

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 NX GROUP companies in Japan	100%
Results	FY2023:	99%

Main Sustainability Issues

- Respect for Human Rights and Realization of Responsible Corporate Activities
- Strengthening Risk Management

Description in the Sustainability Data Book

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

NX GROUP's Approach

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



Governance information on NIPPON EXPRESS HOLDINGS website

Material Issues



Governance



Community and Governance Data



Sound Company Conduct

Promote Fair Business Practices

Compliance Management Structure

Organizations and Systems

In order to realize the Group's corporate philosophy, NX GROUP has established NX GROUP Charter of Conduct, which stipulates the ideals for daily activities and indicates the direction in which we should head through our conduct, and NX GROUP Compliance Regulations to conduct business activities in a sound, transparent, and fair manner.

The Compliance Committee discusses important policies and important cross-functional issues across departments and groups, and promotes various compliance-related measures. Compliance-related issues, including matters discussed by the Compliance Committee, are reported to the outside directors as appropriate in addition to being regularly reported during Board of Directors meetings so that they can be reflected in our initiatives after directors share their opinions.

In addition, NX GROUP Charter of Conduct is printed on pocket-sized compliance cards and provided on our intranet so that employees can check it at any time to understand how to act. NX GROUP Compliance Handbook (available in 16 languages) is a booklet that is distributed to all Group employees, including overseas Group companies, and is also available on our intranet in digital form. Additionally, we educate employees on compliance through training by job level, training for new hires, and other types of group-based training, workplace-based training, and e-learning.

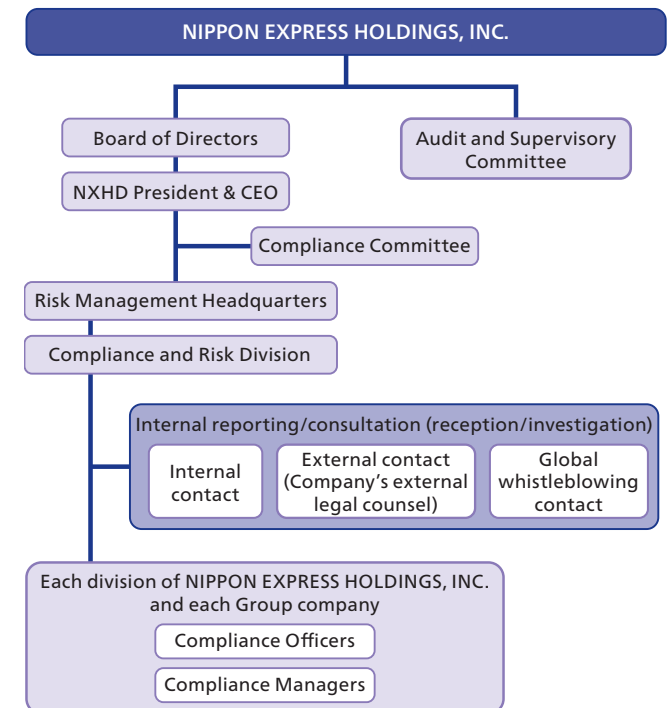
In order to further promote compliance at Group companies, including overseas companies, we have established NX GROUP Competition Law

Compliance Regulations, NX GROUP Anti-Bribery Regulations, and NNX GROUP Personal Data Protection Regulations as Group regulations, established guidelines for each of these regulations, and created a system in order to put the guidelines into practice.

NIPPON EXPRESS HOLDINGS Compliance Systems 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: Chief Managing Officer of the Global Business Headquarters, Chief Managing Officer of the Corporate Management Headquarters, Chief Managing Officer of the IT Digital Solution Headquarters, Chief Managing Officer of the Corporate Strategy Headquarters, Officers in charge of overseas regions and other committee 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 NX GROUP compliance.</p> <p>(Attendance by persons other than committee members)</p> <p>The Compliance Committee may request the attendance of persons other than Members when necessary in order to receive their opinions and reports.</p>

NIPPON EXPRESS HOLDINGS, INC. Compliance System



Promote Fair Business Practices

Compliance Training

Activities and Achievements

NX 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. For sales and administrative employees, NIPPON EXPRESS HOLDINGS, INC. and Nippon Express Co., Ltd. conducted harassment prevention e-learning and non-compliance prevention e-learning with approximately 19,000 employees participating in each. Various related training materials are shared with all Group companies to promote compliance education throughout the Group. Every month, our Group distributes a Compliance Newsletter and a Compliance Calendar to workplaces of Group companies in Japan. 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. 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.

Compliance Awareness Survey

Activities and Achievements

NX GROUP regularly carries out a compliance awareness survey targeting all employees of Group companies in Japan.

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, we are working to improve compliance awareness even further, and to prevent misconduct, improper activities and harassment through using the data at various meetings.

Security Export Control

With the aim of contributing to maintaining international peace and security through its business activities centered on logistics, the Security Export Control Policy was established so that NX GROUP companies comply with applicable export-related laws and regulations in countries and regions around the world and conduct appropriate management. In accordance with this fundamental policy, each Group company has developed a management system, including the establishment of internal rules, implemented training programs, and worked on appropriate export control measures, such as business partner screenings.

Implement Robust Anticorruption Measures

Initiatives for Implementing Robust Anticorruption Measures

Activities and Achievements

NX GROUP Compliance Handbook, which is distributed to all NX 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.

Additionally, we have established Anti-Bribery Regulations as Group regulations, and established a code of conduct that employees should follow, and are working on the development of a related compliance system and employee education.



NX GROUP Compliance Handbook (for April 2022 onward)

Legal Violations

Activities and Achievements

In FY2023, NX GROUP did not face any legal prosecution or sanctions related to bribery, competition, antitrust, or export controls. In addition, we were not subject to fines or non-fine sanctions for violations of environmental laws and regulations, and there were no substantiated complaints regarding breach of customer privacy or loss of customer data.

Corporate Governance

Risk Management

Risk Management Basic Policy

Policies and Targets

At NX 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, NX GROUP Risk Management Principles and 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

NX GROUP has established a Risk Management Committee, chaired by the president, to develop a Group-wide risk management system. Activities related to risk management in the Group are reported to the Committee on a regular basis.

In FY2023, we inventoried, evaluated, and identified the material risks of each Group company, and discussed the results at the Risk Management Committee. In FY 2024, 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

NX GROUP has established a Crisis Management Committee, chaired by the President, to develop a Group-wide crisis management system. Activities related to crisis management in the Group are reported to the Committee on a regular basis. 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. In the future, we plan to expand the scope of these drills based on the roles and responses of employees eligible to participate in the drills and conduct more drills that are more challenging.

System to Ensure Business Continuity Plan (BCP)

Organizations and Systems

In July 2023, NX GROUP established NX GROUP Basic Policy on Business Continuity, which forms the basis of business continuity

plans (BCPs) at each Group company. This policy is published on our website, disclosed to customers and stakeholders, clarifying our basic stance as a group on matters including giving top priority to human life and safety, social contribution, customer support, promoting the formulation of business continuity plans (BCP) at each Group company, and preparing for normal times.

Each company in our Group is promoting the formulation and maintenance of business continuity plans (BCP) based on this policy.

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. 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 emergency 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.

Personal Data Protection

Personal Data Protection Policy

Policies and Targets

NX GROUP handles a variety of personal information, including customer information, as necessary for business.

NIPPON EXPRESS HOLDINGS, INC. and Nippon Express Co., Ltd. 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 FY 2023, 22,000 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 NX GROUP, and the promotion of the protection and management of personal information is made known throughout the entire NX GROUP.

Certifications Received Relating to the Protection of Personal Information by NX GROUP

Activities and Achievements



Please see our website for details.

Enhance Corporate Governance

Basic Views on Corporate Governance

Policies and Targets

NX GROUP established the following basic policies for Group governance toward practicing the corporate philosophy and realizing the long-term vision.

NX GROUP Basic Policy on Governance

NX 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 the realization of 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 supporting customers and society, and feel happy

Basic View toward Realizing the Long-Term Vision

- NX 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 NX 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 Views Toward 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

NX GROUP has always been aware that the initiatives for sustainability management are essential challenges. When appropriate, the Board of Directors and the Sustainability Promotion Committee discuss Material Issues identification and how to respond. The Board of Directors regularly receives reports on the progress of Material Issues initiatives based on NX GROUP Sustainability Policy and Vision, and evaluates/oversees the status of those initiatives. In addition, special committees such as the Sustainability Promotion Committee, Compliance Committee, and Risk Management Committee, which are chaired by the President, to discuss initiatives to address climate change, respect for human rights, and improve employee engagement with regard to Material Issues. These committees also identify risks that have emerged in the Group and discusses how to respond. Furthermore, we are ready to steadily implement measures to understand and solve issues in related fields. To this end, we will regularly conduct internal audits on our labor environment, safety management and other elements of our business operations.