

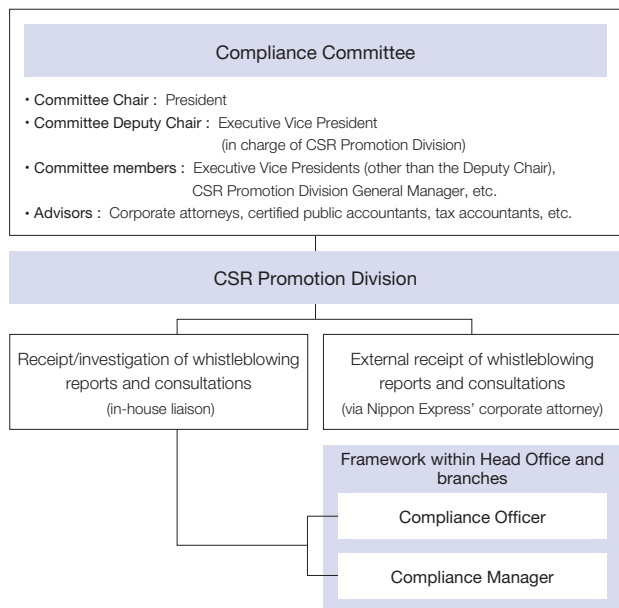
Sound Company Conduct

Promote Fair Business Practices

Compliance Management Structure Organizations and Systems

Nippon Express 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 the Nittsu Speak-up whistleblowing system and other measures put in place to ensure honest and fair corporate activities.

Compliance management system



Compliance Training Activities and Achievements

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 for employee training as it is an effective tool for promoting compliance management. In fiscal 2018, we used the Compliance Handbook to train 62,388 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 2018, 34,382 employees participated in the training. We are also working to improve compliance within the Group by convening an annual conference for Nippon Express Group compliance managers with the aim of sharing information and exchanging opinions related to compliance.

Every month, the CSR Promotion Division distributes the CSR Newsletter and the Compliance Calendar. In addition to compliance topics, the CSR Newsletter is an information-sharing tool aimed at improving knowledge, raising awareness, and drawing attention to CSR issues. The Compliance Calendar, designed to be displayed in workplaces, presents the best compliance slogans solicited from employees.

Compliance Awareness Survey Activities and Achievements

Every year, the Nippon Express Group carries out a compliance awareness survey of all employees.

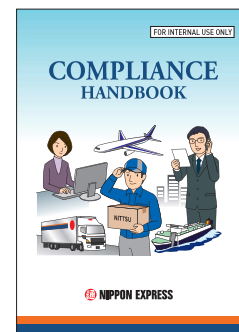
The survey conducted in November 2018 (target group: 69,601 persons; respondents: 56,874 persons) addressed compliance awareness, understanding of workplace reality, compliance awareness improvements, prevention of harassment, misconduct or improper activities among all employees. In May and June 2019, we also carried out a survey of safety and compliance awareness targeting approximately 18,000 overseas employees.

Implement Robust Anticorruption Measures

Instilling Compliance Awareness Activities and Achievements

The Compliance Handbook, which is distributed to all Group employees, including overseas staff, 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 describes the ban on accepting or providing gifts or money, or entertainment that is unacceptable according to normal social practices, or exceeds the boundaries of business practices. We are making every effort to reduce the risks by making sure all employees are thoroughly informed.

In July 2018, we circulated the Overseas Business Management Handbook, which contains information about the ban on paying bribes to civil servants or persons in similar positions in other countries. We have also posted videos (in Japanese, English, and Chinese) about the bribery ban on the intranet for the Nippon Express Group. These videos can be used as teaching materials.



Compliance Handbook

Compliance Violation Activities and Achievements

In fiscal 2018, there were no cases of legal action due to anticompetitive conduct, violations of antitrust laws, or violations of the Antimonopoly Act during the reporting period. As an organization, we were not subject to serious fines or other punitive measures due to violations of environmental laws and regulations, neither did we receive specific complaints concerning infringements of customer privacy. However, we were fined 500,000 yen by summary order of the Hiroshima Summary Court on April 3, 2019 due to violations of the Agricultural Products Inspection Act involving misconduct in the management of government-controlled rice. We accept the reality of the order with the utmost seriousness and we will make every effort as a company to ensure compliance, to introduce measures to prevent reoccurrence, and to restore trust in our company.