

July 4, 2018

To whom it may concern

Name of the company	Nippon Express Co., Ltd.
Name of representative	Mitsuru Saito President, CEO (Code No. 9062 First Section of the Tokyo Stock Exchange)

Comments on Certain Media Reports

Regarding the misconduct concerning government-stockpiled rice reported by certain media today, Nippon Express Co., Ltd. (the “Company”) comments as follows.

We deeply apologize for causing concern to society and parties involved.

1. Outline of the Misconduct

In June 2014, regarding 15 container bags of government-stockpiled rice (each containing 30kg of brown rice) produced in 2012 whose external packaging became wet due to a leaking roof during storage in a warehouse, an employee of the Company’s Hiroshima Branch repacked them into new bags and placed falsified inspection stamps on them because the brown rice contained in the bags did not get wet.

In addition, in or around February 2015 and September 2016, a total of 251 container bags of government-stockpiled rice (each containing 30kg of brown rice) , produced in 2014 whose external packaging tore due to load shifting during storage in the warehouse, were repacked into new bags. In addition, falsified inspection stamps were placed on those bags.

Regarding these instances of misconduct, the 15 container bags of government-stockpiled rice produced in 2012 were shipped to a livestock feed factory during the period from May to June 2016 to be used for livestock feed.

No affected rice has been distributed for human consumption.

2. The Company’s Response

- The 251 container bags of rice, produced in 2014, repacked due to the breakage of external packaging are under the strict control of the Company, and together with other government-stockpiled rice stored in the same warehouse, totaling 43,854 container bags of rice (1,316 tons) , will be incinerated at the Company’s responsibility.
- After these instances of misconduct came to light, the Company conducted an investigation throughout the Company in April and May 2018 to ascertain whether there were any other instances of non-compliance concerning government-stockpiled rice currently stored and reviewed storage control diaries.
- The Company will continue to educate and train employees about the immediate reporting

protocol in the event of detection of abnormality concerning storage of government-stockpiled rice.

The Company seriously accepts the reality of this situation, and will strive to restore trust by initiating company-wide efforts to ensure compliance and strengthening the internal control system, and prevent misconduct from happening again.

End

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