



**CSR Report**  
**2009**

## Editorial Policy

- This report covers Nippon Express' corporate social responsibility (CSR) initiatives during fiscal 2008, and comprises such features as an explanation of our CSR management structure, reports on our activities and performance data.
- We have attempted to provide an understanding of the freight industry's CSR efforts by describing industry conditions, environmental challenges, recent policy measures and other factors behind our initiatives.
- In addition to the use of illustrations and photographs, we have endeavoured to keep the text easy to understand.
- In writing this report we have referred to the *Environmental Reporting Guidelines (2007 Version)* (published in June 2007 by Japanese Ministry of the Environment) and the *GRI Sustainability Reporting Guidelines 2006*.
- This report also includes some information about ongoing initiatives launched in or prior to fiscal 2007 in order to provide an overall understanding of Nippon Express' business and its CSR involvement.

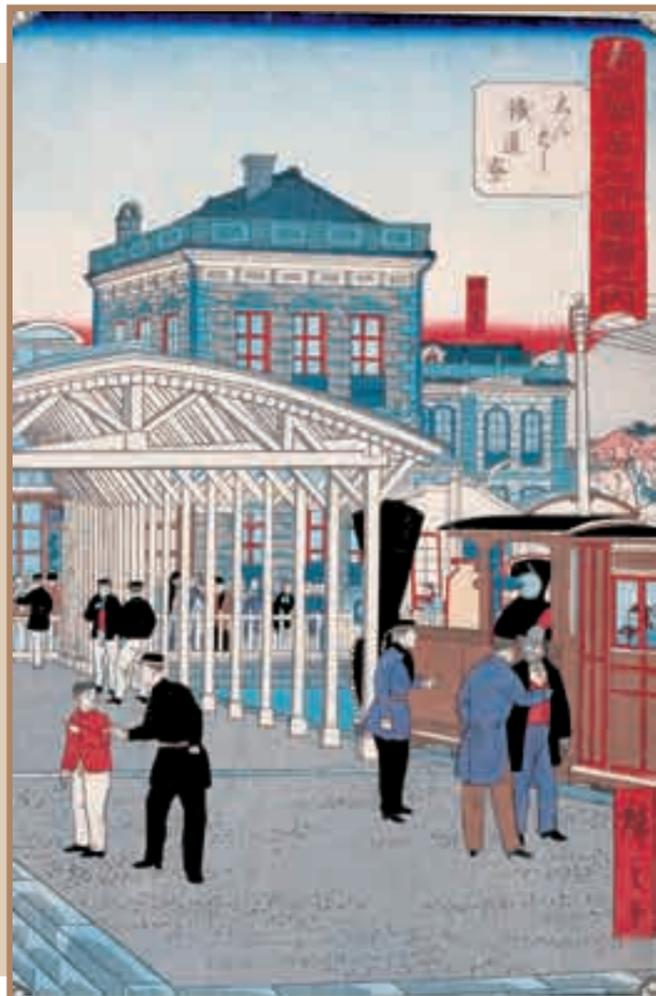
## Scope of This Report

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

## Applicable Period

April 1, 2008 to March 31, 2009

In certain places we have used data covering up to June 2009 for matters deserving special mention.



### About the Cover Illustrations

#### *Shimbashi Station—Famous Places of Enlightened Tokyo*

Created: around 1876

Artist: Utagawa Hiroshige III

Museum of Logistics Collection (owned by Nippon Express)

Japan's first railway service was launched on October 14, 1872, providing passenger rail transportation between Shimbashi and Yokohama (now Sakuragicho), a distance of about 30 km. This work of art depicts the passenger platform at Shimbashi Station. Cargo service was added to the same sector in 1873. Naikoku Tsu-un Kaisha, Nippon Express' predecessor, began offering rail cargo service via this railway line in 1875. Although Shimbashi Station burned to the ground in the Great Kanto Earthquake (1923), a replica was constructed in 2003 at the original location (currently called Shiodome Sio-site).



Replica of the original Shimbashi Station

### Museum of Logistics

The Museum of Logistics, created by the Forwarders Council, is Japan's first museum specializing in the freight transport industry. The museum was established in August 1998 in the Takanawa district of Tokyo's Minato Ward to widely promote the logistics industry to the public. The collection, of which Nippon Express owns several items, comprises about 10,000 documents, 2,000 artefacts, 40,000 photographs and 200 videos and films.



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

# Nippon Express CSR Report 2009

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■ Safety Symbol at Nippon Express Headquarters



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

Top Message

Through fulfilling our social responsibilities within the field of logistics, we will become the driving force for the development of society.



**Nippon Express Group: For the Next Step Forward**

The Nippon Express Group is currently facing the unpredictable and unstable situation for the first time since the deterioration of economic condition from the late 2008. However, we acknowledge this difficult period as an opportunity to build solid foundation in management for the future. Therefore, we have set a special single-year policy “The Nippon Express Group Business Infrastructure Consolidation Policy 2009—the Next Step Forward” instead of our regular mid-term business plan. We have set following four topics as the most important initiatives.

1. Establish a low-cost operating system
2. Implement necessary measures to strengthen the capacity of the operation
3. Appropriate response for small cargo business
4. Promoting of CSR activities

For this year, we will address these issues with enthusiasm and urgency and endeavour to strengthen the management foundation for the future. Following these policies and based on the “Nippon Express Group Corporate Philosophy”, I have made clear the ultimate goal of how the Nippon Express Group should be as the “Vision” of the Nippon Express Group for the next decade.

- As a global logistics company: Contribute to our customers worldwide through the field of logistics.
- As a company, fulfil the responsibility for the earth: Have considerations for the environment and contribute to the realization of low-carbon emitting society.
- Be a people friendly company: Appreciate our employees and realize their job satisfaction.

The Nippon Express Group will continue striving to achieve our “Vision” for the future.

**Concerning the Succession of the Pelican Express Business**

On April 1, 2009, the Pelican Express came under the management of the Japan Post Express Co., Ltd., a joint company established by Japan Post Holdings Co., Ltd. and Nippon Express Co., Ltd. Higher quality services will be offered by the JP Express Co., Ltd., based on the past business operation by the Pelican Express. The Yu-Pack service (delivering service) will be transferred gradually by October 1, 2009. The delivery services of both companies will be fully integrated for the establishment of a new brand. I consider the express delivery service as a vital business tool for the future of Nippon Express, and an essential function for a comprehensive logistics company. We are sincerely thankful to your continued support and look forward to your future patronage of the renewed Pelican Express.

**CSR Activities**

For sustainable development our commitment for safety and our considerations for the environment is essential within the operation of the Nippon Express Group using the public infrastructure. It is necessary for the Nippon Express Group to continue steps to prevent global warming, as the business activities of the Nippon Express Group uses large amount of fossil fuels, which produces green house gas. Moreover, the Nippon Express Group is aware that there is a growing social demand for CSR activities such as crisis management, employment, human rights concerns, respect for diversity and social action program.

**Promoting Compliance Management**

I believe, the promotion of compliance management is extremely important and fundamental part of our CSR. The Nippon Express Group is involved in a broad range



of business activities and therefore must comply with various kinds of laws and regulations.

The Nippon Express Group will continue to implement compliance by making sure each employee is an active member of society by not only by keeping to the law and but also by acting on a sound social standards with high ethical values.

However, regardless of these decisions, the Nippon Express Group was charged by the Japan Fair Trade Commission for violating the Antimonopoly Act on March 2009, concerning the fuel surcharges in the international airfreight forwarding business. We are strongly aware of the concern and inconvenience we have caused upon our customers, stakeholders and other related parties. To prevent the recurrence of such problems we will act sincerely as a group to comply with the law and follow corporate philosophy.

We highly value the comments we receive regarding the content of our CSR report and aim to use such information to further improve the CSR activities of the Nippon Express Group. Please feel free to send us your opinions.

June 2009

*Masanori Kawai*  
**Masanori Kawai**  
 President  
 Nippon Express Co., Ltd.

# Corporate Philosophy

As part of the 70th Anniversary Commemorative Projects to celebrate the founding of Nippon Express, we officially adopted the "Nippon Express Group Corporate Philosophy" in October 2007. The Nippon Express Group will continue striving to realize this corporate philosophy, which follows the spirit of the previous Nippon Express motto, "Warera no kotoba".

## 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.



## Vision

(Nippon Express Group's to-be model)

- ◆ **As a global logistics company:**  
Contribute to our customers worldwide through the field of logistics.
- ◆ **As a company, fulfil the responsibility for the earth:**  
Have considerations for the environment and contribute to the realization of low-carbon emitting society.
- ◆ **Be a people friendly company:**  
Appreciate our employees and realize their job satisfaction.

(Declared as the Nippon Express Group model for the decade ahead.)

## Nippon Express CSR Initiatives Concept

**Management Philosophy**

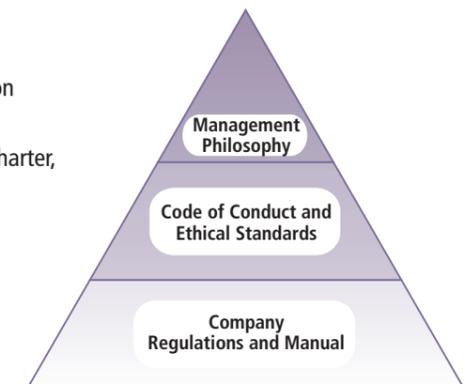
Nippon Express Group Corporate Philosophy, Vision

**Code of Conduct and Ethical Standards**

Nippon Express Conduct Charter, Environment Charter and Compliance Regulations

**Company Regulations and Manuals**

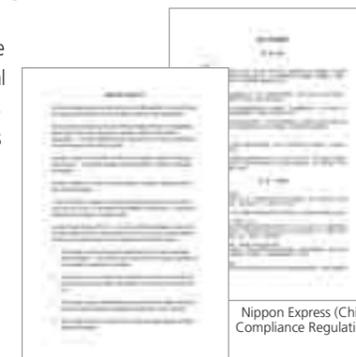
Various regulations and manuals such as the Employment Regulations



## Conduct Charters and Regulations Overseas

Like Nippon Express, overseas subsidiaries of the Nippon Express Group are in the process of establishing 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 incorporate specific conditions of 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.



Nippon Express (H.K.) Code of Conduct

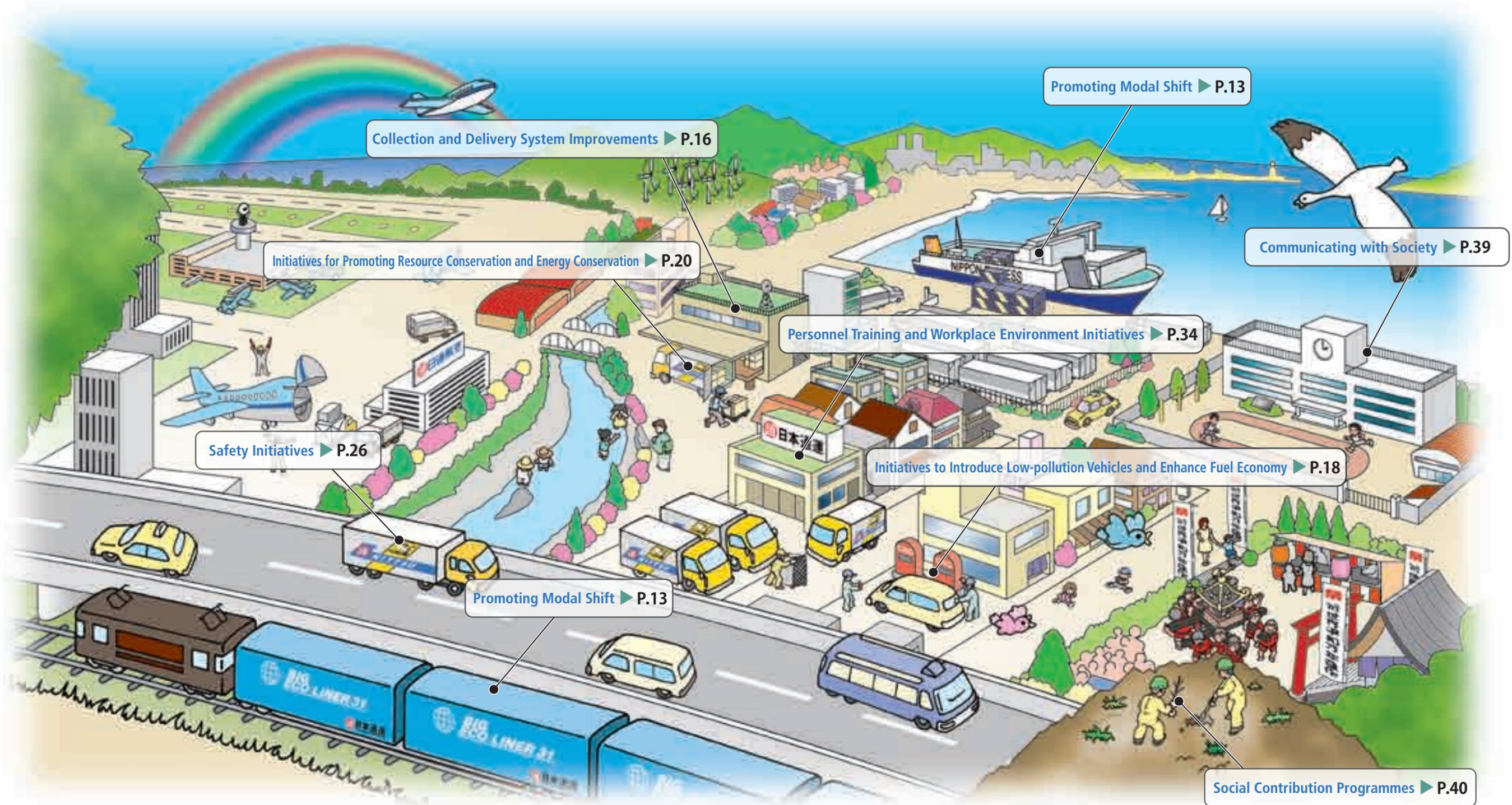
Nippon Express (China) Compliance Regulations

## Background of Fair Trade Commission Orders

On March 18, 2009, Nippon Express was handed down a cease and desist order and a surcharge payment order from the Fair Trade Commission regarding violation of the unfair restraint of trade regulations. The latter was specified based on Nippon Express' consultation with other shipping companies in JAJA (Japan Air cargo Forwarders Association) to determine burden sharing of the surcharge imposed from air carriers. This was based on permission by the Ministry of Land, Infrastructure, Transport and Tourism, and resulted in a fuel surcharge billed to the customer.

# Nippon Express CSR Activities

To fulfil our corporate social responsibility as a global logistics company, Nippon Express is carrying out measures with considerations for the environment in everything we do, from domestic and international transport operations to office operations, continuously promoting CSR initiatives. We value working hand in hand with our stakeholders. While improving the transparency of our business activities, we direct our efforts to activities that protect the environment.



## Nippon Express' Responsibilities and Stakeholders

### ■ Customers

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

### ■ Shareholders and Investors

- Disclosure of IR information
- Stable dividends

### ■ Community

- Showing consideration for the community
- Cooperation in environmental conservation

### ■ Administrative Authorities

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

### ■ Suppliers

- Requests for vehicular safety
- Requests for legal compliance

### ■ Employees

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

# Targets and Achievements

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

## FY2008 Targets and Achievements in CSR as a Whole and FY2009 Targets

Item	FY2008 Directions	Achievements	FY2009 Directions
Corporate governance	Submission of Internal Controls Report required from fiscal year ending March 31, 2009	Evaluation of internal controls and building an auditing system for financial reporting	Submission of Internal Controls Report
Promotion of compliance (laws and regulations pertaining to business activities)	Educate employees Ensure full compliance through inspection training	Educate employees Conduct inspections of branches by Headquarters and improvement study meetings	Educate employees Ensure full compliance through inspection training
Initiatives to protect personal data	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 Obtain Privacy Mark
Introducing eco-friendly vehicles	3,500 vehicles	3,468 vehicles	3,600 vehicles added
Obtaining environmental certification at facilities (ISO 14001/Green Management certification)	Obtain more certifications in the Kanto area Upgrade our environmental initiatives	Certification obtained by Tokyo Container Branch	Upgrade environmental initiatives
Better fuel economy	Diesel vehicles 1.0% improvement over previous year	Diesel vehicles 0.6% improvement over previous year	Diesel vehicles 1.0% improvement over previous year
Modal shift rate	50%	49.9% (FY2007)	50%
Promoting green purchasing	Rate of green purchasing: more than 50%	Promote green purchasing from Nittsu Shoji Co., Ltd. focusing on office supplies Purchase rate 48.3%	Rate of green purchasing: more than 50%
CO <sub>2</sub> reduction	1.0% reduction from previous year	1.9% reduction compared to FY2007 Nippon Express Group results	1.5% reduction compared to FY2008 Nippon Express Group results
Initiatives pertaining to hire of employees	Continually achieve mandatory proportion of jobs Proactively recruit women	Proportion of jobs for handicapped people 2.08% 29.1% of newly hired are women	Continually achieve mandatory proportion of jobs Proactively recruit women
Providing nurturing of the next generation (promoting childcare leave system)	Childcare leave: Men—more than four; women with newborns—more than 80%	A total of 116 employees have taken childcare leave (September 2007) Continued employment rate 76.5% (October 2008)	Childcare leave: Men—more than four; women with newborns—more than 80% Continued employment rate 77.5%
Safety initiatives	Continue transport safety management	Implement internal inspection No non-compliant items	Continue transport safety management
Community beautification activities	Continue beautification activities	16,278 people participate in beautification activities	Continue beautification activities
Social contribution activities	Forest cultivation activity held in Iide Town three times a year Established new forest cultivation project Started revising educational materials	Forest cultivation activity held in Iide Town three times a year Selected next candidate site for new forest cultivation project	Forest cultivation activity held in Iide Town two times a year Commenced new forest cultivation project Distributed revised educational materials

## Materiality Measurement

Though the Nippon Express Group has been associated with various CSR activities, this is the first time that vectors of the CSR activities and business activities by the Nippon Express Group were linked. Topics of high-priority were selected from the two selected views “the important topics for sustainable development of the society” and “the important topics for the development of the corporate value of the Nippon Express

Group.” These topics are for the improvement of the mid and long-term corporate value. We will take this result into account for future CSR activities.

The figure below shows the field of high-priority divided into three fields. Each topic is mapped according to its categories. This will lead to understanding of potential risks and opportunity, which will lead to specific actions.

### Explanation of Three Fields

#### • Pattern 1: The Field of Materiality

The level of impact for this issue is of great importance for both the company and society. Therefore, this issue needs to be handled immediately.

#### • Pattern 2: The Field of Management

Equivalent measures should be considered in the view of decreasing risk as this subject is of high materiality to the stakeholders.

Strengthening of the management is necessary.

#### • Pattern 3: The Field of Communication

This subject is of high materiality for the Nippon Express Group. Therefore, it may lead to achieving opportunity by growing the recognition of the society. Strengthening of the communication is necessary.

### Materiality Measurement Process

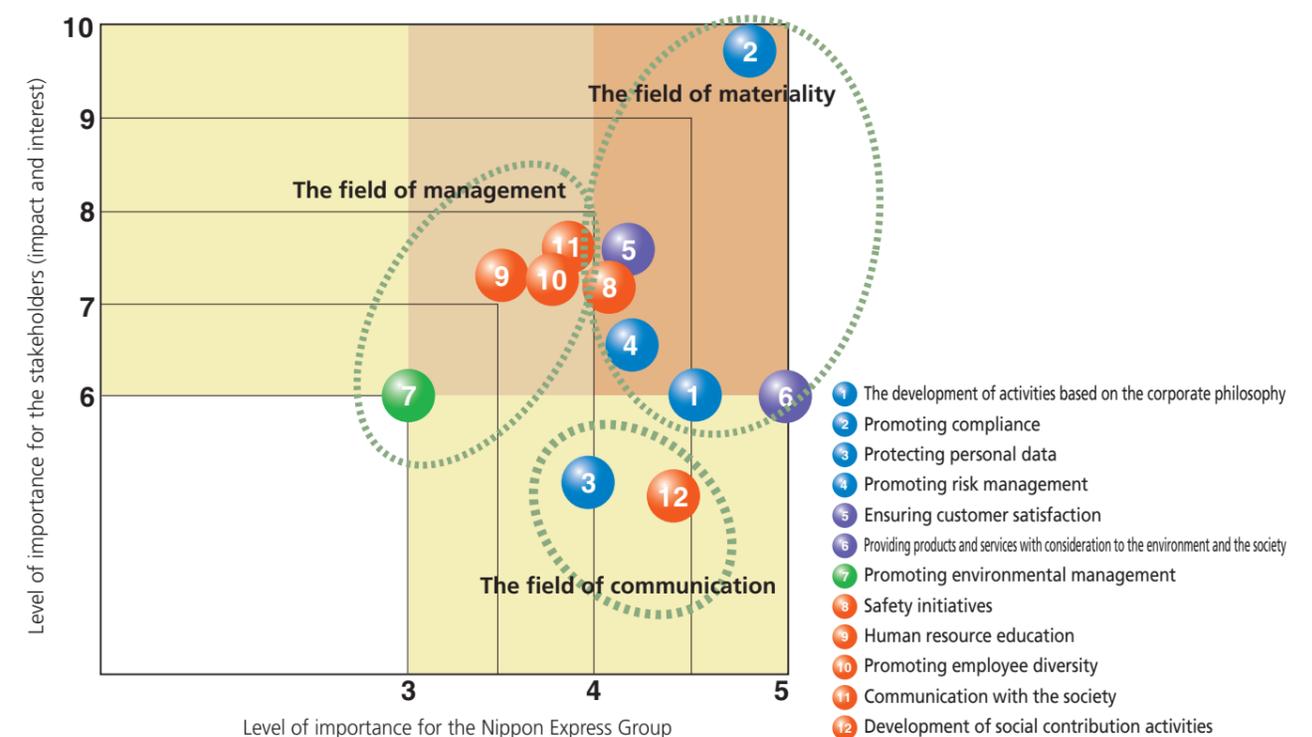
The level of importance were measured based on two axes, “the level of importance for the stakeholders (impact and interest)” and “the level of importance for the Nippon Express Group”. One hundred and forty five topics, which the stakeholders are likely to request, were evaluated according to this method.

In this process “the level of importance for the stakeholders” were divided into 10 stages according to the content and the frequency of the guidelines, research, ranking agencies and questionnaires to the stakeholders. For the level of impact on the mid- and long-term corporate

value, “the level of importance for the Nippon Express Group” was divided into five stages according to the level of importance and two stages according to the level of priority.

The process of the measurement was conducted by interviews to the representative of the related departments. The focus was on the development of awareness as an individual and having common awareness.

The measurement of materiality developed by the Caux Round Table\* was used to ensure objectivity and comprehensive result.



\*Caux Round Table (CRT): CRT, comprised of business leaders from around the world, was established in Caux, Switzerland, in 1986. This group is active in projects promoting healthy economies and societies through business.

# Business Outline

The Nippon Express Group is composed of Nippon Express and 289 subsidiary companies (including 264 consolidated companies), and 66 affiliates: a total of 356 companies. Our core operations are "Distribution and Transportation Operations" such as motor transportation and railway transportation and so on. Furthermore, we are developing "Goods Sales Operations" in each of our major businesses areas as well as other businesses such as real estate.

## Domestic Companies (287 Companies Including Nippon Express)

### Distribution and Transportation Operations

#### Railway transport



Transportation services utilizing railways, with every major station in Japan set up as a hub.



#### Motor transport



Employing our network of transport centres throughout Japan to provide special consolidated freight transportation and general freight transportation for reserved cargo shipping.



#### Air freight and travel



Freight transportation services using air carriers for both domestic and export/import shipping. Nippon Express Group also includes domestic and overseas travel planning and sales services.



#### Heavy haulage construction



Hauling of heavy loads, equipment installation, plant construction and maintenance services, as well as in-plant transportation.



#### Warehousing



Handling storage, loading and unloading at commercial warehouses throughout Japan.



#### Marine transport



Domestic shipping services mainly handling marine container shipping for companies within Japan. International transport services mainly for import/export combined multimodal transportation, as well as in-port transport services for on-ship and harbour cargo work.



### Goods Sales Operations

#### Goods Sales

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



### Other Businesses

#### Real Estate

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

#### Other

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

## Overseas Companies (69 Companies)

Our group companies overseas cover a broad range of businesses such as air and sea transport, warehousing, and moving services, connected across the globe with locations in 37 countries. While Nippon Express U.S.A., Inc. serves North America; Nippon Express (Nederland) B.V., Nippon Express (U.K.) Ltd. and Nippon Express (Deutschland) GmbH serve Europe; Asia and Oceania are served by Nippon Express (Singapore) Pte Ltd., Nippon Express (H.K.) Co., Ltd. and Nippon Express (Malaysia) Sdn, Bhd. We also have subsidiary travel agencies in major world cities, starting with Nippon Express Travel U.S.A. Inc. and Nippon Express Tours (Nederland) B.V.



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



Nippon Express (Deutschland) GmbH trailer



Nippon Express U.S.A. warehouse



Nippon Express (Deutschland) GmbH office

## Financial Details

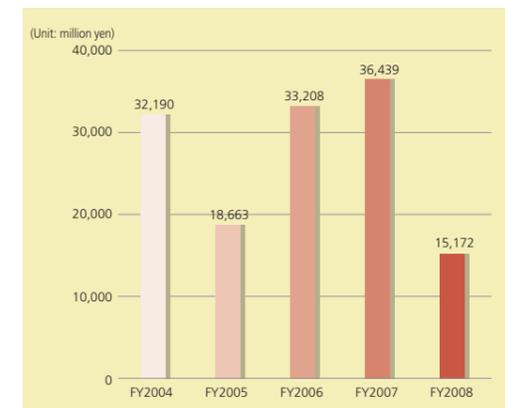
### Revenues (Consolidated)



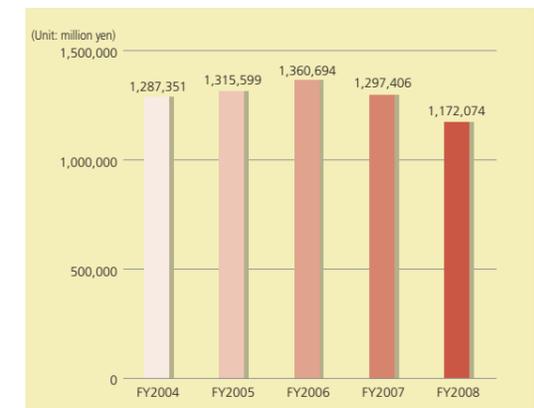
### Operating income (Consolidated)



### Current net income (Consolidated)



### Total assets (Consolidated)



\*SSE: Shanghai Super Express. Please refer to "Modal Shift to Domestic Marine Transport," p. 15.

# Environmental Charter

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

## History and Promotion of Environmental Management

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

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

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

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

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

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

### Environmental Policy Statement Nippon Express (UK) Ltd.

Nippon Express (UK) Ltd. is a professional and environmentally conscious organisation, which acknowledges the impact that our operations may potentially have on the environment. The clear objective of Nippon Express (UK) Ltd. is to minimise any impact on the environment by:

- Preventing pollution, reducing waste and ensuring that wherever practical, measures are implemented to protect and preserve natural habitats, flora and fauna;
- Considering the effects that our operations may have on the local community;
- Taking action to eliminate or reduce, as far as practicable, any potentially adverse environmental impacts;
- Promoting environmental awareness amongst our suppliers, contractors and partners by implementation of operational procedures;
- Seeking to work in partnership with the community by behaving in a considerate and socially responsible manner;
- Ensuring effective and expedient incident control, investigation and reporting

Management and supervisory staff have responsibilities for the implementation of the policy and must ensure that environmental issues are given adequate consideration in the planning and day-to-day supervision of all work.

Nippon Express (UK) Ltd. will fully comply with the duties placed upon it within the requirements of Statutory Legislation, whilst at all times complying with, as a matter of best practice, the requirements and duties set out within Approved Guidance as issued by the Environment Agency and other organisations. As part of the Nippon Express (UK) Ltd. commitment to maintaining the highest levels of environmental management, it is the intention that Nippon Express (UK) Ltd. will work towards environmental management systems compliant with ISO14001.

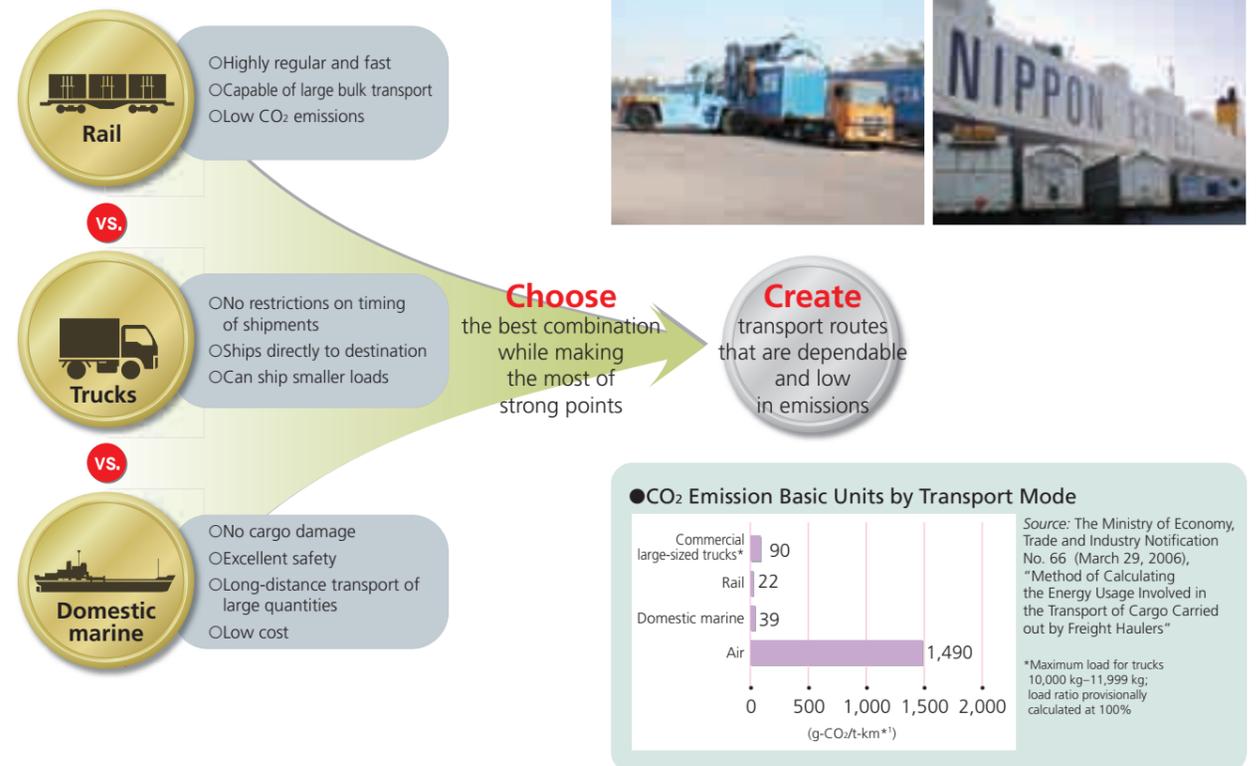
All employees and sub-contractors are expected to co-operate and assist in the implementation of this policy, whilst ensuring that their own works, so far as is reasonably practicable, are carried out without risk to themselves, others or the environment. This includes co-operating with management on any environment related matter.

Nippon Express (UK) Ltd. will take all practical steps to ensure that potential hazards and risks to the environment are identified and that suitable and effective prevent and control measures are implemented. All employees will be provided with the necessary resources, equipment, information, instruction and training to fulfill the requirements of this policy.

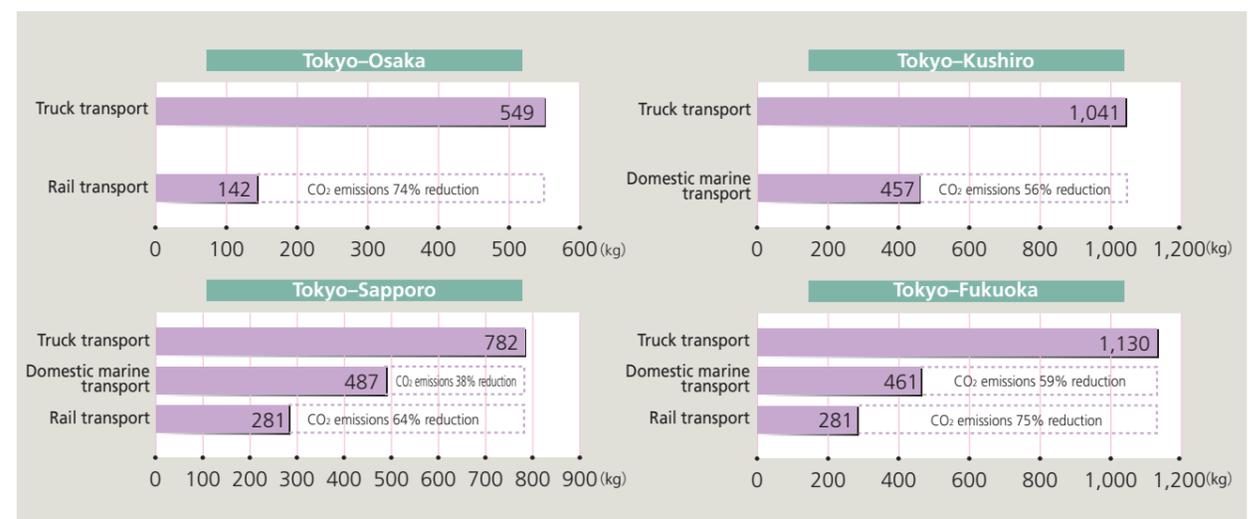
The Directors have overall responsibility for all environmental matters. The operation of this policy and the associated procedures will be monitored and reviewed on a regular basis to ensure that they remain current and applicable to Nippon Express (UK) Ltd. activities. This policy has been endorsed by the board of directors who give their full support to the implementation of the policy.

# Promoting Modal Shift

Modal shift in freight transport means switching from transport relying heavily on trucks to transport relying more on railways and ships. In fiscal 2008, there were many successful cases of modal shift, which is the goal of Green Logistics Partnership Conference switching from truck-centred transportation to railway and marine vessel transportation by cooperating with our customers and other logistic companies (see p.32 for related article).



## Comparison of CO<sub>2</sub> Emission Reductions Due to Modal Shift (calculated using the Revised T-km Method\*\* in the case of transporting a 10-ton cargo)



\*1 T-km: the value obtained by multiplying the weight (t) and haul distance (km) of shipped cargo  
\*\*2 Revised T-km Method: Calculation method described in the amended Act on the Rational Use of Energy (Energy Saving Act), which was revised in April 2006. This method computes the amount of energy used for a shipment based on the ton-kilometre value calculated with the actual cargo weight and transport 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.

In December 2007, the Shikoku Branch received the Minister's Prize from the Ministry of Land, Infrastructure, Transport and Tourism at the Green Logistics Partnership Conference. The prize highlighted significant CO<sub>2</sub> emission reductions following the incorporation of using return rail transport to carry procured materials after making product deliveries. The Obihiro Branch received commendation from the Director General for Policy Planning at the same ministry for low-energy consumption with a modal switch from truck to rail transport for potato distribution. Moreover, Nippon Express joined Toyota Motor Corporation, Toyota Transportation Co., Ltd. and Japan Freight Railway Company in creating the Toyota Long Pass Express for auto parts transport. The project received the Logistics Environment Award from the Japan Federation of Freight Industries.

### A Manager's Perspective ▶▶▶ Coca-Cola West Logistics, Co., Ltd.



**Hiromasa Machidori**  
Supervisor, General Sales Centre  
Fukuoka Container Branch

Coca-Cola West Logistics, Co., Ltd. (CCWL) handles product transfers for Coca-Cola West Co. Ltd., which mainly serves the Kyushu, Chugoku and Kansai areas. CCWL is currently expanding its network to cover the Kanto area as well.

As CCWL was using our branch's truck transport for beverage distribution from the Chugoku area all the way to Tosu (in Saga Prefecture), and we all suffered runaway fuel charges, we proposed a shift to railway transport in August 2008. Due to the short distances involved, the switch to rail did not produce significant cost improvement and the proposal was rejected. However, internal organizational changes implemented at CCWL in January 2009 resulted in the expansion of their



distribution area and an increased focus on environmental protection. We had the opportunity to reintroduce our proposal, this time for both eastern and western Japan. We quickly negotiated with Japan Freight Railway Company and demonstrated both environmental and cost reduction merits. CCWL reviewed our new proposal favourably, trial *Eco Liner* container shipments were sent from Tosu to Kyoto and Akashi on April 20 and 21, and the new system proved to be successful. As of May 11, CCWL has scheduled eight-container shipments per week, the start of a new, environment-friendly business.

In future, for other transportation methods, we will make proposals for shifting to the railway transport model.

## 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.

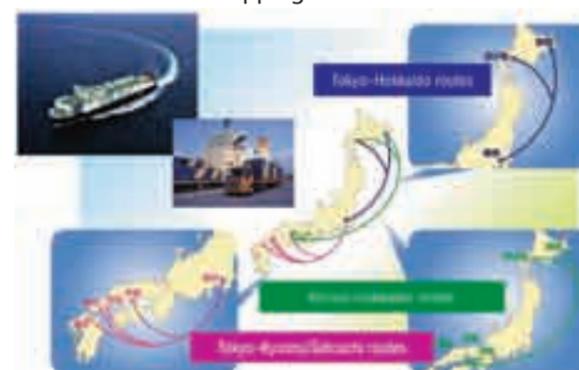
In 2003, Nippon Express and MOL Ferry Co., Ltd. launched a joint service between Tokyo and Hakata. Both companies had been operating regularly on this route but two high-speed RORO vessels\* were phased into operation by each company between October 2003 to January 2004. This not only increased both companies' total freight volume on this route by 30% but also enabled us to accelerate operations. At present, Nippon Express connects points nationwide with 10 cutting-edge large ships, comprising the three 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 many other ways, providing transport systems with low environmental impact.

In response to the increasing demand for modal shift, in recent years we have augmented the percentage of our shift from transport using mainly 12-ft containers to transport utilizing RORO vessels that can handle trailer chassis. Furthermore, 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



Himawari 1



Himawari 6

### A Manager's Perspective ▶▶▶ King Jim Co., Ltd.



**Hisashi Suzuki**  
Manager  
Domestic Shipping Business Centre  
Tokyo Shipping Office

King Jim Co., Ltd. operates factories in the Kanto Area as its main manufacturing facilities, and delivers files and other stationery supplies all over Japan from its Matsudo Logistics Centre (Chiba Prefecture).

We outlined the merits of shifting daily shipments to Kasuya-gun in Fukuoka Prefecture from truck transport to our marine transport, detailing CO<sub>2</sub> reduction and the cost benefits of trailer transport. Naturally, King Jim had reservations about cancelled voyages, as it was their first experience with domestic marine shipping. We were able to reassure our customer, by explaining the previous year's transport performances.

The trial shipment on April

2008 arrived exactly as planned. From May of the same year, we began transport officially, and we have continued to deliver this service accident-free as of now. We will continue to promote and enhance their modal shift by expanding trailer transport.



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

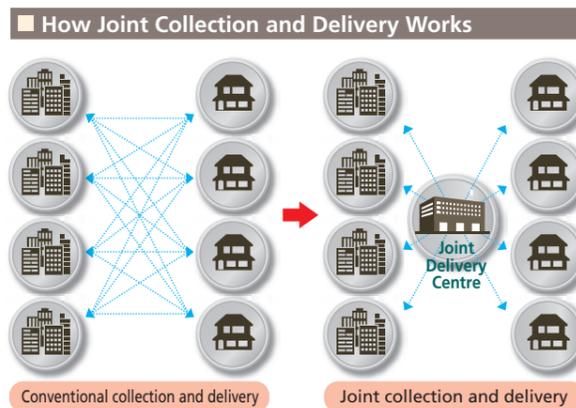
# Collection and Delivery System Improvements

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

## Joint Collection and Delivery

In urban areas, where trucks are widely used for transport, distribution has been causing major problems such as air pollution from CO<sub>2</sub>, NO<sub>x</sub>,\*<sup>1</sup> PMs\*<sup>2</sup> and other emissions, and traffic congestion. Many of these problems are seen to have resulted from a higher frequency of collections and deliveries due to smaller lots, a 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. This also increases inner- and inter-city distribution efficiency by making more effective use of truck carrying capacity. This involves creating joint distribution centres to integrate collection and delivery; efforts are underway throughout Japan.

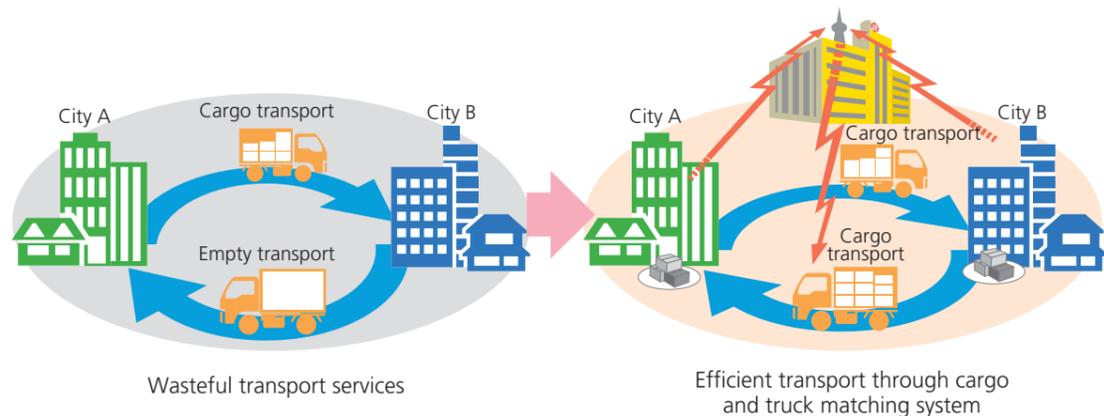


## Utilizing Cargo and Vehicle Allocation System

Nippon Express operates a cargo and vehicle allocation system, which reinforces 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. However, from July 2003 which was the time for the

system renewal, we have been using an improved system developed by the Japan Institute of Logistics Systems commissioned by 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.



\*1 NO<sub>x</sub>: Abbreviation for nitrogen oxide. In particular, high concentrations of nitrogen dioxide can be harmful to the human respiratory apparatus and cause acid rain precipitation.  
\*2 PM: Abbreviation for particulate matter. High concentrations of PM adhered to the lungs or trachea can cause damage to the human respiratory apparatus and may be a cause of cancer.

# Industrial Waste Collection and Transportation for Recycling

Nippon Express collects and transports industrial waste as part of the comprehensive logistic business. Nippon Express received permission from 109 autonomies nationwide\* as the operator of recycling logistic business. Currently, this is of high demand as effective waste recycling system. Utilizing a combination of railway and ship transportation to provide wide-area collection and delivery—be it manufacturing, sales or waste—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 terms of industrial waste, we collect and transport waste products throughout the entire process—collecting from the company discharging industrial waste, conveying the load to an intermediate treatment facility and carrying it on to the final disposal plant.

For example, we use rail containers for the collection and transport of discarded fluorescent lamps (collected by municipalities) to treatment plants. Effluent and sludge is collected and transported from factories to incineration facilities using rail containers; a safe and dependable method that has minimal environmental impact. Open top containers are used for effluent and sludge to meet specific material requirements.



Effluent and 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 the responsibility to dispose all PCBs in Japan by 2016. Since December 2004, a disposal corporation with the 100% financial backing of the government has begun to dispose PCBs.

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



Transporting PCB waste

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

Nippon Express is making vigorous efforts to reduce emissions of CO<sub>2</sub>, NOx (nitrogen oxide) and PM (particulate matter), 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 a step beyond and actively introduced eco-friendly vehicles including specially developed new models. In 2005, we reviewed the clean energy vehicles that we had been adopting until then and revised our policy. We discontinued the addition of methanol or electric vehicles to our fleet, and shifted emphasis to decreasing the emissions for our large vehicles. In fiscal 2008, we increased purchases of hybrids and vehicles that conform to the new long-term regulations for large-sized vehicles, growing our fleet to a total of 3,468 vehicles as of March 2009 just short of our 3,500 vehicle target.

Vehicle type	FY	2003	2004	2005	2006	2007	2008
Methanol vehicles		31	8	1	0	0	0
Compressed natural gas vehicles		228	264	300	337	373	430
Hybrid vehicles		61	155	229	322	407	539
Electric vehicles		2	0	0	0	0	0
LPG vehicles		998	1,079	1,120	1,143	1,140	1,191
Ultra-low PM vehicles (large type)			117	339	475	475	475
New long-term regulation vehicles*			14	139	467	572	833
<b>Total</b>		<b>1,320</b>	<b>1,637</b>	<b>2,128</b>	<b>2,744</b>	<b>2,967</b>	<b>3,468</b>

\*In fiscal 2007 and 2008, only heavy-duty vehicles that meet fuel efficiency criteria were added to the number of new long-term regulation-compliant vehicles.

### Eco-friendly Vehicles



#### Compressed natural gas (CNG) trucks

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



#### Bi-fuel CNG trucks

Used mainly in the overnight courier business and for transport of valuables, these modified vehicles run on both CNG and regular petrol. Once the CNG is depleted, the motor automatically switches to petrol, eliminating any apprehensions of running out of CNG while out on the road, covering quite a long distance in one day.



#### Hybrids

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



#### LPG trucks

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

### Eco-driving Education

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

Every year from facilities around the country, Nippon Express gathers employees who play a central role in driving instruction and conducts comprehensive instructor training.

This Driving Instructor Training Course, focuses on 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. Every year, around 1,200 drivers attend the "eco-driving" course at Izu Training Centre.

### 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.

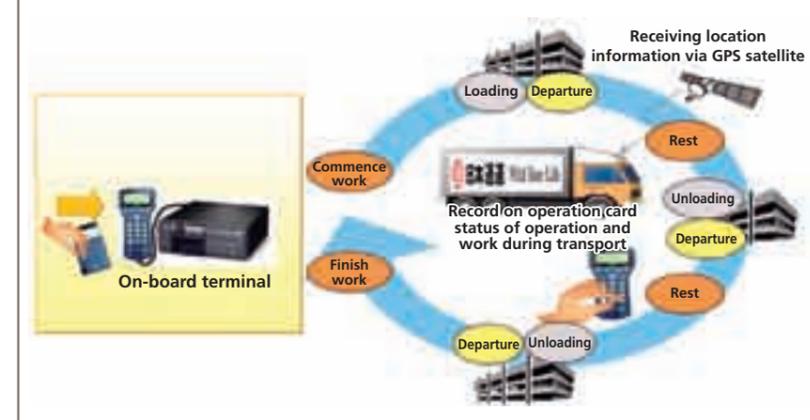
This system now makes it possible to calculate eco-driving factors for each vehicle, such as excessive vehicle speed, sudden acceleration and braking, idling time and excessive engine

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. This continual driver guidance and supervision concerning daily vehicle operations lead to both fuel efficiency improvements and safety enhancements.



Digital operation recorder

### Digital Operation Management System (conceptual diagram)



### Safe Driving Confirmation Note

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

## Initiatives for Promoting Resource Conservation and Energy Conservation

In addition to environmental innovations for truck transport, we are also promoting resource conservation in our packing materials and energy conservation initiatives in our warehouses and offices.

### 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; drastically reducing the amount of waste generated from the use of rolled cardboard and bubble wrap. Ecologicompo (Full Pack) is an excellent example of 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 involves simply slipping tableware into

cushioned pockets, rather than the conventional practice of wrapping each item in paper.

We also developed Pasocompo, packing supplies which greatly reduce the amount of packing material, such as Styrofoam, needed for shipping IT equipment.



Tableware trunk case

### TOPICS Promoting Energy Conservation through Alternative Light Fixtures

We are currently applying for Ministry of Land, Infrastructure, Transport and Tourism's subsidy for the implementation of equipment and technology promoting energy conservation. We are replacing conventional light fixtures with high-efficiency equipment. A total of 144 light fixtures have been replaced in the Fukuoka Cargo Centre at the Fukuoka Air Service Branch, as shown below, resulting in a 45% reduction in electricity used for lighting.



### TOPICS Honourable Recognition by the Metropolitan Transportation Authority (New York) —Nippon Express U.S.A. Inc.

In the United States, a country known for its vast territory, cars are essential to daily life. Pollution from exhaust fumes is a difficult problem, particularly in major cities where cars crowd the streets night and day. In an effort to lower the amount of air pollution through greater use of public transportation, the state of New York offered incentives to commuters and employers. The programme provides tax relief based on commuting costs to those who register in the programme at their place of employment. To take advantage of this great programme at Nippon Express U.S.A., we have offered registration for our headquarters' employees in the past, but we recently added additional incentives to encourage employee registration. This initiative was publicly recognized by New York's Metropolitan Transportation Authority.

After announcing their Environmental Policy in 2007, Nippon Express U.S.A. has upped initiatives toward solving environmental problems and is achieving a steady flow of successful results. These include switching to environment-friendly cars for business use and to electric-powered forklifts, as well as enhancing awareness of global warming issues through the distribution of coffee mugs to every employee, and qualifying as a partner in the SmartWay Transport Partnership Program, an environmental protection initiative sponsored by the U.S. Environmental Protection Agency.

With our 47th anniversary in 2009, Nippon Express U.S.A. aims to fulfil our duty as a member of the American society and continue to be active in improving the environment.

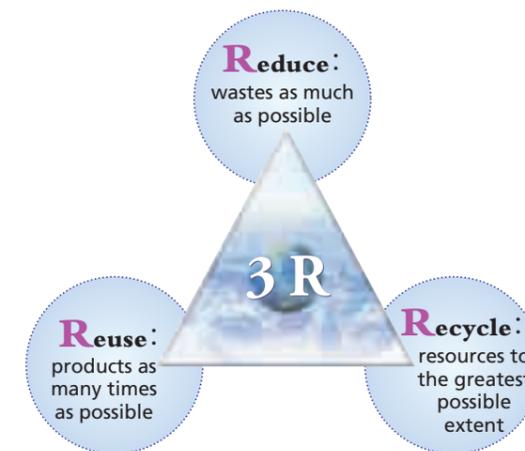


## Reducing Waste and Advancing the 3Rs

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

### Advancing the 3Rs

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

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

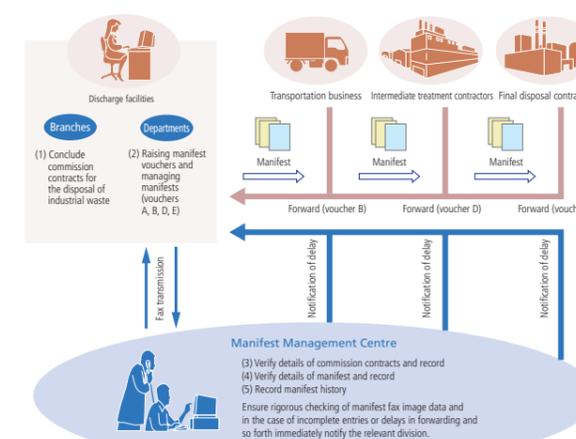
since Green Coops is linked to the accounting system, we can simplify administration procedures.



### Manifest Management System

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

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



# Environmental Certifications

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

## Obtaining ISO14001 Certification

In June 1998, Nippon Express gained ISO 14001 certification for three service centres (since consolidated into two) at the Tokyo Air Service Branch in Baraki (Ichikawa City, Chiba Prefecture), followed by five centres in March 2000, two

centres in March 2001 and, in March 2002, two more centres. We are working to obtain and enhance ISO certification at still more facilities, including those other than the Air Cargo Business Division.



ISO 14001 registered certification for Nip Logistics, Inc.

### First certifications, June 24, 1998

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

### Additional certifications, March 30, 2000

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

### Additional certifications, March 30, 2001

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

### Additional certifications, March 29, 2002

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

### New certification, May 31, 2005

Shikoku Heavy Haulage Construction Branch

## Obtaining Green Management Certification

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

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

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

As of March 2009, the situation with regard to Green Management Certification is as follows: nationwide, in the truck division 256 facilities out of approximately 900 Nippon Express nonconsolidated truck facilities, and 26 facilities of 13 group companies have obtained certification; and in the warehouse division, which began operating from July 2005, 33 Nippon Express nonconsolidated facilities and one facility in one group company have obtained certification.

## What Vehicle Conditions Are Affecting the Environment?

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

Inspection/repair items with environmental impacts	Specific impacts	Responses
■ Exhaust gases	● Black smoke: needs maintenance	● Routine visual checks for black smoke are important. ● Regularly use tester to measure black smoke concentration. ● Immediate inspections (determining causes) and maintenance are important when something is wrong.
■ Air filter	● Poor fuel economy: increases CO <sub>2</sub> ● Black smoke: needs maintenance	● Regular cleaning and changing is important.
■ Engine oil	● Poor fuel economy: increases CO <sub>2</sub>	● Regular oil changes are important.
■ Tyre air pressure	● Black and white smoke ● Poor fuel economy: increases CO <sub>2</sub> (10% pressure drop worsens fuel economy about 3%)	● Routine tyre pressure checking with tyre gauge is important.
■ Muffler	● Improper installation or damage cause noise	● Listen for unusual noises.
■ Air conditioner	● Leaking refrigerants are greenhouse gases.	● If air conditioner cools poorly, immediately inspect and repair.



Black smoke check



Air pressure measurement (pen-type gauge)



Air pressure measurement

# Environment-related Data

In our *Environmental and Social Report 2006*, for the first time we disclosed data pertaining to the Nippon Express Group's energy usage, waste emissions and other related issues. In addition, this year's report once again includes the CO<sub>2</sub> emitted by sources other than mobile emission sources such as trucks and ships. In previous reports, it was necessary to include some estimated quantities calculated from the purchase value as well as annual estimates based on fixed monthly quantities in order to compile comprehensive performance data. From this 2009 report, we have been able to introduce a system that directly inputs the exact amounts of energy usage.

## Energy Usage, Etc. of Nippon Express Group (FY2008)

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	1,000 kWh	297,898	39,584	77,822	415,304	172,649	21,969
	Diesel oil	kℓ	93,445	114,438	17,002	224,885	244,853	299,828
	Petroleum	kℓ	11,136	5,596	2,125	18,857	25,836	12,983
	Natural gas	1,000 m <sup>3</sup>	2,794	539	—	3,333	5,812	112
	LP gas	ton	10,130	3,570	—	13,700	30,389	10,710
	Heavy fuel oil	kℓ	162	2,181	—	2,343	440	5,911
	Heavy fuel oil (for ships)	kℓ	55,972	96,598	—	152,570	166,796	287,862
	Kerosene	kℓ	916	1,680	—	2,596	2,280	4,183
<b>Total CO<sub>2</sub></b>						<b>649,055</b>	<b>643,558</b>	

Type	Unit	Nippon Express non-consolidated	Affiliates		Total
			Domestic	Overseas	
Water	m <sup>3</sup>	928,361	—	—	928,361
Copy/printer paper	10,000 sheets	33,052	10,067	—	43,119
Waste	General waste	ton	36,447	11,402	47,849
	Industrial waste	ton	52,279	7,782	60,061
	<b>Total</b>	<b>ton</b>	<b>88,726</b>	<b>19,184</b>	<b>107,910</b>

- Notes:
- Data shown here is the aggregate of Nippon Express non-consolidated and consolidated companies (domestic 208, overseas 56), total 264 (as of March 31, 2009).
  - 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 200 domestic companies. In the case of overseas companies, questionnaires were collected from 42 companies. This number excludes 15 overseas companies where either offices are included in other consolidated companies or where no Japanese representative is present.
  - The numerical values include provisional calculations of quantities used from purchase value, or provisional calculations restored to annual quantities from fixed monthly quantities.
  - The 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 (FY2008: Nippon Express non-consolidated)

Industrial waste items	No. of control manifests for industrial waste	Weight (kg)	Weight distribution ratio
1 Sludge	196	2,165,401	4.14%
2 Waste oil	254	153,306	0.29%
3 Inflammable waste oil	5	2,012	0.00%
4 Waste acid	5	12,757	0.02%
5 Waste alkali	17	126,707	0.24%
6 Waste plastics	15,336	16,223,828	31.03%
7 Waste metal	1,437	2,345,274	4.49%
8 Waste glass	222	348,511	0.67%
9 Waste rubber	1	23	0.00%
10 Combustion residue	2	5,928	0.01%
11 Debris	64	252,346	0.48%
12 Mixed waste	1,472	6,917,226	13.23%
13 Animal and plant residues	227	1,087,566	2.08%
14 PCB waste	6	4,981	0.01%
15 Infectious waste	1	25	0.01%
16 Wood shavings	5,850	22,254,555	42.57%
17 Others	220	378,906	0.72%
<b>Total</b>	<b>25,315</b>	<b>52,279,352</b>	<b>100.00%</b>

- 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 3 above, where a company other than Nippon Express occupies a facility, this may be totalized as emissions of Nippon Express.

## Emissions of Substances Reportable under the PRTR Law (FY2008)

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/yr)	Main substance	Main use
Reportable business category but amount used by facility is under reporting threshold	21	1,063	Methyl bromide	Warehouse fumigation
Not reportable business category but facility uses reportable substance	21	51,869	Methyl bromide, Hydrogen cyanide	Fumigation for operations incidental to import customs clearance

## CO<sub>2</sub> Emission Reductions in FY 2008

Product Name	Basic unit (kg-CO <sub>2</sub> )	CO <sub>2</sub> emissions (t-CO <sub>2</sub> )
Conventional form	87.926	16,990
Ecologicompo	Full Pack	5.506
	Half Pack	43.129
	Self Pack	67.141
	Subtotal	11,552

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



## Environmental Accounting

Nippon Express regards the introduction of environmental accounting as an important indicator for evaluating environmental management. In the future, we intend to

develop more detailed indicators but, for this year, we are reporting the main investments in environmental conservation.

## Investments in Environmental Conservation (FY2008)

Investment category	Major examples	Amount (million yen/year)
Investment in modal shift	Rail transport containers (Eco-Liner 31, Big Eco-Liner 31, etc.)	115
	Ship containers (R&S container, etc.)	174
	Tractors and trailers for freight containers	605
Investment in reusable packing materials for moving	Ecologicompo, netted blankets, high-pad, etc.	183
Vehicle-related investments (eco-friendly vehicles, etc.)	CNG, hybrid and LPG vehicles, heavy-duty vehicles that meet fuel efficiency	2,889
Costs for appropriate waste disposal and management	Costs related to Manifest Management Centre	37
Costs for Environmental Management System registration	ISO 14001 and Green Management certification	20
Investment in planting greenery	Forest cultivation project, landscape gardening and other work at branches	42
<b>Total</b>		<b>4,065</b>

\*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.

# Safety Initiatives

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

## Commitment to Safety

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

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

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

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

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

**We will undertake daily risk prevention activities.**

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

**We will remain conscious of safety and endeavour to prevent accidents.**



## 2009 Safety and Health Management Policy

Employee safety and health is the foundation of the company's competitive existence and assuring the safety and health of our employees is considered the social responsibility of the company. We shall establish our safety-first policy in the workplace through implementation of the following guidelines in accordance with a management philosophy based on in human dignity.

1. Adhere to relevant laws and regulations and in-house regulations
2. Take every measure to assure safety and adhere to fundamental operational rules
3. Continually improve safe transport management
4. Foster health awareness in the workplace
5. Promote the health of employees through improvements in lifestyle habits

## Transport Safety Management

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

The Transport Safety Management method makes sure the "Safety First" policy is entrenched throughout the organization, based on senior management-led initiatives, building a "safety culture" within the company through the proper application of the PDCA (plan, do, check, action) cycle and cultivating two-way communication between business management divisions and the workplace.

Excellent progress has been made with the implementation of the transport safety management, including our second evaluation by the Ministry of Land, Infrastructure, Transport and Tourism in November 2008 and the internal audit carried out by our internal

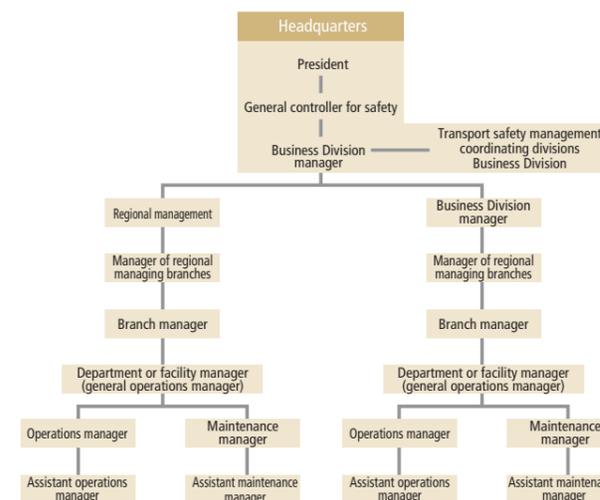
ISO audit committee in December.

Nippon Express will continue to improve and enhance our transport safety throughout the company.

### Actual Costs Incurred for Transport Safety (FY2008)

Item	(Unit: million yen)
Labour cost of safety-related positions (domestic)	1,892
Educational costs (training at headquarters)	593
Material publishing	7
Nippon Express Group National Safety and Health Convention	1
Digital operation recorders, etc.	526
Accident and injury prevention awareness material, etc.	6
SAS screening test	22
Accident and disaster record database, <i>Hiyari-hatto</i> Incidents Pamphlet	10
Other safety provisions	87
<b>Total</b>	<b>3,144</b>

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



Izu Training Centre for safety education and training

## Safety Training Programme Sponsored by Headquarters (FY2009)

Course name	No. of times held	No. of participants	Course name	No. of times held	No. of participants
New Employee Course (local) (Technical skills)	3	300	Port Transport Training Course	1	20
New Technician Supervisor Course	4	240	New Employee Guarded Transport Course	6	345
Basic Safety Management Course	6	420	Guarded Transport Follow-up Course	4	220
Advanced Safety Management Course	1	70	Guarded Transport 5-year Employee Refresher Course	3	125
Operations Management and Maintenance Management Course	1	70	Guarded Transport 10-year Employee Refresher Course	2	110
Basic Driver Instructor Course	6	270	Guarded Transport New Assistant Officer Course	1	50
Driving Instructor Training Course	5	175	Guarded Transport Assistant Officer Course	2	90
Trailer Driving Instructor Training Course	1	35	Guarded Transport Commanding Officer Course	1	40
Driving Instructor (Supervisor) Workshop	2	100	Guarded Transport Instructor Training Course	1	20
Trailer Driving Instructor Follow-up Workshop	4	180	Guarded Transport Instructor Advanced Course	1	50
Driving Skills Training Workshop	2	90	Guarded Transport Business Centre Operations Supervisor Course	1	40
Prep Workshop for Truck Driver Contest	3	100	Fine Art Transport Instructor Training Course	1	15
Basic Forklift Operator Instructor Course	4	140	Fine Art Transport Instructor Follow-up Course (Advanced)	1	10
Forklift Operator Instructor Training Course	3	100	Fine Art Transport Instructor Follow-up Course (Basic)	1	10
Forklift Operator Instructor (Supervisor) Workshop	2	100	Fine Art Basic Handling Course	3	60
Forklift Operator Instructor Follow-up Workshop	2	100	Fine Art Transport Special Handling Advanced Course	3	60
Forklift Operator Driving Training Course	3	90	Introductory Heavy Construction Machine Operation Course (new employees, new positions)	1	12
Forklift Driving Competition Prep Workshop	1	40	Basic Heavy Construction Machine Operation Course I	1	20
Basic Oversized Forklift Operator Course	2	70	Basic Heavy Construction Machine Operation Course II	1	30
Regular Voluntary Inspection Training Course	1	30	Heavy Haulage Transport Instructor Training Course	2	50
Basic Freight Forwarding Course	1	30			

Total no. of times held: 94

Total no. of participants: 4,127

## Obtaining Certification under Safety Evaluation Programme

Scores are given by the National Freight motor Transport Rationalization Programme Implementation Agency (the Japan Trucking Association) in three areas: legal compliance, accidents and violations, and vigorousness of safety efforts. Results are referred to the Safety Evaluation Committee; and the evaluation is issued after the committee's report.

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

The total number of facilities certified as excellent safety facilities as of FY2008 was 775 (85.3% of all facilities). In addition, a total of 212 facilities in branches and affiliated operation

companies have been certified.

Nippon Express will continue with its initiatives to certify facilities that have not yet been approved.



Excellent safety facility logo

## Alcohol Check

With the Revised Road Traffic Act that came into effect as of June 2009, administrative penalties for driving under the influence of alcohol have become even harsher. As part of Nippon Express' effort to eradicate drink driving, we require all drivers and forklift operators to pass a sobriety test with an alcohol detector, whether or not they have consumed alcohol the day preceding their shift. Blood alcohol checks are enforced both before and after shifts. We are emphatic about our drunk driving education, taking advantage of all opportunities to educate employees, including various safe driving training programmes and poster campaigns discouraging driving under the influence of alcohol.



## Traffic Accidents

We regret to report that Nippon Express had two fatal accidents in 2008, and the number of injuries, as well as the kilometre and vehicle rates have all worsened compared to the 2007 results. We performed a full analysis of each incident to determine the cause of the accident as well as influencing factors, and are taking every measure to assure better safety and prevent future traffic accidents in 2009.

### Traffic Accident Data

	2005	2006	2007	2008
No. of accidents resulting in injury or death nationwide	933,828	886,864	832,454	765,510
No. of traffic accidents resulting in injury or death in Nippon Express	198	182	192	196
Km ratio	1.13	1.13	1.34	2.21
Vehicle ratio	0.025	0.025	0.029	0.047
Number of fatal accidents in Nippon Express	1	2	0	2

Km ratio: Number of traffic accidents occurring per 1 million km travelled  
 Vehicle ratio: Number of traffic accidents occurring per 1 fleet vehicle  
 (Km ratio and vehicle ratio traffic accidents include accidents resulting in damage to property or other vehicles. However, calculations until 2007 do not include accidents for which damages incurred were less than ¥100,000.)

## Labour Accident Prevention Training

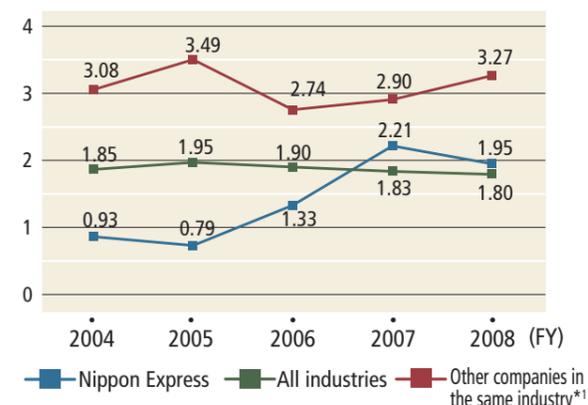
Nippon Express' severity rate and accident frequency rate both worsened in 2008 in comparison to the 2007 results.

Upon analyzing the causes of these work-related accidents, we found many cases in which employees were injured due to failure to follow the procedures detailed in the Safe Working

Procedure Manual.

Our goal for 2009 is to proactively work to prevent labour accidents from occurring through strict confirmation of work procedures before the start of each task, and the heightening of our awareness of danger through risk prediction training.

### Accident Frequency Rate\*2

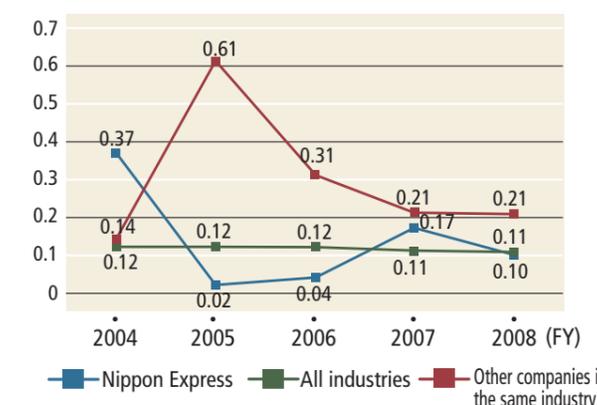


■ Nippon Express ■ All industries ■ Other companies in the same industry\*1

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

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

### Severity Rate\*2



■ Nippon Express ■ All industries ■ Other companies in the same industry\*1

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

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

## Reporting Hiyari-hatto Incidents

Nippon Express has been officially reporting *hiyari-hatto* incidents since April 2007. *Hiyari-hatto* in Japanese describes a situation that had the potential of developing into an accident and disaster, but did not.

All *hiyari-hatto* incidents that occur anywhere in Japan are reported monthly to Nippon Express headquarters via respective branch managers. In September 2008, we published 180 selected reports in an illustrated *Hiyari-hatto* Incidents Pamphlet to provide valuable feedback to workplaces all over the country.

We also sponsor the *Hiyari-hatto* Campaign twice a year and present commendations at the yearly Nippon Express Group National Safety and Health Convention for outstanding safety initiatives.

Such information sharing scheme between the business management divisions and the front line is another practical method for collecting information through the Transport Safety Management.



Risk prediction training through a *Hiyari-hatto* Incidents Pamphlet



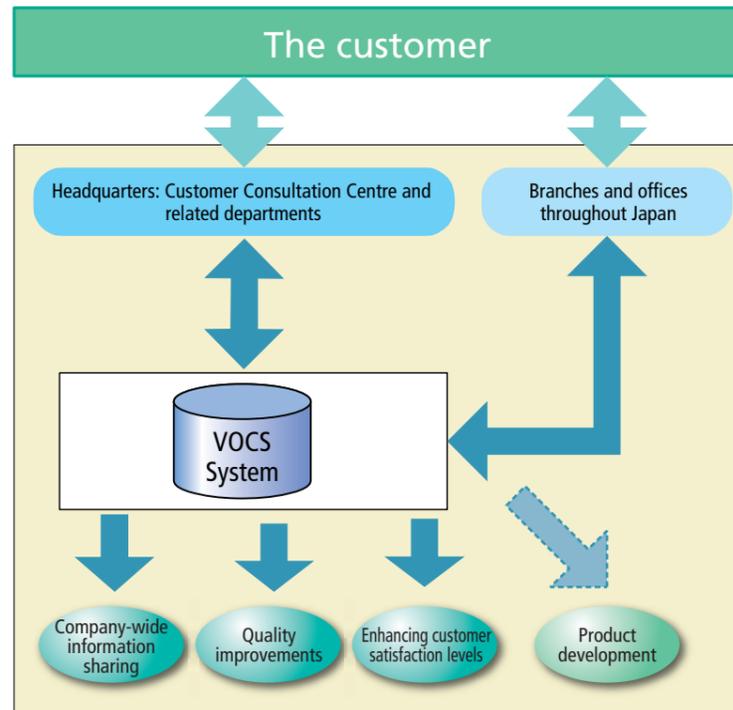
Confirming daily targets

# Customer Involvement

Nippon Express is dedicated to its mission as a transportation company and continually earning the trust of society. Each Nippon Express employee promises to do his or her best at all times to contribute to the daily activities of our customers and the development of society.

## From the "Voice of the Customer"

We are building a system for inter-communication not only with senior management, but with every corporate sector, through the documentation of customer opinions, requests and claims. We aim to use this valuable database in future for product and service development.



## A Manager's Perspective ▶▶▶ Development of VOCS



**Koichiro Goto**  
Assistant Group General Manager,  
Customer Service Centre

As a major freight transportation company, no product is more important to Nippon Express than cargo transport and related services. In recent years, the demand for improved customer service within Japan has greatly increased, and will soon result in the establishment of the Consumer Affairs Agency. In a proactive response to the situation, Nippon Express has created a central management system to handle opinions, requests, inquiries and claims funnelled through headquarters, while ensuring strict protection of personal data. The system was implemented not only to ensure speedy customer response and digitalisation of critical data, but also to ensure corporate-wide transparency of information. We have

been developing the VOCS system since 2005, and have achieved a substantial level of success toward these goals. Our next step is to register such customer inquiries from all branches and business offices throughout Japan, highlighting integrated service for all corporate locations. We aim to share as much information as possible in a manner beneficial to all employees. We envision this widespread information sharing to help us improve service quality and develop new products. We will also apply useful information to the continuous innovation, enhancement and improvement of our consciousness, organization and systems, based on the ISO 10002, quality management guidelines for complaints handling in organizations.

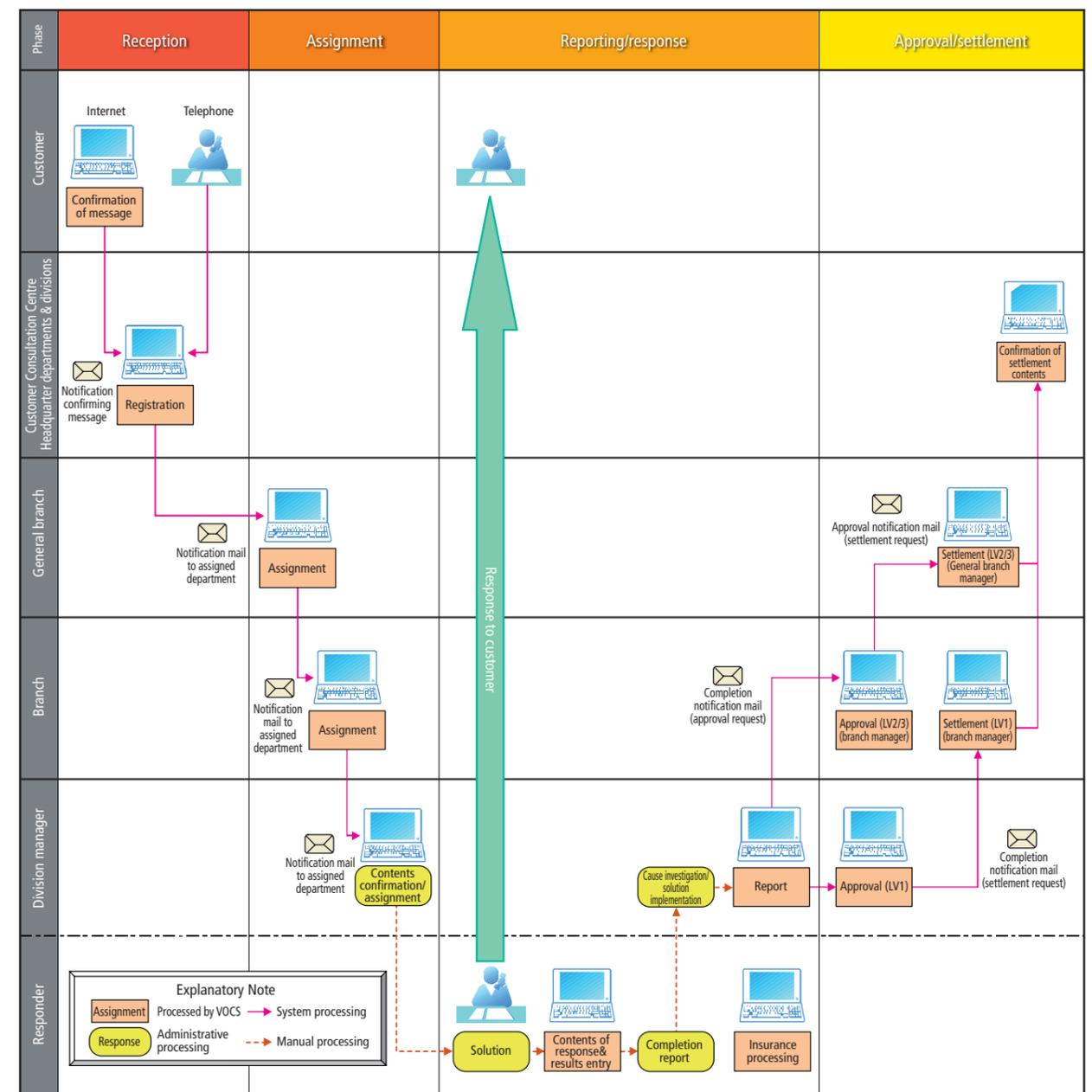
## VOCS (Voice of Customer Solution)

VOCS is our centralized system for managing customer inquiries, opinions and complaints in an integrated manner via the Nippon Express website. It also ensures speedy and high-quality responses to the individual. When the help desk in each division or unit receives customer feedback or complaints, they confirm the contents of each e-mail and assign a corresponding branch or department to respond appropriately. The customer receives a prompt, direct response. Meanwhile, information such as intermediate status and final results are retained for other departments to access as needed (on a limited basis to safeguard privacy of personal information).

Special attention is naturally required for complaints, including investigation into cause and the consideration of measures to prevent recurrence. An individual case is not closed until the assigned employee and managing branch representative have approved both a solution and settlement.

Communication via telephone and traditional mail is entered into the system and processed in the same manner as website inquiries by the corresponding help desk. This accumulated information is shared with the entire company and is outputted as baseline data for quality and operational improvements.

### VOCS Flowchart



# Support for Corporate Customers

At Nippon Express, we not only strive to reduce CO<sub>2</sub> emissions in our own activities, but also provide our corporate customers with proposals to develop more rationalized and energy-efficient logistics. We additionally hold Modal Shift Seminars demonstrating how this concept can help our customers' business (See page 13 for modal shift).

## Modal Shift Seminar

Every year, Nippon Express sponsors a Modal Shift Seminar for customers, combining worksite visits to observe approaches to energy-efficient logistics with the provision of vital information. Tours of cargo areas in railway transport and domestic ocean vessels are coupled with insights into the features of our railway and marine transportation and our administrative trends for

reducing the environmental impact caused by our transport services. Nippon Express salespersons join these seminars to help deepen the customer's understanding of modal shift methods. We consider our environmentally friendly logistics activities a vital part of our social responsibilities.

### Demonstration of Railway 31-ft Container Cargo Handling



### Touring Cargo-handling Area of RORO Vessel\*



\*RORO vessel: see page 15

## TOPICS

### Benesse Corporation

In May 2008, Benesse Corporation established a logistics centre in the town of Nakai in Kanagawa Prefecture (within the Nishi-Kanagawa Branch) to support its mail-order business. Benesse, a leading national provider of correspondence courses and mail-order business, began by planning a distribution centre capable of handling the high volume of shipping generated by the firm's expanding catalogue sales.

The Nippon Express proposal for a new delivery centre was selected from amongst those submitted by several logistics companies.



Delivery centre exterior



Delivery centre interior

**Yoshiaki Arimura** (left), General Manager of Procurement & Logistics Department, Base Management Division  
**Hideto Hasegawa** (right), Assistant Manager of Procurement & Logistics Department, Base Management Division

**Please tell us why you selected Nippon Express to help establish your new distribution centre.**

The main reason is naturally, the cost of logistics. We were looking for the cheapest service, but we were looking for a good service at a competitive cost. We based our decision largely on Nippon Express' past record of distribution centre management. After visiting numerous centres, we found that Nippon Express offered the highest quality available.

**Are you satisfied with the centre as it is? Are there any other issues that you would like Nippon Express to address in the future?**

We were extremely pleased with the way Nippon Express swiftly dealt with each issue that came up during the entire process of setting up the distribution centre. As we develop the centre, we will continue to depend on Nippon Express as the logistics professionals. We expect great efforts from Nippon Express with its wide range of transport models.

### A Manager's Perspective ▶▶▶ Always the Best Partner



**Junji Azuma**  
 Assistant Group General Manager,  
 Third Party Logistics Division

We deeply value such praise from Benesse Corporation and will continue to cooperate with onsite teams to provide optimum operations and initiatives to meet all of their business and shipping needs.

We are currently working on a proposal for overseas procurement logistics support. We aim to provide "one-stop solutions," ensuring increasingly efficient logistics services to meet emerging situations.

# Personnel Training and Workplace Environment Initiatives

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

## Personnel System

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

### ● Human Dignity

Regard each employee as an individual with emotions and will, not as mere labour.

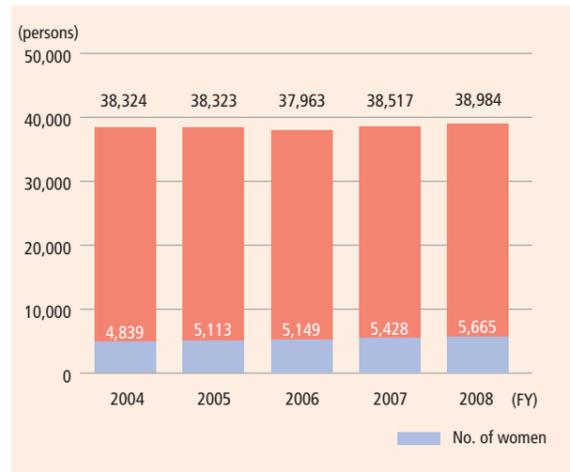
### ● Emphasis on Performance

Implement an ability-focused personnel system based on demonstrable achievements.

### ● Utilize Talent

Endeavour to place talented employees in non-clerical jobs.

## Total Number of Employees



## Employees (FY2008)

Total no. of employees	38,984	Average age	40.4
Men	33,319	Average years of service	16.9
Women	5,665		

## Personnel System Reform

To make the personnel system more acceptable to employees and to increase their job motivation through fair and impartial evaluations, we instituted a Job Function Qualification System and Goal-based Personnel Evaluation System in April 1999.

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

## Human Resources Development

To ensure continuous corporate growth, it is important to nurture "the culture for developing human resources." At the same time, a rapidly changing business environment requires companies to develop independent-minded employees and next-generation leaders. It is also important to reinforce business and frontline operations, promote CSR education, and cultivate personnel who can help realize our corporate goals.

To respond to these demands, we established our education and training policy for fiscal 2009 as described as follows, and are promoting human resources development.

### ■ Promote corporate philosophy and establish corporate ethics

Be the trustworthy company in society where our employees are proud of belonging and satisfied in their work. For this we aim to create the new Nippon Express mind.

### ■ Restructuring of OJT

Through undergoing training on practical development methods, such as coaching, our managers' communication abilities and leadership will be improved so that their subordinates enjoys the culture for individual development.

### ■ Develop independent-minded human resources

We will encourage the transformation of our employees to become

more independent minded employees who will act upon their thinking. We will raise awareness of our employees' career and will try to maintain and improve motivation.

### ■ Reinforce frontline operations

By enhancing the capabilities of frontline management level employees and technical supervisors, we will strengthen our comprehensive frontline operations.

### ■ Enhance sales operation training

Develop common understanding of sales operation in every employee.

### ■ Develop next-generation leaders

We will continue to produce leaders capable of responding to a rapidly changing business environment.

### ■ Develop global human resources

With the policy of overseas operations training, we will fulfil additional programs in order to develop people who can work globally.

### ■ Promote diversity management ready to foster a multitalented range of employees

In particular, we will establish training programmes designed to

promote an increased presence of female employees.

### ■ Ensuring our employees' job satisfaction and developing a culture for self-motivated learning

We will enhance our self-development framework, built around correspondence courses, to encourage individual employees to create and achieve their own goals. An open application system for the training programme will encourage employees' voluntary participation.



Leader Development Workshop (Management class)

## FY2009 Education and Training Distribution Chart (Level-based employee education)

Level	Business and Administration Personnel		Skilled Technicians	
	Group training	Distance learning (required)	Group training	Distance learning (required)
Level 1	<ul style="list-style-type: none"> <li>Branch Manager Workshop</li> <li>New Branch Manager Training</li> <li>New Deputy Manager Training</li> </ul>	<ul style="list-style-type: none"> <li>Management ability development training</li> </ul>		
	<ul style="list-style-type: none"> <li>Section Manager Follow-up Training</li> <li>New Section Manager Training</li> <li>Section Manager Advancement Training</li> <li>New Assistant Section Manager Training</li> </ul>	<ul style="list-style-type: none"> <li>Leader Development Workshop (Management class)</li> <li>Career Development Workshop (at age 40)</li> </ul>		
	<ul style="list-style-type: none"> <li>New Mid-career Employee Training (Nationwide: business, administration)</li> <li>Mid-career Employee Training</li> </ul>	<ul style="list-style-type: none"> <li>Administration ability development training</li> </ul>	<ul style="list-style-type: none"> <li>Leader Development Workshop (mid-career employees)</li> <li>Career Development Workshop (at age 30)</li> </ul>	
	<ul style="list-style-type: none"> <li>3rd Year Training</li> <li>2nd Year Training</li> <li>New Employee Training II (Nationwide: business, administration)</li> <li>New Employee Training I (Nationwide: business, administration)</li> <li>New Employee Training (Regional: business, administration)</li> </ul>	<ul style="list-style-type: none"> <li>Pre-management training</li> <li>Essential knowledge training</li> </ul>	<ul style="list-style-type: none"> <li>Operations Basic Training</li> <li>OJT Instructor Refresher Training</li> <li>OJT Instructor Training</li> <li>Sales Skills Refresher Workshop</li> </ul>	<ul style="list-style-type: none"> <li>Technical Supervisor Refresher Workshop</li> <li>New Technician Training</li> <li>Essential knowledge training</li> </ul>
				<ul style="list-style-type: none"> <li>New Employee Training II (Technical skills)</li> <li>New Employee Training I (Technical skills)</li> </ul>

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

## Relationship with the Labour Union

The All Nippon Express Labour Union was launched in 1946 and, as of May 31, 2009, has approximately 27,000 members. With a strong relationship of trust, the company and labour union have affirmed that they mutually respect the other's situation and will maintain the order between labour and management. They will 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 Headquarters, block management councils in each block, regional managing branch committees in each regional managing branch and branch committees in each branch. These hold discussions and inquiries or give reports about important matters in business operations.

## Commitment to Human Dignity

Nippon Express' compliance rules recognize the United Nations' Universal Declaration of Human Rights,\* and on that basis, prohibit all actions leading to discrimination, sexual harassment and so on. In line with this thinking, we use every opportunity to provide training on preventing 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 any other such treatment, we have arrangements for reporting and consultation through our whistleblower system—"Nittsu Speak Up"—which enables us to prevent and address discrimination and similar behaviour through immediate action.

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

## Initiatives to Support the Nurturing of the Next Generation

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

Nippon Express formulated a General Employer Action Plan in April 2005; the first term of this plan ended in September 2007, with a total of 116 men and women taking childcare leave. As of October 1, 2008,

76.5% of the employees taking childcare leave between October 2006 and September 2007 have returned to work. With our target set at a return rate of 77.5% for fiscal 2009, we are involved in a variety of projects, such as workplace environment improvements, to make the return to work smooth and comfortable.

The second term of this plan was initiated in October 2007 and will last for a period of three and a half years. Based on the concept of our General Employer Action Plan, we continue to encourage employees to take childcare leave, implement self-awareness training for the purpose of reducing overtime working and have instituted an onsite education programme as part of our social contribution activities in each region.

## Workplace Healthcare

Nippon Express has assigned health advisors to all branches for employee health guidance. Advisors conduct regular health check-ups and give health counselling to individuals.

Our Health Management Policy sets forth the basic regulations on health management and places priority on key issues, particularly the prevention of overwork and mental health-related problems.

Specific mental health initiatives seek to heighten employee awareness through e-mail distribution of information, an ongoing activity since October 2008. In addition, we are striving

to increase the effectiveness of mental care in the workplace, enhancing sensitivity and the communication between managers and staff through special managerial training.

Our employees receive medical guidance from an appointed physician, regarding the prevention of overworking based on health laws, while our health advisors offer advice in one-on-one meetings. We also work with offices and centres that log in an abundance of overtime, devising initiatives to reduce total work hours while acknowledging the special needs of each workplace.

## Women in the Nippon Express Workforce

As active involvement of women is imperative for corporate expansion, Nippon Express is aggressively promoting the hiring of female employees.

### Transition of the Number of Employment

Fiscal year	No. employed	No. of women	Percentage
2003	786	113	14.4%
2004	923	144	15.6%
2005	1,004	226	22.5%
2006	1,373	471	34.3%
2007	1,515	416	27.5%
2008	1,680	519	30.9%
2009	1,257	366	29.1%

At its Izu Training Centre, Nippon Express tutors employees in fundamental driving and maintenance skills as well as providing safe driving and operational practice designed to prevent driving and forklift operating accidents. Female forklift operators work as instructors, playing an important role in the development of a "strong workplace."

Female employees also oversee curricula planning and management for educational training programmes at the same centre, allowing drivers, forklift operators and other employees from across the country to enjoy smooth progress through our educational training course.



Education & training staff at Izu Training Centre



Forklift operator instructor

## Employment of Disabled People

In an effort to step up employment of disabled people, Nippon Express is expanding the range of occupational fields offered at every centre throughout Japan. As part of these activities, Nittsu Heartful Co., Ltd. was founded in November 1997, and was accredited as a preferential subsidiary of Nippon Express under the Handicapped Persons' Employment Promotion Act in May 1998. Nittsu Heartful handles internal mail and business card printing for Nippon Express headquarters. Our Gambaritai Group is another business support service, assigning disabled employees to various Nippon Express locations in the Tokyo area. In support of the Gambaritai Group, we position a dedicated manager in each location to act as a close liaison between the employee, family, special-needs school, etc., to help the employee feel comfortable in his or her workplace.

### Increased Employment Rate of Disabled People (total per FY)

FY2005	1.92%
FY2006	1.95%
FY2007	2.05%
FY2008	2.08%



Nittsu Heartful staff



Internal mail service



Business card printing service

## TOPICS

### A Member of the Gambaritai Group



Hirotaka Kitatani  
Tama Branch

I am working at the Tama Branch Distribution Centre, boxing home appliances to be shipped to different locations.

When I was in high school, I participated in a practical work programme at a Nippon Express distribution centre doing the same work. Three years ago I graduated from high school and started working as a member of the Gambaritai Group at Nittsu Heartful Co., Ltd.

On days when there is a lot of product to ship, work is really hard. But everyone at work has taught me and shown me great kindness over the past three years. In addition, my parents are proud of how hard I work and how I rarely miss work.

I want to work even harder so that someday I can be independent.



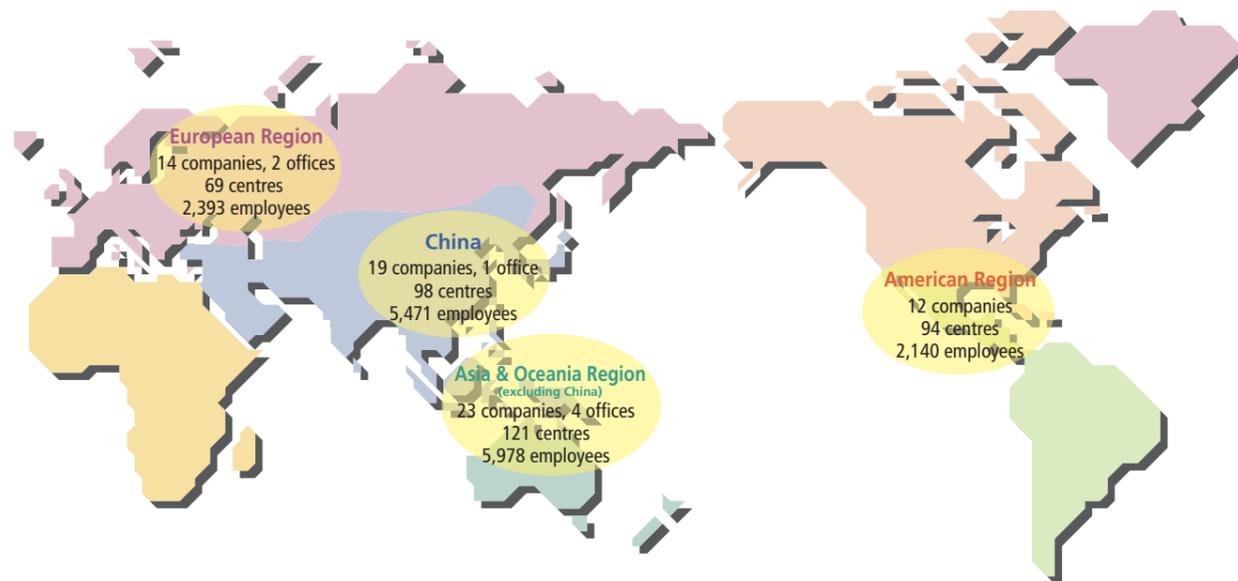
Workplace atmosphere

## Employees Supporting Overseas Networks

It was 1958 when Nippon Express established its New York representative office, the first overseas office, and 2008 marked the 50th anniversary of its overseas reach. We currently have 15,982 employees in 382 locations within 211 cities spanning 37 nations, providing international services such as marine and

air cargo transportation and overseas travel. Nippon Express Group is reinforcing the development of national staff (local hires) in an effort to provide pluralistic services with local companies in each country, as a global logistics provider.

### Overseas Network Outline



As of March 31, 2009

## TOPICS

### Initiatives to Promote Localization through Human Resources Management

Since I joined the company in 1998, my view toward work has changed with the development of the company. Initially, what I was doing was simply work. But now I have developed more professional outlook and see my job as a life time project.

In accordance with the corporate policy of "promoting localization," Nippon Express (China) brought in the GL System\* in 2005 to improve human resource management. Following consultants' advice, we incorporated job clarification, clear management objectives and evaluation-dependent rewards into a management strategy responsive to marketing in China. The strategy is uniquely targeted to our conditions, and has been officially adopted by Nippon Express (China).

In the midst of the global economic downturn, the Nippon Express (China) office aims to reinforce human resource training as one of our strategic goals for 2009, and has launched the first of its 13 rank-based educational programmes, targeting for all branches. As I am in charge of this programme, I sense top management's high expectations for all employees to increase group management capabilities and seek new challenges. In each programme, I therefore focus on raising participants' motivation by communicating these expectations from the top. I believe that individual initiative is the first step toward improvement.

#### Zuo Jingcheng

Manager, Administration Division  
Nippon Express (China) Co., Ltd.



\*GL System: Abbreviation for Grade/Level System. Human resource evaluation system which categorizes job responsibilities based on grade of difficulty (grade) and level of proficiency to determine personnel promotions

## Together with Society

# Communicating with Society

In order for a larger number of people to know about Nippon Express' CSR initiatives, we conduct wide-ranging communication activities, most of which take the form of environment-related events and guest lectures at universities or workshop seminars for companies or citizens. We also accept a large number of students as interns from various schools, helping to enhance and deepen the public's understanding of the Nippon Express business.

### Presentation at "Logis-Tech Tokyo 2008"

Nippon Express and Nittsu Shoji, Co., Ltd. participated in the four-day "Logis-Tech Tokyo 2008" from September 9 to 12, 2008 at Tokyo Big Sight (Tokyo International Exhibition Center). The Nippon Express exhibit theme was "Create New Value—Creating New Value from Logistics," while that of Nittsu Shoji

was "An Evolving, Environment-friendly Logistics System." The latest logistics service initiatives were presented through panels and presentations. Actual logistics equipment such as containers and pallets were also displayed.



### Involvement with Schools in China

Guangzhou Multi-logistics Centre, launched in 2008, donated books, basketball, badminton and table tennis equipment to elementary schools in the Luogang District (Guangzhou City) where the centre is located. The presentation took place during the June Duanwu Festival, which is the Chinese equivalent of Japan's Children's Day, and on Christmas, as part of community-based management operations.

Guangzhou Multi-logistics Centre also invited local school board officials and children to the centre to promote exchange activities. A sketching contest was held in the facility after the observation tour. The school principal has given the children's artwork which is now displayed throughout the centre.



Company observation day for elementary school students in China

# Social Contribution Programmes

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

## Environmental Education

Youth X change is an environmental education programme promoted by the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the United Nations Environment Programme (UNEP). Targeting young people between 15 and 25 years of age, youth X change seeks to raise awareness of lifestyles and consumer habits in line with a sustainable society. As the first Japanese company to cosponsor the initiative, Nippon Express created Japanese-language educational CDs for classroom use. We also produced *kids X change*, learning materials modified for Japanese elementary school children. We also sponsor other activities heightening the appeal of environmental education as part of our overall charity work. The *kids X change* publication includes a teacher's manual and educational materials for fourth through sixth grade students. The materials were completed in January 2008 and introduced into classrooms in March 2008 by 73 elementary schools mostly located in the Kanto region.

Our other activities include the UNESCO School Symposium, jointly sponsored by the Ministry of Education, Culture, Sports, Science and Technology, and held in July 2008 at Nippon Express

headquarters. We conducted a model lesson using the *kids X change* textbooks with students from Shinonome Elementary School (Koto Ward, Tokyo), and held a panel discussion concerning education for sustainable development (ESD).

As of March 2009, 33 schools have integrated our *kids X change* textbook into their curriculum, helping 2,423 children learn more about the environment. Nippon Express also makes periodic visits to one of these schools, working with six different classes in person to encourage further understanding. We will continue our support for ESD in the future as well.



Classroom scene at an elementary school



Special lesson held at the Nippon Express headquarters



Symposium

## Forest Cultivation Project

Nippon Express established the Nittsu Forest (70 ha.), part of the great forests in Iide Town in Nishi-Okitama-gun, Yamagata Prefecture, and actively contributes to the Nakatsugawa Property Ward Forest Cultivation Programme (tree waste removal). Nippon Express employees and their families have contributed to a project to cultivate forests on 2 ha. of land since October 2007.

Cultivation activities were held again in May, August and October of 2008 to remove undergrowth, thin the woods, clear dead trees, plant new trees, make stairs and work paths with materials gathered from thinning, and inoculate mushrooms. In addition, we planted 800 beech tree saplings in October 2008.



Summer: removing undergrowth



Spring: inoculating mushrooms



Fall: planting beech tree saplings

## Fund for the Future—"Click Donations"

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

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

Fiscal 2008 click donations totalled 4,319,636 yen.



# Corporate Governance System

Nippon Express strives for transparent and efficient business management as we establish a firm corporate governance system.

## Our Thinking on Corporate Governance

Nippon Express' fundamental thinking related with corporate governance is "the realization of speedy management through quick decision making" and "the establishment of a clear division of responsibility." Specifically, since June 2001 the number of the board members was reduced from 25 members or less to 15 members or less. Furthermore, the term was shortened from two years to one year. All this resulted in revitalizing the board and speeded up decision making. Attempts were made to clarify each directors' management responsibilities for each business year. At the same time, the Company has introduced a board of executive officers with

the goal of ensuring rapid execution of operations.

As of March 31, 2009, we had 15 directors and 27 executive officers (14 of who also acted as directors). In addition, our auditors attend board meetings and other important conferences, review key documents, visit our main facilities for audits, perform reviews at subsidiaries, and report all results at meetings of the board of auditors and the board of directors. The board of auditors functions as a supervisory institution that operates from an objective point of view. As of March 31, 2009, we had four auditors (three of who were outside auditors).

## Creating Internal Control Systems

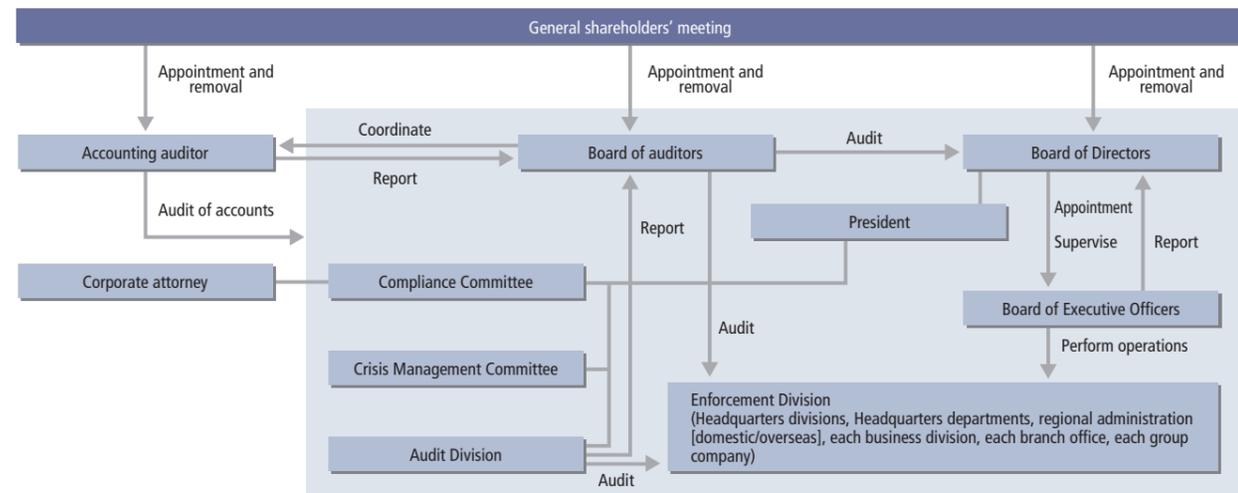
In order to conduct business fairly and efficiently, it is important to implement firm internal control systems. Nippon Express has created effective control systems, including a compliance system, a risk management system, an internal audit system and a system to assure fair business operations in all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

In addition, with the enactment of the Corporate Law in May 2006, Nippon Express adopted and instituted the Basic

Policy Relating to the Establishment of an Internal Control System at a board of directors meeting.

In accordance with a partial revision of the Securities Listing Regulations at the Tokyo Stock Exchange, the Basic Policy for the Exclusion of Antisocial Forces was adopted and instituted at the Board of Directors meeting in April 2008, providing a response to the need for a regulation to prevent the intervention of antisocial forces in our corporate activities.

### Corporate Governance Organization Chart



# Crisis Management System

Nippon Express is actively involved in building a highly robust Crises Management System preparing us to handle situations in any kind of disaster or emergency.

## Creating a Crisis Management System

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

In October 2001 the committee adopted the Nippon Express Group Disaster Measures Regulations, through which we are strengthening our cooperative effort within the Group. In-house, we have started up a Disaster Management System site on the intranet and established thorough Reporting Procedures for Disasters. This site explains 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, as well as a system for the sharing of information between branches.

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

As a designated public agency under the Disaster Measures Basic Law, Nippon Express provides emergency transportation in accordance with requests from the national or prefectural governments for large-scale earthquake disasters such as the Hanshin-Awaji (Kobe) Earthquake in 1995 and the Niigataken Chuetsu-oki Earthquake in 2007.

## Countermeasures for New Influenza

Many countries around the globe have confirmed cases of the new strain of bird flu. Anxiety concerning a pandemic triggered by a future mutation is high. In a proactive effort, Nippon Express set up a New Influenza Committee, headed by the president, in September 2008. Measures for dealing with such a situation continue to be studied, while masks, gloves, goggles and other hygienic items are stocked for emergencies.

We are also implementing measures to ensure sustainable operations so that we can continue to maintain our social

and business responsibilities even in the event the company's capabilities are temporarily weakened due to the spread of a new flu among our employees and related organizations.

When influenza A virus subtype H1N1 broke out in April 2009, the committee was upgraded to the countermeasures headquarters on May 19, and instituted countermeasures, such as encouraging voluntary restraint from taking business trips or attending seminars, etc. in infected areas, and sending masks and other essential goods where needed.

## AEO System

Nippon Express was the first company in Japan to become an authorized warehouse operator under the Japanese AEO (authorized economic operator) system. The Japanese AEO system is an all-inclusive entity that ensures security and efficiency in international logistics through a partnership of private businesses and customs offices. In the Authorized Warehouse Operators' Programme, the head of the customs office authorizes companies based on the fulfilment of security management and compliance structure conditions. Authorized companies are given preferential treatment, such as use of the "notification system" when establishing a new bonded warehouse, rather than having to go through the

normal approval procedure. As of the end of March 2009, 156 Nippon Express bonded warehouses are benefiting from this new system.

In our overseas operations, Nippon Express (Nederland) B.V. was the first Japanese company located in Europe to receive AEO certification. Obtaining this value certification brings Nippon Express (Nederland) preferential treatment in all EU member nations, such as reduced screening and inspection rates at customs as well as simplified shipper's declarations. We are happy to announce that Nippon Express (Ireland) Ltd. and Nippon Express (Italia) S.R.L. were also certified as AEO in March 2009.

## Compliance Initiatives

The Nippon Express Group considers thorough and comprehensive compliance its most important social responsibility. We continue to vigorously promote compliance-oriented management through further enhancement of our compliance system as well as training and other employee activities.

### Compliance-oriented Management Organization

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

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

With a further division of functions, the name was changed to the Compliance Division in May 2007, reflecting its new exclusive focus on compliance issues.

### Personal Data Protection and Management System

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

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

### Personal Data Protection Policy (Items)

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

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

## 2008 Third-party Evaluation and Survey Results

### Opinions Concerning CSR Report

### Response by Nippon Express

Third-party View

Nippon Express should pinpoint issues affecting society and public expectations, establish a consistent management direction, and create the infrastructure for a CSR-oriented management system within the new business plan.

We have recently performed materiality measurements of Nippon Express CSR activities and plan to incorporate the results in future initiatives.

Nippon Express should establish a research framework facilitating CSR information-sharing with employees throughout all group companies.

In addition to providing CSR-related information continuously during in-house training, we plan to disseminate vital information throughout the group companies during events such as the Nippon Express Group CSR Conference and the CSR Report Explanatory Meeting.

I would like to see an even higher level of information discovery while developing stronger ties with a wider range of stakeholders through dialogue and interaction.

We have been increasing opportunities to share our vision and goals with children, the leaders of the next generation, most of whom know little about Nippon Express. Articles introducing our employees have also been added to the *CSR Report*, widening the range of available information. We hope there will be more opportunities for dialogue with our diverse stakeholders.

CSR Report Survey, etc.

When addressing CO<sub>2</sub> reduction, Nippon Express should clearly label the targeted amounts for each initiative.

We will be more precise in measurement and reporting of non-vehicle CO<sub>2</sub> emission, and will publish reduction targets per initiative in the near future.

I'd like to see more illustrations and photos.

This year's report relies more heavily on illustrations and photos, with fewer written descriptions, in an effort to capture the interest of more people. We will also enhance the appeal of our web version to provide more detailed information.

A detailed elaboration of environmental education efforts would be appreciated.

Currently the educational focus is on eco-driving for our drivers and the proper disposal of waste for our administrative staff.

Although Nippon Express has wide-ranging CSR activities, the core of the company's CSR policy remains elusive.

The results of our materiality analysis can be found on page 9 of the report. Nippon Express has pinpointed 12 items as our highest CSR priorities for the future.

# Third-party Evaluation

The Nippon Express Group's CSR activities as a whole can be evaluated from the perspectives of management and communication.

As written on the "Top Message" of the *CSR Report*, in this difficult financial condition, the Nippon Express Group replaced the regular mid-term business plan to "The Nippon Express Group Business Infrastructure Consolidation Policy 2009". This places the promotion of CSR as one of the most important initiatives to build solid foundation in management for the future.

On the other hand, the ultimate goal of how the Nippon Express Group should be, was clarified, based on the "Nippon Express Group Corporate Philosophy" as the three "vision". Though this may seem controversial from the view of management, this is a clear indication that Nippon Express is making the effort to address the current situation by clarifying its long-term perspective. This effort should be highly valued. This action is extremely important. There are demands to incorporate CSR into the management system. This in practise means, the Nippon Express needs to accurately identify issues for its corporate growth and for the society as a whole and act upon this.

On the third-party opinion of the *CSR Report 2008*, a statement was written on management, "Based on the corporate philosophy, create a management system, which effectively uses CSR by understanding the problems and demand from the society and consider matching with the vision." From this point, this year was a great success. As the Nippon Express Group systematically arranged the 12 "important topics" from the result of the measurement of materiality into three categories "materiality", "management" and "communication". This is based on the interview with the representative of the related departments. It will be of interest to see how the Nippon Express Group will work with 12 identified topics with its past activities and result related with CSR to develop a clear consistency.

Moreover, concerning the measurement of materiality, awareness towards the environment such as "promoting environmental management (No.7)" seems low. However, "providing products and services with consideration to the environment and the society (No.6)" is regarded as the topic of highest priority for the Nippon Express Group. Though the Nippon Express Group feels the limit of acting individually from the uniqueness of the logistic service industry, the Nippon Express Group continues the position to solve environmental

problems through products and services. Therefore, I hope that the Nippon Express Group will continue to lead the industry as a leader.

Furthermore, CSR training programs to develop the ability in the fields and implementation is necessary for "Beyond the letter of law towards a spirit of trust" for every employee including the group companies. This is aimed to strengthen the "promoting compliance (No.2)," which was placed as the most important topic in "the field of materiality."

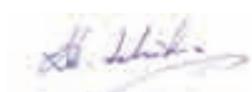
It is important to note, throughout the Nippon Express Group's CSR activities, it is not clear how it works with its suppliers, which is often regarded as one of the most important stakeholders. For the future, it is necessary to show clear position and policy (fair trade, action regarding the environment and human rights) concerning the suppliers.

Concerning the communication, disclosure of negative information is being carried out continuously and enthusiastically by the Nippon Express Group from last year. The existence of the system to create trust between stakeholders deserves high recognition. Furthermore, to promote the "Development of social contribution activities (No.12)" it is important to continue the current "kids X change" project to increase the rate of acknowledgement in the society.

To conclude, I had the opportunities to be an observer at the monthly CSR Report Editorial Committee. I noticed a remarkable change in members who worked on materiality. This exercise led members to think seriously about the meaning of CSR activities for the Nippon Express Group. Meeting discussions livened as a result of members making enthusiastic proposals within the committee. As a result, the content of this year's *CSR Report* is designed with more awareness of its stakeholders. Therefore the content is presented more systematically. There are many improvements compared with last year.



**Hiroshi Ishida**  
Executive Director and Secretary-general,  
Caux Round Table-Japan Organization  
Assistant Professor, Institute of Business  
and Accounting, Kwansai Gakuin University



## List of Consolidated Companies: 264 Companies (as of March 2009)

### Domestic

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

Nippon Express U.S.A. Inc. Nippon Express Canada, Ltd. Nippon Express (Nederland) B.V. Nippon Express (Russia) Limited Liability Company Nippon Express Portugal S.A. Nippon Express Cargo Service (Shenzhen) Co., Ltd. Shanghai Nittsu Puling Logistics Co., Ltd. Nippon Express (Thailand) Co., Ltd. Nep Logistics, Inc. Nippon Express (New Zealand) Ltd.	Nippon Express Travel U.S.A. Inc. Nippon Express de Mexico S.A. Nippon Express Tours (Nederland) B.V. Nippon Express (Belgium) N.V./S.A. Nippon Express (Middle East) L.L.C. Nippon Express (Zhuhai F.T.Z.) Co., Ltd. Nippon Express (South China) Co., Ltd. Nippon Express Engineering (Thailand) Co., Ltd. Nep Distributors System, Inc. Nippon Express (China) Co., Ltd.	Illinois Nippon Express Nippon Express USA de Tijuana, S.A. de C.V. Nippon Express Euro Cargo B.V. Nippon Express France, S.A. Nippon Express (Singapore) Pte Ltd. Nippon Express (Xiamen) Co., Ltd. Nippon Express (Taiwan) Co., Ltd. NEX Logistics (Malaysia) Co., Ltd. PT. Nippon Express Indonesia Shanghai e-Technology Co., Ltd.	New York Nippon Express Nippon Express Chile S.A. Nippon Express (U.K.) Ltd. Nippon Express (Italia) S.R.L. Nippon Express (H.K.) Co., Ltd. Nippon Express (Suzhou) Co., Ltd. Beacon International Express Corp. Nippon Express (Malaysia) Sdn. Bhd. PT Nittsu Lemo Indonesia Logistik	NEX Transport Inc. Nittsu do Brasil Comercial, Ltda. Nippon Express (Ireland) Ltd. Nippon Express (Schweiz) AG Nippon Express (Shenzhen) Co., Ltd. Nippon Express (Jiaxing) Co., Ltd. NEX Global Logistics Korea Co., Ltd. Nittsu Transport Service (M) Sdn. Bhd. Nippon Express (India) Pte., Ltd.	Nippon Express Global Logistics U.S.A. Inc. Nippon Express do Brasil Nippon Express (Deutschland) GmbH Nippon Express de Espana, S.A. Nippon Express (Zhuhai) Co., Ltd. Nippon Express Global Logistics (Shanghai) Co., Ltd. NEX Logistics (Thailand) Co., Ltd. Nippon Express (Philippines) Corporation Nippon Express (Australia) Pty., Ltd.
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## Editors' Note

The main feature of this year's *CSR Report* is "Materiality Measurements," supported by detailed results. Implementing a comprehensive CSR approach involves considerable hard work and funding. It is our belief that, by determining our most valuable CSR activities, we can concentrate on maximum delivery and perform our social responsibilities in the true sense of the word. As the CSR Report Editorial Committee, we aim to extend our responsibilities from simply editing this report to endeavouring to share our acquired CSR wisdom to the entire Nippon Express Group.



CSR Report Editorial Committee

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

## Company Profile (as of March 31, 2009)

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  
Name of representative: Masanori Kawai, President  
Paid-in capital: ¥70,175 million  
Number of shareholders: 88,350  
Number of employees: 38,984 (Non-consolidated)/71,352 (Consolidated)  
Number of commercial freight transport vehicles: 19,078  
Major branches: 64 branches including:  
Sapporo Branch, Sendai Branch, Gunma Branch, Tokyo Branch (Chuo Ward, Tokyo), Yokohama 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)

*Issued by (please direct inquiries to):*  
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