

# Corporate Governance

Recognizing the importance of enhancing/strengthening corporate governance, enforcing compliance, and ensuring transparent management, we will improve our organizational structures for management and implement necessary measures in pursuit of our basic policies of speedy management through rapid decision-making and the clarification of responsibility.

## Enhancement of Corporate Governance

### Corporate Governance—First Principles Policies and Targets

Nippon Express (the Company) upholds its mission to resolve social issues through logistics and to support society's sustained development and growth in accordance with the Nippon Express Group Corporate Philosophy. We also believe that working hand in hand with all stakeholders, including shareholders and investors, while respecting their viewpoints is indispensable to the realization of sustained growth and improvement of corporate value as a company. 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 comprise our basic policy on corporate governance. On the grounds of these basic views, the Company strives for the continuous progress and reinforcement of its corporate governance.

### Organizational Configuration and Organizational Management Organizations and Systems

Our operation is audited by the Audit & Supervisory Board. In addition to the Board of Directors and the Audit & Supervisory Board, we have an executive officer system in place to promptly make decisions and implement duties.

The Board of Directors is comprised of nine members, including three Outside Directors (one female Director), and its meetings are held on a monthly basis, in principle, and as needed. To obtain opinions from independent Outside Directors on important matters, such as the compensation and appointment of Officers, we have in place the Compensation and Nominating Advisory Committee, a voluntary organ with a high level of fairness and transparency. The Committee is chaired by a Non-executive Director and three of four Committee members are Outside Directors. The term of office for Directors is set to one year to clarify Directors' responsibilities for the operating results of each business year.

In addition, to ensure that a Chairperson independently takes the lead in Board of Directors' meetings, the Board of Directors' meeting held on May 24, 2019, decided to submit a proposal on revisions to the Articles of Incorporation to the General Meeting of Shareholders. The proposal, which was resolved at the General Meeting of Shareholders held on June 27, 2019, requested that Board of Directors'

meetings be chaired by the pre-designated Director instead of the President and Representative Director.

The Audit & Supervisory Board is comprised of five members, including three Outside Corporate Auditors, and its meetings are held on a quarterly basis, in principle, and as needed. Audit & Supervisory Board members attend important meetings, including Board of Directors' meetings, and monitor the duties executed by Directors. In addition, they conduct audits through on-site visits to key operating facilities and inspections of subsidiaries, and report relevant results at Audit & Supervisory Board meetings and Board of Directors' meetings. Through such processes, they audit the duties executed by the departments responsible for the execution of such duties.

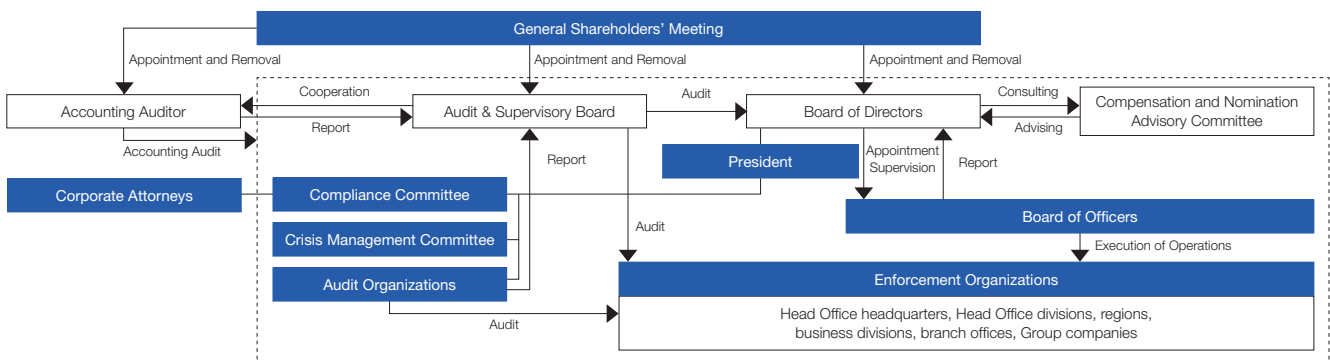
The Board of Officers is comprised of 33 Executive Officers, including 5 members who are concurrently Directors. Its meetings are held on a monthly basis, in principle, and as needed. Members convey and give instructions on matters decided at meetings of the Board of Directors, provide reports on the execution of operations and discuss important matters. The term of office for Executive Officers is one year, the same as that for Directors.

### Evaluation of the Effectiveness of the Board of Directors Organizations and Systems

In addition to reports on the execution of operations by each Director, a survey on the effectiveness of the Board of Directors as a whole is conducted, using an external organization, among both internal and external Directors and Audit & Supervisory Board Members, to collect necessary required information. The analysis and assessment of the survey results are discussed and examined by the Board of Directors. Based on the survey results gathered by the external organization, the Company concluded that the effectiveness of the Board of Directors as a whole was ensured, upon confirming matters including the structure and the operation of the Board of Directors, the management and business strategies, the Company's corporate ethics and risk management, and the performance evaluation and the status of compensation of the management.

Regarding the review of the structure of the Board of Directors that was identified as a challenge in the survey, the Board worked on improvements including increasing the number of external Directors to one third, and improved presentations on progress reports of important strategies at board meetings. Through such efforts, it seeks to increase the level of effectiveness.

Corporate Governance System



● Directors: 9 (of whom three are outside directors) ● Audit & Supervisory Board members: 5 (of whom three are outside corporate auditors) ● Executive officers: 33 (of whom 5 also serve as directors) (as of June 27, 2019)

## Evaluation Process for ESG Management Performance

Organizations and Systems

We are aware that the initiatives for ESG management are essential challenges. With this in mind, the Board of Directors and the Audit & Supervisory Board are always prepared to discuss them as part of their important risk management efforts. In addition, with the establishment of the Environmental Management Promotion Committee and the Compliance Committee, both of which are chaired by the President, we are ready to steadily implement measures to understand and solve issues in related fields.

## Personal Data Protection

### Personal Data Protection Policy

Policies and Targets

We seek to manage personal data properly according to the Personal Data Protection Policy. We comply with rules and regulations as well as other norms pertaining to the protection of personal data, while simultaneously working on the establishment of autonomous rules and systems that match our corporate philosophy and businesses.

#### Personal Data Protection Policy

1. Respect for Individuals and Their Personal Data
2. Personal Data Protection System
3. Safeguarding of Personal Data
4. Compliance with Laws, Government Guidelines and other Regulations on Personal Data Protection
5. Complaints and Inquiries
6. Ongoing Improvement of Personal Data Protection Management System Revised on May 1, 2017 (Formulated on April 1, 2005)

## Certifications Received Relating to the Protection of Personal Data

Activities and Achievements

### • Privacy Marks

Nippon Express, Nittsu Shoji, Nippon Express Travel, Careerroad, Nago E-Technology, Okinawa Nittsu Air Cargo Service, Wanbishi Archivist

### • ISMS (Information Security Management System) Certifications

Nippon Express, Nittsu Shoji, Nippon Express Capital, Nittsu Information Systems, Nittsu Panasonic Logistics, Nittsu NEC Logistics, Wanbishi Archives (As of March 31, 2019)

## Risk Management

### Regulations and Policies for Risk Management

Policies and Targets

Nippon Express has established four sets of rules based on its Crisis Management Rules: Disaster Management Rules, Overseas Crisis Management Rules, IT System Risk Management Rules, and Pandemic Management Rules. These various rules lay out the measures to be taken in response to the various risks posed by wide-area disasters, outbreaks of new strains of influenza and other infectious diseases, information system risks, emergencies overseas, etc., and we are hoping to strengthen collaboration within the Group on the basis of the Nippon Express Group Disaster Management Rules.

### System to Ensure Business Continuity (BCM/BCP)

Organizations and Systems

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

The various Head Office divisions and other key business locations throughout Japan have stocked up on emergency supplies as well as medical supplies to combat new strains of influenza and other infectious diseases, and have been equipped with satellite telephones and priority mobile phones for use during disasters if telephone lines are cut. A liaison system for quick contact during emergencies has also been established.

### Disaster Management System

Organizations and Systems

Based on its disaster management rules, Nippon Express 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 on its intranet in order to promptly confirm the safety of its employees, assess the extent of damage to its facilities, and expedite relief efforts.

### Safety Confirmation 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 BCM Basic Policy, Nippon Express has adopted a Safety Confirmation System that automatically sends safety confirmation emails to employees, in response to earthquakes of a certain severity or warning issued by the Japan Meteorological Agency, in order to rapidly confirm the safety of employees during a disaster.

## Organizational Chart for Personal Data Protection and Management/Personal Data Use

Organizations and Systems

