

Society: Safety and Quality

For the NRS GROUP, which handles hazardous materials, safety is the foundation of our business and our responsibility to society. We conduct systematic and thorough safety and quality control so that each employee can foresee hazards and prevent accidents.

To Provide Safe and High-Quality Logistics

Safety Promotion Committee

Chaired by the president, the Committee formulates the NRS GROUP Management Program that provides annual environmental, safety, and quality targets and plans for achieving those targets. Based on this program, business sites formulate safety and quality activity plans, systematically engage in safety activities, and periodically report on the status of implementation. The formulation of the annual safety and quality activity plans is an important task because these are the plans that govern the safety activities for the year.

Environmental, Safety, and Quality Targets for FY 2022

Target	Actual performance
1. Zero environmental accidents	Achieved (zero)
2. Zero serious accidents	Achieved (zero)
3. Sixteen or less class A accidents	Achieved (13 accidents)

Thorough Management of Chemical Substances

To prevent accidents involving chemical substances, we have established risk assessment management rules and thoroughly implement risk management when handling new or changed chemical substances.



Safety Convention

We are conducting safety conventions by dividing our departments into four divisions: Bulk Transportation Division, Package Solutions Division, Tank terminal Division, and Container Depot Division, and alternately inviting two divisions each year to participate. The convention is conducted in a demonstration style and presentation style under a designated theme. In the last two years, the COVID-19 pandemic has made it difficult to hold the convention outdoors. Still, we are continuing the convention believing that we should not stop safety-related activities and changing the style of the convention to the presentation of each division.

In FY 2022, seven offices of the Package Solutions Division and four offices of the Tank Terminal Division gave presentations. The theme was safety activities, including the prevention of accidents, and by reproducing past accidents and demonstrating preventive measures, information for safety was shared for effective implementation.



Safety Patrol

We are implementing annual safety patrol by dividing the NRS GROUP's 25 offices within Japan into regions. In FY 2022, we conducted the safety patrol in the Kansai region (Osaka and Kobe) and the Kanto region (Chiba, Yokohama/Kawasaki, and Gunma). The chairman, president, supervisors of relevant departments, and other managers visit the warehouse premises, vehicle garages, and offices of each business site to identify hazardous areas and discuss problems, leading to operational improvements. After the patrols, a safety meeting is held to exchange opinions, which is useful for further strengthening safety activities.



Serious Accident Prevention Awareness Month

In order to keep the lessons learned from the past from fading away, we designate some months each year during which a serious accident has occurred as Safety Months to raise awareness through posters and online training to relearn about the circumstances, causes, and countermeasures of the accident. All

employees check the implementation status of the countermeasures and identify similar operations to ensure that similar accidents would not recur.

January	Prevention of falling accidents
February	Prevention of oxygen deficiency accidents
May	Prevention of rollover accidents
July	Prevention of accidents involving pressure/liquid exposure, and loading/unloading equipment
August	Prevention of accidental mistakes in shipment and delivery

HHK Card (Hiyari, Hatto, and Kigakari Card [near-miss, close-call, and concern card])

We have created the HHK Card to note actual near-misses and close calls that have occurred during work, and distribute them within the company to raise awareness of hazards and reduce accidents. In FY 2022, a total of 445 HHK Cards were submitted, leading to accident prevention and improvement activities.

The image shows a sample HHK Card form. It is a vertical document with various sections for reporting an incident. The title at the top is 'HHK Card (Hiyari, Hatto, and Kigakari Card)'. The form includes fields for the reporter's name, position, and department. It also has sections for describing the incident, the location, and the date and time. There are checkboxes for different types of incidents (e.g., near-miss, close-call, concern). The form is designed to be filled out by the employee who experienced or witnessed the incident.

Accident-Free Awards, Early Detection of Abnormalities Awards

We have award systems to maintain and improve the safety and quality of logistics. One is the Accident-Free Award that commends employees (including employees from subcontractors) who have contributed to continuous zero-accident operation and those who have set good examples to other employees. Another is the Early Detection of Abnormalities Award that commends cases in which abnormalities in facilities, vehicles, contracted products, documents, and other aspects were detected early, leading to the prevention of the leakage of hazardous materials, damage to contracted products, mistakes in delivery, and other incidents. In FY 2022, 133 employees received the Accident-Free Award, and three cases received the Early Detection of Abnormalities Award.

Leakage Accident Training

We conduct training based on a procedure created so that employees can quickly respond to the leakage of hazardous or toxic substances and minimize environmental impact. We also ensure proper management of materials and equipment we use to respond to leakage accidents.



Acquisition of G-Mark Certification for Being a Business with Excellent Safety

All of our transportation offices and logistics centers with transportation sections have acquired the G-Mark certification for being a business with excellent safety, as recommended by Ministry of Land, Infrastructure and Transport and Japan Trucking Association. The G-Mark is a sign that we are a safe and excellent transportation operator.



Transportation Safety Management

In response to a large number of accidents and troubles that occurred in 2005 among transportation operators in many fields, the government established a system to monitor the safety management system of transportation operators. The system was then put into practical use in 2006 to enhance the safety of transportation operators through the joint effort of both the government and the operators. All of our transportation offices and logistics centers with transportation sections are using this system. We also disclose the conceptual diagram and implementation outline of management system on the company website.

External Awards for Safety

Month and year	Award name	Award given by	Award given to
October 2021	Award for continued certification as an Excellent Safety Business	Kanto District Transport Bureau, director of Gunma Transport Branch	Gunma Logistics Center
April 2022	Regular Awards (Groups)	Aichi Prefecture Association for Safety of Hazardous Materials	Tokai Warehouse
June 2022	Excellent hazardous materials safety supervisor	Mayor of Sakai City	Employee of Osaka Logistics Center
June 2022	Award for excellent businesses that handle hazardous materials	Director General of Fire and Disaster Management Agency	Osaka Logistics Center
June 2022	Award for the prevention of occupational accident	Land Transportation Safety & Health Association	NRS BUTSURYU Gunma Office
June 2022	Award of Chiba Prefecture Fire Chiefs' Association	Chairman of Chiba Prefecture Fire Chiefs' Association	Employee of Chiba Logistics Center
July 2022	Gold Award for Excellent Safety Operation Business	Director of Traffic Department, Osaka Prefectural Police Headquarters Chairman of Japan Safe Driving Center	NRS BUTSURYU Osaka Office

Aiming to Provide Services that Satisfy Customers

Quality Policy:

"Contributing to society by providing logistics quality and plans that satisfy customers"

Initiatives to Reduce Mis-Shipping

The NRS GROUP is working to reduce mis-shipping by using the rate of mis-shipping (ppm), which is the number of mis-shipping per one million shipments we handle, as a quality indicator.

We are promoting digital transformation (DX) by digitizing order processing and the mechanization of cross-checking. In addition, we are conducting various preventive activities by providing education to prevent mis-shipping, training to foresee hazards, and implementing risk assessment.

Enforcement of Safety Rules and Educational Guidance

Hazardous material logistics involves a variety of regulations and requires specialized knowledge. We regularly hold study sessions for all employees every year to discuss domestic laws and regulations related to hazardous materials, the IMDG Code (regulations for the transport of hazardous materials set by the United Nations Committee), the AEO system, and other relevant topics. In addition to this, each department also conducts specialized training to ensure the provision of safe and high-quality logistics services.

Encouragement to Acquire the Qualification as a Hazardous Materials Engineer

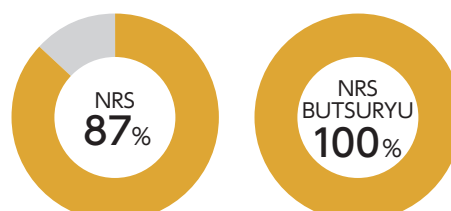
The hazardous materials engineer is a national qualification required to handle hazardous materials as specified in the Fire Service Act. In our company, we encourage employees to acquire the qualification, even those who do not directly handle hazardous materials, such as head office employees, general affairs, and accounting staff, and subsidizes their costs when they acquire qualifications. The acquisition of the qualification not only improves individual competence, but also adds value to the company by providing better service to customers.

Percentage of employees who acquired the hazardous materials engineer Class B-4 (including Class A)

(As of the end of September 2022)

NRS 87%

NRS BUTSURYU 100%



Realization of Safe and Reliable Chemical Logistics of Japanese Quality

Opening of Vietnam's First Warehouse Dedicated to Chemical Products

In November 2021, our group company NRS Raiza Logistics Vietnam, JSC. opened the Socialist Republic of Vietnam's first provincial government-approved warehouse dedicated to chemical products. We spent about two years discussing and negotiating with the relevant ministries and agencies on "safety and the environment" in order to enable the storage of a variety of hazardous materials. As a result, the warehouse was officially approved by the provincial government on May 16, 2020, as Vietnam's first warehouse dedicated to chemical products, storing them by IMDG classes.

This warehouse is a dedicated chemical warehouse with a high-floor explosion-proof structure and explosion-proof equipment. It is designed in accordance with Japanese fire safety standards and NRS's safety standards based on our 75 years of know-how accumulated since its establishment and complies with Vietnamese laws and regulations. Japanese personnel have been stationed at the warehouse since its opening to provide safe services under a Japanese-quality management system.



The NRS GROUP will contribute to Vietnam that is going through a remarkable growth from a safety perspective as a hazardous materials logistics company that can provide optimal proposals to customers, together with the hazardous materials transportation, forwarding, and IBC/ISO tank container operations of NRS Logistics Vietnam established there in 2018.



Four Strategies of Logistics DX to Create New Value in Chemical Logistics

Visions on DX

Create new value in chemicals logistics by using digital to review processes and using data.

Strategy 1

Thorough Productivity Improvement

Maximize the efficiency of productivity in people and goods by reviewing the entire logistics process. To do so, mechanize everything that can be mechanized.

Strategy 2

Transform Chemical Logistics

By using a platform and collaborating with other companies in the same industry, we will use data to lead the transformation of the whole chemical logistics industry.

Strategy 3

Provide New Value to Customers

Provide new value by combining logistics, software, and data to contribute to the efficiency of customers' supply chains.

Strategy 4

Developing Digital Talent

Using digital technology, we provide new value to chemical manufacturers, trading companies, and the hazardous materials logistics industry. We believe that new logistics services can realize a significant transformation. To achieve this, we will implement four strategies.

Strategy 1: Thorough Productivity Improvement

We review the entire logistics process to provide accurate and speedy logistics services to our customers. Specifically, we will move away from the current communication using fax or email and manage customer service using data-based standardized processes. By doing this, we provide safe and high-quality logistics services globally by eliminating our reliance on the knowledge and experience of specific persons.

Strategy 2: Transform Chemical Logistics

We will address the 2024 issue and other challenges facing the chemical logistics industry as a whole. Through our efforts, we will improve the productivity of the entire chemical logistics process and create new value, resulting in the provision of more advanced logistics services to chemical manufacturers and trading companies. Specifically, we are introducing the hazardous materials warehouse vacancy information platform system (Anywarehouse). In addition to this, we are currently developing a platform system for truck transportation and ISO container sharing. These new developments will be used in actual operations in the future.

Strategy 3: Provide New Value to Customers

In addition to conventional logistics services of transport and storage, we will use the data to improve the efficiency of our customers' supply chains. To this end, we have begun offering a platform-based software called X-Track. X-Track provides manufacturers and suppliers with the functions of in-plant management; tracking, inspection, and management of shipping containers; and logistics arrangements for manufacturers. From these daily transaction data, we visualize storage turnover rates and logistics lead times and work to improve the efficiency of cargo and shipping containers throughout the supply chain. In the future, we will further utilize AI, IoT, and blockchain technologies to create new value.



Strategy 4: Developing Digital Talent

In order to promote DX in sustainability throughout the NRS GROUP, we will also focus on nurturing digital human resources. We will continue to contribute to all of our customers and the entire chemical logistics industry by understanding the essence of DX and combining logistics, software, and data.

