

Environment and Social

Environment

Climate change is an important social issue that all countries and companies in the world must tackle. Natural disasters caused by global warming have grown in size and increased in frequency in recent years and will have a major impact on the business of the Nippon Express Group. We believe these risks will increase further in the future. We have positioned this as an issue that must be overcome to achieve our long-term vision.

CO₂ emissions from the transportation industry account for about 20% of Japan's emissions. As a leader in the transportation industry, the Nippon Express Group recognizes that environmentally friendly management is necessary to become a driving force for social development and to become a trusted presence we are proactively developing business that focuses on the environment.

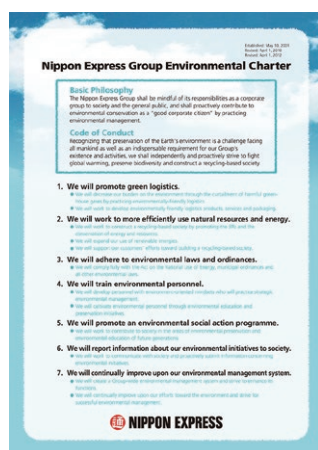
We will not only work to reduce carbon dioxide emissions in our own activities, through such measures as the introduction of environmentally friendly vehicles, modal shifts, and the use of renewable energy, but also provide an opportunity for business growth and promote product development that solves customer logistics issues from an environmental perspective such as co-loaded delivery.

Basic Policy on Environmental Management

The Nippon Express Group has formulated its Basic Philosophy and Code of Conduct to guide environmental activities as expressed in the 2001 Nippon Express Group Environmental Charter, and we seek to instill these throughout the Group. We promote the acquisition of ISO 14001 certification, which is the international standard for environmental management systems, and Green Management Certification at each of the Nippon Express Group's locations so as to further deepen our environmental preservation activities. As of the end of March 2020, 72 Nippon Express trucking offices and four warehousing offices have received this certification. Among Group companies, 17 trucking offices have been granted Green Management Certification. Moreover, Group-wide, the 22 Nippon Express Group business locations in Japan and overseas have been ISO 14001 certified as of March 2020.

We also recognize climate change as a critical issue of global consequence, and work to keep up to date on risks arising from climate change. Abnormal weather resulting from climate change may pose obstacles to logistics infrastructure by causing the suspension of flight, shipping and railway services and the closure of highways. Worse, it may lead to an increase in our operating costs. Abnormal weather may also bring about decrease in production and shipment quantities for our clients, possibly leading to decrease in the amount of cargo we handle and our profits.

By combining two or more modes of transport, the Nippon Express Group seeks to ensure transport methods such as modal shifts to lower the burden on the environment, as well as to contribute to steady and stable supply chains to mitigate natural disaster risks.



The Nippon Express Group Environmental Charter

Main Environment-Related Results in FY2019

CO ₂ emissions (Scope 1, 2)	854,530t-CO ₂ (Including Group companies in Japan: 725,342t, Group companies overseas: 129,188t)
Energy consumption (crude oil equivalent)*1	349,009kl
Water consumption (Group companies in Japan)	1,223,000m ³
Industrial waste volume (Group companies in Japan)	39,802t
Power generated from renewable energy resources*2 (Group companies in Japan)	6,914,910.66kWh
Percentage of owned eco-friendly vehicles to total owned vehicles (Group companies in Japan)	49.5%
Number of eco-friendly vehicles owned in Japan (Group companies in Japan)	9,727

*1 The data shown here aggregate the energy consumption by Nippon Express and its consolidated companies in Japan and overseas (equivalent to Scopes 1 and 2). For natural gas, 13A city gas (calorific value of 45 GJ/thousand cubic meters) applies.

*2 The amounts for renewable energy generated/home use/electricity sales are not included in the amounts for the Nippon Express Group's energy use.

Long-Term Environmental Management Fiscal 2030 Targets and Progress

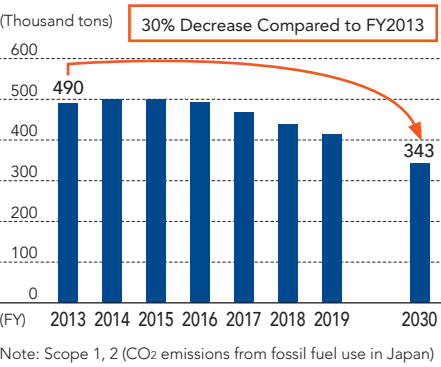
Reduce CO2 emissions by 30% from FY2013 levels by no later than FY2030

	Standard Value (FY2013)	FY2030 Target Value (Compared to FY2013)	FY2019 Actual (Compared to FY2013)
Total CO2 emissions (non-consolidated)	490,513t	343,359t (30% decrease)	414,884t (15.4% decrease)
CO2 output units per million yen in revenue (non-consolidated)	469.72kg/million yen	328.80kg/million yen (30% decrease)	370.70kg/million yen (21.1% decrease)

Reduce industrial waste generation vis-à-vis revenue each year by 1% from the previous year (until FY2030)

	Standard Value (FY2016)	FY2030 Target Value (Reduction target)	FY2019 Actual (Compared to previous fiscal year)
Industrial waste volume (non-consolidated)	21.96kg/million yen	19.08kg/million yen (Reduce by 1% from the previous year until FY2030)	24.73kg/million yen (17% increase)

Nippon Express (Non-Consolidated) CO2 Emissions and Reduction Targets



Promotion of Reductions to CO2 Emissions Based on Long-Term Targets

Nippon Express aims to reduce CO2 emissions by 30% compared to fiscal 2013 levels by no later than fiscal 2030 as its long-term goal. In addition, in terms of basic unit revenue we have set a fiscal 2030 target value of 328.80 kg/million yen, which is a 30% decrease compared to fiscal 2013. Moreover, the goal for domestic Group companies is set at a 20% reduction of CO2 emissions compared to fiscal 2013 levels, by fiscal 2030, while overseas-based Group companies will establish their own targets taking into consideration the levels at companies in Japan and the situation in each country. In these and other ways, we are making Group-wide efforts to reduce CO2 emissions.

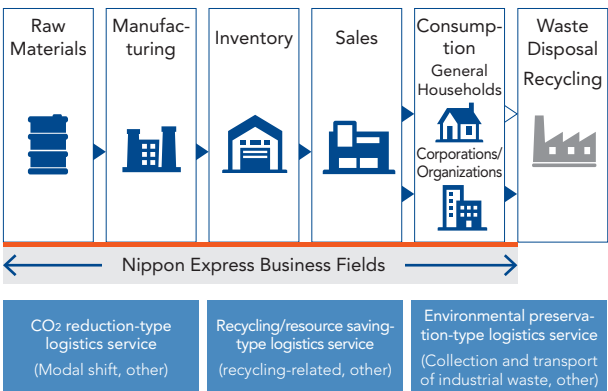
As one measure to realize these goals, the Nippon

Express Group has developed standards for the installation of equipment that are applicable to the construction of logistics facilities and offices. These standards include endeavoring to ensure our equipment is more effective in utilizing renewable energy and promoting LED usage to reflect our concern for the environment, giving consideration for biodiversity, to enhance the safety and health of staff members and people in the neighboring communities and to contribute to the continuation of our business operations. In addition, the Nippon Express Group actively introduces environmentally friendly vehicles that mainly include low-emission diesel trucks such as those complying with the post new long-term standards, as well as CNG, hybrid and LPG trucks.

Strategic Efforts to Reduce Environmental Impact through the Logistics Business

Initiatives to Promote Green Logistics

The Nippon Express Group is active in a broad range of business fields as a comprehensive logistics company that offers a wide array of environmentally friendly services, such as those that have the aim of reducing CO2 by switching modes of transport and making transportation more efficient, as well as making use of reusable materials, or other services including recycling services and environmental preservation services based on treating industrial waste.



Highly Specialized Environmental Contribution Businesses

The Nippon Express Group has businesses that require highly specialized technology—namely the Heavy Haulage & Construction business. In transport for wind power generation equipment, in which we place particular strategic importance, we boast a domestic share of 70%,

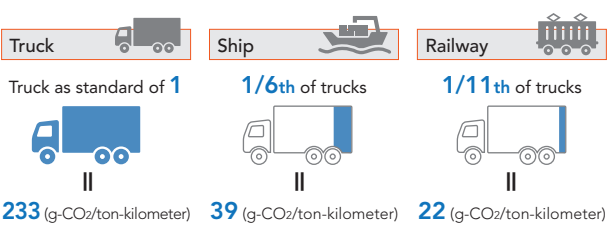
contributing to the prevalence of renewable energy. In addition, with industrial waste treatment as well, we offer safe and secure collection and shipping services based on diverse modes of transport, specialized expertise, and thorough safety training.

CO2 Reduction through Modal Shift

The Nippon Express Group facilitates cooperation between customers and logistics companies to make numerous modal shifts, switching from truck-centered transport to transport using railways and ships. Modal shifts, organically link the different modes of transport—trucking, railways, shipping and air transport. These measures are promoted throughout the transport industry to reduce environmental impact and make transport more efficient and as effective measures in business continuity plans (BCPs). The Nippon Express Group has also introduced Railway Container NAVI, a unique railway container information service to encourage railway use by customers, which calculates CO2 emissions and energy used when shipping is conducted by rail, for each respective customer. While simultaneously promoting shifts in transport modes, we are also endeavoring to

develop technologies that will boost modal shifts, such as 12-foot hybrid containers that can be loaded on both trains and coastal vessels.

CO2 Emissions Intensity by Transport Mode (FY2018)



Source: "CO2 emissions in the transportation sector" from the Ministry of Land, Infrastructure, Transport and Tourism website https://www.mlit.go.jp/sogoseisaku/environment/sosei_environment_tk_000007.html

CO2 Reduction through Truck Transport

While using modal shift to increasingly reduce reliance on trucks, we are also tackling the reduction of CO2 through truck transport itself. We are contributing to cutting emissions through the aforementioned introduction of environmentally friendly vehicles and the promotion of eco-driving*. We are also categorizing products that aggregate in co-loaded delivery centers, and by co-delivering these in batches that are loaded according to

recipient locations, we realize efficient and low-cost deliveries. This co-loaded delivery is a combination of our unique "milk run" cargo collection, route delivery, IT systems and other capabilities that we provide as a streamlining support service for customers' overall sales logistics.

* Eco-driving: Driving techniques that are aimed at reducing CO2 emissions and fuel consumption and ensuring greater safety by boosting fuel efficiency.

CO2 Reduction through Air Transport

In air transport, which is known for its high CO2 emissions, we offer an eco-friendly service that combines the CO2 credit schemes "ECO2 AWB" and "Offset Eco2" to

support customers' CSR and environmental preservation activities from the perspective of logistics.

Recycling and Resource Conserving Services

In utilizing our accumulated expertise in environment-related operations we seek to contribute to a recycling-oriented society. The numerous services we offer range from the solutions treatment and recycling for paper resources generated as waste from offices, pick up and shipping of recycled appliances, and resource conserving-type moving services based on the repeated use of

packing materials for moving operations, and to the specialized transport of industrial waste and the collection and transport of disaster waste. Together with keeping environmental burden to a minimum, in transporting such waste we also contribute to the providing of recovery assistance to disaster-hit areas.

Topics

Raising Transport Capabilities and Reducing CO2 Emissions through Joint Trunk Transport Routes

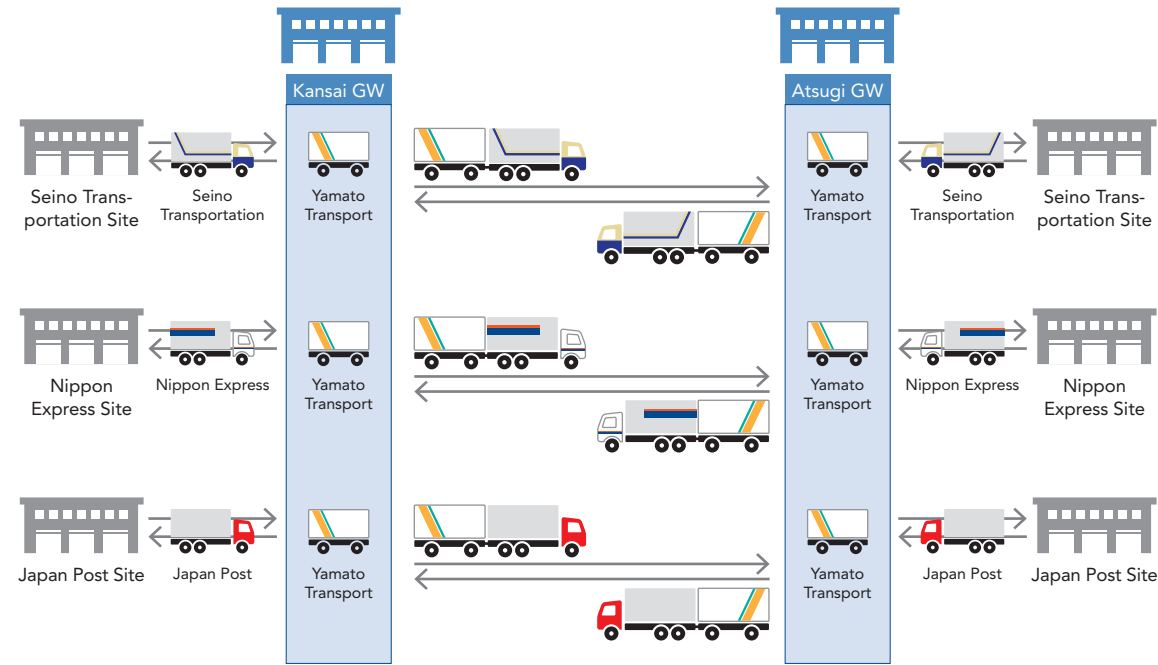
Four domestic shipping companies were honored with the 18th Special Award for the Green Logistics Partnership Conference*1 in December 2019 for their joint trunk transport routes between Kanto and Kansai regions that utilizes the Super Full Trailer SF25. By increasing cargo volume, they reduced the number of vehicles and streamlined transport, which ultimately shortened the distance travelled. As a result, the four companies reduced CO2 emissions by a cumulative 36.4%, which was the reasoning behind the award. In October of the same year, this project was certified by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) as Japan's first "Cargo-passenger Transportation Coordinative Energy-efficiency Plan"*2.

Having overcome the barriers between companies, this project gained attention not only for lowering environmental burden, but also because it is anticipated to contribute to alleviating the shortage of labor, which is a topic of discussion throughout the logistics industry.

*1 Green Logistics Partnership Conference
The Green Logistics Partnership Conference is a meeting body established in April 2005 through joint efforts between METI, MLIT, and related industrial organizations to expand collaborative efforts between shipper and logistics business operators for reducing CO2 emissions in the logistics sector in Japan. Awards are presented respectively by METI and MLIT, to recognize remarkable efforts which have contributed to the establishment of sustainable logistics systems, in particular.

*2 Cargo-passenger Transportation Coordinative Energy-efficiency Plan Certification
In the event that multiple cargo-passenger transportation companies that have collaborated to achieve efficiencies with their transportation capabilities, and MLIT has accredited them for having contributed to achieving improvements to basic units associated with energy usage resulting from their reorganization, the companies will be able to allocate the volume of energy conserved amongst themselves in their regular reporting.

Overview



Award for Best Company Working on Modal Shift

In November 2019, at the 6th Awards Ceremony for Excellent Business Entities Working on Modal Shift sponsored by the Japan Association for Logistics and Transport, Nippon Express received the award for Best Company Working on Modal Shift in two categories, the Effective Utilization and New Developments. The reasoning behind the Effective Utilization Award was Nippon Express' Company-wide efforts at modal shift that resulted in achieving over 40% usage rate for railway and ship transport out of its overall cargo transport volume on trunk routes. In New Developments Award, the transport of construction materials from Mie Prefecture to Fukuoka Prefecture was recognized as a modal shift achieved by shifting a part of the truck transport to ship transport via coastal vessels.

Social

The Nippon Express Group considers human rights to be the foundation of global management, and the maintenance of a safe and secure working environment to be our social responsibility as a company. Moreover, diversity is a source of innovation and is indispensable for corporate management in terms of responding to risk and change, and we position this as an important issue in achieving our long-term vision.

At the Nippon Express Group, we are conducting initiatives in tandem with our global business expansion to ensure human rights are thoroughly respected across the supply chain.

In addition, through diversity and work style innovation and maximizing the ability of our diverse self-driven human resources to exercise their individuality, we are promoting a transformation to ensure we are a company that continues to create value in line with the theme "transforming the Company that makes employees feel satisfied and fulfilled." We believe that a company that enables employees to work brightly, enthusiastically and positively can contribute to both customers, shareholders, and in so doing also contribute to society.

Moreover, we are addressing diversifying customer needs by strengthening and upgrading existing businesses through technological innovation, and aggressively developing new services. In parallel with this, we keenly recognize our social and public missions, and contribute to and develop society through our business activities which underpin the action we take to resolve community-based problems.

Respect for Human Rights

Basic Policy on Respect for Human Rights

The Nippon Express Group has set forth its "respect for human rights" as a way to address the rising risk of human rights violations that may occur in the course of expanding our global business domain, and have established our policy to refrain from engaging in conduct that violates human rights, such as discriminatory

treatment, and will reject child labor or forced labor. In addition, the Nippon Express Group Compliance Regulations also include respect for human rights and dignity and we are conducting initiatives to achieve a supply chain that respects the human rights of all stakeholders.

Enlightenment on Human Rights

We distribute the Compliance Handbook (Japanese, English and Chinese) to staff members of the Nippon Express Group companies in Japan and overseas. The handbook prohibits child labor, transactions with a company that uses child labor, and any act that violates the

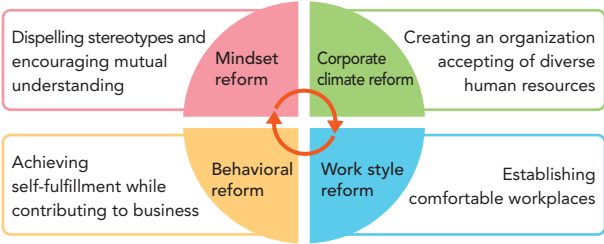
other party's human rights and causes mental suffering by means such as discrimination or harassment. The abovementioned prohibition is thoroughly emphasized in our staff training.

A Workplace that Supports Sustainable Growth

Promotion of Diversity

In implementing diversity-related efforts, branch managers and others at managerial-level from the Nippon Express Group disseminate extensive information about their diversity related commitments as well as the president's commitment and clarify the objectives and necessities of their commitments and their determination to proceed with these commitments on a company-wide level. Our goal in promoting diversity is to achieve "growth as a global logistics company" and "self-fulfillment of employees," and to create a company where all employees can play an active role and feel satisfied and fulfilled. For this reason, we have formulated our Diversity Promotion Master Plan that calls for steady progress through four reform cycles: mindset reform, corporate climate reform, work style reform, and behavioral reform. We are working on the Diversity Promotion Master Plan along with innovating work styles as set forth in the business plan.

Diversity Promotion Cycle



Work Style Innovation

Allowing staff members to proudly and energetically assume a leading role requires the enhancement of not only their work but also their lifestyles. The achievement of work style innovation is indispensable for the growth of the Nippon Express Group's operations and, by enhancing the private lives and work of our staff members, it will also generate a multiplier effect and ensure that our staff members lead healthy lives. We have been working to reduce the average annual overtime hours by improving productivity (compared to the previous year) and promote the taking of annual paid leave. Based on this policy, in fiscal 2019 the Company reformed the entire range of employee systems, including its human resources system, salary/wage system and evaluation system. Specifically, in addition to addressing laws related to work style reforms such as equal pay for equal work, mandatory taking of annual leave and setting

In addition, to promote the active participation of women, we are working to foster career motivation through training and seminars specialized for female employees such as for those involved in childcare as well as conducting activities such as disseminating information related to the working styles of women when recruiting, and working to expand the number of women employed*. More specifically, at seminars for female employees in rural areas, who are relatively small in number, we are actively promoting initiatives such as female officers making in person visits to help alleviate anxiety and provide networking support.

* Average ratio of women employed over the last three years in management track positions: 43.7%

Employing Foreign Students Full-Time

For a Japanese company to achieve growth in global business operations, it is indispensable to train human resources that can function as a bridge between Japan and the rest of the world. In parallel with its efforts to train local staff, Nippon Express employs foreign students under a full-time employment system with the aim of maximizing their aptitudes and broadening the scope of their activities. We have high hopes that the foreign employees will serve as a driving force in fusing diverse values to create new business domains, in addition to augmenting the operations of our overseas business locations.

upper limits on overtime hours, we also addressed extending the retirement age in stages and the company benefits and retirement allowance systems. This series of system reforms, we believe, are tied to keeping human resources within the company, to increasing employee motivation and vitality.

Supporting Employees Balancing Child/Nursing Care and Work

Nippon Express provides support to employees balancing child/nursing care and work with the aim of helping human resources from a variety of backgrounds to pursue their careers and keep them from having to quit their job against their will to take care of a child or an ailing family member. To enable employees to fulfill their work responsibilities even when they find it difficult to commute to work

due to child/nursing care or other such obligations, we have introduced an at-home work program to help individuals continue their careers. We work on improving our personnel systems by, for example, allowing staff members to take leave or work shorter hours to undertake childcare. In addition, our male staff members are encouraged to be involved more in childcare, and we also try to reduce overtime work.

Furthermore, we hold seminars for employees immediately after or during their childcare period in our efforts to have participants pass along their insights and to nurture the motivation to continue their careers. We also offer seminars for the supervisors of those taking child leave, among other concerted efforts we make to facilitate mutual understanding in the workplace.

Given that the number of employees facing nursing care responsibilities is expected to increase sharply in the future, we use educational programs and materials to convey accurate information about nursing care and the importance of work-life balance, endeavoring to create a workplace culture where colleagues can recognize and respect each other's circumstances.



Nippon Express is recognized as a "child care support company" by the Ministry of Health, Labour and Welfare.

Organizational Improvements to Eliminate Long Working Hours

Nippon Express is managing working hours through links to the start and finish times of personal computers and digital records of operations. In addition, we are eliminating long working hours by taking full advantage of IT and R&D innovation, to streamline the efficiency through technological development such as automation and mechanization. In addition, we are enhancing productivity through satellite offices that cut travel times and ensure effectiveness.

Topics

Participation in "MINDS," a Work Style Reform Promotion Community

From February 2020, Nippon Express has participated in "MINDS" or Millennial Innovation for the Next Diverse Society, a community for the millennial generation comprised of different business sectors that promotes work style reforms. Nippon Express is in sync with the mission advocated by MINDS, namely, to realize a society in which all individuals can work in their own preferred way, as well as its vision of instilling into Japanese society the diverse ways of working from the millennial generation, thinking beyond the scope of the business world and companies. In tandem with this, by verifying and advocating for the creation of human resources and occupations capable of adapting to the age of AI that is set to accelerate in the future, we will contribute to activities that spread diverse ways of working throughout Japanese society.

* MINDS: "Millennial Innovation for the Next Diverse Society," brings together millennial-age employees from ten companies operating in a broad collection of industries, including manufacturing, finance, transport, food products and IT. This community seeks to transform the way the millennial generation works through the collaboration of these different industries, putting into practice ideal working styles, and in doing this, to return what was learned to their own company and to society at large. MINDS, established in January 2019, has Dentsu Digital Inc. and Microsoft Japan Co., Ltd. functioning as its management office.

Measures to Deal with COVID-19

To address the spread of COVID-19, in February 2020, Nippon Express established at the head office countermeasures headquarters led by the president, and countermeasures headquarters were also established in principal branches in Japan and overseas regions and these bodies collect and respond to information. To ensure the safety of employees and their families, we promptly responded to the travel alerts based on infection levels provided by the Ministry of Foreign Affairs and employees posted overseas temporarily returned to Japan. We commenced telework from March in response to the spread of COVID-19 in Japan. For those operations where telework was possible, from April we moved to telework as the default practice to radically reduce attendance at head office. Over 70% of the head office took part in telework in response to the State of Emergency Declaration in Japan. Since it is not possible to halt the business operations at the branch level, we carried out telework and staggered work to the extent that operations could still be maintained. We have maintained a sufficient stockpile of masks and antiseptic solutions for infectious disease control, mainly at our head office, and we have distributed them to overseas bases to ensure thorough global measures.

Innovation in Our Human Resources Strategy

The education and training policy of the Nippon Express Group is to develop self-driven human resources so that as members of the Group, they will put into practice our corporate philosophy, seize the initiative for continuous growth, and based on social harmony, take independent action without fear of change. We have established a human resources development framework that integrates this education and training policy with management plans and human resource systems, and we are advancing initiatives that underpin growth.

In addition, we are broadening our human resources strategy vision, going from “Japan oriented, Nippon Express (non-consolidated)/partial optimization” to a “global, Nippon Express Group/overall optimization.” We will foster executives who will shoulder the responsibilities

of global business, and secure and nurture professional human resources.

Core Human Resources Training (Global)
Based on our fiscal 2019 Education and Training Plan, the Nittsu Group University organized the Core Human Resources Training (Global) for 14 selected managerial-level staff members. They met six times in total during the period of August 2019 to March 2020, and together with each local subsidiary in China, Korea, Singapore and Myanmar, collaborated to tackle and solve management issues confronting the local subsidiaries. Based on just such a global perspective, we are creating the venues where participants can gain the experience to solve management issues as future executive candidates.

Innovation Based on Collaboration and Co-Creation

Basic Policy on Generating Innovation through Collaboration and Co-Creation

Through innovations, the Nippon Express Group pursues the creation of value for customers and society and the resolution of social issues. To that end, by taking such measures as the proactive involvement in national policies for the formation of a safe society, the Nippon Express Group utilizes advanced technologies in facilitating

automation, energy saving and streamlining of its logistics sites. Our mission is not only accumulating and sharing knowledge obtained from the trial use of advanced technologies, but also communicating the needs of the logistics industry to manufacturers and vendors and stimulate the development of new technologies.

Developing Cutting-Edge Logistics Technologies

The Nippon Express Group is proactive about the use of advanced technologies to innovate logistics sites, treating this as one element of its corporate strategy. We are considering the use of material-handling equipment, cargo-handling robots and drones to streamline operations and save manpower at our warehouses and distribution

centers. In addition, through many different working groups such as a committee taking part in a national project to encourage automated truck platooning, the Nippon Express Group is committed to the creation of new logistics services to support society in the future.

Topics

Field Trials to Realize 5G-Driven Smart Logistics

From January 2020, we have collaborated with IT service providers to conduct field trials to pave the way for smart logistics that leverage 5G technology to enhance efficiency. By sending the data acquired by LiDAR* (laser scanner) using 5G, we have been able to verify that this technology enables a manager working remotely to confirm in real time such details as the load status. In the future, we expect more effective use of truck spaces and we expect to save on labor related to the driver checking on the status of loading.

* LiDAR: “Light Detection and Ranging” is a remote sensing technology that uses light in the form of a pulsed laser to measure ranges to an object, or an object’s structural makeup.

Introduction of Automation and Manpower-Saving Systems at Logistics Centers

In line with the full-fledged operation of the warehouse automation systems we had been considering since fiscal 2017, we introduced automated guided forklifts (AGF) at the Hokkaido warehouse in July 2019, and to the Shizuoka Prefecture logistics center in January 2020. This has allowed us to realize automation during nighttime delivery operations and save on labor for forklift operators. In addition, in March 2020 we deployed automated guided vehicles (AGV). The AGV deployment is expected to solve labor shortage issues and allow us to secure the safety of staff operations and expand our elderly and female workforce by reducing workloads.



Conducting Field Trials for Self-Driving Large-Sized Trucks

In August 2019 in Hokkaido, together with a commercial vehicle maker and an agricultural cooperative, we performed a field trial of automated driving with a large-sized truck equipped with level 4 technology (completely self-driving under specified conditions) out of five stages of autonomous-driving levels. This trial, undertaken with the objective of identifying one way to solve driver shortages, which is an increasingly serious problem at logistics sites, reproduced an environment which was nearly that of actual driving conditions. For this reason, we were able to take a step toward making self-driving trucks a practical reality with Japan’s first trial run on a route that in part included a public roadway.



Providing Special Transport Services

Fine arts transportation and heavy haulage and construction are among some of Nippon Express’ transport services requiring specialized skills and a wealth of experience as well as special facilities and equipment.

We are also revolutionizing the logistics of medicinal products and contributing to the enhancement of the value of medicinal products and people’s health through

transportation by developing a unique network to allow for our adaptation to business continuity plans (BCPs), co-loaded transportation and round-trip use of vehicles for the supply of medicinal products, in addition to quality control in accordance with the Japanese GDP guidelines (the standards for the proper distribution of medicinal products).

Topics

Construction Commenced at Toyama Pharmaceutical Center

In December 2019, we began construction on Toyama Pharmaceutical Center, the fourth of our four key locations (East Japan, West Japan, Toyama, and Kyushu) in Japan that will form the core of a new pharmaceutical supply network we are building.

This newly constructed center in Toyama City, which is a hub for the pharmaceutical products-related industry, will not only serve to supply Japan with commercialized pharmaceutical products, but will provide available logistics services as the backyard of manufacturers in this major pharmaceutical manufacturing location. It is also positioned as a globally strategic site that will cover the pharmaceutical supply chain, both in and outside of Japan, including for the procurement and import of raw materials, bulk drug substances, and product export.

Contributing to Local Communities

Basic Policy on Community Involvement

The Nippon Express Group’s business activities rely on local social infrastructure such as roadways, railways, ports, and airports and are closely involved in the relevant communities and societies. Recognizing the Group’s social and public missions as a logistics company, we will engage in social action programs rooted in these communities, providing support through our business activities.

Community Investment (FY2019 Results)

	(Thousands of yen)
Forest cultivation activities	8,063
Education for the next generation	58
Contribution to communities	225
Donations	2,000
Co-sponsorship	1,900

Our Role as a Designated Public Institution

Nippon Express is a designated public institution in the transport industry under the Disaster Countermeasures Basic Act, Citizens Protection Act (law concerning measures to protect the public in cases of armed attack), and Act on Special Measures for Pandemic Influenza.

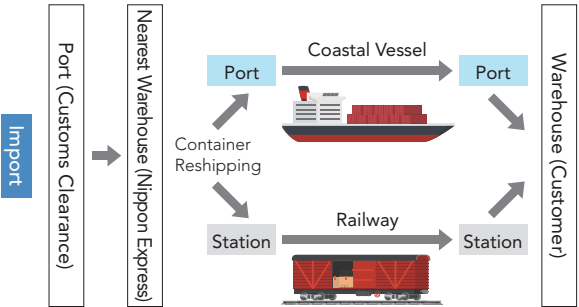
By maintaining a crisis management system and other various systems, we will continue to operate while ensuring

the safety of the lives of employees and their families in the event of an emergency, and will continue to operate as a “designated public institution.” We fulfill our social responsibilities such as the transportation of emergency supplies based on requests from such as the national government and prefectures.

Topics

Start of Import Freight Delivery Solution for BCP

In April 2019, Nippon Express launched “NEX Ocean-Solution BCP Pack,” an import freight delivery solution for the business continuity plans (BCPs) that combines ocean and rail-based shipping. Avoiding the port of Tokyo that becomes congested as volumes of cargo rise, and by going through Nagoya, Hakata, and other ports with utilization of railway and coastal vessels to reach the Kanto and Tohoku areas from Western Japan, import cargo is delivered to its destination with stability. Our transportation services provide an important link to BCP measures and enable our customers to differentiate themselves from other companies by providing a hedge risk against disasters and other emergency situations.



Receiving a Letter of Appreciation for Disaster Response from the Head of Hokuriku-Shin’etsu District Transport Bureau

Having rendered assistance to those affected by the damage caused by the disastrous downpour that came with 2019’s Typhoon Hagibis (Reiwa 1 East Japan Typhoon), in February 2020 the Nagano Branch of Nippon Express was honored for its significant contribution with a letter of appreciation from the head of the Hokuriku-Shin’etsu District Transport Bureau. The catastrophe occurred in October 2019 in Nagano Prefecture when torrential rains caused the Chikuma River to flood, was the first time for a prefecture to be designated as a wide-area material transportation base. Nippon Express’ Nagano Branch worked through the Nagano Trucking Association to receive dispatched logistics specialists from the prefecture, and requests from base operations, being responsible for operations in the wide-area material transportation base in line with directions from Nagano Prefecture. Starting with the layout and setting up of a logistics facility that in ordinary times was used as an indoor exercise area, Nagano Branch made up plans for inventory management and vehicle assignments for the supply of materials to some 20 evacuation sites, as well as shipping and receiving, sorting and a variety of coordination operations.

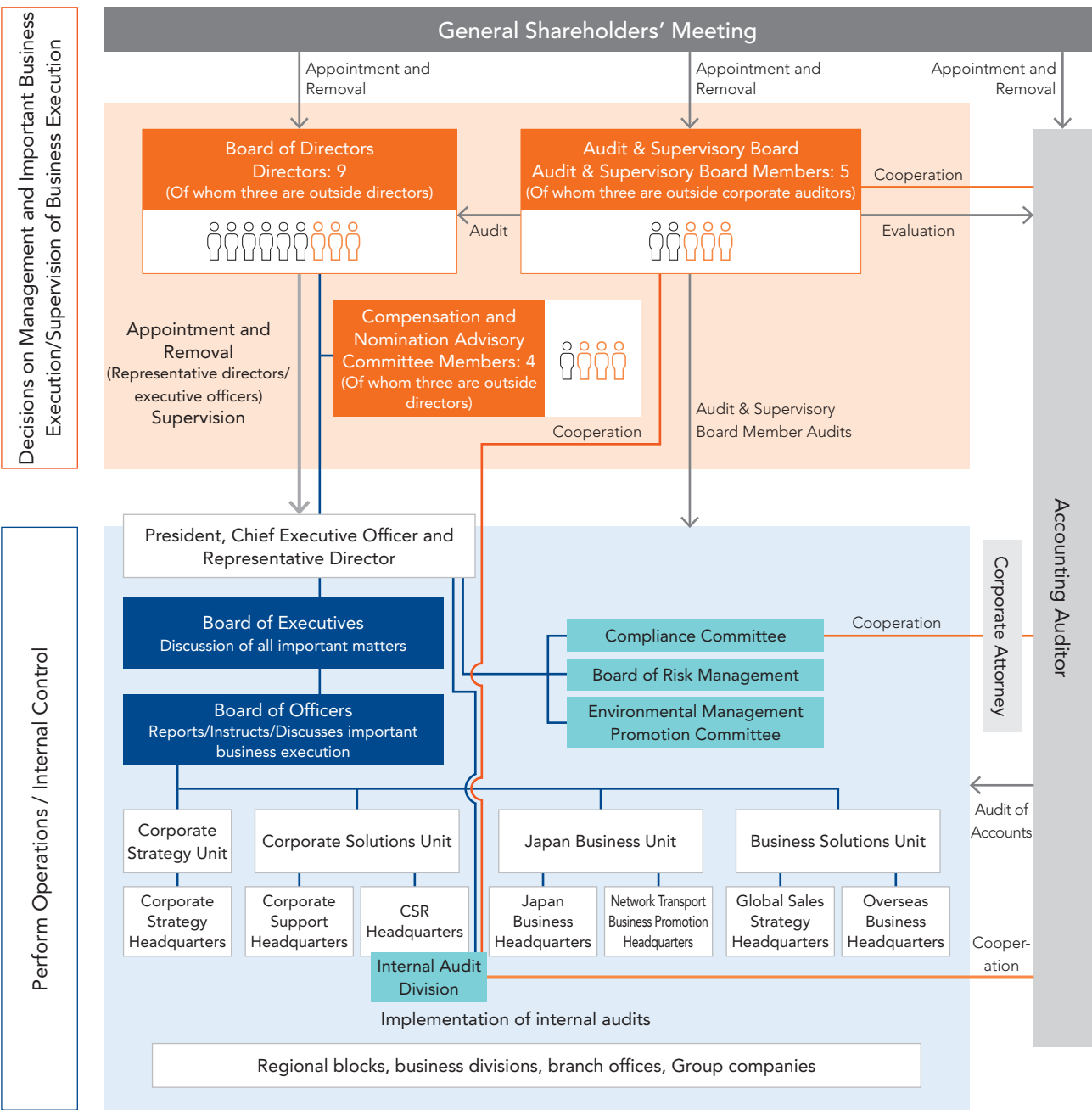
Governance

The Nippon Express Group believes that establishing corporate governance is important for sound corporate management and sustainable growth, increasing corporate value as well as representing a responsibility the Group has to its shareholders.

The Group positions governance as the foundation for conducting management with an emphasis on the environment (E) and social (S). Under its current business plan, the Group will undertake ongoing governance reforms with the theme of “establishing a mechanism to support sustainable improvement in corporate value.”

The Group will promote initiatives to ensure “safety, compliance, and quality” that form the basis of the Group’s management and are the source of its competitiveness. The Group will also endeavor to enhance the disclosure of information and proactively disseminate information to ensure management transparency and invigorate dialogue with shareholders and investors.

Corporate Governance System Chart



Directors, Executive Officers, Audit & Supervisory Board Members

(As of June 26, 2020)

Directors and Executive Officers



Kenji Watanabe
Chairman and Representative Director
Chairman of the Board of Directors

Apr. 1972 Joined the Company
May 2005 Executive Officer, Regional General Manager, No. 9 Region, and General Manager, Osaka branch
Jun. 2005 Director and Executive Officer, Regional General Manager, No. 9 Region, and General Manager, Osaka Branch
May 2007 Director and Senior Managing Executive Officer, Regional General Manager, Tokyo Metropolitan Region, and General Manager, Tokyo Branch
May 2009 Executive Vice President, Chief Operating Officer and Representative Director
Jun. 2011 President, Chief Executive Officer and Representative Director
May 2017 Chairman and Representative Director (Incumbent)



Mitsuru Saito
President, Chief Executive Officer and Representative Director
Chief Executive Officer
General Manager, Corporate Strategy Unit and Chief Managing Officer, Corporate Strategy Headquarters

Apr. 1978 Joined the Company
May 2009 Executive Officer, Regional General Manager, Tohoku Region and General Manager, Sendai Branch
May 2012 Managing Executive Officer
Jun. 2012 Director and Managing Executive Officer
May 2014 Executive Vice President, Chief Operating Officer and Representative Director
May 2017 President, Chief Executive Officer and Representative Director (Incumbent)



Takaaki Ishii
Executive Vice President, Chief Operating Officer and Representative Director
General Manager, Business Solutions Unit

Apr. 1978 Joined the Company
Jun. 2011 Executive Officer, Regional General Manager, North Kanto & Shin-Etsu Region and General Manager, Gunma Branch
Dec. 2013 Executive Officer
May 2014 Managing Executive Officer
Jun. 2014 Director and Managing Executive Officer
May 2015 Director and Senior Managing Executive Officer, Regional General Manager, Kanto Region, and General Manager, Air Freight Business Branch
May 2017 Executive Vice President, Chief Operating Officer and Representative Director (Incumbent)

Audit & Supervisory Board Members



Naoya Hayashida
Full-Time Audit & Supervisory Board Member

Apr. 1983 Joined the Company
Feb. 2007 Group General Manager, Consolidated Finance Group of Accounting Division
May 2007 Group General Manager, Budget & Planning Group of Accounting Division
May 2009 General Manager, Fukui Branch
Oct. 2010 General Manager, Finance & Accounting Division, Nippon Express USA, Inc.
May 2013 Served at Personnel & Industrial Relations Division, Nittsu Shoji Co., Ltd. (Full-time Associate Director)
Jun. 2013 Director and Executive Officer, Nittsu Shoji Co., Ltd.
May 2015 Executive Officer and General Manager, Finance & Accounting Division
Jun. 2015 Director, Executive Officer and General Manager, Finance & Accounting Division
May 2017 Director and Executive Officer
May 2018 Director
Jun. 2018 Full-Time Audit & Supervisory Board Member (Incumbent)



Shigeki Arima
Full-Time Audit & Supervisory Board Member

Apr. 1984 Joined the Company
May 2008 General Manager, Shunan Branch
Jun. 2011 General Manager, Hiroshima Branch
May 2013 General Manager, Shimonoeki Branch
May 2015 General Manager, Group Management Division
May 2017 General Manager, Corporate Planning Division, and General Manager, Group Management Division
May 2018 Executive Officer, Regional General Manager, Chugoku and Shikoku Region, and General Manager, Hiroshima Branch
Apr. 2020 Assistant to President
Jun. 2020 Full-Time Audit & Supervisory Board Member (Incumbent)

Executive Officers

Senior Managing Executive Officers

Makoto Ikeda

Akira Kondo

Eiichi Nakamura

Toshiro Uchida

Managing Executive Officers

Tatsuo Sugiyama

Mitsuru Uematsu

Yutaka Nagai

Tatsuya Suzuki

Masato Nakagawa



Susumu Akita
Executive Vice President, Chief Operating Officer and Representative Director
General Manager, Japan Business Unit, Chief Managing Officer, Japan Business Headquarters, Chief Managing Officer, Network Transport Business Promotion Headquarters and In Charge of Japan Business Administration Division

Apr. 1982 Joined the Company
May 2014 Executive Officer, Regional General Manager, Tohoku Region, and General Manager, Sendai Branch
May 2016 Executive Officer
Jun. 2016 Director and Executive Officer
May 2017 Director and Managing Executive Officer
Apr. 2019 Executive Vice President, Chief Operating Officer and Representative Director (Incumbent)



Satoshi Horikiri
Executive Vice President, Chief Operating Officer and Representative Director
General Manager, Corporate Solutions Unit, Chief Managing Officer, Corporate Support Headquarters and Chief Managing Officer, CSR Headquarters

Apr. 1983 Joined the Company
May 2015 Executive Officer, Regional General Manager, North Kanto & Shin-Etsu Region, and General Manager, Gunma Branch
May 2017 Executive Officer
Jun. 2017 Director and Executive Officer
May 2018 Director and Managing Executive Officer
Apr. 2019 Director and Senior Managing Executive Officer
Jun. 2019 Senior Managing Executive Officer
Apr. 2020 Executive Vice President and Chief Operating Officer
Jun. 2020 Executive Vice President, Chief Operating Officer and Representative Director (Incumbent)



Takashi Masuda
Director and Executive Officer In Charge of Corporate Planning Division and Financial Planning Division

Apr. 1984 Joined the Company
May 2007 Managing Director, Nippon Express Capital Co., Ltd.
Jul. 2009 Group General Manager, 3PL Division
Apr. 2010 Group General Manager, Global Logistics Solutions Division
May 2013 General Manager, Finance & Accounting Division
May 2015 Director and Executive Officer, Nittsu Shoji Co., Ltd.
May 2017 Director and Managing Executive Officer, Nittsu Shoji Co., Ltd.
May 2018 Executive Officer
Jun. 2018 Director and Executive Officer (Incumbent)



Tadashi Kanki
Full-Time Audit & Supervisory Board Member

Apr. 1981 Joined the Dai-Ichi Kangyo Bank, Limited
Apr. 2005 General Manager of Osaka Corporate Banking Division No. 3 of Mizuho Corporate Bank, Ltd.
Apr. 2008 Executive Officer, General Manager of Corporate Banking Division No. 8 of Mizuho Corporate Bank, Ltd.
Apr. 2011 Managing Executive Officer, In Charge of Business Promotion of Mizuho Corporate Bank, Ltd.
Apr. 2012 Managing Executive Officer, In Charge of Branch Banking Group (Deputy) of Mizuho Bank, Ltd.
Apr. 2013 Managing Executive Officer, Head of Strategic Planning Group of Mizuho Financial Group, Inc.
Apr. 2013 Managing Executive Officer, Head of Strategic Planning Group of Mizuho Bank, Ltd.
Apr. 2013 Managing Executive Officer, Head of Strategic Planning Group of Mizuho Corporate Bank, Ltd.
Apr. 2013 Managing Executive Officer, In Charge of Strategic Planning, Financial Control & Accounting Group of Mizuho Trust & Banking Co., Ltd.
Apr. 2013 Managing Executive Officer, In Charge of Strategic Planning Group of Mizuho Securities Co., Ltd.
Jun. 2013 Executive Managing Director, Head of Strategic Planning Group of Mizuho Financial Group, Inc.
Apr. 2014 Senior Executive Managing Director, Head of Internal Audit Group of Mizuho Financial Group, Inc.
Jun. 2014 Senior Managing Executive Officer, Head of Internal Audit Group of Mizuho Financial Group, Inc.
Apr. 2016 Executive Vice President of Mizuho Research Institute Ltd.
May 2017 Advisor of Mizuho Research Institute Ltd.
Jun. 2017 Full-Time Audit & Supervisory Board Member of the Company (Incumbent)



Toshiaki Nojiri
Audit & Supervisory Board Member

Apr. 1979 Joined Nittsu Research Institute and Consulting, Inc.
Apr. 1989 Assistant Professor, Faculty of Sociology, Ryutsu Keizai University
Apr. 1994 Professor, Faculty of Sociology, Ryutsu Keizai University
Apr. 1996 Professor, Faculty of Distribution and Logistics Systems, Ryutsu Keizai University
Apr. 2001 Professor, Faculty of Law, Ryutsu Keizai University (Incumbent)
Apr. 2001 Head of Registrar's Office, Ryutsu Keizai University
Nov. 2002 President, Ryutsu Keizai University
Nov. 2008 Retired from President, Ryutsu Keizai University
Jun. 2013 Senior Managing Director, Nittsu Gakuen Educational Corporation
Apr. 2015 President, Ryutsu Keizai University (Incumbent)
Jun. 2016 Director, Nittsu Gakuen Educational Corporation (Incumbent)
Jun. 2016 Audit & Supervisory Board Member of the Company (Incumbent)



Masahiro Sugiyama
Outside Director

Apr. 1971 Research Assistant, Waseda University School of Commerce
Apr. 1974 Lecturer, Waseda University School of Commerce
Apr. 1976 Associate Professor, Waseda University School of Commerce
Apr. 1977 Guest Researcher, Faculty of Law and Economics, University of Bonn, Germany
Apr. 1981 Professor, Waseda University School of Commerce and Graduate School of Commerce (From 2004, Professor, Waseda University Faculty of Commerce, due to the organization's name change)
May 2011 Emeritus Professor, Waseda University (Incumbent)
Jun. 2014 Director of the Company (Incumbent)



Shigeo Nakayama
Outside Director

Apr. 1978 Certified as an Attorney (Dai-Ichi Tokyo Bar Association)
Joined the Law Firm of Naritomi Yasunobu
Apr. 1987 Founded the Law Firm of Nakayama Shigeo (In April 2005, name changed to Law Firm of Nakayama & Otokozawa) (Incumbent)
Jun. 2014 Director of the Company (Incumbent)



Sadako Yasuoka
Outside Director

Jan. 2005 Lecturer, Muryozan Denzuin Rongo School for Kids (In April 2013, name changed to Muryozan Denzuin Terakoya Rongo School) (Incumbent)
Aug. 2007 Teacher of Japanese, Seigakuin Junior & Senior High School
Oct. 2008 Representative, Ginza・Terakoya Rongo School for Kids (In April 2019, name changed to Ginza・Rongo School for Adults) (Incumbent)
Apr. 2009 Teacher of the Analects of Confucius (Rongo), Shukutoku SC Junior & Senior High School (Incumbent)
Nov. 2013 Representative, Sadako Yasuoka Office (Incumbent)
Jun. 2015 Director of the Company (Incumbent)



Yoshio Aoki
Audit & Supervisory Board Member

Nov. 1974 Joined Peat, Marwick, Mitchell & Company
Nov. 1976 Joined Tohmatsu Awoki & Co. (Current Deloitte Touche Tohmatsu LLC)
Mar. 1978 Registered as Certified Public Accountant
Jul. 1988 Partner, Tohmatsu Awoki & Sanwa (Current Deloitte Touche Tohmatsu LLC)
Jul. 1995 Representative Partner, Tohmatsu & Co. (Current Deloitte Touche Tohmatsu LLC)
Oct. 2010 Head, Management Audit Office, Deloitte Touche Tohmatsu LLC
Dec. 2015 Director, Certified Public Accountant, Yoshio Aoki & Co. (Incumbent)
Jun. 2016 Audit & Supervisory Board Member of the Company (Incumbent)

Outside Director Three-Way Discussion

Nippon Express adopted the outside directors structure as an initiative for strengthening corporate governance in 2014. Currently, three of the nine directors are selected from outside the Company. In this report, the three outside directors held a discussion related to their understanding of the roles, responsibilities, and issues of the outside directors, as well as the status of this initiative.

Masahiro Sugiyama

Masahiro Sugiyama has been a guest researcher in the Faculty of Law and Economics at the University of Bonn in the former West Germany and Professor at both the Faculty of Commerce and Graduate School of Commerce at Waseda University in Tokyo, where he holds the post of Emeritus Professor. In addition to pursuing the essence of social science by balancing theory and reality in the fields of transport economics and transport policy, he has been involved in the public transport policy council for many years. His main published books are *West German Transport Policy Research* (published in Japanese by Seibundoh) and *Tomorrow's Urban Transport Policy* (Seibundoh, co-author). Mr. Sugiyama has been an outside director of the Company since June 2014.

Shigeo Nakayama

Shigeo Nakayama was certified as an attorney in April 1978. In addition to having served as an instructor for the Supreme Court Judicial Training Institute and as a visiting professor at The University of Tokyo Graduate Schools for Law and Politics, he has served as a member of the Ministry of Health, Labour and Welfare's Labor Policy Committee of Experts and a member of the Council on Economic and Fiscal Policy's Labor Market Reform Committee of Experts as well as a member of other public institutions. His major Japanese publications are *Supreme Court Labor Cases*, Volumes 4, 6, 7 and 8 (published by the Japan Federation of Employers' Associations (Nikkeiren), co-author) and *Employment Regulation Model Texts* (Keidanren Publishing). Mr. Nakayama has been an outside director of the Company since June 2014.

Sadako Yasuoka

Granddaughter of the Chinese scholar Masahiro Yasuoka, Sadako Yasuoka graduated with a degree in Chinese literature from Nishogakusha University in Tokyo. Known as a leading expert teacher of the Analects of Confucius, she gives 23 regular classes all over Japan, including at the Ginza-Terakoya Rongo School for Kids and the Shibunkai-Yushima Temple Rongo School for Kids. Her writings in Japanese include *Hajimete no Rongo* (First Studies of the Analects of Confucius, published by Kodansha), *Rongo Schools for Children That Nurture the Mind* (Poplar Publishing Co., Ltd.) and *Rongo That You Will Want Your Children and Grandchildren to Read and Listen to* (Gentosha). Ms. Yasuoka has been an outside director of the Company since June 2015.

How do you see your responsibilities and roles in terms of your expertise and as outside directors?

Sugiyama: I specialize in researching transport economics and transport policy at a university. So, I feel it is my responsibility to focus on economics as a whole and the trends in transportation and logistics to ascertain the details of any changes that have occurred, for example whether the change was inevitable or what the causes were, and to offer advice.

Nakayama: I am a lawyer specializing in corporate law, and labor relations in particular. In my case, my responsibilities and roles are to monitor the Board of Directors' decision-making process, goals, and content from a legal compliance standpoint, and thereby help validate management decisions. In addition to the Board of Directors, I also cooperate in heading off, improving upon, and preventing the recurrence of problems based on compliance violation cases from both inside and outside the Company.

Yasuoka: My expertise lies in Chinese literature and I teach the Analects of Confucius during corporate training, for example. My responsibilities are to view the Company from an objective stance, question the Company about my own and third-party concerns, and ascertain how the Company responds to these concerns and whether voicing such concerns is having an effect.

How does the Company acknowledge and apply the opinions and expertise of the outside directors to management?

Nakayama: Although some say that half the Board of Directors should be from outside the company, outside directors account for one third of the Board at Nippon Express. On the other hand, the way in which discussions are actually held between the outside directors and full-time management is important, so the ratio of outside directors to the total number of directors alone is not the issue. At Nippon Express, the full-time management take the lead in conducting business, whereas the outside directors play the role of sounding warnings and actively holding discussions from their areas of expertise. And I feel that the results of these then become reflected in the management of the Company. To give one example from

a discussion regarding compliance, when I mentioned that one effective way of preventing recurrence after there is a violation was to also inform those employees who were not involved in the incident about specific cases, the Company considered this idea constructively and began publishing such cases in the "CSR Newsletter" that is regularly issued within the Company.

Yasuoka: I already spoke about my responsibilities as an outside director, but I feel the Company values the opinions of the outside directors and addresses our questions in a sincere manner. Although there are many themes to choose from, one example is promoting the participation of women. Today, there is a growing number of women among new employees, which means the number of females has come to rival that of males in the younger employee age groups. This shift has also led to changes in awareness and ways of thinking. Although not yet perfect, the Company is also actively undertaking related initiatives like holding seminars on returning to work after having children, so I expect that the Company's image will change over the next few years.

Sugiyama: I am constantly aware that my presence should be uncomfortable and therefore work to offer harsh opinions at the Board of Directors. As part of corporate decision-making, I verify the credibility of reports prepared by consulting companies and state my honest opinion if I have any concerns. I also feel similarly about promoting the participation of women, and have stated my opinion that women should be assigned to executive officer positions. Other countries have different histories and local characteristics to those of Japan, so the Company will require a foundation that employs women and accepts diversity overall to expand globally. Although the Company also has few employees from science backgrounds today, I think that going forward employees with expertise in big data statistical analysis, for example, will also become important. I feel that the Company's management fully acknowledges these kinds of opinions and concepts as well.

How do you interpret the Company's business and its social roles?

Nakayama: I recognize that logistics is an important

part of the social infrastructure. So I feel that, through its business activities, Nippon Express plays a major social role that serves to advance lifestyles, corporate activities, medicine, welfare, and other areas. And I feel that the roles that are expected by society in various regions are significant.

Sugiyama: I also feel the same. It is said that "food, clothing, and shelter" are essential for our lifestyles, but I think that we should also include transportation and logistics. Without logistics, today's economy and society would likely come to a standstill. As a leading company, my expectations lie in Nippon Express' ability to drive the logistics industry.

Yasuoka: I strongly feel that the employees are aware that logistics are essential to the social infrastructure, and thus engage in their regular duties with a sense of pride. The employees similarly aspire to contribute to society in new fields like pharmaceutical and food logistics by maintaining a broad vision that is not bound to existing methods.

What is your sense of the issues in terms of what the Company must do to fulfill its social roles or to achieve future growth?

Sugiyama: Nippon Express is actively expanding overseas, and although global expansion is also desirable for the economy, as I mentioned earlier, the history and local characteristics of Japan differ from those of other countries. Applying the ways of Japan without modification will therefore likely not work outside Japan. It is important to understand this point before fully considering how to plan for overseas expansion.

Nakayama: The logistics industry is often criticized for its long working hours, but the Company has actually reduced overtime and made improvements in this area. Whereas a law regarding equal pay for equal work was only implemented in April 2020, the Company undertakes progressive initiatives and had already adopted this concept in 2019. Meanwhile, although the so-called Anti-power Harassment Law took effect in June of this year, the Company must still implement continued initiatives regarding personnel management. I believe that building an organization that nurtures personnel and in

which employees feel happy is an important element of expanding the business.

Yasuoka: Nippon Express is home to many ambitious employees, but the Company must build an organization and systems that maintain their motivation to work while at the same time conducting personnel training. One such effort is the Company's Diversity Promotion Group, which undertakes different initiatives. Despite the fact that these initiatives primarily focus on training female employees, this Group considers diversity from the perspective that a comfortable workplace for women is also a comfortable workplace for men. The more the Company expands its business, the more I feel it must put energy into personnel training.

What are your expectations for the Company?

Sugiyama: As a leading company in the logistics industry, Nippon Express must respond to social demands. However, I feel the Company must take an approach that both achieves growth as a company as it works to address these demands. And I look forward to the Company achieving this.

Nakayama: The current business plan was launched in April 2019, so I expect the Company to steadily put this plan into practice. ESG management is one of the major pillars on which this plan is founded, and I look forward to the promotion of effective measures that contribute to raising Nippon Express' corporate value.

Yasuoka: President Saito has said that he "hopes to transform Nippon Express into a company where the employees feel satisfied and fulfilled and also their families feel happy, and in which the employees maintain the will to work," but the Company must therefore impart this concept to each and every employee. I believe that the employees' acceptance of this idea and their ability to work in a fulfilling manner will become a strength of the Company. Moreover, I expect that when it becomes normal for women to be appointed as executive officers, the Company's atmosphere and its future potential will expand even further.

Basic Views on Corporate Governance

The Nippon Express Group upholds its mission to resolve social issues through logistics and support social sustainable development and growth in accordance with the “Nippon Express Group Corporate Philosophy.” The Company also believes that working hand in hand with all stakeholders, including shareholders and investors, and respecting their viewpoints is indispensable to the realization of sustained growth and improvement of corporate value. To this end, ensuring compliance and

guaranteeing management transparency, as well as speedy management through rapid decision-making and the clarification of responsibility, are important. Building such a system and ensuring that it functions properly comprises our basic policy on corporate governance. On the grounds of these basic views, Nippon Express Group strives for continuous progress and reinforcement of its corporate governance.

Corporate Governance System

Nippon Express is a company based on an Audit & Supervisory Board structure. In addition to the Board of Directors and Audit & Supervisory Board, the Company has introduced a Board of Officers system with the goal of ensuring rapid decision-making and business execution.

Consisting of nine members, including three outside Directors, the Board of Directors passes resolutions on important business execution as well as on matters stipulated by laws and regulations and the Company’s Articles of Incorporation, and supervises business execution. To obtain the opinions of independent outside Directors concerning important matters such as the compensation and nomination of Officers, the Company established the Compensation and Nomination Advisory Committee, of which the majority of members are independent outside directors, as an advisory body to the Board of Directors. The Company makes deliberations based on the reports of these committees. Board members serve a one-year term, which enables the clarification of the Board’s responsibilities for each fiscal year.

The Audit & Supervisory Board consists of five members, including three outside Audit & Supervisory Board members. The Audit & Supervisory Board members attend important meetings, including Board of Directors and the

Board of Executives, and provide oversight of company Directors in the execution of their duties. The Audit & Supervisory Board will also carry out inspections of Group companies in terms of consolidated management and operational enforcement relating to consolidated financial statements.

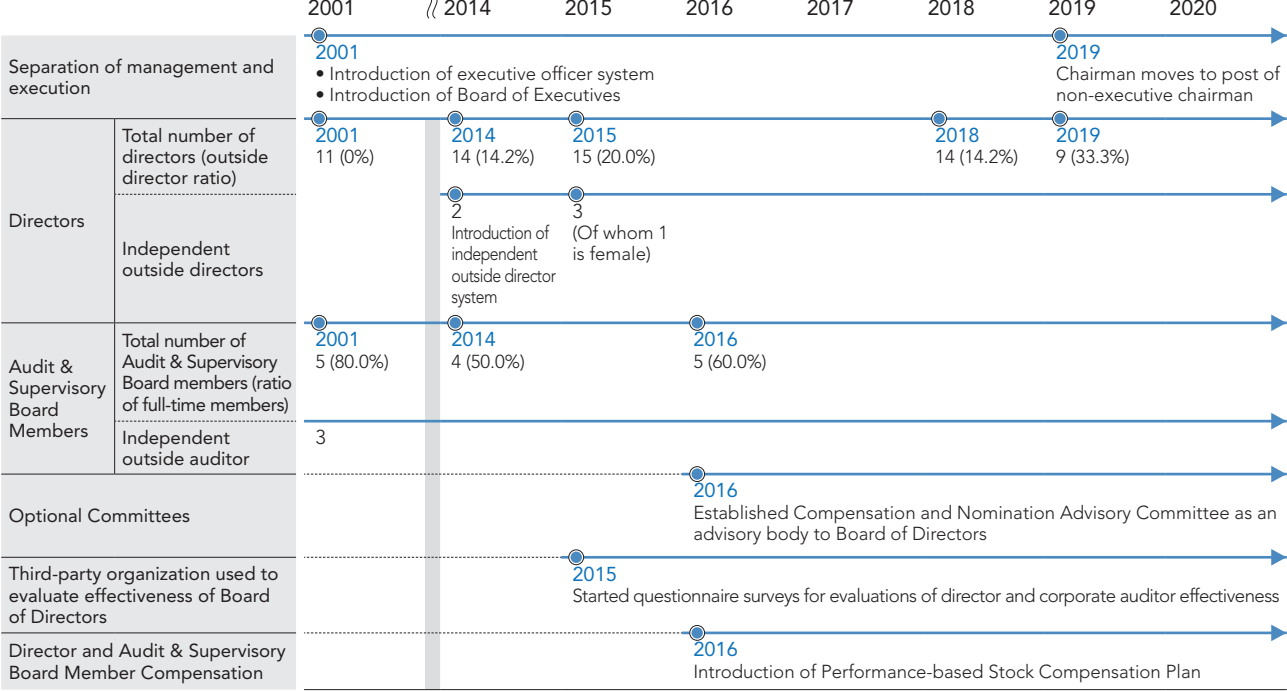
With regard to execution, on the basis of an executive structure consisting of four units and seven headquarters under the President, Chief Executive Officer and Representative Director, a certain amount of authority is delegated to each unit/headquarters, and business plan quickly executed as one management unit. Established as a consultative body for all important matters appertaining to business execution, the Board of Executives discusses matters to be put before the Board of Directors and makes resolutions on important matters to the extent delegated by the Board of Directors. Board of Officers comprises 34 members, including five serving concurrently as Directors. While communicating the decisions made and instructions issued at Board of Directors, the Board of Officers discusses instructions from each general manager and the chief managing officer, reports on the status of business execution from each executive officer and deliberates important matters.

Organizational structure	Company with Audit & Supervisory Board
Chairperson of Board of Directors	Chairman (unless the chairman is also the president)
Number of directors (number of outside directors)	9 (3)
Term of directors	1 year
Frequency of Board of Directors	Once a month in principle or more as needed Meetings held in fiscal 2019: 17
Number of Audit & Supervisory Board members (number of outside members)	5 (3)
Frequency of Audit & Supervisory Board meetings	Once every three months in principle or more as needed Meetings held in fiscal 2019: 8
Board of Officers in place [Yes/No]	Yes
Number of executive officers (number who concurrently serve as directors)	34 (5)
Term of executive officers	1 year
Frequency of Board of Officers	Once a month in principle or more as needed
Frequency of Board of Executives	Twice a month in principle or more as needed
Composition of Board of Executives	Directors working at head office and executives officer working in the Tokyo metropolitan area (25)

(As of June 26, 2020)

Initiatives to Enhance Corporate Governance

Chart Showing Changes



Compliance with the Corporate Governance Code

The Company is in compliance with all of the principles of the Tokyo Stock Exchange’s Corporate Governance Code. Since the introduction of the Corporate Governance Code, we have understood the aims of each principle and been constantly working to improve them.

Since fiscal 2019, we have detailed our policy and implementation regarding all 78 principles in the “Nippon Express Policy and Implementations of JPX’s Corporate Governance Code.” This document is disclosed on our website and elsewhere.

WEB Nippon Express Policy and Implementations of JPX’s Corporate Governance Code.
<https://www.nipponexpress.com/pdf/ir/governance/Nippon-Express-Policy-and-Implementations-of-JPX%60s-Corporate-Governance-Code.pdf>

Evaluating the Effectiveness of Board of Directors

Using an external institution, the Board of Directors implements a survey on the effectiveness of the entire Board of Directors and Audit & Supervisory Board members, including outside officers, and collects their opinions. The main points of the evaluation are the structure and operation of the Board of Directors, management and business strategies, corporate ethics, risk management, the evaluation of the management team and the status of its members’ remuneration. The results of the analysis and evaluated results from the external institution are discussed and verified at a Board of Directors.

With regard to the evaluation conducted at the end of fiscal 2019, the Company evaluated each question and the voluntary comments and evaluated that the effec-

tiveness of the entire Board of Directors is secure. As an example of the issues identified in this survey and improved in recent years, the composition of the Board of Directors was improved by deciding to have outside directors make up one third of its members. The Company is working to further improve effectiveness by, for example, enhancing the explanations provided at Board of Directors with regard to progress reports on important strategies. For more details on the evaluation of effectiveness please see the summary in the Corporate Governance Report issued by the Company.

WEB Corporate Governance
<https://www.nipponexpress.com/ir/governance/>

Implementation of Corporate Governance

■ Attendance Rate for Board of Directors and Audit & Supervisory Board

Directors FY2019 Board of Directors attendance rate		
Chairman and Representative Director	Kenji Watanabe	17/17
President, Chief Executive Officer, and Representative Director	Mitsuru Saito	17/17
Executive Vice President, Chief Operating Officer, and Representative Director	Takaaki Ishii	17/17
Executive Vice President, Chief Operating Officer, and Representative Director	Hisao Taketsu	17/17
Executive Vice President, Chief Operating Officer, and Representative Director	Susumu Akita	17/17
Director	Takashi Masuda	17/17
Masahiro Sugiyama (Outside director)		17/17
Shigeo Nakayama (Outside director)		17/17
Sadako Yasuoka (Outside director)		17/17

Audit & Supervisory Board FY2019 Board of Directors attendance rate		
FY2019 Audit & Supervisory Board attendance rate		
Tatsuya Suzuki	17/17	8/8
Naoya Hayashida	16/17	8/8
Tadashi Kanki (Outside member)	17/17	8/8
Toshiaki Nojiri (Outside member)	17/17	8/8
Yoshio Aoki (Outside member)	17/17	8/8

■ Board of Directors’ Implementation Summary

Number of agenda items	65
Meeting hours (total)	14 hours 13 minutes

Appointments of Directors

Officer Appointment Policy and Decision Procedures

When selecting director candidates and representative directors, the Board of Directors selects after discussions those individuals who possess diverse skills—including the appropriate character, knowledge, experience of business management, expertise in law, accounting and other fields and skills as well as academic backgrounds—from among the individuals who are capable of demonstrating their ability in achieving the Nippon Express Group’s global management. When selecting candidates for Audit & Supervisory Board members, in addition to the above criteria, one or more individuals that have knowledge in finance and accounting is selected. Moreover, when selecting candidates for outside directors and outside

Audit & Supervisory Board members, individuals are selected who meet all criteria for these positions, as stipulated in Items 15 and 16, Article 2 of the Companies Act and from the viewpoints of whether or not they are suitable candidates for monitoring the overall operation of the Company with excellent character and knowledge and abundant prior management experience. For the appointment and dismissal of these officers, the Company has established a discretionary Compensation and Nomination Advisory Committee—with three out of four committee members as independent outside directors—as an advisory body for our Board. The Company makes hiring decisions based on the Committee’s reports.

■ Reasons for Selection

Directors		
Chairman and Representative Director	Kenji Watanabe	Since his appointment as president, chief executive officer and representative director in 2011, Mr. Kenji Watanabe has been committed to driving the growth of the Nippon Express Group and strengthening its domestic business. He has been serving as chairman and representative director since 2017, and the Company believes that his solid leadership and management capabilities, based on his outstanding insight, are crucial for strengthening the management of the entire Nippon Express Group in order to realize its long-term vision.
President, Chief Executive Officer, and Representative Director	Mitsuru Saito	Since his appointment as executive vice president, chief operating officer, and representative director in 2014, Mr. Mitsuru Saito has implemented operational structural reforms leading to sustainable corporate growth in a prompt and precise manner as chief managing officer of the Administration Headquarters. He has been serving as president, chief executive officer, and representative director since 2017, and the Company believes that his solid leadership and management capabilities, based on his outstanding insight, are crucial for implementing all strategies under business plans in a prompt and precise manner for the Nippon Express Group to grow into a logistics company with a strong presence in the global market.
Executive Vice President, Chief Operating Officer, and Representative Director	Takaaki Ishii	Since his appointment as executive officer in 2011, Mr. Takaaki Ishii has contributed greatly to the management of the Company, taking on executive responsibility for operations in broad areas primarily in the Kanto Region. He has been serving as executive vice president, chief operating officer, and representative director since 2017, and the Company believes that his leadership and management capabilities, based on his profound experience and knowledge, are crucial for further strengthening both its customer- and business-based approaches and developing its global logistics business while ensuring its solid competitiveness.

Executive Vice President, Chief Operating Officer, and Representative Director	Susumu Akita	Since his appointment as executive officer in 2014, Mr. Susumu Akita has contributed to the development of businesses in the Tohoku Region and achieved great successes as a Company-wide manager of such important sections as general affairs, human resources and business administration. He has been serving as executive vice president, chief operating officer, and representative director since 2019, and the Company believes that his leadership and management capabilities, based on his excellent insight, are crucial for controlling its overall businesses in Japan, improving profitability and productivity, and advancing its strategy to enhance business resilience.
Executive Vice President, Chief Operating Officer, and Representative Director	Satoshi Horikiri	Since his appointment as executive officer of the Company in 2015, Mr. Satoshi Horikiri has contributed to the development of businesses in the North Kanto & Shin-Etsu Region. Having made great achievements as a manager of important sections, such as the corporate planning and overseas business sections, he was appointed as executive vice president and chief operating officer in 2020. The Company believes that, in the coming year, his management capabilities and extensive experience and knowledge in global terms will be crucial for developing a solid operational base to support its business growth strategy in the midst of an increasingly uncertain business environment.
Director	Takashi Masuda	Since his appointment as executive officer in 2018, Mr. Takashi Masuda has promoted measures to reinforce the Company’s financial base and streamline Company-wide accounting operations. The Company believes that his management capabilities, based on his diverse experience and profound knowledge, including in finance and other areas, are crucial for strengthening its operational base through highly strategic investments and realizing capital policies in ESG-oriented business management.

Outside Directors

Masahiro Sugiyama	Mr. Masahiro Sugiyama has many years of experience researching in the areas of transport and freight as a university professor and possesses abundant experience and wide-ranging insights.
Shigeo Nakayama	As a lawyer, Mr. Shigeo Nakayama is particularly familiar with Labor Law and the Labor Relations Act and possesses legal knowledge that he has cultivated over many years and abundant experience.
Sadako Yasuoka	For her profound education and abundant experience, including such educational activities as the study of the Analects of Confucius, with people of various ages.

Outside Audit & Supervisory Board Members

Tadashi Kanki	For his wealth of experience as a business executive and broad-ranging insights.
Toshiaki Nojiri	Specializing in the Antimonopoly Act and transportation business policy research, Mr. Toshiaki Nojiri possesses experience from having served as an academic expert in a number of posts in government and industry organizations.
Yoshio Aoki	For his abundant experience as a certified public accountant and expert knowledge of finance and accounting.

Outside Directors and Outside Audit & Supervisory Board Members

Three of the Company’s nine directors are outside directors. The outside directors provide expert insight from an outside perspective when making important management decisions and strengthen the oversight of the Board of Directors’ business execution. A member of the Compensation and Nomination Advisory Committee, which includes all three outside directors, will formulate policies with regard to executive compensation and nominations,

discuss proposals, and ensure fairness and transparency by reporting to the Board of Directors. In addition, the Audit & Supervisory Board members, including three outside Audit & Supervisory Board members, conduct audits on the business execution of directors and for the Group’s companies. We believe that adopting this structure sufficiently ensures the objectivity and neutrality of management oversight.

Independence Criteria for Independent Outside Officers

Taking into consideration the requirement for outside directors stipulated in the Companies Act and the criteria set by securities exchanges, the Company has established its own criteria and appoints outside directors and outside Audit & Supervisory Board members in accordance with these criteria.

When candidates for outside director and outside Audit & Supervisory Board member do not fall under the following items, the Company considers that they have the appropriate independence.

1. An individual who is an executive* of the Company or a Group company or was an executive of the Company or a Group company within the ten-year period prior to his/her appointment;
2. A shareholder and its executive who own 10% or more of the total voting rights of the Company’s shares;
3. An executive of a business partner whose transaction with the Group exceeds 2% of the Company’s consolidated revenues;
4. An individual who has received more than ¥10 million per business year from the Company as remuneration as a consultant, a lawyer or a certified public accountant;
5. An individual who belongs to the audit firm which is the Company’s Accounting Auditor; or
6. An individual who belongs to one of the groups, etc. which received an average of 10 million yen or more of donations during the last three business years from the Company and a Group company.

* An “executive” signifies an executive director, an executive officer or other employees.

Training Policy for Directors and Audit & Supervisory Board Members

For them to deepen their understanding of the Company's business challenges and acquire the necessary knowledge of financial affairs and laws, directors and Audit & Supervisory Board members are provided with opportunities to attend seminars and social gatherings. We bear the expenses of these. We expect our Audit &

Supervisory Board members to acquire wide knowledge through attending various meetings and seminars. For our outside directors and outside Audit & Supervisory Board members, we provide opportunities to acquire knowledge concerning the Company's business operations through, for example, site visits.

Officer Remuneration

Officer Remuneration Policy and Decision Procedures

The Company's basic policy for officer remuneration is that the policy should allow the Company to employ excellent individuals who can achieve our corporate philosophy, and that the remuneration system should provide the motivation for continuous improvement to our corporate value. The Company has established guidelines for director and Audit & Supervisory Board member compensation and bonuses. Based on such factors as individual duties and performance, compensation and bonuses for directors are determined by the Board of Directors and compensation for Audit & Supervisory Board members is determined by deliberation among the Audit & Supervisory Board members. These decisions are made with input from the Compensation and Nomination Advisory Committee, which Nippon Express has voluntarily established as an advisory body to the Board of Directors. A majority of the members of this committee are independent outside directors. Specific compensation amounts were set within the limits decided by resolution of the 100th General Shareholders' Meeting held on June 29, 2006, reflecting such considerations as corporate performance, industry standards, and employee salary levels.

The remuneration of officers consists of basic remuneration and performance-based remuneration that fluctuates according to business performance, but the remuneration of outside directors consists only of basic

remuneration because of their role and independence. Performance-based remuneration consists of bonuses based on single-year performance and stock compensation linked to medium- to long-term performance. With regard to the latter, with the aim of further enhancing their sense of contribution to the improvement of the Company's medium- to long-term corporate value and shareholder value, the Company introduced a performance-based stock compensation plan that uses an executive compensation Board Incentive Plan (BIP) trust (the "BIP Trust")*1 for directors and executive officers (excluding outside directors and those who do not reside in Japan). This plan uses part of the existing basic remuneration as funds for share-based remuneration and grants, varying the numbers of Company shares depending on the recipient's position and level of attainment of performance goals of the Company as a whole.

At the end of each fiscal year and at the end of the period for evaluation, the Company will evaluate consolidated performance based on indicators, such as revenue, operating income and return on equity (ROE). At the same time as the granting of shares, a portion of the shares are paid in cash after being converted within the trust to use this amount for the payment of taxes, including income tax. The number of Company shares to be granted is determined based on share delivery rules that stipulate the calculation method, time of delivery, and other relevant matters.

*1 Based on the Performance Share Plan and the Restricted Stock Plan in the United States, the BIP Trust is a trust-based incentive plan, under which compensation based on the Company's shares is delivered to the directors according to factors that include the Company's business performance.

Total Amount of Remuneration, etc. by Officer Category, Total Amount by Type of Remuneration, etc., and Number of Eligible Officers

Officer Category	Amount of remuneration (Millions of yen)	Total amount by type of remuneration (Millions of yen)				Number of eligible officers
		Monthly fixed remuneration	Performance-based remuneration		Other	
			Bonuses	Stock compensation		
Director (excluding outside directors)	495	383	64	36	11	11
Audit & Supervisory Board Member (excluding outside members)	55	55	—	—	0	2
Outside Director	87	87	—	—	—	6

Details of the BIP Trust Agreement (Following Trust Agreement's August 2019 Amendment)

Type of trust	Monetary trust other than a specified solely administered monetary trust (third-party beneficiary trust with beneficiaries yet to exist)
Purpose of trust	To provide incentives to the directors and executive officers of the Company
Entruster	The Company
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint Trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries	Directors and executive officers who satisfy the beneficiary requirements
Trust administrator	Third party having no conflict of interest with the Company (certified public accountant)
Date of initial trust agreement	August 2016
Trust term	September 2019 to August 2024
Commencement of the plan	September 2016
Exercise of voting rights	Voting rights will not be exercised
Class of shares to be acquired	Common stock of the Company
Upper limit of trust money	¥800 million (including trust fees and trust expenses)
Share acquisition period	August 8, 2019, to August 9, 2019
Share acquisition method	Purchase from stock market
Rights holder	The Company
Residual assets	The Company, as the rights holder, may receive residual assets within the scope of the reserve for trust expenses after deducting funds to acquire the Company's shares from trust money
Total number of shares to be delivered to the directors and executive officers	Maximum 115,000 shares (Trust period: five years)
Scope of persons who can receive beneficiary rights and other rights under this system	Those persons among directors, etc. who meet the beneficiary requirements

Cross-Shareholdings

Policy on Cross-Shareholdings and Rationality of Ownership Verification

On the basis of reducing its cross-shareholdings, in principle the Company does not conduct new acquisitions, for example in response to requests for stock acquisitions for the purpose of securing stable shareholders. Exceptionally, the Company may hold such shares if it is decided that the action would improve its medium- to long-term corporate value by increasing the number of business transactions, expanding the scope of its business, strengthening its relationships with business partners and promoting collaboration.

For cross-shareholdings, the Board of Directors will

annually review the rationality of holding each share name, including capital costs and benefits of holding. The benefits will be evaluated not only from quantitative aspects, but also from qualitative aspects. The specific verification points and the details of Board of Directors' verification are described in the securities reports issued by the Company. The securities report can be viewed on the Company's website.

WEB Securities Reports (Japanese only)
<https://www.nittsu.co.jp/ir/library/securities/>

Structure of Internal Control System

Basic Concept of Internal Control System and Maintenance Status

An internal control system is necessary for corporate operations to be carried out appropriately and efficiently. Nippon Express maintains an effective control system that ensures proper operations. The Company has established the Nippon Express Group Charter of Conduct as a standard for directors and employees to act in compliance with laws and regulations, the Articles

of Incorporation, other internal rules, and generally accepted ideas and beliefs. With regard to compliance, risk management, internal audit, and ensuring that Group companies operate correctly, the Company has put in place effective control systems that allow appropriate operations to be performed under their respective regulations and organizational structures.

Risk Management

Risk Management Basic Policy

The Nippon Express Group has created a series of “Crisis Management Guidelines” to reduce risks that would adversely affect business operations and, in times of crisis, when we are exposed, to facilitate risk management in the most rapid and concise fashion. In addition, we have established a “Board of Risk Management” to develop and implement risk management systems.

Forming the basis of these Crisis Management Guidelines, the Group has constructed a crisis management system comprising four codes under the Crisis Management Code: the Disaster Management Code, the Overseas Crisis Management Code, IT System Risk Management Code, and the New Influenza Management Code.

Crisis Management System

Based on the four previously mentioned codes, the Nippon Express Group has established steps to be taken against widespread disasters, outbreaks of new types of influenza and other infectious diseases, information system risks, emergencies overseas, and various other risks, while reinforcing collaboration within the Group.

Nippon Express is a designated public institution under the Disaster Measures Basic Law and the Civil Protection Act (the Act Concerning the Measures for Protection of the People in Armed Attack Situations) as well as the Act on Special Measures concerning the Relief of Pandemic Influenza. The Company has fulfilled this role by transporting emergency supplies in the immediate aftermaths

of many disasters and working to assist the recovery of affected areas.

Furthermore, besides preparing emergency stockpiles of supplies that include food and drinking water as well as hygienic items such as masks and gloves as countermeasures against infectious diseases, we have brought in satellite phones in times of disaster to enable us to respond to disruptions in telephone networks due to natural disasters. By distributing them to related divisions at the head office and major branches across Japan, we ensure prompt communication in the event of an emergency.

Business Continuity Framework (BCM and BCPs)

The Company has established a basic policy on business continuity management (BCM) as well as business continuity plans (BCPs) in order to continue operations even when faced with major disasters or threats, such as the spread of contagious diseases. By systematically determining first response and recovery measures, the Group is increasing its resilience to emergencies.

Under this framework, Nippon Express places the safety of employees and their families first when responding to

emergencies while also fulfilling its responsibility as a designated public institution through such operations as transporting emergency relief supplies.

Going forward, the Nippon Express Group will continue to act as a maintainer of social function contributing to the operation of supply chains, even during emergencies caused by natural disasters, industrial disasters, and man-made disasters, and thus contribute to society.

Safety

As the core of our business activities, safety is of utmost importance. Under our Commitment to Safety, which summarizes our thoughts, we declare that we will obey the rules, learn from past accidents and disasters, improve our skills and strive to predict danger every day.

Basic Policy on Safety

Based on its policy of “Safety takes precedence over everything else,” every fiscal year the Nippon Express Group formulates a Safety & Health Management Policy that is common to all companies in the Group based on the previous fiscal year’s safety and health record and the results of Group efforts. In fiscal 2019, we set “reduce major accidents/disasters to zero” and “reduce culpable traffic accidents and labor accidents (including those with no lost days) by at least 30% versus the previous year as a target for all Group companies.

Having also composed a “Commitment to Safety” to raise and extend safety awareness at all Group companies, the Nippon Express Group undertakes a number of efforts to put this commitment into regular practice with a strong commitment to preventing accidents and disasters.

Commitment to Safety

- We will abide by all applicable laws and rules and prioritize safety above all else.
- We will never forget past accidents and always learn from them.
- We will undertake daily risk prevention activities.
- We will improve our expertise in order to conduct safer operations.
- We will remain conscious of safety and endeavor to prevent accidents.



President’s Commitment to Safety
Since fiscal 2014, posters clearly spelling out the commitment and responsibilities of the president have been created and put up in all workplaces to boost safety awareness.

Safety Initiatives

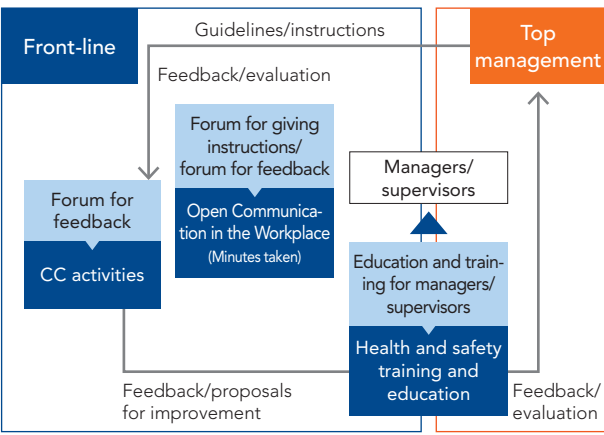
Nittsu Safety & Health Management System

In 2010, after a thorough review of the existing safety and health management program, the Nippon Express Group introduced the Nittsu Safety & Health Management System (NSM) built upon three programs, thereby addressing the construction of a more reliable system for safety and health management.

The first program is “Open Communication in the Workplace” for effectively disseminating corporate policy and strategic direction from the top management to our front-line colleagues. The second program, “Challenge Circles” (CC), involves small group discussions on addressing problems in workplaces and ensuring safety. The third program is health and safety training/education for supervisors and managers.

These three programs continuously function in a PDCA (plan, do, check, and act) cycle, thus improving workplace environments.

Structure of NSM



All Types of Training Programs

The Nippon Express Group focuses on the training of truck drivers and forklift operators in order to prevent workplace accidents.

Nippon Express has established a proficiency examination system to certify staff members' knowledge and skills and determine whether they have learned proper driving etiquette and are capable of operating vehicles safely in the manner expected of every staff member of the Nippon Express Group. Having put in place instructors as those who will play a central role in such training, we are working to improve and standardize work quality by passing on high-quality skills and to raise safety awareness.

We also offer specialized training and practice for highly specialized operations, such as heavy haulage techniques and security transportation.



Specialized training for heavy haulage techniques

Safety Training Overseas

Aiming to conduct business operations centered on national staff, the Nippon Express Group's overseas

subsidiaries are promoting the creation of a system that can locally train drivers and forklift operators. Mentors from the head office in Japan travel locally to train not only new hires but also to conduct education for teaching staff to promote the establishment of a training system at each local corporation.

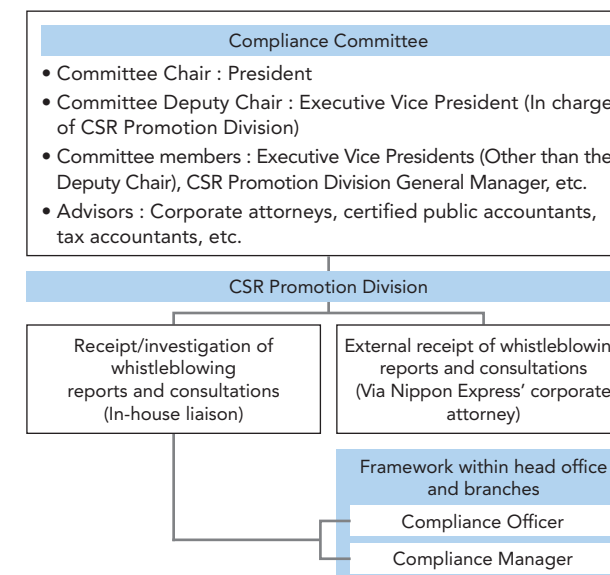
Members of staff from overseas companies participate in the Nippon Express Group Nationwide Contest for Drivers and Forklift Operators, which is held with the aim of encouraging staff members to improve their driving skills and work quality.

Driver Safety Measures

Regularly conducting driving aptitude tests for drivers, who are the key to our business, the Safety and Health Promotion Division provide safe driving instruction based on the inspection results according to the driving characteristics. We also carry out sleep apnea syndrome (SAS) screening tests on a regular basis and work to thoroughly ensure safety by, as and when necessary, imposing detailed tests, treatments, and driving restrictions. In the unlikely event of an accident or disaster, we would set up a Safety Study Group to prevent a recurrence by, for example, conducting safety training sessions, coaching guidance by driver instructors, and reviewing safe work procedure manuals.

the Nittsu Speak Up whistleblowing system and other measures put in place to ensure honest and fair corporate activities.

Compliance Management System



Compliance Training

The Nippon Express Group distributes a Compliance Handbook (in Japanese, English, and Chinese) to all Group employees, including overseas employees. The handbook summarizes specific examples of compliance

and the Code of Conduct in an accessible manner. We use the handbook as an educational tool for promoting compliance management. In fiscal 2019, we used the Compliance Handbook to train 64,635 employees.

For sales and administrative employee, we conduct e-learning twice a year on the themes of harassment prevention and non-compliance prevention. In fiscal 2019, 35,839 employees participated in the training. We are also working to improve compliance within the Group by convening an annual conference for the Nippon Express Group compliance managers with the aim of sharing information and exchanging opinions.

Every month, the CSR Promotion Division distributes the CSR Newsletter, which is a tool for providing information on compliance and CSR, and the Compliance Calendar, which lists compliance slogans received from employees.

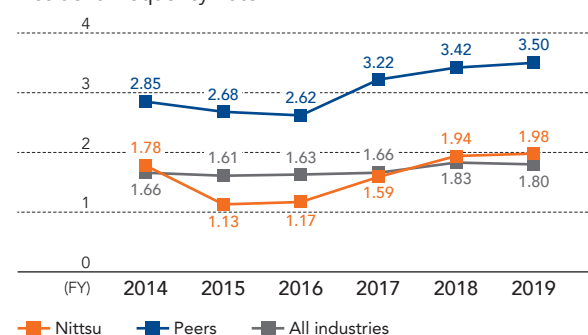
Compliance Awareness Survey

Every year, the Nippon Express Group carries out a compliance awareness survey of all employees in Japan. The survey conducted in November 2019 (target group: 68,581 persons; respondents: 57,752 persons) addressed compliance awareness, understanding of workplace reality, compliance awareness improvements, prevention of harassment, misconduct or improper activities among all employees.

In May and June 2019, we also carried out a survey of safety and compliance awareness targeting approximately 18,000 overseas employees.

Indices of Occupational Accidents

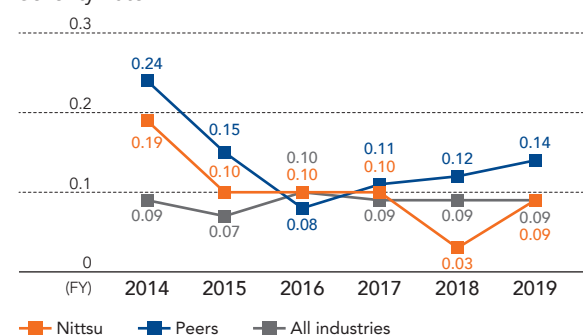
Accident Frequency Rate: *1



*1 The frequency rate is an international indicator that indicates the incidence rate of occupational accidents.

Number of casualties per one million working hours = $\frac{\text{Number of casualties}}{\text{Total number of working hours}} \times 1,000,000$

Severity Rate: *2



*2 Severity rate is an international indicator that indicates the degree of injury caused by occupational injury.

Days lost per 1,000 working hours = $\frac{\text{Workdays lost}}{\text{Total number of working hours}} \times 1,000$

Implement Robust Anti-Corruption Measures

Instilling Compliance Awareness

Distributed to all Group employees, including overseas staff, as a training tool for employees, the Compliance Handbook clearly describes prohibited items—such as exchanges in the form of gifts or money between civil servants, customers and involved outside parties—and thoroughly reduces the risks by making sure all employees are thoroughly informed. By means of the “Overseas Business Company Management Handbook” and other sources, we are fully aware of and thoroughly implement anti-bribery measures with regard to foreign civil servants. These educational tools can be viewed on the Group's intranet and are being spread to all employees, including overseas business companies.



Compliance Handbook

Compliance Violation

In fiscal 2019, there were no cases where legal action was taken due to anti-competitive conduct, violations of anti-trust laws, or violations of the Antimonopoly Act during the reporting period. Nor was the Company subject to punitive measures other than fines due to violations of environmental laws and regulations or in receipt of complaints concerning infringements of customer privacy. It was discovered, however, that there had been an overstatement of revenues of ¥782 million, and a correction was made in the financial results for the second quarter of fiscal 2019. We will further strengthen our internal controls so that the same situation will never arise again.

Compliance

Promote Fair Business Practices

Compliance Management Structure

The Company set up its Compliance Division (now the CSR Promotion Division) in 2003 to promote compliance

management, and established its Compliance Regulations in the same year. A Compliance Committee headed by the president has been set up in the head office, and

Quality

Alongside safety and compliance, quality is the foundation of improvements in our corporate value. We will maintain tools, such as customer consultations and questionnaires, listen to the customer feedback and work to maintain and improve global quality to meet the expectations of customers and society.

Basic Policy on Quality

The Nippon Express Group is committed to the maintenance and improvement of its service quality as an effective means of achieving sustainable corporate growth and performance improvements. To support the enhancement of customers' lives through logistics, we are endeavoring to acquire ISO 9001 certification, an international quality

control system, so that we can respond sincerely to customer feedback and offer high-quality service to continue obtaining customers' trust and satisfying customers. Our ISO-certified branches set targets in their customer surveys and conduct monitoring to achieve the targets.

Initiatives to Maintain /Improve Quality

Quality Management System

In addition to ISO 9001 certification, the Nippon Express Group has introduced our own original system for handling cargo accidents and remained consistently committed to quality improvements. In particular, an accident with damage amounting to ¥5 million or more may be handled under supervision by the division (Business Division) in charge.

Customer Consultation System

Nippon Express has introduced a customer consultation system (Voice of Customer Solution or VoCS) which allows the entire company to share customers' inquiries, opinions, and requests that are directed to its website.

The inquiry page on the website is periodically redesigned so that customers can submit inquiries more easily. These improvements have led to further inquiries from customers. We will compile the opinions and requests received from customers into a database to keep up with changes in social and economic conditions as we endeavor to develop new products and improve our service quality.

Inquiries/Requests Received in FY2019

Inquiries	10,669
Requests	852

Customer Questionnaire Survey

Nippon Express air cargo transport organizations across the country have been obtaining ISO 9001 certification. To qualitatively improve our transport service, we set targets for customer satisfaction on a nationwide basis and consistently check our performance by means of customer questionnaire surveys. The various opinions and requests we receive in these surveys are discussed in periodic "Review Meetings," and we are continually endeavoring to upgrade and improve the quality of our transport services.

Example of Action Taken After a Customer Questionnaire Survey

Air Freight Business Branch, International Cargo Sales Division No.4, Commercial Sales Dept. No.6 ascertained from a customer questionnaire survey that "rust that formed on the exterior packaging of cargo due to the environment inside a container during transportation was troubling customers." Having received this feedback, the section liaised with the relevant departments in the Company and proposed "the use of ventilated containers that would allow air to pass through." We are working to further improve the quality of transport services and customer satisfaction based on the opinions we receive from customer questionnaire surveys.

Customer Survey on Our Moving Business

We have been asking customers who make use of our moving services to respond to a questionnaire survey on our services. The opinions and requests we receive from this survey will be utilized in making future business improvements and developing services in the hope that these will lead to greater customer satisfaction and improved service quality.

Sharing Value with Our Stakeholders

The Nippon Express Group's business stands on the basis of trust with a wide range of stakeholders.

The Group emphasizes engagement to address the expectations of our stakeholders, work with our stakeholders to achieve and grow our business, and share the resulting value with our stakeholders through inter-active communication.



Basic Policy for Dialogue

For dialogues with shareholders and investors, the Investor Relations Promotion Group of the Corporate Planning Division within the Corporate Strategy Unit, which is managed by our top managers, responds to requests. Our top managers, the director in charge and/or senior managers attend the meetings. We hold one-on-one base meetings in Japan and overseas as well as telephone conferences, financial settlement briefings, site visits, business result presentations, small meetings. We attend small meetings and Investor Relations Conferences held by securities firms to create opportunities for dialogues with shareholders and investors. Opinions gained from shareholders and investors through dialogues are reported at the board meetings regularly. We also send feedback to outside directors and senior managers as well as other relevant internal divisions to reflect our corporate activities.

Major Initiatives

Stakeholder	Major dialogue methods and opportunities
Customers	<ul style="list-style-type: none">Exhibitions, briefings and seminars (as necessary)Telephone and internet consultations (daily)Questionnaires for customers (as necessary), etc.
Shareholders and investors	<ul style="list-style-type: none">General Shareholders' Meetings (annually)Results briefings (quarterly)Dialogue-based ESG programs (as necessary)Reporting such as integrated reports (as necessary), etc.
Affiliates and subcontractors	<ul style="list-style-type: none">Safety council meetings (semiannually)Meetings and briefings (as necessary), etc.
Employees	<ul style="list-style-type: none">Internal whistleblowing system "Nittsu Speak Up" (daily)Individual interviews (as necessary)Internal questionnaires (as necessary)Compliance awareness survey (annually)Company newsletter (monthly), etc.
Administrative institutions	<ul style="list-style-type: none">Committees, conferences and meetings (as necessary), etc.
Communities	<ul style="list-style-type: none">Participation in business/industry organizations (as necessary)Dispatch of personnel to provide lectures and training (as necessary)Social contribution activities (as necessary), etc.

Initiatives for Constructive Dialogue with Shareholders and Investors

In addition to proactively disclosing information to deepen understanding of the Company's management policies and business operations, we hold meetings for shareholders and investors with management and report the opinions gleaned from such meetings to the Board of Directors. Through such efforts, we seek to improve the quality of dialogue.

We hold results briefings four times a year, during which the president and the IR representative each speak twice. In addition, we hold meetings, briefings, site visits, and other activities for Japanese institutional investors, overseas institutional investors, and private investors as means of advancing initiatives to strengthen engagement.

FY2019 Results

For domestic institutional investors
<ul style="list-style-type: none">One-on-one meetings between institutional investors and the president, the director in charge of IR, and the IR representative.<ul style="list-style-type: none">Meetings with the president: 5, Meetings with the director in charge of IR: 4, Meetings with the IR representative: 101Small meetings at which the president spoke: 3Business result presentations at which three vice-presidents in charge of the divisions spoke: 1Securities analyst interviews addressed by the IR representative: 46
For overseas institutional investors
<ul style="list-style-type: none">Overseas investor visits (North America, Europe, Asia)<ul style="list-style-type: none">Visits by the president: 21, Visits by the director in charge of IR: 17, Visits by the IR representative: 7Participation in conferences organized by securities firms: 4
For private investors
<ul style="list-style-type: none">Briefings and meetings: 7
Site visits
<ul style="list-style-type: none">Domestic: Wind turbine transport and installation (Seiyo City, Ehime): 1Overseas: Nippon Express (South Asia & Oceania) Pte., Ltd., (Singapore): 1