法律、法律條例及本地規章、社會公約、公司條例及公司規章、及關稅、海關、及國際公約等，均屬本公司之最終保障。</p> <p>任何商業機構，最有效地防禦財務之方法，是自我規章，即訂定除法定規章外，其他應盡之義務。</p> <p>此種自我規章之實踐，是以制定行為守則之形式，為所有有關人員訂定基本行為準則。</p> <p>內部而言，守則可設定及設定達成業務目標之正確行為準則。守則亦可協助維持全公司一致之行為標準。</p> <p>外部而言，守則之採納，可加強本公司之聲譽，並展現本公司之誠信與負責任之行為。</p> <p>因此，本公司及本公司之附屬機構，均承諾遵守所有相關法律及社會公約，並以此為其經營之宗旨。</p> <p>因此，本公司及本公司之附屬機構，均承諾遵守所有相關法律及社會公約，並以此為其經營之宗旨。</p> <p>本公司及本公司之附屬機構，均承諾遵守所有相關法律及社會公約，並以此為其經營之宗旨。</p>
--	--

Nippon Express (H.K.) Code of Conduct

Nippon Express (China) Compliance Regulations

## Compliance Regulations (Excerpts)

### Purpose

#### Article 1

The purpose of these regulations is to establish the rules that must be observed by Nippon Express employees in the performance of operations to ensure sound, transparent and fair business activities in accordance with moral, ethical, and other legal and social norms, as well as with the company's business policies, company regulations and other company standards.

### Company Obligations

#### Article 2

Through the observance of these regulations in cooperation with all Nippon Express Group companies, Nippon Express shall conduct its business activities in an appropriate manner as well as fulfill the social responsibilities assigned to it.

2. Nippon Express also functions as the headquarters of the Nippon Express Group as a whole and, in its capacity as the core of the Group, shall constantly strive in order to fulfill its obligation with regard to compliance.
3. In the event of a situation that violates these regulations, Nippon Express shall endeavor to investigate the cause and prevent a recurrence, and promptly discharge their duty to provide the public with appropriate information and explanation.

### Observance of Laws and Regulations

#### Article 4

In the performance of operations, Nippon Express shall comply with the laws and agreements pertaining to each business, company rules and regulations, manuals, and other provisions (below, "laws and regulations").

2. Nippon Express shall engage in its activities with a full understanding of and respect for the purpose of laws and regulations mentioned in the clause above.

### Assuring Fair, Transparent and Free Competition

#### Article 5

Nippon Express shall bar coercing customers into unfair transactions, and other abuses of its dominant position, actions as a cartel, offers of illegal benefits or advantages, and illegal or improper transactions or acts such as insider trading, and shall engage in fair, transparent and free competition in accordance with laws, regulations and market rules.

### Assuring Proper Business Relationships

#### Article 9

In relations with customers or outside business associates, it is forbidden to go beyond the framework of normal business practices with entertainment that is generally considered socially unacceptable, with presenting monetary gifts or valuables, and with accepting the like.

2. It is forbidden to have other monetary interests that might cause misunderstanding.
3. It is forbidden to provide entertainment, offer money or valuables, offer benefits or the like to public servants or people corresponding thereto (de facto public servants).

### Eliminating Antisocial Interests

#### Article 10

With respect to antisocial interests that threaten the order and safety of society, the offering of monetary gifts or valuables as well as the offering of donations or contributions, or demands for subscriptions to or purchase of publications shall be resolutely rejected.

### Respect for Human Rights and Character

#### Article 14

Being respectful to the human rights and characters of individuals as well as recognizing the Universal Declaration of Human Rights proclaimed by the United Nations, Nippon Express shall refrain from acts that lead to discrimination, sexual harassment and the like.

### High Ethical Standards and Good Social Sense

#### Article 15

Maintaining a constant awareness of the highly socially oriented nature of its business operations, Nippon Express, in its role within the life of the community, shall act in accordance with good social sense to constantly raise its own ethical standards.

(Adopted October 2003)

As a global logistics company that discharges its social responsibility, Nippon Express endeavors to increase its corporate value and reinforce the structuring of corporate governance with the aims of benefiting customers with high quality, shareholders and investors with profits, employees with rewarding jobs, and society with environmental initiatives and other efforts.

## Our Thinking on Corporate Governance

Nippon Express' fundamental thinking on corporate governance comprises speedy management through rapid decision-making and clear divisions of responsibility.

Specifically, this has involved reducing the board of directors from 25 members or less to 15 members or less and shortening their terms from two years to one year in June 2001 to further vitalize the board and accelerate its decision-making and to clarify the directors' management responsibilities in each business year. At the same time, the Company has introduced a board of executive officers with the goal of ensuring rapid execution of operations.

As of June 28, 2007, we had 15 directors and 27 executive officers (14 of whom doubled as directors). In addition, our auditors attend board meetings and other important meetings, review important documents, visit our main facilities for audits, perform reviews at subsidiaries, and report all results at meetings of the board of auditors and the board of directors. The board of auditors function as a supervisory institution that operates from an objective stance. As of June 28, 2007, we had four auditors (three of whom were outside auditors).

## Creating Internal Control Systems

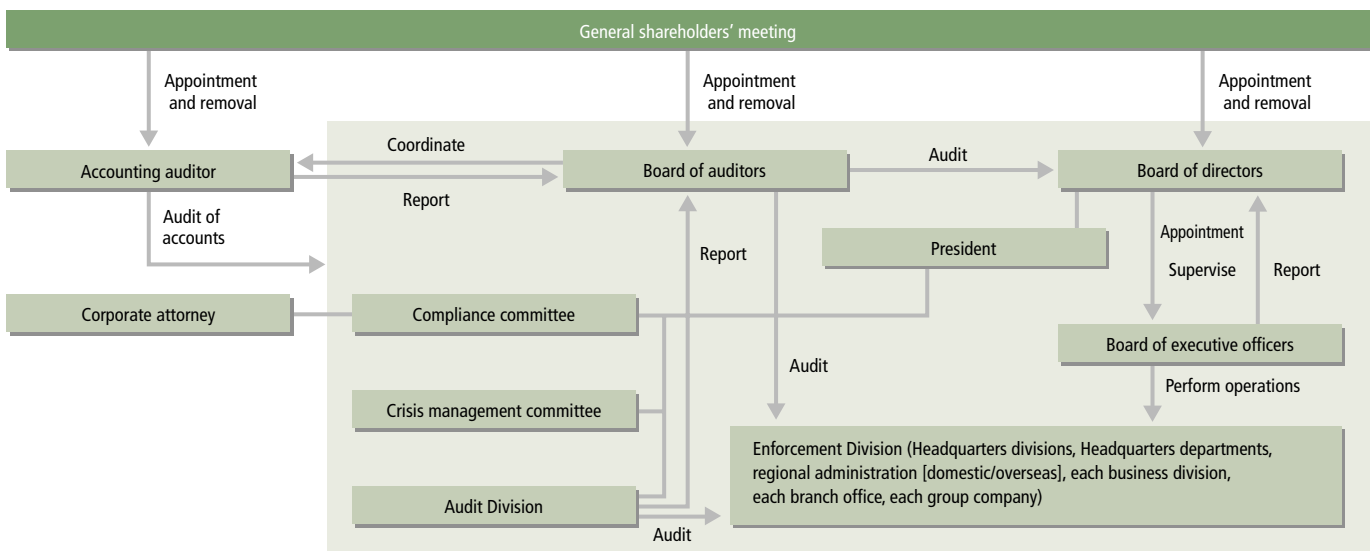
In order to conduct business fairly and efficiently, it is important to create internal control systems. Nippon Express has created effective control systems, including a compliance system, a risk management system, an internal audit system and a system to assure fair business operations in all Group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

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

## Preparing to Comply with the Japanese Version of the SOX Act

Nippon Express is advancing measures for the creation of internal control systems in accordance with the Financial Instruments and Exchange Law (known as the Japanese version of the SOX Act), which will come into full effect from April 2008. Following the enactment in June 2006 of the Law for Amending the Securities and Exchange Law and Other Financial Laws, in August 2006 we launched the Internal Controls Promotion Project, which we regard as one of our top-priority initiatives. In preparation for its application from the fiscal year ending March 2009, we are evaluating our internal controls for financial reporting, and creating audit systems, in order to ensure the reliability of the Nippon Express Group's consolidated financial statements.

Corporate Governance Organization Chart



# Crisis Management System and CSR Promotion System

In February 2005, Nippon Express established the Corporate Social Responsibilities Department. By bringing two (environmental and social) of the three (environmental, social and economic) aspects of our corporate activities under companywide control, and by encouraging effective initiatives in our branches and affiliates, we aim to create a system that will serve to promote the existence of our group and our corporate activities to a wider public.

## Creating a Crisis Management System

The Crisis Management Committee was established in accordance with the Crisis Management Code adopted in January 2000, and determines contingency measures for natural disasters such as earthquakes as well as laying down the response in the event of risk to information systems, acts of terrorism and the like. The committee also formulates crisis management measures for disasters that occur overseas.

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

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

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

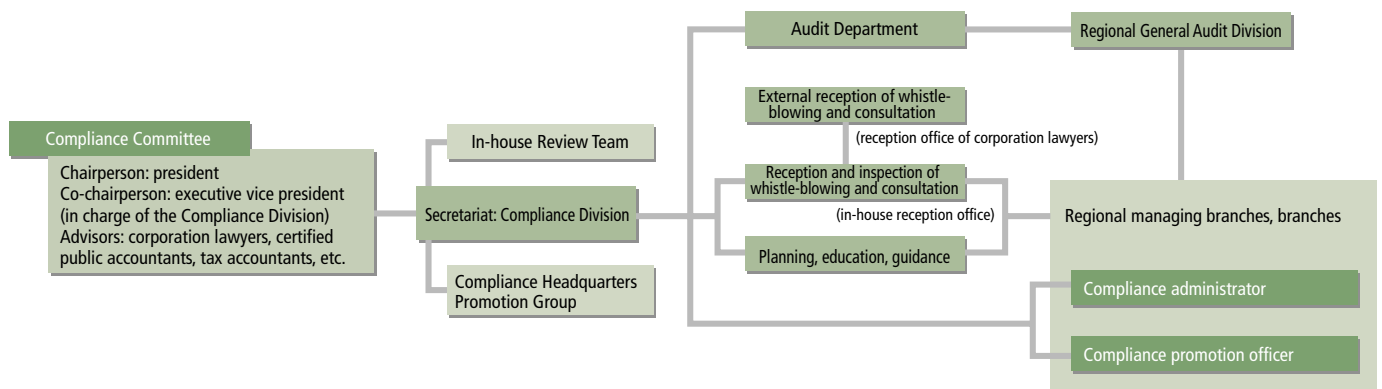
In the case of large-scale earthquake disasters such as the Hanshin-Awaji (Kobe) Earthquake or the Great Mid-Niigata Prefecture Earthquake, as a designated public agency under the Disaster Measures Basic Law, Nippon Express carries out emergency transport in accordance with requests from the national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

## Compliance-oriented Management Organization

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

Compliance Division was established by upgrading the former Compliance Division (with functions to address legal and intellectual property issues) by adding functions for compliance with and guidance for laws on rationalizing motor vehicle businesses, freight transport, and compliance with laws on warehousing and fair trade. In May 2007, this was renamed the Compliance Division, reflecting its new exclusive focus on compliance issues.

### Compliance-oriented Management Organization







# Personal Data Protection and Management System

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

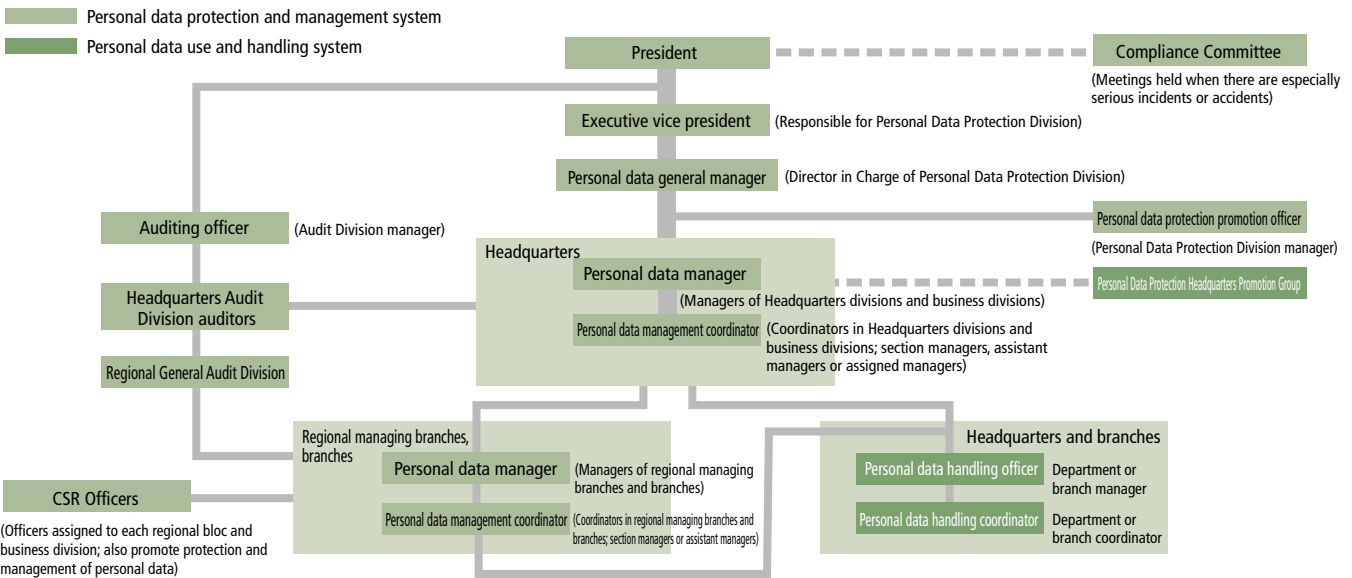
improves the personal data management system by assigning personal data managers and management officers. It also conducts personal data protection education for all employees. In this way, the division has raised the consciousness toward personal data protection throughout the company. Furthermore,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

## Personal Data Protection Policy (Items)

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

(Adopted April 1, 2005)

## Management and Operation System for Personal Data Protection



Economic  
Management  
Environment  
Society

## History and Promotion of Environmental Management

Nippon Express' environmental management initiatives began in 1991 with the establishment of the Environmental Measures Committee. Organizational changes followed in response to the types of problems faced and, in January 2003, the present Environment Division was created. We have also pursued environmental conservation by establishing groups such as the

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

### Environmental Charter (Excerpts)

#### Basic Philosophy on Environmental Conservation

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

#### Basic Guidelines on Environmental Conservation

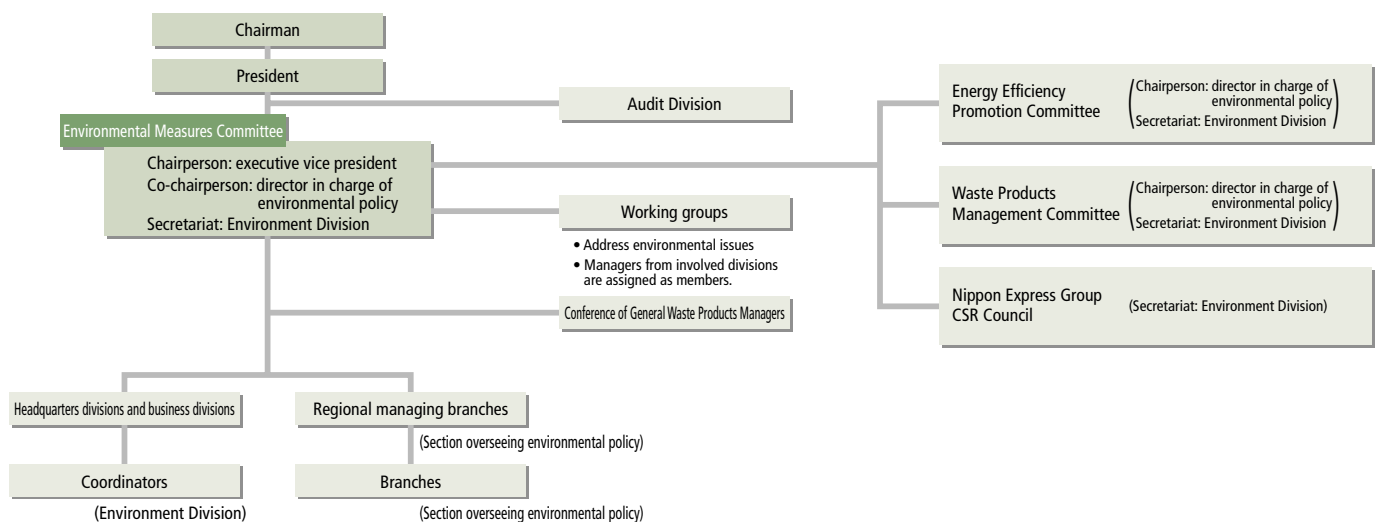
1. We will work to find solutions for global environmental problems and urban pollution.
2. We will do our part to build a resource-conserving, recycling-based society.
3. We will conduct educational and awareness-raising activities related to environmental problems.

#### Application of the Environmental Charter

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

(Adopted May 2001)

### Environmental Management Organization



## CSR Procurement

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

for maintenance of confidentiality. In addition, we instruct and educate the collaborating dealers regarding quality, safety and environmental issues when necessary.

Below is a summary of our targets and achievements in CSR, including non environment-related items.

## FY2006 Targets and Achievements in CSR as a Whole and FY2007 Targets

Item	FY2006 Targets	FY2006 Achievements	FY2007 Targets
Corporate governance	Comply with new Corporate Law Comply with Japanese version of the SOX Act	Enact Basic Policy Relating to the Establishment of an Internal Control System	Prepare for enforcement of Japanese version of the SOX Act
Promotion of compliance (laws and regulations pertaining to business activities)	Educate employees Ensure full compliance through inspection training	Educate employees Conduct inspections of branches by Headquarters and improvement study meetings	Educate employees Ensure full compliance through inspection training
Personal data protection initiatives	Educate employees Ensure full compliance through inspection training Obtain Privacy Mark	Educate employees Conduct workplace exchange inspections Obtain Privacy Mark	Educate employees Ensure full compliance through inspection training Maintain Privacy Mark
Introduction of eco-friendly vehicles	2,500 vehicles	2,670 vehicles	3,000 vehicles
Obtaining environmental certification at facilities (ISO 14001/Green Management certification)	Obtain certification at least one Nippon Express regional managing branch that has not yet obtained certification	Obtain certification at all regional managing branches that have not yet obtained certification (July 2007)	Facilities that have obtained certification work to maintain certification and seek to upgrade initiatives
Better fuel economy	Diesel vehicles 2.5% improvement over previous year	Diesel vehicles 0.49% improvement over previous year	Diesel vehicles 1.0% improvement over previous year
Modal shift rate	50%	49.6%	50%
Promoting green purchasing	Explore possibility together with Nittsu Shoji Co., Ltd. and other suppliers	Implement green purchasing of mainly office supplies from Nittsu Shoji Co., Ltd. from December (Jan-Mar 2007 purchase rate 48.8%)	Improve rate of green purchasing by 5%
Initiatives pertaining to hire of employees	Achieve mandatory proportion of jobs for handicapped people (1.8%)	Proportion of jobs for handicapped people 1.97% 20% of new recruits female Commence mid-career hiring	Achieve mandatory proportion of jobs for handicapped people Proactively recruit women
Occupational safety and health initiatives	Introduce transport safety management	November 2006 register Transport Safety Management Regulations and General Controller for Safety with Kanto District Transport Bureau Tokyo Transport Branch Office	Continue transport safety management
	Enhance remedial measures for mental health problems	Implement stress-level checks for all employees through use of check sheet	Continuously implement remedial measures for mental health problems
Involvement with local community and activities to benefit society	Implement beautification activities company-wide	15,785 people participate in beautification activities	Continue beautification activities
	Explore the implementation of continuous activities that will provide benefits to society as 70th anniversary commemorative projects	Explore the implementation of continuous programs that will provide benefits to society	Commence forest cultivation and other projects from October

Economic

Management

Environment

Society

# Conversation: Aiming for Sustainable Logistics

**Professor Masui from the Musashi Institute of Technology and Chairman Okabe of Nippon Express met to discuss sustainable logistics in Nippon Express, with the conversation extending to broader issues that concern the logistics industry as a whole.**

## Environmental Measures

**Professor Masui:** First of all, please tell me how Nippon Express is adopting environmentally friendly initiatives in logistics.

**Chairman Okabe:** One of the specific ways in which we are addressing this issue is by introducing eco-friendly vehicles. As of March 31, 2007 we have introduced 2,670 eco-friendly vehicles, such as hybrid vehicles, CNG vehicles, LPG vehicles and large-sized vehicles that conform to the New Long-term Emission Regulations. We are planning to introduce around 500 vehicles per year from now on, aiming to achieve a target as of March 31, 2009 of over 3,500.

**Professor Masui:** I also understand that you had installed around 16,000 digital operation recorders in all commercial vehicles by March 2005.

**Chairman Okabe:** That is correct. It is difficult for drivers themselves to know their own driving habits. The objective records produced by digital tachometers not only help drivers acquire eco-friendly driving techniques but also serve as a valuable safety education tool.

**Professor Masui:** I see. And what are your initiatives with respect to modal shift?

**Chairman Okabe:** Currently, we are heavily dependent on trucks for our transportation, accounting for as much as 90% of freight transport. So switching the transport mode from truck to rail or ship—modal shift, in other words—is a highly effective way of reducing CO<sub>2</sub> emissions. Nippon Express possesses the infrastructure such as bases, container ships and rolling stock to handle modal shift for both railways and waterways.

**Professor Masui:** It is important to develop the infrastructure for modal shift. However, I do not think that the government's efforts in this regard can be considered adequate. What is your opinion?

**Chairman Okabe:** There is a limit to what can be achieved through the efforts of the private sector alone. As you point out, development of the infrastructure is overdue. Our transportation capacity too is insufficient. For example, in the case of railways, schedules are prepared primarily for their use as passenger transport, thus even lines on which demand for freight transport is high, such as the JR Tokaido Main Line, we cannot plan an efficient schedule for cargo transport. So the country must create a means of transport that does not depend on trucks more than is necessary.

**Professor Masui:** On the subject of environmental measures by businesses alone being insufficient, isn't there a need now to create partnerships with customers and related enterprises?

**Chairman Okabe:** We are active participants in events such as the Green Logistics Partnership Conference and the Conference on Green Logistics in Japan, which the logistics industry started with the aim of creating a well-structured logistics system for a recycling-oriented society that goes beyond the boundaries of the industry, and to try to raise widespread awareness of such a system. These two conferences are the result of collaborative efforts between the industrial sector, the government, industrial associations and academic societies. You yourself, Professor Masui, have given your support to these events from the outset.

**Professor Masui:** What strikes me since I have been involved in environmental conferences is the distinctive nature of the logistics industry. Over 90% of freight transport is carried out by small and medium-sized enterprises. Thus, the degree of commitment to addressing environmental issues varies considerably within the industry itself. It ranges from businesses that are highly committed to environmental initiatives, to businesses that are in the process of looking into the steps they can take to reduce the environmental impact of their activities, to businesses that have no awareness of environmental issues at all.



**Tadayuki Masui**

Dean, Faculty of Environmental and Information Studies,  
Musashi Institute of Technology

**Chairman Okabe:** The fact is that environmentally conscious business practices cost money. But if businesses do not operate in an environmentally conscious manner their public reputation suffers. So no matter how large or small the business is, if it is going to bear a wider social responsibility it cannot neglect environmental measures. This means, of course, that environmental and economic concerns must be made to coexist. Indeed, the two do coexist. If a balance is not achieved between them we cannot survive. Moreover, neglecting to consider the environment means a failure on the part of business to observe their duty.

**Professor Masui:** I am constantly telling my students that the environment and the economy coexist. If implemented wisely, environmental measures and economic efficiency should be on par, even at the micro business level.

Another issue that has struck me since becoming involved in the logistics industry is that the pricing system is very rudimentary. No matter what goods are being transported, the price is calculated on the basis of distance and weight. While fluorescent lamps require sensitive handling, no matter how many are transported the cost is less than that of transporting a single refrigerator, which is

heavy but can be transported quite easily. I wonder if the environmental burden of the goods being transported could be properly reflected in the price.

**Chairman Okabe:** Until now, the industry did not take this into view. When package delivery services first began they were governed by an approval system and had to have a very simple and clear pricing system. One such system is weight plus dimensions plus distance. Today, however, the structure of freight transport is becoming increasingly diverse.

I joined the company in 1961, when rail transport was in its heyday. At that time I had not even heard the term “logistics.” Today, the logistical situation is different, thus the price for transportation should not be determined solely by distance and weight but in accordance with current social conditions.

**Professor Masui:** I teach my students that while the Internet has made online transactions such as shopping and payments easy, it is rendered useless if the goods do not arrive. Take the example of clothing—if it does not arrive then you cannot wear it. Transportation of goods thus forms the very basis of human life.

**Chairman Okabe:** Yes, that is true. No matter how good the thing you make might be, if it does not arrive then it cannot benefit people’s lives and creates no value.

**Professor Masui:** That is the crucial point. That is why I am teaching my students that if they have bought something at a department store they must never expect it to be delivered free of charge. That if they want it delivered the next day, it will be expensive. Making unreasonable demands such as these will impose a burden on the environment. We must change this commonly held attitude. And then hopefully the pricing system could be made to reflect this change in an appropriate way.

**Chairman Okabe:** We are counting on your efforts on our behalf. If we send more and more young people out into society who recognize that environmental awareness and environmentally sound services come at a financial cost, society too will change.

**Professor Masui:** I have great hopes for the future of logistics and I believe that logistics should serve to pull production along.

**Chairman Okabe:** Yes, I agree. Logistics has an important role to play in production. Freight transport is closely connected to the production process in terms of supplying materials, transporting parts and so forth.

**Professor Masui:** From now on, production bases and sales outlets should be considered as parts of a combined distribution center. As we progress toward globalization, the industry will get closer and closer to this style of operations.



**Masahiko Okabe**  
Chairman, Nippon Express Co., Ltd.

## — Improving transport safety

**Professor Masui:** Moving on to the topic of safety transportation, what aspects of your company have changed in terms of safety issues?

**Chairman Okabe:** Nippon Express formulated new Transport Safety Management Regulations in accordance with the Trucking Business Law that was revised and enacted in October 2006. At the same time, we appointed a General Controller for Safety, and in November 2006 notified the Kanto District Transport Bureau Tokyo Transport Branch Office of the appointment.

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

Furthermore, in March this year all company employees from the president down were the subjects of a hearing conducted by the Ministry of Land, Infrastructure and Transport, and the company was evaluated positively in terms of the leadership of the president and the general controller for safety, compliance initiatives, and safety education and training.

Safety management, along with environmental issues has been made a priority issue in our initiatives. In the future too, we will



continue to ensure thorough implementation of a company-wide safety management system.

**Professor Masui:** I've noticed that recently there has been a considerable increase in the number of women drivers.

**Chairman Okabe:** That is because many women are now able to drive large trucks. In the future it will become difficult to maintain a young workforce so we need to diversify our pool of human resources by including other sectors of the population, not just young men. This means that we need to examine what kind of work we employ people to do, while maintaining the safety of the work environment.

**Professor Masui:** I am sure that large scale companies like Nippon Express do things in the right manner but small-scale companies are said to pursue improper practices such as waiting at the shipping destination for return cargo. If we take the issue of safety management alone, the skilful or poor handling of vehicle dispatch planning must surely have an impact in this area.

**Chairman Okabe:** Yes, that is true. We cannot put all the responsibility on the drivers. We have to address such issues at the organizational level. To achieve this, it is important to visualize the freight transport situation such as the location of the cargo at a particular time, the destination, receiving party, etc.

## — Compliance

**Professor Masui:** I hear that you are always saying, "Let's work openly and fairly." Could you please tell me your views on the issue of compliance?

**Chairman Okabe:** Ever since I became president I have been telling the company how we should conduct corporate activities openly and fairly so that no one will have cause to speak unfavorably about us. Of course, since we are a business, we have a responsibility to increase our profits. But on the other hand, we also have a responsibility toward society. If we do not have the corporate value of being trusted by the public, we cannot survive.

Nippon Express has to observe many laws and rules when conducting our business, and educating our workforce on these matters is not easy. But if we do not disseminate awareness within the company and if, as a result, our employees fail to observe these laws and rules, it will be impossible for our business to continue. Also, by continuing to engage in sound and fair corporate activities, in other words activities that place value on conventional wisdom, I believe that the company can win the trust of society.

**Professor Masui:** Many new laws have been enacted but that does not give anyone the excuse to say, "We did not know."

**Chairman Okabe:** We have to implement education initiatives not only for large corporations such as ours but for the entire industry. Failure to do so will affect society's trust in the industry as a whole. So we need to do this together, with the participation of entrepreneurs from medium, small and micro-enterprises. And we need to keep such initiatives going at a steady pace.

**Professor Masui:** It is really difficult to ensure that the spirit of compliance is enforced, isn't it.

**Chairman Okabe:** Initiatives with respect to compliance are like pedaling a bicycle. If you stop pedaling, you fall off. You have to keep on pedaling hard.

**Professor Masui:** The attitudes of those at the top are important. This may be an old-fashioned idea, but I believe that having a constant sense of the functions inherent to your job profile is important. Managers should act like managers, on-site staff should act like on-site staff, drivers should act like drivers.

**Chairman Okabe:** No matter what job they are doing, people should take pride in their work as though they are following their own dreams and aspirations.

## — Crisis Management and Disaster Measures

**Professor Masui:** Finally, what do you have to say about disasters and logistics. What kind of crisis management system does Nippon Express employ?

**Chairman Okabe:** The Crisis Management Committee was established in accordance with the Crisis Management Code adopted in January 2000, and determines contingency measures for natural disasters, as well as laying down the response in the event of risk to information systems, acts of terrorism and the like. Likewise, the Committee also formulates crisis management measures with regard to accidents, disasters, acts of terrorism, etc. that occur overseas.

Within the company, we have started a Disaster Management System site which establishes through Reporting Procedures for Disasters, Etc., the criteria for determining whether a report is required when a disaster occurs (for example, in the case of an earthquake registering four or above on the Japanese seismic scale), and provides a reporting system between branches and headquarters regarding the state of the disaster.

In the case of large-scale earthquakes, as a designated public agency under the Disaster Measures Basic Law, Nippon Express carries out emergency transport in accordance with requests from the national or prefectural governments.

In recent times, we find ourselves faced with a situation where we do not know when large-scale acts of terrorism may be

perpetrated. And in 2007, the Niigataken Chuetsu-oki Earthquake occurred. This earthquake caused many car manufacturers to stop production, and forced them to think about appropriate methods of production in order to avoid accumulation of stock. A system needs to be created so that car manufacturers will be able to cope at times like these without halting production.

The same holds true for freight transport. In relation to modal shift, railway transportation is vulnerable in times of natural disaster so we need to provide for such eventualities by combining this with substitute trucks or other methods so that freight transport does not stop. If freight transport stops, production also stops.

**Professor Masui:** That is true as freight transport plays an important role in the process of production.

**Chairman Okabe:** Great changes are in store. The achievement of target figures for CO<sub>2</sub> emission reductions set forth in the Kyoto Protocol will not be easy, but still it is a challenge for this century that cannot be avoided. So not only the logistics industry but all industries, and indeed the entire nation, should work towards this noble cause.

**Professor Masui:** I look forward to the evolution of Nippon Express as a leading company in the logistics industry.



In our *Environmental and Social Report 2006*, for the first time we disclosed data pertaining to the Nippon Express Group's energy usage, waste emissions and other related issues. In addition, this year's report includes the CO<sub>2</sub> emitted by sources other than mobile emission sources such as trucks and ships. While every effort was made to compile accurate performance data, it was necessary to include some estimated quantities calculated from the purchase value as well as annual estimates based on fixed monthly quantities. We will endeavor to ascertain more precise data in the future.

## Energy Usage, Etc. of Nippon Express Group (FY2006)

Type	Unit	Nippon Express non-consolidated	Affiliates		Total	Nippon Express non-consolidated CO <sub>2</sub> emissions (t)	Domestic Group company CO <sub>2</sub> emissions (t)	
			Domestic	Overseas				
Energy	Electricity	1000 kWh	141,736	41,844	75,177	258,757	78,663	23,223
	Diesel oil	KL	104,394	131,436	10,543	246,373	273,512	344,362
	Petroleum	KL	11,692	3,177	2,047	16,916	27,125	7,371
	Natural gas	1000 m <sup>3</sup>	1,604	428	—	2,032	3,336	890
	LP gas	Ton	8,484	2,050	—	10,534	25,452	6,150
	Heavy fuel oil	KL	278	4,169	—	4,447	753	11,298
	Heavy fuel oil (for ships)	KL	58,267	90,609	—	148,876	173,636	270,015
	Kerosene	KL	1,123	883	—	2,006	2,909	2,287
Total CO <sub>2</sub>						585,387	665,596	

Type	Unit	Nippon Express non-consolidated	Affiliates		Total
			Domestic	Overseas	
Water	m <sup>3</sup>	467,684	—	—	467,684
OA paper	10,000 sheets	28,175	7,977	—	36,152
Waste	General waste	Ton	40,458	9,924	50,382
	Industrial waste	Ton	68,528	19,053	87,581
	Total	Ton	108,986	28,977	—

## Notes:

- Data shown here is the aggregate of Nippon Express non-consolidated and consolidated companies (domestic 219, overseas 54), total 274 (as of March 31, 2007).
- The Nippon Express non-consolidated data was aggregated from various network systems, and the data of the affiliates was aggregated from questionnaire surveys.
- Of the affiliates, questionnaires were collected from 219 domestic companies. In the case of overseas companies, questionnaires were collected from 42 companies. This number excludes 12 overseas companies where either offices are included in other consolidated companies or where no Japanese representative is present.
- The numerical values include provisional calculations of quantities used from purchase value, or provisional calculations restored to annual quantities from fixed monthly quantities.
- The CO<sub>2</sub> emissions basic unit was calculated in accordance with the Ministerial Ordinance on Calculation of Greenhouse Gas Emissions Pertaining to Business Activities by Specified Emitters (Ordinance of the Ministry of Economy, Trade and Industry and the Ministry of the Environment, No. 3 of 2006).

## Industrial Waste Emissions by Item (FY2006: Nippon Express non-consolidated)

Industrial waste items	No. of control manifests for industrial waste	Weight (kg)	Weight distribution ratio
1 Sludge	287	260,203	0.38%
2 Waste oil	307	152,366	0.22%
3 Inflammable waste oil	7	1,650	0.00%
4 Waste acid	5	19,820	0.03%
5 Waste alkali	6	25,881	0.04%
6 Waste plastics	15,283	28,342,330	41.36%
7 Waste metal	1,333	4,506,812	6.58%
8 Waste glass	114	182,125	0.27%
9 Waste rubber	1	40	0.00%
10 Combustion residue	0	0	0.00%
11 Debris	58	417,072	0.61%
12 Mixed waste	3,712	7,716,541	11.26%
13 Animal and plant residues	66	309,792	0.45%
14 Animal solid waste	0	0	0.00%
15 Infectious waste	3	24	0.00%
16 Wood shavings, etc.	3,999	26,593,238	38.81%
Total	25,181	68,527,894	100.00%

## Notes:

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



## PCB Storage (FY2006)

Stabilizers and other equipment containing PCBs are appropriately stored and managed according to in-house management rules that are based on legal regulations.

Equipment type	Transformers	Capacitors	Stabilizers
No. of units	29	156	6,304

## Emissions of Substances Reportable under the PRTR Law (FY2006)

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

Facility type	No. of facilities	Total amount used (kg/y)	Main substance	Main use
Not reportable business category but facility uses reportable substance	22	1,235	Methyl bromide	Warehouse fumigation
Reportable business category but amount used by facility is under reporting threshold	25	75,737	Methyl bromide Hydrogen cyanide	Fumigation for operations incidental to import customs clearance

## CO<sub>2</sub> Reduction Effect Due to Use of Reusable Packing Materials for Moving (by FY)

Product name	Basic unit (kg-CO <sub>2</sub> )	FY2003		FY2004		FY2005		FY2006	
		No. of moves	Amount of CO <sub>2</sub> reduction (t-CO <sub>2</sub> )	No. of moves	Amount of CO <sub>2</sub> reduction (t-CO <sub>2</sub> )	No. of moves	Amount of CO <sub>2</sub> reduction (t-CO <sub>2</sub> )	No. of moves	Amount of CO <sub>2</sub> reduction (t-CO <sub>2</sub> )
Conventional form	87.92585	279,331	24,560	284,053	24,976	274,486	24,134	270,326	23,769
Ecologicompo	Full Pack	3,827	21	15,689	86	32,815	181	45,977	253
	Self Pack	275,504	18,498	268,364	18,018	241,671	16,226	224,349	15,063
	Total	279,331	18,519	284,053	18,104	274,486	16,407	270,326	15,316
Amount of CO <sub>2</sub> reduction (t-CO <sub>2</sub> )			6,041		6,872		7,727		8,453

### Notes:

- Expresses the difference between the emissions with the moving service actually provided and the case where all the removals are carried out in the conventional style.
- Ecologicompo Full Pack: Moving service that uses entirely Ecologicompo materials.
- Ecologicompo Self Pack: Moving service that uses partly Ecologicompo materials.
- The "basic unit" in the chart is calculated as the average amount of household goods handled by Nippon Express in accordance with LCA (life cycle assessment)\* basic unit for each individual material used.

## Environmental Accounting

The introduction of environmental accounting is regarded as an important indicator for evaluating environmental management. In the future, we intend to develop more detailed indicators but, for

this year, we are reporting the main investments in environmental conservation.

## Investments in Environmental Conservation (FY2006)

(million yen/y)

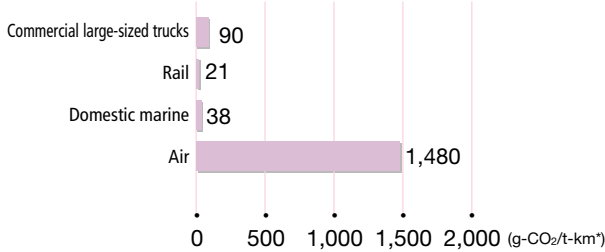
Investment category	Major examples	Amount
Investment in modal shift	Rail transport containers (Eco-Liner 31, Big Eco-Liner 31, etc.)	63
	Ship containers (R&S container, etc.)	70
	Tractors and trailers for freight containers	601
Investment in reusable packing materials for moving	Eco-packing, netted blankets, high-pad, etc.	832
Vehicle-related investments (eco-friendly vehicles, etc.)	CNG, hybrid and LPG vehicles, new long-term regulation vehicles, ultra-low-particulate vehicles, etc.	3,869
Costs for appropriate waste disposal and management	Costs related to Manifest Management Center	43
Costs for Environmental Management System registration	ISO 14001 and Green Management certification	18
Investment in planting greenery	Landscape gardening and other work at branches	20
Total		5,516

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

# Promoting Modal Shift

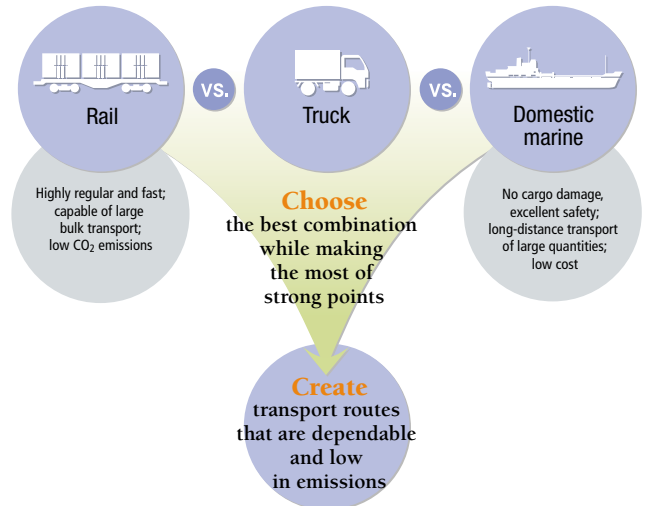
Modal shift in freight transport means switching from transport mostly by trucks to transport utilizing railways and ships. In keeping with the objective of the Green Logistics Partnership Conference, Nippon Express promotes collaboration and cooperation between sender companies and freight companies, and in FY2006 successfully implemented numerous cases of modal shift, switching from a truck-centered form of transport to one that makes much use of railways and ships.

CO<sub>2</sub> Emission Basic Units by Transport Mode



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

Comparing Characteristics of Transport Modes



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

• Example of shift to rail transport

Section	Rail freight transport				Truck transport				Vs. truck reduction efficacy	
	Rail transport distance (km)	Collection and delivery distance (km)	Energy usage (MJ)	CO <sub>2</sub> emissions (kg)	Transport distance (km)	Ferry boat transport distance (km)	Energy usage (MJ)	CO <sub>2</sub> emissions (kg)	Energy usage	CO <sub>2</sub> emissions
Tokyo–Osaka	552	20	3,010	142	576	0	8,006	549	62%	74%
Tokyo–Sapporo	1,184	20	6,113	281	722	242	11,379	782	46%	64%
Tokyo–Fukuoka	1,185	20	6,118	281	1,186	0	16,485	1,130	63%	75%

• Example of shift to domestic marine transport

Section	Domestic marine transport				Truck transport				Vs. truck reduction efficacy	
	Marine transport distance (km)	Collection and delivery distance (km)	Energy usage (MJ)	CO <sub>2</sub> emissions (kg)	Transport distance (km)	Ferry boat transport distance (km)	Energy usage (MJ)	CO <sub>2</sub> emissions (kg)	Energy usage	CO <sub>2</sub> emissions
Tokyo–Kushiro	1,120	20	6,515	457	993	242	15,145	1,041	57%	56%
Tokyo–Sapporo	1,048	76	6,954	487	722	242	11,379	782	39%	38%
Tokyo–Fukuoka	1,129	20	6,565	461	1,186	0	16,485	1,130	60%	59%

A Manager's Perspective

Case of S&B Foods Inc.



**Ryoji Koyama**  
 Dispatch Controller  
 Container Division  
 Tokyo Container Office  
 Tokyo Container Branch

S&B Foods Inc. has been using rail transport (2- and 5-ton containers) for some time but an increasing awareness of environmental issues coupled with the need to respond to the Revised Energy Conservation Law that came into force from April 2006 led them to turn their attention to the Super Green Shuttle Train (*Midori*), and it was decided to utilize the train through the Tokyo Container Branch.

We proposed a target modal shift of one or two out of the three to five large-sized trucks running daily between Miyoshi Town in Iruma-gun, Saitama Prefecture and Nishinomiyama City in Hyogo Prefecture, but this led to further requirements with respect to operations and

rolling-stock for both departures and arrivals.

S&B Foods and Nippon Express discussed in depth what each party needed to do in order to carry out modal shift from truck transport to rail container transport. We achieved this goal by implementing a total of four test transport runs, and are now utilizing the Super Green Shuttle Train departing every Thursday.



• t-km: Weight of the people or cargo transported multiplied by the transported distance

## Modal Shift to Rail Transport

Railways can transport large quantities of freight with good regularity and economy as well as high energy efficiency. Another significant feature is that CO<sub>2</sub> emissions per unit distance and weight are lower than those of trucks.

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

## Modal Shift to Domestic Marine Transport

In 1964, Nippon Express initiated combined land-sea services with Japan's first container vessel, the *Dai-ichi* (No.1) *Tennichi Maru*, between Tokyo and Muroran, followed by the *Dai-ni* (No.2) *Tennichi Maru* between Osaka and Muroran.

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

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

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

### Domestic Marine Shipping



### A Manager's Perspective

#### Case of Hakugen Co., Ltd.



**Hisashi Suzuki**  
Domestic Marine  
Operations Center  
Tokyo Shipping Branch  
Office

Hakugen Co., Ltd. has two manufacturing bases in the Kanto Region, Kurihashi Plant and Koga Plant, from where it ships goods such as portable body warmers, dehumidifying agents and insect repellents all over the country. With truck transport, goods dispatched from each plant were delivered to our main depot in Kasuyagun and our large warehouse in Ogori City, Fukuoka Prefecture, on the morning of the third day following the shipment date. However, by using Nippon Express' domestic marine shipping transport service, we were able to market their goods on the strength of advantages such as the CO<sub>2</sub> reduction effect, cost benefits of trailer

transport, and the assurance through a daily service of a stable transport quota unaffected by shipment quantities. As a result, we began utilizing this method in May 2007 initially for the transport of humidifying agents, and later extending it to the transport of portable body warmers and insect repellents.

Currently, we are transporting approximately 20 trailer-loads per month by this method, and from September will implement deliveries direct from the warehouse in 12-ft containers to meet small lot orders, with plans to step up implementation of modal shift even further.

\*RORO vessels: RORO stands for roll-on/roll-off type vessels. Roll-on/roll-off means that the vehicle embarks (rolls on) and disembarks (rolls off) by rolling its tires under its own power. It works in the same way as a car ferry, but a RORO ship is a cargo ship that does not have passenger accommodation.

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

## ISO 14001 Certification for More Facilities

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



### First certifications, June 24, 1998

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

### Additional certifications, March 30, 2000

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

### Additional certifications, March 30, 2001

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

### Additional certifications, March 29, 2002

Nagoya Air Service Branch: Nagoya Air Cargo Center  
Takamatsu Air Service Center: Takamatsu Air Cargo Center

### New certification, May 31, 2005

Shikoku Heavy Haulage Construction Branch

## Obtaining Green Management Certification

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

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

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

As of July 2007, the situation with regards to Green Management Certification is as follows: nationwide, in the truck division 235 facilities out of approximately 1,030 Nippon Express non-consolidated truck facilities, and 11 Group companies in 26 facilities have obtained certification; and in the warehouse division, which began operating from July 2005, 28 Nippon Express non-consolidated facilities and one Group company in one facility have obtained certification.

## What are vehicle conditions affecting the environment?

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

Inspection/repair items with environmental impacts	Specific impacts	Responses
■ Exhaust gases	<ul style="list-style-type: none"> <li>Black smoke: needs maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Routine visual checks for black smoke are important.</li> <li>Regularly use tester to measure black smoke concentration.</li> <li>Immediate inspections (determining causes) and maintenance are important when something is wrong.</li> </ul>
■ Air filter	<ul style="list-style-type: none"> <li>Poor fuel economy: increases CO<sub>2</sub></li> <li>Black smoke: needs maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Regular cleaning and changing is important.</li> </ul>
■ Engine oil	<ul style="list-style-type: none"> <li>Poor fuel economy: increases CO<sub>2</sub></li> </ul>	<ul style="list-style-type: none"> <li>Regular oil changes are important.</li> </ul>
■ Tire air pressure	<ul style="list-style-type: none"> <li>Black and white smoke</li> <li>Poor fuel economy: increases CO<sub>2</sub> (10% pressure drop worsens fuel economy about 3%)</li> </ul>	<ul style="list-style-type: none"> <li>Routine tire pressure checking with tire gauge is important.</li> </ul>
■ Muffler	<ul style="list-style-type: none"> <li>Improper installation or damage cause noise</li> </ul>	<ul style="list-style-type: none"> <li>Listen for unusual noises.</li> </ul>
■ Air conditioner	<ul style="list-style-type: none"> <li>Leaking refrigerants are greenhouse gases.</li> <li>Dirty evaporators cause air conditioner inefficiency, which worsens fuel economy.</li> </ul>	<ul style="list-style-type: none"> <li>If air conditioner cools poorly, immediately inspect and repair.</li> <li>Regularly clean the evaporator.</li> </ul>

### A Manager's Perspective

## Initiatives with Respect to Green Management for Trucks (Sapporo Air Service Branch)

In order to obtain Green Management Certification, the first thing that we did was created an environment that would enable employees to tackle issues as a team working from a united perspective.

We began by addressing the need for specialist knowledge and skills acquired with both mind and body, which meant ensuring that each driver received practical instruction in eco-driving from a driving instructor, as well as in the maintenance and inspection of the vehicles for which they are responsible. Furthermore, we enlisted the cooperation of maintenance managers and chief technicians to draw up rules governing communication with maintenance companies.

In addition, in order to provide specific driver education, we created a three-group system, with each group headed by a leader. With this method, detailed instructions are conveyed at group meetings, with a

general meeting held later to confirm the state of progress. We are also practicing environmentally friendly driving by utilizing digital tachograph (digitacho) data to eliminate sudden acceleration and braking, in an effort to improve fuel efficiency.

From now on, it is important that we do not forget the initiatives we took prior to obtaining certification, and to continue with these initiatives. All employees must act with an awareness of their responsibility toward the future of the environment.



**Yoshinori Yano**  
Chief, Domestic Cargo  
Operations Section  
Sapporo Air Service Branch



### A Manager's Perspective

## Initiatives with Respect to Green Management for Warehouses (Hiroshima Branch)

In our attempt to obtain Green Management Certification (Warehouses), from September 2006 we set targets of "electricity usage efficiency 1% up" and "waste 2% reduction." We finally obtained certification in April 2007 due to the efforts of the employees working together as a team.

We experienced numerous struggles in the process of obtaining certification, but the most difficult aspect was the compilation of educational material for employees, and the creation of standards for facilities and equipment for which no clear independent inspection standards existed.

We compiled reading material such as "Eco-Driving for Forklifts" and "Industrial Waste Collection and Transport Manual" independently, which were of significant theoretical and practical value.

The "Monthly Clean-up Activity in the Surrounding Area" was started at the same time as initiatives to obtain certification, and in July 2007 we held the 11th such event. Aware that obtaining certification was merely a starting point, and not a goal, we wish to continue our initiatives to save our precious global environment and preserve it for the generations to come.



**Kazuyuki Horii**  
Facility Chief  
Konan Distribution Center  
Hiroshima Branch

# Initiatives to Introduce Low-pollution Vehicles and Enhance Fuel Economy

Nippon Express is making vigorous efforts to reduce emissions of CO<sub>2</sub>, NO<sub>x</sub> and particulate matters, as well as putting eco-friendly vehicles into service to improve fuel efficiency.

## Eco-friendly (Low-emission) Vehicles

Instead of merely obeying the law, Nippon Express went beyond and actively introduced eco-friendly vehicles including newly developed models. In 2005, we reviewed the definition of the clean energy vehicles that we had been adopting until then and revised our policy. We stopped purchasing electric and methanol vehicles, manufacturing of trucks had been discontinued, and emphasis was shifted to decreasing emissions of large vehicles. In fiscal 2006, we increased the purchase of hybrids and CNG vehicles that conform to the new long-term regulations for large-sized vehicles, which increased our total fleet at the end of March 2007 to 2,670, against our target of 2,500 vehicles.

Vehicle type	FY	(Number)					
		2001	2002	2003	2004	2005	2006
Methanol vehicles		33	32	31	8	1	0
Compressed natural gas vehicles		117	171	228	264	300	337
Hybrid vehicles		30	44	61	155	229	322
Electric vehicles		3	2	2	0	0	0
LPG vehicles		759	866	998	1,079	1,120	1,143
Ultra-low PM vehicles (large type)					117	339	447
New long-term regulation vehicles					14	139	421
<b>Total</b>		<b>942</b>	<b>1,115</b>	<b>1,320</b>	<b>1,637</b>	<b>2,128</b>	<b>2,670</b>

## Eco-friendly Vehicles



### Compressed natural gas (CNG) trucks

Fuel for these trucks is the same natural gas used by urban households, compressed under high pressure. CO<sub>2</sub> emissions are 20 to 30% lower than gasoline, NO<sub>x</sub> emissions are much lower than diesel and there is no PM. However, further problems that need to be solved include making fuel tanks smaller and lighter and enhancing fueling stations.



### Hybrids

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



### LPG trucks

Engines are fueled with liquefied petroleum gas, which is commonly used by taxis. NO<sub>x</sub> emissions are far lower than diesel and there is no PM. Because fueling stations (LPG stations) are found nationwide, this is the most common type of clean energy truck.

## Eco-driving Education

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

Every year from facilities around the country, Nippon Express gathers employees who play a central role in driving instruction and conducts comprehensive instructor training. This training program is called the “driving instructor training course,” and its purposes include mastering eco-driving, learning how to drive safely and

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

# Installation of Digital Operation Recorders

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

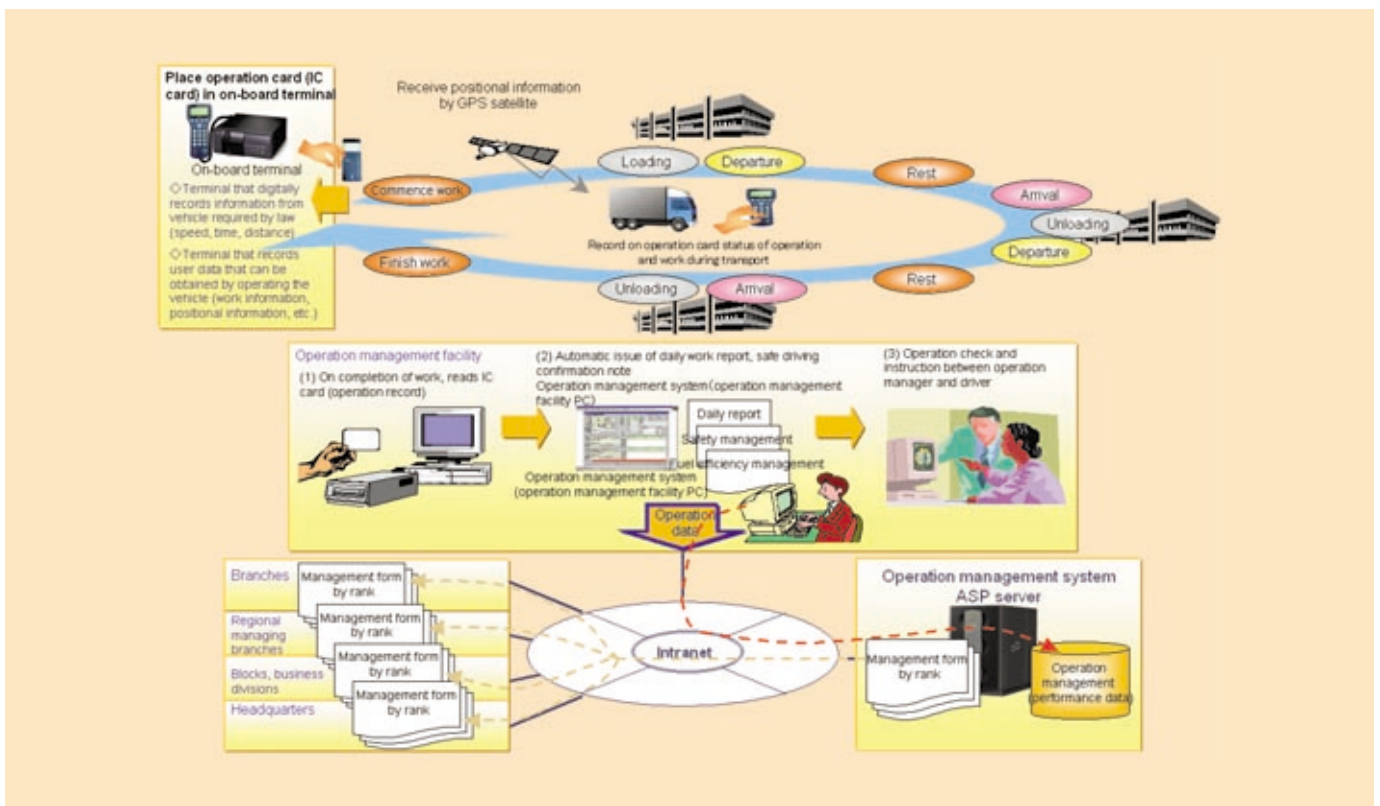
This system now makes it possible to calculate for each vehicle eco-driving factors such as excessive vehicle speed, sudden acceleration and braking, idling time, and excessive engine speed. When values set in advance are exceeded, the date, time, place and other data are recorded on a card, and an operation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

repeated guidance and supervision of drivers' everyday vehicle operation.

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



## Digital Operation Management System (conceptual diagram)



Economic  
Management  
Environment  
Society

## Safe Driving Confirmation Note

発生日	発生時間	違反時間	違反項目	実車状況	道路区分	発生場所
2006年01月05日	14:27	—	急加速	実車	一般道	北海道札幌市西区宮の沢2条1丁目2
2006年01月05日	14:27	—	急加速	実車	一般道	北海道札幌市西区宮の沢2条1丁目2

# Reducing the Use of Packing Material

Nippon Express, which performs every task from packing small items to transport and installation, has developed a variety of packing materials that not only respond to customer needs, but also help improve transport efficiency and conserve resources.

## Development of Reusable Packing Materials for Moving

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



Eco-packing materials



Chest of drawers are packed with clothing inside



Tableware trunk case

## Pasocompo

Pasocompo is packing material used for personal computers and other IT equipment. By wrapping items in a special film, Pasocompo minimizes vibration and shocks to packed items. The waste generated is far less compared to conventional cushioning materials such as bubble wrap and polystyrene foam. The outer box itself is strong and the special film has superior buffering capability, rendering the material reusable. Ten different sizes are available to accommodate a wide range of equipment, from mobile devices and notebook computers to desktop PCs.

The material is mainly used to pack computers, precision equipment, and other items to be sent for repair. Pasocompo has been enjoying a good reputation among customers as a packing material that is friendly to both equipment and the environment.



Pasocompo

## TOPICS

### Ecologicompo was awarded the Sugunami Environment Award and the Minister's Award from the Ministry of Land, Infrastructure and Transport in the Eco Products Awards

Nippon Express' moving service Ecologicompo was awarded the Sugunami Environment Awards' Light Clothing Award Grand Prix by Sugunami Ward in October 2006. Launched in Sugunami Ward in 2004, the Sugunami Environment Award aims to inspire residents of the ward to consider the environment and take action, by honoring individuals or groups who have made a significant contribution to the conservation or restoration of the environment. One of the themes for this year was "reducing excess packaging." The products short listed for the award were announced via the ward's publicity information and website, with residents then casting their votes and the winner chosen by a final selection committee.

Further, in December 2006 Ecologicompo was awarded the Minister's Award from the Ministry of Land, Infrastructure and Transport in the Eco Services Division of the Third Eco Products Awards. The award was made in recognition of its significant contribution through the use of reusable packaging to reducing the environmental impact and conserving natural resources by cutting the volume of waste per move from 70kg to zero, as well as reducing the amount of CO<sub>2</sub> generated when manufacturing and disposing of materials from 93kg to 20kg using LCA (life cycle assessment).\*



Sugunami Environment Awards



Eco Products Awards

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



# Collection and Delivery System Improvements

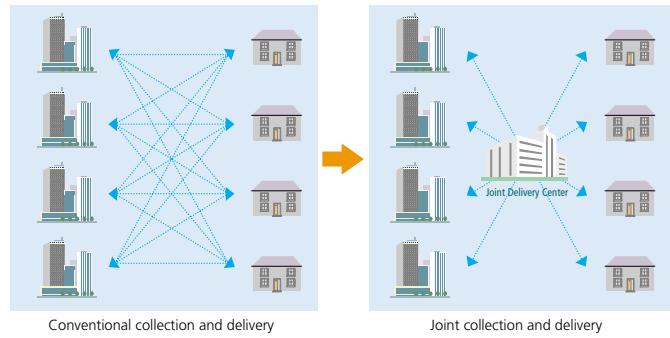
Improving our transport system is another way in which we are pushing forward our initiatives to reduce the impact on the environment.

## Joint Collection, Delivery and Operation

In urban areas, where transport is largely done by trucks, distribution has been causing major problems such as air pollution from CO<sub>2</sub>, NO<sub>x</sub>, PMs and other emissions, and traffic congestion. Many of these problems are seen to have resulted from higher frequency of collections and deliveries due to smaller lots, lack of cargo processing facilities and increased streetside parking for pickups and deliveries.

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

### How Joint Collection and Delivery Works



## Case of joint delivery of alcoholic and non-alcoholic beverages in the Kansai district



The joint delivery center of the Rakunan Sales Section, the Rakunan Distribution Facility, the Kyoto Branch, carries out joint deliveries of *shochu* (Japanese distilled spirit) and locally brewed sake as well as non-alcoholic beverages transported by JR container from manufacturers in Kyushu and delivered to retail outlets in the Kansai district. Joint deliveries are also carried out in the Chubu district.

In the Revised Energy Conservation Law, which came into force from April 2006, "implementation of joint transport and delivery" is included in the assessment criteria (description of obligations) for the sender company. Implementation of joint delivery as a means of realizing efficient transport is showing expansion in all areas of the country as the benefits it offers for energy saving and, by extension, for the reduction of CO<sub>2</sub> emissions in freight transport are being acknowledged. To date, Nippon Express has successfully implemented numerous joint delivery projects as part of its Third-party Logistics (3PL) business.

## Utilizing Cargo and Vehicle Allocation System

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

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

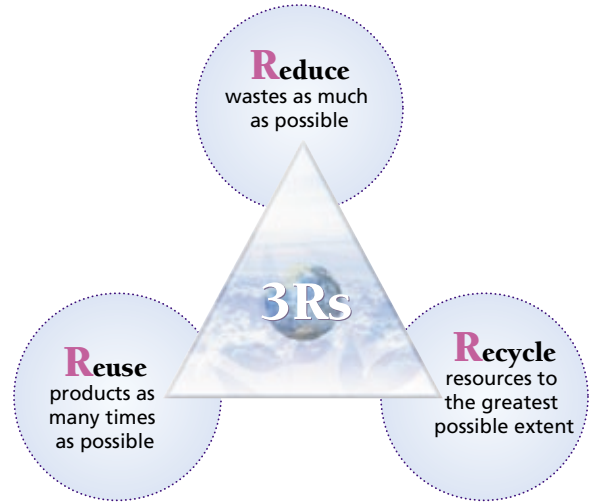
been using an improved system developed by the Japan Institute of Logistics Systems under a commission from the former Ministry of International Trade and Industry and former Ministry of Transport. This improvement allowed us to operate the system with existing general-purpose computers.

# Reducing Waste and Advancing the 3Rs

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

## Advancing the 3Rs

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



## “Green Coops” Green Purchasing System

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

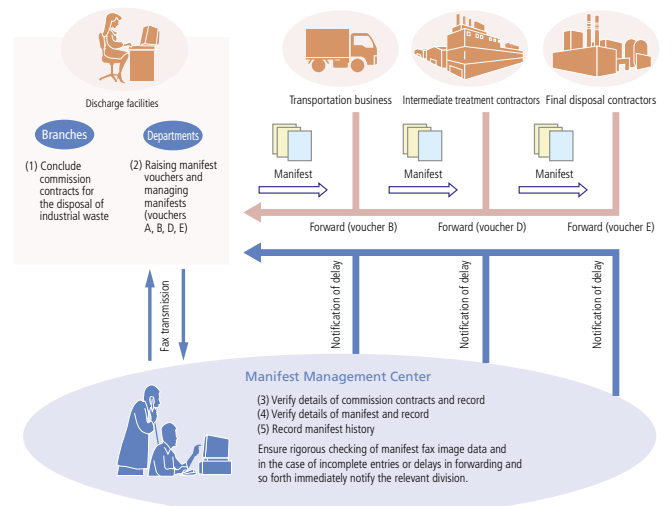
Through this system, customers procuring stationery and office equipment are able to select and order wherever possible products that fulfill the criteria specified in the Law on Promoting Green Purchasing or that have received Eco Mark certification. Along with promoting the procurement of eco-friendly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



## Manifest Management System

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

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



# Initiatives on Industrial Waste Collection and Transportation for Recycling

Nippon Express collects and transports industrial waste as part of its integrated freight transport business. We are the approved operators for the waste hauling business of 104 municipalities nationwide,\* and are taking initiatives in collection for recycling and reuse, for which there is currently a high demand.

Utilizing a combination of railway and ship transportation to provide wide-area collection and delivery, with an extensive and coherent distribution network in which manufacturing and sales are fully integrated—Nippon Express has a composite strength unrivalled by other companies, and offers its customers the benefits of a safe and dependable service cultivated over many years in the logistics business.

We are actively working to implement such business initiatives, which we have named "Eco-business," in an effort to contribute to a recycling-based society.  
\*Approval not yet obtained for certain items

## Initiatives on Industrial Waste Collection and Transportation

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

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



Effluent sludge transport truck

## Contributing to a Recycling-based Society

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

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



Designated collection point

## PCB Waste Transportation

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

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

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



Transporting PCB waste

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

## Personnel System

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

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

## Personnel Development System

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

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

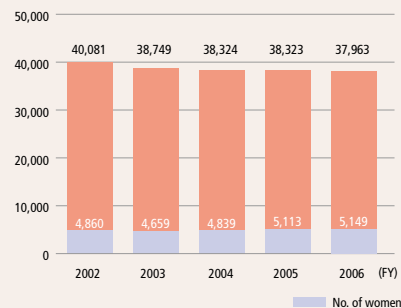
Group training is provided for specific levels, divisions and skills. Level-based training has employees systematically understand and acquire the job performance capabilities, job knowledge, skills and basic actions needed at each level so that individual employees fulfill responsibilities corresponding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

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

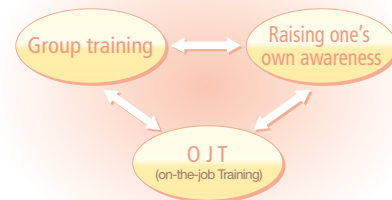
## Employees (FY2006)

Total no. of employees	37,963	Average age	40.6
Men	32,814	Average years of service	17.2
Women	5,149	Rate of employment of disabled people	1.97%

## Total Number of Employees



## Education System



## Education Program

Item	Description	
OJT	Education through everyday work	
Group training	Level-based training	Training for new branch managers, etc. Total of 10 courses
	Division-based training	3PL proposal-based sales training, etc. Total of 89 courses.
	Skill training	Training for driving instructors, etc. Total of 46 courses.
Distance learning	Level-based courses	Sales ability development training, etc. Total of 3 courses.
	Practical skills courses	Essential knowledge training, etc. Total of 15 courses. (Distance learning developed by Nippon Express.)
	Awareness-raising courses	Foreign languages, etc. Total of 155 courses. Sessions are held twice a year. Employees who complete the courses receive half their tuition back as encouragement for taking more courses.

## Personnel System Reform

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

The Job Function Qualification System sets capabilities that the company expects of each qualification category (job function requirements), and creates criteria to judge whether those capabilities have been attained (promotion criteria), thereby making it necessary to fulfill the established conditions and criteria for promotion. This system eliminates the seniority-based elements of the previous one and introduces reforms that reflect the value of work emphasizing performance, present value and strengthening market competitiveness. This arrangement rewards people for achievements, even if they are young, and makes employees' jobs meaningful and rewarding.

## Relationship with the Labor Union

The All Nippon Express Labor Union was launched in 1946 and, as of May 31, 2007, has approximately 27,000 members. With a strong relationship of trust, the company and labor union have affirmed that they mutually respect the other's situation and will maintain the order between labor and management as they cooperate in activities for better working conditions and company advancement, which both parties perceive to be their common objectives.

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

## Commitment to Human Dignity

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

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

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

## Initiatives to Support the Nurturing of the Next Generation

In accordance with the Law Concerning the Promotion of Measures to Aid the Nurturing of the Next Generation of Children, in April 2005, Nippon Express formulated a general entrepreneur action plan with the goal of encouraging employees to take childcare leave, implementing self-awareness training for the purpose of reducing overtime and so on. Through this plan, Nippon Express endeavors "on the condition that all employees sufficiently demonstrate their ability in their work, and respect diverse ways of thinking with regard to child rearing and the balance of life overall, enable each employee to realize autonomously their own life design, and to contribute actively to activities centered on child-rearing in the local community, thereby discharging its social responsibility as a corporate citizen." We are still halfway through the term of the plan, but as of March 31, 2007 a total of 97 men and women have taken childcare leave.

### Using the Childcare Leave System

**Aiko Kanatsu** Accounting Section Business Center, Obihiro Branch

Currently, I work in the Accounting Section Business Center of the Obihiro Branch, and took childcare leave until August 2006 for the birth of my first son. The birth was much harder than I had imagined, but I can still remember clearly the emotions I experienced when I felt the weight of my child in my arms for the first time. I am very grateful to everyone at the Obihiro Branch who made it possible for me to take a year off as well as all my colleagues at the Business Center who covered for me in my absence. I want to continue to live a full and productive life, working even harder both at my job and as a homemaker and mother.



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

## Transport Safety Management

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

Due to the revision of the law, transportation companies are obliged to address the issue of improved transport safety through

constant senior management-led initiatives, as well as to compile safety management regulations for transport business operators in order to create a well-designed safety management system that unites all company members from senior executives to on-site employees through implementation of a safety-first policy.

The number of workplace accident fatalities in Nippon Express in 2006 was zero.

### 2007 Safety and Health Management Policy

Employee safety and health constitutes the foundation of the company's competitive existence, and assuring the safety and health of our employees is considered as the social responsibility of the company. We shall establish and implement the following policy in accordance with the management philosophy rooted in human dignity.

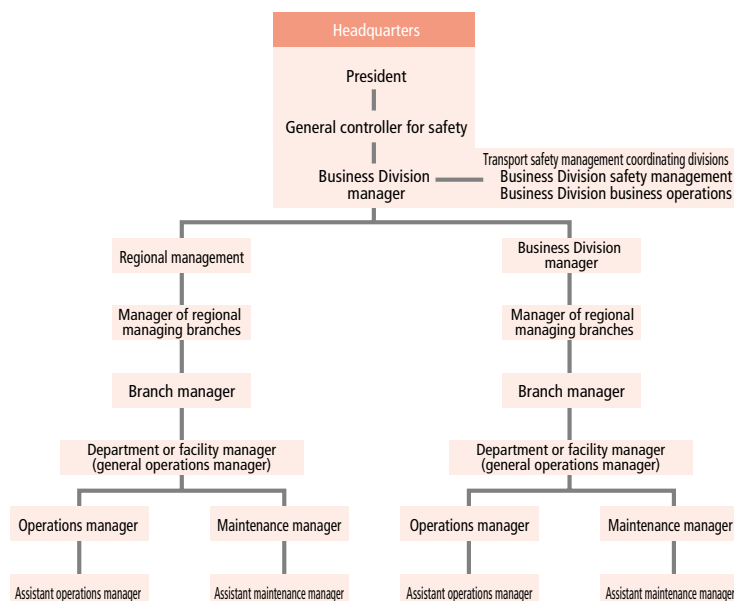
1. Comply with relevant laws and regulations as well as in-house regulations and vigorously enforce a safety-first policy.
2. Implement safety and health activities with the involvement of the entire workforce.
3. Take initiatives to predict danger for all work procedures, keeping one step ahead to achieve safety.
4. Ensure transport safety through continuous improvement initiatives to maintain and enhance safe transport management.
5. Ensure that all employees are fully aware of work procedures and basic actions and conduct education with respect to safety and health.
6. Create a pleasant and ordered working environment through workplace safety and health activities and promotion of the Five S's.\*
7. Make efforts to improve health awareness by implementing mental and physical health checks.

#### Goals

Safety: Zero accidents and disasters

Health: Improve rate of loss through sickness by 10%

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



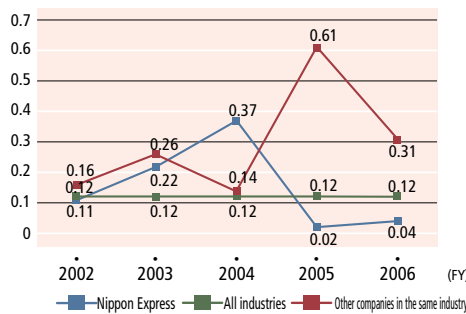
\* Five S's: sort, straighten, sweep, spotless, self-discipline

## Traffic Accident Data

	2004	2005	2006
No. of accidents resulting in injury or death nationwide	951,371	933,546	886,703
No. of traffic accidents resulting in injury or death in Nippon Express	205	198	182
Km ratio	1.04	1.13	1.13
Vehicle ratio	0.023	0.025	0.025
Number of fatal accidents in Nippon Express	1	1	2

Km ratio: Number of traffic accidents occurring per 1 million km traveled  
 Vehicle ratio: Number of traffic accidents occurring per 1 fleet vehicle  
 (Km ratio and vehicle ratio traffic accidents include accidents resulting in damage to property or other vehicles [damages exceed ¥100,000]).

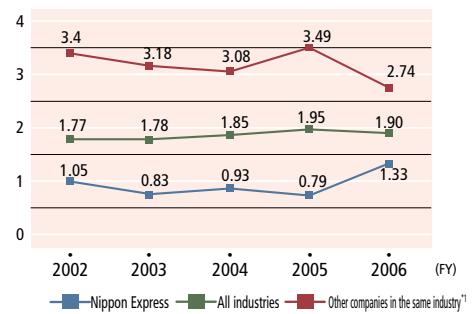
## Severity Rate<sup>\*2</sup>



\*1. "Other companies in the same industry" refers to general freight haulers.  
 \*2. The severity rate is an international indicator showing the level of injury as a result of labor accidents.

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

## Accident Frequency Rate<sup>\*2</sup>



\*1. "Other companies in the same industry" refers to general freight haulers.  
 \*2. The accident frequency rate is an international indicator showing the rate at which labor accidents occur.

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

## Obtaining Certification under Safety Evaluation Program

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

To ensure that the safety evaluation program is rigorous, fair and transparent, the Safety Evaluation Committee deliberates not only on evaluation decisions but also on matters necessary for program implementation. The committee comprises of experts, persons associated with labor unions whose members work in the truck transport business, shippers' organizations, consumers, officials from the Ministry of Land, Infrastructure and Transport and officers of implementation organizations nationwide.

The total number of facilities certified as excellent safety facilities as of FY2006 was 749 (72.6% of all facilities). In addition, a total of 166 facilities in branches and affiliated operation companies have been certified. Nippon Express will continue with initiatives for facilities that have not been certified to obtain certification.



Excellent safety facility logo

## NSG Activities

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

The ultimate goal of NSG activities is to achieve open, cheerful workplaces without accidents, injuries or illness. To eliminate accidents and injuries from workplaces and to make them open and cheerful, NSG activities are carried out periodically. The details of the activities in the various workplaces are reported at Regional

Managing Branch NSG Activity Case Presentation Meetings, and especially outstanding activities are commended at the Nippon Express National Safety and Health Convention held every year at the Headquarters.

In 2006, the Kanazawa, Fukuoka, Shikoku and Nagoya International Transport branches were chosen as representatives out of more than 3,000 groups nationwide, and their activities commended as outstanding.

## Workplace Healthcare

Nippon Express has assigned health advisors in all branches to provide employees with health guidance. Advisors conduct regular health checkups and give health counseling to individuals.

Especially to prevent illnesses caused by mental health problems or overwork, our Health Management Policy, sets forth the basic policy on health management, gives priority to enhancing remedial measures, and clarifies the roles of workplace managers, health officers and health advisors. Additionally, we promote measures under the "Four Types of Mental Health Care" given below. For the purpose of preventing traffic accidents by drowsy drivers, tests have been conducted on all drivers since March 2007, during which health advisors ask employees about sleep apnea, constituting another example of our prevention efforts.

### Initiatives with Respect to Four Types of Mental Health Care

1. Self-care  
 Checks on stress levels by means of a self-recording check-sheet for all employees, prompting them to notice stress themselves (July 2007).
2. Precautions under the Organizational Structure  
 Education and training for workplace managers, etc.
3. Care by Industrial Healthcare Staff and Others at Facilities  
 Training for New Health Advisors to Acquire the Necessary Knowledge and Skills (July 2007).  
 Precautions such as individual counseling mainly by industrial physicians, health officers and health advisors.
4. Precautions taken while using Resources Outside Company Facilities  
 Use of specialized institutions outside company facilities through industrial physicians, health advisors, the Nippon Express Health Insurance Association and others.

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

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

Lecture Meetings, Short Courses, Seminars, Titles, etc.	Sponsor	Event dates	
University lecture "Freight Transport and Labor in the 21st Century" Theme: The Freight Industry and Environmental Problems	Ryutsu Keizai University (Shin-Matsudo)	Nippon Express	May 17, 2006
University lecture Theme: The Freight Industry and Environmental Problems	Faculty of Commerce, Kansai University	Japan Federation of Freight Industries	May 18, 2006
Environmental Plaza Sapporo 2006 Exhibition of Ecologicompo materials, panel exhibition on Nippon Express' actions for the environment and eco-business	Sapporo City		Aug. 5-6, 2006
International Material Handling, Storage and Distribution Exhibition "Logis-Tech Tokyo 2006" (1) Lecture seminar on promoting green logistics Theme: Energy Saving Initiatives by Haulage Businesses (energy saving measures) (Sept. 12) (2) Panel exhibition Nippon Express' actions for the environment (Ecologicompo, modal shift, etc.) and eco-business related panel exhibition		Ministry of Land, Infrastructure and Transport, etc.	Sept. 12-15, 2006
Low-pollution Vehicle Seminar in Takamatsu Exhibition of Nippon Express' compressed natural gas (CNG) vehicles		Shikoku District Transport Bureau, Ministry of Land, Infrastructure and Transport	Sept. 14, 2006
University lecture "Freight Transport and Labor in the 21st Century" Theme: The Freight Industry and Environmental Problems	Ryutsu Keizai University (Ryugasaki)	Nippon Express	Oct. 11, 2006
University lecture Theme: The Freight Industry and Environmental Problems	Faculty of Business Administration, Yokohama National University	Japan Federation of Freight Industries	Oct. 19, 2006
Environment Saturday Lecture—"Osaka's Air" Second Lecture Theme: Eco-drive Initiatives and Response to NOx/PM Law		Eco Museum of Osaka	Oct. 28, 2006
"Green Logistics Seminar" Lecture Theme: Nippon Express' Initiatives for Green Logistics		Fujitsu Limited	Nov. 2, 2006
Shiodome ECO week Ecologicompo demonstration, panel exhibition on Nippon Express' actions for the environment		The Energy Conservation Center, Japan	Nov. 13-26, 2006
Corporate with Eco-action Exhibition Panel exhibition and panel explanation of Nippon Express' actions for the environment and eco-business Held meeting of Environmental Report Reading Group		Minato Eco-Conscious Consortium	Nov. 14-22, 2006
Comprehensive Exhibition on Environment, UD (Universal Design), Welfare		Kumamoto Prefecture	Feb. 2-4, 2007
Environment Festival Exhibition of Ecologicompo materials, panel exhibition on Nippon Express' actions for the environment and eco-business		Nara Newspaper	Mar. 31-Apr. 1, 2007



International Material Handling, Storage and Distribution Exhibition



Environment Festival (Nara)



Environmental Report Reading Group meeting at Corporate with Eco-action Exhibition



Nippon Express has for some time engaged in many activities to benefit society. While only a few examples have been presented here, we have many others including training for teachers at our company, hosting observer groups and other visitors from abroad, collaborating with Japanese schools abroad, and practicing with other youth martial art clubs in our Headquarters' martial arts gym. Through interaction with the youth who will be a part of the next generation, and activities that help preserve Japanese traditions and cultural assets, Nippon Express strives to achieve the mutual trust of society as a good corporate citizen.

## Nippon Express Family Concerts

The Nippon Express Family Concerts, concerts of children's songs performed by sisters Saori Yuki and Sachiko Yasuda (cosponsored by Nippon Express), celebrated their 20th anniversary since their inception in 1986. November 2006 saw the 2,000th commemorative performance, and this year the title changed to "Nippon Express Presents Saori Yuki and Sachiko Yasuda Songs with Your Life Concert—Songs to the Future." The sisters continue to charm many fans nationwide with the beauty of the Japanese language, richness of expression and warm presentation.

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

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



Homemade School Concert

## Museum of Logistics

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

The collection, of which several items are owned by Nippon Express, comprises about 10,000 documents, 2,000 artifacts, 40,000 photographs and 100 videos and films.

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

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



"Contemporary Logistics Exhibit Room," first basement of the Museum of Logistics

# Activities to Benefit Local Communities

Since its establishment, Nippon Express has been a part of local communities in the areas where its facilities are located. We repay these local communities in small ways such as cooperating in traffic safety campaigns, hosting school field trips and workplace experiences, participating in local festivals, and carrying out clean-up activities.

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

## ■ Tree planting



Akita Branch: Taking part in a tree planting festival in Akita Prefecture



Shikoku Branch: Tree planting in Naoshima

## ■ Community festivals



Tokyo Branch: Oedo Dance Festival



Aomori Branch: Aomori Nebuta



Morioka Branch: Morioka Sansa Odori Festival



Shunan Branch: Sun Festa Shin-Nanyo

## ■ Support activities for children and the elderly



Osaka Branch: Participate in Children Emergency Dial 110



Yamagata Branch: Participate in "Keeping an Eye on the Elderly" Team

## ■ Involvement with schools



Kochi Branch: Visiting lecture by driver



Tsu Branch: Traffic Safety Class



Okayama Branch: Visit to kindergarten

## Link with Iide Town

Nippon Express and Iide Town in Nishi-Okitama-gun, Yamagata Prefecture, began their association in 2006 through green tourism.

Green tourism is a travel concept that allows tourists from urban areas to experience exchanges with people in rural areas, mountainous regions and fishing villages, taking full advantage of what the scenic landscapes of mountains and rivers, paddy fields, and natural woodlands have to offer. Urban dwellers come into contact with nature and are relaxed by the experience, while residents of rural areas enjoy the revitalization of the area that results due to these exchange visits.

In December 2005, following the proposal made by governmental Project Team for Promoting Symbiosis and Exchange between Urban Areas and Rural, Mountain and Fishing Villages, the Ministry of Agriculture, Forestry and Fisheries announced that it would invite applications for participants in a social experiment to promote symbiosis and exchange, and in cooperation with relevant ministries and agencies, offer the necessary support for local governments taking part in the scheme.

Based on the advice given by Tokyo University of Agriculture and Technology we entered into an industry-university cooperation agreement and in 2005, Nippon Express applied to participate in this social experiment in cooperation with Yamagata Prefecture and Iide Town. Iide Town was one of the 11 municipalities selected from 44 applicants nationwide, leading in 2006 to the implementation of a specific experimental project. This project continued from May 2006 to February 2007, during



Rural landscape

which period around 40 Nippon Express and Group employees (including some family members) visited the area four times in total, where they were able to experience first-hand the natural resources of Iide Town as well as come into contact with local residents. The activities engaged in included a variety of agricultural first-hand learning experiences, such as rice-planting and harvesting, and growing vegetables. Other experiences included catching fish and barbecuing them along with the Yonezawa Beef for which the area is well known, living in a district of heavy snowfalls and listening to folktales narrated by local storytellers.

In 2007, Nippon Express began a continuous foresting project in the Nakatsugawa district of Iide Town. This constitutes a part of our activities to benefit society, which is one of the commemorative projects to celebrate the 70th anniversary of our founding.



Rice-planting



Forest maintenance activity



Green tourism in the fall

## Opinions on *Environmental and Social Report*

## Response by Nippon Express

Third-party View

In addition to environmental and social aspects, I would like you to formulate and implement a concrete plan based on the management system developed this year.

We have begun to disclose our goals for non-environmental aspects of the business, but to a limited extent. We will increase these disclosures in the future.

I would like you to proactively communicate with stakeholders in order to stimulate activity in the haulage industry as a whole.

In our efforts to promote and implement modal shift, we are working hard to communicate with both the logistics industry and shipping companies. An example of this is conducting modal shift campaigns commissioned by Japan Institute of Logistics Systems that provide information about Nippon Express' marine and rail facilities. Further, in 2006 significant progress was made in terms of communicating independently, such as exchanging views with NPOs and students through the Environmental Report Reading Group and seminars.

In terms of human rights and social equality, I think that continued efforts to create a well-balanced in-house system by taking proactive initiatives to promote women to managerial positions will have a positive effect on the brand image of the company.

We will continue in the future to take proactive initiatives with respect to the employment of women and increase disclosures concerning the creation of a working environment where women feel comfortable.

Views expressed at Environmental Report Reading Group

You should take more efforts to advance modal shift and also make more use of the reports as a promotional tool.

Last year we were asked by our stakeholders, when the advancement of modal shift is being advocated to this degree, why do we not see any major progress. We have increased our disclosures on this topic in this report, through the remarks made by Chairman Okabe in the conversation.

May be because I am unfamiliar with the format I do not know from where to start reading. There does not seem to be much variation in pace from one section to the next.

We have tried to create clear divisions between the categories of environment, economics and society in a readily accessible page layout.

I would like you to use this kind of Environmental Report Reading Group to actively promote the company and present the content of the group's discussions to society at large.

We are working hard to create a report that will reach as many people as possible, and utilize to the fullest opportunities for us to explain our activities.

It comes across as being difficult to read. I would like to see a digest version.

We began issuing a digest version from last year, but this year we will do our best to ensure that the digest version too is presented in a simpler format.

I thought it would be good to have a summary list of terminology explanations on the first page.

From this year, we have included a section at the foot of each page where terminology is explained.

● Environmental Report Reading Group: A group established as part of the Corporate with Eco-action sponsored by the Minato Eco-conscious Consortium (see p.38).

As it marked the 70th anniversary of its establishment in 2007, Nippon Express has been implementing a series of new initiatives. These include replacing the *Environmental and Social Report* issued up to 2006 with the *CSR Report*, as well as revising its management philosophy to better reflect the changing needs of the time.

Moreover, Nippon Express is utilizing its position in the logistics industry to implement a host of valuable CSR activities based on the distinctive characteristics of the company. Of these, I would like to single out the following three points as especially commendable:

1. In his “Message from the President” at the beginning of this report, Mr. Kawai expresses his determination to fulfill Nippon Express’ social responsibility as a global logistics company in the form of senior management-led initiatives. Further, in the “Conversation,” Chairman Okabe, who is also the chairman of the Japan Federation of Freight Industries, speaks about the importance of Nippon Express’ role as a leading company in disseminating CSR throughout the logistics industry as a whole and ensuring that the concept filters down to all levels. This indicates that the chairman and president, both senior executives, are keen to ensure an adequate level of awareness of CSR initiatives and their appropriate implementation.
2. Nippon Express is in the process of creating an enhanced management system for the attainment of goals and results with respect to CSR, and as such can be said to be proceeding on the right course in terms of CSR initiatives.
3. In order to discharge its social responsibility as a global logistics company, Nippon Express has started defensive CSR initiatives, focusing mainly on areas such as Personal Data Protection Policy, Environmental Charter and Compliance Regulations. In addition, the Company is proactively developing offensive CSR initiatives in order to strengthen its relationship of trust with its stakeholders. Core initiatives of this nature include “Communication with Society,” “Eco-business,” “Concern for the Environment in the Freight Transport Business,” “Personnel Training and Workplace Environment Initiatives” and “Occupational Safety and Health Initiatives.”

In the future, I would like to pay particular attention to whether Nippon Express, in its capacity as a leading company in the field of global logistics, is able to enhance its CSR initiatives by implementing the PDCA cycle in the CSR management system. In order to achieve this, I would like to see the Company actively take on the following challenges:

1. Based on the “Nippon Express Group Corporate Philosophy,” accurately determine the direction of the new management plan and issues facing society then establish a system that utilizes CSR in every aspect of management, as well as creating the infrastructure for a CSR management system that can provide integrated follow-up.
2. Establish a system and infrastructure to enable sharing of information with respect to CSR among all employees, including Group employees, and translate this into action.
3. Proactively disclose information to stakeholders during events and use the media in order to build even better relationships with Nippon Express Groups and stakeholders, including supply chain management.

Finally, as all companies that are pushing forward with CSR activities expand the sphere of those activities to encompass not only initiatives in their own company but also the supply chain as a whole. The social responsibility that the physical distribution sector must fulfill is huge, as it supports the transportation of all kinds of materials and goods. I will examine what Nippon Express as a leading company will do in the future to make a difference in the industry as a whole.



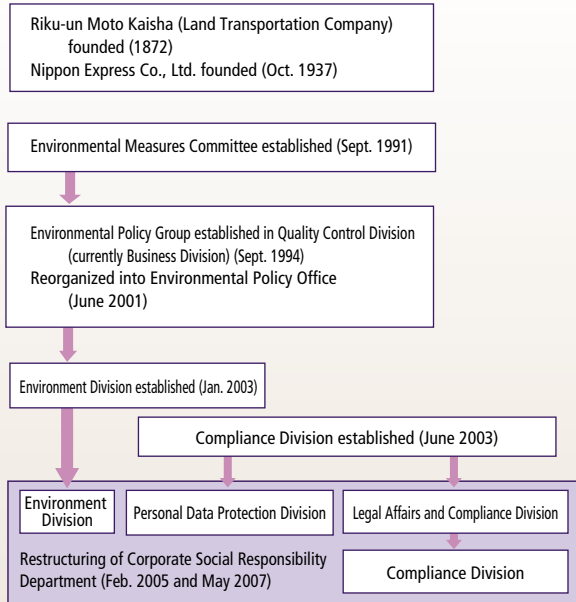
**Hiroshi Ishida**

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

# Chronology of CSR Activities in Nippon Express

## Summary of Changes in CSR Organization and Regulations

### <Organization>



### <Regulations, etc.>

- Apr. 1958 Our Principles adopted
- Nov. 1992 Nippon Express launched companywide environmental policy initiatives
- Aug. 1999 Company Conduct Charter adopted (October 2003 revised to Nippon Express Conduct Charter)
- May 2001 Environmental Charter adopted
- Oct. 2001 Nippon Express Group Compliance Regulations adopted
- Oct. 2003 Compliance Regulations (Nippon Express) adopted
- Nov. 2003 Whistleblower system "Nittsu Speak Up" regulations adopted
- Apr. 2005 Personal Data Protection Policy adopted
- Mar. 2007 Obtained Privacy Mark

## Chronology of Activities in Recent Years

### 2004

- Jan. • Company slogan "With Your Life" adopted
- Mar. • Green Management Certification granted to Funabashi and Shinsuna branches
- Apr. • Law on the Prevention of Delay in the Payment of Subcontracting Charges and Related Matters revised
- June • Initiatives taken for environmental conservation and community benefit conducted as companywide activities
- July • Modal shift campaign launched
- Headquarters facility committed to "summer energy-saving activities"
- Sept. • First term of the Logistics Environment Manager Training Course by Japan Federation of Freight Industries offered
- *Environmental Report 2004* (Sept. 30) published
- Oct. • Hyogo Prefecture Diesel Emission Control Ordinance took effect (Oct. 1)
- Dec. • Green Logistics Partnership Conference launched by government and private sector

### 2005

- Jan. • Automobile Recycling Law entered into full force (Jan. 1)
- Feb. • Corporate Social Responsibility Department established, Environment Division, Legal Affairs and Compliance Division reorganized, and Personal Data Protection Division created
- Participated in the exhibits for modal shift, digital tachographs, etc. at ENEX 2005 (Tokyo and Osaka venues)
- Kyoto Protocol entered into force (Feb. 16)
- Mar. • Eighth Nippon Express Group Environment Council meeting hosted
- Commendation given to the Nagoya Branch from president of Nagoya Urban Beautification League (mayor of Nagoya)
- Apr. • Act on the Protection of Personal Information came into effect
- Eco-Rail Mark launched by the Ministry of Land, Infrastructure and Transport
- Revised Tokyo Metropolitan Ordinance on Environmental Preservation came into effect and launched Global Warming Policy Plan system (Apr. 1)
- Kyoto City: Global Warming Countermeasures Ordinance came into effect (Apr. 1)
- Okayama Prefecture: Commenced exhaust emission controls in accordance with revised Environmental Burden Reduction Ordinance (Apr. 1)
- Pursuant to management system changes commenced new system for the ascertainment of environment-related data (Apr. 1)
- First full session of the Green Logistics Partnership Conference
- May • Shikoku Branch obtained ISO 14001 certification, the first to do so outside the Air Cargo Business Division
- June • Companywide activities for the preservation of the environment and to benefit society (local community) (until July)
- Participated in citizen's movement for the promotion of global warming countermeasures "Team Minus 6%"
- "Lightweight clothing, room temperature 28°C" initiative launched in all companies
- Awarded the sixth Logistics Environment Award (joint operation with Shosen Mitsui Ferry, "introduction of new high-speed RORO vessels on the Tokyo-Kyushu route")
- July • Launched the Modal Shift Campaign in the first half of the year
- Nagasaki Prefecture Union of the All Japan Federation of Transport Workers' Unions commenced "Children Emergency Truck 110" initiative
- Sept. • Published *Environmental and Social Report 2005* (English version published in March the following year)
- Oct. • Hosted Fourth Nippon Express Forum (on Nippon Express CSR management initiatives, etc.)
- Nov. • Conducted clean-up activities at the headquarters facility in the area between JR Shimbashi Station and the headquarters building (two sessions)
- JILS commenced "First Term Green Logistics Experts Course"

### 2006

- Jan. • Launched the second half of the Modal Shift Campaign
- Mar. • Shunan Branch is the first Nippon Express branch to be inspected for Green Management Certification in the Warehouse and Port Transportation Division
- Nara Branch exhibited at the Nara City Environmental Festival sponsored by Nara Newspaper

- Model project of Green Logistics Partnership Conference of four companies including Nippon Express Super Green Shuttle Train (Midori) commences operation
- Nippon Express Group hosts CSR Council (expansion of former Nippon Express Group Environment Council to CSR Council)
- Preparatory meeting for the founding of the Minato Eco-conscious Consortium
- For the first time, Nippon Express' environment advertisement covered a full-page in the national paper *The Yomiuri Shimbun*.
- Number of businesses that have obtained Green Management Certification reaches 173 (as of March 31)
- Apr. • Revised Energy Conservation Law entered into force (July 1) (regulations newly-applied to Transport Division. Integrated management of fuel and electricity)
- Development Bank of Japan decision to apply environmental investment system to Nippon Express
- May • Commenced Ministry of Agriculture, Forestry and Fisheries grant-aided project "Green Tourism in Iide Town Demonstration Experiment (four times in total)"
- June • Initiatives for community benefit and for electricity usage reduction conducted as companywide activities
- Implemented the Modal Shift Campaign in the first half of the year.
- Five facilities participated in Black Illuminations 2006
- Fourth full session of the Green Logistics Partnership Conference
- Received the Logistics Environmental Conservation Award of the Seventh Logistics Environment Award
- July • Waste Management Law entered into force and regulations revised (July 1)
- Received Notice of Designation as Specific Haulage Business in accordance with the Energy Conservation Law
- Aug. • Inaugurated JILS "Second Term Logistics and Environment Conference"
- Sapporo Branch participated in the Environmental Plaza Sapporo 2006 (hosted by Sapporo City, etc.) (exhibited Ecologicompo equipment and materials, panels, etc.)
- Sept. • Published *Environmental and Social Report 2006* (digest version published for the first time)
- Exhibited at International Material Handling, Storage and Distribution Exhibition "Logis-Tech Tokyo 2006"
- Shikoku Branch participated in Low-pollution Vehicle Seminar in Takamatsu (sponsored by Shikoku District Transport Bureau) (exhibited CNG vehicles)
- Oct. • Eco-recycle Express and Eco-recycle Box go on sale
- Received for the fourth successive year the Japan Federation of Freight Industries Modal Shift Initiative Award for Excellence
- Ecologicompo awarded Suginami Environment Awards Light Clothing Award (Grand Prix) by Suginami Ward
- Nov. • Create business cards using recycled paper made from waste corrugated cardboard
- Participated in the "Shiodome ECO Walk" sponsored by the Energy Conservation Center (Ecologicompo demonstration, environment related panel exhibition, etc.)
- Participated in the Eco-action Project sponsored by Minato Eco-conscious Consortium
- Dec. • Ecologicompo received Third Eco Products Award (Eco Services Division)
- Hosted Fifth Green Logistics Partnership Conference
- Commended by Ministry of Land, Infrastructure and Transport as Excellent Business for Traffic-related Environmental Preservation (Super Green Shuttle Train [Midori]: recommended by Green Logistics Partnership Conference)

### 2007

- Jan. • Web ordering system Green Coops introduced for the purpose of ascertaining green purchase rate
- Implemented the Modal Shift Campaign in the second half of the year
- Feb. • Kumamoto Branch exhibited at the Comprehensive Exhibition on Environment, UD (Universal Design), Welfare sponsored by Kumamoto Prefecture (environment-related panel exhibition)
- Mar. • Hosted full session of JILS "Second Term Environment Conference"
- Hosted Group CSR Council
- Placed environment (CSR) advertisement in *The Asahi Shimbun* and *The Nikkei*
- Nara Branch exhibited at the Nara City Environmental Festival sponsored by Nara Newspaper (Ecologicompo materials, environment-related panel exhibition)
- Number of facilities that have obtained Green Management Certification reaches 253 (as of March 31)

## Domestic

Nippon Truck Co., Ltd., Tokushima Express Bingo Express Nippon Shipping Co., Ltd. Nittsu MC China Investment Hokuoh Transportation Inc. Kita-Nihon Kaiun Tsutai Warehouse Co., Ltd. Touhoku Truck Shiogamako Unso Co., Ltd. Sendai Port Silo Co., Ltd. Nipponkai Warehouse Co., Ltd. Niigata Chuo Unso Nittsu Nagoya Seitetsu Sagyo Osaka Warehouse Co., Ltd. Sakai-ko Kairiku Unso Nagasaki Kowan Unyu Hakodate Air Service Nippon Courier Service NTS Co., Ltd. Kato Transport Co., Ltd. Nittora Logistics Service Tsutai Logistics Service Nittsu Sapporo Unyu Nittsu Sapporo Logistics Service Nittsu Sapporo Market Freight Handling Service Nittsu Otaru Unyu Nittsu Sapporo Terminal Logistics Nittsu Muroran Unyu Nittsu Hakodate Unyu Nittsu Asahikawa Unyu Nittsu Wakkanai Unyu Nittsu Soya Dairy Milk Service Kitami Nittsu Unyu Nittsu Kushiro Unyu Shibecha Nittsu Unso Nittsu Obihiro Unyu	Hiroo Kaiun Cargo Handling Nittsu Obihiro Ryutsu Higashine Unyu Koun Yuso Koun Sagyo Sendai Nittsu Unyu Nittsu Sennan Unyu Nittsu Soma-ko Unyu Nittsu Senhoku Unyu Nittsu Kesenuma Unso Nittsu Sendai-ko Butsuruyu Sendai Pelican Service Aomori Koun Nittsu Hirosaki Unyu Nittsu Hachinohe Unyu Nittsu Iwate Unyu Nittsu Morioka Pelican Service Nittsu Minami-Iwate Unyu Nittsu Akita Unyu Nittsu Akita Butsuruyu Nittsu Yokote Unyu Nittsu Odate Unyu Nittsu Yamagata Unyu Nittsu Nagai Unyu Nittsu Shonai Unyu Nittsu Sakata Butsuruyu Nittsu Koriyama Unyu Nittsu Fukushima Unyu Nittsu Aizu Unyu Ryoso Tsun Nittsu Chiba-minami Ryutsu Service Nittsu Chiba Freight Transport Nittsu Funabashi Unyu Nittsu Sakura Unyu Nittsu Saitama Unyu Nittsu Kogoe Unyu Nittsu Niiza Unyu	Nittsu Gunma Unyu Nittsu Maebashi Unyu Nittsu Ota Unyu Nittsu Utsunomiya Unyu Nittsu Kashima Unso Nittsu Ibaraki Unyu Nittsu Tsukuba Unyu Chikutetsu Unyu Nittsu Tokyo Haiso Nittsu Fluid Transport Nittsu Tokyo Ryutsu Service Nittsu Tokyo Unyu Nittsu Consumer Service Nittsu Removal Service Nittsu Sumidagawa Unyu Nittsu Kanda Chuo Unyu Nittsu Tokyo-nishi Unyu Nittsu Tokyo Security Nittsu Yamanashi Unso Nittsu Yokohama Unyu Nittsu Shonan Butsuruyu Nittsu Kawasaki Unyu Nittsu Shizuoka-chubu Unyu Nittsu Shizuoka-tobu Unyu Nittsu Hamamatsu Unyu Nittsu Takada Unyu Niigata Nittsu Unyu Sanjo Nittsu Unyu Nittsu Ojima Unyu Nittsu Nagano Unyu Shinano Truck Nittsu Matsumoto Butsuruyu Nittsu Suwa Butsuruyu Nittsu Suwa Unyu Nittsu Ina Unyu Ishikawa Nittsu Unyu Nittsu Komatsu Unyu	Nittsu Toyama Unyu Toyama Nittsu Automobile Nittsu Takaoka Unyu Nittsu Kurobe Unyu Fukui Nittsu Unyu Nittsu Komaki Unyu Nittsu Nagoya Unyu Chita Unyu Nittsu Moriyama Unyu Nicchi Higashi-Aichi Unyu Nittsu Mikawa Unyu Nittsu Tsu Unyu Nittsu Yamamori Butsuruyu Nittsu Mie Automobile Transport Nittsu Gifu Unyu Nittsu Ogaki Unyu Nittsu Takayama Unyu Nittsu Tajimi Unyu Okura Logi-Tech Nittsu Osaka Unyu Nittsu Osaka Logistics Service Nittsu Osaka Butsuruyu Nittsu Nara Unyu Nittsu Osakas Terminal Unyu Nittsu Hyogo Unyu Nittsu Hikami Unyu Nittsu Kobe Unyu Nittsu Maizuru Unyu Nittsu Kyoto Unyu Nittsu Shiga Unyu Nittsu Wakayama Unyu Nishin Kaiun Nittsu Kagawa Unyu Nittsu Takamatsu Logistics Service Nittsu Nishi-Kagawa Unyu Nittsu Tokushima Unyu Nittsu Kochi Unyu	Nittsu Shikoku Unyu Nittsu Ehime Unyu Bitsu Butsuruyu Minato Sagyo Sakai-ko Butsuruyu Nihon-kai Port Service Nittsu Fukuyama Tekko Unyu Hiroshima Nittsu Unyu Iwakuni Nittsu Unyu Nittsu Kure Sagyo Nittsu Hiroshima Ryutsu Service Nittsu Matsue Unyu Mitsuwa Transportation Co., Ltd. Nittsu Yoneko Unyu Nittsu Yoneko Butsuruyu Nittsu Mizushima Unyu Nittsu Okayama Unyu Nittsu Shimonoseki Unyu Nittsu Bofu Unyu Nittsu Ube Unyu Nittsu Tokuyama Unyu Nittsu Fukuoka Truck Fukuoka Himawari Unso Nittsu Yahata Sagyo Nittsu Kurume Yuso Nittsu Kita-Kyushu Unyu Nittsu Saga Truck Oita Unyu Nittsu Oita Truck Nittsu Kumamoto Unyu Nittsu Kumamoto Truck Nittsu Nagasaki Unyu Nittsu Shimabara Unso Marugo Unyu Nittsu Miyazaki Hoso Unyu Nittsu Kagoshima Unyu Nittsu Kagoshima Truck	Kyoritsu Kuyu Tohoku Transport Service Tokyo Air Cargo Service Narita Air Cargo Service Co., Ltd. Nittsu Haneda Grand Service Chubu Air Cargo Service Kanku Transport Service Nittsu Travel Business Service Corporation NNT Osaka Travel Service Logistics System Transport Nittsu Kaiun Drayage Nittsu Meiko Unyu Nittsu Shoji Co., Ltd. Taiyo Nissan Auto Sales Co., Ltd Nittsukichoh Co., Ltd. Koun Shoji Ryoso Shoji Nittsu Real Estate Co., Ltd. Nittsu Estate Service Nittsu Kansai Enterprise Nittsu Fukuoka Security Service Nittsu Research Institute and Consulting, Inc Nittsu Information Systems Co., Ltd. Nippon Express Capital Co., Ltd Nittsu Driving School Careeroad Nittsu Heartful Co., Ltd. Gunma Ryutsu Service System Pro-move Service Co., Ltd. GT-LIS Co., Ltd. Nittsu Hokuriku Sogo Maintenance Nago e-technology
--	--	--	--	---	---

## Overseas

Nippon Express U.S.A. Inc. Nippon Express Travel U.S.A. Inc. Illinois Nippon Express New York Nippon Express NEX Transport Inc. Nippon Express Global Logistics U.S.A. Inc. Nippon Express Canada, Ltd. Nippon Express Travel Canada Ltd. Nippon Express de Mexico S.A. Nippon Express USA de Tijuana, S.A. de C.V.	Nippon Express Chile S.A Nittsu do Brasil Comercial, Ltda. Nippon Express do Brasil Nippon Express (Nederland) B.V. Nippon Express Tours (Nederland) B.V. Nippon Express Euro Cargo B.V. Nippon Express (U.K.) Ltd. Nippon Express (Ireland) Ltd. Nippon Express (Deutschland) GmbH Nippon Express (St. Petersburg) LLC	Nippon Express (Belgium) N.V./S.A. Nippon Express France, S.A. Nippon Express (Italia) S.R.L. Nippon Express (Schweiz) AG Nippon Express de Espana, S.A. Nippon Express Portugal S.A. Nippon Express (Middle East) L.L.C. Nippon Express (Singapore) Pte Ltd. Nippon Express (H.K.) Co., Ltd. Nippon Express (Shenzhen) Co., Ltd.	Nippon Express (Zhuohai) Co., Ltd. Shiyu Management Nippon Express Cargo Service (Shenzhen) Co., Ltd. Nippon Express (Zhuohai F.T.Z.) Co., Ltd. Nippon Express (Xiamen) Co., Ltd. Nippon Express (Suzhou) Co., Ltd. Nippon Express (Jiaxing) Co., Ltd. Nippon Express Global Logistics (Shanghai) Co., Ltd. NEX Logistics (Thailand) Co., Ltd. Nippon Express (Thailand) Co., Ltd.	Nippon Express Engineering (Thailand) Co., Ltd. NEX Logistics (Malaysia) Co., Ltd. Nippon Express (Malaysia) Sdn, Bhd. Nittsu Transport Service (M) Sdn, Bhd. Nippon Express (Philippines) Corporation Nep Logistics, Inc Nep Distributors System, Inc PT. Nippon Express Indonesia PT Nittsu Lemo Indonesia Logistik Nippon Express (Australia) Pty., Ltd.	Nippon Express (New Zealand) Ltd. Nippon Express (Taiwan) Co., Ltd. Beacon International Express Corp. NEX Global Logistics Korea Co., Ltd. Shanghai e-Technology Co., Ltd.
--	--	--	---	--	---

## Editors' Postscript

Thank you most sincerely for reading the *CSR Report 2007*. Nippon Express first published its *Environmental Report* in 2000, evolving between 2005 and 2006 into the *Environmental and Social Report*, and now being published as the *CSR Report 2007*.

In this report we have attempted something new, by including a conversation between Professor Masui of the Musashi Institute of Technology and our company's chairman, Mr. Okabe. While considerations of space meant that we had to summarize this into four pages, it does present a discussion about the importance of fulfilling social responsibilities not only by Nippon Express but by the logistics industry as a whole with the aim of achieving sustainable freight transport, and as such its inclusion is viewed as a special project for this first *CSR Report*.

Further, on the "Management" pages we have included our newly adopted Corporate Philosophy as well as corporate conduct charters in overseas affiliates, thereby increasing the volume of information disclosed chiefly pertaining to the basic thinking of the Nippon Express Group with respect to CSR.

In addition, from this year we have disclosed the CO<sub>2</sub> emissions from sources other than mobile emission sources such as trucks for both Nippon Express non-consolidated and consolidated Group companies. At the same time, we have improved the presentation format of total CO<sub>2</sub> emissions so that the information can be discerned at a glance.

This is a report compiled by employees and we will make every effort to continue to present a faithful depiction of the activities of Nippon Express. We look forward to hearing your opinions and thoughts.

**Environment & Social Contributions Division, Nippon Express Co., Ltd.**  
Higashi-Shimbashi 1-9-3, Minato-ku, Tokyo 105-8322, Japan  
Phone: +81-3-6251-1418 Fax: +81-3-6251-6668  
URL: [http://www.nittsu.co.jp/english/e\\_index.htm](http://www.nittsu.co.jp/english/e_index.htm)

If you would like to send us your views or opinions, please go to the "Inquiry" section of the Nippon Express Website shown above.



 **NIPPON EXPRESS**

*Issued by (please direct inquiries into):* **Environment & Social Contributions Division,  
Nippon Express Co., Ltd.**

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



Published December 2007  
Next report scheduled for December 2008

