



# The International SmartWay Transportation Summit

*Transforming the  
Global Supply Chain*



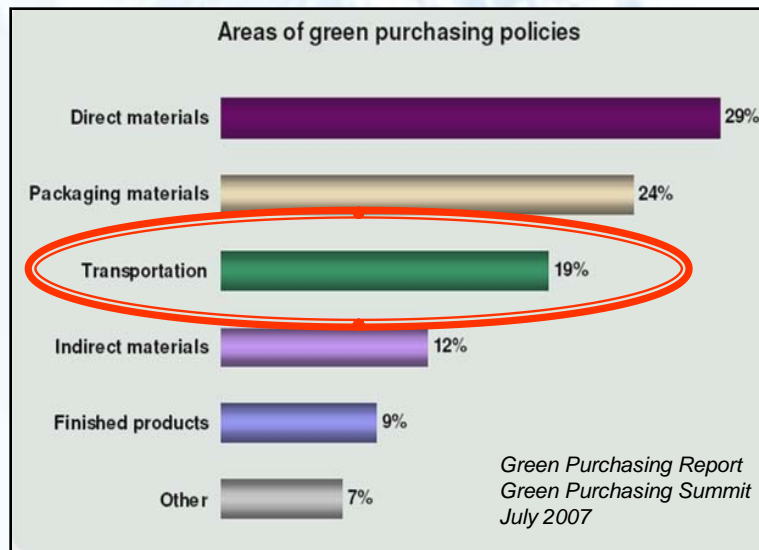
**NYK LOGISTICS  
& MEGACARRIER**

December 2<sup>nd</sup> - 4<sup>th</sup>, 2008

NYK LOGISTICS. INNOVATE AND DELIVER.

# Industry Facts

- The industry's Intermodal option produces less greenhouse gases than its OTR option.
- Trains are **3 times cleaner** than trucks on a ton-mile basis.
- There is significant opportunity for improvement in environmental supply chain planning and execution
- A key area to focus on is Transportation & Distribution



## How To Be Involved:

- Corporate CSR Statements with Compliance Activities
- Green Policies
- Select the appropriate Supply Chain Partners!





# The NYK Group Green Policy

- 1) Environmental conservation through continual improvement
- 2) Compliance with regulations and implementation of in-house standards
- 3) Safe operation of all logistics services
- 4) Reduction of environmental loads
- 5) Adoption of environmentally friendly technologies
- 6) Implementation of education programs to raise environmental awareness among employees
- 7) Disclosure of environmental information and support of environmental conservation

\* NYK is ISO 14001 certified



The graphic shows the words 'Green Policy' written in large, blue, 3D letters that appear to be floating in a blue, watery environment. The letters are slightly blurred and have a shimmering effect, suggesting they are part of a larger, dynamic scene.

**NYK Group Environmental Management Vision**  
**We aim to manage environmental risk and strike an optimal balance between the environment and the economy, with the goal of contributing to a sustainable society.**

**GREEN POLICY**

1. We, the NYK Group, adopt responsible practices with due regard to the environmental impacts of our corporate activities. We set and continually review objectives and targets for achieving our goal to protect our entire global environment.
2. We seek not only to comply with safety and environmental regulations but also to implement in-house standards to improve our environmental performance and prevent pollution.
3. We commit ourselves to the safe operation of all our logistics services via sea, land, and air transport modes, including not only our ocean-going vessels but also our waterfront, inland, and air transport services, as well as terminal and warehouse operations.
4. We seek to reduce environmental loads by efficiently using resources, saving energy, reducing waste, encouraging material recycling, and particularly by minimizing emissions of greenhouse gases, ozone-depleting substances, and toxic matter.
5. We endeavor to minimize environmental loads and adopt environmentally friendly technologies when ordering and purchasing necessary resources, such as vessels and aircraft, for transportation services and cargo operations.
6. We endeavor to use education programs to raise environmental awareness among our employees and to ensure that they recognize the essence of this Green Policy by actively addressing environmental concerns.
7. We make wide-ranging social contributions in close partnership with local communities by disclosing environmental information and supporting environmental conservation initiatives.

*President K. Miyahara*

# Sharp Electronics Awards

## "NYK Logistics (Americas) Inc. Earns Sharp Electronics Award"

On February 5th, the Sharp Electronic Corporation awarded the Transportation Division of NYK Logistics (Americas) Inc. (NLA) the "The Spirit of Leadership Award" at the Reverse Logistics Association Conference held in Las Vegas, NV. This High Honor was for NLA's environmental achievements and outstanding performances as the leading carrier for Sharp transportation shipments moving from Mexico into the U.S. The simultaneous recognition from Sharp Electronics of NLA's increased on time performance and "GREEN" focus towards the environment clearly reflects the outstanding service capabilities that NLA provides its customers and the continual driving of their Corporate Social Responsibilities outward into the Global Transportation Community.

Among the accomplishments that led to these High Honors is NLA's ability to create innovative options for customer loads in markets hampered by insufficient capacity. NLA systems and dedicated operations personnel at the Plano, TX Branch, not only overcame the challenges posed by intermodal rail services, but used the Union Pacific Railroad Roads Blue Streak service to create "NLA - GREEN STREAK!" This service not only greatly reduced the amount of measurable CO<sub>2</sub> emissions into the environment, but also achieved consistent "over the road type" transit and deliveries, in which more than 98% arrived on time.



William Boyer  
NYK Logistics (Americas) Inc.

**2007 and 2008 Green Carrier of the Year Award  
NYK Logistics for SmartWay Commitment  
and SEMEX shipments**

*"Thanks to ALL winners"*

*Mark S. Servidio – Vice President of Logistics & Environmental Supply Chain Planning*

**NYK LOGISTICS. INNOVATE AND DELIVER.**

# Philosophies

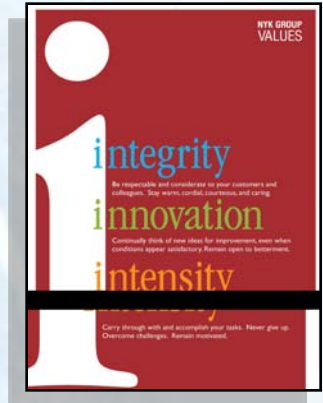
## NYK Group Values:

**Integrity:** Be respectful and considerate to your customers and colleagues. Stay warm, cordial, courteous, and caring.

**Innovation:** Continually think of new ideas for improvement, even when conditions appear satisfactory. Remain open to betterment.

**Intensity:** Carry through with and accomplish your tasks. Never give up. Overcome challenges. Remain motivated.

*NYK's Values of Integrity, Innovation, and Intensity  
will aide in maximizing other Corporate Philosophies  
in the transportation marketplace.*





# Supply Chain Planning

Supply Chain Planning can improve a company's supply chain performance in ways that result in:

- ✓ Reduced supply chain costs
- ✓ Improved product margins
- ✓ Lower inventories
- ✓ Increased cycle times
- ✓ Better return and or recovery on assets
- ✓ Higher customer satisfaction

Transportation management expertise and solution design from your solution providers can further your efforts and success in achieving your becoming “**GREEN!**”



# What We Are Doing



**NYK has formulated its own safe operations standard called NAV9000. Enforcement is crucial for operational and environmental safety**

**NYK Logistics (Americas) Inc., along with Canon U.S.A., are members of the U.S. EPA SmartWay Transport Partnership. NYK Logistics (Americas) Inc. has the highest score possible – 1.25 ‘Excellent’**



**In 2007, NYK Logistics (Americas) Inc. supported the “Adopt an Acre” program of The Nature Conservancy - Preservation of 200 acres of tropical rain forest in Costa Rica**

**NYK Group actively participates in the EarthWatch Institute program – a non-profit organization that raises awareness of Earth’s fragile habitat and biodiversity**



**NYK Logistics (Americas) is currently in the research and development stages of a carbon-offset program for our customers in North America. Future goal is to implementation across multiple divisions.**

# Corporate Green Policies

## NYK Group Mission Statement

### Green Policy

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# Environmental Conservation Programs

## The three pillars of our environmental management vision

Contribute to the global environment and the creation of sustainable societies by managing environmental risks and arriving at an optimal balance between environment and economy

- 1) Reducing greenhouse gas emissions
- 2) Promoting social contribution through activities to conserve the global environment
- 3) Strengthening group environmental management

## NYK Group Green Policy

- 1) Preserve the marine and global environments by making continual improvements in operations
- 2) Comply with all relevant laws, ordinances, regulations, etc.; formulate and enforce voluntary standards
- 3) Ensure the safety of ocean, land, and air transportation services
- 4) Prevent and suppress global warming and air and marine pollution
- 5) Adopt environment-friendly technologies, etc.
- 6) Conduct employee education programs that increase environmental awareness
- 7) Disclose environmental information, contribute to society through environmental conservation

### NYK's CO<sub>2</sub> reduction target

Long-term vision: Contribute to global efforts to cut greenhouse gas in half by 2050

Reduction target: Minimum 10% unit reduction from FY 2006 levels by 2013

Investment of 70 billion yen (over six years) in the development of innovative environmental technology

Leadership in international environmental policy debates in the marine transport sector

Conversion of the business model

### Safety and Environmental Management Committee (SEMC)

Chaired by NYK President

### Safety and Environmental Management Headquarters

Safety and Environmental Steering Committee

#### Secretariat

General Manager, Safety and Environmental Management Group  
General Manager, Corporate Planning Group

#### Japan

Safety and environmental management committees for specific classes of vessels, for example, containerhips (total of eight committees)

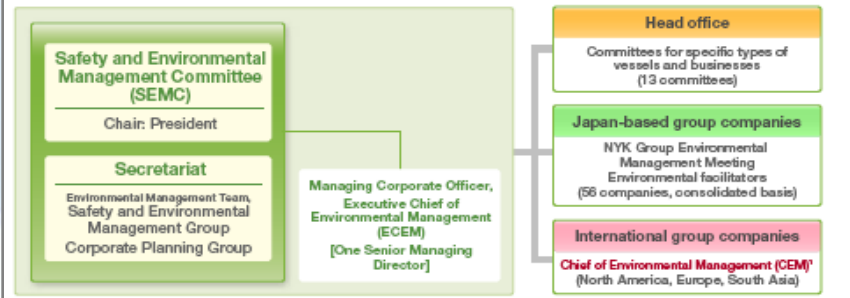
#### International

Global SEMC (six regions)

## Environmental management organizations

Environmental management organizations

As of April 1, 2006



## Care for the global environment and approach to problem-solving

Environmental issues are something that must be addressed at the global level. The NYK Group bears a particularly weighty responsibility toward the environment because we consume fuel in the process of transporting goods and have the potential to cause serious environmental destruction in the event of an accident. We have therefore made, and continue to make, a wide range of improvements and innovations to fulfill our responsibility to care for the natural environment.

### The NYK Group's position and perception of issues

Transportation is growing ever more active on a global scale, and the demand for international marine transportation as a means of efficiently connecting countries and regions throughout the world is only forecast to increase in the future. This will necessarily mean an increase in the consumption of ship fuel as we attempt to satisfy the expanding demand for safe, stable, efficient transportation. In light of these circumstances, the NYK Group considers transportation efficiency gains to be a priority. We work with the IMO<sup>1</sup> and ICAO<sup>2</sup> to reduce greenhouse gas emissions, formulate voluntary targets in conjunction with business and industry groups, and endeavor to improve environmental efficiency. We also engage in proactive environmental measures by, for example, introducing new environmental technologies. The NYK Group demands rigorous safety from its operations in order to prevent marine accidents and the potential for marine pollution, and we continue to believe that this is our most important and highest-priority environmental activity.

### Efforts to combat global warming

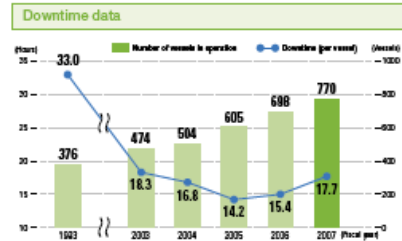
Carbon dioxide (CO<sub>2</sub>) has a particularly high degree of impact on global warming and is emitted as a result of human processes, for example, the burning of fossil fuels. The NYK Group provides international transportation services and its business activities stretch across the world. We engage in ongoing programs to improve fuel efficiency and reduce CO<sub>2</sub> emissions, and we also are active in the development and adoption of new environmental technologies.

### Introduction of environmental management indicators and startup of indicator management system

The NYK Group has introduced environmental management indicators that conform to the IMO guidelines (adopted in July 2005) in order to monitor its CO<sub>2</sub> emissions per unit of ship transport and manage the achievement of its targets. We have also developed a data management system called Ecoport to calculate environmental management indicators (see p. 19 for the formula used) and began using this system in April 2006. After collecting data on vessels in opera-

# Safety on the sea

One yardstick that we use to measure our fleet safety achievement is "downtime." Downtime refers to time during which ships are stopped or delayed because of accidents or other problems. Our goal is to achieve zero downtime, and to do this, we have been engaged in constant, steady efforts to use the PDCA cycle to bring greater safety to our ship operations.



## PLAN

Set safety and environment guidelines and targets

### ● Safety and Environmental Management Committee

Chaired by the president, the Safety and Environmental Management Committee formulates policies, action plans, and budgets for the implementation of ship safety and environmental protection programs. Working under these guidelines, committees for specific classes of vessel and types of services formulate activity plans that are more focused. In regular meetings, progress is confirmed and, when necessary, plans are amended and expanded.

## ACT

Rigorously investigate the causes of problems and develop improvements to meet targets

### ● Accident information analysis and feedback

In the event of mishaps or problems, a safety and environmental management committee for the specific class of vessel meets to gather and analyze information and data, identify causes, formulate and publish countermeasures, and confirm the implementation of those measures. This is then fed back into the NAV9000 process and becomes part of NAV9000 requirements, newly formulated activity guidelines and specific programs.

We also publish *Calm Sea*, a monthly safety and environmental information newsletter in which we review accidents and problems that have occurred over the previous month, discuss prevention and improvement strategies, report on the results of NAV9000 audits, and disseminate information on risks (piracy, terrorism, disease, etc.) and environmental issues.

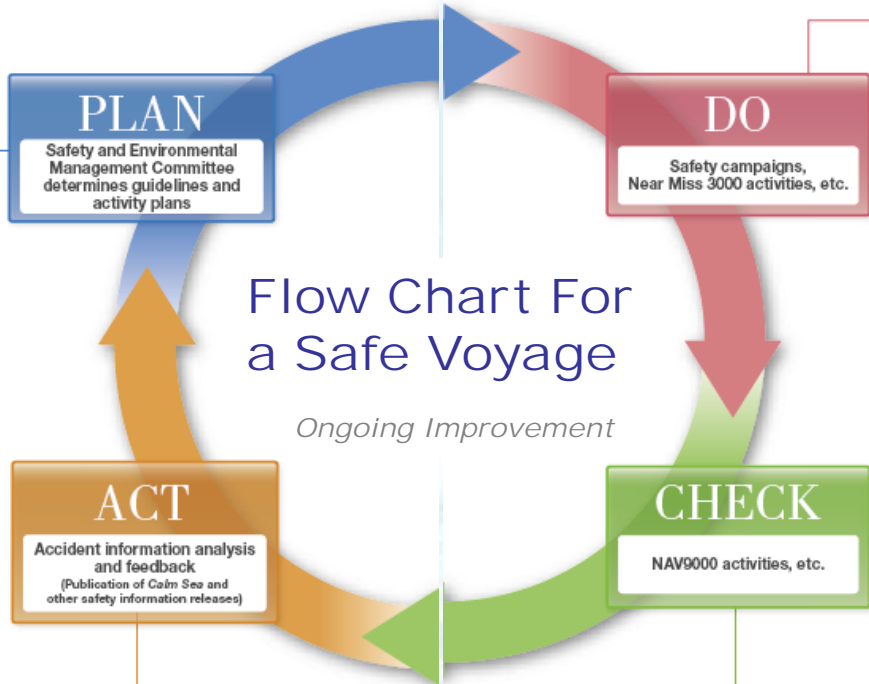
To assist in the efficient deployment of **safety information<sup>1</sup>** in shipboard operations, we have also developed a safety information management system called **VOICES<sup>2</sup>**. In October 2006, installation of this system began on ships as well as at the offices of shipowners and management companies.

**1 Safety information**  
Safety information releases, including safety bulletins, casualty reports, marine engineering information, and PSC information

**2 VOICES**  
Vessel Onboard Instruction and Circular Extract System, a safety information management system developed by NYK



Calm Sea



## CHECK

Confirm and check the effectiveness of safety activities

### ● NAV9000 activities

NAV9000 is NYK's proprietary safety management system. It calls for constant checks of activities on ship and at other locations, and findings are published to relevant people in order to foster common perceptions and awarenesses. NAV9000's requirements are based on international regulations and incorporate the intentions behind standards such as ISO 9000 and 14000. NAV9000 also contains the operational expertise that the company has accumulated over its history of more than 120 years, and is constantly being updated to reflect customer requests and feedback from past accidents and problems. Since its introduction in 1998, NAV9000 requirements have been far stricter than industry standards and have allowed NYK to remain far ahead of the ever-changing requirements brought by global conditions and embodied in international treaties and rules.

NAV9000 activities are not limited just to the ships in our own fleet; they also apply to chartered vessels, ships rented for a specific period of time. Employees with professional expertise visit ships and companies to perform regular compliance checks. If areas of improvement are identified, these skilled employees work with the relevant people until effective measures can be put in place to prevent recurrence. In FY 2007, we performed safety audits for 306 vessels and approximately 32 shipowners and ship management companies.

Breakdown of NAV9000 improvements (requests) (2005-2007)

	2005	2006	2007
Ship audits	320	369	306
Company audits	30	29	32
Improvements	2,533	3,130	2,546

## DO

Implement integrated safety activities at the ship, workplace, and company levels

### ● Implementation of safety campaigns, safety promotion meetings, etc.

The company conducts two major safety campaigns as part of its efforts to maintain safe ship operations: the **Remember Naka-no-Sea Campaign<sup>3</sup>** in the summer and the **Sail on Safety Campaign<sup>4</sup>** in the winter. A team of individuals from sales, operations, and technology visits ships to conduct onboard programs. As part of this, we reconfirm basic items that should be obvious, endeavor to promote mutual understanding between onboard crew and on-shore staff, and bring people together in a united effort to increase safety awareness. Each year, the president holds a meeting with ship captains and chief engineers to provide an opportunity for people at the very front lines of operations, those aboard our ships, to make comments, raise issues, and discuss the company's management policies. Shipowners and ship management companies are also indispensable partners in the achievement of safe ship operations, and we hold safety promotion meetings and safety seminars for them to give and receive necessary feedback and maintain close communications. On board ships, we conduct a variety of safety promotion activities and training programs. **BTM<sup>5</sup>** facilitates communication on the bridge (where ship operations take place and instructions are issued) and helps prevent human error (operational accident prevention) while the **NYK's Checklist of Engine Essentials<sup>6</sup>** helps prevent mechanical failures.



President Miyahara, captain, undergoing a security check prior to boarding

- 3 Remember Naka-no-Sea Campaign**  
Conducted every year in July to ensure that lessons remain learned from the 1997 oil spill that occurred at Naka-no-Sea in Tokyo Bay from the very large crude carrier (LCC) *Diamond Star*
- 4 Sail on Safety Campaign**  
An event held throughout the months of December and January each year focusing on safety measures for rough winter weather
- 5 BTM**  
Bridge Team Management, a management technique that endeavors to prevent accidents by maximizing teamwork on the bridge
- 6 NYK's Checklist of Engine Essentials**  
Reference materials and checklists of actions that absolutely must be performed on board in order to eliminate serious mechanical failure



# What Can You Do?

- Select solution providers who offer a full range of options ...distribution facilities, value-added options, visibility throughout your aftermarket supply chain, ability to minimize empty miles by maximizing equipment utilization and multi-modal transportation options.
  - Expedited options (air and team drivers) when required
  - Over the Road options (Full Truck loads, consolidations, and LTL)
  - Rail intermodal options (when time allows)
  - Barge intermodal options (when volume and time allows)
- Transportation management expertise and solution design from your solution providers can further your efforts in staying green.
- Select providers who balance service requirements with environmental and corporate social responsibilities who will fully support your company philosophies.





# Other Ways to be Engaged

- Corporate CSR Statements with Compliance Activities
- Green Policies
- Select the appropriate Supply Chain Partners!

## Compliance

### Compliance Activities

Compliance refers to activities aimed at improving and preventing damage to corporate values by methodically applying corporate ethics and observing laws, regulations, and key practical standards. NYK's primary compliance activities are as follows:

1. To monitor compliance at each division, branch, and subsidiary, both overseas and in Japan, during the company's annual comprehensive compliance checkup every September.
  2. To convene the Compliance Committee, chaired by the president, twice a year to examine and evaluate compliance activities conducted during the relevant half of the fiscal year.
- To hold an NYK Group compliance liaison meeting once a year and implement compliance training for the president and Chief Compliance Officer (CCO) of each company.
- To administer an internal consulting service, called the Yusen Chat Room, where employees can get advice anonymously from external lawyers and other relevant experts.
- To carry out in-house compliance training at NYK and subsidiaries within the group about 50 times a year. In addition, e-learning programs, both in Japanese and English, targeting domestic and overseas employees were offered from April through June 2007.

## Corporate Profile

### Corporate Social Responsibility (CSR)



## Social Contribution Activities

As a "good corporate citizen" living together in this global society, NYK is committed to proactively tackling the challenges that our global society presents, and through its activities, strives for the enhancement of corporate values for all stakeholders.

[▶ for more details](#)



# NYK Awards & Recognitions

## 2005

- Deconsolidator of the Year:  
NYK Retail Customer Award
- Best Import Logistics Partner of the Year:  
NYK Sporting Goods Customer Award
- Carrier of the Year:  
NYK Automotive Customer Award
- Thor Heyerdahl International Maritime  
Environmental Award:  
Norwegian Minister of Trade & Industry

## 2006

- Carrier of the Year:  
NYK Electronic Customer Award
- Best On-Time Performance:  
NYK Electronic Customer Award
- Carrier Excellence Award:  
NYK Chemical Customer Award
- Deconsolidator of the Year:  
NYK Retail Customer Award

## 2007

- Most Sustainable Corporations in the World:  
*Global 100* Award
- Best of the Best Intermodal Marketing  
Companies: *Logistics Management* Award
- Best of the Best 3PL Companies:  
*Logistics Management* Award
- Spirit of Leadership:  
NYK Electronic Customer Environmental Award
- Green Carrier of the Year Award

## 2008

- Most Sustainable Corporation in the World:  
*Global 100* Award
- NDTA Quality: National Defense Transportation  
Association Award
- World's Most Ethical Companies:  
*Ethisphere* Award
- Distribution Business Management Association:  
Circle of Excellence Award
- Best Overall Long Haul Carrier:  
NYK Electronic Customer Award
- Green Carrier of the Year Award



Non-Exhaustive List

NYK LOGISTICS. INNOVATE AND DELIVER.

LET'S MAKE **GREEN**  
TOGETHER!!!







**NYK LOGISTICS**

**& MEGACARRIER**

INNOVATE AND DELIVER.