

CSR Report 2011



Delivering your passion across the globe



Editorial Policy

- This report covers the Nippon Express Group's corporate social responsibility (CSR) initiatives during fiscal 2010, 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 logistics 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 information about ongoing initiatives launched in or prior to fiscal 2009. This is to provide an overall understanding of CSR in our business.

Scope of This Report

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

Applicable Period

April 1, 2010 to March 31, 2011

In certain places we have used data covering up to June 2011 for matters deserving special mention.

CSR Report 2011

Contents

4–5	What does corporate social responsibility (CSR) mean to the Nippon Express Group?
6–7	Corporate Philosophy
8–9	CSR Activities of the Nippon Express Group
10–11	Targets and Achievements
12–13	Business Outline
14–15	Global Network
16–17	Nippon Express Initiatives in Four Overseas Regions
18–19	Feature 1: Global Network Supporting Growth in Asia
20–21	Feature 2: Logistics Services Supporting Comfortable and Prosperous Lifestyle

22–36 Environmental Initiatives

22	Environmental Charter
23–25	Modal Shift
26	Transport System Improvements
27	Industrial Waste Collection and Transport for Recycling
28–29	Initiatives to Introduce Low-pollution Vehicles and Enhance Fuel Economy
30	Promoting Environmentally-friendly Facilities
31	Initiatives for Promoting Resource and Energy Conservation
32	Reducing Waste and Advancing the 3Rs
33–34	Obtaining Environmental Certifications
35–36	Environment-related Data

37–40 Safety Initiatives

41–43 Together with Our Customers

44 Together with Our Partners

45–49 Together with Our Employees

50–53 Together with Society

54–56 Corporate Governance

54	Corporate Governance Structure
55	Crisis Management System
56	Compliance Initiatives
57	Third-party Evaluation
58	Responding to the Great East Japan Earthquake
59	List of Consolidated Companies: 250 Companies/Editors' Note



Nippon Express Head Office Building

What does corporate social responsibility (CSR) mean to the Nippon Express Group?

Supporting the development of industries and improvement in quality of life worldwide through logistics.



First, I'd like to extend my deepest sympathies to all those who suffered in the Great East Japan Earthquake.

Nippon Express has been appointed a designated public corporation at the Japanese national and prefectural government levels for the transport of goods. We are currently putting maximum effort into the delivery of goods, including urgent delivery of relief supplies, to the disaster areas. The Nippon Express Group will continue to provide strong support for rapid recovery and restoration in the affected area.

Introduction

Since the establishment of the Nippon Express Group, we have expanded our business both in Japan and overseas, contributing to the development of industries and improvement in quality of life by delivering goods all over the world.

In 2010, the Nippon Express Group developed the Corporate Strategy 2012–Towards New Growth, promoting four key strategies:

- Growth as a Global Logistics Company
- Promotion of Strategic Environmental Management
- Enhancement of Management Infrastructure
- Promotion of Corporate Social Responsibility (CSR) Management

As we further implement initiatives under each strategy, we continue to act as a united team towards the realization of a truly global logistics company.

Growth as a Global Logistics Company

We have made great efforts to grow as a global logistics company, building a network of overseas locations spanning 214 cities in 37 countries worldwide. Our goal for the near future is to increase the ratio of international sales to 50 percent on a consolidated accounting basis. Meanwhile, our immediate business plan is to raise international sales to 33 percent of Group sales, while supporting sustainable growth in overseas regions through logistics.

Promotion of Strategic Environmental Management

Society is facing many environmental challenges, including climate change, and addressing them requires a comprehensive and collective approach. Learning from events created by the string of nuclear plant problems after the Great East Japan Earthquake, which underscore the need to reassess our mass consumption of fossil fuels, we strive to transition toward a sustainable society.

We at the Nippon Express Group fulfil our corporate social responsibility by reducing the environmental impacts of our operations, while cutting greenhouse gases (GHG) such as CO₂ emissions through logistics. We continue to contribute to global environmental protection, implementing our environmental policy while developing and providing products and services that help clients reduce their environmental impact as well.

Enhancement of Management Infrastructure

Enhanced management structure and a heightened competitiveness are essential to the future growth of the Nippon Express Group. Providing paramount quality while nurturing and effectively utilizing superior human resources is critically linked to the continuous growth of the Nippon Express Group.

The NITTSU Group University was established in fiscal 2010 expressly for such human resource development. Offering highly specialized education and training for employees of all Nippon Express Group companies, we aim to enhance skills and employability.

Promotion of Corporate Social Responsibility (CSR) Management

Good governance based on responsibility management is essential for the long-term sustainability of business.

The Nippon Express Group's global business expansion requires us to respect international rules as well as laws pertaining to each region in which we conduct business. As the scope of our social responsibilities continues to expand, it is very important for us to have high ethical standards beyond compliance with the law, and to act in a socially responsible way.

Further, as we globalise business activities, we must establish an environment that accepts, recognizes and benefits from our differences, be they external elements such as race, gender and age or inner aspects such as ideology and religion.

Yet, as dynamic as CSR is, reflecting the evolution of social, environmental and economic concerns, there is one feature of the Nippon Express Group that will remain constant—our safety initiatives. As a company that uses public infrastructure such as roads, rails, and seaports for its business, we are aware of our responsibility towards society at both the local and global levels. It is very important for us to have high ethical standards beyond compliance with the law, and to act in a socially responsible way. We diligently pursue our goal of “zero traffic and industrial accidents,” continually promoting and enhancing initiatives to heighten safety awareness and improve safety skills, thereby fulfilling our responsibility to protect not only Nippon Express Group employ-



ees, but also their families and the society as a whole.

In April 2011, we revised our conduct charter to ensure that the new Nippon Express Charter of Conduct encompasses all Group affiliates, both in Japan and overseas. Such implementation of CSR initiatives across all Nippon Express Group companies is more effective and also essential in responding to society's expectations. Revisions were based on what we consider requisite of a global logistics company, with contents emphasizing safety as well as environmental initiatives and the social nature and governance of the company, with additional references to human rights and supply chain management. We also recognize the necessity of increasing awareness to ensure that all Nippon Express Group employees adhere to the Charter of Conduct, with compliance evident in their specific daily activities and concrete actions toward improvement, demonstrating that the charter is fully exploited.

This report provides detailed coverage of CSR activities underway at the Nippon Express Group.

In Conclusion

Please feel free to share your comments and opinions concerning our CSR report and business activities. We integrate the invaluable feedback from our various stakeholders—be they customers or stockholders, local community members or government officials, suppliers or employees—to improve the CSR management of the Nippon Express Group.

September 2011

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 Nippon Express’ previous guiding precepts, “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)

- ◆ **A Global Logistics Company:**
Supports customers worldwide through logistics services
- ◆ **A Company that Fulfills its Responsibilities to the Earth:**
Cares for the environment and works to realize a low-carbon society
- ◆ **A People-friendly Company:**
Values its employees and helps them to achieve job satisfaction

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

Nippon Express Group CSR Initiative Concept



Revisions to the Nippon Express Group Charter of Conduct*

Following the publication of ISO26000 (international standards regarding social responsibility) in November 2010, the Nippon Express Group revised the Nippon Express Charter of Conduct (April 2011) based on recent changes related to corporate social responsibility (CSR). The original Nippon Express Charter of Conduct, applicable only to Nippon Express Co., was revised as the Nippon Express Group Charter of Conduct, and now embraces all Group affiliates in Japan and overseas.

While clearly stipulating respect for human rights, interactive communication with myriad stakeholders, the respect for employee diversity essential to business globalisation and other initiatives, the Nippon Express Group Charter of Conduct also promotes conduct exceeding CSR requirements throughout the supply chain in a manner the Group is well positioned to implement.

In 2009, Nippon Express was handed down a cease-and-desist order and a surcharge payment order from the

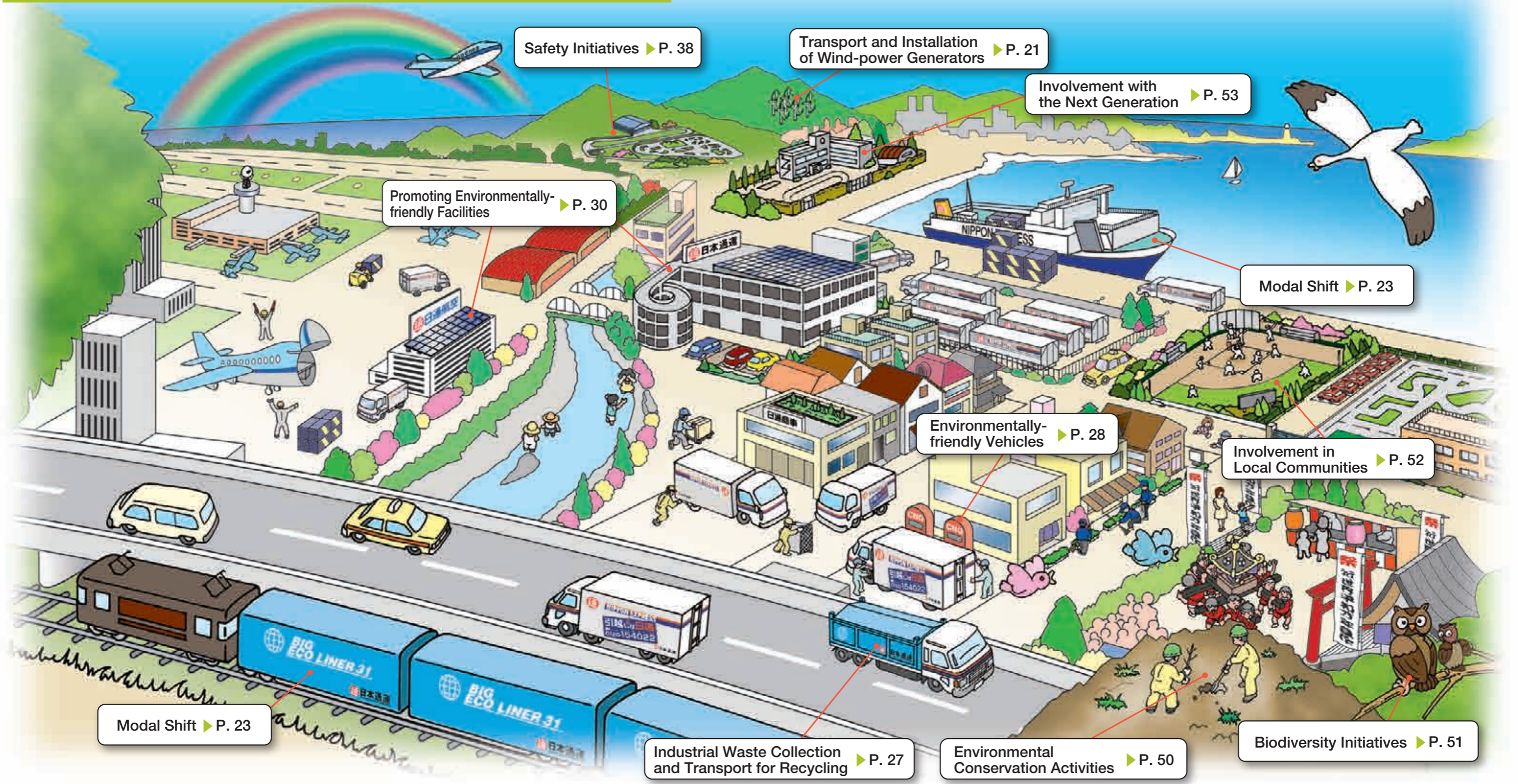
Japan Fair Trade Commission regarding violations involving the unfair restraint of trade regulations. Since then, we have sequentially implemented various preventative measures, such as creating and distributing a manual on compliance with the Antimonopoly Act, *The Antimonopoly Act Handbook*, and educating employees via e-learning to ensure their understanding of the laws concerning business activities.

The Nippon Express Group has further strengthened its compliance management to abide by the competition laws of foreign countries as well as the Antimonopoly Act, "carrying out appropriate business transactions within competition that is fair, transparent and open," as clearly stated in the revised Nippon Express Group Charter of Conduct.

*Refer to the Nippon Express website to view the Nippon Express Group Charter of Conduct.
<http://www.nittsu.co.jp/corporate/philosophy-charter/charter.html>

CSR Activities of the Nippon Express Group

To fulfil our social responsibility as a global logistics company, we ensure safety and contribute to further development of society by providing various modes of transport, while actively carrying our responsibility for the environment.



Safety Initiatives ▶ P. 38

Transport and Installation of Wind-power Generators ▶ P. 21

Involvement with the Next Generation ▶ P. 53

Promoting Environmentally-friendly Facilities ▶ P. 30

Modal Shift ▶ P. 23

Environmentally-friendly Vehicles ▶ P. 28

Involvement in Local Communities ▶ P. 52

Modal Shift ▶ P. 23

Industrial Waste Collection and Transport for Recycling ▶ P. 27

Environmental Conservation Activities ▶ P. 50

Biodiversity Initiatives ▶ P. 51

Our Responsibility to Various Stakeholders

Customers

- Providing secure and reliable logistic services
- Disclosing company information

Shareholders and Investors

- Disclosing IR information
- Ensuring stable dividends

Community

- Working with local communities, NPOs and NGOs
- Cooperating in environmental conservation

Administrative Authorities

- Securing permits/authorization and filing notifications
- Cooperating in transport- and traffic-related measures

Suppliers

- Promoting fair business practices
- Maintaining and enhancing quality

Employees

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

Targets and Achievements

Targets and achievements of our overall CSR are organized and described in this section alongside items measured for importance (materiality analysis) in fiscal 2008.

Selection of Materiality Issues

In fiscal 2008, Nippon Express extracted and organized issues of high priority from the following two perspectives, “sustainable development of the society” and “further improvement of the corporate value of the Nippon Express.”

This measurement of materiality was implemented for sustainable development of business activities harmonizing with the society.

The figure below classifies the most important areas (circled in dotted lines) into three fields* and maps each item accordingly.

Every year we list the current year’s CSR activity goals and corresponding actual results along with the following

year’s CSR goals. This year we added the key issues clarified by the materiality measurement results to the process of determining the CSR activity goals for fiscal 2011.

*Explanation of the Three Fields

•Pattern 1: Field of Materiality

This field is of great importance for both our stakeholders and Nippon Express. We believe that continued focus and effort is necessary in this field.

•Pattern 2: Field of Management

This field is of higher priority for our stakeholders than to Nippon Express. We believe that improving internal awareness and materializing the solutions for existing problems are necessary in this field.

•Pattern 3: Field of Communication

This field is of higher priority for Nippon Express than to our stakeholders. We believe further enhancing communication with our stakeholders and improving social recognition are necessary in this field.

Selecting Materiality Issues

The level of importance for 145 topics, which stakeholders are likely to request, was measured according to the following two axes, “level of importance (impact and interest) for the stakeholders” and “level of importance for the Nippon Express (effect on the corporate value).”

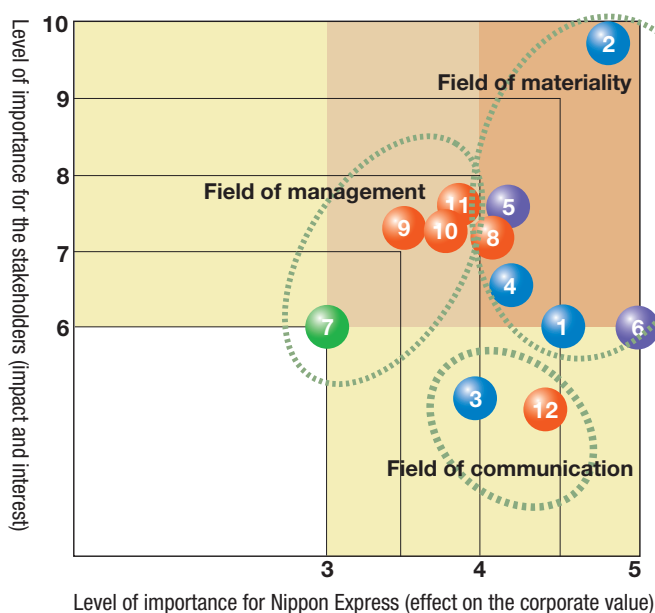
The “level of importance for the stakeholder,” which indicates the level of impact and interest for the stakeholders, was measured based on the contents and frequency of requests made in various guidelines, surveys, rating agency research items and other information outlets. Moreover, “the level of importance for Nippon Express” indicates mid- and long-term effects on corporate value from the perspectives of both management and communication. This

includes various factors which lead to the improvements of the corporate value.

Upon the measurement, we interviewed the representatives of relevant departments. During the interview, we focused on the following three points: understanding the consciousness that the interviewees had based on business activity situations, fostering self-motivated awareness on materiality and sharing of acknowledgements.

These activities were carried out under the supervision of the Caux Round Table (CRT)* with an effort to reflect the perspective of our stakeholders.

*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.








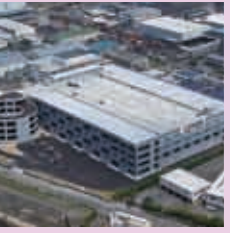






- 1 Activities based on the corporate philosophy
- 2 Promoting compliance
- 3 Protecting personal data
- 4 Promoting risk management
- 5 Ensuring customer satisfaction
- 6 Providing products and services with consideration to the environment and society
- 7 Promoting environmental management
- 8 Safety initiatives
- 9 Human resource development
- 10 Promoting employee diversity
- 11 Communication with society
- 12 Developing social action programmes

FY2010 Achievements in CSR and FY2011 Targets–Based on Materiality

Field	Item	FY2009 Achievements	FY2010 Targets	FY2010 Achievements	FY2011 Targets	Reference page
Field of materiality	Activities based on the corporate philosophy	<ul style="list-style-type: none"> Developed further understanding of the corporate philosophy through seminars held at headquarters for each rank 	<ul style="list-style-type: none"> Promote management plan based on the corporate philosophy 	<ul style="list-style-type: none"> Increased international sales to 30.9% of total company business (fiscal year ending March 2010: 27.0%) 	<ul style="list-style-type: none"> Promote management plan based on the corporate philosophy 	P.6 –7
	Promoting compliance	<ul style="list-style-type: none"> Provided antimonopoly act training meeting for branch managers nationwide Conducted employee education (creation and distribution of <i>Antimonopoly Act Handbook</i>, practicing various e-learning programmes) Branch inspections and instructional activities conducted by Headquarters and improvement study groups held based on inspection results Conducted compliance survey targeting all employees 	<ul style="list-style-type: none"> Educate employees Hold a meeting of compliance leaders Ensure full compliance through inspection training Assisting the education of each group company 	<ul style="list-style-type: none"> Conducted compliance education for employees of all Nippon Express branches and worksites Held meeting for all compliance leaders in Nippon Express business divisions and management branches Conducted compliance education for employees of all branch subsidiaries 	<ul style="list-style-type: none"> Educate employees Hold a meeting of compliance leaders Ensure full compliance through inspection training Assisting the education of each group company 	P.56
	Promoting risk management	<ul style="list-style-type: none"> Developed Business Continuity Plan (BCP) 	<ul style="list-style-type: none"> Revise Business Continuity Plan (BCP) against new risks 	<ul style="list-style-type: none"> Established Disaster Control Management Headquarters and invoked Business Continuity Plan Implemented Great East Japan Earthquake relief measures 	<ul style="list-style-type: none"> Conduct maintenance and training based on business continuity plan (BPC) 	P.54 –55, 58
	Ensuring customer satisfaction	<ul style="list-style-type: none"> 65 out of 79 homepage inquiries have been resolved or responded to through VOCS system 	<ul style="list-style-type: none"> Support and collect data from all contact channels through VOCS Advance detailed analysis of accumulated VOCS data 	<ul style="list-style-type: none"> Improved website contact access. Inquiries increased by 70% compared to last year; analysis of results led to renewal of “Search by Topic” contents. 	<ul style="list-style-type: none"> Detailed analysis of “Search by Topic” on homepage and VOCS inquiries, increase customer satisfaction via the homepage 	P.41 –43
	Providing products and services with consideration to the environment and society	<ul style="list-style-type: none"> ISO14001: newly acquired by Nippon Express (South China) Co., Ltd. Green Management Certification: Decreased due to branch reorganization, etc Achieved total fleet of 4,485 environmentally-friendly vehicles (as of end of March 2010) Achieved 1.60% better fuel economy compared to previous year Modal shift rate: 50.7% (FY2008) 	<ul style="list-style-type: none"> Proactively develop an environmentally-friendly business Establish environmentally-friendly logistics bases Proactively develop environmentally-friendly logistics products and services Expand modal shift focusing on transport and coastal shipping Achieve total fleet of 4,580 environmentally-friendly vehicles 	<ul style="list-style-type: none"> Completed centre (August 2010) featuring solar panel installations (maximum electricity generated: 482 kilowatts per hour) in Narashino, Chiba Prefecture. Green Management Certification: Decreased: due to branch reorganization, etc Achieved total fleet of 5,138 environmentally-friendly vehicles (end of March 2011) Modal shift rate: 53.1% (FY2009) 	<ul style="list-style-type: none"> Proactively develop an environmentally-friendly business Establish environmentally-friendly logistics bases Proactively develop environmentally-friendly logistics products and services Expand modal shift focusing on transport and coastal shipping Achieve total fleet of 5,230 environmentally-friendly vehicles 	P.22 –36
	Safety initiatives	<ul style="list-style-type: none"> Implemented internal audit: no noncompliant items 	<ul style="list-style-type: none"> Continue transport safety management 	<ul style="list-style-type: none"> Zero major accidents in 2010 15 prize-winners in truck driver contest and 7 prize-winners in forklift operator competition 	<ul style="list-style-type: none"> Continue transport safety management 	P.37 –40
Field of management	Promoting environmental management	<ul style="list-style-type: none"> 3.3% CO₂ reduction rate compared to FY2009 Green purchasing rate: 41.1% 	<ul style="list-style-type: none"> Reduce CO₂ emissions by 1% (CO₂ intensity) compared to FY2009 Nippon Express Group results Promote green purchasing, green purchasing rate of over 60% 	<ul style="list-style-type: none"> 3.7% CO₂ reduction rate compared to FY2009 Green purchasing rate: 51.6% 	<ul style="list-style-type: none"> Reduce CO₂ emissions by 2.0% (CO₂ intensity) compared to FY2009 Nippon Express Group results Promote green purchasing, green purchasing rate: over 60% 	P.22 –36
	Human resource development	<ul style="list-style-type: none"> 36 employees took childcare leave (70.6% of women with newborns) Continued employment rate: 77.5% 	<ul style="list-style-type: none"> Childcare leave ratio: 80% or more Rate of employees remaining on the job for one year or more after returning from childcare leave: 78% 	<ul style="list-style-type: none"> 89 employees took childcare leave (68.5% of women with newborns) Continued employment rate: 88.0% Established NITTSU Group University 	<ul style="list-style-type: none"> Childcare leave ratio: 80% or more Rate of employees remaining on the job for one year or more after returning from childcare leave: 79% 	P.45 –49
	Promoting employee diversity	<ul style="list-style-type: none"> Worked to maintain employment ratio of handicapped individuals 2009 results: 2.05% Proactively recruited women, 2009 results: 27.6% 	<ul style="list-style-type: none"> Continually promote employment of handicapped individuals Proactively recruit and assign women 	<ul style="list-style-type: none"> Efforts to maintain employment ratio of handicapped individuals, 2010 results: 2.04% Proactively recruited women, 2010 results: 27.9% 	<ul style="list-style-type: none"> Continually promote employment of handicapped individuals Proactively recruit and assign women 	P.48 –49
	Communication with society	<ul style="list-style-type: none"> Streamlined relationships with suppliers 	<ul style="list-style-type: none"> Strengthen relationships with stakeholders 	<ul style="list-style-type: none"> Initiatives implemented to maintain and improve quality from suppliers Expanded educational tours 	<ul style="list-style-type: none"> Strengthen relationships with stakeholders 	P.44, 50 –53
Field of communication	Protecting personal data	<ul style="list-style-type: none"> Educated all employees Conducted workplace exchange inspections Maintained privacy mark 	<ul style="list-style-type: none"> Educate all employees Ensure full compliance through inspection and training Renew privacy mark 	<ul style="list-style-type: none"> Conducted education for all employees Conducted inspections and instruction in two sections per block, targeting all blocks Renewed privacy mark 	<ul style="list-style-type: none"> Educate all employees Conduct workplace exchange inspections at all departments, offices, centres and other worksites Maintain privacy mark 	P.56
	Social action programmes	<ul style="list-style-type: none"> Held forest cultivation activity in Iide Town twice Western Japan: began forest cultivation project in Nichinan Town, Tottori Prefecture Continued earth beautification activities Distributed revised environmental education materials 	<ul style="list-style-type: none"> Hold forest activities four times: twice in Eastern Japan, twice in Western Japan 	<ul style="list-style-type: none"> Held forest cultivation activities five times: twice in Iide Town, twice in Nichinan Town, and once in Izu Continued community beautification activities Conducted <i>kids X change</i> classes and onsite lessons Distributed revised environmental education materials 	<ul style="list-style-type: none"> Hold forest cultivation activities six times: twice in Iide Town, twice in Nichinan Town, twice in Izu Continue community beautification activities Distribute revised environmental education materials 	P.50 –53

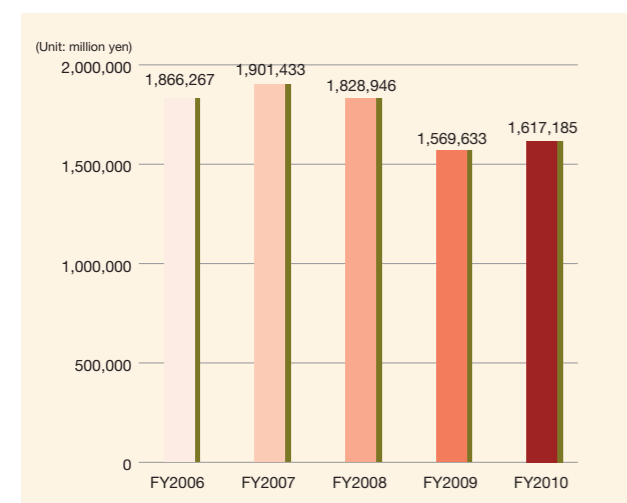
Business Outline

The Nippon Express Group comprises Nippon Express and 275 subsidiary and sub-subsidiary companies (including 250 consolidated companies), and 62 affiliates: a total of 338 companies. In addition to our core operations of distribution and transport, such as truck and railway cargo transport, we are also expanding in a variety of related areas, including security, travel, sales, real estate and driving education.

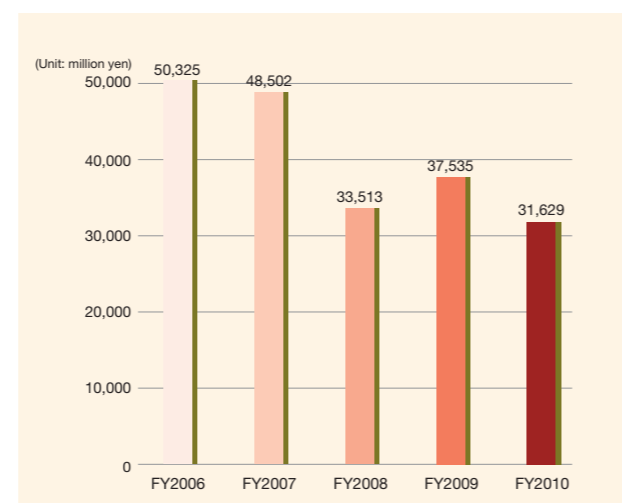
<p>Motor transport</p>  <p>Employing our network of transport locations throughout Japan to provide general freight transport services such as reserved vehicle shipping and special consolidated freight transport</p>	<p>Railway transport</p>  <p>Domestic and international freight transport services utilizing railways, with major freight stations in Japan established as hubs</p>	<p>Air freight</p>  <p>Import and export services utilizing aircraft and domestic freight forwarding services founded on advanced know-how and a network that spans the globe</p>	<p>Marine transport</p>  <p>International transport services mainly for import/export combined multimodal transportation, regularly scheduled on-ship transport mainly by domestic container liners and RORO vessels, and in-port transport services such as on-ship and harbour cargo handling for domestic companies</p>	<p>Heavy haulage and construction</p>  <p>Hauling of heavy loads, equipment installation, plant construction, maintenance services and high-tech factory equipment transport and installation both within Japan and overseas</p>	<p>Warehousing</p>  <p>Warehouses that function not only as places for product storage but also as centres for distribution processing as well as transport and delivery, operating as the distribution centres for many locations across Japan</p>
<p>Moving</p>  <p>Based on our domestic and overseas locations and networks, our wide range of transport modes, from trucks and railways to ships and airplanes, facilitates a full menu of moving services to meet the needs of individual households and companies alike.</p>	<p>Art transport</p>  <p>We offer the safest packaging and transport of one-of-a-kind art objects, in the care of our experienced, professional staff and our vehicles, which are climate-controlled and equipped with air suspension specifically for art transport.</p>	<p>Security transport</p>  <p>In addition to the transport of cash, checks and related items between headquarters and branches of many financial institutions and the transport of funds for the Bank of Japan, we are rapidly expanding our patented business model, the automatic teller CSD (Cash Safety Delivery) service, greatly reducing the burden of managing branch sales proceeds for our customers.</p>	<p>Travel and events</p>  <p>We are expanding business activities in the travel industry as well, focusing on group tours for corporate, civil service and educational organizations, overseas business travel and travel in Japan for overseas visitors. We are also enhancing our event planning and management-related services.</p>	<p>Goods sales</p>  <p>Nittsu Shoji Co., Ltd., and other Group affiliates sell and lease products ranging from distribution equipment, vehicles, petroleum and LP gas, and also offer vehicle maintenance services, insurance sales and other services.</p>	<p>Other businesses</p>  <p>Nittsu Research Institute and Consulting, Inc., works in consulting; Nittsu Capital Co., Inc., handles financing; Nittsu Real Estate Co., Ltd., designs buildings and warehouses, and manages facilities; Careerroad, Inc., serves as a dispatch company for workers; many other affiliates, including Nittsu Driving School, provide a broad range of logistics-related services and products.</p>

Financial Details

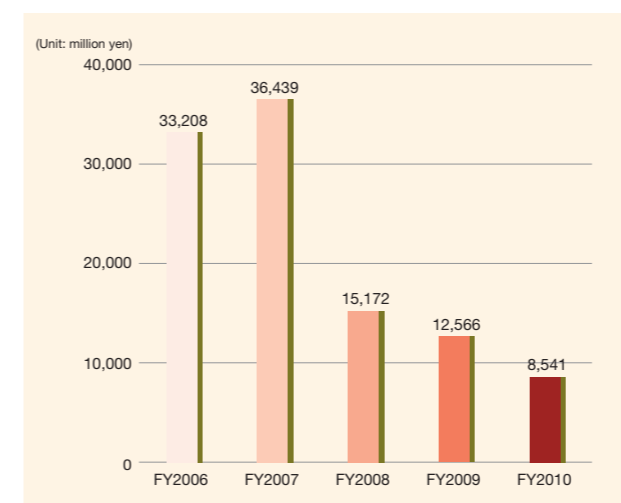
Revenues (consolidated)



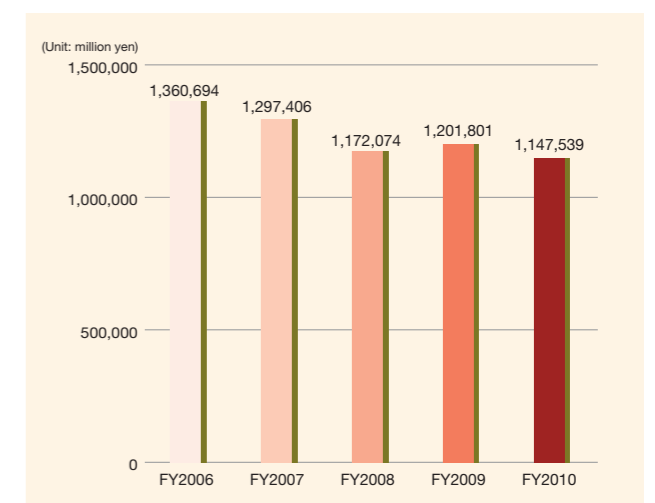
Operating income (consolidated)



Current net income (consolidated)

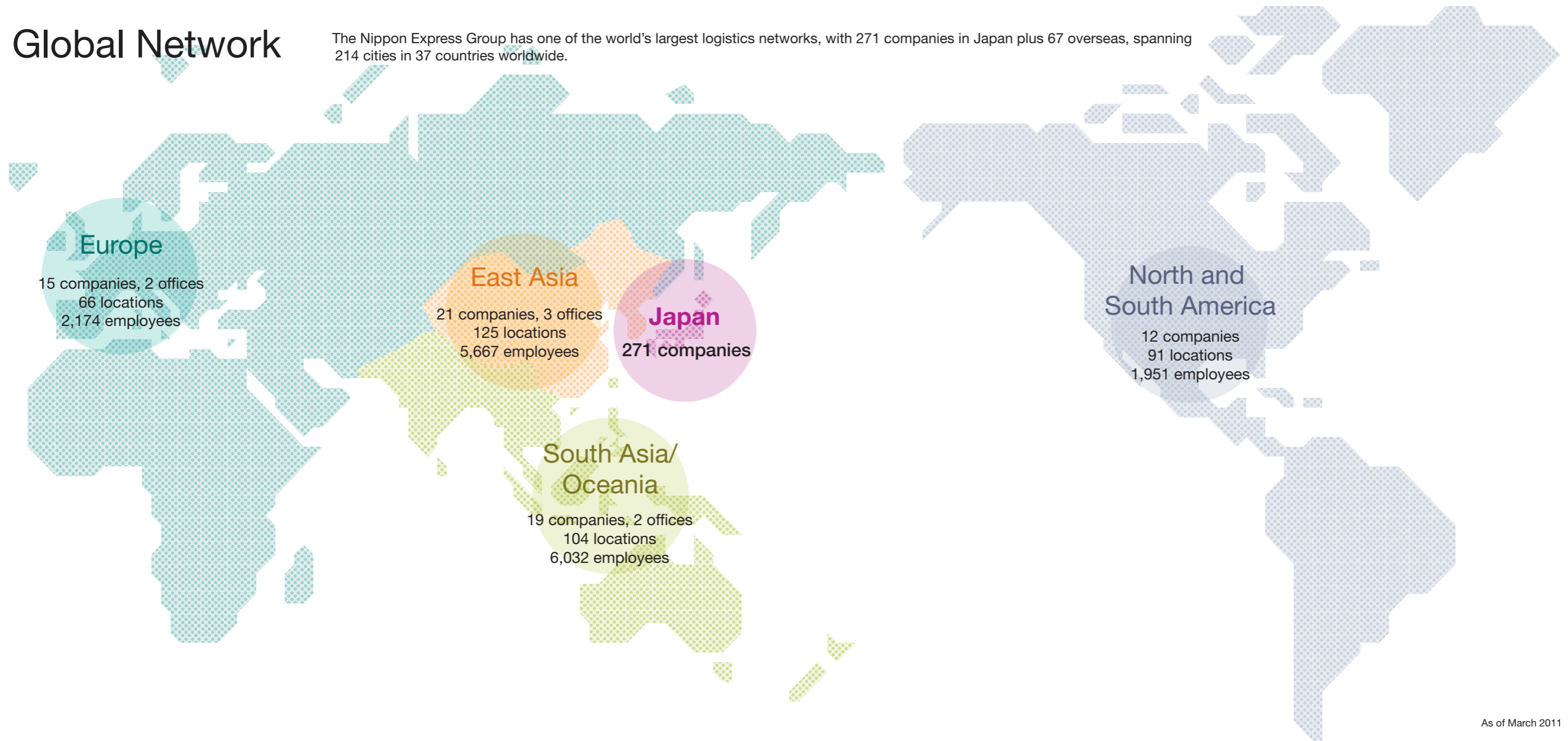


Total assets (consolidated)



Global Network

The Nippon Express Group has one of the world's largest logistics networks, with 271 companies in Japan plus 67 overseas, spanning 214 cities in 37 countries worldwide.



As of March 2011

Europe
Nippon Express (Deutschland) GmbH
Nippon Express (Russia) LLC
NEX Logistics Europe GmbH
Nippon Express (U.K.) Ltd.
Nippon Express (Ireland) Ltd.
Nippon Express (Nederland) B.V.
Nippon Express Euro Cargo B.V.
Nippon Express (Belgium) N.V./S.A.
Nippon Express France, S.A.
Nippon Express (Italia) S.R.L.
Nippon Express (Schweiz) AG
Nippon Express de Espana, S.A.
Nippon Express Portugal S.A.
Nippon Express (Middle East) L.L.C.
Nippon Express (Istanbul) Global Logistics A.S.
Nippon Express Co., Ltd., Moscow Representative Office
Nippon Express Co., Ltd., Johannesburg Representative Office

East Asia
Nippon Express (H.K.) Co., Ltd.
Nippon Express (Shenzhen) Co., Ltd.
Nippon Express (Zhuhai) Co., Ltd.
Nippon Express (Zhuhai F.T.Z.) Co., Ltd.
Nippon Express (South China) Co., Ltd.
Nippon Express (China) Co., Ltd.
Nippon Express Cargo Service (Shenzhen) Co., Ltd.
Nippon Express Global Logistics (Shanghai) Co., Ltd.
Nippon Express (Xiamen) Co., Ltd.
Nippon Express (Jiaxing) Co., Ltd.
Shanghai Nittsu Puling Logistics Co., Ltd.
Nippon Express (Suzhou) Co., Ltd.
Shanghai e-Technology Co., Ltd.
Nittsu Sinotrans Logistic Dalian Ltd.
Nippon Express (Shanghai) Co., Ltd.
NEX Global Logistics Korea Co., Ltd.
Nippon Express (Taiwan) Co., Ltd.
Beacon International Express Corp.
Nippon Express Co., Ltd., Seoul Representative Office
Nippon Express Co., Ltd., Pusan Representative Office
Dalian Nittsu Container Manufacturing Co., Ltd.
Nittsu Shoji (Wu Han) Co., Ltd.
Nittsu Shoji (H.K.) Co., Ltd.
Japan Bingo Express Co., Ltd.
Shanghai Representative Office

South Asia/Oceania
Nippon Express (Singapore) Pte., Ltd.
Nippon Express (Singapore) Pte., Ltd., Dhaka Representative Office
Nippon Express (Australia) Pty., Ltd.
Nippon Express (New Zealand) Ltd.
NEX Logistics (Malaysia) Sdn, Bhd
Nippon Express (Malaysia) Sdn, Bhd.
Nittsu Transport Service (M) Sdn, Bhd.
Nippon Express (Philippines) Co., Ltd.
NEP Logistics, Inc
Hi-Tech Nittsu (Thailand) Co., Ltd.
NEX Logistics (Thailand) Co., Ltd.
Nippon Express (Thailand) Co., Ltd.
Nippon Express Engineering (Thailand) Co., Ltd.
TBSC Logistics Co., Ltd.
PT. Nippon Express Indonesia
PT. Nittsu Lemo Indonesia Logistik
Nippon Express (India) Pte., Ltd.
Nippon Express (Vietnam) Co., Ltd.
Nittsu Shoji (Thailand) Co., Ltd.
PT. Nittsu Shoji Indonesia
Nittsu Shoji Co., Ltd., Malaysia Representative Office

The Americas
Nippon Express U.S.A. Inc.
Nippon Express U.S.A. (Illinois), Inc.
Nittsu New York, Inc.
NEX Transport, Inc.
Nippon Express Global Logistics, Inc.
Nippon Express Travel USA, Inc.
Nippon Express Canada, Ltd.
Nippon Express do Brasil Ltda.
Nittsu do Brasil Comercial, Ltda.
Nippon Express de Mexico S.A. de C.V.
NEX Global Logistics de Mexico, S.A. de C.V.
Nittsu Shoji U.S.A., Inc.

Nippon Express Initiatives in Four Overseas Regions

In May 2010, Nippon Express reorganized the Asian/Oceanic Region into the East Asian and South Asian/Oceanic Regions. As of March 31, 2011, our global organization comprises five regions: Japan, the Americas, Europe, East Asia, and South Asia/Oceania. This section introduces initiatives underway in the four overseas regions.

The Americas

Established in 1962 with the founding of Nippon Express U.S.A. Inc., this region now includes 11 local subsidiaries located throughout the United States, Canada, Mexico and Brazil. Nippon Express has established an integrated forwarding system between the

United States, Canada, and Mexico, the three originating countries of the North American Free Trade Agreement (NAFTA). In burgeoning Brazil, Nippon Express is focusing on system upgrades to keep pace with the market penetration of Japanese-owned companies.

Initiative Case Study Resource and energy conservation initiatives based on environmentally-friendly management —Nippon Express U.S.A. Inc

In February 2010, Nippon Express U.S.A. Inc. completed construction of the Los Angeles Air Cargo Branch building in California with the installation of solar panels on the roof.

This new building features low power consumption and reduced CO₂ emissions and complies with Nippon Express U.S.A.'s Environmental Manifesto. It is fitted with high-functionality glass, high-efficiency lighting and controls, and high-performance system air-conditioning, and was constructed with recycled materials and heat insulation materials boasting a high R-value. Located in southern California, where yearly rainfall is extremely low and the debate continues on the applicability of solar energy as a resource, the new building has been equipped with a solar power generation system that is expected to cover 10 percent of the branch's annual energy requirements.

In addition, the Chicago Logistics Center East, a new building opened in 2011 as part of the Chicago Logistics Center, is implementing an initiative to receive LEED (Leadership in Energy

and Environment Design) certification from the U.S. Green Building Council, a non-profit organization offering comprehensive evaluations of the environmental performance of buildings. Nippon Express U.S.A. continues to contribute to the promotion of environmentally-friendly facilities, from building site selection to increased recycling of construction material, greater use of natural light through design innovations, improved water and electricity conservation based on advanced equipment and priority parking for hybrid cars.



Los Angeles Air Cargo Branch



Chicago Logistics Center

East Asia

The overall management of this region is handled from Shanghai (moved from Hong Kong in May 2011). Nippon Express operates 18 local subsidiaries in a close-knit economic region that includes primarily China, together

with Taiwan and South Korea. Nippon Express continues to build a distribution network across China, expanding logistics activities throughout the region to address growing transport mode diversification and market demand.

Initiative Case Study Enhancing community ties through local events —Nippon Express (South China) Co., Ltd.

In December 2010, Nippon Express (South China) Co., Ltd., held a Christmas party for the students of two elementary schools located in the Yonghe Zone of Guangzhou, home to the Guangzhou Multi-Logistics Center. The party opened with a fashion show put on by the children, followed by the lighting of the Christmas tree and the highlight of the event, the arrival of Santa Claus, played by a Nippon Express employee. School staff and local government officials were pleased with the children's delight as they enjoyed the creative festivities.

In January 2011, Nippon Express (South China) held a special New Year's party to celebrate Chun Jie (New Year according to the old calendar), the most important festival in cultures based on Chinese traditions, inviting guests from partner companies and local organizations. Employees practiced for over a month on a show spotlighting Chinese martial arts, *guqin*

(seven-stringed zither), *xiju* (comedy), and dancing and singing.

In addition to such special occasions, Nippon Express (South China) is active throughout the year with facility tours for school children, local hiring promotions and other events, hoping to raise employee morale as well as reinforce "good corporate citizen" awareness through contributions to the local society.



Christmas party

Europe

The entire European Region* is served by Nippon Express' own network, comprising 15 local affiliates situated in 19 countries, including all major European nations, such as Germany, the Netherlands and the United Kingdom, as well as Central and

Eastern European countries, the Russian Federation, and the United Arab Emirates. An affiliate was established in the Republic of Turkey in 2010 to support continued growth there as well.

*The European Region includes Europe, Africa and the Middle East.

Initiative Case Study Promoting energy conservation with the Green Plan; initiative furthering quality and safety —Nippon Express (Belgium) N.V./S.A.

Nippon Express (Belgium) N.V./S.A. is promoting energy conservation as part of the Green Plan—a component in the 2010 Activity Plan established by the Safety Committee, a group composed of corporate representatives and internal labour union representatives. Posters displayed in company buildings relating information about paper conservation and electricity conservation, such as upper temperature limits for heating during the winter season, and the promotion of various initiatives yield progress towards the 5% reduction targets set for both areas. Compared to the previous year's numbers, paper usage was reduced by 35 percent and electricity usage by 4.3 percent.

Nippon Express Belgium also promotes the Nippon Express Group Corporate Philosophy, targeting 100% customer satisfaction through a Quality Policy awareness campaign. In addition, initiatives to bolster employee safety education are

underway, such as operational safety courses for drivers and warehouse workers as well as first aid seminars.



Green Plan



Quality Policy

South Asia/Oceania

From its regional base in Singapore, Nippon Express has deployed 17 local subsidiaries in India, Australia, and six member states of the Association of Southeast Asian Nations (ASEAN), including Malaysia, the Philippines and Thailand, with a newly established

representative office in Bangladesh. In addition to building logistics systems meeting domestic demand in India, the region's economic powerhouse, Nippon Express is establishing logistics routes throughout the rapidly developing ASEAN economic bloc as well.

Initiative Case Study Locally based support activities/work experience programs —Nippon Express (Malaysia) Sdn, Bhd.

Nippon Express (Malaysia) Sdn, Bhd. aims to earn society's trust through its CSR activities, stressing interaction with the local community and its children, the next generation's leaders.

In November 2010, Malaysia's northern region suffered significant damage from heavy rains. Kedah State was hardest hit, with airports, roads and rail services closed from flooding while many homes endured extensive damage from mudslides and inundation. At the height of the disaster, over 30,000 people crowded into some 80 evacuation centres within the state.

Nippon Express (Malaysia) provided food and water to the affected areas, dispatching volunteers to Kedah on December 12 and 13 to bring aid to 82 households. An eight-ton truck transported the relief goods, which were transferred to smaller vans when the truck reached an impasse. The 12 employee volunteers personally visited each household to deliver needed supplies.

Meanwhile, the Johor Bahru Branch invited first-year junior high students from the Japanese School of Johor Bahru to a work experience program in November 2010.

Nine students participated in the program, during which charts

and figures were used for an overview of the Nippon Express Group and the role of logistics, as well as the flow of product, using familiar foodstuffs as an example of where raw materials originate and how finished product is delivered. The students were then joined by Japanese members of the Nittsu Shoji Co., Ltd., Malaysia Representative Office for a hands-on session loading boxes into containers and reading barcodes with scanners. Impressions offered by the students included, "Even though we can't see it, logistics is really important," and "I realized that a simple mistake can affect the whole company," as well as, "The difference in cultures was really surprising."



Relief activities in flooded areas



Work experience at Johor Bahru Branch

Global Network Supporting Growth in Asia

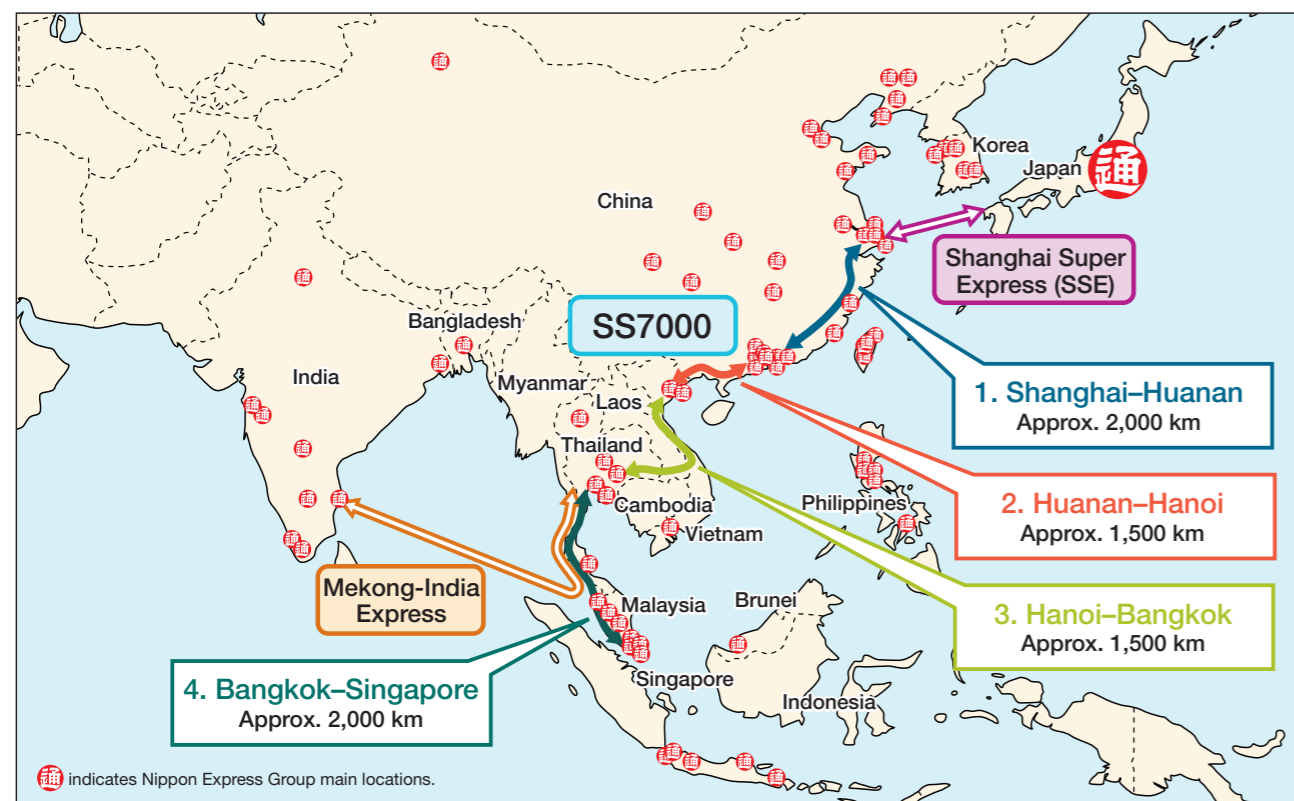
Boosting growth in Asia through logistics — Nittsu's contribution to the establishment of cross-border supply chain

For the Asian region, which has become the world's manufacturing hub and a massive market, the establishment of supply-chains within the region is vital to achieving further economic growth. In addition, as regional trade has been boosted by the FTAs* between China and ASEAN countries, there is an urgent need to establish transport routes.

The Nippon Express Group has established a number

of operation locations in Asia, including China and India, while creating new modes of transportation and developing its network. We support growth and expansion in Asia through logistics with the implementation of optimal supply chains, flexibly integrating both regional characteristics and varying customer needs, while maintaining the Nippon Express Group's quality standards.

*FTA: Free Trade Agreement



Shanghai Super Express (SSE)

The Nippon Express Group operates a regular marine shuttle, the Shanghai Super Express (SSE), twice weekly between Hakata and Shanghai. Running at 20 knots, the high-speed transport vessel takes just 28 hours to reach its destination.

The RORO (Roll-On/ Roll-Off) vessel feature, which allows wheeled cargo to directly roll on and roll off without using a large crane, facilitates highly efficient cargo handling that can unload or load a ship within three hours.

All domestic transport access points, including airports, railways, highways, and domestic marine vessels, are located within a 30-minute radius of Hakata Port. The SSE links Japan's economic centres to Shanghai, Huanan and other regions in China with lead times as short as those of air transport.

SS7000

The SS7000 covers the approximately 7,000-kilometre overland route connecting Shanghai and Singapore. The route comprises four main trunks: (1) Shanghai-Huanan route (approx. 2,000 kilometres), (2) Huanan-Hanoi route (approx. 1,500 kilometres), (3) Hanoi-Bangkok route (approx. 1,500 kilometres) and (4) Bangkok-Singapore route (approx. 2,000 kilometres). Compared to conventional marine transport, this configuration has greatly reduced lead time. Marine transport between Hanoi and Bangkok, for example, normally takes 15 days, whereas the SS7000 reduces the time to four days.

Mekong-India Express

The Mekong-India Express was launched to meet the increasing logistics demand generated by the AFTA,* providing an overland and marine intermodal transport service linking Bangkok, Thailand and Chennai, India. The aforementioned SS7000 is used to transport goods overland from Bangkok to the Port Kelang (Malaysia) midpoint, where cargo is shifted to marine transport for the Port Kelang-Chennai leg. The conventional 17-day marine transport drops to 11 days, shaving off a full week in lead time to yield logistics support for our customers via the essential economic pipeline known as the Mekong-India Industrial Corridor.

*AFTA: ASEAN-India Free Trade Agreement

Realizing a "truly global logistics company" is our vision.

With one of the world's largest logistics networks, spanning 214 cities in 37 countries, integrating land, marine and air transport modes, we make connections between people and between companies through logistics. By doing so, we aim to create new value, and contribute to further development around the world. This section introduces some of the initiatives we are undertaking in the rapidly developing Asian region.

Support service for Chinese mail-order businesses — quick and easy delivery of products to China

The Chinese mail-order market is expanding alongside the robust economic growth of the country. In particular, as the Internet quickly takes root, logistics infrastructure to meet the exponentially expanding quantity of orders is urgently needed.

In response, the Nippon Express Group launched a comprehensive, one-stop service to support mail-order business to China called NEX@China DMF* in March 2010. This service provides a platform serving all China mail-order business needs, from customs clearance, inventory control, EC* site development and call centre management to introductions to proxy trading firms for customers who do not have a locally incorporated company.

The Nippon Express Group will continue to contribute to the economic expansion of both Japan and China, joining its expertise in the high-mix, low-volume mail-order business developed in Japan, with the strong network linking the two countries.



DMF Centre (Nippon Express China Taopu No. 2 Warehouse)
*DMF: Direct Marketing Fulfilment



EC Call Centre (Shanghai e-Technology)
*EC: Electronic Commerce

Supporting transferees headed to China: quick and easy moves to China

With China's economy growing, more and more people are being transferred to China, with the majority leaving their families behind in Japan and moving to China alone to take on their new assignments. A major headache in such moves is getting their household articles through customs and finding transport once in the country.

In response, the Nippon Express Group started to offer two innovative moving services in November 2010 for individuals not accompanied by their families: Shanghai Easy Move and Non-family China Transfer Plan.

The Shanghai Easy Move is an industry-first full package moving service for single transferees. The Nippon Express Group takes care of all packing without the need for a preliminary inspection appointment, providing simple boxes that can double as storage furniture in the new

residence and a smooth and hassle-free move allowing the transferee to start a new life in China the day he or she moves in.

The Non-family China Transfer Plan delivers household articles to four inland China cities—Wuhan, Chengdu, Chongqing and Xian—in just 30 days, 10 days less than the conventional transport route. Cargo is handled entirely by the Nippon Express Group from pick-up in Japan to delivery at the final destination in China, ensuring the safety and security of each box.

Both services include completion of all complicated paperwork, which makes the move as easy as possible. Our staff in China are proficient in Japanese, ready to help customers get settled without a language barrier.

Non-family China Transfer Plan

The Nippon Express Group offers door-to-door moving service to inland China via Hong Kong.

Number of days required from pick-up in Japan to delivery to customer's final destination in China:



Feature 2 Logistics Services Supporting Comfortable and Prosperous Lifestyle

“Protecting family memories and belongings” Nippon Express moving services —number one in the industry*

*Based on FY2010 sales rankings provided by HJ Hikkoshi-Joho (HJ Moving Information)

The Nippon Express Group has transported myriad types of cargo—from world-renowned art such as the *Mona Lisa*, to heavy loads such as the Shinkansen bullet train and bridges. This expertise comes into play when moving households goods during family relocations.

We understand the value contained in each picture drawn by a child, each well-used dish or piece of furniture. We handle family treasures with gentle care.



Packing that is kind to the Earth

Ecologicompo—packaging material developed by the Nippon Express Group—has greatly diminished the environment burden of household moves, reducing “per move” waste from 70 kilograms to zero and CO₂ emissions from 93 to 20 kilograms. In recognition of such accomplishments, the Nippon Express Group was presented the Minister’s Prize from the Ministry of Land, Infrastructure and Transport in the Eco-Services Category of the Third Eco Products Awards.

In addition, the Nippon Express Group has developed specialized, reusable super-slim television packaging materials, reducing waste and packaging time while increasing safety during transport.



Since its establishment, the Nippon Express Group has contributed to the development of society through logistics. We transport everything from personal effects upon relocation to world-renowned art as well as heavy plant machinery. All of our work shares the common philosophy of “contributing to more comfortable lifestyles through logistics.” We are proud to have gained the trust of society and lived up to their expectations.

This section introduces some of the many logistics-related businesses we offer as we support diverse lifestyles.

Handling approximately 70 percent of all wind-power generator transport and installation*

Recent years have seen a rapid rise in environmentally-friendly wind-power generation. The Nippon Express Group is involved in both the transport and on-site installation of windmills.

Wind-power generators consist of the blades, the nacelle (internal section of the power generator), the tower and other parts needing transportation from factory to installation site. As Japan’s wind-power generators are often located near mountain ridges, specialized technology is required to avoid obstacles when carrying the 40- to 45-metre blades and multi-dozen-ton nacelles.

The Nippon Express Group has successfully carried out the complex and delicate task by developing trailers designed to transport turbine installation equipment (blade erection devices) and implementing elaborate transport plans.

These experiences and technologies have allowed the Nippon Express Group to expand its wind power transport and installation work since 1999, with the company handling approximately 70 percent of all domestic turbine installation to date.

The Nippon Express Group will continue supporting the expansion of renewable energy through logistics.

*75 windmills installed between January 2010 and January 2011.



Blade erection equipment



Supporting 36,000 amateur runners in the Tokyo Marathon

The annual Tokyo Marathon was held in February 2011. The course follows major roadways around famous spots in the city such as the Imperial Palace, Asakusa and Ginza. Amateur runners can hardly wait to participate.

Nippon Express has been working behind the scenes since 2007, the first year for Japan’s mega-marathon. Our job is to handle the personal belongings of some 36,000 runners during the event, returning them without error at the finish line. We also help ensure that everything is set for the race, transporting water to stations along the route, for example.

The Nippon Express Group is proud to be a part of the smooth operations supporting the Tokyo Marathon, a new seasonal tradition for the city.



Transport of Buddhist statuary



Relocation of monorail bridge



Transport of Shinkansen train car



Environmental Initiatives

Leaving the environment in better shape for the next generation is a big challenge in today's world. While achieving social development, human beings have created environmental burdens, including CO₂ emissions. As a professional logistics group, we will contribute to society by delivering goods to people around the world, while striving to achieve more energy-efficient "Earth-friendly logistics."

Environmental Charter

In April 2010, Nippon Express revised its Environmental Charter, first established in May 2001. The new revisions signal a step up from preservation-focused environmental management to strategic environmental management and set goals corresponding to changes to the nature and scope of environmental initiatives demanded of companies.


Established: May 10, 2001
Revised: April 1, 2010

Nippon Express Environmental Charter

Basic Philosophy
Nippon Express shall be mindful of its responsibilities as a corporation to society and the general public, and shall proactively contribute to environmental conservation as a "good corporate citizen" by practicing environmental management.

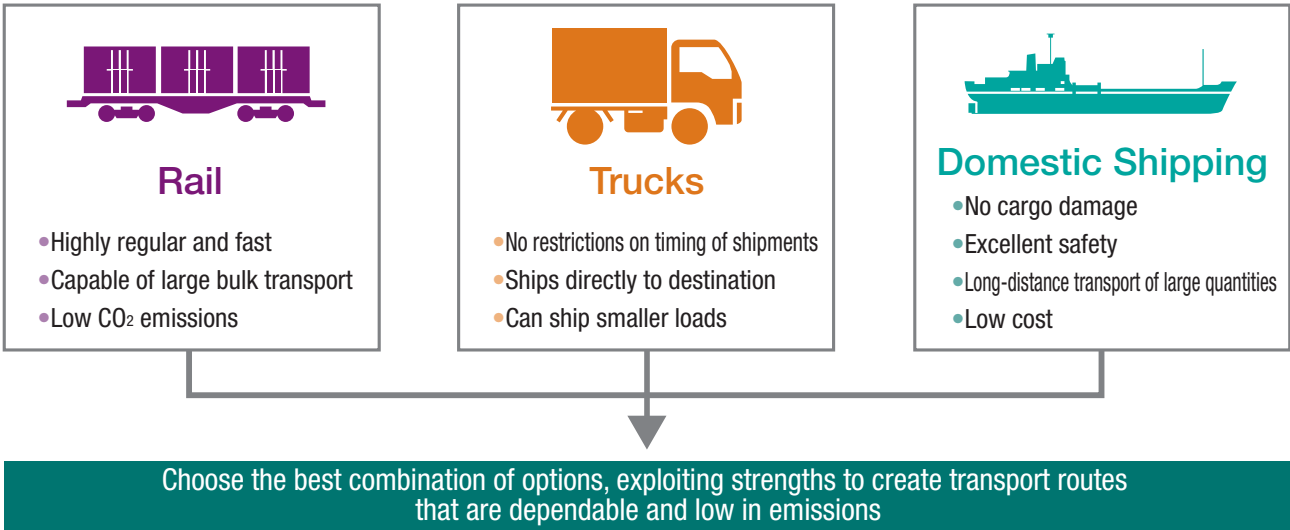
Code of Conduct
Recognizing that preservation of the Earth's environment is a challenge facing all mankind as well as an indispensable requirement for our company's existence and activities, we shall independently and proactively strive to fight global warming, preserve biodiversity and construct a recycling-based society.

- 1. We will promote green logistics.**
 - We will decrease our burden on the environment through the curtailment of harmful greenhouse gases by practising environmentally-friendly logistics.
 - We will work to develop environmentally-friendly logistics products, services and packaging.
- 2. We will work to more efficiently use natural resources and energy.**
 - We will work to construct a recycling-based society by promoting the 3Rs and the conservation of energy and resources.
 - We will expand our use of renewable energies.
 - We will support our customers' efforts toward building a recycling-based society.
- 3. We will adhere to environmental laws and ordinances.**
 - We will comply fully with the Act on the Rational Use of Energy, municipal ordinances and all other environmental laws.
- 4. We will train environmental personnel.**
 - We will develop personnel with environment-oriented mindsets who will practice strategic environmental management.
 - We will cultivate environmental personnel through environmental education and preservation initiatives.
- 5. We will promote an environmental social action programme.**
 - We will work to contribute to society in the areas of environmental preservation and environmental education of future generations.
- 6. We will report information about our environmental initiatives to society.**
 - We will work to communicate with society and proactively submit information concerning environmental initiatives.
- 7. We will continually improve upon our environmental management system.**
 - We will create a company-wide environmental management system and enhance its functions.
 - We will continually improve upon our efforts toward the environment and strive for successful environmental management.

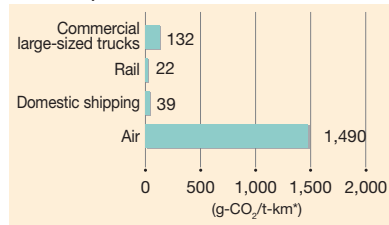
 **NIPPON EXPRESS**

Modal Shift

Modal shift in freight transport means switching from transport mostly by trucks to transport utilizing railways and ships. In keeping with the objective of the Green Logistics Partnership Conference, the Nippon Express Group promotes collaboration and cooperation between shipper companies and freight companies. In FY2010, we successfully implemented numerous modal shift initiatives, switching from a truck-centred transportation to one that makes much use of railways and ships. The Nippon Express Group is also expanding modal shift activities overseas as well as within Japan.



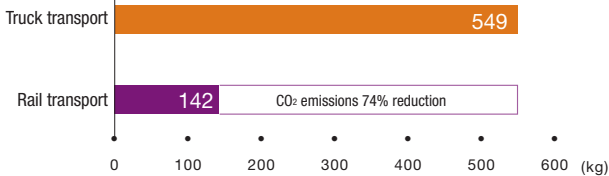
● CO₂ Emission Basic Units by Transport Mode



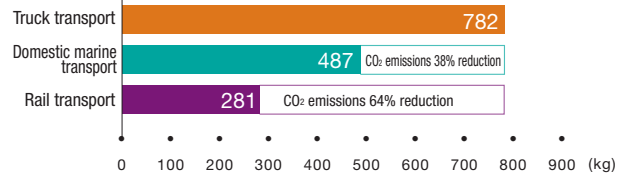
Source: The Ministry of Economy, Trade and Industry Notification No. 66 (March 29, 2006), "Method of Calculating the Energy Usage Involved in the Transport of Cargo Carried out by Freight Haulers"
 *When loading ratio of 11-ton trucks is unavailable

Comparison of CO₂ Emission Reductions Due to Modal Shift (calculated using the Revised T-km Method* in the case of transporting a 10-ton cargo)

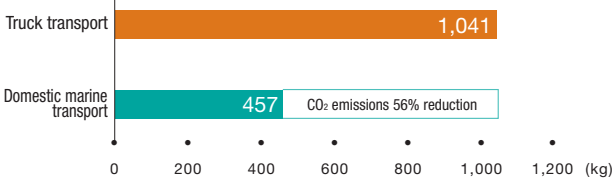
●Tokyo–Osaka



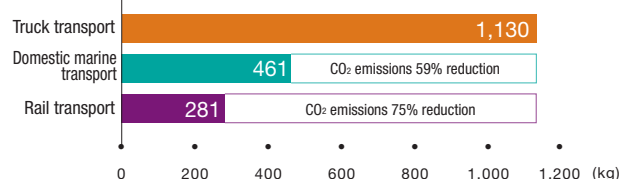
●Tokyo–Sapporo



●Tokyo–Kushiro



●Tokyo–Fukuoka



*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.

Environmental Initiatives
Safety Initiatives
Together with Our Customers
Together with Our Partners
Together with Our Employees
Together with Society
Corporate Governance

Modal Shift to Rail Transport

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

Nippon Express is actively promoting the truck-to-rail shift, thereby improving service, heightening the efficiency of operations, minimizing energy use and thus decreasing the environmental burden.

We have a wide variety of initiatives aimed at facilitating a smooth 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.

One example of these initiatives is the Super Green Shuttle Train, which was selected as a model project by the Green Logistics Partnership Conference. The Super Green Shuttle Train is specially equipped to handle 31-ft containers. It commenced operation between Tokyo and Osaka and received the Minister's Prize from the Ministry of Land, Infrastructure, Transport and Tourism (formerly known as Ministry of Land, Infrastructure and

Transport) in fiscal 2006.

In fiscal 2007, the Shikoku Branch was also recognized at the Green Logistics Partnership Conference for using return rail transport to carry procured materials after making product deliveries; the branch received the Minister's Prize from the Ministry of Land, Infrastructure, Transport and Tourism for contributing to CO₂ emission reductions, while 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. In 2009, the Yokohama Branch was awarded the Minister's Prize from the Ministry of Land, Infrastructure, Transport and Tourism for introducing customized containers resistant to vibrations and shocks for transporting mobile phone base stations.

In fiscal 2008, Nippon Express joined Toyota Motor Corporation, Toyota Transportation Co., Ltd. and Japan Freight Railway Company to create the Toyota Long Pass Express for auto parts transport. The project received the 9th Logistics Environment Award from the Japan Federation of Freight Industries.

A Manager's Perspective

Modal Shift at Mitsubishi Fuso Truck and Bus Corporation



Daisuke Akagi
Assistant Manager
Nagoya Container Branch Container Center
Nippon Express Co., Ltd.

When Mitsubishi Fuso Truck and Bus Corporation decided to consolidate their bus manufacturing division's production plants in Toyama Prefecture, they needed to establish a distribution route for transporting parts from suppliers located near the former Oe Plant (Nagoya, Aichi Prefecture) to the Toyama Plant.

Yet, with all the suppliers concentrated in Aichi Prefecture, the extra transport distance posed by the new location inevitably meant an increase in CO₂ emissions. The Nippon Express Group put its modal shift expertise to work and devised a solution to optimise logistics for Mitsubishi Fuso Truck and Bus, an initiative that would reduce CO₂ emissions in every step, from product manufacture to procurement and product transport.

In the past, each supplier delivered parts independently to

Mitsubishi Fuso Truck and Bus. We proposed a scheme for comprehensive management of procured materials delivery, introducing a fundamental change for the customer. Various parts for small-sized buses, all with diverse packing requirements and volume, would be collected from 31 manufacturers at 36 centres located in Aichi and Gifu prefectures, and consolidated at the Nagoya Cargo Terminal Station. Each shipment would then be assigned the optimum of three types of rail containers and trucks, and would be delivered to the transit shed in the Toyama Freight Station.

The parts would then be removed from the containers, sorted and set according to delivery destination, time, and production flow, ready for one of five daily factory deliveries from the Toyama Freight Station.

Mitsubishi Fuso Truck and Bus praised the proposal as economical and environmentally sound, representing a reduction in CO₂ emissions of approximately 70% on the trunk line alone.

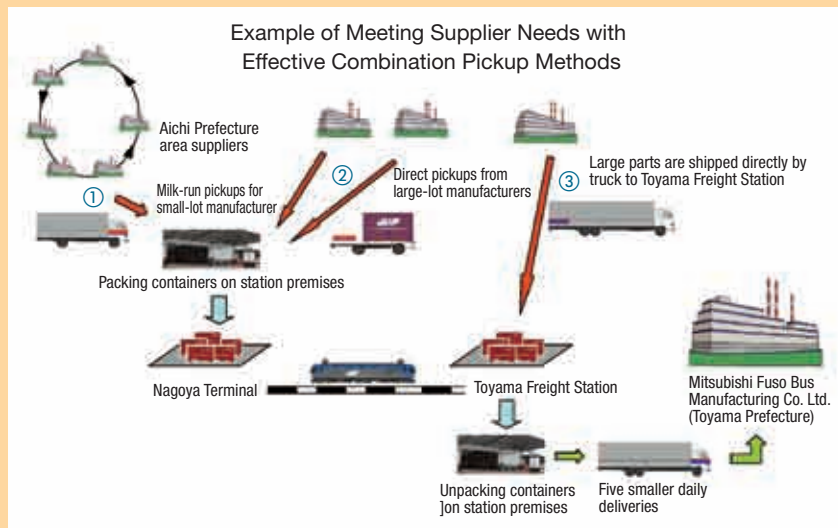
We hope to promote further modal shift for Mitsubishi Fuso Truck and Bus, proposing use of rail containers as the backbone of all procured materials distribution.



Loaded container



Sorting area



Modal Shift to Domestic Marine Transport

In 1964, the Nippon Express Group initiated combined land-sea services with Japan's first container vessel, the *Dai-ichi (No.1) Tennichi Maru*, between Tokyo and Muroran, followed by the *Dai-ni (No.2) Tennichi Maru* between Osaka and Muroran. In 2003, Nippon Express and MOL Ferry Co., Ltd. launched a joint service between Tokyo and Hakata. At present, Nippon Express connects points nationwide with eight cutting-edge large ships, including three regular routes and some vessels operated jointly with MOL Ferry.

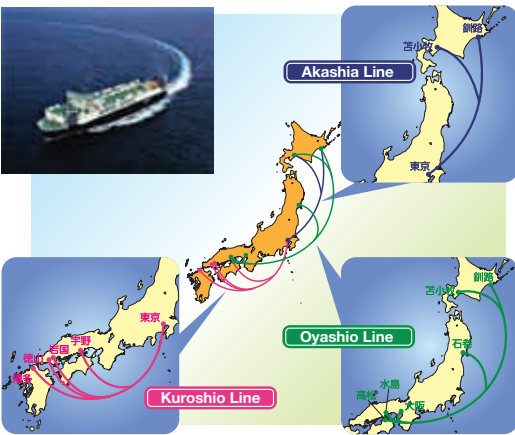
In domestic marine transport, Nippon Express is implementing various low fuel consumption initiatives to reduce CO₂ emissions. In particular, we outfitted our high-speed RORO vessels,* *Himawari 5* and *6*, which were phased into operation for coastal service between Tokyo and Kyushu and Setouchi routes, with auto-controlled engines that match fuel injection with vessel speed. The vessels employ a narrow shape to create less water resistance. In addition, we increased the propulsion power of the newest propellers and put movable blades on the hulls to prevent rolling, making for smoother voyages.

On every voyage in each of our sea routes, the Nippon Express Group takes various data such as freight weight, transport distance and fuel consumption to constantly research and analyse, ultimately realizing energy saving navigation. We also check sea current speed and direction for each season to select the most energy-efficient sea routes.

In addition to its environmentally-friendly aspects, Nippon Express's domestic marine transport provides reliable delivery times by running vessels regularly and assures cargo safety through door-to-door intermodal transport. While we create information systems that make full use of the latest information technology and engage in other efforts to enable us to accommodate increasingly diverse and sophisticated customer needs, we are actively switching from truck to coastal marine transport.

Nippon Express and three other companies launched a collaborative service between Hakata and Shanghai called "Shanghai Super Express." The result is a high-speed marine transport service between Shanghai and Kanto/Hokkaido with Hakata Port as a transit point.

Domestic Marine Transport Service Network



Himawari 1



Himawari 6

*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.

A Manager's Perspective

Case Study: Hitachi Metals, Ltd.



Suzuki Hisashi

Manager
Sales Promotion Group,
Domestic Marine Sales Center
Tokyo Shipping Office
Nippon Express Co., Ltd.

Hitachi Metals, Ltd. manufactures and supplies high-end die-cast parts for various automotive manufacturers. As an example, they have long been making daily truck deliveries of aluminum wheels to Kanda Town in Miyako-gun, Fukuoka Prefecture.

We suggested they convert to our trailer-based marine transport service, which reduces costs as well as CO₂ emissions while ensuring on-time performance. As delivery of parts to automotive manufacturers requires strict adherence to delivery times, the customer was concerned about cancellations and/or delays. After presenting our past performance of on-time delivery, Hitachi Metals agreed to try the service.

Trial shipments were executed in September 2010 to investigate potential issues such as trailer loading methods, shock-absorbing

materials, and possible scratches on product. As a result, we were able to prove there were absolutely no scratches on, or damage to, product, Hitachi Metal's main concern, and final decisions were made regarding shock-absorbing materials and related matters.

In January 2011, Hitachi Metals officially began using our trailer-based marine transport service, which we combined with truck usage in a dual transport system to allow for potential changes in delivery time.

We were onsite for the first official delivery to the customer and are pleased to report that the cargo was delivered smoothly without a single complication.

Although deliveries via the trailer-based marine transport service are limited to 10 per month for now, we will promote further modal shift, expanding trailer transport in the near future.



Transport System Improvements

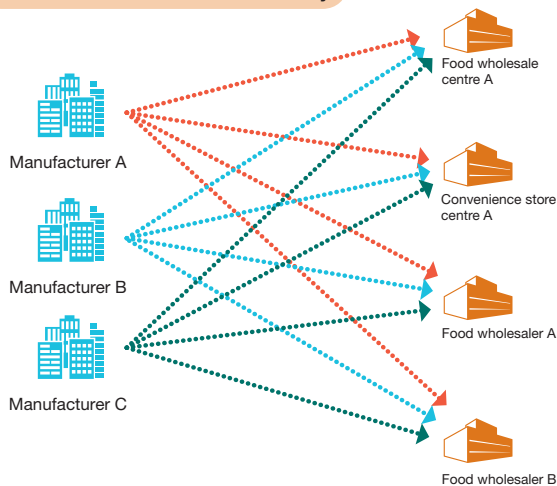
Improving our transport system is another way in which the Nippon Express Group is pushing forward our initiatives to reduce the impact on environment.

Joint Delivery

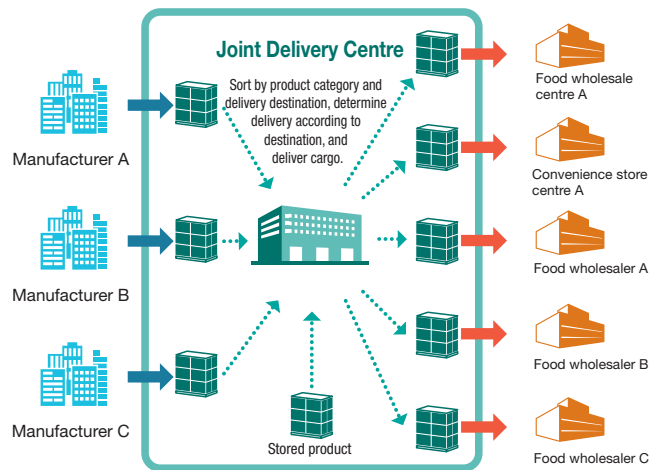
In urban areas, where trucks are widely used for transport, major problems such as air pollution from CO₂, NO_x, PM emissions and traffic congestion are prevalent. Many of these problems are seen to have resulted from a higher frequency of collections and deliveries due to smaller lots, a lack of cargo processing facilities and increased street side parking for pickups and deliveries.

To address this situation, the Nippon Express Group is advancing joint delivery. This method entails the loading of similar category products from various manufacturers for a single delivery. Compared to making individual deliveries based on manufacturer, fewer deliveries are necessary, reducing overall CO₂ emissions with increasingly efficient receipt of goods at the final destination.

Conventional Collection and Delivery



Implementation of Joint Collection and Delivery

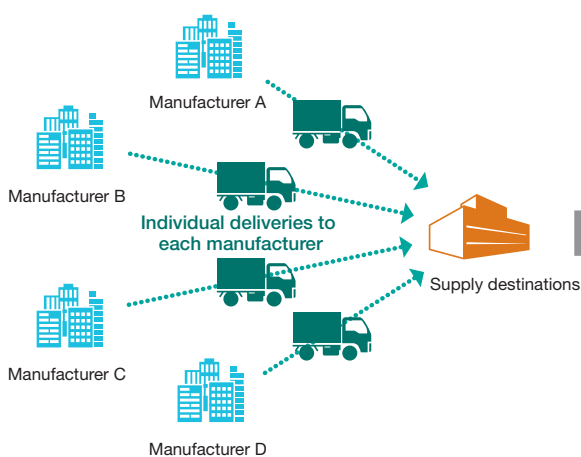


Milk-run operation:

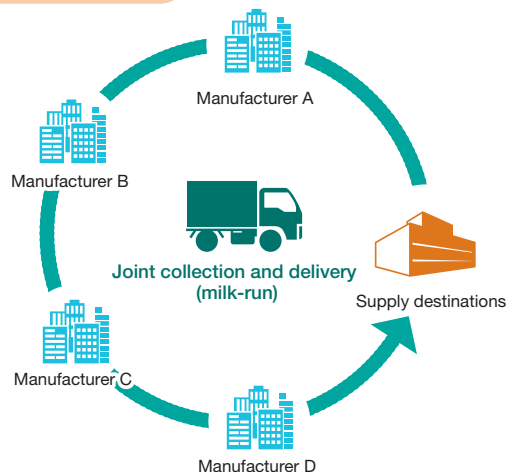
Milk-run operation is a delivery method in which one vehicle makes stops at several suppliers on a regular route, collecting all cargo in one trip. The method gets its unique name from the dairy industry, with one truck visiting several dairy farms to collect milk. By setting a route for collecting

shipments, shipping and delivery times become regular, facilitating well-planned and efficient procurement logistics. Milk-run operations help reduce the impact on the environment while alleviating traffic congestion.

Individual deliveries



Milk-run operations



Industrial Waste Collection and Transport for Recycling

The Nippon Express Group collects and transports industrial waste as part of its comprehensive logistics business. Approved by all authorized local governments as a provider of collection and delivery services*, we also manage waste collection logistics to meet the high demand for recycling and reuse. Utilizing a combination of rail and ship transport to provide a wide range of consolidated transport, including waste collection from manufacturing through post-consumption—the Nippon Express Group 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 collectively named “Eco-business,” in an effort to contribute to a recycling-based society.

*Approval not yet obtained for certain items

Initiative on Industrial Waste Collection and Transport

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 minimizes CO₂ emissions and environmental impact. Open-top containers are used for effluent and sludge to meet specific material requirements.



Sludge removal using open-top containers

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 household appliance recycling service initiative, Nippon Express operates a designated collection point for manufacturers observing the Law for the Recycling of Specified Kinds of Home Appliances (Home Appliance Recycling Law), including the collection and transport of appliances to the recycling plant. Similar transport activities target automobiles, construction debris, containers and packaging, as well as confidential business documents, which receive dissolution treatment at processing plants for recycling into raw materials.

One of our newest initiatives is the development of a resource recycling system that focuses on the reclamation of food waste.



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 safekeeping of PCB oil and electrical equipment containing PCB oil was strictly enforced.

Under the Law Concerning Special Measures Against PCB Waste, put into effect in 2001, all PCBs in Japan must be disposed of by 2016. With 100% financial backing of the government, treatment companies have been systematically disposing of PCB waste since December 2004.

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



PCB delivery vehicle (tank lorry)

Initiatives to Introduce Low-pollution Vehicles and Enhance Fuel Economy

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

Environmentally-friendly (Low-emission) Vehicles

In addition to complying with the law and regulations, Nippon Express went a step beyond and actively introduced environmentally-friendly vehicles including specially developed new models.

In April 2005, we reviewed the definition of “clean energy vehicle” that we had been adopting until then and revised our policy, shifting the emphasis to decreasing emissions from our large vehicles and revising the name to “environmentally-friendly vehicles.” Since then, we have increased the number of CNG, hybrid and LPG trucks, while focusing on the addition of low-emission diesel trucks that conform to the new long-term regulations for large-sized vehicles throughout Japan, growing our fleet to a total of 5,138 vehicles as of March 31, 2011.

Number of environmentally-friendly Vehicles in Fleet (as of March end, 2011)

Vehicle type	Number		
	Total	Nippon Express non-consolidated	Affiliate companies
Electric vehicles	2	2	0
CNG vehicles (compressed natural gas)	386	320	66
Hybrid vehicles	665	595	70
LPG vehicles	574	513	61
New long-term regulation vehicles	3,511	2,512	999
Total	5,138	3,942	1,196

*Includes passenger cars for business use.

*Includes only related distribution companies managed by affiliates.

*The range of vehicles included in these numbers has varied each fiscal year. As of January 2010, we standardized the scope (for example, excluding ultra-low PM vehicles), compiling and reviewing past data as well. In addition, as previous data lacked continuity due to numerous vehicle transfers from changes in business organization, etc., the chart only shows the current fiscal year.

Environmentally-friendly Vehicles



Compressed Natural Gas (CNG) Trucks

Fuel for these trucks is the same natural gas used by urban households, compressed under high pressure. CO₂ emissions are 20 to 30% lower than petrol, NO_x emissions are much lower than diesel and there is no PM exhaust.

However, further problems that need to be solved include making fuel tanks smaller and lighter and enhancing fuelling stations.



Bi-fuel CNG Trucks

Used mainly in air service deliveries and for transport of valuables, these modified vehicles run on both CNG and regular petrol. Once the CNG is depleted, the motor can be manually switched to petrol, eliminating any apprehensions of running out of CNG while out on the road and 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. Compared to diesel engines, NO_x emissions are far lower and there is no PM exhaust. Because more and more fuelling stations (LPG stations) are found nationwide, we have increased the number of LPG trucks in the fleet.

Safe Eco-driving Education

“Safe Eco-driving” has three meanings: safe driving, ecological driving and economical driving. The idea behind eco-driving, or driving in an eco-friendly manner, is to protect the environment and resources while reducing costs. Furthermore, it involves seeking greater safety through moderate and responsible driving.

Every year, Nippon Express gathers employees from facilities around the country and provides comprehensive instructor training for the participants, all of whom play a central role in driving instruction. This training, called “Driving Instructor Training Course,” focuses on mastering

safe eco-driving, learning how to drive safely and having participants see how driving smoothly, without sudden acceleration and braking, is an integral element of safe driving. Those who complete the course are designated as in-house driving instructors, who then train and instruct drivers personally. This course enables instructors to understand safe eco-driving with both mind and body, and they further educate fellow drivers at their respective branches. Every year, around 1,200 drivers attend the “safe eco-driving” course at Izu Training Centre (see page 38 for related article).

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.

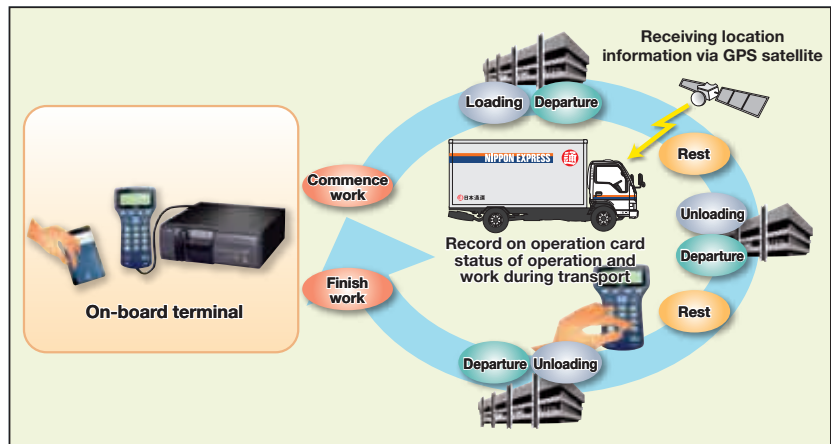
This system now makes it possible to calculate safe eco-driving factors for each vehicle, such as excessive vehicle speed, sudden acceleration and braking, idling time

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 Management System (conceptual diagram)



Installation of Digital Operation Recorders



TOPICS Optimal Navigational Planning Support System “ECoRO” (provisional name): Enabling implementation

Nippon Express and Nippon Shipping Co., Ltd. collaborated in an experiment, in which ECoRO (provisional name), an optimised navigational planning support system developed for domestic marine vessels, was installed and run on Nippon Express’s RORO container ship *Himawari 1*. The Japan Weather Association joined forces with the National Maritime Research Institute, an independent administrative institution, Tokyo University of Marine Science and Technology and other entities to develop this system, coupling the navigational performance of marine vessels with meteorological and oceanographic information supplied from the Japan Weather Association to enable optimal navigational planning (sea route recommendations, vessel speed planning, fuel consumption forecasts and estimated arrival times). The system enables accurate port arrival estimates while minimizing fuel consumption through navigational recalculations while at sea, based on meteorological and oceanographic updates and other key informational changes.



Himawari 1

Promoting Environmentally-friendly Facilities

The Nippon Express Group actively promotes environmentally-friendly facilities through activities such as construction of warehouses featuring solar panel installations and buildings hosting rooftop greenery.

Environmentally-friendly facilities employing solar power

Construction of the Chiba Marine Transport Branch Narashino Logistics Centre was completed in October 2010. The centre serves as the core facility for parts storage and transport operations for Mercedes-Benz Japan Co., Ltd., whom the Nippon Express Group serves as logistics partner.

This state-of-the-art logistics service centre, managed by the Nippon Express Group, provides after-service support for Mercedes-Benz vehicles sold in Japan by streamlining parts storage and import customs clearance, container export, warehouse operations and domestic transport operations. In other words, the centre, providing comprehensive services from warehousing to clearance and transportation, is run in a manner truly embodying our corporate vision—a “global logistics company.”

At the same time, the centre is the essence of our

corporate vision of “a company that fulfils its responsibility to the earth.” The 2,682 solar panels covering the facility roof generate up to 480 kilowatts of electricity per hour, providing approximately one-third of the facility’s power consumption.



Winner of the Osaka Sustainable Architecture Award (Osaka Governor’s Award)

In February 2011, Nippon Express Group’s multipurpose factory, located in Sharp Corporations “Green Front Sakai” complex in Sakai City, Osaka, received the 4th Osaka Sustainable Architecture Award (Osaka Governor’s Award).

Based on Osaka Prefecture Ordinances Concerning the Preven-



Multipurpose factory

tion of Global Warming, Etc., the Osaka Sustainable Architecture Award is presented in recognition of extraordinarily environmentally-friendly structures helping prevent problems such as global warming and the heat island effect. Only the most exceptional structures are honored with the Osaka Governor’s Award, which aims at promoting the development of environmentally-friendly architecture.

Green Front Sakai is home to many Sharp production facilities, including the solar battery and liquid crystal panel plants. The multi-purpose factory is a logistics-related facility built by Nippon Express, with the designs supervised by Nittsu Real Estate Co., Ltd. The Nippon Express Group uses this as a hub, providing one-stop global logistics services for the entire Green Front Sakai complex.

Rooftop Greening at Nittsu Driving School

The Nittsu Driving School’s new building incorporates rooftop greenery for energy conservation. The fourth floor rooftop is almost completely covered in flora, significantly contributing to insulation efficiency and reduction of the heat island effect.

In the Energy Conservation Assessment Report published by Cool Net Tokyo (Tokyo Metropolitan Center for Climate Change Actions) in November 2010, Nittsu Driving School received praise for its “highly advanced facility boasting nearly 100% greening when most companies are still experimenting with partial rooftop greenery.”

*As there is no fence installed, the rooftop is not open to the public for observation.



View of Nittsu Driving School

Rooftop Greenery

Initiatives for Promoting Resource and Energy Conservation

In addition to implementing initiatives to promote environmentally-friendly truck transport, we are actively conserving resources used in packaging and promoting initiatives to ensure energy conservation in warehouses and offices.

Development of Reusable Packing Materials for Moving

The Nippon Express Group continues to develop various packing materials to promote resource conservation. For example, our *Ecologicompo* household moving service is both environmentally- and user-friendly, featuring reusable moving materials such as our exclusive chinaware trunk, shoe cabinet, and portable wardrobe.



Ecologicompo packing materials

Resource-conserving External Packing Materials

The Nippon Express Group is gradually switching from the conventional cardboard crates* used as external packing material to reusable steel-frame containers.

Use of steel-frame containers lessens the CO₂ gases emitted during waste processing of the cardboard used in the conventional crates (reducing 47.6 kilograms of CO₂ emissions per crate). According to fiscal 2010 calculations, 1,267 steel-frame crates were used, reducing CO₂ emissions by 60,309 kilograms.



Steel-frame container



Cardboard crate

*Cardboard crate: framed box made from cardboard for transport packing

Packing Materials for Flat-screen Televisions

Development of “Flat-screen Television Packing Materials” was recently completed, expanding our lineup of resources for moving services from January 2011. With the complete switch to terrestrial digital broadcasting in July 2011, we have seen a surge in sales of flat-screen televisions. Yet conventional packing methods required excess materials and were bulky to handle. Many customers preparing to move indicated the need for simpler and safer packing materials.



Compression test breaking point (580 kg load)

TOPICS Improved Flat-screen Television Container Guarantees Safe Delivery

—Transport Environment Test Lab, Nittsu Research Institute and Consulting, Inc.

In development of the flat-screen television transport container, one of Nippon Express Group's newest packing materials for our moving services, various factors were taken into consideration, such as vibration during transport, possible shock impact while carrying, and potential compression due to stacking for transport, to ensure the safest delivery of our customer's household goods (particularly flat-screen televisions). The Transport Environment Test Lab at Nittsu Research Institute and Consulting, Inc. conducted a series of tests spanning vibration, free-fall drop, rotational edge drop and compression to evaluate the protection performance and strength of the container. Packing material durability was confirmed and the Institute gave the final approval for use of the container for safe transport.

The Transport Environment Test Lab is equipped with a full lineup of test devices in compliance with JIS-Z-0200 (Packaged freights—General rules of testing), realizing reasonable material costs while ensuring protection against breakage during transport and storage for the customer.



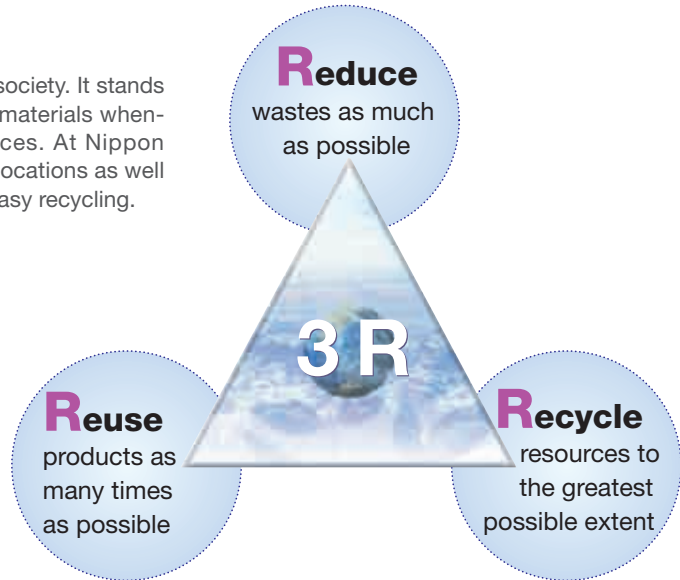
View of Nittsu Driving School

Reducing Waste and Advancing the 3Rs

Through methodical separation of waste generated in all business locations, Nippon Express is able to promote proper waste processing and recycling. We also continue to implement green purchasing as well as 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 to reduce waste from all business locations as well as sort paper and other waste generated in our offices for easy recycling.



Promoting the 3Rs by recycling packing materials

Although returnable packing materials can be used in our Ecologicompo and other moving services in Japan, overseas moves involving much longer distances make it necessary to use conventional packing materials to ensure the more robust protection of cargo.

Thus, the Nippon Express Group carefully separates materials generated from overseas moves, and materials that were previously disposed of as “garbage” are processed for reuse. One such material we reuse is Ecopuchi, our bubble-pack cushioning.

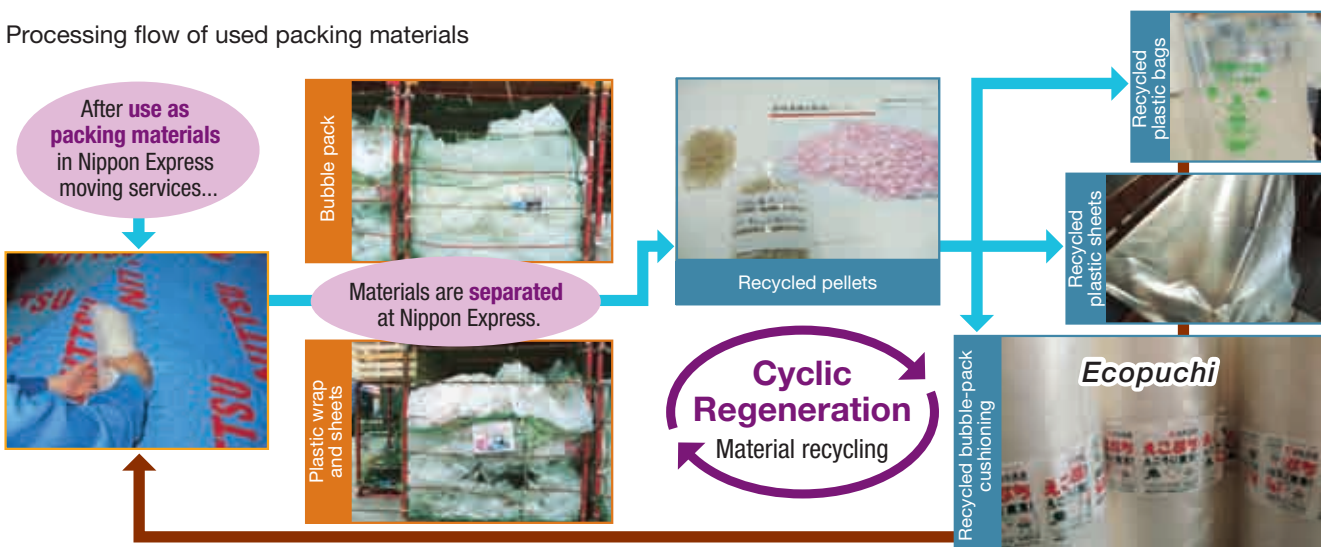
The key point in this initiative is “methodical separation.” Paper tape and other packing materials are carefully

removed from the plastic sheets, separated according to type. The resources are then delivered to a vendor for processing into renewed materials, which we later purchase as “recycled materials.”

This initiative was recognized with the Special Logistics Environmental Award by the Japan Federation of Freight Industries, presenter of the 11th Logistics Environment Awards.

The Nippon Express Group will continue to expand its 3Rs initiative, which pledges to “reduce” generated waste, “reuse” waste as much as possible, and “recycle” waste, forming renewed resources to the best of our abilities.

Processing flow of used packing materials



Obtaining Environmental Certifications

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

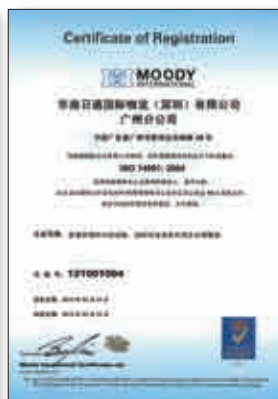
Obtaining ISO14001 Certifications

In June 1998, Nippon Express obtained ISO 14001 certification for three service locations (since consolidated into two) at the Tokyo Air Service Branch in Baraki (Ichikawa

City, Chiba Prefecture). As of March 2011, we have obtained certification for a total of 14 locations around the world.



ISO 14001 registered certification for NEP Logistics, Inc.



ISO 14001 registered certification for Nippon Express (South China) Co., Ltd.

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

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 Branch: Takamatsu Air Cargo Centre

New certification, May 31, 2005

Shikoku Branch: Shikoku Heavy Haulage & Construction Branch

New certification, May 10, 2007

NEP Logistics, Inc. (Philippines)

New certification, March 24, 2010

Nippon Express (South China) Co., Ltd.

New certification, March 18, 2011

Osaka Branch: Sharp Osaka Office

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, Transportation and Tourism.

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).

In the truck division, as of March 2011, 232 Nippon Express facilities and 24 facilities in 12 group companies have obtained certification. In our warehousing division, which was established in July 2005, 33 Nippon Express facilities and one facility in one group company have obtained certification.

Initiatives for Obtaining Green Management Certification

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	<ul style="list-style-type: none"> ● Routine visual checks for black smoke are important. ● Regularly use tester to measure black smoke concentration. ● Immediate inspections (determining causes) and maintenance are important.
■ Air filter	<ul style="list-style-type: none"> ● Poor fuel economy: increases CO₂ ● Black smoke: needs maintenance 	● Regular cleaning and changing is important.
■ Engine oil	● Poor fuel economy: increases CO ₂	● Regular oil changes are important.
■ Tyre air pressure	● Poor fuel economy: increases CO ₂ (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 CFC refrigerants, which are greenhouse gases.	<ul style="list-style-type: none"> ● Routine checking of effective cooling is important. ● If air conditioner cools poorly, immediately inspect and repair.



Air pressure measurement using tyre gauge



Air pressure measurement using pen-type tyre gauge



Black smoke check using black smoke chart



Air-conditioner gas status check using sight glass

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 and emissions, as well as CO₂ emitted by sources other than mobile emission sources such as trucks and ships. This compiled data includes estimated quantities calculated from the purchase value as well as annual estimates based on fixed monthly quantities.

Energy Usage, Etc. of Nippon Express Group (FY2010)

	Type	Unit	Nippon Express non-consolidated	Affiliates		Total	Nippon Express non-consolidated CO ₂ emissions (t)	Domestic Group company CO ₂ emissions (t)
				Domestic	Overseas			
Energy	Electricity	1,000 kWh	379,805	42,976	70,991	493,772	213,071	24,110
	Diesel oil	kℓ	80,600	98,235	12,696	191,531	207,948	253,446
	Petroleum	kℓ	7,192	4,607	3,042	14,841	16,685	10,688
	Natural gas	1,000 m ³	2,018	703	—	2,721	4,500	1,568
	LP gas	ton	3,846	1,943	—	5,789	11,538	5,829
	Heavy fuel oil	kℓ	257	4,520	—	4,777	696	12,249
	Heavy fuel oil (for ships)	kℓ	55,964	89,174	—	145,138	167,892	267,522
	Kerosene	kℓ	981	549	—	1,530	2,443	1,367
Total CO ₂							624,773	576,779

	Type	Unit	Nippon Express non-consolidated	Affiliates		Total
				Domestic	Overseas	
	Water	m ³	1,726,828	—	—	1,726,828
	Copy/printer paper	10,000 sheets	44,318	7,990	—	52,308
Waste	General waste	ton	25,810	3,690	—	29,500
	Industrial waste	ton	34,427	6,614	—	41,041
	Total	ton	60,237	10,304	—	70,541

Notes:

1. Data shown here is the aggregate of Nippon Express non-consolidated and consolidated companies (domestic 195, overseas 55) total 250 (as of March 31, 2011)
2. The Nippon Express non-consolidated and consolidated data for Japan was aggregated from various network systems, and the data of the overseas consolidated companies was aggregated from questionnaire surveys. The overseas consolidated data reflects survey results of 40 companies but does not include data concerning 15 companies where either offices are included in other consolidated companies or where no Japanese representative is present.
3. The numerical values include provisional calculations of quantities used from purchase value or provisional calculations restored to annual quantities from fixed monthly quantities.
4. The CO₂ emissions basic unit was calculated in accordance with the Ministerial Ordinance on Calculation of Greenhouse Gas Emissions Pertaining to Business Activities by Specified Emitters (Ordinance of the Ministry of Economy, Trade and Industry and the Ministry of the Environment, No. 3 of 2006)

Industrial Waste Emissions by Item (FY2010: Nippon Express nonconsolidated)

	Industrial waste items	No. of control manifests for industrial waste	Weight (kg)	Weight distribution ratio
1	Sludge	186	313,130	0.91%
2	Waste oil	215	129,783	0.38%
3	Inflammable waste oil	5	816	0.00%
4	Waste acid	5	14,129	0.04%
5	Waste alkali	21	123,439	0.36%
6	Waste plastics	12,916	12,471,536	36.23%
7	Waste metal	1,071	1,829,239	5.31%
8	Waste glass	143	75,299	0.22%
9	Combustion residue	2	7,840	0.02%
10	Debris	47	316,500	0.92%
11	Mixed waste	612	703,366	2.04%
12	Animal and plant residues	176	815,918	2.37%
13	PCB waste	7	236	0.00%
14	Wood shavings	5,043	17,505,813	50.85%
15	Others	139	119,582	0.35%
Total		20,588	34,426,626	100.00%

Notes:

1. Items recorded in units other than weight or volume (cars, roll containers, etc.) have been converted to weight (kg) or volume (m³).
2. Items expressed as volume (m³) were converted into weight based on a table of specific gravities by industrial waste item. For mixed waste, the specific gravity for general waste was applied.
3. 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.
4. 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 (FY2010)

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

Facility type	No. of facilities	Total amount used (kg/y)	Main substance	Main use
Reportable business category but amount used by facility is under reporting threshold	30	813	Methyl bromide	Warehouse fumigation
Not reportable business category but facility uses reportable substance	24	45,334	Methyl bromide, Hydrogen cyanide	Fumigation for operations incidental to import customs clearance

CO₂ Emission Reductions in FY 2010

Product Name	Basic unit (kg-CO ₂)	CO ₂ emissions (t-CO ₂)
Conventional form	87.92585	17,638
<i>Ecologicompo</i>	Full Pack	5.50608
	Half Pack	43.12909
	Self Pack	67.14119
	Subtotal	12,417
Amount of CO ₂ reduction (t-CO ₂)		5,221

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.

Conventional form CO₂ emissions 17,638 (t-CO ₂)	—	Ecologicompo CO₂ emissions 12,417 (t-CO ₂)	=	Amount of CO₂ reduction 5,221 (t-CO ₂)
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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 (FY2010)

Investment category	Major examples	Amount (million yen/year)
Investment in modal shift	Rail transport containers (Eco-Liner 31, Big Eco-Liner 31, etc.)	258
	Ship containers (R&S container, etc.)	246
	Tractors and trailers for freight containers	706
Investment in reusable packing materials for moving	<i>Ecologicompo</i> , netted blankets, high-pad, etc.	266
Vehicle-related investments (environmentally-friendly vehicles, etc.)	CNG, hybrid and LPG vehicles, heavy-duty vehicles that meet fuel efficiency	3,718
Costs for appropriate waste disposal and management	Costs related to Manifest Management Centre	36
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	62
Total		5,312

*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

The Nippon Express Group aims to meet all the transport needs of our customers, from ultra-large cargo such as wind-power generating equipment to valuable articles requiring meticulous care, such as art and money. We always put safety first. Recognizing our responsibility to ensure safety, we place the highest priority on safety management initiatives, striving ceaselessly to realize safe and secure lifestyles for everyone.

Commitment to Safety and Safety Symbol

In October 2007, in observation of the 70th anniversary of the Nippon Express Group's founding, we adopted a Commitment to Safety, encouraging safety awareness to permeate the Group. We inscribed the commitment on Safety Symbol, the sculptures we commissioned to grace

our Nippon Express Headquarters and the Izu Training Centre. The Commitment to Safety evinces our resolve to prevent accidents and disasters, as we promote initiatives reminding us to put this pledge into practice on a daily basis.

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.

 **NIPPON EXPRESS**



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

2011 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 human dignity.

1. Implement "Safety First" in the workplace.
2. Adhere to relevant laws/regulations and in-house regulations; be thorough in basic activities.
3. Continually improve upon the transport safety management system.
4. Reinforce initiatives promoting mental health measures for employees.
5. Promote measures to prevent the onset of lifestyle-related diseases.
6. Reinforce functions of health management system.

Nittsu Safety & Health Management System (NSM)

In April 2010, upon thorough review of past safety and health management practices within the Nippon Express Group, we established the Nittsu Safety & Health Management System (NSM), based on the ISO management system, to create better workplaces by implementing the

PDCA cycle* at the site level.

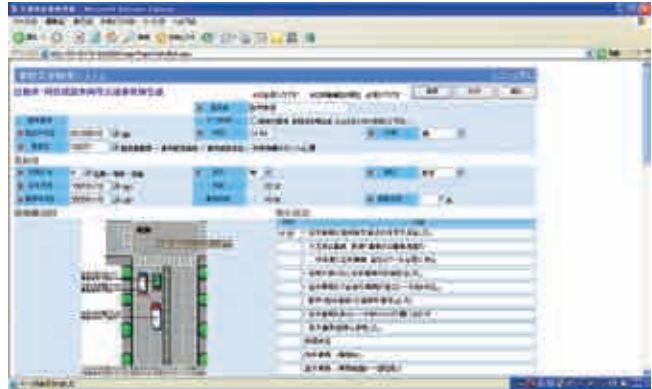
We will strive to promote NSM, aiming to establish a more efficient safety and health management system.

*PDCA cycle: A business method with a "Plan-Do-Check-Act" cycle, which is used for controlling quality or production.

Application of Accident and Disaster Information (Accident and Disaster Search System)

The Nippon Express Group maintains a system that shares and applies crucial information throughout the company via the Accident and Disaster Search System, a database accessible through the company intranet providing categorized information concerning past traffic and labour accidents.

This system enables us to rapidly share information with every workplace within Japan concerning all traffic and labour accidents that occur in any location as well as share measures to prevent recurrences, while developing proactive prevention measures for similar types of accidents on a lateral basis. The Nippon Express Group is continually committed to learning from past accidents and ensures safe driving and safe work environments.



Education and Training System

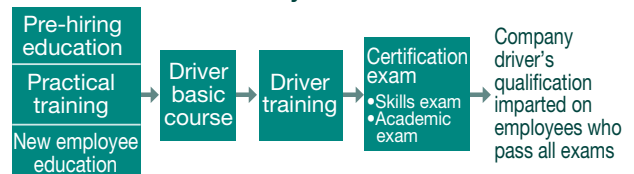
Safety education and training for truck drivers and forklift operators have a significant importance for us. In order to prevent workplace accidents, all drivers and forklift operators are required to complete Nippon Express's exclusive training and testing before starting their work. For the employees who are in charge of training, a special education program, the Driving Instructor Training Course, is offered at the Izu Training Centre, which boasts the perfect

environment for training with generously equipped facilities. After completing the course designed to enhance comprehensive knowledge of safety as well as driving quality, certified instructors return to their respective branches and instruct fellow drivers and forklift operators. Instructors receive ongoing education and skill enhancement through regular follow-up courses.

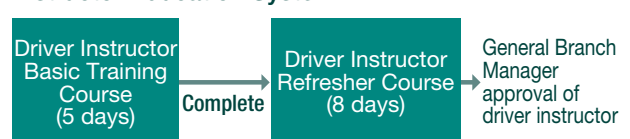


Izu Training Centre

Truck Driver Education System



Instructor Education System



Nippon Express Group All-Japan Driver & Forklift Operator Contest

Every year the Nippon Express Group All-Japan Driver & Forklift Operator Contest is held as part of our effort to improve driving performance, including compliance with traffic rules, fuel-efficient driving and maintenance inspection skills. While this helps prevent traffic and industrial

accidents, reduce environmental burdens and lower costs, it also instills a sense of professional self-awareness and pride in our drivers and forklift operators, and reminds them of their responsibilities as a member of society.



Industry Competition Champions!

The Nippon Express Group actively participates in contests sponsored by extra-departmental organizations of the Ministry of Health, Labour and Welfare and the Ministry of Land, Infrastructure, Transport and Tourism. The education and training for participation in such competitive arenas is considered a part of our training for skills upgrading.



Most contenders that participate in such competitions later take on key roles as instructors in the training and education of their workplace colleagues for further skills upgrading.

In September 2010, all seven Nippon Express Group participants in the 25th All-Japan Forklift Driver Competition sponsored by the Land Transportation Industry Safety and Health Association won top prizes, including first place. In October, 15 Nippon Express Group participants won prizes at the 42nd All-Japan Truck Driver Contest hosted by the Japan Trucking Association. Nippon Express Group employees were also honoured to receive the Prime Minister's Prize in 2010.



Achieving "Zero Serious Accidents and Disasters"

As a logistics company that uses air, marine and land transport, we recognize our responsibility to ensure safety, and we give first priority to it; it would be no exaggeration to say compromise is unacceptable when it comes to safety. "Zero traffic and industrial accidents" is our goal. In 2010, we achieved "zero fatal traffic accidents causing

third-party deaths due to Nippon Express negligence" as well as "zero industrial disasters causing workplace deaths."

The Nippon Express Group continues to implement a variety of initiatives toward securing safety.

TOPICS Nittsu Driving School: Lowest Accident Rate among New Drivers

On June 1, 2010, Nittsu Driving School received the Award for Educational Organization with Lowest New Driver Accident Rates from the Chief of Driver's License Headquarters of the Tokyo Metropolitan Police Department. The new award was presented to the school with the lowest accident rate over the past five years among recently licensed drivers, selected from among the 49 certified driving schools in the Tokyo metropolitan area.

The Nittsu Driving School remained Tokyo's top school in terms of low accident rates throughout 2010.

The award recognizes that, since its establishment in 1963, the Nittsu Driving School has successfully emphasized safe driving in its curriculum, just as the Nippon Express Group has effectively upheld traffic safety as its expected social responsibility.



Environmental Initiatives

Safety Initiatives

Together with Our Customers

Together with Our Partners

Together with Our Employees

Together with Society

Corporate Governance

Transport Safety Management

The Nippon Express Group is actively implementing Transport Safety Management, as set forth by the Ministry of Land, Infrastructure, Transport and Tourism, in an effort to uphold our corporate social responsibilities through transport safety. While we proactively implement initiatives to improve transport safety based on senior management leadership, we are building a safety management system within the company for the proper application of the PDCA (plan, do, check, action; see page 38 for details) cycle based on the cultivation of two-way communication between business management divisions and the workplace.



Fourth evaluation by the Ministry of Land, Infrastructure, Transport and Tourism, held in February 2011

In accordance with the Motor Truck Transportation Business Act, we formulated a new Transport Safety Management Regulation

check, action; see page 38 for details) cycle based on the cultivation of two-way communication between business management divisions and the workplace.

tions, appointed a general controller for safety (responsible for and in charge of issues related to ensuring transport safety) and notified the Minister of Land, Infrastructure and Transportation of the appointment.

The Nippon Express Group will continue our sincere efforts to ensure transport safety through the enhancement of our transport safety management system.

Actual Costs Incurred for Transport Safety (FY2010)

Item	(Unit: million yen)
Labour cost of safety-related positions (domestic)	1,596
Educational costs (training at headquarters)	480
Material publishing	4
Nippon Express Group National Safety and Health Convention	1
Traffic control system (digital recorder), etc.	296
Accident and disaster prevention awareness material, etc.	15
SAS screening test	26
Other safety measures	114
Total	2,532

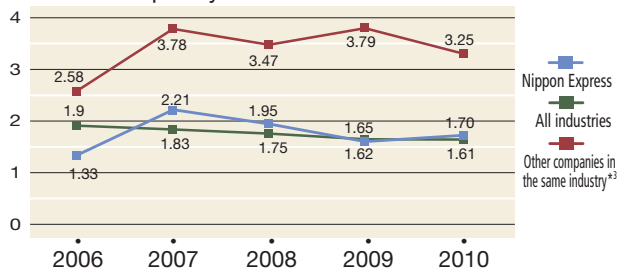
Labour Accident Prevention Training

At Nippon Express, all of our employees are our most valuable assets, and we consider maintaining the safety and health of our employees a fundamental social responsibility. Nippon Express's 2010 accident frequency rate*1 worsened but our severity rate*2 improved in comparison to

2009 results.

Our goal for 2010 is to proactively work to prevent labour accidents through the promotion of initiatives such as improving the Safe Working Procedure Manual and enhancing risk prediction training.

Accident Frequency Rate*1

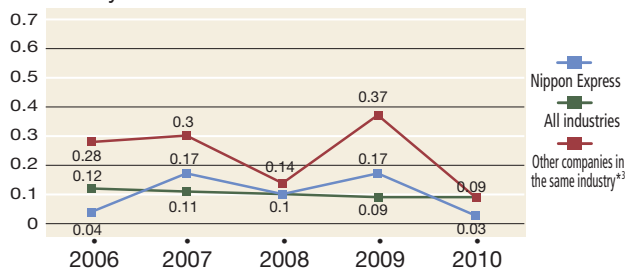


* 1 The accident frequency rate is an international indicator showing the rate at which labour accidents occur.

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

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

Severity Rate*2



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

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

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

Causes of Traffic Accidents

We regret to report that Nippon Express incurred seven traffic accidents in 2010 that were infractions of the Transportation Safety Management Regulation Article 2.

We performed a full analysis of each incident to determine the cause and are currently implementing measures to prevent similar accidents from happening again. The members of Nippon Express Group continue to work together to prevent any future traffic accidents.

Number of Accidents (FY2010) Related to Transportation Safety Management Regulation Number 2

Type of accident	At fault*	No fault*	Total
Rollover	0	0	0
Falling	0	0	0
Collision	1	0	1
Serious injury, etc.	2	0	2
Vehicle malfunction	0	3	3
Fire	0	1	1
Total	3	4	7

* At fault: Accident is due to negligence of Nippon Express No fault: Accident is not due to negligence of Nippon Express

Obtaining Certification under Safety Evaluation Programme

The safety evaluation programme is a system for fairly evaluating and certifying facilities proactively working to ensure transport safety, with the aim of making it easier for transport users to select safe and secure transport providers.

In order to establish regularity in evaluations of cargo transport via truck, the government entrusted the National Freight Motor Transport Rationalization Programme Implementation Agency (the Japan Trucking Association) to establish evaluation criteria in three areas: (1) legal compliance pertaining to safety; (2) accidents and violations; and (3) vigorousness of safety efforts.

Evaluations comprise 38 items and results are referred to the Safety Evaluation Committee (part of the Japan Trucking Association), which then issues certifications after approval.

The total number of Nippon Express facilities certified as "excellent safety facilities" as of fiscal 2010 was 566 (90.9% of all applicable facilities). In addition, a total of 279 facilities among the Nippon Express Group companies have been certified.

The Nippon Express Group will continue to implement transport safety initiatives by working to obtain certification for more facilities.

Together with Our Customers

We at Nippon Express Group have established our group's corporate vision as follows: "A global logistics company—supports customers worldwide through logistics services." Earning the trust of our customers and ensuring they are satisfied with our goods and services are essential in making this vision a reality. Also, as values continue to diversify, our group does not merely offer products and services; even now, we endeavour to think alongside our customers and act in concert as partners with them.

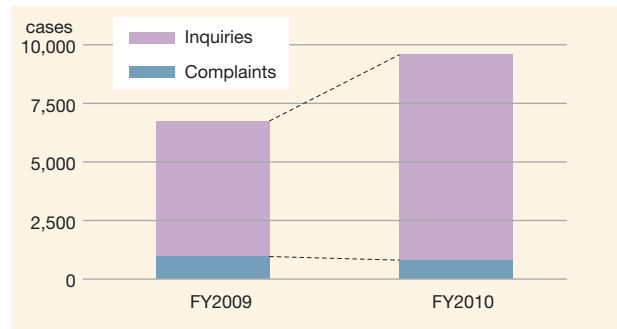
Improvements to VOCS (Voice of Customer Solution)

We consolidated and systematized inquiries, opinions and complaints received from customers via the company homepage and introduced the company-wide customer consultation system (VOCS: Voice of Customer Solution) four years ago. This system has enabled us to focus on customer feedback and implement corresponding improvements in products and services. The figure on the right shows the number of VOCS contacts in fiscal 2010.

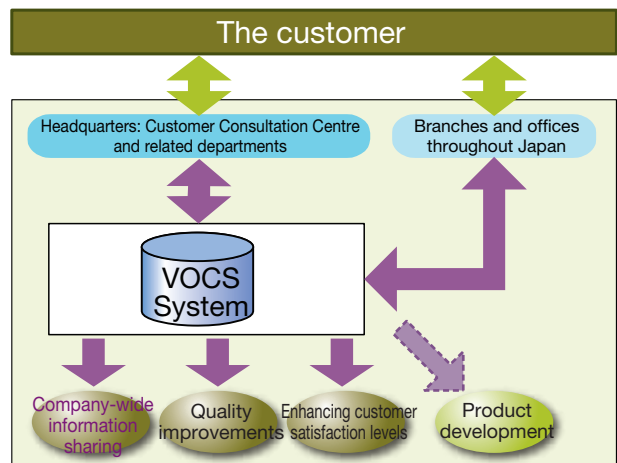
The dramatic increase in the number of inquiries compared to last year can be explained by improvements made to the contact page in January 2010, facilitating customers' efforts to search for information or contact us about Nippon Express services via our homepage. These improvements are a direct response to comments from customers such as, "it's difficult to search for office locations," and "contact access to specific services is vague."

A new search function, "Search by Topic," was added in April 2011 based on detailed analysis of data accumulated from customer inquiries and demands concerning Nippon Express products and services. Further website additions and adjustments will be implemented as needed, making product and service guidance more user friendly, while allowing us to respond swiftly to customer concerns and demands.

Number of cases received through VOCS



	Complaints	Inquiries	Total
FY2009	956 cases	5,751 cases	6,707 cases
FY2010	803 cases	8,721 cases	9,524 cases



Pursuit of Quality for Full Satisfaction (Moving Service Case Study)

As a domestic moving service, the Nippon Express Group offers its customers Ecologicompo—moves that are kind to both the earth and the people who inhabit it. Utilizing reusable materials* independently developed by our company greatly reduces packaging time and allows us to offer moves that are fast and comfortable. Moreover, in order to continuously improve the quality of work involved in moves that utilize various materials independently developed by our company, we are systematically carrying out

efforts to upgrade packaging techniques and provide etiquette instruction at training centres across Japan. In 2010, we established a new moving training centre in Aichi Prefecture, added to the Nippon Express Group's vast network of moving training facilities throughout Japan, including the Izu Training Center and Tokyo Training Center. We continue pursuing greater quality in order to provide maximum customer satisfaction.

*Reusable materials: see page 31 (Development of Reusable Packing Materials for Moving)



Nagoya Moving Training Center



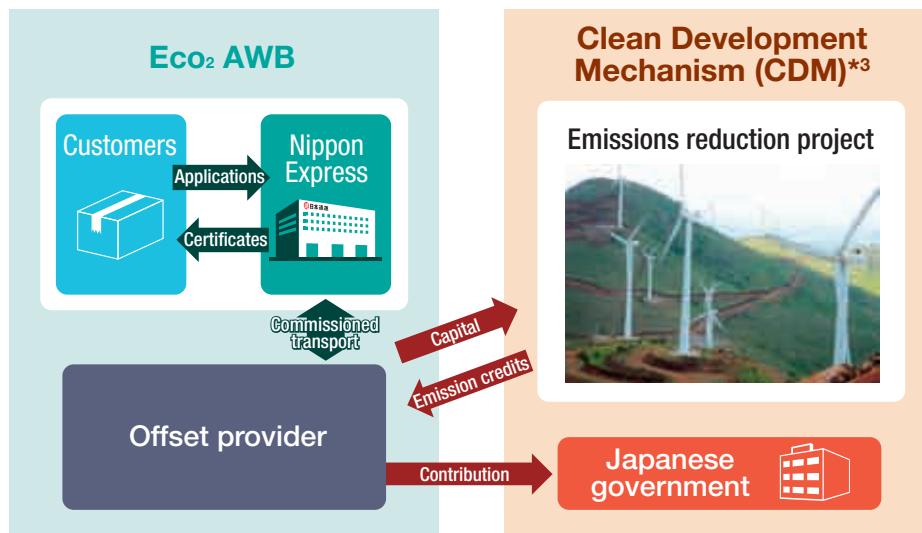
Moving staff during practical training

Transport Service with CO₂ Credits

In addition to reducing CO₂ emissions in our own business operations, the Nippon Express Group started to sell “ECO₂AWB”² in June 2009, aiming at achieving the “Minus 6%” greenhouse gas emissions goal¹ mandated by the Kyoto Protocol. “ECO₂ AWB” is an environmentally-friendly logistics service that combines international airfreight transport service and Kyoto mechanism-based³ CO₂ emission credits. The Nippon Express Group will continue to be a conscientious participant with its customers in regards to environmental conservation, promoting environmentally-friendly logistics products that take full advantage of various modes of transportation. We also started sales of Offset Eco₂ in February 2011.



Emissions Credit Initiative



¹ This refers to indirect participation in national efforts to achieve Japan’s greenhouse gas reduction initiative known as Team Minus 6% (a six percent reduction from 1990 levels) as established in the Kyoto Protocol’s first set timeframe (2008–2012). Nippon Express is a registered participant in this initiative. (Challenge 25 succeeded Team Minus 6% in January 2010; Nippon Express continues to be a participating member.)

² “ECO₂” and “ECO₂ AWB” are registered trademarks of Nippon Express.

³ This refers to flexible measures that enable the achievement of the emissions reduction goal as established in the Kyoto Protocol. Specifically, this system allows the amount of harmful greenhouse gases a developing country has reduced to be converted into the achievement of that country’s reduction target. The Clean Development Mechanism (CDM) is one of those measures.

TOPICS Case Study: Application of ECO₂ AWB—Japan Support System Corporation

As a manufacturer of precision instruments, Japan Support System Corporation is involved in every stage of the process, from design to processing, assembly, wiring and shipping preparation of everything from manufacturing equipment to apparatus and production tooling. As they expand into the global market, their needs for export services are growing as well, and the Nippon Express Group is pleased to be selected as their logistics supplier.

We interviewed President Takeshi Sato, asking him what encouraged Japan Support System to use the ECO₂ AWB program and how has it benefited the company so far.



Takeshi Sato
President
Japan Support System Corporation



Parts feeder

What encouraged you to use the ECO₂ AWB service that provides CO₂ credits? What was your reaction to this service when you first heard about it?

With environmental issues the critical topic these days, we wanted to start something beneficial for the environment. It was around this time that we heard about the ECO₂ AWB service from Nippon Express. We decided to cooperate in this action and gladly joined forces. With major corporations actively involved, more and more organizations will advocate the service, further raising environmental awareness.

What is your approach to reducing the greenhouse gas effect and CO₂ emissions through logistics (distribution of goods)?

We are registered as the Ibaraki Eco Business Facility and the entire staff is actively involved in various measures, such as indoor climate control, regular cleaning of air conditioner filters, and closing the lid on heated toilet seats (to prevent loss of heat). And this awareness extends into the homes of our employees as well, with everyone doing their best to contribute to the reduction of CO₂ emissions.

What do you think of the ECO₂ AWB system and do you have any specific requests or suggestions for Nippon Express?

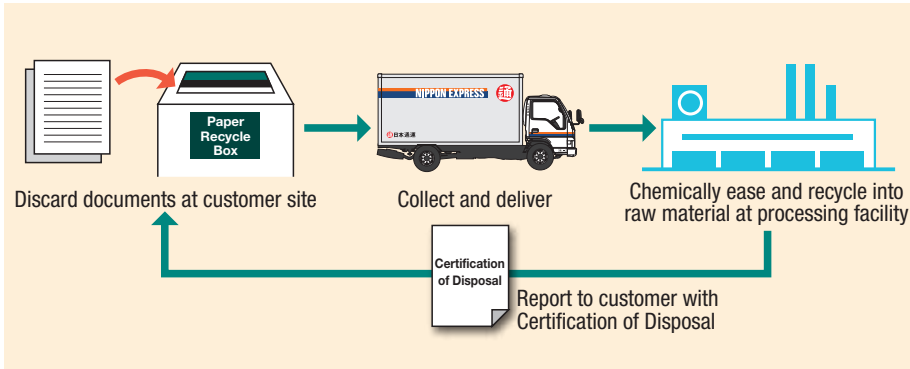
We frequently deal with overseas customers, requiring quick turn around time for delivery of new parts and return of parts needing repair, etc. We greatly appreciate the swift service we always receive from Nippon Express.

Paper Recycle Box (PRB)

The Paper Recycle Box is a system that offers safe and efficient handling of confidential documents, some of which may include personal information, to enable recycling into usable resources.

The customer simply discards the confidential documents into the locked box, which the Nippon Express Group collects under tight control and delivers to the treatment facility for safe and secure chemical erasure processing. After the documents have been processed, the customer is issued a "Certification of Disposal."

Following the chemical erasure process, the documents are recycled into paper products such as cardboard and envelopes. Paperclips and other metal materials are also fully recycled, significantly lessening the environmental impact compared to burning or shredding confidential documents.



Environmental Initiatives

Safety Initiatives

Together with Our Customers

Together with Our Partners

Together with Our Employees

Together with Society

Corporate Governance

TOPICS Case Study: Paper Recycle Box —Japan Weather Association

The Japan Weather Association (JWA) provides weather information and consulting services on disaster prevention and the environment, preserving safety in our daily lives, promoting industrial activities, and protecting the environment. In the past, the JWA used our Eco Recycle Bin for document disposal on a seasonal basis, but now maintain a Paper Recycle Box (PRB) in each division for greater convenience.

We asked Mr. Tsutomu Kanemaru, Accounting Section Manager in the JWA's Finance Department, what encouraged him to try the PRB and what his evaluation of the service was at this point.

What encouraged you to use the PRB? What was your reaction to this service when you first heard about it?

We previously used a shredder, but processing larger amounts of paper required a significant amount of time both to cut and dispose of the remaining shredded paper. We considered introduction of the PRB to lessen labour costs in the office. We also hoped to reduce CO₂ emissions and save on power consumption.

What is your approach to waste reduction and the 3Rs (Reduce, Reuse, Recycle)?

The generation of a certain amount of waste is inevitable in any kind of business activity. But excess consumption can be curbed. I feel we should all be aware of how we can reuse and recycle goods when we purchase or acquire them.

What do you think of the PRB now that you are using it, and do you have any specific requests or suggestions for Nippon Express?

Although we haven't taken any accurate measurements, it seems like we throw away less paper now compared to when we had periodic waste paper collections. I think we have developed a sense that document disposal for recycling has become an easier task. Some departments require even more than one PRB, which shows just how popular the idea has become.

We have experienced many power outages since the

Great East Japan Earthquake, but with the PRB, we don't need electricity, which is a great help when it comes to saving electricity.



Right: **Tsutomu Kanemaru**
Manager, Accounting Section, Finance Department
Japan Weather Association

Left: **Akio Yokasho**
Senior Staff Member, Business Office Sales Section
Sumidagawa Branch Logistics Centre

Together with Our Partners

From their driving manners on the road while making deliveries to the way they greet the customer upon delivery, we consider the attitude and actions of our subcontracted drivers, to whom we entrust transport of cargo, to be a reflection of the safety and quality levels of the Nippon Express Group overall. In order to fully respond to the diverse requests of our valued customers and society in general, we aim to fulfil our responsibilities as principal contractor, build trusting relationships as a partner and work to expand both our business as well as our partners' businesses.

Appropriate Transaction Initiatives

The Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (Subcontractor Act) was partially revised in 2003 to include the services provided in the transport industry. According to the revisions, almost all transactions between Nippon Express and its partners fall under the regulations of the Subcontractor Act. As compliance with this act forms the basis of appropriate business relationships, Nippon Express applies our Subcontractor

Act support system to each transaction to ensure fair and proper conduct, including the electronic delivery of order placement documentation and management of payment dates.

With the expedient implementation of such internal systems, the Nippon Express Group aims to maintain appropriate relationships with our partners.

Partner CSR Quality Maintenance and Enhancement Initiative

Nippon Express considers the maintenance and enhancement of quality important not only within our own company, but within partner companies as well, beyond in addition to the group companies we rely on for contracted transport. Accordingly, we have developed the External Performance Evaluation Standards, an agreement comprising 16 standards, which potential suppliers must fulfil in order to enter a contract for delivery operations and the like. We have also determined additional key items concerning quality maintenance, which, when required, are used for evaluation to aid both parties in maintaining and enhancing

quality.

In addition to these standards, we hold regular safety meetings with our partners even after concluding an agreement, as we mutually strive to maintain and enhance quality. As an example, Oi International Transport Branch, a Nippon Express marine transport business office, holds a joint safety meeting with partner transport companies on a monthly basis to conduct comprehensive studies of past accidents and other topics related to securing transport safety.

Nippon Express Group Initiatives

Customers may have noticed trucks with the name of Nippon Express painted on the sides, such as "Nippon Express XXX Transport" or "XXX Nippon Express," as our drivers make deliveries or are on the road. Actually, these vehicles belong to the Nippon Express Group itself, not Nippon Express. Our customers are served by an array of Nippon Express or Nittsu entities, from the 338 companies that comprise Nippon Express worldwide to the many group companies that perform as our major partners.

The entire Nippon Express Group works together as a single entity to promote CSR initiatives. Two excellent examples of tandem efforts as a group are the motor transport rationalization (truck transport) initiative and the Safety Evaluation Programme (see page 40 for related article).

As part of such efforts, we hold the Nippon Express Group CSR Council once a year. This event was initiated in June 2001 as the Nippon Express Group Environmental Issues Information Exchange Meeting, and developed into the Nippon Express Environmental Council, finally becoming the Nippon Express Group CSR Council as of the fiscal 2005 event. In order to further advance our CSR initiatives

as a group, we aim to expand the range of group company participants while continuing to hold this very valuable meeting.



Annual meeting of the Nippon Express Group CSR Council

Together with Our Employees

As our vision and Group Conduct Charter state clearly, the Nippon Express Group values its employees and strives to create a work environment conducive to job satisfaction. The type of human resources Nippon Express Group desires most are individuals who possess a personal code of conduct in line with our own corporate philosophy—individuals who make efforts to improve themselves. We develop our human resources in a way that will allow all of our employees to work up to the heights of their ability.

Personnel System

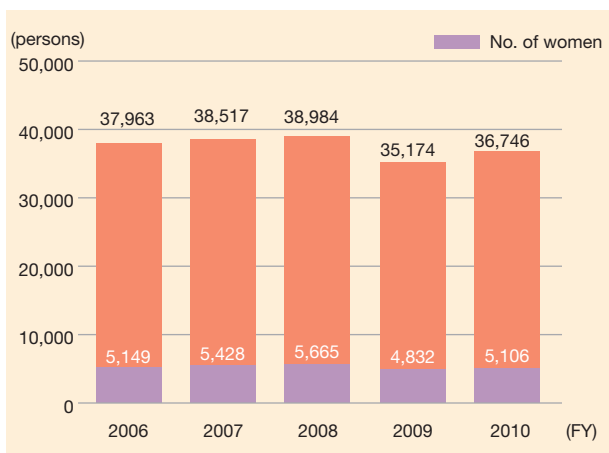
Nippon Express's personnel system has a basic philosophy comprising the following three principles.

- 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.

Employees (FY2010)

Total no. of employees	36,746	Average age	39.5
Men	31,640	Average years of service	15.6
Women	5,106		

Total Number of Employees



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 growth, it is essential for companies to create a corporate culture that allows employees to develop their skills and abilities. Today's rapidly changing business environment requires companies to foster independent-minded employees and the next generation of leaders. Companies also need to cultivate personnel who contribute to the realization of corporate goals, by providing education and training designed to enhance employees' business skills as well as understanding of CSR.

In order to realize further growth, the Nippon Express Group established an education and training policy (see right) in 2010, and is promoting human resources development.

Education and Training Policy (3-year plan from fiscal 2010 through fiscal 2012)

A. Implement Corporate Philosophy and promote ethical behaviour

We aim to earn the trust of society, a company in which employees can take personal pride and a company that provides its employees with job satisfaction. Furthermore, we aim to establish a code of corporate ethics through continuous compliance education, CSR practise and training to foster environmental awareness.

B. Create corporate culture that allows employees to develop their skills and abilities

Establish an OJT plan (on-the-job training plan) and create a corporate culture of personnel development. Make sure the results of group training are reflected in the workplace by sharing the fruits of on-the-job training and applying them toward performance improvements at the workplace.

C. Develop independent-minded employees

We encourage change in our employees, from passive staff who just wait for instructions to independent-minded employees who act on their own thinking. We will strengthen our personal development system and support the career development of each and every employee.

D. Promote succession of skills and develop employee expertise

We will develop professional human resources with high-level specialized knowledge, skills, and expert craftsmanship concerning logistics.

E. Strengthen frontline and business capabilities

We will gird up our frontline capabilities to establish a strong corporate structure that can adapt to change. Along with fostering customer focus and business mentality, we will develop human resources that can provide business solutions.

F. Develop next-generation leaders

We will develop next-generation leaders who can adapt to a rapidly changing business environment and promote innovations in the company.

G. Develop global human resources

In order to contribute to the company's growth as a global logistics company, Nippon Express will develop global human resources through the training and education system. In addition, we will support the development of local staff in overseas affiliates.

H. Promote diversity management

We promote diversity management by instituting training programs that support a corporate culture in which women can fully apply their capabilities.



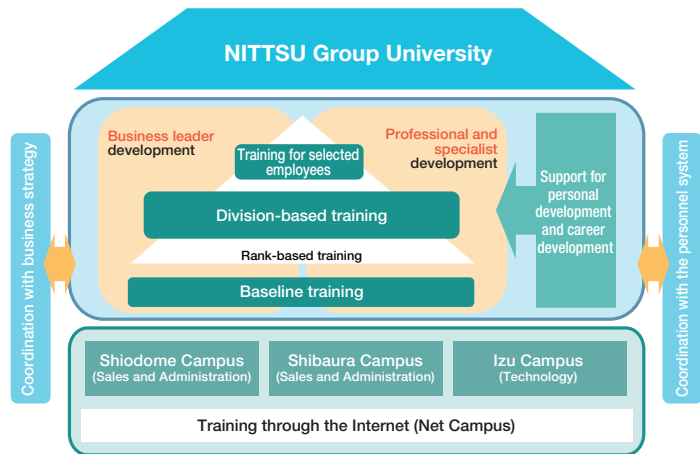
Leader Development Workshop (management class)

Establishment of NITTSU Group University

The Nippon Express Group plans to unify and innovate its conventional human resources development strategies and systems to develop professional personnel who will lead the logistics industry. The NITTSU Group University was established on April 1, 2010. Its main campus, NEX-TEC Shibaura (Nippon Express Training and Education Centre), was completed in May, with environmentally-friendly features such as solar- and wind-powered street lights.

By bringing our knowledge and skills together, we seek to create new values while fostering a corporate culture that allows employees to develop their skills and abilities.

Human Resource Development Framework (Overall Image)



NEX-TEC Shibaura



Training session

Developing global human resources: Overseas Operations Trainee Programme

Nippon Express started to send employees overseas in 1958, and established an overseas operations trainee programme in 1964. Though the programme began with only a few participants, now about 50 young employees per year are sent to overseas subsidiaries for 1 year (in some cases 2 years) to undertake on-the-job training. With nearly 1,500 employees completing the training to date, the programme contributes greatly to the realization of our goal to be a global logistics company by helping our employees develop global expertise. In our 2010 programme, 50 employees were sent to 27 companies in 22 countries.



Relationship with the Labour Union

The Nippon Express Worker's Union was launched in 1946 and, as of the end of March 2011, has approximately 26,000 members. Nippon Express and the Nippon Express Worker's Union have affirmed that within their relationship of mutual trust they have built, both parties will respect the other's situation, maintain the order between labour and management and cooperate together while aspiring to the common goals of developing business and improving the labour environment. At Nippon Express, we value communication between labour and management. In order for company management to reflect the collective will of the

employees, management and labour exchange opinions concerning the management of the company in two venues: the Central Management Council, which is for general discussions between headquarters and the Nippon Express Worker's Union Central Division, and Branch Committees, which are held between company branches and union branches.

Furthermore, labour and management hold special committee meetings focused on topics such as promoting work-life balance and safety and health. These committees analyse current conditions and discuss future actions.

Commitment to Human Dignity

Nippon Express's 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

Based on the Law Concerning the Promotion of Measures to Aid the Nurturing of the Next Generation of Children, Nippon Express values the various ideas regarding the balance between work and personal life, such as child rearing and all other work-life balance issues, under the premise that all employees will be able to sufficiently bring out their abilities in their work. We are actively contributing to activities centred on individuals independently realizing various life designs, as well as child rearing in the local community, in order to fulfil our social responsibility as a corporate citizen.

During the first period of the General Employer Action Plan, between April 2005 and the end of September 2007, 116 men and women took childcare leave. Similarly, during the second period, from October 2007 to the end of March

2011, 228 employees took childcare leave. We are currently in the third period of the General Employer Action Plan, which was initiated in April 2011 and will be carried out for two years. In this third period, we continue encouraging employees to take childcare leave and are implementing self-awareness training to reduce overtime work, while instituting an onsite education programme as part of our social contribution activities in each region.

Starting in fiscal 2010, we will take up improving employee job satisfaction as a key measure based on the Nippon Express Group Corporate Strategy 2012—Towards New Growth, and will continue to hold discussions between management and labour to promote a balance between work and personal life and realize a better work environment.

Workplace Healthcare

Nippon Express has assigned health advisors who are certified nurses, or certified with specialized knowledge regarding medicine or health, to all branches for employee health guidance. Advisors provide individual health counselling by making regular rounds in the workplace.

Concerning the recent rise in mental health issues throughout society, we have received the Guidelines for Improvement of Preservation of Workers' Mental Health from the Ministry of Health, Labour and Welfare and have heightened the priority of mental health measures as a key item within our safety and health management policy. The following measures are currently underway.

In addition, we have set targets aimed at decreasing overall work hours to eliminate extensive work hours as a prevention measure for health impairment caused by

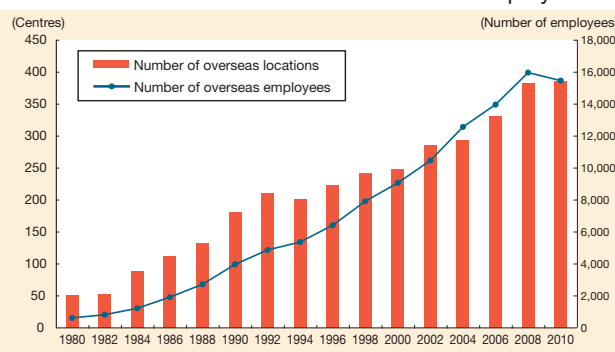
overwork. We are also making an effort to streamline employee tasks and implement joint workplace inspections with the labour union.

- **Self-care:** An email magazine is distributed specifically for employees.
- **Workplace Health Care:** Mental health training sessions for workplace managers are held in each region of Japan, taught by outside specialists.
- **In-house Care by Industrial Healthcare Staff:** Health counsellors undergo an outside training course called Mental Consultation Specialty Training and the consultation system is being improved.
- **Care by Outside Specialists and Organizations:** The Mental and Physical Health Consultation Line, an outside consultation service which can be reached online or by telephone, has been established.

Employees Supporting Overseas Networks

It was 1958 when Nippon Express established its New York representative office, the first overseas office. The Nippon Express Group currently has 15,824 employees in 386 locations within 214 cities spanning 37 nations, providing international services such as marine and air cargo transportation and overseas travel. We continue to proactively pursue domestic and regional product logistics that conform to the circumstances affecting each area. The 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.

Number of Overseas Locations and Overseas Employees



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.

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.

Number of Employed

Fiscal year	No. employed	No. of women	
		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%
2010	972	268	27.6%
2011	637	178	27.9%



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 location 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%
FY2009	2.05%
FY2010	2.04%



Internal mail service



Business card printing service

TOPICS Global Standard Operations Initiative

As many companies take on global expansions, the Nippon Express Group global network must respond to heightened customer needs, with the focus of demands not only on cost and speed, but on quality as well. To this end, we must enhance our operation services at every location, be it in Japan or overseas.

In the past, each overseas company was responsible for quality control at each local worksite. Now, as airfreight professionals, we must uphold a level of service that is recognized throughout the world, affording our customers the confidence to depend on Nippon Express Group services for all their needs as they expand across the globe.

For this reason, the Nippon Express Group is promoting an initiative to establish Global Standard Operations, aimed at raising the quality of our services to an even higher level,

with the focus on the Tokyo Air Service Branch.

As part of this initiative, the Overseas Air Freight Skills Course has been developed for operations managers and instructors from overseas companies. Recognizing that a key aspect of teaching skills is to have the trainee see the actual operation with his or her own eyes, we established a hands-on training programme, bringing leader-level employees in charge of operational instruction and worksite supervision to Japan for onsite training. Disseminating skills learned in Japan among colleagues at their respective worksites, the participants will augment the worldwide level of Nippon Express Group transport quality. This system is expected to trigger a beneficial cycle of improvement leading to higher levels of customer satisfaction.



Worksite tour



Classroom lecture

TOPICS CSR Survey Targeting Prospective Employees

In March 2011, 241 prospective recruits expected to join Nippon Express in April 2011 received the CSR Report 2010 and were requested to complete a survey about the contents. While introducing these new university graduates to Nippon Express Group CSR activities, this survey also gauged students' perspectives on CSR Report content, prior knowledge of Group CSR activities, the role of the Nippon

Express Group should play in future social changes and related issues.

This new approach to promoting CSR was our first attempt at gathering the opinions of student applicants, positioned somewhere between Group employees and external stakeholders. We plan to apply the valuable results to benefit future CSR activities.

Prospective Employees' Key Impressions and Opinions

Although most comments referenced environmental issues and Nippon Express' role in Great East Japan Earthquake relief work, we also received feedback on Nippon Express' mission, readiness for rapidly changing business environments, and new challenges. The following is a sample of survey responses.

○If logistics fails, society will come to a halt. I realized that the company's social responsibility lies in its mission to ensure the smooth, uninterrupted flow of goods.

○As (borderless) globalization progresses, emerging nations' developing economies produce new markets needing logistics. Nippon Express should be responsive to these changes, concomitantly fostering global human resources ready to thrive on the international stage.

○As the industry leader, the company is a driving force in society's development, responding to many customers' need for high quality and speed, as well as low cost. However, the CSR Report shows that the company must also set an example in actively responding to environmental problems, facing many extra challenges beyond just logistics.

Together with Society

As a company using public infrastructure such as highways, railways, ports and airports for its business and working closely with society, we should be a trusted member of society. "Our pride: inspire trust every step of the way" is an integral part of the Nippon Express Group corporate philosophy, which expresses our resolve to earn the trust of society. We will strive to promote communication with other members of society, and realize mutual development with them.

Involvement in the Environment

Environmental Conservation Activities

The Nippon Express Group is involved in yearly activities for the protection of forests that safeguard our water and soil. In fiscal 2010, Nippon Express conducted such activities in three prefectures within Japan—Yamagata, Tottori and Shizuoka. We also launched a new initiative in which employees take home acorns and seedlings to cultivate. In the Izu Nirayama forests of Shizuoka Prefecture, we erected bird houses to increase the population of owls, as birds are often used as an index to evaluate the health of a forest.

Our environmental protection initiatives in the Tokyo metropolis included a gift of 100 trees (supporting the Tokyo metropolitan My Tree Program) to plant along Sotobori-dori Avenue, a major thoroughfare, as well as joint group company Leaf-raking Activity at Hama-rikyu Gardens, which face Nippon Express Headquarters (Shiodome, Tokyo).



Leaf-raking Activity at Hama-rikyu Gardens



Forestation cultivation activity



Trees planted in the Tokyo metropolitan My Tree Program



Tree nameplate

Nationwide Cleanup Drive and Small-scale Recycling Activities

The Nippon Express group has been conducting Nationwide Cleanup Activities during Environment Month since 2004. In June 2010, 12,925 employees and family members joined forces in various cleanup events focusing on areas surrounding each business facility. Recently more and more facilities are conducting such activities on a monthly basis, supplementing the Environment Month event.

The Nippon Express Group also pursues small-scale recycling activities. We have participated in the Ecocap collection program since January 2009. The Ecocap Movement, an NPO selling collected plastic bottle caps to recycling companies, donates its profits toward purchase of vaccines for children in developing countries. As of March 2011, 393,960 caps were collected throughout the Nippon Express Group, providing 455 children with vaccines while reducing CO₂ emissions by 2.7 tons.*

In addition, unused calendars are collected at the end of each year and presented to social welfare facilities for a variety of purposes.



Nationwide Cleanup Activity



Collected plastic bottle caps

*800 caps earn 20 yen, enough to purchase a polio vaccine for one child. Incinerating 400 caps generates 3.15 kilograms of CO₂ gases.

Biodiversity Initiatives

Before undertaking biodiversity initiatives, a prudent review of the creatures sharing planet Earth sent Nippon Express “In Search of Living Creatures” inhabiting rivers bordering the Nittsu Forest (Iide Town, Yamagata Prefecture) with Iide Town Elementary School pupils.

At Lake Biwa in Shiga Prefecture, Nippon Express joined forces with a local NPO organization to expel the black bass from the lake. The goal was to maintain the local ecosystem after the drastic propagation of black bass, a non-native species, threatened indigenous sweetfish.



“In Search of Living Creatures” program



Black bass disinfestations activity



Birdhouses for owls erected in the forests of Izu

Studies of local bird populations inhabiting the company-owned forest in Izu Nirayama were conducted in May 2010 (breeding season) and February 2011 (the hibernation period). Results confirmed 43 types of birds spanning 23 families and 8 orders inhabiting the forest. Owls, woodpeckers and titmice were spotted, along with non-native species such as the Chinese Bamboo Partridge and the Chinese Hwamei. Birdhouses were erected to boost the owl population, as birds serve as an index to evaluate the health of a forest.

Involvement in the Arts and Culture

Nippon Express presents Saori Yuki & Sachiko Yasuda, *Songs With Your Life Concert and Homemade School Concert*

Based on their desire to “pass beautiful Japanese songs on to the children of the 21st century in the hope that they will inherit and continue to sing them,” sisters Saori Yuki and Sachiko Yasuda started this Children’s Songs concert. Nippon Express shares their cause and has continued to support the duo’s concerts since 1995.

Homemade School Concerts are exactly what their name implies— the pair visits junior high schools, borrows the gymnasium or auditorium, and produces a concert in collaboration with the schools’ students and staff. Nippon Express has supported these concerts since their inception in 2002 and, over a nine-year period, has held concerts at 70 schools across the country.



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 1998 to widely promote the logistics industry to the public.

The museum houses approximately 2,000 actual documents, 10,000 historical documents, and 100 stock videos from industry films and such produced over the years,



Museum of Logistics B1: Modern Logistics Exhibition Room

40,000 photographs, and a variety of other unclassifiable specialty items. A number of items in this valuable collection are owned or were donated by

Nippon Express.

The museum features permanent exhibition rooms, video viewing rooms, and other exhibits introducing the past and present of the logistics industry, as well as a range of hands-on experiences, such as “making delivery vehicles out of cardboard,” “wearing delivery driver uniforms,” “using delivery tools from the past,” and “using furoshiki (Japanese wrapping cloth).” In addition to group visitations for elementary or junior high school field trips, company employee training, etc., special exhibits, movie events and lectures are also occasionally held, attracting visitors of all ages.

The “Treasured Document Exhibition—the Nippon Express Collection” was held in 2010. Around 130 documents providing insight into modern and contemporary history were introduced; a rare display of historical documents related to transportation and distribution from our collection of some 70,000 items dating as far back as 1955.

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

Involvement in Local Communities

Baseball Clinic with the Nippon Express Baseball Club

The Nippon Express Baseball Club holds a baseball clinic around February every year at Nippon Express' baseball grounds in Urawa-ku, Saitama City, for students belonging to local junior high school baseball clubs. Fiscal 2010 marked the seventh year the event was held, providing an opportunity for us to help improve not only the technical prowess but also the minds and bodies of the 170 participating young athletes through the game of baseball.



Nittsu Driving School's Parent-Child Bicycling Workshop

The Parent-Child Bicycling Workshop is sponsored by the Traffic Department in the Takaido Police Station twice a year during the spring and fall Traffic Safety Campaigns. Nittsu Driving School joins in the effort to encourage local traffic safety by offering its premises and instructors, who explain traffic regulations and provide other lectures.

Such events were held in March and September of 2010, with a morning cycling class for the general public and a special afternoon parent-child class targeting lower-grade students of three local elementary schools. Participants learned basic traffic manners and rules in both hands-on sessions on the driving course and classroom lectures. The fall event also featured a bicycling class for senior citizens, with some families represented by three generations!

Each seasonal event attracts around 150 participants, and is peppered with highlights such as pro stuntmen re-enacting bicycle accidents.



TOPICS Supporting Cultural Exchange and Social Action Programs through the Nippon Express Foundation

—Nippon Express U.S.A. Inc.

In observation of the 30th anniversary of the company's founding, Nippon Express U.S.A. established the Nippon Express Foundation in 1992, creating a way to give back to the local community. They have continued to contribute to community and cultural activities throughout the U.S. ever since.

Recipients of such support include groups promoting

Japanese culture and education as well as disaster-stricken areas. In 2010 alone, the foundation donated to some 30 causes, including a special-needs school in the state of Massachusetts and victims of the Haiti earthquake and the San Bruno, California gas explosion, the latter two donations being made through the American Red Cross.

TOPICS Overseas Activities: Dinners Held for Children from Local Orphanage

—Nippon Express (Malaysia) Sdn, Bhd.

Once a year, Nippon Express (Malaysia) invites children from the local orphanage to dinner at a restaurant. Employees participate in the dinner, during which a donation is presented to the orphanage. As the initiative was started in 2009, the 2010 event was the second annual dinner. Nippon

Express (Malaysia) will continue implementing initiatives bringing joy to the underprivileged children of the area, upholding corporate responsibility as an entity conducting business in the region.

Involvement with the Next Generation

Ryutsu Keizai University

Ryutsu Keizai University was founded in 1965 by the Nittsu Gakuen Educational Corporation, with the support of Nippon Express, for the purpose of promoting research and education on logistics. (RKU Kashiwa High School was also established in 1985 as the university's affiliate high school). This is a rare case in Japan, where there are very few companies sponsoring the establishment or management of educational institutions to promote learning and industry development.

Since the school opened, the Nippon Express Group has provided a variety of support to the university: offering Nippon Express Donated Courses, accepting interns and offering onsite tours of logistics facilities, and conducting joint research on logistics-related issues. The Nippon Express Group will continue to contribute to the further development of the logistics industry as well as to human resource development.



Ryugasaki Campus



Shin-matsudo Campus

Nurturing the Next Generation

Nippon Express contributes to environmental education by developing study materials named "Kids X change." The materials targeting upper-grade elementary school students explain various environmental topics such as global warming, energy, resources, water, waste, and consumption in a readily understandable fashion. Since 2008, 5,000 students in a total of 80 schools have used "Kids X change" for study purposes.

Nippon Express also sends employees to conduct onsite lessons at schools upon request. The instructor teaches environmental topics, such as how recycling paper reduces deforestation, using Nippon Express's environmentally-conscious product, the Paper Recycle Box (PRB), as an example.

Each year the number of elementary and secondary school students visiting Nippon Express worksites increases, as does the number of onsite work experiences gained by junior high school students. In 2010, 86 students from eight schools visited worksites while 11 students from

five schools participated in worksite experiences at Nippon Express facilities, while 162 students in two schools received onsite lessons by Nippon Express employees.



Junior high school students visiting the workplace



Kids X change environmental study materials



Junior high school students gaining work experience



Onsite class at a junior high school

Corporate Governance

We, the Nippon Express Group, believe that high standards of corporate governance, compliance, transparency and risk management create an important foundation for responsible business practice. We aim to conduct business by acting according to our fundamental policy of “the realization of speedy management through quick decision making” and “the establishment of a clear division of responsibility,” while strengthening stakeholder trust.

Corporate Governance Structure

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

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, 2011, we had 14 directors and 29 executive officers (13 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, 2011, we had four auditors (three of who were outside auditors).

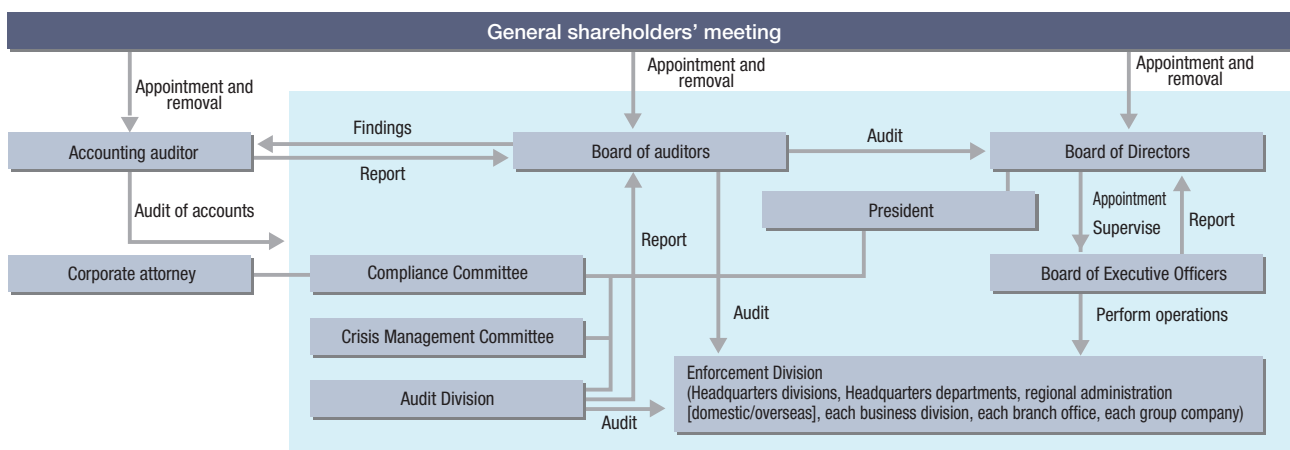
Creating a Internal Control System

In order to conduct business fairly and efficiently, it is important to implement firm internal control systems. Nippon Express has created effective control systems, including a compliance system, a risk management system, an internal audit system and a system to assure fair business operations in all Group companies. 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 Crisis Management System preparing us to handle situations in any kind of disaster or emergency.

Creating a Crisis Management System

Nippon Express has created a crisis management system based on the Crisis Management Code, the Natural Disaster Management Code and the Management Code for New Strains of Influenza. Steps are also being taken against widespread disaster and new strains of influenza, risks to information systems and terror-related risks.

As a designated public agency under the Basic Act on Disaster Control Measures, Nippon Express provides emergency transportation in accordance with requests from the national and prefectural governments for large-scale earthquake disasters such as the Hanshin-Awaji (Kobe) Earthquake and the Niigata Prefecture Chuetsu-oki Earthquake (see page 58 for details concerning the Great East Japan Earthquake).

Concerning natural disasters, the Nippon Express Group Disaster Measures Regulations were adopted in October 2001, through which we are strengthening our cooperative effort within the Group. Our Reporting Procedures for Disasters

establishes 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). Utilizing the Disaster Management System established on our intranet, these reporting procedures provide an early-warning reporting system between all branches and headquarters regarding the state of disasters, as well as a system for sharing information between branches.

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

Finally, as a counter-measure against influenza, we have made progress in increasing our stock of emergency hygienic items, such as masks, gloves and goggles. In response to the new strain of influenza that emerged in April 2009, we provided staff with masks and took measures to force infected staff or staff whose family had been infected to stay home from work.

About Business Continuity (BCP)

In addition to the risk posed by the occurrence of natural disasters such as large earthquakes and typhoons, we are also now facing a reemerging threat from the spread of new strains of influenza.

Even if some of these risks are only temporary, society demands that we take necessary measures and make plans for both preparation and action so that we are able to recover quickly and fulfill our primary obligations as a transportation company.

As a designated public agency under the Disaster Measures Basic Law, Nippon Express has been providing support when natural disasters occur.

In recent years, we have received a large number of requests asking us to develop comprehensive and systematic initiatives as a company capable of continuing its business in not only times of emergency, but in other challenging

situations as well. In response, we developed BCM (Business Continuity Management) as well as a BCP (Business Continuity Plan) specifically for Nippon Express in 2009.

The companies of the Nippon Express Group will continue to place the health and lives of employees and their families first when responding to states of emergencies caused by natural disasters, industrial disasters and man-made disasters. In addition to accomplishing the level of social responsibility sought from us as both a designated public agency under the Disaster Measures Basic Law and a maintainer of social functionality, we hope to ensure the continuity of our business practices as much as possible. In order to be able to conduct restoration efforts in the immediate wake of a disaster, we will implement initiatives to promote advance preparation, first responder capability and recovery activity readiness based on our BCP.

BCM Basic Policy

1. Priority of human life and safety

Whether faced with widespread disaster, new strains of influenza, conflagration, terrorism, system failure or any other risk, the company will place the lives and safety of its employees, as well as their family and relatives, above all else.

2. Contribution to society

Even in times of emergency, the company will work to achieve as much of its social mission as is possible. Also, when assistance is requested of us, whether by the federal authorities, local authorities or the local community, we will respond to the best of our ability and contribute to the good of society.

3. Minimization of effects on customers

In times of emergency, in time when our business operations are hindered or in cases when the continuity of all of those operations is in jeopardy, the company will continue to operate under the previously established priority operations for sustained continuity, place top priority on recovery and strive to minimize the effects of these issues on the customer.

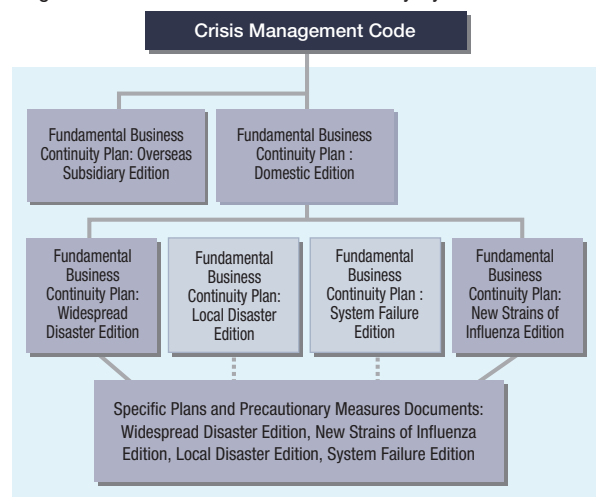
4. Thorough compliance with laws and regulations

Even in times of emergency, the company will adhere to all relevant laws, regulations and ordinances when conducting business.

5. Disaster preparation in times of normal business operations

In times of normal business operation, the company will build cooperation between the members of the Nippon Express Group to protect against the occurrence of disasters and other accidents by promoting stocks of emergency food rations and hygienic supplies and by carefully conducting necessary training drills while working to secure the resources necessary for business continuity.

Organizational Chart for Business Continuity System Documents



Compliance Initiatives

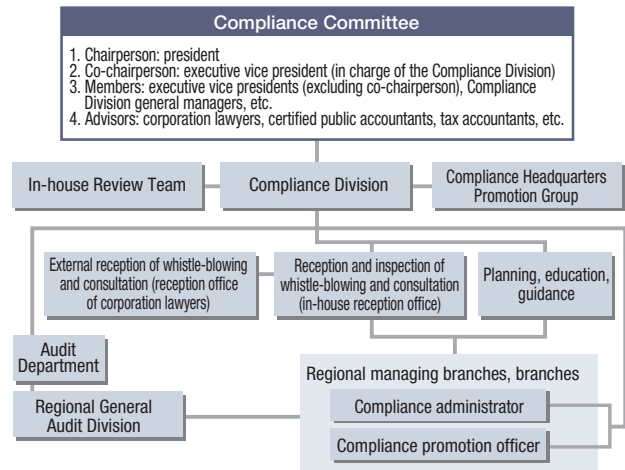
Nippon Express adheres to the rules set forth in the Nippon Express Conduct Charter (revised as the Nippon Express Group Conduct Charter in April 2011), declares its intention to continue to conduct business activities as a good corporate citizen with a strong sense of social responsibility and strives for thorough compliance.

Compliance Management Promotion System

Stressing the importance of compliance management, Nippon Express established the Compliance Division in June 2003. Also, in October of the same year, Compliance Regulations were created, and, along with the establishment of a Compliance Committee chaired by the company president and an internal whistle-blower system (Nittsu Speak-up), several measures were undertaken to encourage honest and fair company activities.

In fiscal 2010, Nippon Express declared November "Compliance Month," during which a nationwide comprehensive review of legal adherence and related employee education was undertaken. In September, leading up to Compliance Month, an external lecturer spoke to executive management about CSR, followed by a question and answer session.

Also, power harassment prevention pamphlets were distributed in Group companies in Japan and overseas to underscore compliance awareness.



Personal Data Protection and Management System

Along with the establishment of the Personal Data Protection Division in February 2005, Nippon Express also established the Personal Data Protection Policy and Personal Data Protection Code—exemplifying Nippon Express's commitment to personal data protection management.

Ongoing education utilizing DVDs and e-learning is offered to all employees in an attempt to make information about personal data protection better known within the company.

The Nippon Express Group has also received various certifications related to the protection of personal data.

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)

Privacy marks

Nippon Express, Nittsu Shoji, Nittsu Capital, Careerroad, Nago E-Technology, Nittsu Tokyo Ryutsu Service, NEXDG

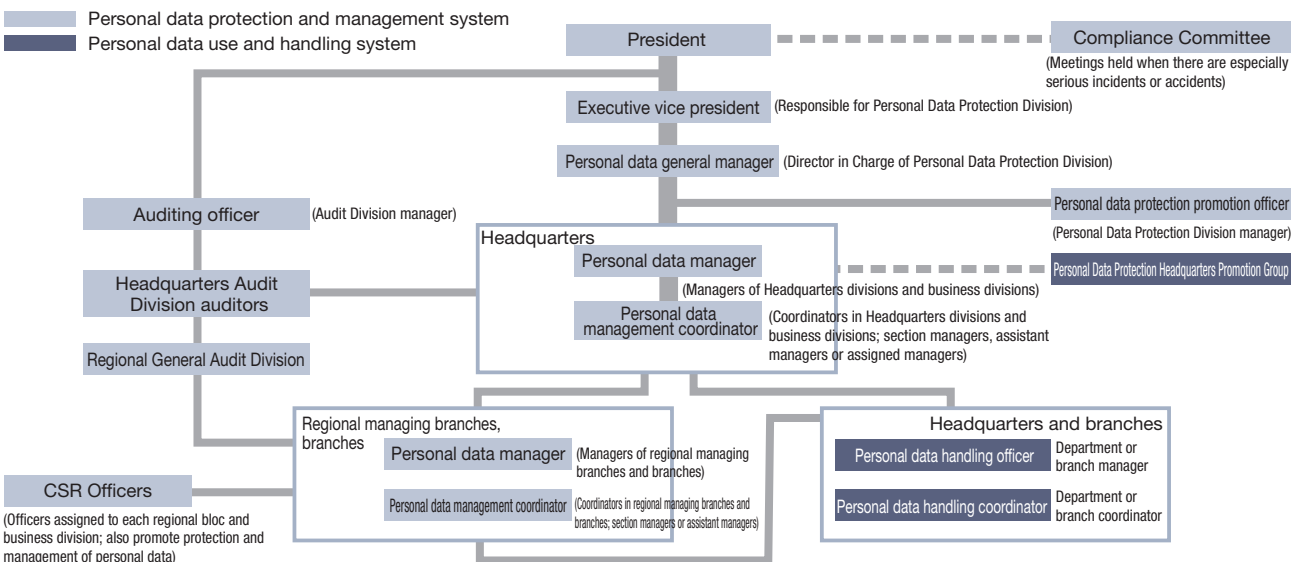
TRUSTe

Nittsu Research Institute and Consulting

ISMS (Conformity Assessment Scheme for Information Security Management System)

Nippon Express, Nippon Express Tokyo Airport Branch Information System Center, Nippon Express Tokyo Office Service Branch, Nittsu Information System

Organizational Chart for Business Continuity System Documents



Third-party Evaluation

As the tides of the world economy shift acutely from predominantly Western G8 nations to an axis of developing countries, logistics is also on the move to the Asia Pacific region. Since its founding, the Nippon Express Group has bolstered Japan's logistics expansion, as it continues to do now, accompanying Japanese businesses overseas with expanded infrastructures featuring logistics centres dotting the globe.

While pursuing its own growth as a global logistics company, the Nippon Express Group acknowledges certain social responsibilities attending participation on the international stage, including vital interaction with its widening periphery of stakeholders. The following four necessary courses of action come to mind:

1. Formulate a midrange CSR strategy

As a global logistics company, the Nippon Express Group needs to identify and report targeted CSR activities in specific areas, along with resulting successes, as a part of our social responsibility, emphasizing our concern for the various CSR issues affecting the world on a day-to-day basis. By formulating a midrange plan and goals that can be verified by the stakeholders themselves, the company can further heighten the trust it earns from society.

2. Expand business-related CSR activities

The Nippon Express Group has undertaken a wide range of social action programs. I believe the company should now focus on CSR activities more directly related to existing business areas. Numerous roles await a global logistics company, as international organizations and NGOs search for collaborators. I would like to see the Nippon Express Group proactively expand their global social action programs in cooperation with such organizations.

3. Strengthen partner relationships

The Nippon Express Group comprises myriad group companies. Although the 2010 CSR report covers the Nippon Express Group CSR Council, a joint meeting of all group companies, and activities undertaken by group companies, I sensed that efforts have not yet reached a level of systematic policies, goals and directions shared group-wide. However,

we did revise what is now the Nippon Express Group Conduct Charter, demonstrating an example of CSR initiatives for the Group as a whole. The company now needs an organization to promote CSR policies and goals as a united group while coordinating existing activities.

Similarly, the Nippon Express Group needs to demonstrate such policies and seek cooperation from the suppliers responsible for part of the Nippon Express Group supply chain.

4. Stakeholder engagement

Unfortunately, the Nippon Express Group has not yet to establish opportunities for communication with its stakeholders. The company urgently needs a system that facilitates direct contact with stakeholders, incorporating stakeholders' opinions into management level decision-making. The company must recognize that business activities are evaluated not only by internal management, but by various stakeholders, including shareholders. Hereafter, I hope to see elevated engagement with various stakeholders, resulting in enhanced relationships.

The above four points are not beyond reach. In fact, most globally expanding logistics companies already implement these as CSR foci. As the proportion of international business increases, the focus of various stakeholders, including international NGOs and CSR evaluation organizations, on the Nippon Express Group will only grow sharper. I welcome inspiring enhancements to CSR activities within the Nippon Express Group.



Hiroshi Ishida
Executive Director,
Caux Round Table-Japan
Assistant Professor,
Institute of Business and Accounting,
Professional Graduate School,
Kwansai Gakuin University

A handwritten signature in blue ink, appearing to read 'H. Ishida', with a long, sweeping underline.

Responding to the Great East Japan Earthquake

—Shipping Emergency Relief Supplies and Other Provisions (As of March 31, 2011)

On March 11, 2011, at 2:46pm JST, a magnitude 9.0 earthquake struck the Sanriku coastline in Japan's Tohoku region. The earthquake shook an expansive area, extending south from Tohoku to the entire Tokyo/Kanto region, while unleashing a destructive tsunami which hit Japan's northeast Pacific coastline minutes after the earthquake.

Although Nippon Express Group locations along the coast suffered extensive earthquake and tsunami damage, Nippon Express quickly established a Disaster Response Headquarters at its corporate base in Tokyo for immediate response to the unprecedented Great East Japan Earthquake with emergency transport of relief goods.



Truck driving along the Tohoku Expressway

Establishing Disaster Control Management Headquarters

As a designated public agency under the Basic Act on Disaster Control Measures, Nippon Express established the Disaster Response Headquarters immediately after the earthquake occurred on March 11.

While participating in a 24-hour system for the acceptance and delivery of emergency relief supplies and other provisions, all branches throughout Japan were linked in a support network to provide immediate

response to requests from the national and prefectural governments (see page 55 for details concerning the Crisis Management System).



Truck carrying medical supplies

Transporting Various Relief Supplies From All Over Japan

In response to requests from the national and prefectural governments, the Nippon Express Group delivered a wide range of emergency relief supplies to collection centres set up throughout the Tohoku region.



Loading relief supplies onto Japan Self-Defence Force trucks

Relief supplies including everything from daily necessities—food, drinking water and toilet paper—to blankets and bedding, undergar-

ments, towels, masks, personal heat packs, flashlights, candles, portable toilets, basic walkie-talkies, power-supply cars and power generators.

Emergency transport efforts had to overcome numerous hurdles, including aftershocks, severed road networks and fuel shortages. In addition, the Tohoku Expressway, the main route to the Tohoku area, was plagued by extensive road surface damage, requiring extremely cautious driving.

As the severity of the damage became clear, transport demands on the Nippon Express Group accelerated. By March 31, we had 4,170 delivery vehicles marshalled to transport relief supplies at the request of the national and prefectural governments and other organizations.

Transport Support by Land, Sea and Air

The delivery of relief supplies was not covered by trucks alone—every available method, be it land, sea, or air transportation, was deployed to meet demands. On March 29, *Himawari 1*, a ship regularly operating between Tokyo and Hokkaido (Tomakomai-Kushiro route), made a temporary call at Sendai Port to deliver relief supplies, including 30 containers, five chassis,* and four forklifts. The containers and other transport equipment were collected from the Nippon Express Group's marine transport branches across Japan. In addition, as some railway tracks to the Tohoku region has been severed in

the earthquake, the Nippon Express Group began temporary delivery services from March 25, delivering cargo for JR Freight on double-container trailers and domestic marine vessels.



Loading cargo onto *Himawari 1*

*Chassis: wheeled platform for loading containers

List of Consolidated Companies: 250 Companies (as of March 2010)

Domestic

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

Overseas

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

Nippon Express Company Profile (as of March 31, 2011)

Name:	Nippon Express Co., Ltd.	Name of representative:	Masanori Kawai, President
Founded:	1872, as Riku-un Moto Kaisha (Land Transportation Company)	Paid-in capital:	¥70,175.27 million
Established:	October 1, 1937	Number of shareholders:	85,765
Headquarters:	1-9-3 Higashi-Shimbashi, Minato-ku, Tokyo 105-8322, Japan	Number of employees:	36,746
		Number of commercial freight transport vehicles:	15,165

Editors' Note

We sincerely thank you for taking the time to read the full-page version of our *CSR Report 2011*. From this fiscal year on we will post the full-page version in PDF format on the Nippon Express website, replacing the conventional printed version. We have also increased the number of pages in an effort to maximize description of Group company activities, both in Japan and overseas.

To reach an even wider audience through various formats, we also



CSR Report Editorial Committee

introduce Nippon Express Group CSR activities in a 16-page printed digest version of the *CSR Report 2011*. Although the concurrent production of both digest and full-page versions required more time and effort than expected, we feel assured that this new endeavor has resulted in heightened satisfaction for our readers. We plan to expand and improve on the functions and contents of both the digest and full-page versions in the foreseeable future.

Issued by

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



About the Cover Illustrations Scene of Steam Locomotive at the Yokohama Harbour

Created: around 1874
Artist: Hiroshige Utagawa III
Museum of Logistics Collection

As the Edo period (1603–1867) ended, Japan opened its country and ports to the world, and became integrated into the global market. Yokohama, a mere fishing village at the time, became a main port, thus assuming an important role. Soon after, in 1870, the Meiji government began work on the Tokyo-Yokohama Railway, and provisional service between Shinagawa and Yokohama (now Sakuragicho Station) was initiated on June 12, 1872, followed by the official opening ceremony of rail service between Shimbashi (Shiodome) and Yokohama held on October 14 at Shimbashi Station. Cargo service started the following year on September 15, with the freight train making two round trips daily. Until then, the Tokyo-Yokohama journey had taken eight to 10 hours on foot or three to four hours by horse and carriage; the approximately 29-kilometre trip between Shimbashi and Yokohama took a mere 53 minutes by rail. With this abbreviation of time and distance, modern transport methods joined Tokyo and Yokohama with the world. Behind the smoke-bellowing steam locomotive pulling a passenger coach, the painting depicts steamships and western-style sailing vessels moored in the port of Yokohama, *bezaisen* boat (classical Japanese large transport craft), *sedoribune* boats with their sails set, serving as barges to carry cargo from ships positioned farther out at sea, and even foreigners gazing out at the harbour. Rather than reproducing an actual scene, this painting seems to evoke images representing the new age of Yokohama and the railway. One could say this work of art is a cutaway of scenes from a new era, in which modern Japan ascends the world stage for the very first time.

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チャレンジ
未来が変わる。
日本が変わる。
25
日本通運はチャレンジ25キャンペーンに参加しています。