

Environment

An environmental impact is unavoidable in the logistics business. Taking this fact deeply and seriously into consideration, the NRS GROUP will continue to pursue how we can reduce our environmental impact and realize environmentally friendly and sustainable business operations.

Environmental Policy

We promote a logistics system that ensures the prevention of environmental pollution as we develop our transport, storage, and other related services, mainly for chemical products.

We comply with all environmental laws, regulations, ordinances, and other agreements and arrangements that we have concluded. Considering the impact of our business activities on the environment, we will focus on the following key issues, including the reduction of CO₂ emissions, which have a significant impact on global warming and air pollution. (This includes the support, promotion and management of environmental activities undertaken by sales offices and group companies.)

This environmental policy shall be disseminated to employees and related parties by posting and by other means and shall be disclosed to the public upon request.

1. Measures to prevent air pollution, water pollution and global warming
2. Reduction of waste through appropriate waste management and promotion of recycling
3. Promotion of resource saving, energy saving and green purchasing.

I To Achieve Carbon Neutrality

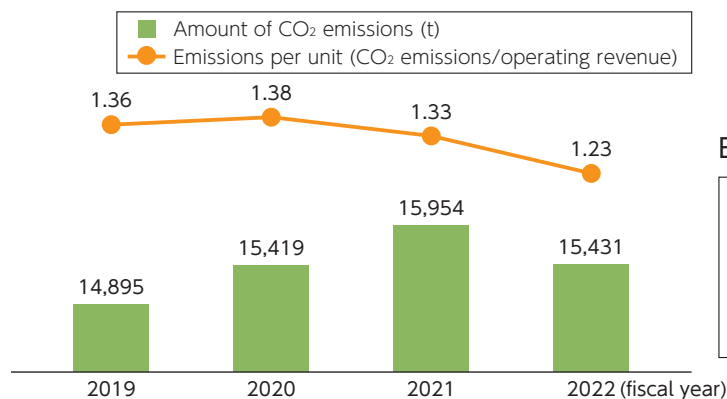
We have declared that we will achieve carbon neutrality by 2046, the 100th anniversary of our founding, ahead of Japan's nationally determined contribution (NDC), which calls for achieving carbon neutrality by 2050. In 2030, when we plan to complete our SDGs initiatives, the entire NRS GROUP will work toward the goal of making purchased electricity CO₂-free and completing the conversion of cargo handling equipment and company-owned vehicles to EVs. To achieve this goal, it is essential to collaborate with related companies and organization as there are limits to what can be accomplished by the efforts of a single company. First, we will participate in the external organizations that promote carbon neutrality and make efforts to clarify the role we are to play.

As of FY 2022, we have already started working on the first-phase plan for solar power generation facilities and have completed the development of a system for promoting energy and resource conservation. In addition, we manage the electricity consumption of the entire Group and are converting it to the amount of CO₂ emissions. As a measure to reduce CO₂ emissions from fossil fuels, a switch to hydrogen and other clean fuels is inevitable. Thus, as part of our recent activities, we have begun considering the use of new fuels to reduce CO₂ emissions.



I Initiatives to Reduce CO₂ Emissions

The NRS GROUP is monitoring energy consumption and CO₂ emissions from its business activities. In FY 2022, our domestic environmental target was 3% improvement in the CO₂ emission reduction rate per million yen of operating revenue from the previous year, but we have achieved an improvement of more than 7%.



Environmental targets for FY 2022

Energy consumption rate compared to FY 2021

Target: -3.0%

Actual: -7.5%

Green Management Certification

Since 2005, we have been registered for Green Management Certification for trucking and warehousing businesses. We currently have ten trucking and two warehousing facilities which are registered and certified, and we continue to renew the registrations and certifications. The environment surrounding the trucking industry has undergone major changes in recent years. Issues are piling up in front of us, such as a shortage of drivers, soaring fuel prices, and the need to reduce CO₂ emissions. We are particularly working on eco-driving as a solution to these issues.

< Main initiatives of eco-driving >

- Turning off the engine while loading and unloading cargoes.
- Avoiding sudden start, acceleration, and braking.
- Avoid loading unnecessary items.
- Shifting up quickly.
- Driving at economic speed.
- Avoiding unnecessary journeys (e.g., by checking the driving route and plan in advance).
- Maintaining the proper tire pressure.
- Preventing idling.
- Using the air conditioner moderately and set the temperature in an energy efficient way.



Installation of Solar Power Generation Equipment

In addition to the Yokohama Logistics Center, which is already equipped with a solar power generation system, we are considering installing solar power generation systems at five other Logistics Centers: the Chiba Logistics Center Sodegaura Warehouse, Gunma Logistics Center, Toke Distribution Center, Osaka Logistics Center, and Chubu Logistics Center. Construction is scheduled to begin in November 2022 with use of the system in February 2023. With the installation of the solar power generation system, we expect to reduce 330 tons of CO₂ emissions in FY 2023. We will continue to consider installing solar power generation system at remaining locations.



Completed Conversion of All Domestic Warehouses to LED lights

We have completed installing LED lights in six of our nine business sites in Japan. More than 80% of lights in the remaining three sites have also been switched to LEDs. At the Chiba Logistics Center, the complete conversion to LED lights has resulted in a reduction of 600,000 kWh of energy use (reduction of 600 tons of CO₂ emissions).

Use of Green Power at Business Sites in Japan

Our target is to make purchased electricity CO₂-free in 2030 when we plan to complete our SDG initiatives. In FY 2022, we are switching to 100% renewable electricity at the Chiba Office and the Gunma Office starting in August 2022. This is the first time we will use green energy in the NRS GROUP. There are concerns about power supply shortages in the international fuel market due to the situation in Ukraine and other factors. We will thus continue to switch to green power in the next fiscal year and beyond.

Awarded for the Seventh Consecutive Year in the Award for Excellent Business Entities Working on Modal Shift

By shifting the means of logistics from truck transportation to marine and rail transportation, which are capable of mass transportation, we are helping to reduce our environmental impact by reducing CO₂ emissions and energy consumption. In FY 2021, we converted the transportation of chemical products from Gunma to Hokkaido from truck transportation to marine transportation. This enabled us to operate one-day trips, thereby reducing CO₂ emissions and the burden on truck drivers. In November 2021, in recognition of these efforts, we received the FY 2021 Excellent Business Award in the New Development Category in the Excellent Modal Shift Company Award Program.



| Waste Reduction

Reduction of Waste Using Returnable Containers

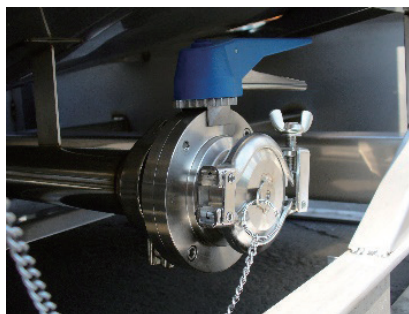
Returnable containers, such as ISO tank containers and the IBCs, are environmentally friendly transport containers that can be cleaned and reused repeatedly. For example, if transport is switched from drums to ISO tank containers, this can contribute to a reduction in waste of approximately 80 drums, pallets, and other supplies used for transport.

Promotion of Proper Waste Management and Recycling

In accordance with the Waste Management and Public Cleansing Act, we have established the Waste Management Regulations, which are applicable to the head office, all bulk logistics offices, logistics centers, sales offices, and branch offices. We will strive to reduce the volume of waste and ensure proper management, aiming to achieve zero final waste emissions and achieve carbon neutrality.

Development of New Environmentally Friendly Container, Green IBC

Our sanitary IBCs are returnable containers that can be used repeatedly and have high chemical resistance. Its effectiveness in maintaining the quality of loaded products and antimicrobial effect after container washing have been recognized, and the containers are now used widely in toiletries industry, including the transportation of cosmetic products. We have developed a new environmentally friendly container, the Green IBC, by applying a titanium dioxide photocatalyst coating to the outer surface of this container. Titanium dioxide photocatalytic coating purifies the surrounding air by oxidizing and decomposing nitrogen oxide, a type of air pollutant. It also has a self-cleaning function that cleans itself with the action of sunlight even if the outer surface gets dirty, keeping the container clean and hygienic.



| Prevention of Environmental Pollution

Initiatives to Prevent Air Pollution

To prevent air pollution, we use scrubbers to reduce odors generated at our container depots (container cleaning, repair, and maintenance facility) and tank terminal.

Initiatives to Prevent Water Pollution

At the container depot, wastewater from container washing operations is reliably treated in wastewater treatment plants in accordance with standards.

Acquisition of Environmental ISO Certification

On February 21, 2022, Kawasaki ConTech, which provides container depot services, acquired the environmental ISO 14001 certification. This is the sixth facility to obtain the ISO 14001 certification, following the head office, Chiba Logistics Center, Chiba Logistics Center Sodegaura Warehouse, Yokohama Logistics Center, and Takaishi Chemical. In May 2022, Kobe ConTech and Shunan ConTech also started to work toward the acquisition of the environmental ISO. After the audit, they are scheduled to acquire the certification in February 2023.

