

CSR REPORT 2016



Title: Illustration of the Yokohama Waterfront (partially altered)
 Artist: Utagawa Hiroshige III
 Date: October 1870
 Owner: Nippon Express (entrusted to the care of Kanagawa Prefectural Museum of Cultural History)

This woodblock print depicts the bustle on the wharves in the port of Yokohama during the early Meiji Period (1868-1912). The jetty on the right is a wharf exclusively for domestic cargo. The left side, with a curved jetty called the Elephant's Trunk, is exclusively for foreign cargo. Today, this area has been developed as Zou-no-hana Park (Elephant's Trunk Park) and is a place of relaxation for everyone.

Back then, ships entering the port of Yokohama could not come alongside the pier. They anchored off the coast and their cargo was transported to the wharf on small barges. The several small boats with masts shown in the picture are

such barges. The building with a large roof and cargo stacked outside it is a customs shed. The British Consulate with its three chimneys can be seen in the background. Japan's main exports at that time were raw silk thread, silkworm eggs, and tea. Such goods were brought to Yokohama from around the country, repackaged for export, and transported overseas. This is a scene of Japan's gateway to the international market, a port that was the meeting point of domestic and international distribution, a port that connected Japan to the world around 150 years ago.



Carbon Footprint (CFP):
 Visualization of CO₂ emission
<http://www.cfp-japan.jp>
 CR-DD01-16010

The CFP value is calculated upon waterless print dedicated Product Category Rule (PCR)

We calculated the carbon footprint in making the Nippon Express Group CSR Report 2016. The 1,600g stated in the upper part of the mark at left is the value after converting the greenhouse gas emitted from the entire lifecycle of the report, from material procurement to recycling into CO₂ amount.



Scan this code to download a digital version of this CSR Report from our website.



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.



Special Feature

Contributing to Society Through Logistics ▶P.19-

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Editorial Policy

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

In this report we have attempted to paint a picture of the Nippon Express Group, including voices of stakeholders, and the way in which it creates value through its business in response to requests from society, under the title of "Contributing to Society Through Logistics" (see pp. 19-29). We have identified key priorities to be addressed by the Nippon Express Group based on international CSR-related guidelines including ISO 26000 and the opinions of international experts and our stakeholders, and provide details of these initiatives in this report (see pp. 14-15).

This report is a medium for comprehensively disclosing detailed information as a full report (we have also published a digest version that conveys information on activities with a high degree of importance in a concise manner).

Scope of This Report

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

Applicable Period

Fiscal 2015 (April 1, 2015 – March 31, 2016)
 (Certain sections may include information from or prior to fiscal 2014 and up to June 2016.)

Reference Guidelines

- GRI Sustainability Reporting Guidelines G4
 (This report is based on the principles specified by the GRI Sustainability Reporting Guidelines G4, but does not strictly conform to those guidelines.)
- Environmental Reporting Guidelines (Fiscal 2012 Version) issued by the Japanese Ministry of the Environment

Corporate Social Responsibility (CSR) for the Nippon Express Group is about enabling better quality of life for people around the world and development of industries through logistics service



The world we live in faces a number of societal challenges, among them natural disasters, environmental problems, increased demand for energy and food alongside global population growth, and human rights issues. In addition, society has also been changing significantly with advancing globalization. In concert with such changes, corporate social responsibility is becoming increasingly important. We in the Nippon Express Group recognize our social responsibility, and contribute to solving societal issues and achieving sustainable development through our knowledge and expertise as a leading logistics provider.

The Nippon Express Group is pursuing growth to become a world-leading logistics provider. Accordingly, in 2015 we selected three key priorities to address globally as Nippon Express' Global CSR – namely, Responsibilities to the Earth's Environment, Sound Company Conduct, and Respect for Human Rights – and initiated concrete efforts. Regarding Responsibilities to the Earth's Environment, the Group's member companies have long carried out their own environmental preservation efforts from an awareness as logistics companies of their importance. Now, in addition to workplace greenification efforts, which seek to make the areas that our employees inhabit daily into green

spaces, Group companies have selected and begun working on a variety of new environmental preservation initiatives as common endeavors of the Nippon Express Group.

As for Sound Company Conduct and Respect for Human Rights, we have produced overseas editions of our Compliance Handbook, to which each Nippon Express Group company adds its own management approach and measures for practical use, in an effort to strengthen employees' compliance training. Additionally, we conducted a survey of Group companies overseas and found no instances of serious human rights violations within their operations. It has been one year since the launch of Nippon Express' Global CSR, and we are making slow yet steady progress.

In April 2016 the Nippon Express Group launched its new business plan, the Nippon Express Group Corporate Strategy 2018 – New Sekai-Nittsu. The new business plan includes "Further strengthen the Group's CSR management" as one of its functional strategies. This reflects our strong commitment to helping resolve social issues and develop sustainable societies by offering logistics services based on safety and security to people around the world. Specifically, we will make Group-wide efforts to advance the four initiatives described below.

Number one is "Safety first." Safety for the Nippon Express Group, which conducts its business using public social infrastructure, is something for which we must take full responsibility; it is a matter that takes utmost precedence. As such, we will make a thorough commitment to safety measures throughout the Group. Moreover, in order to autonomously and continuously improve workplace and procedural safety, we will use the PDCA (plan, do, check, and act) cycle organization-wide on the Nittsu Safety & Health Management System through various kinds of health and safety training/education, open communication in the workplace, and Challenge Circles.

The second initiative is "Reinforce compliance." The Nippon Express Group has established Compliance Regulations, requiring each and every one of its employees to conduct sound, transparent, and fair business activities based on the law, social morality, and social ethics as well as the company's business policies and rules. The entire Group is committed to fair business practices with business partners and will engage

in sensible corporate activity while stressing compliance management.

The third is "Strengthen initiatives for creation of an employee-friendly workplace." Initially, we will establish a system to continuously improve the level of occupational safety and health in the workplace. We will also carry out efforts to foster a workplace culture where management and improvement are possible without overlooking harassment and acts of discrimination, in an effort to develop a workplace environment that promotes the safety and wellbeing of employees. Furthermore, we will enhance our employee assistance programs as a "company that supports child-rearing."

The fourth initiative is "Establish business based on CSR." With this we will aim to plan, develop, and sell environmentally friendly services as well as to globally develop a low-carbon supply chain. While fulfilling our social responsibility as an industry leader, we will establish CSR as a business, sell environmentally friendly services, and globally develop a low-carbon supply chain.

Over the next three years, we will carry out the initiatives of the new business plan together with the initiatives of Nippon Express' Global CSR.

A company cannot continue in its activities without the trust of society. For the Nippon Express Group, whose core business is logistics, guaranteeing safety and compliance are top priorities. We feel that it is our social responsibility as a company to work proactively to resolve social issues through our business by communicating not only with our customers but also with all our stakeholders, under a corporate governance system that functions fairly, equitably, and effectively.

As a global logistics company, all our employees throughout the world will pull together to contribute to the realization of a better society, aiming to be a company that is trusted and needed by that society.

President & CEO
Nippon Express Co., Ltd.

Kenji Watanabe

Business Outline

The Nippon Express Group is made up of the parent company and subsidiaries, including second-tier subsidiaries, of which 265 are consolidated companies for a total of 293, and 69 affiliates, making a grand total of 363 companies. Beyond our core business of transportation and distribution, which includes trucking, rail transport, air, and marine cargo, we are expanding our scope in the areas of security services, travel, trade services, real estate, and driving education. (Figures are as of March 31, 2016)

Nippon Express Company Profile

Name:	Nippon Express Co., Ltd.
Founded:	1872, as Riku-un Moto Kaisha (Land Transportation Company)
Established:	October 1, 1937
Headquarters:	1-9-3 Higashi-Shimbashi, Minato-ku, Tokyo 105-8322, Japan
Name of representative:	Kenji Watanabe, President & CEO
Paid-in capital:	¥70,175.27 million
Number of shareholders:	60,445
Number of employees:	32,094
Number of commercial freight transport vehicles:	14,449

Motor Transport

Utilizing our extensive Japan network, we support a wide range of surface solutions including LTL, FTL, charter, and specialized transport (UNIQ, customized van transport, roller bed chassis, etc.). Outside Japan, we are developing and expanding transport networks, including between cities in China and between Shanghai and Singapore.



Railway Transport

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



Air Freight

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



Marine Transport

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



世界日通。 Global Logistics Provider



Total of Consolidated Companies: **265**

Major Affiliated Companies In Japan

Nittsu Shoji Co., Ltd.	Nittsu Panasonic Logistics Co., Ltd.	Hokuo Unyu Co., Ltd.	Osaka Warehouse Co., Ltd.
Nittsu Transport Co., Ltd.	Nittsu NEC Logistics, Ltd.	Kita-Nihon Kaiun Co., Ltd.	Tokushima Express Co., Ltd.
Nittsu Real Estate Co., Ltd.	Wanbishi Archives Co., Ltd.	Tsutai Warehouse Co., Ltd.	Bingo Express Co., Ltd.
Nittsu Research Institute and Consulting, Inc.	Nago E-Technology Co., Ltd.	Tohoku Truck Co., Ltd.	Sakaiminato Kairiku Unso Co., Ltd.
Nippon Express Capital Co., Ltd.	Nittsu Information Systems Co., Ltd.	Shiogamako Unso Co., Ltd.	Hakodate Air Service Co., Ltd.
Nittsu Driving School Co., Ltd.	Nittsu Heartful Co., Ltd.	Sendai Port Silo Co., Ltd.	Nippon Express Travel Co., Ltd.
Careerroad Co., Ltd.	Nittsukicoh Co., Ltd.	Nipponkaisoko Co., Ltd.	Nippon Shipping Co., Ltd.

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

Moving Services

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



Fine Arts Transport

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



Courtesy of the Mucha Foundation

Security Transport

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



Heavy Haulage & Construction

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



Trading Company Sales

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



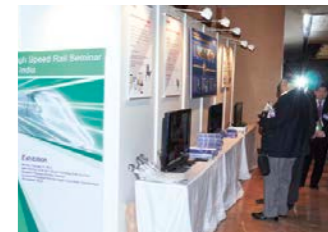
Warehousing

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



Travel & Event Management

As a pioneer in this field with a long history of success, Nippon Express Travel Co., Ltd., has developed services to meet clients' needs, supported by our considerable global network.



Other Business Activities

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



Business Outline

Global Activity

Spanning 42 countries and operating in 260 cities across the globe, the Nippon Express Group network is impressive both in scale and depth.



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

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

Number of countries
42

Number of cities
260

Number of locations
611

Number of employees overseas
20,662
(As of March 31, 2016)

Expansion of Overseas Locations in Fiscal 2015

- April** Nippon Express (South Asia & Oceania) Pte., Ltd., Pakistan Branch
PT. NEX Logistics Indonesia
- June** Nippon Express (China) Lianyungang Office
Nippon Express (India) Sri City Sales Office
Nippon Express (India) Nashik Sales Office
Nippon Express (India) Jamshedpur Sales Office
- July** Nippon Express (China) Shantou Office
Nippon Express (China) Wenzhou Office
- September** Nippon Express (India) Krishnapatnam Office
PT. Nippon Express Indonesia Halim Airport Office
- December** Nippon Express (China) Shaoxing Office
Nippon Express (China) Shenzhen Branch
- March** PT. Nippon Express Indonesia Semarang Office

South Asia & Oceania

Some large facilities established in 2015

1 Nippon Express (Thailand) Co., Ltd. Laemchabang Heavy Equipment Logistics Center

Nippon Express (Thailand) Co., Ltd. completed construction of its Laemchabang Heavy Equipment Logistics Center (LHEL) in the central Thai province of Chonburi in December 2015. Thailand has been seeing a significant influx of automobile companies, with numerous steel manufacturers also setting up operations there to serve them. Thailand's automobile industry is expected to see still further growth, and the LHEL will expand and offer a full range of logistics services, from the storage and delivery of imported steel and other heavy materials to the transport of finished products.



2 Nippon Express Engineering (Vietnam) Co., Ltd. New Head Office Nippon Express (Vietnam) Co., Ltd. Hai Phong Logistics Center

Nippon Express Engineering (Vietnam) Co., Ltd., completed construction of a new warehouse within the Dinh Vu Industrial Zone in December 2015. Nippon Express Engineering (Vietnam) built the new facility here due to the advantages of Hai Phong as a logistics base and a gateway for marine freight, thereby expanding the logistics network of the Nippon Express Engineering (Vietnam) head office and Nippon Express (Vietnam) as an export hub.



3 PT. NEX Logistics Indonesia Deltamas Logistics Center

PT. NEX Logistics Indonesia constructed a company-owned warehouse in the Greenland International Industrial Center (GILC) located in Bekasi Regency, West Java Province. The opening ceremony was held in October 2015. The warehouse will contribute to customers and the region by supporting the logistics of automakers in the GILC, which has attracted many manufacturers in Indonesia.



AMERICAS

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

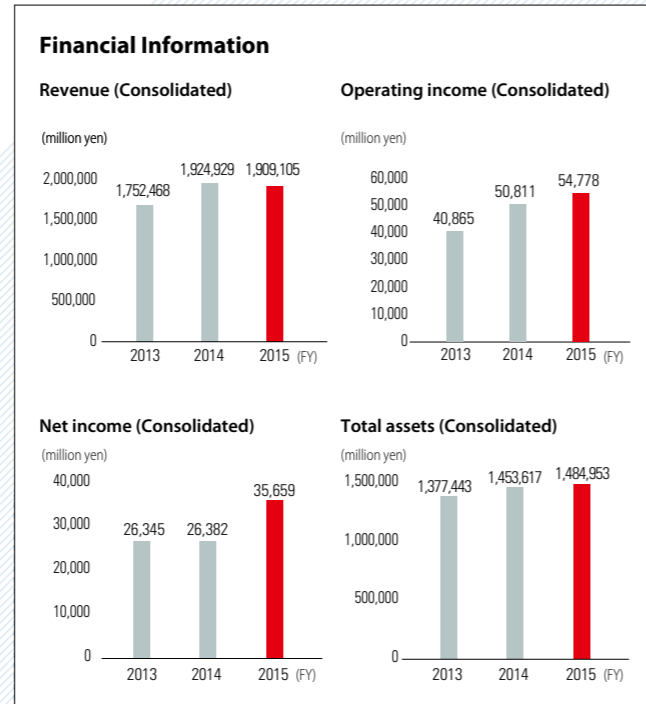
EAST ASIA

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

Nippon Express Group Corporate Strategy

Aiming to be a Global Logistics Company

This business plan is a three-year plan positioned as the final stage of the Nippon Express Group's measures articulated in the two previous business plans, Corporate Strategy 2012 and Corporate Strategy 2015. During the next three years, the Nippon Express Group intends to demonstrate its medium- to long-term orientation, laying a foundation for sustainable development into the future. In view of the organizational reforms implemented during the term of the previous business plan, the Group expects to further enhance profitability of its businesses in Japan, focus investment in B2B in the priority business fields and the growth region, and promote Group management emphasizing earnings with the aim of becoming a truly global logistics company.



2013 – 2015

Nippon Express Group Corporate Strategy 2015

–Innovation and Moving Forward–

Targets		Results	
Revenues:	¥1.8 trillion	Revenues:	¥1.9 trillion
Operating income:	¥54.0 billion	Operating income:	¥54.7 billion
Net income:	¥34.0 billion	Net income:	¥35.6 billion
ROA:	2.5%	ROA:	2.4%

2016 – 2018

Nippon Express Group Corporate Strategy 2018

–New Sekai-Nittsu–

Basic Policy

Further enhance profitability of businesses in Japan and focus investment in B2B in the priority business fields and the growth region with the aim of becoming a truly global logistics company.

Numerical targets for FY2018

Revenues:	¥2,150.0 billion
Operating income:	¥75.0 billion
Net income:	¥45.0 billion
ROA:	2.8%

Key strategies

- | Functional strategies | Area strategies | |
|---|-----------------|--|
| | Japan | Overseas |
| Thoroughly strengthen sales activities | | |
| Strengthen and upgrade core businesses | | |
| Strengthen Group management | | |
| Reinforce the management infrastructure | | |
| Further strengthen the Group's CSR management | | |
| a. Safety first | | c. Strengthen initiatives for creation of an employee-friendly workplace |
| b. Reinforce compliance | | d. Establish business based on CSR |

Achieve both growth and profitability

Drive growth of the Nippon Express Group



Finalize

Lay a foundation for the future

2010 – 2012

Nippon Express Group Corporate Strategy 2012

–Towards New Growth–

Targets		Results	
Revenues:	¥1.8 trillion	Revenues:	¥1.6 trillion
Operating income:	¥58.0 billion	Operating income:	¥33.2 billion
Net income:	¥35.0 billion	Net income:	¥23.8 billion
ROE:	7.0%	ROE:	4.8%

2010 2011 2012 2013 2014 2015

2016 2017 2018

CSR and Materiality (Our Key Priorities)

The Nippon Express Group will contribute to the further development of society through diverse modes of safety-based transport and will also put effort into activities that promote environmental preservation, in order to fulfill its social responsibility as a global logistics company. The Group will also grow continuously with the aim of achieving its corporate philosophy while fulfilling its responsibility to and building good relationships with stakeholders.

Nippon Express Group Corporate Philosophy

Nippon Express Group Corporate Philosophy

Our Mission
Be a Driving Force for Social Development

Our Challenge
Create New Ideas and Value that
Expand the Field of Logistics

Our Pride
Inspire Trust Every Step of the Way

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

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

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

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

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

NIPPON EXPRESS

Nippon Express Group Charter of Conduct

The Charter of Conduct stipulates the Group's commitment to matters such as respect for human rights (including the rejection of child labor and forced labor), two-way communication with a wide range of stakeholders, and respect for the diversity of our employees, which is increasing as our business becomes more global. The Charter not only addresses the initiatives of the Nippon Express Group, but also requires encouragement of CSR-based conduct throughout the supply chain.

See Nippon Express' website for details about the Nippon Express Group Charter of Conduct.
<http://www.nipponexpress.com/about/corporate/charter/>

Nippon Express' Global CSR

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

Key Priorities for the Nippon Express Group

Responsibilities to the Earth's Environment

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

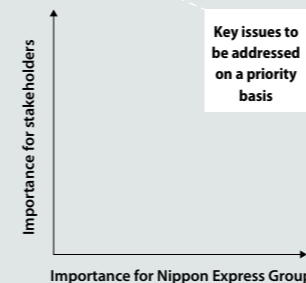
Sound Company Conduct

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

Respect for Human Rights

- Actualization of safety and security for employees (focus on occupational safety and health, creation of employee-friendly workplaces, prevention of discrimination in the workplace, provision of opportunities for further development of abilities)
- Improvement of labor practices of suppliers*
- Recruitment of human resources in the areas where business is conducted*
- Protection of customer information*
- Consideration for the impact of human rights in global business (e.g., child labor, security practices) *
- Establishment of an on-going human rights due diligence system and a grievance mechanism

* Items revised based on the fiscal 2015 review



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

Process of Identification of Materiality (Our Key Priorities)

Fiscal 2013

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

Fiscal 2014

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

Step 1 Organization of Relevant CSR Issues

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

Step 2 Allocation of Order of Priority

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

Step 3 Validity Verification

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

Fiscal 2015

Step 4 Review

The list was partially revised in response to the determination through dialogue with experts that not all issues related to respect for human rights had been identified. The selected issues were basically retained and "customer satisfaction," which is not directly related to human rights, was deleted. The issues on the list are issues that the Nippon Express Group should address on a priority basis from the perspective of CSR. The fact that an issue is not included on the list does not lessen its importance.

Nippon Express' Global CSR: Fiscal 2015 Initiatives

At present, the Nippon Express Group operates its business from 611 locations in 42 countries (as of March 31, 2016). As its business activities become global, the Group is expected to also take a global approach to its corporate social responsibility. Out of the diverse social issues surrounding the Nippon Express Group around the world, the Group selected immediate material issues to focus on globally on a priority basis, and in 2015 it started initiatives under the banner of Nippon Express' Global CSR.

Responsibilities to the Earth's Environment

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

Workplace Greenification—A Shared Global Activity of the Nippon Express Group

- As a symbolic initiative to reduce CO₂, we green our offices throughout the world with plants in an effort to increase employee awareness of the need to reduce carbon footprints.
- In addition, Group companies outside Japan that are able are actively participating in reforestation.

* The 2015 CSR Report includes Workplace Greenification at overseas Group companies.
<http://www.nipponexpress.com/about/csr/pdf/2015env-report.pdf>



Poster promoting "Responsibilities to the Earth's Environment" (Logo is trademarked)



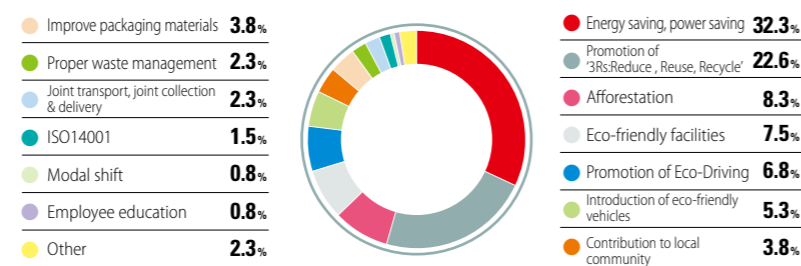
Versions have been produced for each overseas company. (Example in Vietnamese)

Overseas Group companies establish and work to achieve their own targets for environmental protection and reduction of CO₂ emissions based on their business activities and the circumstances of the regions where they are located.

1 Target establishment

The Group has started efforts to contribute to the protection of the global environment, including saving energy, increasing the efficiency of our logistics operations, improving methods of transportation, and participating in social contribution activities focused on the environment. We have mainly set many targets that will be more effective and involve close-at-hand initiatives for each and every employee of all Group companies to engage in.

Breakdown of items with targets established at all Group companies



(48 companies replied; multiple answers possible)

2 Progress (as of March 2016)

(Example) Fiscal 2015 results of company efforts to achieve targets

Company (branch)	Initiative	Target	Fiscal 2015 results
NEX Transport, Inc.	Contribution to local community	Conduct community cleanups	Conducted roadside cleanups (March and August)
Nippon Express (Belgium) N.V./S.A.	Promotion of Eco-Driving	Turn engines off when vehicles are stopped, such as during standby	Ten drivers took 37 classes to learn Eco-Driving.
Nippon Express (China) Co., Ltd. (Beijing Branch)	Joint transport, joint collection & delivery	Increase the rate of joint pickup and delivery from 10% to 15%	Achieved 16% by coupling pickups and deliveries within the city, including for import/export and removals cargo.
Nippon Express (Australia) Pty., Ltd.	Promotion of '3Rs:Reduce, Reuse, Recycle'	Reduce the cutting of the equivalent of 120 trees by thoroughly separating waste cardboard and paper	Thorough separation resulted in saving the equivalent of 138 trees.

Sound Company Conduct and Respect for Human Rights

As a global logistics provider, it is critical that we not only comply with the laws of each of the countries and regions where we operate, but that we also understand and follow fair business practices, which are becoming increasingly important. At the same time, we must ensure that we respect human rights from a broader perspective that extends beyond workplace and work environment, particularly in developing countries, as we believe that not doing so might pose a risk of business discontinuity.

Employee Education Using Our Compliance Handbook

We have distributed over 18,000 overseas editions of our Compliance Handbook in English and Chinese. The Handbook, guidelines on how to use it, and comprehension tests were used together with the unique management and training techniques in each overseas Group company to educate employees. We also recognized the need to produce these materials in other languages, in order to facilitate deeper understanding of the content."



Interviews Conducted at Overseas Companies

The selection of material issues and implementation of initiatives are conducted through cooperation between the CSR Division at the head office and Group companies overseas. In 2015, which was the first year for Nippon Express' Global CSR, we conducted a survey of the actual CSR situation and held dialogues with managers and in-house experts in areas such as law and HR/labor relations at overseas companies.

Conclusions

- Continuity of global CSR initiatives is essential. We must deeply cultivate three material issues.
- We must carry out CSR on a global scale as corporate activity aimed at the creation of a sustainable society.
- We must expand the Nippon Express Group's integrated activities (common initiatives).
- Each company must conduct its own initiatives suited to the circumstances in its country/region under a common policy for the Nippon Express Group.
- The CSR Division at Nippon Express Group's head office has important roles to play. (e.g., planning and implementation of CSR-related measures, sharing and dissemination of information, and policymaking)"

In view of the fiscal 2015 initiatives, the Nippon Express Group will keep making efforts under the banner of Nippon Express' Global CSR in the future.

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



Stakeholder Engagement

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

Engagement with main stakeholders

Shareholders and investors

- Holding of General Shareholders' Meetings
- Holding of results meetings
- Publication of annual reports

Suppliers

- Holding of safety meetings

Employees

- Internal whistleblowing system "NITTSU Speak-up"
- Implementation of Employee Compliance Questionnaire
- Standard interviews, etc.



Customers

- Holding of NITTSU Business Fair
- Questionnaire concerning moving services (postcard, website)
- Taking opinions at Customer Service Center (telephone, Internet)

NGOs and NPOs

- Dialogue with groups conducting global CSR initiatives
- Participation in Stakeholder Engagement Program
- Issuing of CSR questionnaires

Government-affiliated organizations

- Attendance at various briefings
- Participation in various meetings

Examples of Stakeholder Engagement

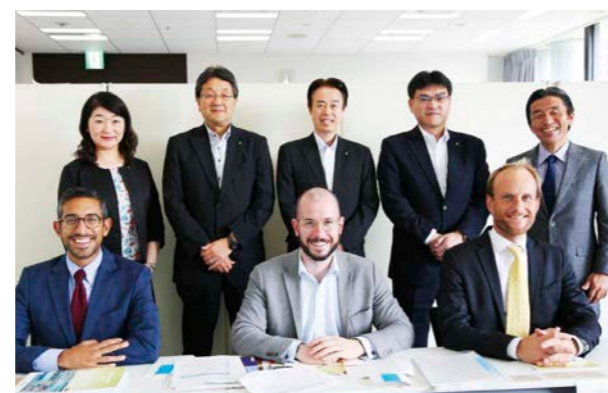
Dialogue with expert groups on business and human rights

In September 2015, we held a dialogue concerning human rights in the Nippon Express Group with representatives of groups driving the international discussion of business and human rights: the Danish Institute for Human Rights, the International Corporate Accountability Roundtable (ICAR), and the German Institute for Human Rights.

First, members of the CSR Division explained the group of issues related to human rights that were identified in fiscal 2014 as well as the activities under way throughout the Nippon Express Group, such as the production and distribution of our Compliance Handbook. In response, the three experts pointed out issues related to negative impacts on human rights arising from business activities, in light of examples of leading global companies. These included: the need for disclosure of data related to accidents on the road, which is a societal issue especially in developing countries; issues related to driver privacy arising from outfitting vehicles with drive recorders; the adoption of a risk-based approach as a means of dealing with a complex supply chain; and the suggestion to organize items presented as material issues after conducting an impact assessment, as it currently appears that all issues related to the company were merely arranged in a list. The experts also praised our Group-wide distribution of the Compliance Handbook and our education efforts as "clear and well-designed."

During the dialogue, the question came up of how the Group dealt with the issues pointed out the previous year (i.e., the issue of transparency of cargo, the necessity of knowing your customer, and the issue of security personnel using excessive or unwarranted force to protect cargo or warehouses). In light of last year's dialogue, the Nippon Express Group conducted a current situation survey of overseas companies and found no serious

human rights infringements within these companies. However, keeping in mind the fact that human rights issues related to the Group are constantly changing in response to business and social changes and that there is a need for responses to include the supply chain, we will consider establishing a system for ascertaining negative impacts and also organizing material issues, based on the indications presently received.



Outside participants

Allan Lerberg Jørgensen
The Danish Institute for Human Rights

Amol Mehra
International Corporate Accountability Roundtable (ICAR)

Christopher Schuller
German Institute for Human Rights

Chairperson

Hiroshi Ishida
Executive Director, Caux Round Table Japan

Participants representing Nippon Express

Tatsuya Suzuki
General Manager, Corporate Social Responsibility Division

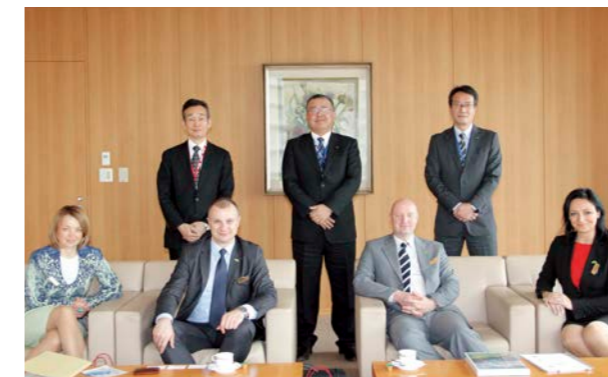
Kazuki Oonaka
Group General Manager, Corporate Social Responsibility Division

Kengo Sato
Assistant Group General Manager, Corporate Social Responsibility Division

Noriko Ozawa
Manager, Corporate Social Responsibility Division

Visit from the State Secretary at the Republic of Slovenia's Ministry of Economic Development and Technology

In February 2016, Nippon Express received a visit from Aleš Cantarutti, State Secretary at the Republic of Slovenia's Ministry of Economic Development and Technology, and three other high officials from Slovenia. Nippon Express has a deep connection to Slovenia, and in 2014 signed a memorandum of understanding with the Port of Koper for the purpose of expanding the use of the port and improving quality. Later, it began marketing "Central and Eastern Europe Direct Consolidation," a service providing through-transit of small-lot cargo to destinations in Budapest, Hungary via the port of Koper. On the day of the visit, the guests had a friendly discussion with Nippon Express representatives about improving Slovenia's logistics field and further strengthening our partnership in the future.



Aleš Cantarutti, State Secretary at the Republic of Slovenia's Ministry of Economic Development and Technology (front of photo, second from the left)

Participation in Stakeholder Engagement Program

Like the year before, in 2015 Nippon Express participated in a Stakeholder Engagement Program organized by the Caux Round Table with the purpose of understanding "business and human rights," which is an issue gathering global interest, and the UN Guiding Principles on Business and Human Rights. We also aimed to ascertain human rights issues related to Nippon Express. During the program, we exchanged opinions with participants from other companies, NGOs/NPOs, and experts regarding the kinds of situations in which human rights violations could occur in Japan and what kinds of human rights issues could become salient specifically in the logistics industry. We also participated in the 2015 Business and Human Rights Conference in Tokyo, similarly organized by the Caux Round Table, and deepened our understanding of the connection between business and human rights in Japan.

The Nippon Express Group is deepening its understanding of business and human rights—a theme considered globally important that must be addressed—through dialogues with various stakeholders and is striving to reflect that understanding in its CSR.

Dialogue with New Employees

Every year at Nippon Express, staff members of the CSR Division hold a dialogue about CSR as part of new employee training. New employees read the CSR Report beforehand and engage in the dialogue with an understanding of our initiatives.

During the new employee training at the Izu Training Center in April 2016, a dialogue was held with 297 new employees, divided into three sessions. The dialogue included lively Q&As and exchanges of opinions on topics such as the direction of CSR at Nippon Express; the challenge of reducing CO₂ in the supply chain; country- and region-based differences in environmental awareness and methods of technology transfer such as CDM; and methods for teaching the protection of personal information.

In addition to the dialogue, new employees took classes on subjects such as compliance. Afterward, they worked up a sweat doing forest cultivation at a company-owned forest in the area.



Dialogue during new employee training

Relationship with the Worker's Union

The Nippon Express Worker's Union was launched in 1946 and, as of the end of March 2016, has 22,603 members. Nippon Express and the Nippon Express Worker's Union have affirmed that, within the relationship of mutual trust that they have built, both parties will respect the other's situation, maintain order between labor and management and cooperate while aspiring to the common goals of developing business and improving the working environment.

At Nippon Express, we value communication between labor and management. In order for company management to reflect the collective will of employees, management and labor exchange opinions concerning the management of the company in two venues: the Central Management Council for general discussions between the head office and the Nippon Express Worker's Union Central Division, and Branch Committees for discussions between company and union branches.

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

External Evaluation

Stakeholders have used various approaches to assess the Nippon Express Group. We present some of those approaches below.

Contributing to Konica Minolta's EICC initiative

In October 2013, Konica Minolta, Inc., an important customer of Nippon Express' Kofu International Transport Office, joined the EICC, an international organization for the promotion of CSR as it relates to the electronics industry supply chain. The EICC assessment covers a wide range of details, such as employee-friendly working environments, focus on health and safety, environmental protection, and the establishment of a system of corporate ethics. Even Nippon Express, which handles part of Konica Minolta's supply chain, had to respond to a list of 400 questions to allow it to be evaluated as to whether, as a logistics company, it meets the same standard. As a result of this examination, Nippon Express was assessed as belonging to the top level of "Rank A." Nippon Express will continue to improve its CSR management going forward and work towards the sustainable development of society and the resolution of social issues by offering safe and secure logistics services.

Comments from our customers

CSR-aware logistics, together

We believe it is the first time that a company in the Japanese logistics industry has created CSR initiatives based on assessments for the global standard in the electrical and electronics industry, namely EICC. By implementing the CSR examination using the EICC questionnaire, Konica Minolta confirmed that, with regard to labor, ethics, health and safety, and the environment, Nippon Express is operating at a level (Rank A) that satisfies nearly all society's demands. It has also identified issues on which further enhancements can be made. Going forward, we will offer our know-how concerning the promotion of CSR and look forward to working together on improvements to further advance CSR-aware logistics.



Midori Yanagisawa Manager
(Center-front of photo)

Shinji Matsuba Assistant Manager
(Right-front of photo)

Environmental P&F Group
Environmental Management Department
Corporate Social Responsibility Division
Konica Minolta, Inc.

High Recognition from the Development Bank of Japan's "DBJ Environmentally Rated Loan Program"

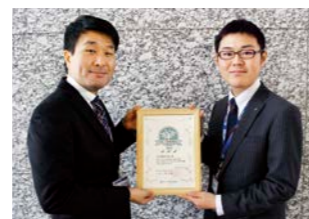
In November 2015, Nippon Express gained the "DBJ Environmental Rating" during the process of receiving funding from the Development Bank of Japan Inc. ("DBJ").

The DBJ Environmentally Rated Loan Program is a grading system developed by DBJ to assess the level of a company's environmental management, with companies that are awarded high points gaining access to lower rates of interest for funding. Nippon Express was described as being "particularly advanced with regard to its environmentally sensitive initiatives" and given the highest rank of "A."

This rating exercise commended Nippon Express for the following points.

- ① Nippon Express enhances the business efficiency of its customers by optimizing logistics through supply chain management that offers total support of logistics systems at a global level, from purchasing to production and from distribution to consumption.
- ② Based on the internationalization of its business, the company has identified the three areas of "Responsibilities to the Earth's Environment," "Sound Company Conduct," and "Respect for Human Rights" as its key priorities.
- ③ The company has built superior mechanisms to facilitate and sustain appropriate forms of management, such as the "ECO-TOWMAS" system it developed to administer the industrial waste generated by the company itself.

In addition, the ranking gave high recognition to points such as Nippon Express' practice of Eco-Driving, its company-wide efforts to clean up areas around its offices, as well as ongoing environmentally friendly initiatives at each branch.



Nippon Express employees showing their certificates



Other external awards (partial excerpts) during the period April 1, 2015 to March 31, 2016. Dates are from the news release section of Nippon Express' website.

June 25, 2015:	Won the "Logistics Environmental Awareness Enlightenment Award" at the 16th Logistics and Environment Awards (please see related article on p.33)
July 24, 2015:	Sakata Branch wins "Marine Day" Marine-Related Distinguished Service Ministerial Commendation (Please refer to the news release section of Nippon Express' website for more details.)
August 27, 2015:	Won the "Kurumin" authorized mark for "a company supporting childcare" (please see related article on p.53)
October 30, 2015:	Won the Prime Minister Award at the 47th National Truck Driver Contest (please see related article on p.47)
December 24, 2015:	Authorized as a Company Promoting Sports in Tokyo for fiscal 2015 due to the "Nittsu Exercises" performed at every office (please see related article on p.49)
January 6, 2016:	Joint winners of the 14th Green Logistics Partnership Conference Special Award (Please refer to the news release section of Nippon Express' website for more details.)

Special Feature

Contributing to Society Through Logistics

In order to realize enriched lifestyles for people and a better society, the Nippon Express Group continues to accept the challenge of creating new ideas and values that expand the field of logistics.

Society today faces many varied challenges. In response to issues such as the depletion of energy resources, destruction of the environment, and labor shortages, we develop and offer safe, high-quality logistics services. Moreover, in the context of increasing globalization, we pursue the social potential of logistics on many fronts, such as helping more people enjoy better lives, boosting regional economic development, and carrying out emergency transportation of relief supplies in times of natural disaster.

In a society that is becoming increasingly diverse, complex and sophisticated, the Nippon Express Group will endeavor to continue earning society's trust by meeting its expectations of us as logistics professionals.



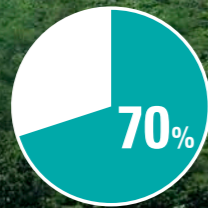
Using Logistics to Help Achieve a Low-carbon Society

As a result of rising demand for natural resources such as energy and water, driven by global economic and social development, emissions of CO₂, a cause of global warming, are also increasing. The Nippon Express Group is contributing to building a sustainable society by providing logistics support for an early start to the operation of high-efficiency power generation facilities as well as promoting the diffusion and expansion of safe and secure renewable energy that emits minimal CO₂.

Social background and issues

- Depletion of energy resources such as fossil fuels and rising environmental awareness, leading to higher demand for renewable energy
- Issues in the logistics industry
- The planning and technical expertise in transportation to overcome challenging natural conditions at sites suitable for the installation of wind power equipment
- Ecosystem-friendly transport

Nippon Express began the transportation and installation of wind power equipment in 1999, and to date has transported and installed about 70% of wind power equipment erected in Japan.



Wind power equipment installation work

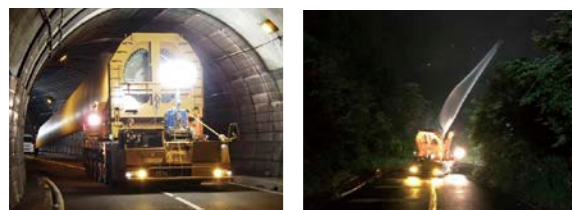
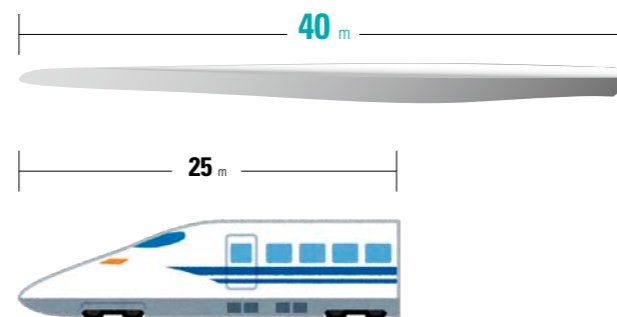
Nippon Express' Initiatives

Contributing to the diffusion of wind power generation

Generally speaking, most wind power equipment in overseas countries is erected in hilly areas or on coastlines or on the sea itself but, due to the wind patterns in Japan, nearly all the locations suited to wind power generation are in mountainous regions. In order to transport blades 40 m – 50 m long, towers weighing more than 60 tons, and generation equipment (nacelles) along narrow roads in mountainous regions that seem accessible by only passenger car, Nippon Express is involved in

the operation right from the beginning, giving advice on what preparation is needed and on less expensive and safer means of transportation, and making proposals to the customer for better transportation methods.

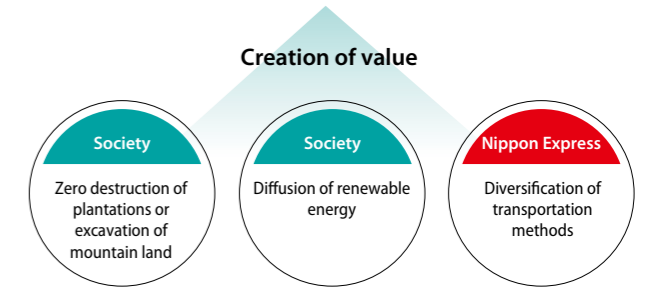
The blade of a wind turbine is 1.6 times the length of a Shinkansen car



Transportation of blade with the Nippon Express Blade Tilting Machine (left: in horizontal state, right: after being erected)

Over the two-year period 2015-2016, the company has been engaged in transporting and erecting 40 wind power installations of 2000 kW in the Aoyama Highlands, which straddle Tsu City and Iga City in Mie Prefecture at an elevation of more than 700 m. Transporting the 40 m blades in their horizontal state might have required not only the removal of utility poles and concrete retaining walls, but also the removal and disposal of cedar and cypress forests as well as mountain land. In order to reduce the burden on the surrounding environment to the absolute minimum, we decided to use the erector device for transportation. The blades can be erected, reclined or rotated on the vehicle, allowing erection when rounding hairpin bends and reclining while passing through tunnels. Use of this device enabled transport of blades without damaging plantations or excavating mountain land. In addition,

the surface area of the roads developed within the wind power generation site was reduced dramatically. In this manner, as well as contributing to the realization of a low-carbon society through assisting in the diffusion of wind power generation, Nippon Express is proposing and implementing methods of doing so that minimize the burden on the environment.



Message from the Nippon Express Group



Hidetoshi Tanifuji

Manager
Design Department
Tokyo Industrial Equipment Factory
Nittsu Shoji Co., Ltd.

How we became involved in the manufacture of the wind turbine blade erector device

Ten years has passed since Nittsu Shoji first became involved in the design and manufacture of the erector device, during which we produced four different types. The reason for the four types is, that over the past decade or so, wind turbine blades have changed and increased in size and weight, requiring changes in the design and manufacture of the erector device.

Each new design challenged our creativity but, as the designers and manufacturers of the erector device, our single most important consideration is transport safety, although the device must have the functionality to satisfy the conditions for transportation.

In the future, the wind turbine blades will change and the design of erector device necessary to handle those changes will become more difficult, but we will draw on Nittsu Shoji's experience and technical expertise and manufacture products that are "safe," that "never fail to get there" and that please the customer even more.

Contributing to the creation of world-class power generation facilities

TEPCO Fuel & Power, Incorporated's Kawasaki Thermal Power Station overlooks the Port of Kawasaki and was the location of a major construction project to realize a power generation facility with world-class thermal efficiency. The Heavy Haulage & Construction Business Division received orders for the transportation and installation of modules used in this project from Mitsui & Co. Plant Systems, Ltd., as a joint venture with Utoc Corporation and took responsibility for the entire chain of operations from the loading at Mitsubishi Hitachi Power Systems, Ltd.'s Nagasaki factory, to unloading at the power station, transportation on-site and installation.

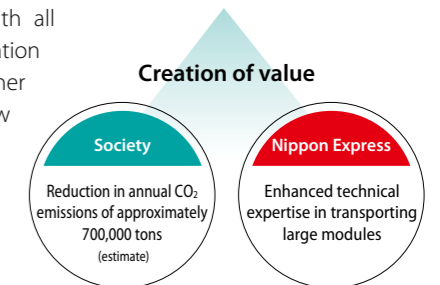
Moving the equipment as large modules makes transportation more efficient and enables reduction of the construction period. This was the first transport operation for modules of this size in 10 years for Nippon Express. The combined weight of the

three modules was more than 8,000 tons and required unprecedented transportation planning.

In the transportation of heavy objects, the required adjustments to planning become more detailed as if in inverse proportion to the size of the item. On this occasion also, whenever an issue was encountered, all the personnel involved would share their wisdom, carefully clearing the obstacles one by one. "Nippon Express makes appropriate judgments and takes appropriate measures on the matters that concern us" was the assessment from the customer. The facility is scheduled to go into operation in the summer of 2016. This power station's gas turbine combined cycle power generation facilities will lead to reduced CO₂ emissions, and we will support it with all our transportation skills in another example of how Nippon Express contributes.



TEPCO Fuel & Power, Incorporated
Kawasaki Thermal Power Station



Solving Hokkaido's Logistics Problems

Promoting a Modal Shift by Joint Delivery Using JR Containers

In Hokkaido, the logistics problem of insufficient drivers and vehicles is becoming increasingly urgent. Especially around the end of the fiscal year and during the holiday selling season at the end and beginning of the calendar year, there are significant surges in the amount of material transported, highlighting the lack of vehicles. Looking at the logistics industry as a whole, not all customer demand for transportation can be fulfilled, leading to cases when items cannot be delivered, representing a major risk factor.

In order to resolve these issues, Nippon Express is pushing ahead with a modal shift consisting of joint delivery using JR containers, a first in the industry, for all of its shipments to wholesalers in Hokkaido.

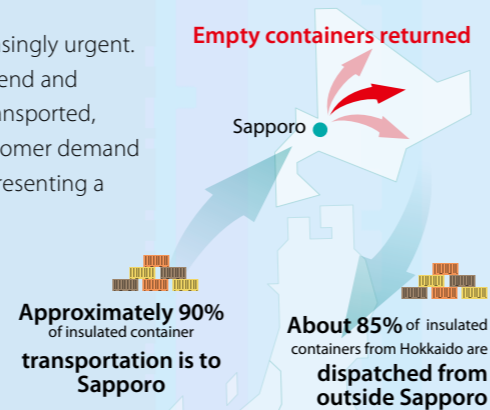
Social background and issues

- Although in the same economic zone, the area covered is vast, meaning long distances between cities and poor efficiency
- Weather conditions and road surfaces in the winter present obstacles to distribution
- Logistics are constrained by infrastructure issues such as lack of expressways

→ Issues in the logistics industry

- Surging costs (when compared on a nationwide basis) generated as a result of various logistical constraints
- Lack of long-distance drivers exacerbated by declining birthrates and aging of the population
- Along with rising environmental awareness, demands from society to reduce emissions of greenhouse gases generated by truck transportation

Empty containers returned



Problems with returning empty containers

Japan Oil Transportation Co., Ltd., rents insulated containers for cold storage transportation from and within Hokkaido. While delivery of 90% of the goods transported within Hokkaido is concentrated in the suburbs of Sapporo, 85% of items sent from Hokkaido are sent from locations other than Sapporo. The problem that arises is that empty containers must be returned from the suburbs of Sapporo to regional cities.

Sapporo East Branch
New Sapporo Logistics Center

Nippon Express' Initiatives

Providing solutions to resolve regional logistics issues

At Nippon Express' Sapporo East Branch New Sapporo Logistics Center, we provide storage and transportation services for 30 food manufacturers. Collating shipment data from our customers, every day we use about 100 trucks for joint delivery to food wholesalers and the distribution centers of volume retailers, but every year the lack of drivers makes arranging vehicles for long-distance transportation more difficult.

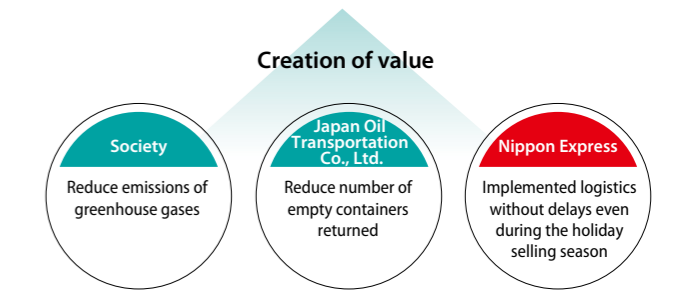
With the aim of resolving the problem of readying vehicles, the problem of Japan Oil Transportation Co., Ltd.'s empty returning containers, and the problem of global warming, we began to consider switching from truck transport to JR container transport using insulated containers. We pushed ahead with discussions involving the relevant companies on



JR container on one of our vehicles

matters such as maintaining JR container's service level (lead time, transport quality), securing sufficient volume, and offloading at the point of delivery.

After two trial runs, we began using JR containers for some delivery points in Kushiro and Hakodate from September 2015. Up to February 2016, for the Kushiro route we had switched the equivalent of 69 four-ton trucks (55 JR 12-ft containers sent), while for the Hakodate route we had switched the equivalent of 101 four-ton trucks (81 JR 12-ft containers sent).

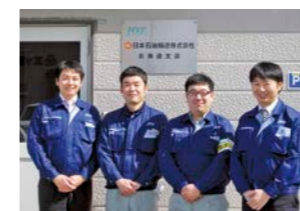


Achieved a modal shift of the equivalent of

170 four-ton trucks

between September 2015 and February 2016

Message from partner companies



Shigenobu Sasa

Manager
Hokkaido Branch
Japan Oil Transportation Co., Ltd.
(Right side of photo)

We have become able to take a more proactive stance to requests from clients

In Hokkaido, there is strong demand for insulated containers for the transportation of agricultural products and foodstuffs, and we are happy to be jointly supporting with Nippon Express our customers' distribution throughout Hokkaido. Promoting with Nippon Express joint delivery by rail transportation using our insulated containers has made it possible not only to ensure stable supply to regions with demand, but also to build a structure that allows us to respond more proactively than before to requests from clients. Nippon Express uses our rental containers for rail container transportation not only in Hokkaido but nationwide as well. In the future, as the top operator in rail container transportation, in addition to providing stable logistics services, we expect Nippon Express to make an active contribution to the modal shift being promoted throughout Japan as a means of countering global warming and reducing energy usage.

Message from the Nippon Express Group



Nobuo Uotani

Assistant Manager
Sales Department
New Sapporo Logistics Center
Sapporo East Branch
Nippon Express Co., Ltd.
(Center-front of photo)

Going forward we will continue to propose modal shifts as a means of resolving environmental problems

Shipment volumes from food manufacturers fluctuate on a daily basis and the products themselves are not uniform in shape, so the way we stow the cargo and wrap it to prevent breakage must be tailored to the shipment situation on that day. When we first began, we had to stow the cargo to fit the way the product was offloaded at the point of delivery, so there was a period of trial and error during which we struggled but, due to our past know-how and teamwork among all the members involved, we have become able to provide safe, secure, and stable logistics services.

By continuing the switch away from truck transportation, we plan to push further ahead with the modal shift to environmentally friendly rail containers.

Helping to Bring Safety and Peace of Mind to Islamic Society with Halal Logistics

Certification in Japan and Malaysia for End-to-end Halal Transportation

Persons of the Islamic faith currently number about 1.6 billion globally, or 23% of the world's population, and the total is forecast to rise to approximately 2 billion by 2030, making one in every four individuals a person of Islamic faith.

Not only growth in population but also dramatic economic growth is forecast for Islamic society, putting the spotlight on the halal market.

Social background and issues

- By 2030 the Islamic population is forecast to reach approximately 2 billion people
- Increase in tourists from Islamic countries to Japan
- Issues in the logistics industry
- Rising demand not only for halal products and ingredients but also for halal distribution processes



Nittsu Transport Service (Malaysia) vehicle on the road in Malaysia

Nippon Express' Initiatives

Full-scale Implementation of Halal Products Transportation in Malaysia

Under Islamic law, food and drink are categorized into permitted (halal) and forbidden (haram). The main examples of food and beverages forbidden to those of the Islamic faith are pork and alcohol. In order to clarify halal status, a halal certification has been established whereby certified products carry a halal mark and are categorized accordingly.

In Malaysia, where Islam is the state religion and initiatives for the development of halal industry are under way throughout the country, the government has created a system of halal certification. In order to be recognized as halal, not only the product, ingredients, and manufacturing process but also the distribution process must be managed in compliance with these rules. Accordingly, halal certification for logistics has also been established in Malaysia.

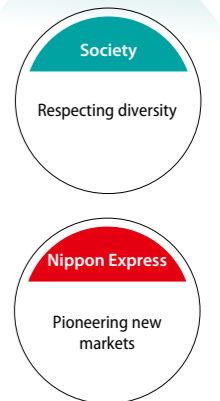
In Nippon Express (Malaysia) Sdn. Bhd., national staff are primarily adherents of the Islamic faith and in December 2014 the company obtained halal certification (MS2400-1). In addition to beginning halal transportation within Malaysia, in July 2015 the company began marketing a consolidated halal service from Malaysia to Japan.

In Japan, the Japan Halal Association, which has cross-certification with JAKIM*, obtained halal certification for warehouses in January 2016 and for transportation in February 2016, creating door-to-door halal-certified transportation between Malaysia and Japan.

From the time of its founding, Nippon Express has connected people, companies, and regions and has supported the development of society. Going forward, we wish to contribute to Islamic society through halal logistics. Combining the knowledge of halal we have accumulated in Malaysia with high-quality Japanese logistics services and our global network, we will help deliver safety and peace of mind to people of the Islamic faith throughout the world.

* JAKIM: Jabatan Kemajuan Islam Malaysia (Department of Islamic Development Malaysia, a Malaysian state agency)

Creation of value



A truck used exclusively for halal undergoing religious purification

Trolley used exclusively for halal

Spreading the word on halal logistics

For four days from March 30 to April 2, 2016, Nippon Express exhibited at the 13th Malaysia International Halal Showcase 2016 (MIHAS 2016) in Kuala Lumpur.

During the exhibition, we presented the global development of Nippon Express' halal logistics system and food transportation services such as "Fresh Container." Moreover, at the World Halal Conference held in a neighboring facility, we took part in panel discussions and gave presentations, drawing attention to the Nippon Express Group's halal logistics initiatives.

During this period, the Nippon Express booth at the exhibition attracted more than 1,000 visitors including Prime Minister Najib Razak and Minister for International Trade and Industry Mustapa Mohamed, and winning positive recognition.

We also undertook transportation of the items used by six other Japanese companies at their exhibits in the Japan Pavilion, supporting the global supply chains of customers expanding into the halal market.



Our booth at the MIHAS 2016 exhibition

Message from the Nippon Express Group



Ani Azidah

Sales Promotion Division
Nippon Express (Malaysia) Sdn. Bhd.

Expanding halal logistics to every corner of the world

The acquisition of halal certification by Nippon Express (Malaysia) was a significant step by the Nippon Express Group. When I lived in Japan as an overseas student, I frequently had problems when eating out. At the time, many Japanese were unfamiliar with the concept of halal. I was unable to explain halal in Japanese at that point so all I could do was choose seafood and vegetables from the menu. I think that's how my friends got the impression that Malaysian people don't eat meat.

Taking the additional step from not only manufacturing halal products but also distributing them with halal logistics will lead to a sense of security for those of the Islamic faith.

I am confident that the Nippon Express Group, with its dedicated team and its superb facilities, will successfully expand its halal logistics around the globe.

TOPICS

Preparing a New Silk Road Between China and Europe

Opening a Third Mode of Transportation by Using Cross-border Rail Transportation Between China and Europe

Following the dramatic economic growth of China, there are increasing demands for the development of international logistics. At the Asia-Pacific Economic Cooperation Conference leaders' summit in November 2014, China advocated its "One Belt, One Road" policy. This entails accelerating the roll-out of infrastructure connecting Asia and Europe, leading to the promotion of economic cooperation between countries. In terms of routes, China is promoting the improvement of systems as well as of infrastructure such as railways, roads, and ports. In this context, Nippon Express has focused on the railway transport linking China and Europe and has pushed ahead with its commercialization.



Block train from Chongqing Station to Kazakhstan.

Social background and issues

- Accelerating and expanding the provision of infrastructure between China and Europe in response to economic growth in China
- Issues in the logistics industry
- Rising importance of logistics infrastructure between China and Europe
- Resolution of the issue of inadequate traceability of cargo in long-distance transportation (cargo management system)

Nippon Express' Initiatives

Creating a "third mode" of transportation

The Nippon Express Group has built its track record mostly through the two fields of marine and air transportation on the international front, and through its forwarding and truck operations in Japan.

Overseas, we are using this blend of know-how to push our cross-border overland transportation services. In particular, between China and Europe, taking advantage of the increase in operating routes and departures for block trains* Nippon Express (China), Nippon Express Europe, and the International Business Headquarters at the Head Office worked in partnership to prepare in China, Europe, and Japan a sales structure for this as a forwarding service product, making it possible to accept consignments from within almost every area of China and the EU.

Integrating with the "Rintan Tokkai" China trunk road transportation service

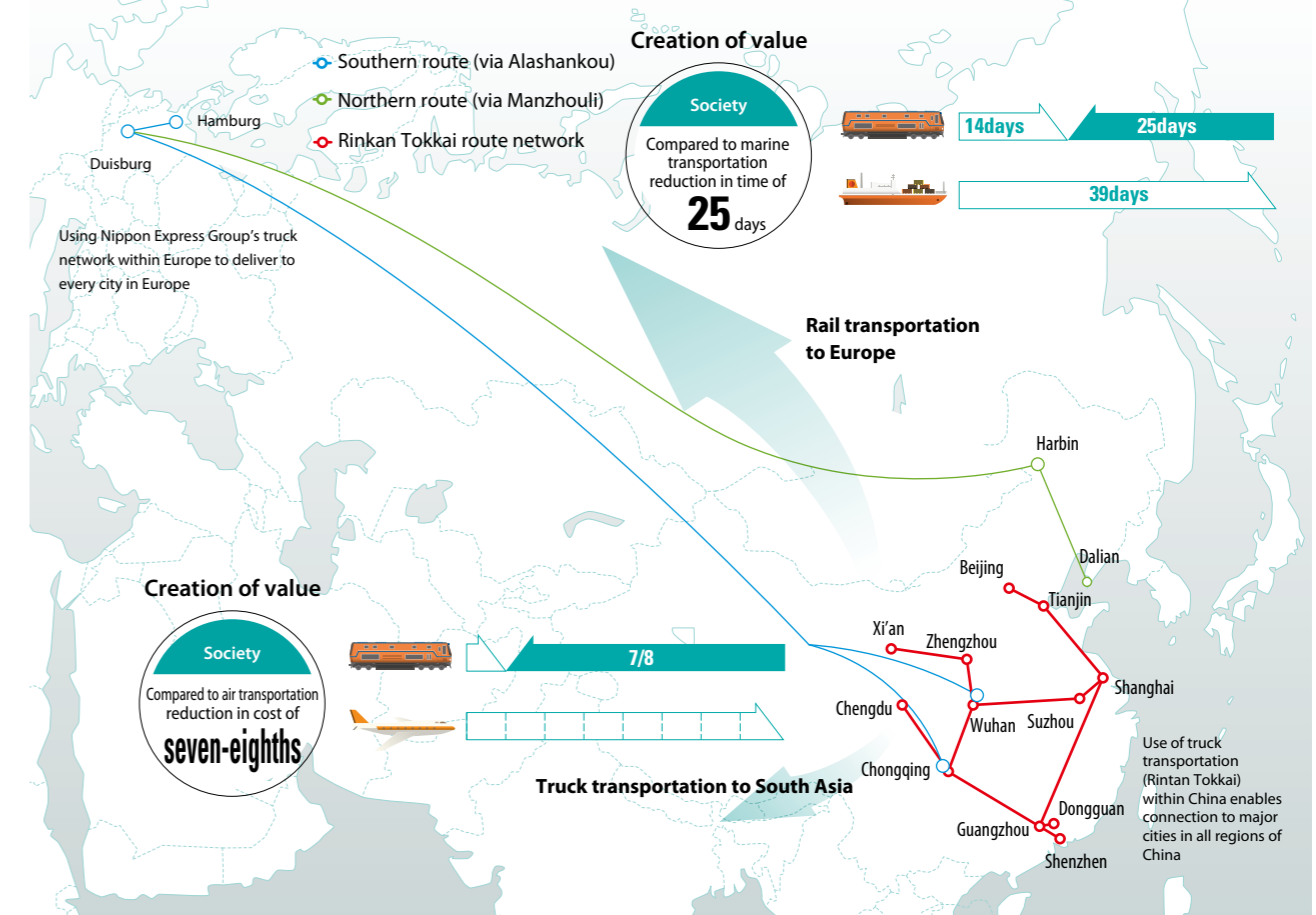
In 2010 Nippon Express (China) launched the "Rintan Tokkai" trunk road transportation service for small-lot deliveries aimed at procurement logistics, primarily in the automotive industry. This service has now been expanded to operate between Shanghai, Suzhou, Beijing, Tianjin, Wuhan, Guangzhou, Shenzhen, Dongguan, Zhengzhou, Xi'an, Chongqing, and Chengdu. By connecting block train stations and the customer's factory, the "Rintan Tokkai" improves convenience for the customer.

* Block train
A cargo train used exclusively for containers that runs reliably on a specified route

The special characteristics of our China-Europe cross-border rail transportation product

Rail transportation products are positioned between air and marine transportation in terms of cost and speed. For example, Wuhan Station and Duisburg Station (Germany) are separated by about 14 days, a reduction of about 25 days compared to marine transportation, while the cost is roughly one-eighth that

of air transportation. We are leveraging the advantage conferred by the Nippon Express Group's concentration of operational capabilities in both China and Europe, such as truck transportation and warehousing facilities, to enhance our service before and after loading on to the block train (door-to-door transportation) and to make a strong push to differentiate ourselves from other companies.



Message from the customer



Ken Horie

Manager
Production Planning Dept.
Logistics Group
Alpine Electronics, Inc.

Helpful not only for stable delivery of product but also for BCP

In order to deliver products to European auto manufacturers, the lead time of 40 days required for marine transportation between China and Europe is too long, allowing problems such as fluctuations in demand to cause supply shortages or excess inventories. Nippon Express' cross-border rail transportation is extremely attractive in terms of stable product supply, speed, and cost. In terms of implementing our BCP in times of emergency, we consider the increase in modes of transportation other than marine and air to be a service that helps reduce risk. Our impression of Nippon Express is that they have an extensive global network and can provide service to any corner of the planet. We expect great things of them not only in terms of forwarding operations but also regarding their proposals for all areas of the supply chain.

Message from the Nippon Express Group



Jin Wen Bi

Deputy Manager
Business Solution Division
Nippon Express (China)
Co., Ltd.

We are pushing for development of transport routes in every region of China

Since 2015 we have been rushing around China and visiting almost every railway platform company in order to develop the transport routes used by Nippon Express. When we went to Manzhouli on the border of the northern route (in Heilongjiang) it was the kind of environment where the temperature falls as low as -30°C, but we obtained information that was very useful for developing our service. Currently we accept cargo on a container basis, but we would like to start transportation of consolidated cargo for ourselves. It will take time, but my dream is someday to see entire trains carrying only Nippon Express cargo.

Offering Our Logistics Know-how for International Humanitarian Aid

Implementing Emergency Transportation of Relief Supplies to Areas Hit by the Nepal Earthquake

When a large-scale disaster occurs, international agencies involved in international emergency assistance such as the Japan International Cooperation Agency (JICA) and the Japanese Red Cross Society transport huge amounts of materials and equipment. By facilitating the transportation of this surge of relief supplies to the disaster site, the Nippon Express Group contributes to disaster assistance and to global-scale humanitarian aid.

Social background and issues

- Need for emergency supplies to accompany rescue operations and humanitarian aid in the disaster area
- Issues in the logistics industry
- Detailed transportation plans for urgent relief supplies that are concentrated in high volumes
- Securing means of international transportation at time of disaster



Relief supplies being loaded onto trucks for transport to a disaster-hit area



Employees of the Japanese Red Cross Society and Nippon Express who were involved in transportation



Relief supplies unloaded from planes

Nippon Express' Initiatives

Providing end-to-end support for transportation of disaster relief supplies for the Nepal earthquake

Nippon Express provided end-to-end support for the transportation of the Japanese Red Cross Society's disaster relief supplies for the Nepal earthquake, which occurred in April 2015.

In April 2015 an earthquake with an epicenter 15 km below the surface and of magnitude 7.8 occurred in an area 77 km to the northwest of Kathmandu, the capital of Nepal. This resulted in the destruction of many buildings, including some of historical importance, as well as causing major avalanche and landslide damage, and resulting in the deaths of more than 8,000 people and injuries to more than 14,000 others. The damage was immense.

While various governments, international agencies, and NGOs began their relief efforts, the Japanese Red Cross Society dispatched its emergency response unit (ERU) hygiene and medical team to the disaster area, sending large tents and ERU medical supplies from the emergency stockpile in Dubai in the Middle East. Nippon Express had not only put preparations in place within Dubai but had also dispatched two dedicated supervisors to Kathmandu in Nepal to prepare for transportation of supplies.

Airports thrown into chaos by concentrations of relief supplies

As Nepal is located far inland it was necessary to use airports for emergency supplies, but massive relief supplies from various countries inundated Tribhuvan International Airport, the country's sole international airport, causing temporary chaos. In this situation, Nippon Express supervisors held detailed meetings with local parties, allowing the relief supplies received from the Japanese Red Cross Society to be handed over safely.

After a natural disaster occurs, large quantities of relief supplies are delivered from various countries and are used for help in the disaster area. As time passes, international assistance subsequently shifts from emergency assistance to recovery and reconstruction of the disaster area and the items transported change as well.

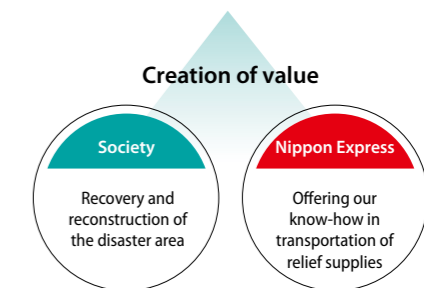
Nippon Express has supported many such international contributions, such as emergency transportation following the eruption of Eyjafjallajökull in Iceland in 2010 and the transportation of relief supplies to areas in West Africa infected by Ebola hemorrhagic fever in 2014. We will further extend this know-how and, on the logistics front, continue to support disaster-area relief and global-scale humanitarian aid efforts by countries, international agencies, and NGOs.



Supplies were transported by air far inland to Nepal from the emergency stockpile in Dubai in the Middle East



Holding meetings outside due to the danger of aftershocks



Message from the Japanese Red Cross Society

They smoothed the path for our international relief efforts

During our relief efforts after the Nepal earthquake it became extremely difficult to transport our materials and equipment due to the disruption to international logistics, but the support from Nippon Express personnel, not only from Japan but also directly on the ground in the disaster area, helped immensely. Shortly after the disaster occurred, the rush of relief supplies caused total confusion in international logistics but, with their global network and abundant experience, they helped smooth the international relief efforts of the Japanese Red Cross Society.

International Relief Division
International Department
Operations Sector
Japanese Red Cross Society

Kohei Kashima

Message from the Nippon Express Group



Tomoharu Nakayama

Manager
Social Innovation Logistics Department
International Cargo Division
Air Freight Business Branch
Nippon Express Co., Ltd.

Working to return an orderly lifestyle to people as soon as humanly possible

This department came into existence as a specialized team just before the Nepal earthquake in April 2015, with the aim of making international contributions by offering logistics services to international agencies and other organizations involved in peacekeeping activities and humanitarian and reconstruction aid. We were able to shoulder part of the emergency humanitarian relief effort in this case but we hear that, even one year later, the reconstruction effort still has a long way to go. We pray that the victims of the disaster will be able to return to an orderly lifestyle as soon as humanly possible.

Responsibility for the Global Environment

Passing the global environment along to the next generation in a sustainable state is a major challenge for all humankind. In order for us to be able to use the various transportation modes of trucks, railways, ships and planes to connect the world and to deliver goods to our customers, we require fossil fuels and energy. Because these activities emit greenhouse gases, we believe that reducing the burden on the environment is an important theme that must be given a high priority. As professionals in the transport business, as well as focusing on reducing the energy used in transportation and greenhouse gas emissions, we in the Nippon Express Group are taking steps to reduce the burden on the environment caused by our operations as a whole.



Efforts to Reduce CO₂ Emissions and Energy Use

In the Nippon Express Group, we improve the efficiency of our logistics through modal shifts and joint delivery, practice Eco-Driving, cut use of materials and deploy facilities that are kind to the environment. In these ways we are adopting measures to lighten the burden on the environment caused by logistics, reduce CO₂ emissions, and work to prevent global warming.

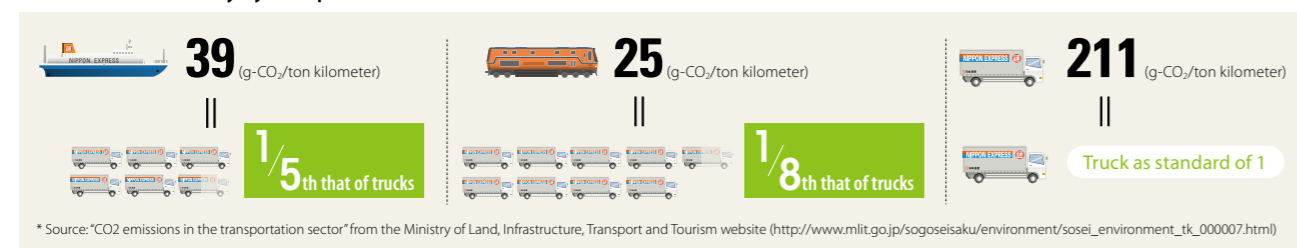
Promotion of Modal Shift

CO₂ Emissions Basic Unit Per Mode of Transport

The Nippon Express Group has been engaged in various initiatives targeting a modal shift from a heavily truck-dependent system of transport to one that utilizes rail and marine vessels

based on collaboration and cooperation with customers and logistics businesses.

CO₂ emissions intensity by transport mode



Modal Shift to Rail Transport

Rail cargo transport is more effective the longer the distance and more massive the load and is a stable and secure method of transport based on precise railway timetables. It is in the spotlight as the most eco-friendly, highly efficient mode of transport that is effective in reducing CO₂ emissions. Seeking to make optimal use of the safety and stability that are

the strengths of rail cargo transport, Nippon Express is working with its customers to reduce its environmental footprint by promoting a modal shift to rail as an efficient mode of transport for everything from bulk freight to small-lot shipments. It also works as a partial solution to the shortage of truck drivers resulting from Japan's low birthrate and aging population.

Topics

Okamura Logistics Makes Modal Shift in Trunk Road Transportation

Okamura Logistics Corporation implemented a modal shift from trucks to railway containers for part of its trunk road transportation between its Yokohama distribution center and its domestic offices. The company judged that, based on its experience in high-demand periods, a modal shift would be effective in ensuring a stable supply route. Using

the catchphrase of "Logistics that doesn't keep you waiting," it conducts unified management of pickup schedules for incoming vehicles in order to increase loading turnover. By carrying out its modal shift in fiscal 2015, the company reduced its CO₂ emissions by 594 tons compared to transportation by truck.



Okamura Logistics vehicle making a collection | Vehicles managed according to pickup schedules | Cargo being stowed on Okamura Logistics vehicle

Customer comment

Since December 2013, we have been collaborating with Nippon Express through our modal shift initiative. By means of this modal shift our environmental activities have taken a major step forward, and we have also been able to achieve significant improvements in business and operations. As the distribution division of a company that leads its industry, we want to

continue to promote environmentally friendly initiatives such as the modal shift, and in that regard we look forward to the benefit of Nippon Express' collaboration.

Takayuki Isozaki
Branch Manager
Yokohama Branch
Okamura Logistics Corporation

Winners of the 13th Green Logistics Partnership Conference Special Award

Along with Nitto Kogyo Corporation, Japan Freight Railway Company and Japan Transport Engineering Company, Nippon Express won the 13th Green Logistics Partnership Conference Special Award for "Energy conservation operations due to modal shift of transportation of high-voltage receiving equipment from Gifu to Hokkaido from trucks to dedicated railway containers." This was awarded for the switch from trucks to railway for the transportation of high-voltage receiving equipment from Nitto Kogyo's Nakatsugawa factory in Gifu

prefecture to Sapporo, resulting in the annual reduction of CO₂ emissions by 94 tons. The dedicated containers were jointly developed with Nitto Kogyo and Japan Transport Engineering.



Nitto Kogyo container being loaded

Modal Shift to Domestic Marine Transport

In 1964, the Nippon Express Group initiated combined land-sea services with Japan's first container vessel, the Dai-ichi (No.1) Tennichi Maru, between Tokyo and Muroran, followed by the Dai-ni (No.2) Tennichi Maru between Osaka and Muroran. In 2003, Nippon Express and MOL Ferry Co., Ltd. launched a joint service between Tokyo and Hakata with high-speed RORO* vessels Himawari 5 and Himawari 6. In April 2013, Himawari 7, a state-of-the-art high-speed RORO vessel, went into service between Tokyo and Tomakomai. Currently Nippon Express connects locations nationwide with bases at eight ports with seven large, state-of-the-art ships including two serving in our regular routes, and five in joint service with MOL Ferry. In domestic marine transport, Nippon Express is implementing various low-fuel-consumption initiatives to reduce CO₂ emissions. We outfitted Himawari 5 and 6 with auto-control engines that match fuel injection according to the speed of the vessels. The Himawari 7 has a greatly improved engine with

higher functionality. In addition, installation of movable blades on the hulls to prevent rolling, and improvements made in the vessel shape, the propeller screws and the helm enabled us to enhance safety, environmental friendliness and transportation capacity at the same time.

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



The Himawari 7

Topics

Awarded the Excellent Business Entities Working on Modal Shift Prize (continuation category)

In March 2015, Nippon Express won the Japan Association for Logistics and Transport prize in the continuation category for the "Excellent Business Entities Working on Modal Shift" announcement & commendation system. For 12 straight years since this commendation system began in fiscal 2003, railway and marine transportation have exceeded 40% of our total cargo volume on trunk line sections, an acknowledgement of the company's track record. Going forward, we will further

promote modal shifts, and work to reduce the burden on the environment and improve labor productivity.



The awards ceremony

Promoting Eco-Driving

Initiative as an Eco-Driving Training Course Provider

Eco-driving is kind to the environment and contributes to better fuel efficiency and safety. Nippon Express provides an eco-driving training course that utilizes a fuel consumption gauge at our Izu Training Center, a facility for internal education, which serves to further raise employee awareness and maximize the three effects of eco-driving, namely environmental protection, greater safety, and cost savings. In December 2012, Nippon Express was certified as an eco-driving training course provider, a first in the logistics industry, by the Foundation for Promoting Personal Mobility and Ecological Transportation. The Izu Training Center has been giving a certified training course for company driving instructors since fiscal 2013 and 375 participants have been issued a certificate for completing the

eco-driving course. In fiscal 2016 as well, this training center is scheduled to give four training courses. Moreover, Eco-Driving training will be given at branches all over the country by those who have attended this course as part of our initiatives to fulfill our responsibilities to the Earth's environment.



Eco-driving course

Completed the eco-driving course

375
people

Safe Eco-Driving Education

"Safe Eco-Driving" has three meanings: safe driving, ecological driving and economical driving. The idea behind eco-driving, or driving in an eco-friendly manner, is to protect the environment and resources while reducing costs. Furthermore, it involves achieving greater safety. At Nippon Express, drivers are taught to drive safely, ecologically and economically. Safe eco-driving

is included in the curriculum for new employee training and driver instructor training, courses that handle approximately 850 people per year. Driver instructors teach fellow drivers at their own facilities the knowledge and skills they acquire and all Nippon Express drivers undergo continuous education to ensure safe eco-driving.

Digital Tachograph

In July 2014, we commenced full-fledged implementation of an Operation Support System that fuses a new driving control system and operations management mechanisms. At present, we are proceeding by stages, enhancing functions and introducing the system to each of our locations. By connecting digital tachographs and operations terminals (smartphones), the Operation Support System enables us to centralize operations

management and driving control functions, and to process data in real time via the Nippon Express Cloud. The main functions of the system are safe driving management, movement management, and job attendance management. We expect driver education using the safe driving management function to increase driving safety and fuel efficiency and to reduce CO₂ emissions.



Linking work terminal (smartphone) to the digital tachograph before starting shift

Checking vehicle operational status from the office

Topics

Won the "Logistics Environmental Awareness Enlightenment Award" at the 16th Logistics and Environment Awards

In June 2015, Nippon Express won the "Logistics Environmental Awareness Enlightenment Award" at the Japan Association for Logistics and Transport's 16th Logistics and Environment Awards for its global roll-out of safe Eco-Driving. In order to tackle the worsening environmental and traffic accident problems in ASEAN countries, we have made use of the safe Eco-Driving technology established in Japan and have rolled out instruction overseas. Also in 2012, Nippon Express (Malaysia) installed digital tachographs in its vehicles and became the first logistics company to register with the Clean Development Mechanism (CDM). Since the first year of adoption, CO₂ emissions have declined by

an annual average of 6% or more and the traffic accident occurrence ratio has fallen to one-sixteenth. Currently we are conducting safe Eco-Driving instruction in Vietnam and are considering implementing it for other ASEAN countries.



Receiving the prize

* Clean Development Mechanism (CDM): This is for reductions in greenhouse gas emissions acknowledged in the Kyoto Protocol. This is a system whereby, when developed countries reduce greenhouse gas emissions in developing countries, a certain amount of that reduction can be allocated to the home country's reductions.

Reducing Energy Use with the NEES System

Nippon Express has been using the Nittsu Ecology & Economy System (NEES), its own energy use visualization system, since 2011. This system allows us to get an accurate picture of energy use, including electricity, gasoline, diesel, gas, and more, at approximately 2,000 locations in Japan at present. That in turn makes it possible to set specific energy reduction targets for each location. Then, by following the PDCA cycle of establishing initiatives, taking action toward targets, checking the results, and verifying the outcomes and initiatives, each site is now able to operate an environmental management system and make efforts to reduce energy use.

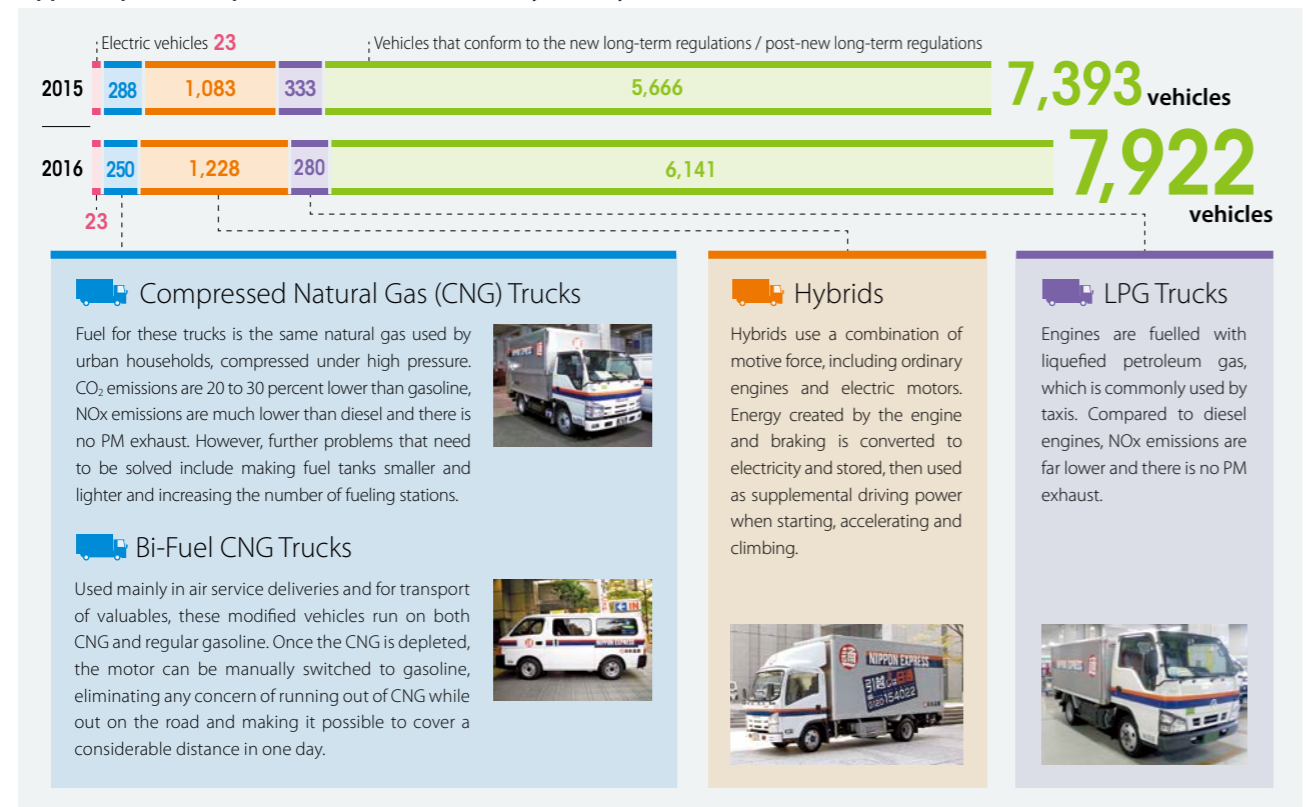
NEES allows us to monitor energy use company-wide, and the aggregated data is helpful in disclosing information externally as the results of Nippon Express' environmental measures, such as its electricity-saving efforts. Going forward, we will continue to pursue effective energy use by actively leveraging NEES as a platform for raising the environmental awareness of all employees and working on effective utilization of resources and the prevention of global warming.

Environmentally Friendly (Low-Emission) Vehicles

Nippon Express actively adopts environmentally friendly vehicles. We have introduced CNG, hybrid and LPG trucks while focusing on low-emission diesel trucks that conform to new

long-term regulations, with a fleet of 7,922 vehicles as of March 31, 2016.

Nippon Express Group: Number of environmentally friendly vehicles in fleet (as of March 31, 2016)



*1 NO_x: Nitrogen oxide
*2 PM: Particulate matter

Promoting Environmentally Friendly Facilities

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

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

Installation of Environmentally Friendly Equipment as Standard (example)

Exterior	Interior	Item related to interior and exterior in general
<ul style="list-style-type: none"> ■ A-1 Super-insulation specified roofing material ■ A-2 Low-pollution external wall (coating) material ■ A-3 Super-insulating glass (multilayer glass, Low-E glass, etc.) ■ A-4 Rooftop greening ■ A-5 Heat-blocking pavement ■ A-6 Permeable pavement (drainage pavement) ■ A-7 Use of wood from thinned trees ■ A-8 Eco-sensitive planting ■ A-9 Hybrid external lighting ■ A-10 High-efficiency transformers (top runners) ■ A-14 Timer-controlled lighting ■ A-15 Solar power generating equipment ■ A-16 Power generation equipment for emergencies ■ A-17 Natural ventilation system 	<ul style="list-style-type: none"> ■ A-3 Super-insulating glass (multilayer glass, Low-E glass, etc.) ■ A-11 LED lighting ■ A-12 LED guide lights ■ A-13 Human sensor-controlled lighting ■ A-17 Natural ventilation system ■ A-18 Fresh air ventilation system (Lossnay) ■ A-19 High-efficiency gas water heater ■ A-20 Automatic water faucets ■ A-21 Water-saving toilets ■ A-23 Energy-saving vending machines 	<ul style="list-style-type: none"> ■ A-22 Eco-material (including green purchasing and use of recycled material)

Environmentally Friendly Facility Tokyo C-NEX Scheduled for Completion in 2017

Located in Koto Ward, Tokyo, Tokyo C-NEX is an urban distribution center that is scheduled for completion in January 2017. It is a large site that will have Nippon Express' largest total floor area. In addition to countermeasures against disaster such as a seismically isolated structure and in-house power-generation facilities, the building is also environmentally friendly, including LED lighting throughout and rooftop and wall greening.

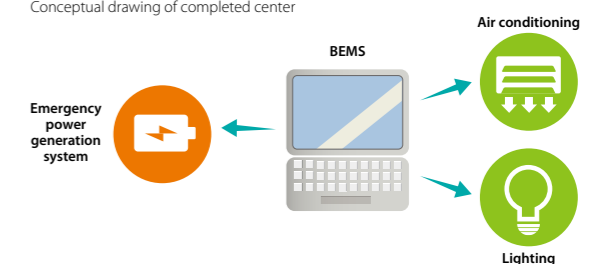


Conceptual drawing of completed center

Examples of planned equipment

- Demand monitoring equipment and a BEMS*
- Rooftop and wall greening
- Low-E glass
- LED lighting fixtures, automatic light switchers, daylight utilization system

* BEMS: An acronym for Building Energy Management System.



Managing Fluorocarbons

Fluorocarbons not only harm the ozone layer but also have an extremely high greenhouse effect that is several thousand to 10,000 times that of CO₂. Nippon Express strives to prevent global warming by promoting proper management of fluorocarbons in addition to reducing CO₂ emissions.

Fluorocarbon Management System ECO-FREONTIA (Trademark registered)

Nippon Express developed ECO-FREONTIA, its proprietary fluorocarbon management system, to comply with the Act for Rationalized Use and Proper Management of Fluorocarbons, which went into effect in April 2015, and started using the system in January 2016. ECO-FREONTIA is a system that creates a database of information on company-owned freezing, refrigeration, and air-conditioning equipment. It

prevents the omission of inspections by sending alert emails at the appropriate timing for simple inspections and routine inspections of applicable equipment and calculates the amount of leakage of fluorocarbons based on the inspection results. We will make use of ECO-FREONTIA to properly manage inspections in an effort to prevent the leakage of fluorocarbons, which are a greenhouse gas.

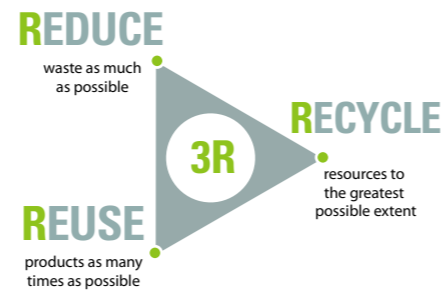
Response to Waste and Pollution

Nippon Express is committed to the 3Rs and to reducing waste discharged from its business operations, to help build a recycling-based society. In October 2002, the Company received a severe punishment when its designation as an industrial waste disposer for wide-area recycling was revoked by the Ministry of the Environment for violation of the Waste Disposal Law. This resulted in huge tangible and intangible damage, including Nippon Express' withdrawal from this business and suspension from designated bidder lists by local governments. We have put a system in place and strive to properly manage our discharged waste in order to avoid a similar mistake.

Reducing Waste and Advancing the 3Rs

Advancing the 3Rs

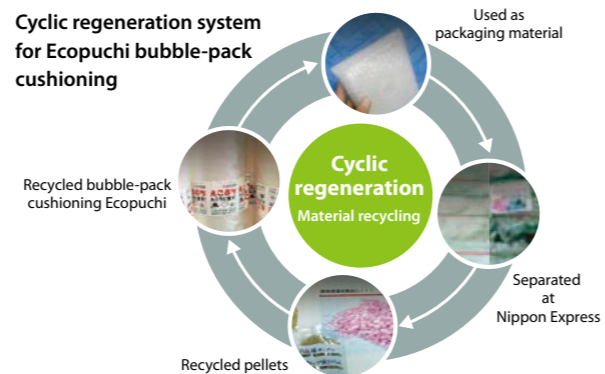
The 3Rs is a principle for efforts to build a recycling-based society. It stands for "reducing" the volume of waste generated, "reusing" materials whenever possible and "recycling" used products as resources. At Nippon Express we do our best to reduce waste from all offices as well as sort paper and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



Promoting the 3Rs Through Resource Recycling and Reuse

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

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



Eco-Friendly Products

Eco-friendly and Speedy Moving Service Using Reusable Materials

Nippon Express makes active use of reusable materials (packaging materials that can be used repeatedly) to provide a moving service that is friendly to the global environment.

The packaging of dishes, for instance, used to involve wrapping each dish in newspaper and then packing them into cardboard boxes together with rolled-up newspaper for cushioning. Using Nippon Express' original reusable dish trunks, dishes can simply be put into a cushioned trunk and transported as is, obviating the need to use newspaper and cardboard boxes. Moreover,

this also substantially reduces the time needed for packing, making moving speedier, which has been well received by customers.

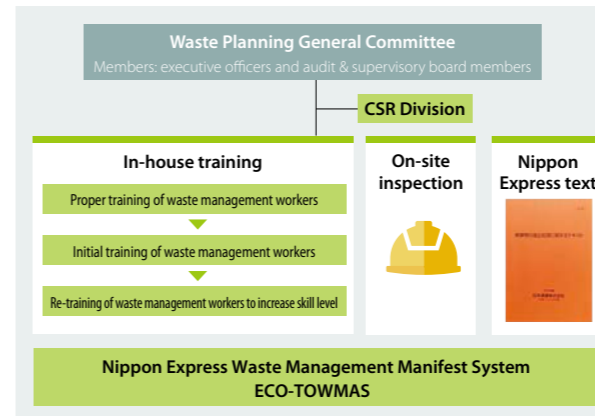


Appropriate Waste Management by Nippon Express

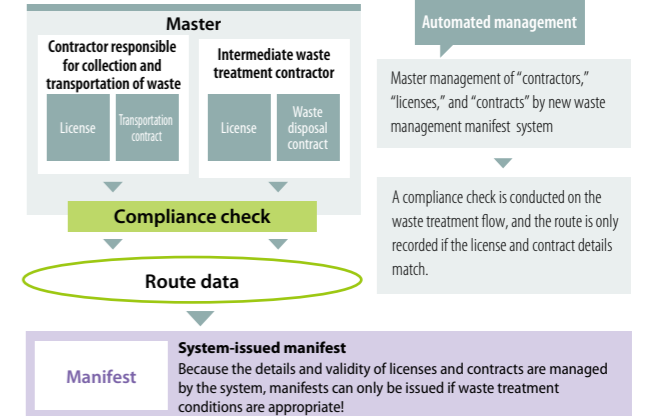
Committee to Oversee Waste Control

Nippon Express has established a Waste Planning General Committee made up of executive officers and audit & supervisory board members to ensure that appropriate waste

Appropriate Waste Management



New Waste Management Manifest System



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

Nippon Express has renovated its system for ensuring appropriate management of the industrial waste it produces. The new waste management manifest system, ECO-TOWMAS, commenced operation in October 2014. When any of Nippon Express' worksites seek to dispose of industrial waste, the new compliance management function automatically checks for matches between license and contract data for the contractor that will be used and details input by the worksite. It then judges whether the conditions of the proposed disposal procedure are appropriate. A manifest cannot be issued unless the conditions are judged as being appropriate. ECO-TOWMAS

is also compatible with electronic manifests. Promotion of the transition to an electronic process has resulted, as of April 2016, in the achievement of the goal the government set out in the Third Fundamental Plan for Establishing a Sound Material-Cycle Society—i.e., 50% adoption of electronic manifests in fiscal 2016—one year early with 68.1% electronic manifest routes and 60.7% issuance of electronic manifests.



New Waste Management Manifest System ECO-TOWMAS

Environment-Related Data

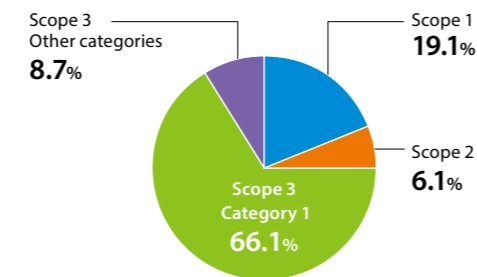
Energy usage, etc. of Nippon Express Group (FY2015)

Type	Unit	Nippon Express (non-consolidated)	Affiliates		Total	Nippon Express non-consolidated CO ₂ emissions (t)	Domestic group company CO ₂ emissions (t)	Overseas group company CO ₂ emissions (t)
			Domestic	Overseas				
Electricity	1,000kwh	230,510	82,665	89,335	402,510	133,465	47,863	51,725
Diesel oil	kℓ	71,487	75,421	11,479	158,387	184,436	194,586	29,616
Gasoline	kℓ	5,645	3,421	4,403	13,469	13,097	7,937	10,215
Natural gas	1,000m ³	1,325	589	—	1,914	2,942	1,308	—
LP gas	ton	2,721	1,822	—	4,543	8,163	5,466	—
Heavy fuel oil	kℓ	162	5,698	—	5,860	438	15,442	—
Heavy fuel oil (for ships)	kℓ	52,263	31,742	—	84,005	156,789	95,226	—
Kerosene	kℓ	642	449	—	1,091	1,599	1,118	—
Total CO ₂						500,929	368,946	91,556
							Total of domestic group companies	Total of whole group
						CO ₂ Emissions (t)	869,875	961,431
						ditto (t)	876,159	970,994
						Year-on-year change	-0.7%	-1.0%

Type	Unit	Nippon Express (non-consolidated)	Affiliates		Total
			Domestic	Overseas	
Water	1,000m ³	1,208	—	—	1,208
Copy/ printer paper	10,000 sheets	47,796	14,633	—	62,429
Waste	General waste	ton	17,752	3,676	21,428
	Industrial waste	ton	24,526	15,243	39,769
	Total		42,278	18,919	61,197

- Notes: 1. The data shown here is the aggregate for 266 Nippon Express non-consolidated and consolidated companies (domestic: 173, overseas: 93) as of March 2016.
2. The Nippon Express non-consolidated and consolidated data for Japan was aggregated using the NEES system and DIVA system, and the data of the overseas consolidated companies was collected from questionnaire surveys.
3. The CO₂ emission intensity was calculated in accordance with the Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver. 2.1), released by the Ministry of the Environment in March 2014.
4. Amount of copy paper is counted through conversion to A4 size.

Ratio of Scope 3 (FY2015)



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

Industrial waste emissions by item (FY2015 Nippon Express nonconsolidated)

Industrial waste items	Number of control manifests for industrial waste	Weight (kg)	Weight distribution ratio
1 Wood shavings	4,940	11,340,006	46.24%
2 Waste plastics	12,416	8,762,743	35.73%
3 Sludge	239	1,625,604	6.63%
4 Waste metal	915	991,630	4.04%
5 Mixture	568	518,075	2.11%
6 Waste glass, china, porcelain	216	381,988	1.56%
7 Animal and plant residues	203	309,820	1.26%
8 Combustion residue	44	297,855	1.21%
9 Strong alkali (Hazardous)	16	115,049	0.47%
10 Waste oil	121	76,010	0.31%
11 Waste paper	67	44,900	0.18%
12 Waste asbestos	10	37,610	0.15%
13 Waste acid	11	8,895	0.04%
14 PCB etc.	16	8,230	0.03%
15 Fiber waste	23	7,862	0.03%
16 Rubber waste	1	10	0.00%
Total	19,806	24,526,286	100.00%

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

Emissions of substances reportable under the PRTR Law (FY2015)

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

Office type	Number of offices	Total amount used (kg/y)	Main substance	Main use
Reportable business category but amount used by office is under reporting threshold	13	535	Fenitrothin	Warehouse fumigation
Not reportable business category but office uses reportable substance	21	16,088	Methyl bromide	Fumigation for operations incidental to import customs clearance

Devices subject to the Act on Rational Use and Proper Management of Fluorocarbons and Leakage (FY2015)

Class I specified products	Applicable devices (number of types)	Type of fluorocarbon	Actual leakage (kg)	Calculated leakage (t-CO ₂)
Nippon Express (non-consolidated)	9,410	R22	55	101
		R404A	2	11
		R407C	8	14
		R410A	11	24
		Total	—	151

Environmental Accounting

Nippon Express regards environmental accounting as an important indicator for evaluating environmental management. In fiscal 2015, we are only reporting the key investments in environmental conservation, but we intend to develop more detailed indicators in the future.

Investments in environmental conservation

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

Investment category	Major examples	Amount		
		FY2013	FY2014	FY2015
Investment in modal shift	Rail transport containers (Eco-Liner 31, Big Eco-Liner 31, etc.)	98	125	64
	Ship containers	106	154	123
	Tractors and trailers for freight containers	794	734	713
Investment in reusable packing materials for moving	Netted blankets, high-pad, etc.	141	117	135
Vehicle-related investments (environmentally friendly vehicles, etc.)	CNG, hybrid and LPG vehicles, heavy-duty vehicles that meet fuel efficiency	3,259	3,866	4,408
Costs for appropriate waste disposal and management	Costs related to Manifest Management Center	32	35	34
Costs for Environmental Management System registration	ISO 14001 and Green Management certification	25	25	25
Investment in planting greenery	Forest cultivation project, landscape gardening and other work at branches	24	14	0
Others: Investment in facilities energy saving	Lighting equipment and inverter switchover	252	463	118
Total		4,731	5,537	5,620

Obtaining Environmental Certification

Since the Baraki District Office of our Tokyo Air Service Branch, located in Ichikawa City, Chiba Prefecture, received ISO 14001 certification in June 1998, as of March 2016 the Nippon Express Group locations listed below have also been certified.

First certifications, June 24, 1998	First certification, May 10, 2007
Tokyo Air Service Branch Tokyo Air Service Branch Tokyo Air Service Branch	Nep Logistics, Inc.
ISO management/Environmental management Baraki Export Cargo Center Baraki Air Cargo Distribution Center	First certification, March 24, 2010 Nippon Express (South China) Co., Ltd.
Additional certifications, March 30, 2000	First certification, March 18, 2011
Tokyo Air Service Branch Nagoya Air Service Branch Osaka Air Service Branch Fukuoka Air Service Branch	Osaka Branch Sharp Osaka Office
Narita Airport Logistics Center Nagoya Distribution Center Nanko Air Cargo Center Fukuoka Air Cargo Center	First certification, December 5, 2012 NEX Transport, Inc.
First certifications, July 26, 2000	October 3, 2014 (Recertification due to division of company) Nittsu NEC Logistics, Ltd. (Entire company)
Nittsu Panasonic Logistics Co., Ltd.	First certification, July 8, 2015
Additional certifications, March 30, 2001	Nippon Express (Nederland) B.V. Nippon Express Euro Cargo B.V.
Hiroshima Air Service Branch Sendai Air Service Branch	First certification, August 14, 2015
Hiroshima Domestic Air Cargo Center Sendai Airport Logistics Center	Nippon Express (Deutschland) GmbH
Additional certifications, March 29, 2002	First certification, October 23, 2015
Nagoya Air Service Branch Takamatsu Air Service Branch	Nippon Express (Belgium) N.V./S.A.
Nagoya Air Cargo Center Takamatsu Air Cargo Center	

Promoting the Acquisition of ISO 14001 in Europe

In Europe, Nippon Express is promoting the acquisition of ISO 14001, the international standard for environmental management systems, in order to further promote protection of the global environment in line with the Nippon Express Group Environmental Charter. In July 2015, Nippon Express (Nederland) B.V. and Nippon Express Euro Cargo B.V. acquired certification followed by Nippon Express (Deutschland) GmbH in August and Nippon Express (Belgium) N.V./S.A. in October. Certification leads to trust in the Nippon Express Group by corporate customers with pioneering eco-friendly business practices. At companies that have acquired certification, the environmental awareness of employees is increasing, prompting them to set higher waste recycling rates as new targets.

Contribution to the Global Community

Since establishing Nippon Express U.S.A., Inc., in 1962, the Nippon Express Group has pursued its goal of using logistics as a driving force in the social development of communities, while simultaneously expanding its network. As a global distribution company with a worldwide network, we make contributions through logistics aimed at bringing about social and economic development and enriched lifestyles in every country and region.

Launch of Consolidated Railway/Truck Transport Service from United States to San Luis Potosí, Mexico

Amid rising logistics activity between Canada, the United States, and Mexico, primarily in the automotive industry, on June 22, 2015 Nippon Express De Mexico, S.A. De C.V. and Nippon Express U.S.A., Inc., began offering the "XB3300 Borderless Rail" and "XB3300 Borderless Truck" consolidated transport services to San Luis Potosí in the central highlands of Mexico.

The railway service transports items by rail from the automotive-related industry cluster in Marion, Ohio to San Luis Potosí in Mexico, and Nippon Express is the first Japanese logistics company to offer this kind of cross-border consolidated rail transport service. The truck service transports cargo to San Luis Potosí in Mexico from Laredo, Texas, near the border with Mexico, where it has been aggregated from all regions of the United States. Both make use of the new San Luis Potosí Logistics Center (SLC) opened in November 2014, which is the only bonded warehouse operated in Mexico by a Japanese logistics company. Because the Previo*, the most significant issue related to exports to Mexico, is

conducted irrespective of the border within the SLC with Nippon Express Group employees in attendance, damage and loss of cargo are reduced and it is possible to easily grasp the situation as it relates to transportation and handling, including the Previo.

* Previo: the Mexican system for inspecting cargo before declaring imports. The details and quantities of items that are actually removed from containers at the CFS are checked against the import customs documentation for consistency by customs brokers.



Items are transported to San Luis Potosí from all regions of the United States

Japan/China "Double License" Chassis Registered

Nippon Express had been considering the adoption of double license chassis (trailer vehicles with no motive power of their own), which are permitted to travel on public roads in both Japan and China. In October 2015 a chassis that had obtained permission to travel within China completed inspection and registration at the Kyushu District Transport Bureau of the Ministry of Land, Infrastructure, Transport and Tourism. In order to make this chassis compliant with the safety standards of both Japan and China, discussions were held between the vehicle manufacturer

and the relevant government agencies and adjustments were made and, after the vehicle had been manufactured in China, it underwent vehicle registration and was imported to Japan. Because it is possible to drive a chassis loaded with cargo in China onto a ferry and then drive it on Japanese roads to the delivery destination, the system helps reduce time spent on container transshipment as well as damage to cargo. After transport trials, we plan full-scale operations based on a route connecting the ports of Taicang in Suzhou, China and Shimonoseki in Japan.



The red and white reflectors used in China are illegal in Japan so, when the truck head power is switched on in Japan, a mechanism rotates the reflectors to hide the red and white part.

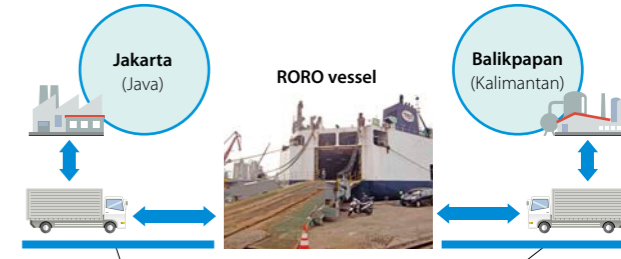


"Double license" chassis that can drive on public roads in both China and Japan

Experimental Project to Modernize Indonesia's Marine Distribution System

Beginning in March 2016, Nippon Express implemented and successfully completed the "Demonstration Project using RORO Vessels in Indonesia to Modernize Marine Transportation Systems" as a Ministry of Land, Infrastructure, Transport and Tourism overseas demonstration project for fiscal 2015. Aiming to achieve the construction of an efficient distribution system by using RORO vessels in Indonesia, this demonstration project employed actual operations and the like to carry out specific research and analysis of effects and problems in Indonesia. Nippon Express carried out transport tests using RORO vessels to ship daily necessities and electrical products from Java (Jakarta), the core of Indonesia's economy, to East Kalimantan (Balikpapan), where the per-capita income is high. This operation aimed to construct an efficient marine distribution network connecting the main seaports within the country, so

as to correct regional disparities between Java and the other islands. We took note of the Indonesian government's "seafaring nation" concept and introduced and implemented advanced transportation systems used in Japan, also a seafaring nation. Nippon Express will continue to support the future growth of Southeast Asia through logistics.



Supporting the Spread of Japanese Food Culture Overseas Through Logistics

On June 11, 2015, Nippon Express concluded a business alliance agreement with the Japan Association of Overseas Promotion for Food & Restaurants (JAOF). JAOF was established in December 2013 as an organization to share know-how and offer consulting services in order to spread Japan's food culture and culinary ingredients throughout the world. Currently it is preparing for the opening of Japan Food Town in Singapore, with tenants offering Japanese food. Going forward, there are plans to launch Japan Food Towns in Europe and North America. In October 2015, Nippon Express set up air transportation, etc., for brown rice, fisheries products, and meats, and in the future there are plans for the company to export vegetables and fruit,

meat, seafood, and other ingredients to Japan Food Town as well as commercial kitchens for tenants. Nippon Express will provide the latest transportation techniques and know-how to JAOF to allow the export of agricultural and fisheries products from Japan while preserving their freshness and quality. In addition, we will provide end-to-end services such as transport of air cargo and consolidated frozen marine cargo using our NEX-FOOD Fresh Container transport product, supporting JAOF and its member companies in their activities to spread Japanese food culture. Moreover, we will strengthen cooperation in overseas businesses, helping to expand Japan's agricultural and fisheries industries and to revitalize local economies through such approaches as exchanging information.

Working with JICA's "Aviation Security Seminars"

In February 2016, Nippon Express worked in cooperation with the "Aviation Security Seminars" sponsored mainly by the Ministry of Land, Infrastructure, Transport and Tourism and the Japan International Cooperation Agency (JICA). At the Narita Airport Branch, training in aviation security systems was carried out for 17 persons from 12 developing countries.

There was a lecture on aviation security measures to be implemented by Regulated Agents (RA) based on Japan's aviation security system and a tour of the facilities including the Unit Load Device (ULD) handling system, allowing the trainees to experience firsthand the processes for confirming identity on entry to the facilities, access control using ID cards, body checks using metal detectors, and other aviation security measures in continuous use at the facility.

The aviation security system is a set of measures standardized around the globe to prevent terrorism and the like on aircraft and, as each country is required to implement the same level of countermeasures, the trainees had an opportunity to experience and absorb Japan's aviation security system, and also took part in a lively Q&A session.



Touring the facilities

During the lecture

Nippon Express Container Matching Center

In May 2014, Nippon Express established a Container Matching Center in Minato Ward, Tokyo, to promote the round-use (re-use) of empty shipping containers, previously used for imports, for exports and the like without returning them to the port.

Normally, marine containers that arrive at the port with imports are unloaded at the point of delivery and the empty containers must then be returned to the port. Also, when exporting, the container must be brought to the cargo owner before cargo is stowed in the container. For this reason, the collections and deliveries involved in marine transportation require the frequent transportation of empty containers by marine container trailers, leading to chronic congestion in the area around Tokyo Port. This lengthens on-duty hours for drivers, causes distribution costs to soar, and creates an environmental burden through the emission of greenhouse gases.

To improve this situation, one effective approach is to find cargo owners who will load cargo into the empty container and then

export it, so that import containers are repurposed (re-used) as export containers. Accordingly, as a leading company in the distribution industry with many points of contact with cargo owners, Nippon Express introduced its Global Container Matching System (GCMS) for matching containers, beginning operations in May 2014 and consisting of drawing up strategies for matching logistics, design, and proposals. In fiscal 2014, we achieved 268 successful cases of container matching, and up to the third quarter of fiscal 2015 we handled a total of 716. Our container matching proposals cover a wide range of services, including matching of import/export containers as well as matching of import and domestic transportation containers. Going forward, we will launch further initiatives to contribute to environmental improvement and to further optimization of logistics through promoting partnerships with marine cargo shipping and shipping companies.

Safe Eco-Driving Activities in Southeast Asia

The Nippon Express Group is expanding the safe Eco-Driving initiative not only in Japan but in other countries as well, working to enhance truck fuel economy and reduce greenhouse gas emissions.

In the countries of Southeast Asia, the large numbers of traffic accidents caused by inadequate road infrastructure and poor

road manners have become problems. It is in this context that we have deployed digital tachographs equipped with sophisticated functions to record data representing the driving characteristics of each individual driver. In addition we have sent experienced driving instructors from Japan to improve practices such as unnecessary engine idling, sudden braking, and hard acceleration

as well as giving guidance on the frame of mind of the professional driver. As a result, we have achieved improvements in local road manners and reductions in traffic accidents, as well as reduced fuel consumption and enhanced service quality.

This initiative, which leverages the Japanese strengths of know-how and technology and the growing markets of developing countries, also contributes to the global reduction of greenhouse gases. The safe Eco-Driving activities adopted in Malaysia resulted in 2012 in our being the first logistics company in the world to be registered by the Clean Development Mechanism of the United Nations Framework Convention on Climate Change.

Meanwhile, our initiatives in Vietnam have been selected for the first project as part of the Joint Crediting Mechanism (JCM) agreement between Japan and Vietnam. This mechanism allows reductions in greenhouse gases achieved through safe Eco-Driving to be counted as credit towards Japan's reductions.

These initiatives are attracting strong interest from various governments, and going forward we plan to continue and expand these programs in the rapidly growing markets of Southeast Asia.

Estimated reduction in CO₂ emissions

Malaysia
685 tons
October 2012 - April 2015

Vietnam
118 tons
August 2015 - January 2016

Progress towards safe Eco-Driving activities in Asia (as of March 2016)



Sending Trucks for Borneo Elephant Conservation Activities

As part of the "Paying it Back to Borneo" project being undertaken by Asahiyama Zoo in Asahikawa City, Hokkaido, and the Borneo Conservation Trust Japan NPO, Nippon Express transported three light trucks donated by Daihatsu Motor Co., Ltd., between April and May 2016 from Asahikawa to Kota Kinabalu in Malaysia.

After a splendid award ceremony held in Asahiyama Zoo in April, Nippon Express accepted the light trucks and carried them on a car transporter to Tomakomai Port, where they were transported to Tokyo Port on Nippon Express' latest type of coaster, the Himawari 7. From there they were transported by ship to Kota Kinabalu Port in the Malaysian state of Sabah.

The light trucks were donated to Malaysia's Sabah Wildlife

Department and are scheduled to be actively used in such conservation activities as carrying materials and supplying food to wild Borneo elephants that have wandered onto palm oil plantations.



The three trucks donated as part of the "Paying it Back to Borneo" project

Providing Funds to an Orangutan Conservation Organization

The Heavy Haulage & Construction Business Division participates in the construction of many large-scale plants around the world, such as oil refineries and petrochemical factories, carrying out everything from transportation to installations and steel-frame construction. One example was the construction of the large-scale LNG liquefaction facility project that began in February 2014 in Bintulu in the Malaysian state of Sarawak, and that we aim to complete in June 2016. The region of east Malaysia where this project is being implemented is an

abundant tropical rain forest where orangutans live in the wild and is famous around the world for its conservation activities. As well as being engaged in the development of developing countries, Nippon Express provides funds to a local organization involved in efforts to protect orangutans.



Safety and Security

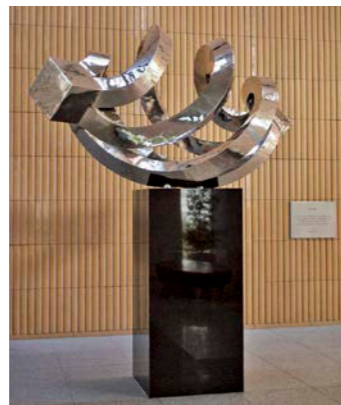
The Nippon Express Group strives to provide logistics services that contribute to a safe and worry-free lifestyle for its stakeholders. The Group never loses sight of its overall commitment to safety first and, in view of the fact that we use public infrastructure such as roads, ports, railroads, and airports in our business, we firmly believe that safety is one of our greatest social responsibilities. Keeping our social and public mission in mind, we place considerable emphasis on safety management initiatives, in order to thoroughly ensure safety and provide peace of mind.

Safety Initiatives

Safety Pledge and Symbolic Sculpture

The Nippon Express Group established a Safety Pledge to instill and raise safety awareness throughout the Group. We inscribed the pledge on symbolic sculptures that we commissioned and had installed in the Nippon Express Head Office and the Izu Training Center.

The Safety Pledge attests to our resolve to prevent accidents and disasters, and we make various efforts reminding us to put this pledge into practice on a daily basis.



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



Safety Pledge

Fiscal 2016 Safety and Health Management Policy

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

1. Create a disciplined workplace environment based on relationships of trust.
2. Understand and follow the fundamentals and rules.
3. Establish self-regulating workplaces where each employee can identify and resolve issues.
4. Promote measures to deal with mental health issues.
5. Promote measures to deal with lifestyle-related illnesses.
6. Promote self-motivated health management (promote self-discipline).

Raising Safety Awareness

Since fiscal 2014, we have produced and displayed in each workplace posters with the president's signature under a message reminding employees that safety is our highest priority, in order to raise awareness of safety, reaffirm our commitment to zero accidents and disasters, and renew our resolve to ensure safety at all times.

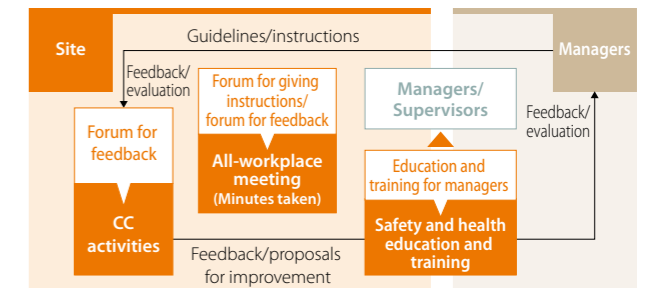


Safety awareness poster

Nippon Express Safety & Health Management System (NSM)

In April 2010, after a thorough review of the existing safety and health management program, the Nippon Express Group decided to launch the Nippon Express Safety & Health Management System (NSM). NSM is built upon three solid sub-programs. The first sub-program is "Open Communication in the Workplace," under which an efficient forum has been established for disseminating corporate policy and strategic direction to all employees. The second sub-program, "Challenge Circles (CC)," is based on holding small group discussions focused on both local, branch-level issues and more general concerns, e.g. what measures should be taken to better ensure a higher level of safety in the workplace and on the job. The third sub-program is health and safety training/education for supervisors and managers. NSM is designed to realize a better workplace environment

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



Education and Training System

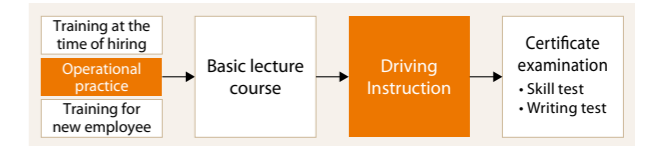
The Nippon Express Group has been focusing on the importance of safety education and training for truck drivers and forklift operators, in order to prevent workplace accidents. Even if they are already licensed, they are required to complete and pass Nippon Express' exclusive training and certificate examination before starting work.

Employees who play a central role in training are certified instructors who have taken a special education program, the Driving Instructor Training Course, offered at the Izu Training Center. Instructors also participate actively in the education of colleagues at the branch they belong to, including instilling basic actions and improving skills by taking part in the formulation of education plans and instruction aimed at ensuring zero accidents and disasters. The instructors receive ongoing education on the latest safety findings and skill enhancement through regular follow-up courses.

In fiscal 2016, we launched a new Head Office Instruction Supervisor system. Under this system, each relevant division at the Head Office designates instructors with especially high abilities, leadership, and safety awareness as Head Office Instruction Supervisors.

The roles of Head Office Instruction Supervisors are to raise their own motivation as training instructors and to train instructors at each branch who will play a central role in the handing down of high-quality skills, in an effort to improve and create uniformity in work quality and to raise safety awareness and increase skills even more.

Training Program for Drivers and Forklift Operators



Those who pass the test will be certified by the company as an official driver

Instructor System for Driver and Forklift Operator



Appointed by General Branch Manager as a "Driver and Forklift Operator Instructor"

Safety Measures for Affiliates and Sub-Agents

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

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

Around **5,400** companies participated in safety meetings in fiscal 2015

Topics

Implementing Forklift Safe Driving and Skills Training in Myanmar

On October 29, 2015, Nippon Express, in partnership with the Myanmar International Forwarders Association ("MIFFA"), held forklift safe driving and skills training in Yangon for domestic distribution companies.

In Myanmar, stevedore operations in distribution still depend mostly on human labor, but the spread of forklifts is indispensable for the modernization of logistics and the training of people who can operate them has become a pressing problem. This training was implemented after discussion on logistics measures between the government and private sector, after which MIFFA requested that Nippon Express conduct training in forklift operation.

The two instructors dispatched from Japan for the purposes of this training were Supervisors Takashi Kudo and Tomoaki Nakano from the Work Efficiency Control Group, Logistics Administration Division, Air Freight Business Branch. They provided instruction on basic forklift knowledge, driving operations and maintenance methods to 39 trainees from

companies affiliated with MIFFA, including some from Nippon Express (Myanmar) Co., Ltd.

By continuing this training in future we will continue to contribute to the spread of safe and effective stevedoring operations in Myanmar.



Forklift training

Holding the 4th Forklift Operator Contest in the East Asia Region

Nippon Express (China) Co., Ltd. held its Forklift Operator Contest in Shanghai over the two-day period of March 10-11, 2016.

"With "Safety," "Accident-free," and "Differentiation of quality" as keywords, this contest began in 2013 as part of the education and training effort. Held annually in March and now in its fourth year, the contest has already become an indispensable event within the Nippon Express Group.

In terms of contest administration, in addition to the two forklift operation instructors dispatched from Japan, seven local instructors also attended. These were competitors from past forklift operator contests who scored high marks and who have received special instructor training. They assisted with practice for the competitors before the event and also in judging during the contest itself.

In 2016, in addition to one entrant each from new first-time Nippon Express (Taiwan) Co., Ltd. and from the Chinese branch of Nippon Express NEC Logistics, a total of 20 forklift operators from within the East Asia region of the Nippon Express Group took part, competing for the highest total score (from an

800-point maximum) over the three areas of theory, equipment inspection, and operating skills. The contest was watched closely by many interested parties and all the contestants, while nervous, showed us the results of their day-to-day training.

Six contestants were commended as prizewinners with the top prize going to Li Quan from the Shanghai Branch of Nippon Express (China), with a high score of 744 points.

The East Asia region will continue to work on initiatives to further improve safety awareness and work quality in order to achieve zero accidents and disasters in the workplace.



The Forklift Operator Contest

Outstanding Success in Competitions Outside the Company

With the aim of improving the safety and quality of driving and machine operation, the Nippon Express Group actively takes part in competitions held by organizations affiliated with the Ministry of Health, Labour and Welfare and the Ministry of Land, Infrastructure, Transport and Tourism. Employees wishing to take part in a competition work to achieve victory by honing their skills and gaining knowledge through the daily practice of safe driving and safe operation. The contestants put the skills and knowledge that they have gained to good use in the workplace, offering training and education as instructors in order to boost the skills and safety awareness of their coworkers.

In the 47th National Truck Driver Contest held in 2015 and sponsored by the Japan Trucking Association, contestants from the Nippon Express Group dominated the rankings from 1st to 5th in the 11-ton category, and also took 1st, 2nd and 5th in the 4-ton category as well as 1st, 4th and 5th in the trailer category. Takao Watanabe, who won the 11-ton category, also posted the highest-ever score by a contestant

of 999 out of a possible 1,000 points, and received the Prime Minister's Award. At the 30th All-Japan Forklift Driver Skills Competition held by the Land Transportation Safety & Health Association, contestants from the Nippon Express Group won 4th and 5th place in the general category and 3rd in the female driver category.

A message from the winner of the 11-ton category and the Prime Minister's Award

I was nervous until the results were announced, and I was genuinely surprised when my name was called. It has not really sunk in yet, even with the trophy in my hand. Going forward I would like to develop the things I have studied, while thinking about safety issues together with everybody in the workplace.



Takao Watanabe
Nittsu Chiba Transportation Co., Ltd.



Prizewinners and instructors from the 47th National Truck Driver Contest



Prizewinners and instructors from the 30th All-Japan Forklift Driver Skills Competition

Nippon Express Group Nationwide Contest for Drivers and Forklift Operators

The Nippon Express Group holds its Nationwide Contest for Drivers and Forklift Operators every year, with the aim of improving equipment inspection skills and operating skills with an emphasis on safety and driving for lower fuel consumption. The goals of the contest are to reduce traffic accidents and labor disasters, reduce the burden on the environment, and promote lower costs, while also raising the self-awareness and pride of drivers and forklift operators, thus fulfilling our social responsibility.



Fiscal 2015 prizewinners

Measures to Reduce Overtime

Directive to Reduce Overtime

Under the executive order of the President, Nippon Express is working to ensure that each employee's overtime does not exceed predefined limits. Specific measures include close monitoring of overtime for each employee at the branch level. If the employee's overtime is close to the allowable limit, the responsible manager is required to review the workload allocation and determine, with the support and input of the administrative department, how to increase overall efficiency

and reduce the total number of working hours for the branch and its employees.

In the event an individual employee's hours are habitually over the working hour limit, this must be reported to the Board of Directors. Measures such as this should make clear the solid commitment of the company, at all levels, to resolve the issue of excessive working hours, with these measures to remain in place until the issue is resolved.

Measurement and Control of Working Hours

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

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

Safety-Related Data

Actual costs incurred for transport safety (FY2015)

Item	(Unit: million Yen)
Labor cost of safety-related positions (domestic)	1,363
Educational costs (training at headquarters)	505
Material publishing	4
Nippon Express Group National Safety and Health Convention	1
Driving control system (digital tachograph), etc.	937
Accident and disaster prevention awareness materials, etc.	6
SAS screening test	26
Other safety measures	115
Total	2,957

Number of accidents relating to Article 2 of the Transportation Safety Management Regulation (FY2015)

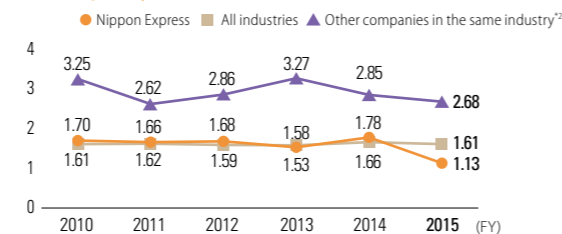
Type of Accidents	Total
Collision	3
Fatal and injury	2
Vehicle malfunction	6
Leaving the road	1
Fire	1
Total	13

Obtaining certification under safety evaluation program (As of January 2016)

Number of Nippon Express registered offices for cumulative statistics:	523 offices
Nippon Express Group registered offices:	247 offices

Index of labor accidents

Accident frequency rate*1

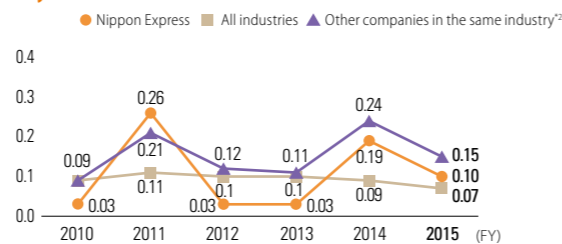


*1 The accident frequency rate is an international indicator showing the rate at which labor accidents occur.

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

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

Severity rate*3



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

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

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

Mental Health

In the realm of ensuring the mental health of our employees, our emphasis is on ensuring that there is proper understanding of the issues and appropriate communication with medical experts to support the following four areas of mental health maintenance and care. We provide mental health education in various education programs based on employee levels in our organizational hierarchy and through e-learning. Regularly scheduled stress checks have also been implemented to promote early detection of stress-related symptoms in the workplace, based on the stress check system that went into operation in December 2015.

Self-Care

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

Management Awareness Training

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

Care from Outside Experts and Institutions

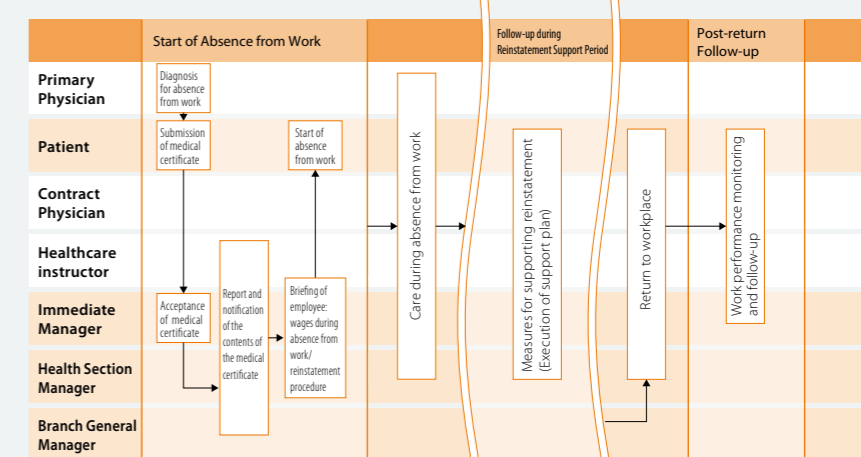
We have established a service called "Health Counseling for Mind and Body," which makes it possible for employees and their families to consult with specialists and organizations via the Internet or by telephone.

Care by In-House Health Care Staff

About 170 qualified nurses and preventive medical practitioners are assigned to branches nation-wide as healthcare instructors to facilitate mental care consultation. To improve the knowledge and skills of healthcare instructors, seminars led by outside experts (industrial counselors) are given.

Caring for Employees with Mental Health Problems— A Company-Wide Program for Rehabilitation and Return to the Workplace

Nippon Express has established a program designed to support employees on leaves of absence due to undergoing treatment for mental health problems. Health care instructors appointed at the branch level, the primary physician, physicians under company contract, and the workplace work as one to facilitate a smooth return to the company post-treatment.



Topics

Nittsu Exercises, Conducted at All Workplaces, Leads to Certification as a Tokyo Sports Promotion Company

Nippon Express was certified in December 2015 as a Tokyo Sports Promotion Company for Fiscal 2015. This program, run by the Tokyo Metropolitan Government, recognizes companies that promote sports among employees and conduct activities that contribute to society in the field of sports. In its certification, Nippon Express was commended for conducting Nittsu Exercises at all workplaces nationwide.

Nittsu Exercises are Nippon Express' unique exercise routine established in 1954 to maintain employee health, ensure work safety, and increase work efficiency. It has been a part of the workday, practiced during the morning assembly and at other times, for 60 years.



Nittsu Exercises at the Head Office



Human Resources (A Company is Its People)

For the Nippon Express Group, human resources are valued assets. We believe that it is important for all employees to make use of their respective attributes, to create an environment where they can contribute to the maximum of their ability, and to allow them to experience the feeling of doing so. In addition, we put effort into human resources development and also strive to provide safe, employee-friendly workplaces where employees can feel job satisfaction.

Human Resource Principles

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

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

Employee Data (as of March 31, 2016)

		FY2013	FY2014	FY2015
Full-time employees*1	Men	28,744	28,280	27,742
	Women	4,409	4,230	4,352
Temporary employees*2		5,526	5,264	5,019
New graduates hired*3	Men	342	347	501
	Women	135	154	231
Mid-career personnel hired*3	Men	4	3	5
	Women	0	1	2
Turnover within 3 years of joining the company**4 (persons)		6.7% (42)	6.2% (33)	7.0% (37)
Employment rate for persons with disabilities*5		1.98%	1.96%	2.06%

*1 Employees (national), employees (regional), employees (elder), and branch employees
 *2 Only branch employees
 *3 Only employees (national) and employees (regional)
 *4 Only employees (national) in sales and office jobs
 *5 Based on the calculation method in the Levy and Grant System for Promoting Employment of Persons with Disabilities

Promoting Diversity

Active Role of Women in the Workplace

It should go without saying that only with the full contribution of women in the workplace can a company have any chance of growth or expansion. In line with this principle, Nippon Express is actively recruiting women to join the company. Nippon Express has formulated an action plan based on the Act to Advance Women's Success in their Working Life that took effect in April 2016. Going forward, we will work at the recruitment and continued employment of women based on the action plan.

Action Plan based on the Act to Advance Women's Success in their Working Life

We formulated an action plan as outlined below, in order to improve the working environment so that women working at Nippon Express can play active roles with ambition and responsibility.

- Plan period**
 Three years from April 1, 2016 to March 31, 2019
- Quantitative targets**
 - Ensure that at least 30% of new graduates hired for management track positions are women
 - Increase women's length of service to at least 70% that of men
- Initiatives**
 - Provide information on the working styles of female employees, in order to increase the number of applications from women students
 - Provide better training that encourages women to play an active part in the company
 - Consider highly flexible working styles aimed at keeping women on the job

Topics

Success Stories of Female Employees Airline Agent Services at Airports

As an agent for airline companies, Nippon Express provides aircraft ground services at airports throughout Japan. At the All Nippon Airways (ANA) counter in Sendai Airport, female employees of Nippon Express wear an ANA uniform and work hard serving customers with a smile and a commitment to providing flawless customer service.

Female employees of Nippon Express are also active as marshalls directing aircraft to parking spots on the airport ramp (a restricted area).



Female employees working at airports

Employment of Persons with Disabilities

In our effort to increase the employment rate of persons with disabilities, Nippon Express is expanding the range and scope of work opportunities throughout its network in Japan. In conjunction with these actions, Nittsu Heartful Co., Ltd. was founded in October 1997 and received accreditation as a special subsidiary company of the Group in May 1998. Nittsu Heartful is responsible for internal mail and business card production on behalf of our headquarters. The company is also actively engaged in providing business support services and positions in the Tokyo area for employees with disabilities. A dedicated manager is assigned at each location to act as a liaison between the employee, his or her family, and when required, the special needs school to ensure the employee is well-adjusted and comfortable in his or her workplace.

Tapping into the Human Potential

To ensure continuous growth, it is vital that a company nurture a corporate culture that makes it possible for each employee to mature, grow, and reach his or her full potential. Today's rapidly changing and tough business environment requires a company to train self-sufficient personnel who think for themselves and take action on their own initiative. It is also important for a company to develop human resources who work toward achieving its corporate goals, using education and training designed to promote the globalization of domestic personnel, and to increase sales capabilities and adherence to CSR guidelines. In order to achieve this, the Nippon Express Group revised its training and education policy in fiscal 2016.

Nittsu Group University

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

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

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

International Student Program

For a Japanese company engaged in global business, it is vital to train future employees who will be capable of acting as a bridge between Japan and the rest of the world. To both give exchange students a chance to achieve their life plan and to assist our overseas affiliates, Nippon Express established a new program directed at hiring exchange students for full-time positions. We believe these new recruits will be some of our strongest players in the years ahead. With their international work experience, we expect they will play a role both in the development of business at our overseas locations and in the creation of new business opportunities realized through their diversity of vision.

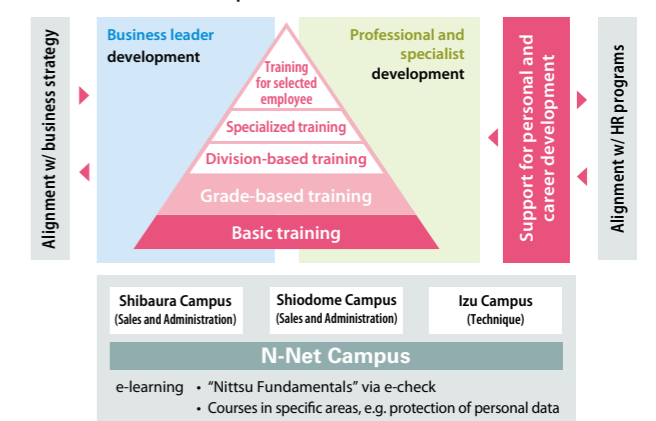
Training and Education Policy (under the Three-Year Management Plan 2018)

- Develop global human resources
- Increase sales capabilities
- Promote diversity management
- Develop specialists
- Develop business innovators who will lead the next generation
- Strengthen the Group's CSR management
- Promote human resources development through cooperation among Group companies
- Enhance and expand the breadth and reach (empowerment) of the HR department

Number of users in FY2015:

15,306

Human Resources Development Schema



■ Presentation of Results in Corporate Leaders Development Training Program

In December 2015, 12 mid-career employees presented the results of their seven months of training in the Corporate Leaders Development Training Program, the purpose of which is to develop candidates for senior managers who will forge Nippon Express' future.

As the culmination of the training curriculum, the presentation of results is an opportunity for participants to present essential problems and issues that the company should address now with a view toward the Nippon Express Group's development into the future as well as their specific suggestions on solutions and improvements, which they had investigated and studied in groups. This time three groups gave presentations on their respective topics of "Entry into the renewable energy business," "Development

of the security transport business: achieving efficient handling of checks," and "Transformation into a logistics information company through the matching business." There was a lively exchange of opinions during the question-and-answer session.



Presentation of results



Training session

■ Specialized Training Supporting Skills in Nippon Express' Heavy Haulage and Construction

Acquisition of the latest information and knowledge is an essential condition to carry out heavy haulage and construction safely. Communication and negotiation abilities in addition to technical competence are also necessary, as many projects are conducted in cooperation with customers and partner companies. In 2009, our Heavy Haulage & Construction Business Division established a specialized education system with the purpose of increasing and standardizing the level of service. It systematically conducts specialized training based on its own curriculum. In fiscal 2015, 138 people participated in 18 level-based training sessions, ranging from the elementary level to instructor training. Trainees from

outside the Heavy Haulage & Construction Business Division, including partner companies in Japan and overseas subsidiaries, are also actively accepted into the training program.



Training session



Practice working in high places

■ Year-End Crime Prevention Drills Held at Security Transport Sites

Every November, ahead of the year-end and New Year holiday season, when crime is a frequent occurrence, Nippon Express conducts large-scale drills at security transport sites around the country, in order to practice advanced security that keeps criminals at bay and security focused on crime prevention. In addition to practical training using tools such as batons and sasumata (spear fork), the drills increase the knowledge and skills needed as security guards, including CPR.

At the training session held at the Kanto Security Transport Branch in November 2015, 310 security personnel participated in front of visitors from the Metropolitan Police Department's Joto Police Station and business partners. Employees in our security transport business, which has the important responsibility of ensuring safety, will continue to improve themselves through hard work in their daily routine and drills.

■ Overseas Business Trainee System

Nippon Express first dispatched employees overseas in 1958, and started an overseas business training system in 1964. The system began with just a few staff being dispatched overseas, but now, every year around 50 young employees are dispatched to overseas subsidiaries throughout the world for one year (depending on the region, the period might be two years), where they receive business training by performing actual work duties. Since the system began, more than 1,700 trainees have

been dispatched overseas, making a significant contribution to the fostering of overseas personnel as we strive to be a global logistics company.

56 people
were dispatched to 29 companies
in 21 countries
(FY2015)

Topics

Developing Global Human Resources

Based on our Fiscal 2015 Training and Education Plan, we started a Next Generation Global Human Resources Training Program. This is an overseas training program for employees (nationwide) in sales and office jobs in their sixth year in the company who have no experience going on business trips overseas or in overseas training. The objectives of the program are "to overcome emotional barriers to global business and foster an ambition to engage in globally related business in and outside Japan" and "to develop a sense to pursue results in a short period and a desire to embrace all kinds of challenges and to increase drive." In fiscal 2015, 81 employees participated in the program, divided among the four times it was held. The trainees tackled a diverse curriculum, including field work and group discussions to solve challenges given by outside instructors as well as facilities tours at Nippon Express (Singapore) and Nippon Express (Malaysia) with the aim of acquiring the environmental adaptability to handle any situation, the global mindset of constantly being aware of the world, and the drive to push forward to resolve issues.



Field work in Singapore

Creating an Employee-Friendly Workplace

■ Certification Acquired based on the Next Generation Education and Support Promotion Act

Underpinning the HR policy are the guidelines incorporated into Japanese law under the Next Generation Education and Support Promotion Act (July 16, 2003, Law No. 120). Included is the principle that a balance must be maintained between work and personal life to ensure that the critical responsibility of child-rearing is fully undertaken. Nippon Express subscribes to this principle, which has been formulated in Japanese as the "work-life balance" model. We are actively taking measures that make it possible for our employees to achieve this balance, including contributing to activities that promote diversity in lifestyle choices and child-rearing. Through such programs, we are able to fulfill our social responsibility as a good corporate citizen. During the plan period from April 2013 to March 31, 2015, we achieved our goals for the number of employees taking childcare leave (for both men and women). As a result of this and our other

efforts, Nippon Express was granted "Kurumin" certification by the Ministry of Health, Labour and Welfare in 2015. Since fiscal 2015, we have continued to encourage our employees to take childcare leave and worked at providing self-awareness training to reduce overtime. We also accepted persons for experiential learning in the workplace as part of our community contribution activities. As it is expected that Japan's population will continue to rapidly decline, coupled with ever-increasing longevity, Nippon Express is looking to diversify its workforce by increasing the number of women and senior citizens, etc. Toward that end, we will support a balance between work and child-rearing and/or care for the elderly. We will also facilitate reform of our employees' working styles to increase productivity continuously.



"Kurumin" mark

Comments from Employees Who Took Childcare Leave

I took one year of childcare leave after finishing maternity leave. I feel that having the time to spend with my child every day was a very precious experience.



Sayoko Sumino
Kanazawa Branch

During childcare leave I was able to experience wonderful times that I will likely never have again. This is a meaningful program that allows us to feel our children's growth day to day.



Nobuharu Kato
Assistant Manager,
Fujisawa Branch

Community Involvement

The Nippon Express Group's business is built on social infrastructure, including roads, railroads, ports, and airports, and is closely linked to the communities and local society connected to that infrastructure. Involvement with the people in the communities where we conduct business and harmonious coexistence with society as a good corporate citizen are important, including in terms of building relationships of trust. We recognize our social and public missions as a logistics company and actively engage in communication with local society and in community-based social contribution activities.

Transmission of Technical Expertise

Technical Assistance: Protecting the World's Cultural Heritage

At the request of the Japan International Cooperation Agency (JICA), Nippon Express participated in a project for the Grand Egyptian Museum Conservation Center (GEM-CC), which was built in preparation for the opening of the Grand Egyptian Museum (GEM) that Egypt is planning to construct. Nippon Express provided technical assistance and engaged in human resources development with the principal aim of increasing the abilities of conservationists at GEM-CC.

This project began with "Training in the Handling and Packing of Works of Art," which was held in Tokyo in October 2009, and concluded with a training session held in Egypt in February 2015.



Practice packing a seated figure

The number of trainees reached 127 people for 10 training sessions, spread out over seven years, covering the packing and transportation of cultural property.

The training started with an explanation of the important points to bear in mind during handling operations and went on to cover a broad scope, ranging from basics such as practice using materials suitable for packing, through practice packing artifacts to practice handling heavy artifacts. Construction of the Grand



Practice handling heavy artifacts (lifting a one-ton stone statue)

Egyptian Museum (GEM) is proceeding, and tens of thousands of artifacts, including treasures of Tutankhamen, are being transported from around Egypt, with the aim of opening the museum in 2019. The people who underwent the training with Nippon Express are leading this work. In the future, Nippon Express will continue to cooperate at many levels, in response to requests from JICA, to promote the smooth handling of precious cultural property and artifacts on an unprecedented scale.

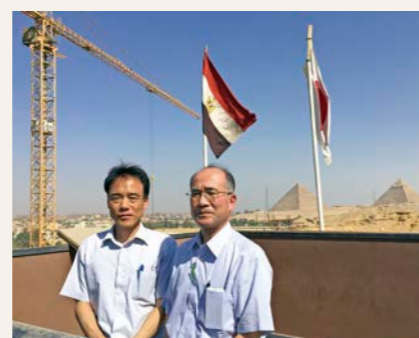


Participants in the training

Comment from Nippon Express Employees Who Participated in the Project

Starting in May 2016, Nippon Express participated as a consultant regarding the transport of tens of thousands of artifacts with the goal of opening the Grand Egyptian Museum (GEM). We conducted an on-site survey at the request of JICA together with others from companies that were participating. The items to be transported comprise numerous world-famous ancient artifacts regarded as "human heritage," including Tutankhamen's golden mask. The transport of so many artifacts within a short period is a major undertaking that is likely unprecedented in scale. We believe that Japan's cooperation in this kind of cultural project will contribute deeply to good relations with Egypt.

Yoji Masada, Assistant General Manager, Fine Arts Business Division (right), and **Hidemasa Tokuda**, Manager, Kanto Fine Arts Branch (left)



Government-designated Public Institution

Social Responsibility as a Designated Public Institution

Nippon Express is a Designated Public Institution under the Disaster Countermeasures Basic Act, the Civil Protection Act, and the Act on Special Measures Concerning the Relief of Pandemic Influenza. The establishment of logistics solutions for the provision of emergency aid has been regarded as important since the Great East Japan Earthquake in 2011. We are taking steps to address this new societal issue as our own social responsibility.

In response to a request from the national government and Kumamoto Prefecture for the transportation of emergency supplies during the Kumamoto Earthquake that struck in April 2016, the Nippon Express Group made an all-out effort, providing a staging base in Tosu, Saga Prefecture for relief supplies for the afflicted areas sent from around Japan and transporting them to the relief supply staging bases of each local government in Kumamoto.

Creating Employment

Creating Employment Opportunities for Those with Disabilities

In June 2014 Nittsu Transport Co., Ltd. established the "Nittora Farm" on the premises of the *Waaku Hapinesu Faamu* (note: this is the name given in Japanese and is in no way pejorative in the original language) in Chonan-machi, Chosei County, Chiba Prefecture, Japan. The Nittora Farm was specially set up to provide work opportunities to those with disabilities. The working environment is designed to promote an enjoyable and relaxing atmosphere and is situated in a plastic-covered greenhouse 45 meters in length. Vegetables including red-leaf lettuce, sugar peas, leaf mustard, and turnips are grown according to the

season. The harvested vegetables are delivered to all points in the Nittsu Transport network, enjoying considerable acclaim from the recipients. The Nippon Express Group will continue in its efforts to include all members of society in its business activities.



Nittora Farm

Charitable Activities

Donation of Calendars

Each year, our Head Office carries out a donation of calendars. As part of our contribution to local communities and 3R initiatives, since 2009 we have donated calendars, day planners, and other items received from clients for which we have no use. Distributed

locations include social welfare councils and nursing care and childcare facilities throughout Japan. A total of 1,654 items were donated to 25 groups between December 2015 and January 2016.

Interaction of the Local Community

Baseball Workshops

In 2016 the Nippon Express Regulation Baseball Club marks its 60th anniversary. Every year the club holds a baseball workshop with the aim of encouraging the sound development of young boys and girls by teaching the importance of following the rules

through baseball practice. In January 2016, 138 children who are members of baseball clubs at junior high schools in Saitama City gathered at the Nittsu Field in Urawa. Even those who were nervous at first gradually started to smile as they moved around and became engrossed in the fun baseball practice under the guidance of the Nippon Express Club's members. After the workshop we received many words of gratitude from the children and their families and coaches.



Baseball workshop



Nippon Express Sponsors Saori Yuki and Sachiko Yasuda

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

The duo also works with junior high school students in impromptu jam sessions through which a group "concert" emerges. The venues include school gymnasiums and assembly halls. These interactive concerts, which in Japanese have been dubbed "handmade school concerts," started in 2002. The effort has enjoyed our full support at the 91 schools that have participated to date.



"Handmade school concert"

Support for the Museum of Logistics—Tokyo, Japan

The Museum of Logistics, operated by the Forwarders Council, is the first museum in Japan wholly dedicated to logistics.



Exterior of the Museum of Logistics

Starting life in 1958 as an archive of transportation-related materials held at the Nippon Express Head Office, the museum moved to its present location (Takanawa, Minato Ward, Tokyo) in 1998 with an eye toward introducing logistics to the general public. As of March 31, 2016, the museum has received around 138,000 visitors.

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

The museum is equipped with a permanent exhibition area and a projector room that introduce visitors to the logistics industry, both past and present. Visitors are also encouraged to experience logistics firsthand by trying on uniforms and "using" the equipment of a bygone era. The large diorama of a logistics terminal and an image booth showing what logistics were like in the past are popular with visitors. A wide range of groups uses the museum, including grade school children, college students (both

vocational and university), and logistics company personnel undergoing training. Many individuals also visit the museum, which attracts members of the general public of all age groups through its special exhibits, film screenings, summer vacation cardboard crafts corner, lectures, classes on ancient documents, classes for university students on packing works of art (conducted in cooperation with Nippon Express' Fine Arts Business Division), and more.

In fiscal 2015, we organized an exhibition that introduced the history and roles of freight car labels: "The World of Freight Car Labels: Rail Freight Transportation as Told by Single Cards." We also held a mini-exhibition that introduced the achievements of Sosuke Sasaki, the founder of Nippon Express: "The Biography of Logistics Legend Sosuke Sasaki."

Nippon Express supports the museum through donations and gifts or loans of exhibit items.



Diorama of a land-sea-and-air logistics terminal



Exhibition room on the history of logistics

Flea Market on a Driving School Course

In November 2015, Nittsu Driving School Co., Ltd. held a flea market on its driving course in Suginami Ward, Tokyo. This initiative has been carried out since 2001 as part of the school's social contribution activities. The number of visitors has been going up every year and, blessed with fine weather, this year (the 16th year) saw a record 1,432 visitors.

The school's employees, their families, and nearby residents put up 110 stores on the day of the flea market. In addition to the sale of goods there were various events as well as exhibits of a fire engine from the Ogikubo Fire Department and police motorcycles from the Takaido Police Station, which children were very happy to sit on. Many people gathered for a street performance by the Juggling Club of the University of Tokyo,

which is the university from which the school attracts the most students, as well as the first concert in the flea market by the Brass Band Club of Nishimiya Junior High School, which is located next to the school. These events turned the day into a major success.



Flea market attended by many visitors

Workplace Tours & Internships

Nippon Express offers workplace tours in Japan for junior and senior high school students and others as well as internships to help young people decide on their career paths. The workplace tours introduce students to the basics of the logistics business while giving them a chance for discussion with our staff. Internships provide an opportunity to understand the nature of the working life, in the context of working in the local community, through experiences such as riding in trucks and packing for moving.



A workplace tour

Workplace tours and internships throughout the company in fiscal 2015

Workplace tours: 34 schools
287 students
 Internships: 25 schools
124 students

Traffic Safety Classes at Elementary Schools

Nippon Express, which operates its business using public infrastructure, must consider protecting community safety above all else. Accordingly, Nippon Express holds traffic safety classes at elementary schools around the country with the aim of contributing to traffic safety in the community. Instruction using an actual truck is very effective and, with Nippon Express truck drivers serving as instructors, the children learn the importance of following traffic rules in classes that vary between fun and seriousness.

At the traffic safety classes in the Tokai region, children move around while learning about such things as: (1) the blind spots in front of a vehicle (by experiencing the numerous dangers around vehicles), (2) the safe way to cross at a pedestrian crossing (by experiencing the A-pillar blind spot in a vehicle turning right), and (3) verifying the difference between the tracks followed by the front and rear inner wheels and the overhang* of a 10-ton truck (to check where it is safe to stand at an intersection).

Schoolteachers have given us feedback such as, "It was very meaningful to learn how to cross at pedestrian crossings and

characteristics of trucks such as the difference between the tracks followed by the front and rear inner wheels and their blind spots as well as to experience traffic dangers." For the truck drivers as well, communicating the importance of safety when serving as instructors raised their own safety awareness.

* Overhang: In contrast to the difference between the tracks followed by the front and rear inner wheels, which involves the inside track of a turning vehicle, the overhang extends out on the outside of a turning vehicle.



Traffic safety class

Protecting the Environment

Forestry—The Nippon Express Greenwood

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

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

The activities in Iide, Yamagata Prefecture and Nichinan, Tottori Prefecture comprise a two-day event. The first day consists of forest cultivation and the second day of experiences such as harvesting rice and making buckwheat noodles, through which

the participants deepen their interaction with locals while having contact with nature.

We have formulated a long-term forest development plan (until fiscal 2029) for the “Nittsu Forest” in Nichinan, Tottori Prefecture, wherein we are continuing with tree planting and pruning of undergrowth while reviewing the plan every year. As unprecedented climate change has a major effect on our environment, the significance and value of Nippon Express’ forest cultivation activities are growing.



Planting 400 beech saplings (Iide, Yamagata Prefecture)



A “Nittsu Forest” sign (Nichinan, Tottori Prefecture)

Nippon Express Korea: Tree Planting in Noeul Park

Nippon Express Korea Co., Ltd. held a tree-planting event in a section of the Noeul and Haneul Parks (located in Seoul) that it calls the “Forest that Brings Hope.” The Noeul Park Citizens’ Association has been promoting tree planting activities since 2011 through a campaign to “create 100 forests on the slopes of Noeul Park,” and, by 2014, 21,325 persons in 49 organizations had planted 37,543 trees. Nippon Express Korea signed on to this campaign as part of the Nippon Express’ Global CSR commitments. On the first day, May 16, 2015, employees and their family members—76 people in all—planted 280 trees. On

the second day, September 5, the participants worked up a sweat planting a further 100 trees after cutting the grass. Nippon Express Korea plans to keep maintaining and managing this site on a regular basis in the future.



Tree planting



Participants who joined the tree planting

Wuxi Branch of Nippon Express (China) Plants Trees

On March 17, 2016, employees of the Wuxi Branch of Nippon Express (China) Co., Ltd. planted trees in the Eighteen Bay Wetland Park on the north side of Lake Taihu on the outskirts of the city of Wuxi. As part of Nippon Express’ Global CSR, we began preparations in 2015 and then waited until the spring, which is suitable for tree planting. It rained until the day before the event, but luckily the rain stopped, and 16 people planted 30 cherry plum trees.

After planting the trees, employees gave their impressions, such as, “I want to periodically see the growth of the trees we planted,”

and “This reminded me of the importance of environmental protection as a logistics operator that uses trucks that emit exhaust gas.” Each branch of Nippon Express (China) is, and will continue to be, actively engaged in greening activities.



Participants who joined the tree planting



Tree planting

Hanging Nest Boxes for Blakiston’s Fish Owls in a Company-owned Forest in Hokkaido

The Blakiston’s fish owl is one of the creatures at the top of the food chain and is one of the largest owl species in the world. However, there are only 140 of the birds living in Japan, and it has been designated as a national endangered species of wild flora and fauna. As part of its commitment to protecting biodiversity, Nippon Express has been making efforts since 2014 to help expand the habitat for Blakiston’s fish owls under the advice of Sumio Yamamoto, the leading researcher on the species.

Blakiston’s fish owls need a hollow in a large broad-leaved tree to breed but, since it takes many years to develop the forest, nest boxes are needed as an alternative to tree hollows. When considering where to place the nest boxes, we investigated the rivers running through our company-owned forest in Hokkaido to see if the fish that are important as food for Blakiston’s fish owls live there and found them to be plentiful.

In October 2014, we set up nest boxes in our company-owned forest for the Ezo Ural owl, and later traces were found inside the nest boxes that Ezo Ural owls had occupied them. This proved

that small animals that become food for owls in place of fish during the winter when the rivers freeze, live in our company-owned forest. Based on this result, it was judged that Nippon Express’ company-owned forest is a suitable habitat for Blakiston’s fish owls, and the nest boxes were set up in January 2016.

Going forward, Nippon Express will make periodic studies and contribute to the conservation of Blakiston’s fish owls.



Blakiston’s fish owls



Hanging a nest box

Interaction with the Community through Exhibitions

Nippon Express interacts with the community and society through participation in exhibitions.

It exhibited at Eco-Products 2015, held at Tokyo Big Sight over three days during December 10 – 12, 2015. People from all walks of life, including companies, organizations, the government, universities, and research institutes, gathered together at the exhibition—the theme of which was “The Cool Future I Choose”—with the aim of solving environmental problems and creating a sustainable society.

Nippon Express picked two concepts—“Nittsu Forests” and “Nittsu Towns”—around which it introduced its biodiversity protection efforts through forest cultivation at its company-owned forest and its initiatives aimed at the establishment of a low-carbon supply chain through its business. We also provided a “moving game” using reusable moving materials, an “eco class” to think about global warming, and a panel exhibit-based quiz rally to let visitors have fun while learning about Nippon Express’ environmental and social contribution activities.

A record 9,306 people visited the Nippon Express booth over the three days and gave impressions such as, “I was able to learn about Nittsu’s environmental contributions” and “I sympathize

with your efforts to create a low-carbon society.” Nippon Express also plans to exhibit at EcoPro 2016.

In November 2015, Nippon Express exhibited at the Fresh Food Festival held in the city of Sendai and introduced its Freshness Maintenance Transportation Service that supports expansion of the local fisheries industry, centered on the Port of Sendai. The same month, Nippon Express also exhibited at Messe Nagoya 2015, at which companies from different industries, mainly located in the Chubu region, gather together in the city of Nagoya. Here, we introduced our logistics solutions for the auto and aircraft industries.

Nippon Express will continue to disseminate information to and interact with the community through exhibitions.



Children listening carefully at Eco-Products 2015



Corporate Governance

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

Corporate Governance System

Corporate Governance—First Principles

Corporate governance at Nippon Express is summed up in two key principles: 1) realize effective management through timely decision-making, and 2) make clear the lines of corporate responsibility. As of March 31, 2016, the Board of Directors comprises 15 members, including three outside directors, and meets a minimum of once a month, and more often if necessary, to issue resolutions covering important management areas and direct the general business of the company. Three directors are appointed from outside the company to allow for a fresh perspective and enhance the Board in directing the general direction of the company. Board members serve one-year terms, and their management responsibility is clearly defined for each fiscal year.

At the same time, the Company has introduced a Board of Executive Officers, charged with the task of ensuring the rapid execution of business operations. As of March 31, 2016, a total of 30 executive officers (10 of whom concurrently serve as directors) are in place. Furthermore, Audit & Supervisory Board members attend board meetings and other important meetings, review key documents, audit key facilities, and perform reviews at subsidiary companies to ensure alignment with corporate directives and guidelines. In addition, results are reported to the Audit & Supervisory Board and the Board of Directors to ensure impartiality in audits of the performance of duties of divisions that perform operations. As of March 31, 2016, there are four Audit & Supervisory Board members, three of whom are external.

Status of Compliance with the Corporate Governance Code

On June 1, 2015, the Tokyo Stock Exchange's listing rules were revised so that listed companies would achieve effective corporate governance through systems for practicing transparent, fair, and swift decision-making, in light of the perspectives of stakeholders including shareholders, customers, and employees, and by pursuing sustainable corporate growth and higher corporate value in the medium to long term. This

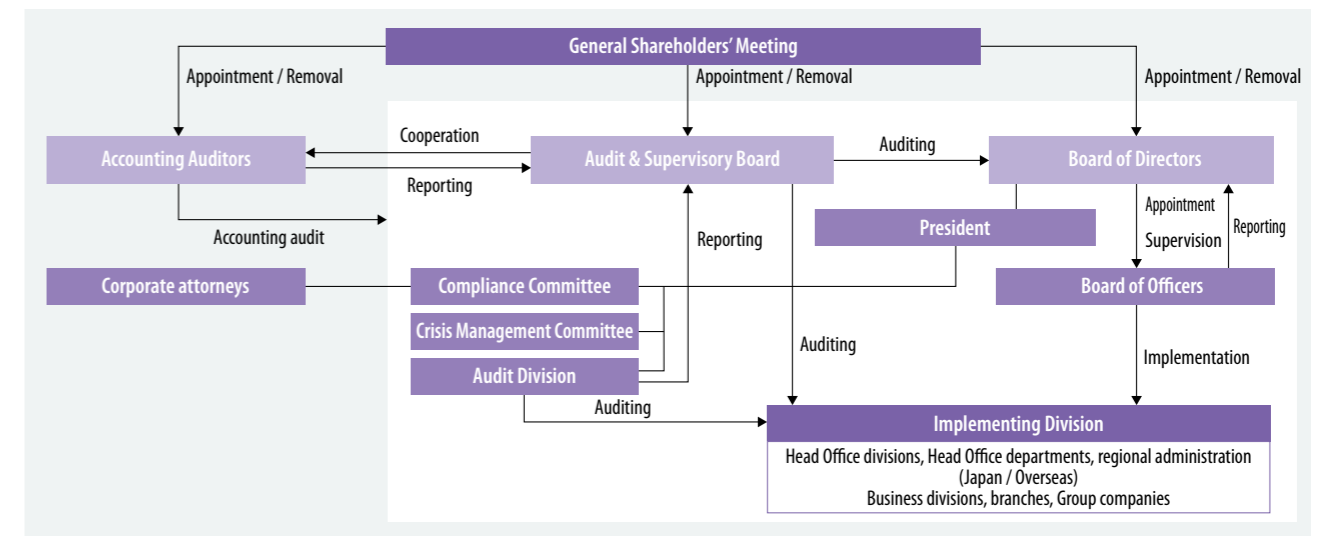
revision mandates disclosure and explanation of 11 principles stipulated in a Corporate Governance Code. The Code consists of a total of 73 principles. Nippon Express is committed to implementing all of them and has submitted to the Tokyo Stock Exchange a Corporate Governance Report that includes a policy for compliance with the 11 principles requiring disclosure.

Creating an Internal Control System

In order to conduct business fairly and efficiently, it is important to implement firm internal control systems. Nippon Express has created effective control systems, including a compliance

system, a risk management system, an internal audit system and a system to assure fair business operations in all Group companies.

Corporate Governance System



Business Continuity Plan—Crisis Management

Setting Up a BCP

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

As a designated public institution under the Disaster Countermeasures Basic Act and the Civil Protection Act (the Act Concerning the Measures for Protection of the People in Armed Attack Situations) as well as the Act on Special Measures concerning the Relief of Pandemic Influenza executed in April 2013, Nippon Express fulfilled a role as a designated public institution by working to assist the affected areas with

rehabilitation and reconstruction. For example, we transported emergency materials immediately after the Great East Japan Earthquake.

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

System to Ensure Business Continuity (BCM/BCP)

Nippon Express developed Business Continuity Management (BCM) as well as a Business Continuity Plan (BCP) in order to continue its operations even in an emergency situation such as a major disaster or the spread of a new influenza strain. The Group ensures its resilience by systematically preparing initial responses and relief activities to implement during an emergency.

Under systems like these, Nippon Express can protect the lives of employees and their families first and foremost in states of emergency and fulfill its responsibilities, including the transport of emergency relief supplies, as a designated public provider under the Disaster Countermeasures Basic Act, the Civil

Protection Act, and the Act on Special Measures concerning the Relief of Pandemic Influenza.

At the time of the Great East Japan Earthquake, we maintained our business operations by swiftly invoking our BCP and contributed significantly to disaster recovery by prioritizing the transport of emergency relief supplies.

Going forward, each company of the Nippon Express Group will contribute to society by fulfilling its mission as a business that maintains social functions throughout the supply chain, even in the face of emergencies caused by natural, industrial, and man-made disasters.

BCM Basic Policy

- Priority of human life and safety**
Whether faced with widespread disaster, new strains of influenza, conflagration, terrorism, system failure or any other risk, the company will place the lives and safety of its employees, as well as their family and related people, above all else.
- 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.
- Minimization of effects on customers**
In times of emergency, in times when our business operations are hindered or in cases when the continuity of all of those operations is in jeopardy, the company will continue to operate under the previously established priority operations for sustained continuity, place top priority on recovery and strive to minimize the effects of these issues on the customer.
- 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.
- Disaster preparation in times of normal business operations**
In times of normal business operations, the company will build cooperation between the members of the Nippon Express Group to protect against the occurrence of disasters and other accidents by promoting stocks of emergency food rations and hygienic supplies and by carefully conducting necessary training drills while working to secure the resources necessary for business continuity.

Crisis Management System

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

Safety Confirmation System

Confirming the safety of employees is one of the most important tasks among the initial responses taken during an emergency. In accordance with its BCP Basic Policy, Nippon Express has adopted a Safety Confirmation System that automatically sends safety confirmation emails to employees, in response to earthquakes of a certain severity or warning issued by the Japan Meteorological Agency, in order to rapidly confirm the safety of employees during a disaster.

Compliance Initiatives (Prohibition of Anti-Competitive Practices)

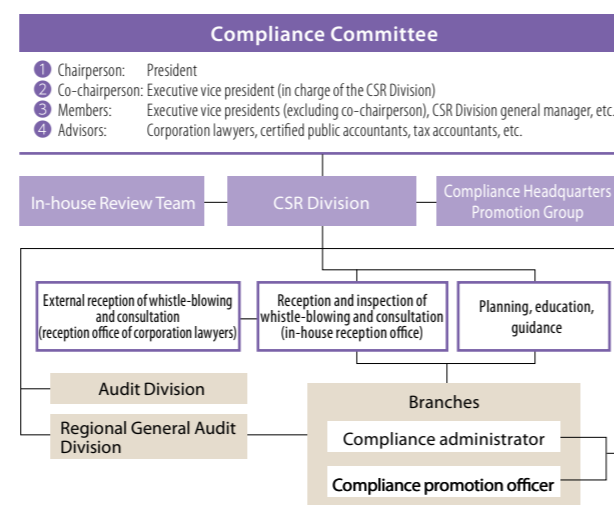
Compliance Management Promotion System

Stressing the importance of compliance management, Nippon Express established the Compliance Division (currently the Corporate Social Responsibility Division) in 2003. In October of the same year, Compliance Regulations were established. Also, a Compliance Committee chaired by the company president was established at the Head Office along with an internal whistle-blower system (Nittsu Speak-up), all of which were undertaken to encourage honest and fair company practices (e.g., prohibition of anticompetitive behavior). In fiscal 2015, we held our 17th compliance questionnaire survey. The questionnaire was issued to all full-time employees and temporary staff, with a response rate of 81.5%. Also, we solicited compliance slogans from employees throughout the Nippon Express Group, printing the best submissions on calendars that were hung up in worksites in an effort to increase compliance awareness.



We intend to continuously raise awareness of compliance by means of employee education and OJT in the workplace using the results of this survey.

System to promote compliance



Nippon Express as an Authorized Economic Operator (AEO)

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

implemented freight security management and established systems for legal compliance. Nippon Express was recognized and certified as an AEO Warehouse Operator in January 2008 and as an AEO Customs Broker in May 2012. These certifications ensure that our shipments are processed expeditiously by customs.



Initiatives for the Protection of Personal Information

Policy for the Protection of Personal Data (Items)

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

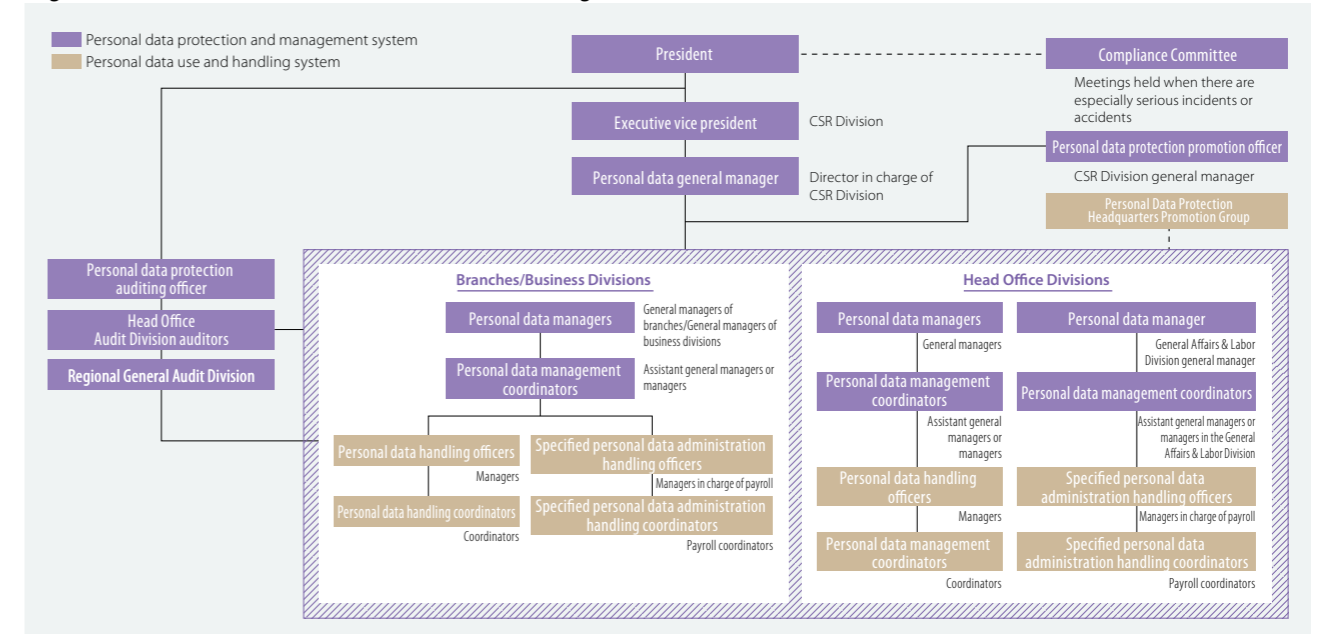
Revised on January 1, 2016 (Formulated on April 1, 2005)

Received Certifications Related to the Protection of Personal Data

- Privacy marks**
Nippon Express, Nittsu Shoji, Nippon Express Travel, Careerroad, Nago E-Technology, Nittsu Tokyo Ryutsu Service, Okinawa Nittsu Air Cargo Service, and Wanbishi Archives
- ISMS (Conformity Assessment Scheme for Information Security Management System)**
Nippon Express: 3 divisions and offices
Nippon Express Capital: 3 divisions and offices
Nittsu Information Systems: 7 divisions and offices
Nittsu Panasonic Logistics: 4 divisions and offices
Nittsu NEC Logistics: 14 divisions and offices
Wanbishi Archives: 18 divisions and offices

(As of March 31, 2016)

Organizational Chart for Personal Data Protection and Management/Personal Data Use



Third-party Opinion



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

Hiroshi Ishida



The Overall Report

The first half of the report introduces the ways in which the Nippon Express Group's commitment to contribute to society through logistics, which relates to its corporate philosophy, actually takes shape within society. The content is a reminder of just how many things are enabled by logistics, and it is also effective in terms of promoting understanding of the industry as a whole. In the report on activities in the second half, I would hope to see further description and explanation of why a particular issue is important for the Group, within the context of materiality, and also what has and has not been accomplished.

Initiatives in Three Priority Themes

Below are the praiseworthy points in the Group's fiscal 2015 initiatives and target initiatives for the future, based on three global CSR themes.

1. Responsibilities to the Earth's Environment

It is to Nippon Express' credit that individual initiatives are contributing to the reduction of environmental impact and also that initiatives to increase environmental awareness are being implemented throughout the Group. As future initiatives, I would hope for the organization of activities based on materiality and the establishment of targets and goals. Above all else, based on the accord in the Paris Agreement sealed in December 2015, each country will need to make initiatives that can reduce greenhouse gas emissions to virtually zero in the second half of this century, and it is safe to say that innovative initiatives are expected to be made in the logistics industry. I hope that Nippon Express will establish targets and goals that meet international standards, including with a view toward sharing goals within the Group, and will disclose its performance against those targets.

2. Sound Company Conduct

It is commendable that Nippon Express is steadily making progress with the distribution of its Compliance Handbook and education in the workplace as Group-wide initiatives. As a future initiative, I would like to see the Group address the prevention of corruption, which is a matter of major international concern, starting with a proper understanding of the current situation. Additionally, given the growing appeals around the world for consideration to be given to the environment and human rights throughout the supply chain—what is being termed the “responsible supply chain”—it is conceivable that the importance of committing fully to fair business practices in the supply chain will increase even more in the future. I expect Nippon Express to reflect on the effects its corporate activities have on suppliers and to consider how to proceed with initiatives in the supply chain.

3. Respect for Human Rights

Nippon Express can be praised for conducting interviews with overseas subsidiaries and confirming that there are currently no serious human rights infringements at these subsidiaries and also for holding a dialogue with experts on human rights. The desired next step would be to carry out in a concrete manner a set of actions regarded as essential to respect human rights, such as the establishment of a human rights policy, human rights due diligence including impact assessment, and the development of grievance mechanism. I hope that Nippon Express will continuously engage with stakeholders and implement appropriate initiatives, as the negative impacts on human rights shift with changes in society and the content of business, and since many things go unnoticed when looking only from the perspective of one's own company.

Conducting business as a global logistics company is to face demand to respect international norms and to respond sincerely to stakeholders. Attention on Japanese companies is anticipated to increase as we near the 2020 Tokyo Olympics and Paralympics. It is my expectation that Nippon Express will take this opportunity to steadily carry out initiatives by getting a firm grasp of the international CSR context, using it to earn even greater trust.

Endorsement

The Caux Round Table Japan has confirmed that Nippon Express Co., Ltd. has understood the Sustainable Navigation framework; has participated in the Stakeholder Engagement Program of the Nippon CSR Consortium; has held discussions with other companies in its industry, NGOs, and other relevant parties concerning human rights issues in the logistics industry based on Human Rights Issues by Sector v.3; and has worked to deepen its understanding of the relationship between its own business activities and human rights and the contexts in which human rights violations occur. The Caux Round Table Japan has further confirmed that Nippon Express' CSR Division conducted interviews with the Company's overseas subsidiaries in an effort to grasp and confirm the specifics of the

human rights situation within the Nippon Express Group, and also that the Company has engaged in dialogue with experts in the field of business and human rights and has sought opinions from these experts regarding its own human rights initiatives. In future, I expect Nippon Express to formulate a human rights policy, engage in concrete initiatives to prevent or mitigate negative impacts and where necessary to put corrective measures in place, and also to make efforts to develop a grievance mechanism.

See the Caux Round Table Japan's website for details about the Sustainable Navigation framework.
URL http://crt-japan.jp/en/project-overview/sustainable_navigation/

Editors' Note

Thank you for reading the Nippon Express CSR Report 2016. As has been the case with previous reports, we recruited applicants from each division and branch of our company to form the Editorial Committee for the present report. The committee members first made a general study of CSR and global trends in CSR initiatives, after which we held a number of workshops to discuss the significant impact that our company might have on the economy, society, and the environment into the future, and how we might best resolve related problems through logistics.

We then selected the content to include in this report with regard to the relationship between society and the Nippon Express Group and began production.

Once again we received messages for the Nippon Express Group from a variety of stakeholders. The messages from customers and partner companies in particular made us acutely aware of the grave responsibility that comes with the fact that our initiatives play a part in the social responsibilities of our stakeholders.

Furthermore, as risks, opportunities, and materiality for Nippon Express expand globally, we confirmed through dialogues with

experts and other means the importance of continuing to carry out CSR initiatives, including Nippon Express' Global CSR (which specifies priority material issues), on a global basis within each company in the Nippon Express Group.

At Nippon Express, we will continue in our efforts to contribute to the realization of sustainable societies through logistics, with additional initiatives to be detailed in future editions of the Nippon Express CSR Report.

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



CSR Report Editorial Committee