

Governance

Management Approach



Build a management platform that supports improvements in sustainable corporate value

We consider establishing and maintaining a fair and efficient management structure while also ensuring the soundness and transparency of management to be one of the key management issues to be addressed in sustainably enhancing our corporate value.

Management Indicators



Target

Attendance at compliance education courses by the NIPPON EXPRESS GROUP companies in Japan

100%

Result

FY2022:

98.5%



Target

Compliance Manager Conferences in all NIPPON EXPRESS GROUP regions in Japan

Result

FY2022: Held in all regions in Japan (338 participants)

Main Sustainability Issues

- Strengthening Governance
- Strengthening Risk Management

Description in the Sustainability Data Book

- Promote fair business practices
- Implement robust anticorruption measures
- Enhance corporate governance
- Risk management
- Personal data protection

The NIPPON EXPRESS GROUP's Approach

- Strengthen supervisory functions and implement effective operation by leveraging the Board of Directors, Audit & Supervisory Board and Compliance Committee
- Continue to provide compliance education programs to prevent anti-competitive behavior and bribery
- Spread and promote the use of Nittsu Speak Up, a whistleblowing system, among employees

Sound Company Conduct

Promote Fair Business Practices

Compliance Management Structure

Organizations and Systems

The NIPPON EXPRESS GROUP has established the NIPPON EXPRESS GROUP Charter of Conduct, which stipulates the ideals for daily activities and presents specific directions for conduct, and the NIPPON EXPRESS GROUP Compliance Regulations to conduct business activities in a sound, transparent, and fair manner based on the NIPPON EXPRESS GROUP Charter of Conduct. In addition, we have established the NIPPON EXPRESS GROUP Anti-Bribery Regulations, NIPPON EXPRESS GROUP Competition Law Compliance Regulations, and NIPPON EXPRESS GROUP Personal Data Protection Regulations as Group regulations, and established a code of conduct that staff members should follow. We use the Compliance Handbook provided in various languages to ensure that compliance is instilled among all Group employees.

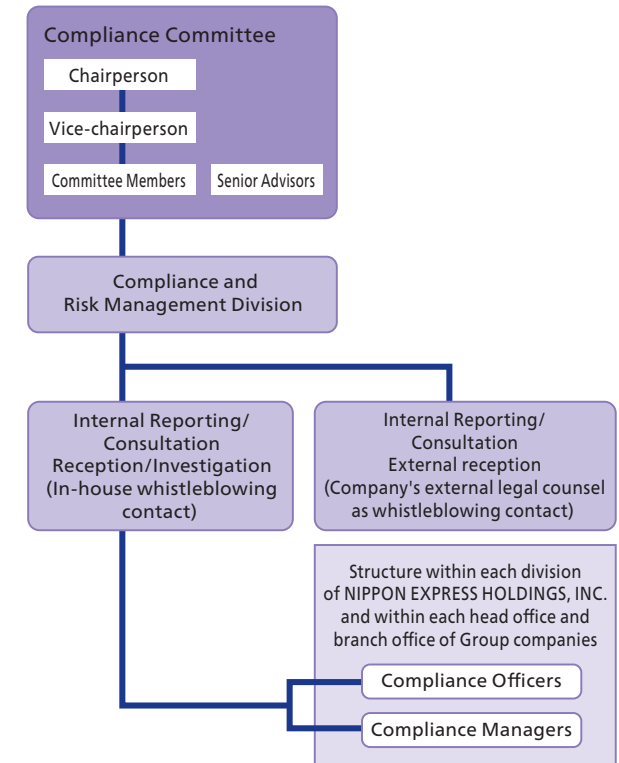
In addition, we have established an internal whistleblowing system called NX Speak Up (in Japan) and NX Global Speak Up for each region other than Japan in order to facilitate self-correction and to promptly detect and prevent violations of laws. As a result, we have established a system to receive internal reports from all employees of the Group.

NIPPON EXPRESS HOLDINGS, INC. has established a Compliance Committee chaired by the President to oversee various compliance-related measures. The committee discusses and promotes initiatives for important policies and materiality issues across departments and the Group. Reports, deliberations, and resolutions made by the Compliance Committee are reported to the Board of Directors, which confirms that appropriate remedial measures have been taken and are functioning effectively in response to compliance violations and issues raised by outside directors and outside Audit & Supervisory Board Members, and reviews any deficiencies to prevent recurrence.

NIPPON EXPRESS HOLDINGS, INC. Compliance System and Roles

	Compliance management system	Roles
Compliance Committee	<p>Chairperson: President</p> <p>Vice-chairperson: Chief Managing Officer of the Risk Management Headquarters</p> <p>Committee Members: Executive Vice President; Chief Managing Officer of the Global Business Headquarters; Chief Managing Officer of the Corporate Management Headquarters; Chief Managing Officer of the Corporate Strategy Headquarters; and other members as prescribed in the Regulations.</p> <p>Senior Advisors: Legal counsels, certified public accountants, tax accountants, and others (Some advisors will be summoned when necessary.)</p> <p>Secretariat: Compliance and Risk Management Division</p>	<p>The Committee consists of the chairperson, vice chairperson, committee members, senior advisors, observers, and secretariat and works to promote compliance for the whole Group.</p> <p>(Attendance by persons other than committee members) The Compliance Committee may, when necessary, ask persons other than committee members to attend the meeting to request their reports and opinions.</p>

NIPPON EXPRESS HOLDINGS, INC. Compliance Structure Chart



Promote Fair Business Practices

Compliance Training Activities and Achievements

The NIPPON EXPRESS GROUP distributes a Compliance Handbook (available in 16 languages) to all Group employees. The handbook summarizes specific examples of compliance and the Code of Conduct in an accessible manner. We use the handbook for employee training as it is an effective tool for promoting compliance management. In FY2022, we used the Compliance Handbook to train 71,560 employees in Japan.

For sales and administrative employees, NIPPON EXPRESS HOLDINGS, INC. conducts e-learning twice a year to prevent harassment and non-compliance. In FY2022, 39,196 employees participated in this training. We also convene an annual conference for the compliance managers to share and exchange information and opinions aiming to increase compliance awareness throughout the Group companies in Japan.

The Group distributes a Compliance Newsletter and a Compliance Calendar to our workplaces. Besides sharing information about cases of compliance violations, the Compliance Newsletter helps readers to obtain more knowledge and raise their awareness about compliance. The Compliance Calendar presents some compliance slogans collected from staff members and is designed to spread compliance throughout the workforce via employee involvement and friendly content.

Compliance Awareness Survey Activities and Achievements

Every year, the NIPPON EXPRESS GROUP carries out a compliance awareness survey of all employees Japan. In FY2022, we also conducted a safety and compliance awareness survey designed for all NX overseas Group employees.

The survey results are shared with employees via reports and internal bulletins, and initiatives are carried out that lead to a greater awareness of compliance among employees, workplace issues being raised and improvements being made. Also, using various opportunities for conferences, we are working to improve compliance awareness even further, and to prevent misconduct, improper activities and harassment.

Implement Robust Anticorruption Measures

Instilling Compliance Awareness Activities and Achievements

The Compliance Handbook, which is distributed to all NIPPON EXPRESS GROUP employees as a training tool for employees, describes business entertainment, exchanges in the form of gifts or money, and the provision of favors to civil servants or persons in similar positions as unacceptable. In addition, the Handbook clearly bans accepting or providing gifts or money, or entertainment that is unacceptable according to normal social practices, or exceeds the boundaries of business practices in relationship with customers and external parties concerned. We are making every effort to reduce the risks by making sure all employees are thoroughly informed.

We established the NIPPON EXPRESS GROUP Anti-Bribery Regulations and are working to improve our systems and employee education. Also, anti-bribery videos are published on the NIPPON EXPRESS GROUP intranet (in Japanese, English and Chinese), which can be used as training materials.



Compliance Handbook
(for April 2022 onward)

Compliance Violations Activities and Achievements

In FY2022, there were no cases of legal action within the NIPPON EXPRESS GROUP due to anticompetitive conduct, violations of antitrust laws, or violations of the Antimonopoly Act. We were not subject to serious fines or other punitive measures due to violations of environmental laws and regulations, nor did we receive specific complaints concerning infringements of customer privacy.

Corporate Governance

Enhance Corporate Governance

Basic Views on Corporate Governance Policies and Targets

With the transition to a holding company structure, the NIPPON EXPRESS GROUP established the following basic policy for Group governance toward putting the Corporate Philosophy into practice and realizing the Long-term Vision.

NIPPON EXPRESS GROUP Basic Policy on Governance

The NIPPON EXPRESS GROUP established the following basic policies for Group governance toward putting the Corporate Philosophy into practice and realizing the Long-term Vision.

NIPPON EXPRESS GROUP Corporate Philosophy

Our Mission	Be a Driving Force for Social Development
Our Challenge	Create New Ideas and Value that Expand the Field of Logistics
Our Pride	Inspire Trust Every Step of the Way

2037 Vision

Business Growth	A logistics company with a strong presence in the global market
Customers and Society	A company that contributes to achieve a sustainable society through logistics
Shareholders	A company that achieves sustainable growth by establishing corporate governance
Employees	A company whose employees come from a variety of backgrounds, are proud of their work, support customers and society, and play active roles

Basic Concept Oriented Towards Realizing the Long-term Vision

- The NIPPON EXPRESS GROUP resolves social issues through logistics, and contributes to sustainable development and growth of our clients and society based on our corporate philosophy.
- We will meet stakeholders' expectations and create value together, in an aim to realize the long-term vision that depicts the ideal stance of the NIPPON EXPRESS GROUP in 2037, based on our corporate philosophy.
- To realize these, we will establish corporate governance and optimally build a group governance structure, which will service as the premise for corporate governance.

Basic Concept Oriented Towards Establishing Corporate Governance

To realize increased corporate value and sustainable growth, we will respect the positions of stakeholders, such as our shareholders, and build appropriate governance of offense and defense.

Corporate Governance to Aim for

- Expansion of global business based on "prompt/decisive decision-making and clarification of responsibility"
- Growth of a robust corporate group based on "ensuring thorough compliance and transparency of management"

Approaches Aimed at Establishing Corporate Governance

- Continuous improvement of governance in line with the meaning of each principle in the Corporate Governance Code
- Promotion of compliance management
- Construction of a strong group governance structure

Basic Concept Oriented Towards Evolving Group Governance

To ensure that corporate governance functions appropriately, and to realize maximization of value as a corporate group, the group governance structure will continue to be evolved globally.

Group Governance to Aim for

- Establishment of a group management structure that realizes "maximized value as a corporate group"
- Construction of a global governance structure that realizes "further expansion of overseas business"
- Sophistication of a business management structure that realizes "appropriate business portfolio management" and "customer-oriented optimization of the entire group"

Approaches Aimed at Evolving Group Governance

- Strengthening of group management strategy functions based on a holding company structure, clarification of roles and responsibilities of Group companies, structural and organizational design for realizing an optimized Group as a whole
- Construction of a global risk management system based on linkage between holding companies and presiding companies
- Sophistication of group databases and promotion of data-oriented management

Evaluation Process for Sustainability Management Performance Organizations and Systems

The NIPPON EXPRESS GROUP has always been aware that initiatives for sustainability management are essential challenges. With this in mind the Board of Directors have always been prepared to discuss them as part of its important risk management efforts. Following the transition to a holding company structure and the establishment of the Sustainability Promotion Committee and the Compliance Committee, both chaired by the President, we are ready to steadily implement measures to understand and solve issues in related fields. To this end, we regularly conduct internal audits on our labor environment, safety management and other elements of our business operations.

Risk Management

Risk Management Basic Policy Policies and Targets

At the NIPPON EXPRESS GROUP, with the objectives of lowering the risk of serious impact on company management, and establishing a risk management system that can respond quickly and accurately in the unlikely event of a crisis situation, NIPPON EXPRESS GROUP Risk Management Principles and NIPPON EXPRESS GROUP Crisis Management Regulations are being established as basic policies, and, in addition to responding to various risks such as emergency situations in other countries, including wide-area disasters, new influenza viruses and other pandemics, and information system risks, coordination within the Group is being strengthened.

Risk Management System Organizations and Systems

The NIPPON EXPRESS GROUP has established the Risk Management Committee, chaired by the President, in an effort to develop a risk management system for the entire Group. Activities related to risk management in the NIPPON EXPRESS GROUP are regularly reported to the Risk Management Committee.

In FY2022, we inventoried, evaluated, and identified the material risks of each Group company, and discussed the results at the Risk Management Committee. In FY2023, we will continue to inventory, evaluate, and identify material risks at each Group company, while also promoting follow-up and feedback on the risk countermeasures of each Group company.

Crisis Management System Organizations and Systems

The NIPPON EXPRESS GROUP has established the Crisis Management Committee, chaired by the President, in an effort to develop a crisis management system for the entire Group. Activities related to crisis management in the NIPPON EXPRESS GROUP are regularly reported to the Crisis Management Committee. In response to various crises, such as wide-area disasters, the spread of infectious diseases such as new influenza strain, information system risks, and emergencies overseas, the Group will work with related companies and departments to minimize damage. We take all possible measures to ensure the life and safety of our employees and to ensure that there is no hindrance to the business continuity of the Group.

From January to February 2023, NIPPON EXPRESS HOLDINGS, INC. and Nippon Express Co., Ltd. jointly conducted initial response drills for the disaster-response headquarters in the event of an earthquake directly beneath the Tokyo metropolitan area, and role-playing exercises in the event of a crisis event overseas.

System to Ensure Business Continuity (BCP) Organizations and Systems

We promote the formulation and development of Business Continuity Plans (BCPs) at each Group company.

Nippon Express Co., Ltd. has developed a Business Continuity Plan (BCP) in order to continue its operations even in an emergency situation such as a major disaster or a spread of a new influenza strain or other infectious disease. We are ensuring our resilience by systematically preparing advance measures, disaster drills, initial responses to implement during an emergency and relief activities.

The Head Office and other key business locations have stocked up on emergency supplies as well as hygiene products to combat new strains of influenza and other infectious diseases, and will deploy satellite telephones and priority mobile phones for use during disasters if telephone lines are cut, establishing a system for correspondence during emergencies.

Safety Confirmation System and Disaster Management System Organizations and Systems

Confirming the safety of employees is one of the most important tasks among the initial responses taken during an emergency. In accordance with its Basic Policy for Business Continuity Management (BCM) formulated within the Business Continuity Plan (BCP), Nippon Express Co., Ltd. has adopted a Safety Confirmation System that automatically sends safety confirmation emails to employees in response to earthquakes of a certain severity or warnings issued by the Japan Meteorological Agency, in order to rapidly confirm the safety of employees during disasters.

Based on its disaster management rules and disaster reporting guidelines, Nippon Express Co., Ltd. stipulates that, when a disaster subject to reporting occurs in a region in which the Company operates, information must be collected by each of the relevant locations and the necessary items reported in the Disaster Management System in order to promptly confirm the safety of employees and assess the extent of damage to facilities.

Topics

NX CAREERROAD Co., Ltd. Formulates Basic Business Continuity Plan

In 2022, NX CAREERROAD Co., Ltd. formulated a Basic Business Continuity Plan. In this plan, specific approaches were established for what operations to prioritize, what level of recovery to aim for, and how to proceed with the necessary advance preparations under conditions that make it difficult to carry out normal operations. The plan includes the establishment of crisis management committees and disaster response committees, the creation of initial response flow diagrams when working or at home, the stockpiling and maintenance of emergency supplies in the event of a wide-area disaster, and the creation of stage-specific risk scenarios in the event of an infectious disease, and the implementation of drills using the safety confirmation system. Through these measures, the company will ensure prompt and accurate action in emergencies.

Personal Information Protection

Personal Information Protection Policy Policies and Targets

NIPPON EXPRESS HOLDINGS, INC. and Nippon Express Co., Ltd. handles a variety of personal information, including customer information, as necessary for business.

As such, we have established a Personal Information Protection Policy, and we comply with rules and regulations as well as other norms pertaining to the protection of personal information, while simultaneously working on the establishment of autonomous rules and appropriate implementation systems that match our corporate philosophy and businesses. In particular, Nippon Express Co., Ltd. is working to acquire and certify personal information protection, including the acquisition of the Privacy Mark.

Instilling Awareness of Personal Information Protection Management Activities and Achievements

Serving as an employee training tool, e-learning aimed at training employees about personal data protection is conducted once a year on personal information protection for sales and administrative staff members of NIPPON EXPRESS HOLDINGS, INC. and Nippon Express Co., Ltd. In FY2022, 21,738 employees participated in this training. In addition, we shared educational materials with Group companies in Japan to raise awareness of personal information protection management.

In addition, the handling of personal information and measures for the protection and management of personal information are posted in the Compliance Handbook distributed to all employees of the NIPPON EXPRESS GROUP, and the promotion of the protection and management of personal information is made known throughout the entire NIPPON EXPRESS GROUP.

Certifications Received Relating to the Protection of Personal Information by the NIPPON EXPRESS GROUP Activities and Achievements

Please see our website for details.
<https://www.nipponexpress-holdings.com/en/sustainability/data/g.html>