



Confidence Comfort Enjoyment Report

CSR Report 2014

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This report is also available on the Internet.

Nishi-Nippon Railroad Co., Ltd CSR

Top Message

The Nishitetsu Group will continue to provide “confidence,” “comfort” and “enjoyment” while working with local communities to foster mutual development. Under this corporate philosophy, we aim to become a corporate group where each and every group employee thinks what they can do for our customers and turns their ideas into action.

We have carved out a history going back over a century to our foundation thanks to the support of numerous customers, local communities and shareholders. Our wish is to play a beneficial role in society by creating increased appeal and prosperity along our transportation network as a general company that provides services connected with all aspects of people’s daily lives, and also as a community planning company whose goal is to create a richer future for us all.

At the same time, we have been attempting to utilize in overseas markets business know-how developed over the years in our domestic operations, with a major focus on global logistics services, and will endeavor to create new value as a global business.

We started our 3-year 13th Mid-term Management Plan (FY2013-FY2015) in April, FY2013. This is an initiative to enhance our revenue base by discovering new sources of profitability through our group vision of “taking on the challenge of growth through the demonstration of our group’s comprehensive strengths.” In order to achieve this, we will strive to draw on our group’s management resources, further refine our products and services, and improve our corporate value.

In order to inform as many people as possible of our vision for the future, we came up with a new corporate message: “Connecting your dreams”

We aspire to provide customers and local communities with innovative products and services that are filled with compassion. We hope to share the dreams and future aspirations of people from all walks of life, and to grow together while realizing these dreams. These are the wishes contained in this message.

We will carry on making sincere efforts to be a corporate group that continues to be the preferred choice of customers, for which I humbly request your ongoing support.



SUMIO KURATOMI
Representative Director and President
Nishi-Nippon Railroad Co., Ltd.

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Nishitetsu Group CSR Management

Nishitetsu Group CSR

CSR Management Policy and Promotional System

CSR Management Policy

CSR Management Policy

For our group, CSR is the execution of our corporate philosophy. In accordance with our corporate philosophy, our goal is to be a corporation which is beneficial and trusted by society. In other words, we must contribute to the continuous development of the community as a "good corporate citizen."

It also means that we need to continually respond to the expectations of stakeholders while performing business activities. These stakeholders include the community, our customers, and our employees.

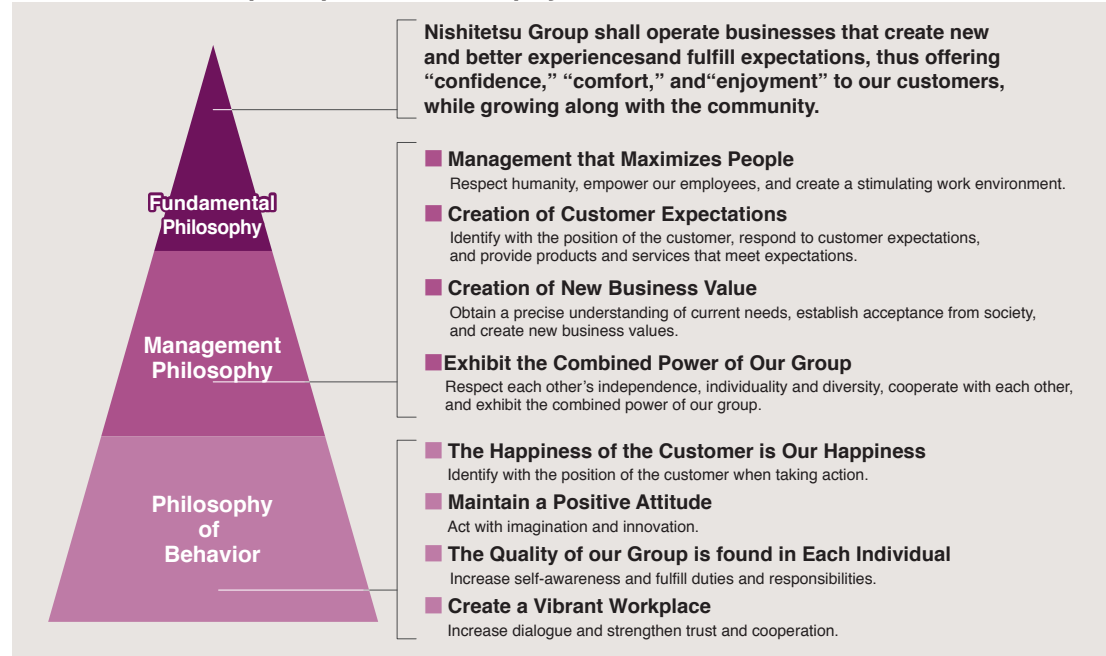
CSR Promotional System

The fundamental form of CSR management requires the instinctive fulfillment of the corporate philosophy by the employees within daily business activities.

Our group has established a Fundamental Policies for Internal Control System "Compliance Policy" and other key themes as the policies that form the foundation of our CSR management and we place these into practice in our business activities in order to get closer to this ideal.

We are also promoting CSR activities through the establishment of the CSR Promotion Meeting and various committees to assist the President's decision-making by discussing important policies and courses of action.

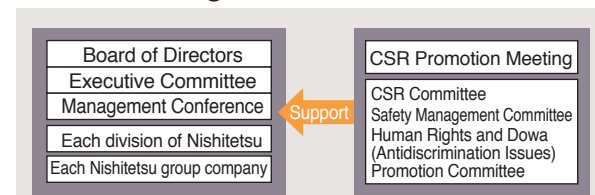
Nishitetsu Group Corporate Philosophy



Fundamental policies for CSR

- Fundamental policies for internal controls system
- Compliance policies
- Fundamental safety policies
- Environmental policies
- Fundamental CS policies

Business Organizations



Nishitetsu Station Service Co.,Ltd has set up a new CSR Promotion Section

Nishitetsu Station Service Co.,Ltd has set up a new CSR Promotion Section within its General Affairs Department in a drive to promote its CSR management activities. Our group, which is involved in a broad range of business initiatives and offers diverse forms of employment, takes a proactive stance in CSR training, dialog and workplace visits. The purpose behind this is to ensure that all employees share the same standardized awareness of CSR by having them learn about "correct knowledge", "improved awareness" and "day-to-day practice."



Corporate Governance

We are constantly working to improve our corporate governance based on our characteristics as a group whose main line of business is public transportation. By doing so, we seek to make ongoing improvements to our corporate value, and meet the expectations of customers, local communities and shareholders.

Conducting Business / Supervisory Functions

The Board of Directors is composed of 13 directors, including 2 directors from outside of our company. As a general rule, the Board of Directors meets once a month to make decisions regarding legal items and other items vital to conducting business. Also, the Board of Directors receives reports on the status of business and performs other functions to supervise the conducting of business.

Furthermore, as organizations to aid in the President's decision-making responsibilities, we have established the following meetings which are composed of persons such as the President and Managing Corporate Officers.

In addition, our company separates management decisions and supervisory functions from the conducting of business. We have also implemented a Corporate Officer System to clarify the division of roles and to strengthen each function.

(1) Executive Committee

This meeting is held to discuss items decided by the President, as well as to assess and supervise the status of business in each division.

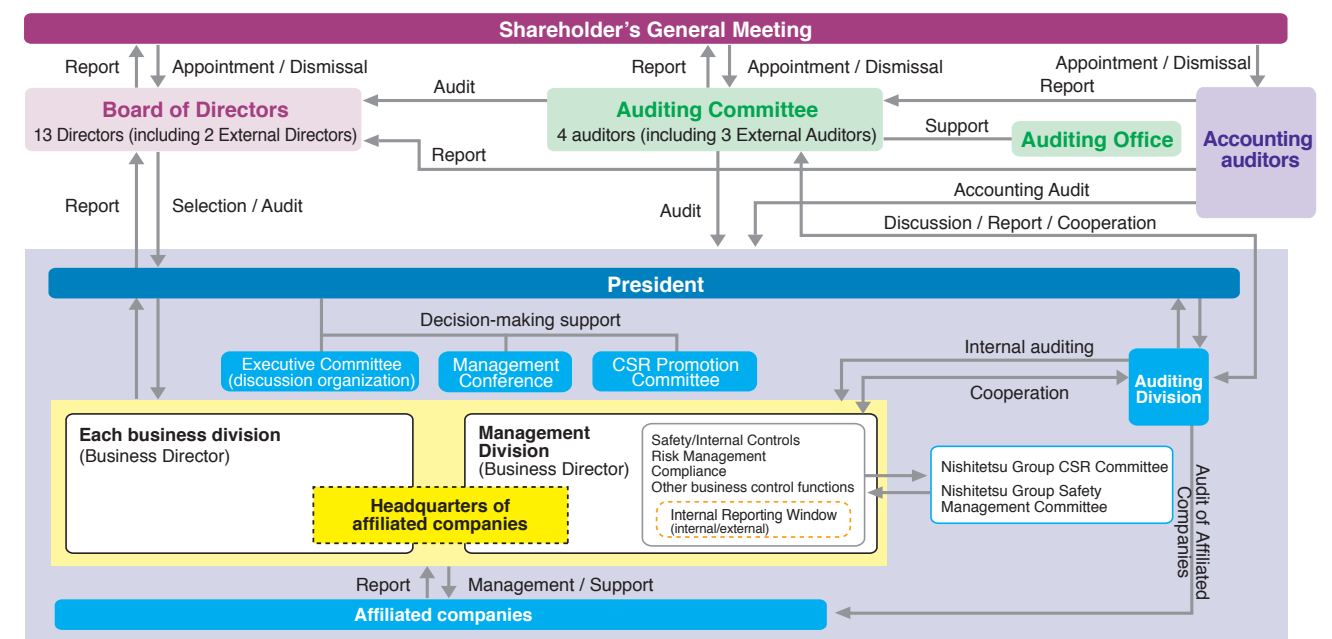
(2) Management Conference

This meeting is held to debate policy and corporate direction in areas such as management strategy and important business items.

(3) CSR Promotion Meeting

This meeting is held to debate policy and corporate direction for important items relating to CSR.

Corporate Governance Flow Chart (as of July 1st, 2014)

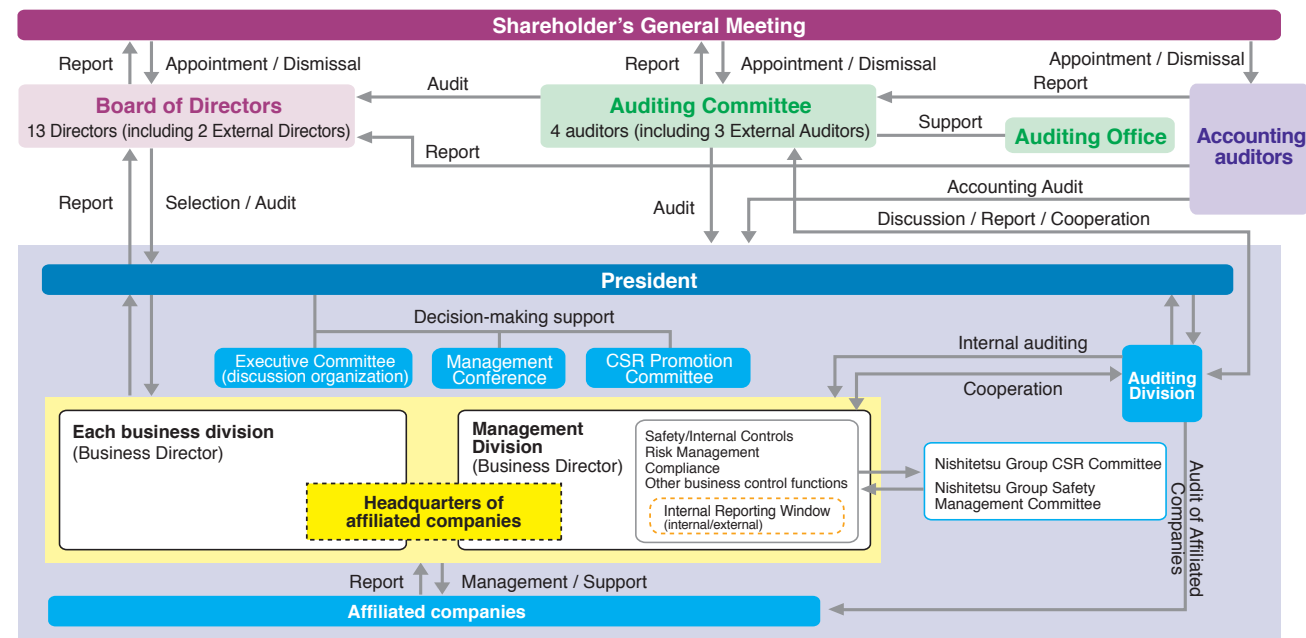


Auditing Function

In addition to receiving regular reports on the status of implementation of audits from our accounting auditors and Audit Department, our auditors attend Board of Directors' Meetings and other important meetings as well as conducting visiting audits which include affiliated companies. In this way, they audit the duties and performance of our directors.

Moreover, the Audit Department conducts internal audits and investigations, which include affiliated companies based on our Audit Plan. These results are reported to our representative directors with improvements encouraged on identified items and reports requested.

Corporate Governance Flow Chart (as of July 1st, 2014)



Promotion of Compliance

Compliance Policies

In order to put Nishitetsu Group's corporate philosophy into practice, we have drawn up the Nishitetsu Group Compliance Policies, a series of 10 fundamental rules that all employees should follow in their work.

We have also created and distributed to all group employees the "Nishitetsu Group Compliance Manual", which gives specific guidance on basic policies and standards for judgments and actions required to put these policies into practice.

Enhancement of Compliance through Employee-targeted Questionnaires

Since 2004, we have been running the "Compliance Self Check", a questionnaire-based survey for all employees. 67% of all group employees responded to the 8th Compliance Self Check, which was administered between August and September 2013.

The answers were analyzed by each business division and each group company, and the results were reported to the CSR Promotion Committee. Following this, the compliance promotion coordinator and other personnel in charge of promoting CSR shared the results with the office members, and drew up specific remedial measures to address any problems and issues that came to light.

Raising Awareness (Training Activities)

We strive to raise awareness among group employees by conducting compliance-related courses as part of internal level-based training or the training of group companies. In FY2013, we conducted a total of 14 training workshops. Additionally, we periodically convey information through such media as the company intranet and bulletin boards.

In addition, we proactively visit companies in our group to collect information relating to the permeation of compliance awareness and the status of training at each company, and provide continuous support to these companies.

Provision of Training Tools and Study Opportunities

We set up the "Compliance Support Newsletter" on a dedicated site in our group's Intranet. Through this system, employees are motivated to study compliance through structured topics, glossaries, quizzes and more. In addition to individual study, it is also possible to use this as a training tool in each workplace. Moreover, in order to promote independent training in each workplace and raise the level of understanding, we have provided new video educational materials that combine mini-dramas and commentary.



"Compliance Support Service" site screen

Drug Abuse Prevention Awareness Training

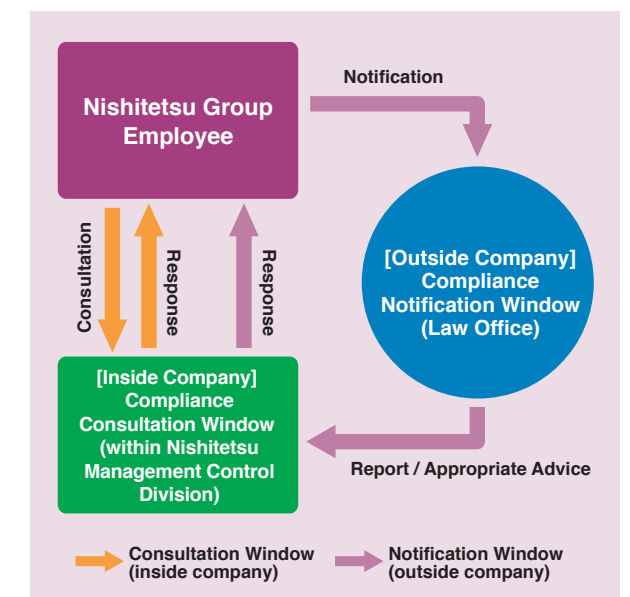
We invite speakers from the Fukuoka Prefectural Police Headquarters to hold periodic study sessions. However, in response to the arrest of one of our bus drivers in April 2013, we held another study session in May in order to prevent any reoccurrence and to strengthen awareness. We have distributed posters, pamphlets and DVDs as tools to raise awareness at each workplace.



Whistleblower System

We have established whistleblower contact points inside and outside the company which can be used by all executives and employees of our group to report violations of our compliance policies. An internal point of contact is located within the Nishitetsu Management Control Division, and an external point of contact at a third-party legal office. Regulations have been established to ensure a thorough response to consultations and notifications of whistleblower reports, and to ensure the absolute confidentiality and protection of users. During FY 2013, a total of 29 compliance consultations and notifications were made to these contact points.

Overview of Whistleblower System



Environment Management

Environmental Management of Nishitetsu Group

Our group is continuing to work toward reducing the environmental load in each department and each company by establishing the Nishitetsu Group Environmental Policy in April 2005, and by working as one to promote environmental management.

Nishitetsu Group Environmental Policies (established April 28, 2005)

We recognize the importance of environmental conservation. Through business activities which are in harmony with the environment, we shall reduce the environmental load. Furthermore, we shall contribute to the realization of a recycle-oriented society and the suppression of global warming.

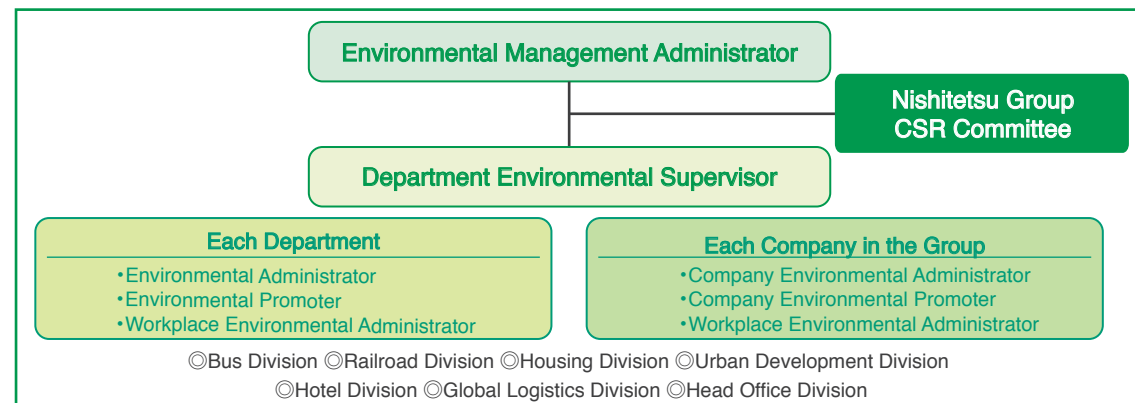
- (1) Increased environmental awareness.
- (2) Proper interpretation and adherence to applicable laws and regulations.
- (3) Efficient use of resources and energy, as well as the reduction of waste materials.
- (4) Promotion of highly energy-efficient mass transportation.
- (5) Provision of products and services possessing environmental quality.

We shall constantly improve our environmental initiatives based upon the above policies.

Management System

Each department and each company in our group is moving ahead with efforts based on our Environmental Load Reduction Plan. In addition, we have established a CSR Promotion Committee and CSR Committee as places to discuss, debate and perform the progress management for items relating to environmental management across our entire group.

Nishitetsu Group Environmental Management System (as of July 1, 2014)



No. 13 Mid-term Management Plan Focal Priority Challenges

Environmental Load Reduction Plan during the 13th Mid-term Management Plan (FY2013-FY2015)



Numerical Targets for Initiatives

Initiative	Division	Unit of Output Level	FY2015 Target (Compared to FY2009)	Main Measures
CO2 Emissions Output Level Reduction (*)	Automobile Division, Nishi-Nippon Railroad	Kilometers traveled	2%	<ul style="list-style-type: none"> • Thoroughness of eco-driving • Promotion of energy-saving through the introduction of equipment • Continuation of power-saving activities
	Railroad Division, Nishi-Nippon Railroad	Kilometers traveled	- 3.5%	
	Housing Division, Nishi-Nippon Railroad	Number of personnel	- 16.5%	
	Commercial Leisure Division, Nishi-Nippon Railroad	Gross floor space	- 7.9%	
	Building Division, Nishi-Nippon Railroad	Rentable space x Sufficiency rate	- 15.2%	
	Hotel Division, Nishi-Nippon Railroad	Annual occupancy rate	- 1.9%	
	Global Logistics Division, Nishi-Nippon Railroad	Average handling volume	- 29.2%	
	Nishitetsu Store	Sales space x Business hours	- 6.0%	
	Nishitetsu Bus Kitakyushu	Kilometers traveled	- 2.3%	
	Nishitetsu Transportation	Kilometers traveled	- 6.6%	
	Nishitetsu City Hotel	Gross floor space	- 7.0%	
Copy Paper Reduction	Nishitetsu Plaza	Sales x Business hours	- 14.3%	<ul style="list-style-type: none"> • Using the reverse side of used paper • Promotion of paperless meetings
	Global Logistics Division, Nishi-Nippon Railroad		- 10.0%	
	Head Office Division, Nishi-Nippon Railroad		- 20.4%	
	Nishitetsu Travel		- 10.0%	

* Unit for CO2 emissions : Amount of CO2 emissions per unit consumption

Performance / Plans of Environmental Load Reduction Plan

In order to promote ongoing initiatives aimed at reducing our impact on the environment, we have drawn up an environmental load reduction plan, and confirm our progress in meeting this plan on a half-yearly basis.

😊 Goals were achieved. 😞 Goals were not achieved, but improvements were made compared to reference year. 😟 Goals were not achieved, and no improvements were made compared to reference year.

Item	Division	FY2013 Goal (compared to FY2009)	FY2009 Result	FY2013 Result	Compared to FY2009	Evaluation	Cause		
Reduction of CO ² emissions amount	Nishi-Nippon Railroad	Bus*1	CO ² emissions per 1,000 km traveled	2.0%	0.8329 CO ² -t / 1,000km	0.8329 CO ² -t / 1,000km	+3.1%	😟	Effect of heat wave
		Railroad	CO ² emissions per 1,000 km traveled	-3.4%	0.9617 CO ² -t / 1,000km	0.9179 CO ² -t / 1,000km	-4.6%	😊	Running VVVF vehicles
		Housing	CO ² emissions per employee	-10.0%	1.462 CO ² -t / person	1.087 CO ² -t / person	-25.6%	😊	
		Urban development (commercial leisure)	CO ² emissions per gross floor space (1,000 m ²)	-7.0%	57.20 CO ² -t / 1000m ²	49.49 CO ² -t / 1000m ²	-13.5%	😊	
		Urban development (building division)	CO ² emissions per gross floor space (1,000 m ²) x sufficiency rate (m ²)	-5.0%	0.3708 CO ² -t / m ²	0.3265 CO ² -t / m ²	-11.9%	😊	
		Urban development (hotel division)	CO ² emissions per annual occupancy rate (1,000 rooms)	-1.9%	8.892 CO ² -t / 1,000 rooms	7.482 CO ² -t / 1,000 rooms	-15.9%	😊	
		Global logistics	CO ² emissions per average fluctuation rate of handling volume (%)	-35.0%	19.33 CO ² -t / 1,000%	16.08 CO ² -t / 1,000%	-16.8%	😞	
	Nishitetsu Group	Nishitetsu Store	CO ² emissions per sales space x business hours (1,000 m ² · h)	-496	56.72 CO ² -t / 1,000%	52.47 CO ² -t / 1,000%	-7.5%	😊	Introduction of LED lighting etc.
		Nishitetsu Bus Kitakyushu	CO ² emissions per 1,000 km traveled	-1.0%	0.8329 CO ² -t / 1,000km	0.8610 CO ² -t / 1,000km	3.4%	😟	Effect of heat wave
		Nishitetsu Transportation	CO ² emissions per 1,000 km traveled	-3.0%	0.5504 CO ² -t / 1,000km	0.5200 CO ² -t / 1,000km	-5.5%	😊	
Nishitetsu City Hotel		CO ² emissions per gross floor space (1,000 m ²)	-5.5%	0.4981 CO ² -t / 1000m ²	0.4510 CO ² -t / 1000m ²	-9.5%	😊		
Nishitetsu Plaza		CO ² emissions sales x business hours (1,000 JPY · h)	-5.0%	0.4981 CO ² -t / 1,000%	0.4510 CO ² -t / 1,000%	-9.5%	😊		
Copy paper reduction	Nishi-Nippon Railroad	Global logistics	Copy paper reduction	-12.0%	25,239,615 sheets	24,588,750 sheets	-2.6%	😞	
		Headquarters	Copy paper reduction	-20.4%	6,136,978 sheets	5,239,500 sheets	-14.6%	😞	
	Nishitetsu Group	Nishitetsu Travel	Copy paper reduction	-10.0%	5,397,500 sheets	6,044,500 sheets	12.0%	😟	

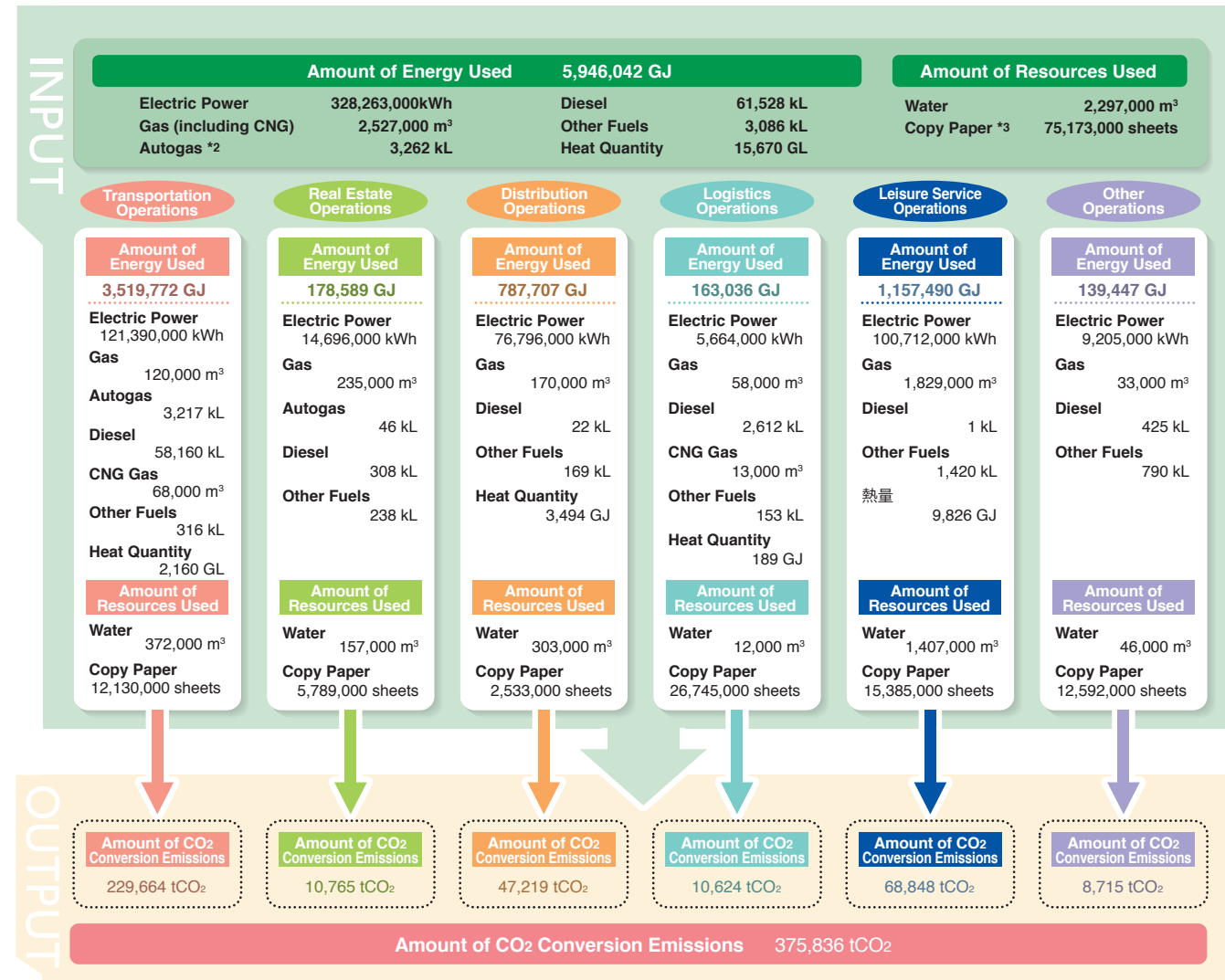
*1 Diesel fuel consumption in FY2013 in the Bus Division has reached - 8.0% (reduction) compared to 2009.

*2 It is assumed that the CO2 emissions conversion coefficient for electric power company does not change from the base year (FY2009). (Kyushu Electric Power : 0.34tCO₂/kWh)

Input & Output

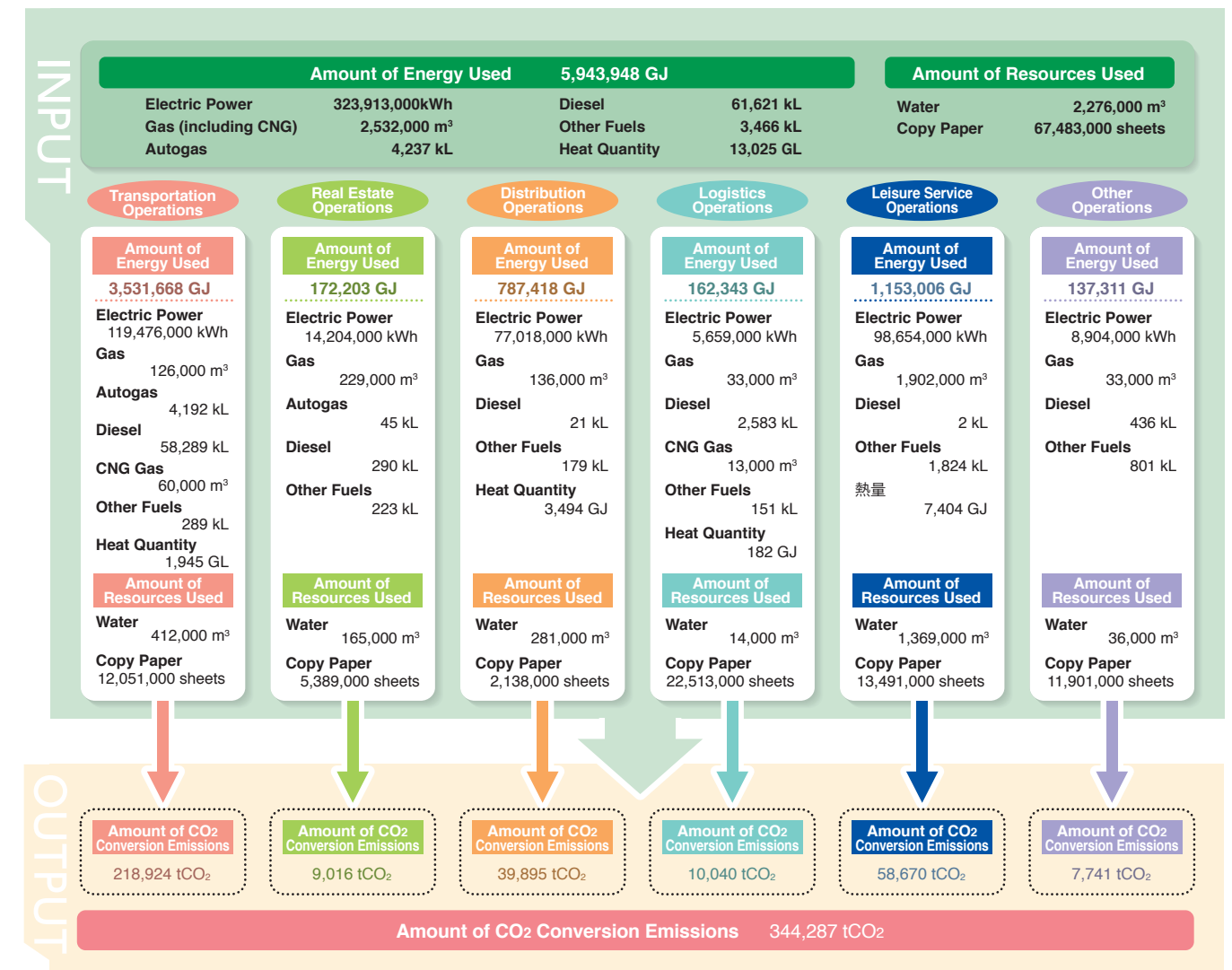
We appropriately assess the amount of resources and energy required for use in business activities, and also assess the amount of greenhouse gases and waste products generated as a result of using resources and energy. These assessments enable us to perform more effective action.

FY2013



*1 From FY2012, the target has been expanded to manageable areas in the entire Nishitetsu Group.
 *2 Autogas has been included in the survey from this fiscal year. The numbers for the previous year are provided in the reference below.
 *3 The number of sheets of paper used in the office has been totaled on a purchase basis (no distinction depending on size).
 *4 When calculating emissions of CO₂, the Ministry of the Environment's Greenhouse Effect Gas Emission Calculation and Report Manual Ver. 3.4 is used.
 *5 Adjusted emissions factors have been used for the CO₂ emissions conversion coefficient for power.
 *6 Figures are rounded to one decimal place.

Reference FY2012 *1



*1 The amount of autogas used has been added to the list. Some miscalculations have been corrected.

In-house Education and Training

Our company conducts environmental education by communicating through training for new recruits basic knowledge related to the environment and our roles as promoters. Moreover, we regularly hold explanatory meetings on amendments to environmental laws and initiatives across our entire group for Environmental Promoters in each department and each company. In FY2013 this was held in September, with approximately 58 people participating.

Accreditation related to environmental management

Our group is continuing to acquire environmental management accreditation in accordance with industry standards. Starting with ISO 14001, this accreditation includes the Green Management Certification promoted by the Foundation for Promoting Personal Mobility and Ecological Transportation and Eco Action 21 of the Ministry of the Environment.

ISO14001 certification (as of April 1, 2014)

Company	Office
Nishitetsu Railroad Co., Ltd.	Railroad division head office / Chikushi factory Urban development division head office / Solaria Terminal Building, Solaria Plaza Building, Solaria Stage Building, Tenjin Core Building, Ohashi Commercial Street, Emax Kurume, Chacha Town Kokura, Retail leisure division (office)
Kyushu Metal Industry Co., Ltd.	Headquarters, factory, Kokura office, Tosu office, Fukuoka office
Nishitetsu Building Management Co., Ltd.	Headquarters and Solaria office
Nishitetsu Transportation Co., Ltd.	Headquarters, Toko distribution center, Moving center, Grand Box
Nishitetsu M-Tech Co., Ltd.	Headquarters, Hakata north factory
NNR Global Logistic UK Ltd.	London head office, Manchester branch, Glasgow branch
Nishitetsu Densetsu Kogyo	Head Office, Railroad Division, Railroad Division Maintenance Department (Fukuoka), Railroad Division Maintenance Department (Kurume), Electronic Communications Division, Fukuoka Branch, Tosu Sales Office, Tenjin Sales Office, Kitakyushu Sales Office

Eco-Action 21 (as of April 1, 2014)

Company	Office
Nishitetsu Green Doboku Inc.	Head Office, Kurume Office, Kumamoto Sales Office, Ohori and Nishi Koen Management Office, Island City Chuo Koen Management Office
Nishitetsu Construction Co., Ltd.	Headquarters

Green Management Certification (as of April 1, 2014)

Company	Office
Nishi-Nippon Railroad Co., Ltd.	Hakata Bus Depot, Yoshizuka Bus Depot, Aatagohama Bus Depot, Momochihama Bus Depot, Zassyonokuma Bus Depot, Iki Bus Depot, Sawara Bus Depot, Kanatake Bus Depot, Hibaru Bus Depot, Kashiwabara Bus Depot, Katae Bus Depot, Nakagawa Bus Depot, Doi Bus Depot, Shingu Bus Depot, Kashihama Bus Depot, Umi Bus Depot, Saga Second Bus Depot, Akama Second Bus Depot, Tsukinoura Second Bus Depot, Sasaguri Second Bus Depot, Hara Second Bus Depot, Kyomachi Second Bus Depot, Fukuoka Highway Bus Depot, Kita-kyushu Highway Bus Depot
Nishitetsu Bus KitaKyushu	Tobata Bus Depot, Yahata Bus Depot, Kokura Bus Depot, Katsuki Bus Depot, Nakatani Bus Depot, Asano Bus Depot, Yayoigaoka Bus Depot, Yukuhashi Bus Depot, Moji Bus Depot, Tsunemi Bus Depot
Nishitetsu Bus Futsuka-ichi	Tsukinoura Headquarters, Hara branch
Nishitetsu Bus Omuta	Omuta Headquarters
Nishitetsu Bus Munakata	Munakata Headquarters
Nishitetsu Bus Saga	Saga Headquarters, Tosu Branch
Nishitetsu Kanko Bus	Fukuoka Branch, Chiyo branch, Kitakyushu branch
Kurume Nishitetsu Taxi Co., Ltd.	Headquarters, Ogori Bus Depot
Kitakyu Nishitetsu Taxi	Headquarters Sales Office
Nishitetsu Butsuryu Co., Ltd.	Chiba Branch Baraki Transportation Center

Use of Renewable Energy

Solar Power Generation Operations of Nishi-Nippon Railroad

	Chikushi Photovoltaic Power Plant	Wakiyama Photovoltaic Power Plant
Installation Type	Rooftop	Flat
Power-generating Facility	2,296 solar panels	2,072 solar panels
Generation Capacity	500KW	500KW
Start of Operation	July 26, 2013	January 29, 2014
Annual Power Production	Approx. 490MWH (power for 140 households)	Approx. 530MWH (power for 147 households)



Chikushi



Wakiyama

SPINA: Establishment of Solar Panels

At SPINA, in order to become more environmentally-friendly, we have focused our attention on sunlight as a source of renewable energy and embarked on a solar power generation initiative using the roofs of existing facilities. We have installed solar power generation facilities at three locations in Kitakyushu City: Spina Mart Anoo Store, Spina Mart Takami Store and Spina Garden Otemachi. With a total area of around 3,600 m2 and a total output power capacity of 450 Kw, we will reduce CO2 emissions by approximately 135,000 kg per year. As well as meeting future demands for electricity, SPINA also seeks to promote low carbon and energy-saving activities and reduce its impact on the environment as a member of the local community.



Spina Mart Anoo Store



Spina Mart Takami Store

UNCLE FUJIYA : Solar Power Generation Operations

At UNCLE FUJIYA, we commenced our solar power generation initiative from January 2014. Having installed solar panels at two of our UNCLE YUME ICHIBA stores (Saga and Amagi stores), we plan to generate a total annual power output of around 300,000 kWh at these stores (enough power for around 80 households). In the future, we will continue to promote low carbon and energy-saving activities along with environmentally-friendly initiatives as a member of the local community.



Nishitesu Kogyo: LEDs for the Bowling Lanes and Nishishin Palace Shared Passageway

Continuing from the lighting in Nishishin Palace parking lot, above the bowling lanes of Nishishin Palace and the shared passageway that was implemented in FY2012, Nishitesu Kogyo introduced LED lighting in some areas of Golf Uespo in FY2013. In addition, with the opening of the Jonan branch of Golf Partner (in July), Nishitesu Kogyo introduced energy-saving devices and implemented heat insulation measures. By the end of FY2014, we will have installed LED lighting in most areas of Golf Uespo, and will continue with our efforts to install LED lighting and initiate energy-saving measures into the future.

Effective Use of Resources

Green Purchasing Efforts

In FY2013, printing paper jointly purchased in our group was designated as recycled paper. In the same way, replacement models of personal computers have also been set to be environmentally friendly products. The Nishitetsu Head Office is promoting green purchasing, such as by starting an initiative to increase the green purchasing rate with office supply catalogs.

Rainwater Tank Installation and Regional Events

We have installed rainwater tanks in order to effectively utilize rainwater at Inuzuka Station with the cooperation of the Shimbun Kankyo System Laboratory.



Rainwater Tank Utilization Experience Meeting

Recycling Boxes for Used Small Electronic Devices

On August 1, 2013, free recycling boxes for used small electronic devices were installed at Takamiya Station and Ohashi Station on the Tenjin Omuta Line. Our group cooperated in this initiative as part of a recycling project aimed at recovering useful metal resources initiated by Fukuoka City in line with the enforcement of the Small Home Appliance Recycling Law (April 2013). Both boxes have been installed in front of the station office, an optimal location for obtaining recycled devices given that many passengers use the station every day.



UNCLE FUJIYA : Introduction of Paper Recycling System "G-box"

In September 2013, UNCLE FUJIYA introduced a paper recycling system called "G-box". In addition to customers receiving points that can be exchanged for shopping vouchers by placing old newspapers and magazines on weighing scales located in-store, this system displays the volume of CO2 that has been cut along with the number of points. To date, this system has been introduced at three UNCLE YUME ICHIBA stores (Saga, Kubota and Tosu Yayoigaoka stores), with future expansions to other stores currently under consideration.



PCB waste products

PCB (polychlorinated biphenyl) waste products were previously used as insulation material in lighting fixtures, condensers and transformers for railroad substations and for electrical substations in building facilities. This PCB waste is carefully stored at our company's dedicated storage facilities in the Nishi-Minato district of Kitakyushu City or stored onsite at the railroad substation of the Tenjin-Omuta Line.

As specified by law, processing for stored PCB waste is scheduled for completion by FY2016.

*The legal deadline for disposal is by March 31, 2027.

ASR Recycling Operations Start

Kyushu Metal Industry: ASR Recycling Operations Start (Achievement of 100% Recycling of Used Automobiles)

In response to being certified as an ASR recycling operator by automobile manufacturers, Kyushu Metal Industry started operations from October 1, 2012.

Our firm has traditionally carried out scrap automobile recycling operations (e.g. crushing business) and we possess the most advanced sorting technology in Japan to collect almost all metals contained in ASR, and then recycle these and make them into products. The dust after metals have been collected from ASR is completely used as fuel and the raw material of cement. The scrap automobiles handled by our firm are 100% recycled. We have now had these technological capabilities recognized by automobile manufacturers.

In the future, we will continue to make the best use of our technological capabilities to contribute toward the reduction of the environmental burden of the community.

*ASR = Automobile shredder residue ... The waste (shredder dust) left after used automobiles have been crushed and the metals from them are collected.



Aluminum sorting



Iron after crushing and sorting of scrap automobiles

Regional Cleaning Activities

Participation in Love Earth Cleanup 2013

A great many employees from our group and their families participated in the "Love Earth Cleanup 2013 : In Fukutsu" held in Fukutsu City, Fukuoka Prefecture. They helped to clean the beach and tideland. There were a total of 1,130 participants and they collected a total amount of 2,610 kilograms of garbage.

MARINE WORLD umino-nakamichi : "Beach Cleaning Day"

The 20th day of every month has been designated as "Beach Cleaning Day." There is a sand dune beach (under the control of the Ministry of Land, Infrastructure, Transport and Tourism) in Marine World. On this beach, jetsam is always washing ashore, so the Marine World Support Team carries out a cleanup prior to the start of work.

Relationship with Customers

Continuing to Meet the Expectations of Our Customers

Promotion of Customer Satisfaction

Our group is striving to promote customer satisfaction by all coming together as one under the "Basic Nishitetsu Group Customer Satisfaction Policy." The provision of products and services that meet potential needs by actively listening to what our customers have to say and continual activities to improve these lead to the true customer satisfaction that our group is seeking.

The Basic Nishitetsu Group Customer Satisfaction Policy (established October 30, 2008)

Our goal at Nishitetsu Group is to continue being the customer's first choice by constantly striving to see things from the perspective of customers and creating expectations under the slogan "the customer's joy is our joy."

- (1) Build and make ongoing improvements to systems for promoting customer satisfaction
- (2) Build relationships of trust with customers through active communication
- (3) Create products and services that exceed customers' expectations
- (4) Take independent steps to discover and resolve issues to improve customer satisfaction

Utilizing the Voices of Our Customers

Since 1996, when we established our General Information Office, we have expanded and improved the information services that we provide via counters and over the telephone.

Customer Helpdesk

Nishitetsu Customer Center

The Nishitetsu Customer Center has a telephone helpdesk for inquiries, opinions and requests regarding Nishitetsu bus and railroad timetables, fares and traffic information, as well as phone calls for questions relating to our group.

Customers can call us using navigation dial at a standard nationwide rate between 6 am and midnight 7 days a week.

■ Tel : 0570-00-1010

■ Hours : 6 am – midnight 7 days a week
(excluding the year-end and New Year holiday season)

Information Centers

We have set up Information Centers in Fukuoka and Kitakyushu to provide information on bus and train connections and boarding areas along with information on nearby facilities.

Nishitetsu Information Center, located in Fukuoka, provides a bus timetable copying service and on-screen boarding information in 4 different languages, as well as information on major facilities in the Tenjin area.

■ Nishitetsu Information Center : 8 am - 8 pm 7 days a week (excluding the year-end and New Year holiday season)

■ Kokura Station Information Desk : 7 am - 7 pm 7 days a week (excluding the year-end and New Year holiday season)

■ Kokura Station Bus Center Information Desk : 7 am - 7 pm 7 days a week (excluding the year-end and New Year holiday season)

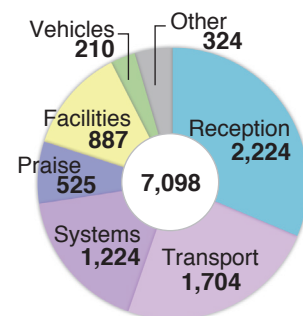
Lost & Found Information Center

We provide a lost property information service for Nishitetsu train and bus users. Details of lost property that is handed in at a station or bus depot are entered into a database, such as the date an item was handed in and a description of its characteristics, enabling us to check up on its status at Nishitetsu Customer Center.

■ Service hours : 8 am - 10 pm

Excluding unmanned stations on the Tenjin Omuta Line and Amagi Line (Ajisaka, Yakabe, Tokumasu, Kamiura, Mada, Gakko-mae, Ozeki, and Hongo)

[Breakdown of Customer Feedback in FY2013]



Words of Praise from Our Customers

As I was about to get off the bus, it suddenly started to pour with rain. The bus driver then handed me an umbrella and said, "Please use this." I was impressed at how nice some people are. (Bus Operations)

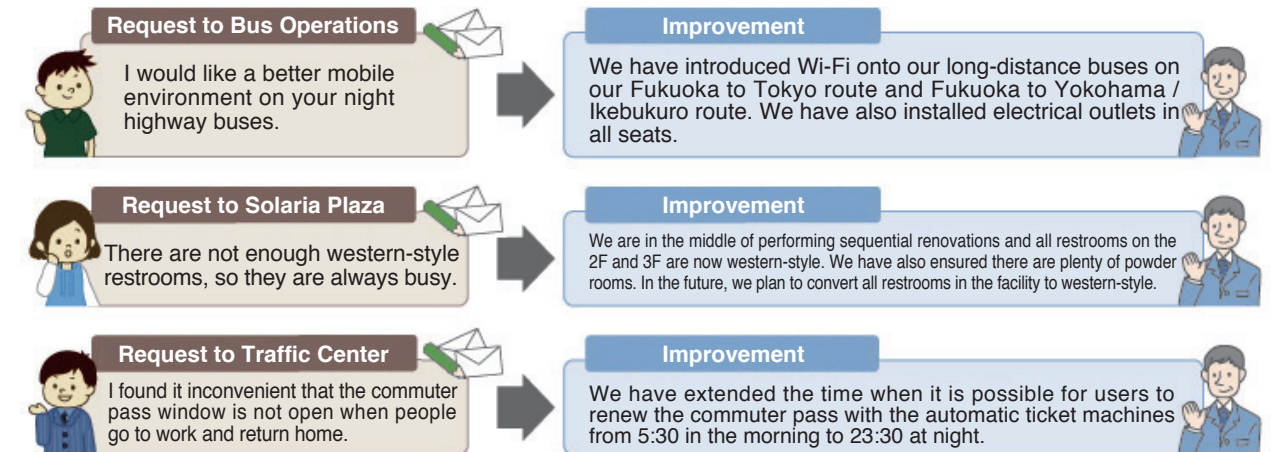
Thank you so much for building me such a wonderful house. I didn't have any concerns during the whole construction process. (Nishitetsu Kensetsu)

I called the commuter ticket office and told them that I'd lost my pass. The person on the phone carefully informed me how to get it reissued and how to claim it if someone found it and handed it in. (Nishitetsu Ticket Service)

I called up to say that this month's special feature on the history of Nishitetsu News was really great. (Public Relations Office)

I called up to ask about smoking areas, and my query was dealt with promptly. I was impressed at how quickly Nishitetsu Group dealt with it. (Nishijin Palace)

Examples of Improvements from Customer Voices



Service Improvements through the Monitor System

Bus Monitors for S-shape curve training

We are working to improve services by collecting opinions from bus monitors once a month and then holding Monitor Information Meetings once every three months. Moreover, we make it possible to experience the hardship of bus driver training and the difficulty of driving by arranging a variety of events once a year at a driving school, such as rides on our fuel-saving vehicles, tours of our training course and taking our suitability inspections.



S-shape curve training tour

Train Monitors

We hold Monitor Meetings to enhance mutual understanding between managers from the Nishitetsu Railroad division head office and monitors outside the company. At these Monitor Meetings, we listen to the opinions our monitors have during their use of Nishitetsu Railroad on a daily basis. We are also striving toward mutual understanding by allowing tours to see the maintenance of our railroad cars at Chikushi Factory and making it possible to experience an operation simulator at our Train Education Center.



Operation simulator experience

Nishitetsu Customer Satisfaction Improvement Efforts

Customer Satisfaction Campaign

We run advertising campaigns employing superior bus drivers who are capable of providing excellent hospitality and service, allowing our customers to know more about the people working on Nishitetsu buses. As a result, there has been a greater awareness of the customer satisfaction skills of bus drivers, leading to an increase in the praise for them.



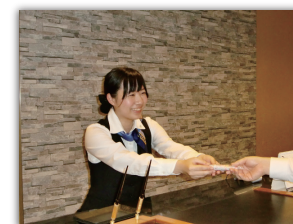
Solaria Nishitetsu Hotel Kagoshima

The Solaria Nishitetsu Hotel Kagoshima won three separate awards consecutively from travel agencies and a website operator. The awards are as follows : Silver Medal (2nd place), Kyushu Area Premium Category of the Rakuten Travel Award 2013 ; Platinum Medal (1st place), Kyushu Area CS Category of the ANA Sales Award 2013 ; and Booking.com Outstanding Accommodation Partner (highest rating). The award from Rakuten Travel resulted from a comprehensive review of the hotel's performance and guest satisfaction. The ANA Sales and Booking.com awards were awarded because of the hotel's outstanding level of customer satisfaction, recognizing the superlative service provided by staff on a daily basis. We will continue striving to live up to these awards, aiming to be the number one choice of hotel for guests and taking steps to provide even better services.



Promotion of projects to improve services (Nishitetsu Hotels)

Nishitetsu Hotels actively promotes projects to improve services as part of its initiatives in raising the level of quality in its management. In February 2013, we came up with the slogan, "The joy of meeting, the expectation of meeting again". With the aim of providing better services, we have selected 120 issues in need of addressing, and are making the necessary improvements one-by-one.



(Examples) Front desk moistened towel service (Beppu, Nihonbashi, Hakata, Shinjuku)
Welcome drink service (Kurosaki, Nihonbashi, Nagoya, Tenjin, Naha)
Free front desk book loan service (Nihonbashi, Tenjin)

Good Use of Feedback from Customers and Employees

Feedback from customers is promptly conveyed to the relevant department or group company and subjected to a fact-finding review. In addition to replying to customers as required, we use the content of feedback to help make improvements and provide staff with further guidance or training.

Furthermore, we collect useful information and suggestions linked with improving CS from group employees as "feedback cards and feedback emails" by having them use the group's products and services and rating them as "satisfactory", "needs improvement" and "unsatisfactory", thus helping us make the necessary improvements.

Sharing Customer Feedback with the Entire Group

Customer feedback is promptly subjected to a fact-finding review at the concerned department, with both the feedback and results posted on the company's intranet "Exceeding Customer Expectation" and shared among the whole group. Particularly noteworthy feedback and all words of praise are edited and published every month as "Customer Feedback Report". By sharing this with the group as a whole, including among those in management positions, we can generate awareness of issues surrounding CS promotion at the group-wide level.



Sharing Customer Feedback with the Entire Group

Service Ranking System (Bus depots/Main contact points)

- 1. Bus depots**
All 33 offices in our bus group are ranked based on customer feedback and the number of points awarded for customer service and driving by fellow employees, who ride on our buses for themselves and evaluate drivers. The purpose behind increasing rivalry like this is to stimulate CS promotion activities at the office level.
- 2. Nishitetsu Group's main contact points**
Nishitetsu Group has been conducting mystery shopper surveys at its 6 main offices and 22 points of contact so as to confirm the effects of joint training to improve customer service, quantify and rank the results and present awards to the offices/points of contact which ranked high in the survey results. The aim behind this is for each office/point of contact to increase its awareness of customer service through healthy competition.

Railroad Customer Satisfaction Efforts Presentation Meeting

On May 16, 2014, around 100 employees from various sections of the Railroad Division participated in a CS presentation session. The content of these presentations featured measures that each managing train station implemented in FY2013 to improve CS. Each team reported on the kinds of things their station did to elicit the trust of passengers and enable them to use the station and train in comfort, such as morning greetings, cleaning toilets and responses to emergencies.

Training to Enhance the Level of CS at Main Points of Contact

Nishitetsu Group's 6 companies, including Nishitetsu Station Services, Nishitetsu Ticket Services and Nishitetsu Travel, conduct coordinated training to improve the level of customer service. Training is conducted according to position within the group, such as training for managers or educators, with everyone in each group company working hard together to raise CS awareness and improve their skills.



Nishitetsu Group Companies' CS Improvement Training

Social Contribution Activities

Support for Children, our Next Generation

Nishitetsu Kids Job Experience School

The Nishitetsu Kids Job Experience School has been held during summer vacation since 2009. It is a job experience program aimed at elementary school children. In 2014, 81 elementary school children were able to have experiences in various job categories (e.g. hotel chef, aquarium caretaker and railroad conductor) within our group's facilities.



Nishitetsu Grand Hotel



Marine World - Uminonakamichi



Chikuho Electric Railroad

Interaction with Children in Local Communities

Bus depots and railroad stations actively accept social science tours from kindergarteners and elementary school students and work experience placements from junior high and high school students in local communities.

Nishitetsu Station Service

Yanagawa Station runs Train School every year for first grade students from Omuta City Kuranaga Elementary School. A special train was prepared for the class where children had the chance to see how to operate the train and listened to a talk given by the operator. This school also stresses safety awareness through experience of emergency braking from speeds of 110 kilometers an hour.



Bus Classes at Elementary Schools

Since 2011, we have run bus classes at elementary schools located near our bus depots. Using programs and teaching materials designed by bus drivers themselves, we convey to children the social roles of public transportation in an easy-to-understand way through Nishitetsu Bus' safety and environmental initiatives.



Job Shadow Program

Since 2009, we have been participating in educational programs aimed at high school students provided by Junior Achievement Japan. In 2013, 19 students from Fukuoka Futaba Senior High School took part in work experience at our head office, Fukuoka Building.

Asian-Pacific Children's Convention in Fukuoka

We support the "Asian-Pacific Children's Convention", an NPO that assists children in gaining experience of other countries. In 2008, we established a fund enabling children in welfare facilities to participate in the "Mission Project", a program which arranges for children to undertake homestays in counties in the Asia-Pacific region. In FY2013, 6 children went on homestays using this fund, and a total of 73 children participated in the program.

Invitation Tours for Children from Welfare Facilities

On September 22, 2014, we invited 142 children from 20 welfare facilities within Fukuoka Prefecture to MARINE WORLD umino-nakamichi and Kashii Kaen. Everyone enjoyed the dolphin show and rollercoaster.

Children's Refuge 110

In order to ensure the safety of children who have escaped from such crimes as molestation, kidnapping and sexual assault, since April 2006 our group has been involved in the "Children's Refuge 110" scheme in collaboration with Fukuoka Prefectural Police headquarters. We have set up around 200 such refuges throughout Fukuoka Prefecture at train stations, bus depots, offices and stores.

Overseas Activities

Participation in a JICA Project in Hanoi, Vietnam

The Bus Division has been participating in a Japan International Cooperation Agency (JICA) project that started in 2011. In this project, we have been providing support to improve abilities, such as checking the driving skills of bus workers and the level of service provided to customers, as well as the leadership process and the method of setting operation times by agencies and bus companies in Hanoi, Vietnam.



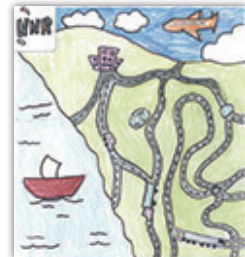
Bus in Hanoi

NNR Global Logistics UK Limited : Safety Training for Children

The London Sales Office of NNR Global Logistics UK Limited gave instruction on road traffic safety to the nearby Southville Primary School. Together with this, a presentation was given about cargo transportation by air and sea. On this occasion, drawings with the title of "Cargo Transportation for Me" were awarded prizes.



UK at School



Winning Drawing

Reconstruction Support in Great East Japan Earthquake Affected Areas

We dispatched volunteer groups to areas affected by the Great East Japan Earthquake and Tsunami disaster (e.g. Minamisanriku in Miyagi Prefecture) between July 2011 and July 2014. This project was carried out 25 times with the cooperation of the Nishitetsu Labor Union, with groups consisting of a total of 615 employees of our group. Our volunteers helped with work such as clearing away debris.



Earthquake Volunteer Group

Relationship with Employees

Diverse Human Resource Application

We promote the introduction of various systems and initiatives with the aim of effectively using our human resources.

Optimal Placement Test	This is a job rotation test used for bus and train drivers moving to office workplaces
Employment of the elderly	This is a reemployment system after compulsory retirement 1) Master Employee System : Introduced 2006 Established part-time work system in 2013 2) Senior Employee System: Part-time work Introduced 1989 We raised the age limit on employment from 65 to 68 in April 2008
Career Return System	This is a system to enable the return to the company of employees who previously left because of reasons such as marriage, child rearing and providing care. (Introduced from 2012)

Overseas Student Recruitment

Until recently, international students had only been employed in our Global Logistics Division, but the first international students joined our company as new graduate employees in our Head Office in 2011. A total of five students have been recruited up to 2014.

Expansion of the Employment of People with Disabilities

We established a special subsidiary called "Nishitetsu Will Act" in January 2011. As of the end of FY2014, this company employed five people with disabilities to perform office duties, printing of various documents, bookbinding and cleaning duties.

The First Female Driver for Nishitetsu Train

On March 28, 2014, a graduation ceremony was held for drivers who have been operating first-class electric vehicles for 60 terms. Representing these 9 drivers was Mana Machitori, who delivered an address in response. With the exclusion of women who drive streetcars, Ms. Machitori was the first female driver for Nishitetsu Train. In her address, she resolved to have confidence in herself and take pride as a railway driver and to strive every day to "place most priority on the safety of passengers."



The First Female Driver

Promotion of the Work-Life Balance

Action Plans Based on the Act for Measures to Support the Development of the Next-Generation

"Kurumin" Mark given to Accredited Support Companies



On September 6, 2011, following on from 2008, Nishitetsu was accredited for a second time as a "General Business Operator in Conformance with the Standards set out in the Act for Measures to Support the Development of Next-Generation" by the Ministry of Health, Labour and Welfare.

Outline of the Work-Life Balance System

Flextime System	We are aiming to reduce working hours and increase harmony with employees' private lives by setting work hours flexibly in accordance with the press and slack and conditions of business. (Introduced from 2009)
Special Work System	We are making it possible to select shorter working hours and a reduced number of working days tailored to the situation of our employees, e.g. parenting and nursing. In FY2013, 51 employees took advantage of this system. • Parenting : Until children enroll in junior high school • Nursing : Until when nursing is no longer required (no upper limit)
Annual Leave Preservation System for nursing of children	We are making it so employees with preschool children can save up to 50 days of expired annual paid leave and redeem this for care of children. (It is possible to redeem up to 55 days in a year in conjunction with existing care leave)
Nursing Leave System	Leave period: three years (1,095 days)

Promotion of Communication with Families

We are making efforts to promote communication with families for the purpose of enhancing the family lives of employees.

- No Overtime Day : In our Head Office Building, we encourage employees to leave work as scheduled for No Overtime Day on Thursday every week.
- Children's Visiting Day : We have put in place a Visiting Day in which children can work together with employees for a day.

Efforts toward Utilizing the Voices of Employees

Opinion Boxes and Improvements

We have set up "Opinion Boxes" to collect the opinions of our bus workers at each Nishitetsu Bus office. This is being done with the aim of improving customer convenience and along with the workplace environment through minor suggestions and information relating to bus operations.

(Specific example)

- Alleviation of traffic congestion through the improvement of signal cycles



Opinion Box

Human Resource Development

Our group provides systematic educational opportunities intended to develop the staff.

In the Nishitetsu Head Office, we formulated guidelines in 2010 to define the abilities needed for continued staff growth and development. In line with these guidelines, we are now moving ahead with the re-development of hierarchical training and self-development programs.

- Training by roles and purposes : Group CSR training and Group management capability improvement training
- Self-participation and self-improvement : Open School, distance learning and e-learning

Overseas Training System (Global Logistics Division)

In order to acquire knowledge and skills related to global logistics, we implemented an overseas training system over 30 years ago. In 2013, eight young employees were accepted for one year training in America, China, the Philippines and so on.



Announcement Training Program for Supervisors (Railroads)

An instructor from RKB MUSE Co., Ltd. conducted training for supervisors from the station staff and sales staff divisions. The aim of this training was for them to learn methods for teaching junior employees how to make announcements. Following vocalization training, the instructor and participants listened to recordings of all participants' announcements, with the instructor providing one-on-one guidance on skills such as the speed of words, stress and correct ways of pausing.

Enhancing Human Rights Awareness

Human Rights Training

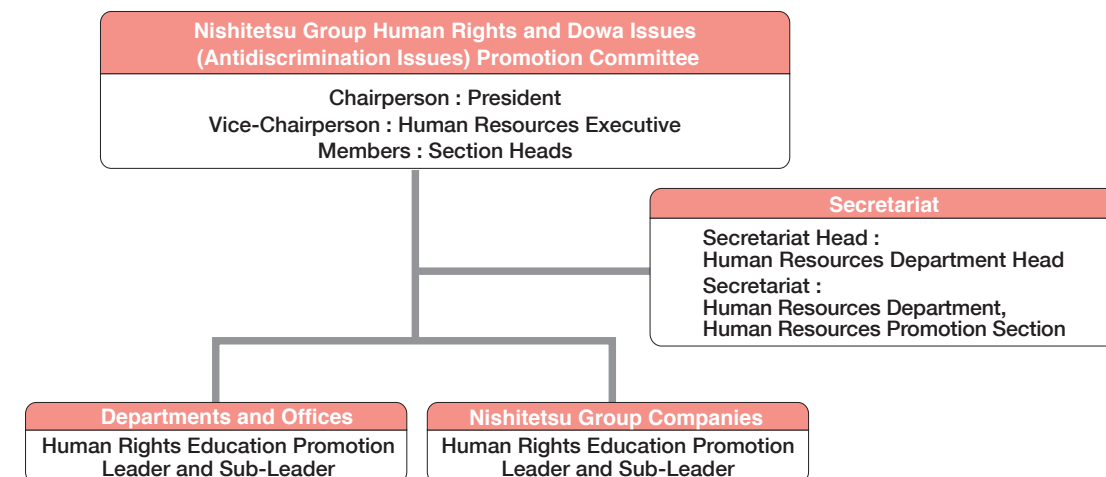
We have been conducting "Human Rights Education Promotion Leadership Training" in order to develop specialized trainers in human rights and Dowa issues. These trainers supplement traditional training classes and place an emphasis on human rights and Dowa in the workplace.

Moreover, our company has supported human rights and Dowa activities in local communities (e.g. operating various training programs). We are participants as a central corporation in the "Fukuoka City Corporate Dowa Issues Promotion Committee" that was established by eight firms in Fukuoka City, including ours, in 1978.

We have been promoting the creation of workplaces that are safe and comfortable to work in by conducting training regularly in regards to human rights at work, including sessions on sexual harassment and workplace bullying.

Promotion Structure

In order to strengthen our efforts, we rebuilt our employee training structure by positioning the "Nishitetsu Group Human Rights and Dowa Issues (Antidiscrimination Issues) Promotion Committee" as an advisory body of the CSR Promotion Committee in July 2010. Along with deepening correct understanding on human rights and Dowa issues and understanding the social responsibilities corporations must fulfill, we have been promoting education and awareness for our employees.



Occupational Health and Safety

Industrial Health and Safety Promotion Plan

We have formed a united management system across our group in order to thoroughly implement occupational health and safety for our employees. Every year, we formulate group targets and an action policy for both health and safety.

However, in 2013, there were 170 cases of job-related accidents and 80 accidents while commuting to work.

FY2014 Health and Safety Management Activity Plan

Safety Activities

• Group Targets

- (1) Absolutely no deaths or serious accidents
- (2) Work accidents: Eradication of accidents involving falling (stumbling over, slipping and misplaced steps)
- (3) Eradication of commuting accidents (especially two-wheeled vehicles)
- (4) Promotion of the creation of safe and comfortable workplace environments
- (5) Establishment of a health and safety management system (Compliance with laws and ordinances)

• Activity Policies

- (1) Strict compliance with work procedures manuals and a prohibition on unsafe actions
- (2) Prevention of accidents by collecting and utilizing information relating to near-misses
- (3) Encouragement for going to/leaving work in plenty of time and promotion of the use of public transportation facilities
- (4) Strengthening of health and safety workplace patrols and improvement of dangerous areas in facilities etc.

Health Activities

• Group Targets

- (1) Prevent the occurrence of brain and heart ailments during work
- (2) Further strengthen the Mental Healthcare System
- (3) Prevent the occurrence of lifestyle diseases
- (4) Prevent contagious diseases
- (5) Aim to improve hygienic environments

• Activity Policies

- (1) Implementation of a health management system for employees
- (2) Development of the Nishitetsu Group "Plan to Improve Mental Health"
- (3) A 100% attendance rate at the periodic health examinations
- (4) Enhancement of the health preservation guidance system after the periodic health examinations
- (5) Awareness toward the prevention of contagious diseases
- (6) Thorough separation of areas for smokers and non-smokers

Mental Health Efforts

We have formulated our "Plan to Improve Mental Health" with the aim of promoting the maintenance of mental health. Moreover, we promote self-checks on mental health through the Group Magazine and posters. Together with this, we have established external consultation centers to provide support for individual consultations. Furthermore, we give our managers training so that they acquire an understanding of mental health symptoms and so that they are able to provide appropriate support.

Since FY2011, we have been performing stress checks once a year and providing feedback to individuals when they undergo their periodic health examinations. Moreover, we are planning to hold self-care training for regular employees as a new initiative.

Guaranteeing Safety : Our Most Important Commitment to Our Customers

Nishitetsu Group Safety Management

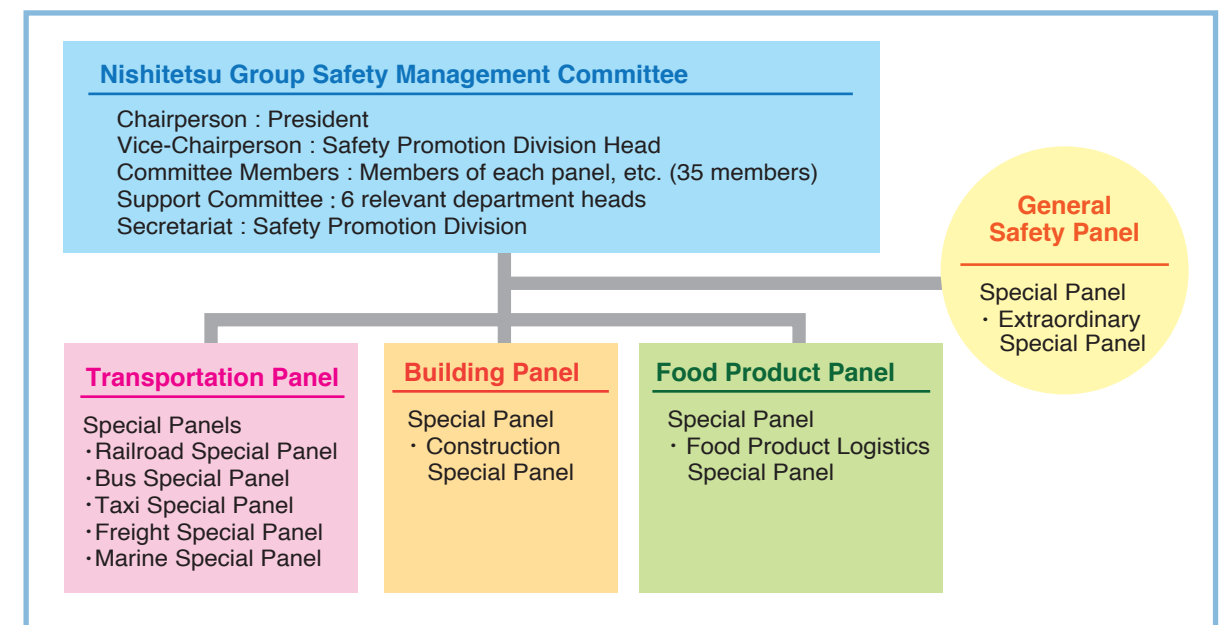
Safety Management System

The "assurance of safety" is of the highest priority for our group. In order to gain the trust of various stakeholders such as our customers and members of the community, and in order to continue to exist as a corporation in society, it is important for us to ensure the safety of the products and services supplied by our group. Also, we recognize that safety initiatives are a continuous process.

Safety Management Committee

The Safety Management Committee was established as a cross-group organization responsible for discussing and deciding upon items related to the safety of our group and for improving safety in all of our business. Activities of the committee are based upon our group's Fundamental Safety Policy.

In order to put into practice the committee's deliberations and decisions, we have established as a substructure three panels in each of the fields of transportation, construction and food products. We have also set up a General Safety Panel that functions cross-organizationally across these panels. Furthermore, we have also created nine special panels below these.



Group-wide Safety Themes

We have established "Group-wide Themes" for efforts in all the Transportation, Construction and Food Product Panels of the Safety Management Committee since FY2012 in order to share awareness toward safety by holding discussions on themes that are common throughout our entire group.

The Group-Wide Theme in this fiscal year is "Deviations in Recognition and Awareness relating to Safety in the Workplace." Every department in every firm is making efforts to eliminate "deviations in recognition of communication up and down the line," which is a major challenge in building an environment of safety in the workplace. Each department and firm is also reporting and exchanging ideas on this subject.

In the future, we will continue to implement this project in an effort to motivate the entire group.

Nishitetsu Group Safety Promotion Conference

The Nishitetsu Group Safety Promotion Conference is held annually in order to increase safety consciousness in all employees, including managers and executives.

The conference held in November 2013 was attended by many distinguished guests. Approximately 400 people attended the conference, including our group President along with representatives of each division and each group company.

Furthermore, we were honored with a talk entitled "Utilizing Internal Audits as a means of building a Culture of Safety" by Associate Professor Makiko Okamoto of Nagaoka University of Technology. This talk enabled us to raise awareness of safety consciousness and provide enhanced information sharing.



Railroad Safety Promotion Conference

Nishitetsu Group Fundamental Safety Policy (established September 21, 2006)

We consider the assurance of safety to be the most important mission of our group's corporate philosophy. Each member of our group shall be aware of their individual responsibilities and roles, and shall gain the trust of our customers by fulfilling their duties to society.

- (1) Establishment of an organizational environment in which safety is the highest priority.
- (2) Establishment of a safety management system and constant refinement of this system.
- (3) Improvement of the skills and health of our employees, who are the foundation of safety.
- (4) Provision of products and services which give priority to the safety of customers.
- (5) Promotion of active communication with customers regarding safety.
- (6) Implementation of initiatives based upon the Fundamental Safety Policy and observance of applicable laws.

We shall unceasingly strive for the assurance of safety based upon the policy explained above.

Internal Audits : Consulting with Outside Experts

In order to bring about qualitative improvements to the content of audits, the six companies connected with the Bus Group have introduced a system of external audits in which third parties give objective feedback on the progress of audits. Here, outside experts accompany auditors on actual internal audits, evaluating their progress and giving advice, including points on hearings and ways of creating audit reports. This consulting is set to continue from the current fiscal year, enabling us to make further improvements to our internal audits.

Safety Management Efforts with the Support of Guest Instructors

As part of our safety management efforts, we invite guest instructors to come and hold in-house seminars on our behalf. In FY2013, Mr. Akira Ishibashi, manager of Safety Management Laboratory Co.Ltd., gave a talk on organizational capabilities that support safety. In addition, Mr. Masanobu Otsuka, director of the Safety Promotion Division of Star Flyer Inc., gave a talk on safety management in other industries.

The former had 25 participants, mainly group managers, and the latter 103 participants from all areas of the group.

Efforts to Protect the Safety of Food

Securing the Nishitetsu Group's Food Safety

All companies in Nishitetsu Group that handle food, including supermarkets, hotels, restaurants and food processing factories are united under a food safety committee in providing customers with food safety.

We make ongoing improvements by turning the PDCA cycle, with our activities revolving around the following main pillars: "legal compliance", "general hygiene management", "communication with both inside and outside the group", and "establishment and administration of management systems".

Since FY2012, related persons from our companies have accompanied hygiene inspectors from an external agency that we have consigned to carry out this work on our behalf. In addition to sharing our target hygiene levels among employees, we hope that this will help improve our personnel's knowledge and know-how of these matters, so that they will be able to conduct inspections by themselves.

Hygiene Inspections of Facilities

An external agency performs hygiene inspections on our behalf, which cover the kitchens and cooking facilities of group companies that handle food, including supermarkets, hotels, and restaurants.

In FY2013, the 7th year of these inspections, we were able to confirm that we had taken on board advice given to us during the previous fiscal year and made clear improvements, and that the advice was permeating through all related facilities within the group.

One example of a tool for improvement is our creation of the group-wide "Casebook of Potential Accidents", a booklet of case studies based on advice received from inspections during the previous fiscal year that is proving useful in improving workplace hygiene and in conducting our own independent inspections.

Although this year's inspections showed that we had made improvements based on suggestions from the previous year, we continue striving to make further improvements to provide customers with safe and reliable food products.

Nishitetsu City Hotel : Efforts to Improve Safety of Food

In 2013, a series of food mislabeling scandals among hotels and department stores were exposed, which developed into a major social issue.

At Nishitetsu City Hotel Co., Ltd, which runs hotels like Nishitetsu Grand Hotel and Solaria Nishitetsu Hotel, we have long had in place the correct guidance and education on food labeling, which is why our labels have yet to contain information of a kind that might mislead customers. However, in an effort to further reinforce our existing labeling policies, we launched the Review Meeting on the Issue of Food Trust in October 2013. This led to the establishment of the Rules and Regulations relating to Food Safety in December of the same year, thus putting in place a system of checks for food labels for even those divisions not related to food preparation.

We will continue our group-wide drive to promote food safety so as to provide customers with delicious food that is both safe and trusted.



Eradication of Drunk Driving

Efforts to Eradicate Drunk Driving

Strict Alcohol Check System

We have put into place a complete system to perform alcohol checks and for managers to check the detection records (facial photographs and measurement readings) of drivers and conductors in the Transportation Division under the presence of managers at attendance roll-call.

Furthermore, there is a requirement for those in all offices, not just in the Transportation Division, to undergo alcohol checks prior to driving to work.

Alcohol Test at Home

In order to prevent workers driving into work under the influence of alcohol, we loan bus and train drivers in our group portable breathalyzers and instruct them to test themselves at home.

Drunk Driving Eradication Convention

In light of the scandal relating to alcohol detection at one of our group companies, we ran the Nishitetsu Group Drunk Driving Eradication Convention in order to prevent a reoccurrence.

In addition to a briefing from group president Mr. Kuratomi and reports on initiatives that have been taken within the group to eradicate drunk driving, this convention featured talks from the relatives of those killed in drunk driving accidents, reaffirming our firm stance against this issue.

Launch of Committee to Reevaluate Drunk Driving Eradication Activities

We launched the "Committee to Reevaluate Nishitetsu's Drunk Driving Eradication Activities" within the Nishitetsu Group Safety Committee, through which we reevaluated our existing activities and planned our future activities

Through this committee, we solicited opinions utilizing a questionnaire survey targeting around 7,700 group employees along with a round-table talk with 509 participants. With the addition of advice from outside experts, this enabled us to make suggestions for future directions for activities. The committee made the following suggestions: 1. Promote group-wide sharing and a thorough comprehension of laws and standards of behavior; 2. Prevent drunk driving eradication activities becoming stuck in a rut and lacking substance; 3. Put in place enhanced health management support systems. As a result, all sectors of the group are now making efforts to draw up annual plans for their activities.

Workshop to Raise Awareness of Alcohol Addiction

Continuing on from last year, we invited a doctor with expert knowledge and experience of treating alcoholism to give a talk. Over 400 people from throughout the group attended this talk, helping improve everyone's awareness of the need to take care of their health.

One-on-one Interviews with Employees during Drunk Driving Prevention Week

Bosses at each workplace conduct one-on-one interviews with employees with the goal of encouraging them to take care of their health and prompting active communication within the workplace. Interviews are carried out using our Alcohol Consumption Habit Check Sheet; if necessary, nurses and industrial physicians provide employees with guidance on how to improve their lifestyles and drinking habits.

Letters from President to Employees' Families

We sent letters to the families of all group employees on behalf of group president Mr. Kuratomi asking for their cooperation in eradicating drunk driving.

Renewal of Drunk Driving Eradication Education Materials (Video, Handbook, etc.)

We have created a video to educate our employees on the need to eradicate drunk driving. This video features a personal message delivered by our president along with a note from someone who caused a fatal accident through drunk driving (from Aganai-no Hibi (Days of Redemption), supplied by the Tokyo Traffic Safety Association). In addition, in FY2014, we created a new video to ensure that employees do not forget our group's recent scandal and a video of messages from the families of victims of drunk driving accidents.

We are also working towards generating awareness by printing a new drunk driving eradication handbook, putting in place harsher penalties for drunk driving and publishing information on the time it takes for the body to break down alcohol.

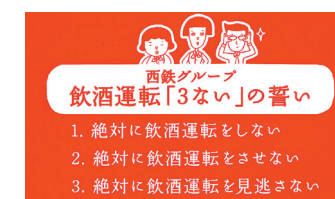
Registered Company in Fukuoka Prefecture on Eradication of Drunk Driving

With its base of operations in Fukuoka Prefecture, Nishi-Nippon Railroad Co., Ltd. has registered as a "Fukuoka Prefecture declared company on eradication of Drunk Driving" in its capacity as a transportation company.

Oath of the "Three NOs" of Drunk Driving

As a group providing public transportation services like buses and trains, passenger safety is our primary mission.

As a transportation professional, we drew up the "Oath of the "Three NOs" of Drunk Driving." This is an attempt to actively highlight how avoiding drunk driving is not only an individual challenge but also includes preventing others from driving under the influence of alcohol. We have designated the 1st day of every month as a special day for emphasizing the need to eradicate drunk driving, with all group employees reciting the Oath of the "Three NOs" at the start of work on these days. When reciting this oath, we try to raise further awareness by having each member report on the steps they have been taking to eradicate drunk driving.

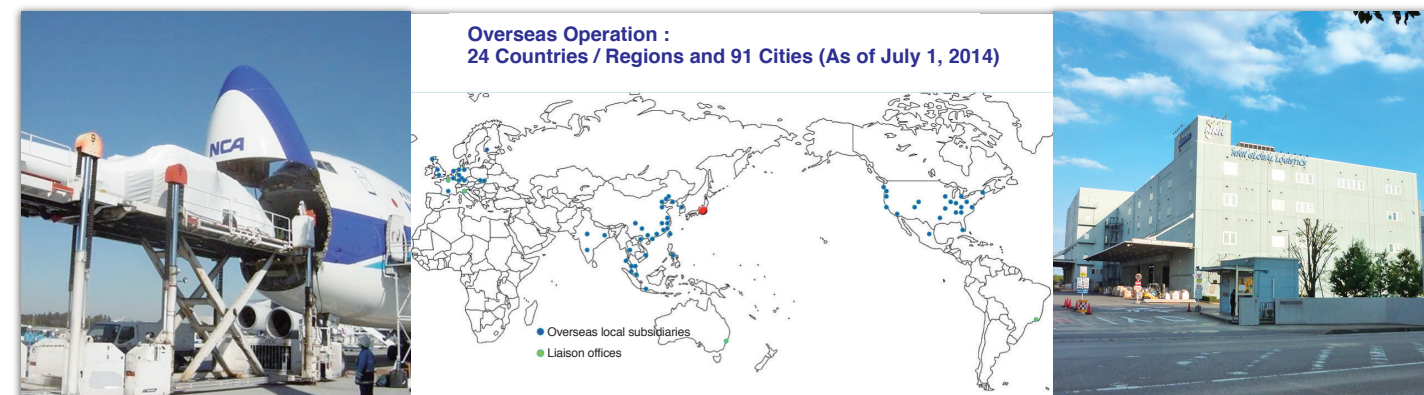


Providing High Quality Services

Providing High Quality Services

Global Logistics Services

Global Logistics Division is based on safely and reliably storing and transporting goods and products we have been entrusted with by meeting all the needs of our customers as a global logistics provider. Moreover, in order to provide even higher quality and further added value services, we are striving to improve our quality and security (including that of our overseas local subsidiaries) and are promoting the acquisition of ISO9001 quality management certification and AEO certification.



AEO Program

Our company is authorized AEO partner by Tokyo Customs in all three AEO programs for logistics provider in Japan, accredited AEO Warehouse Operator in January 2009, AEO Customs Broker in February 2011 and AEO Logistics Operator in November 2014. This accreditation is acknowledgement by Customs of the excellence of our maintenance of security management and compliance system.

* AEO (Authorized Economic Operator) Program

This program ensures both security and facilitation in international trade through partnerships between the private sector and Customs. Customs grant accreditation to businesses that have put in place both security management for freight and a compliance system.



Quality Management System : ISO9001

At the Global Logistics Division, we have obtained ISO9001 quality management certification, and are continually striving to provide even higher quality and further added value services to rapidly meet the requests and changing needs of our customers.

At present, in our Global Logistics Group, corporate bodies from 12 countries worldwide have acquired certification, including overseas subsidiaries, and we are working to safely and reliably store and transport goods and products we have been entrusted with.



ISO9001-2008

TAPA Class A

Narita Logistics Center and Rinku Logistics Center, our integrated logistics facilities, received the worldwide level security standard TAPA Class A. This was awarded for our safe and reliable storage of freight and products that have been entrusted to us by our customers. We have received Class A certification in 6 corporate bodies and 14 facilities overseas.

In these facilities we reliably carry out access and exit management of vehicles and people that are entering and leaving. Together with this, inside our warehouses we carry out monitoring through surveillance cameras and other means as protection against theft and intrusion.

* TAPA (Transported Asset Protection Association)

A non-profit organization founded in 1997 in the US and expanded bases in Europe and Asia with the aim of preventing losses incurred resulting from the loss and theft of high-tech equipment during storage and transportation. The Class A level is awarded to facilities that have passed the strictest security standards.

Introduction of Large X-ray Inspection Devices

We introduced large x-ray inspection devices at Narita Logistics Center and Rinku Logistics Center to meet new obligations for detecting explosives in all international air cargo, which came into force from April 2014 under Aviation Security Systems in Japan. These x-ray inspection devices are the largest available for air cargo and can be used to examine cargo in containers and other large cargo to be loaded on aircraft. With the capability of performing multiple examinations in one go, these machines can fully respond to the demand for the rapid transportation of air cargo.

NNR Global Logistics USA Inc. Los Angeles certified as a FTZ

In June of 2011 NNR Global Logistics USA Inc. Los Angeles facility applied to become a FTZ general warehouse. There are 2 types of FTZ in the Los Angeles area, Subzones / Usage-drive sites which are for a specific company's use. The other is a Magnet (General) site which is open to multiple users. NNR Los Angeles applied to become a Magnet site so that we could offer FTZ benefits to our customers.

The application process took over one year and approval was granted by US Customs and Border Protection on July 5, 2012. It too another year to be granted Activation status on November 2013.

* FTZ (Foreign Trade Zones)

Foreign Trade Zones are zones legally deemed to be outside the jurisdiction of customs, even in their own countries. This allows for many benefits, including preferential treatment in terms of taxation, such as the withholding of customs duties and distribution processing like repackaging and assembly in a bonded state.

*Confidence
Comfort
Enjoyment
Report*