



We Find the Way

**IR Day 2022 Session 4
Sustainability Management**

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Executive Officer: Tatsuya Akama

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NIPPON EXPRESS HOLDINGS, INC.

September 15, 2022

Nippon Express Group Business Plan 2023 “Dynamic Growth”

ESG Management for Sustainable Growth and Corporate Value Enhancement



Stronger Group Governance via Holding Company Structure



Establishment of a Group Governance System Assumes a Corporate Governance System in Place and Working

Sustainability Promotion System and Climate Change Response

General Manager, Sustainability Promotion Division: Hiroko Kishida

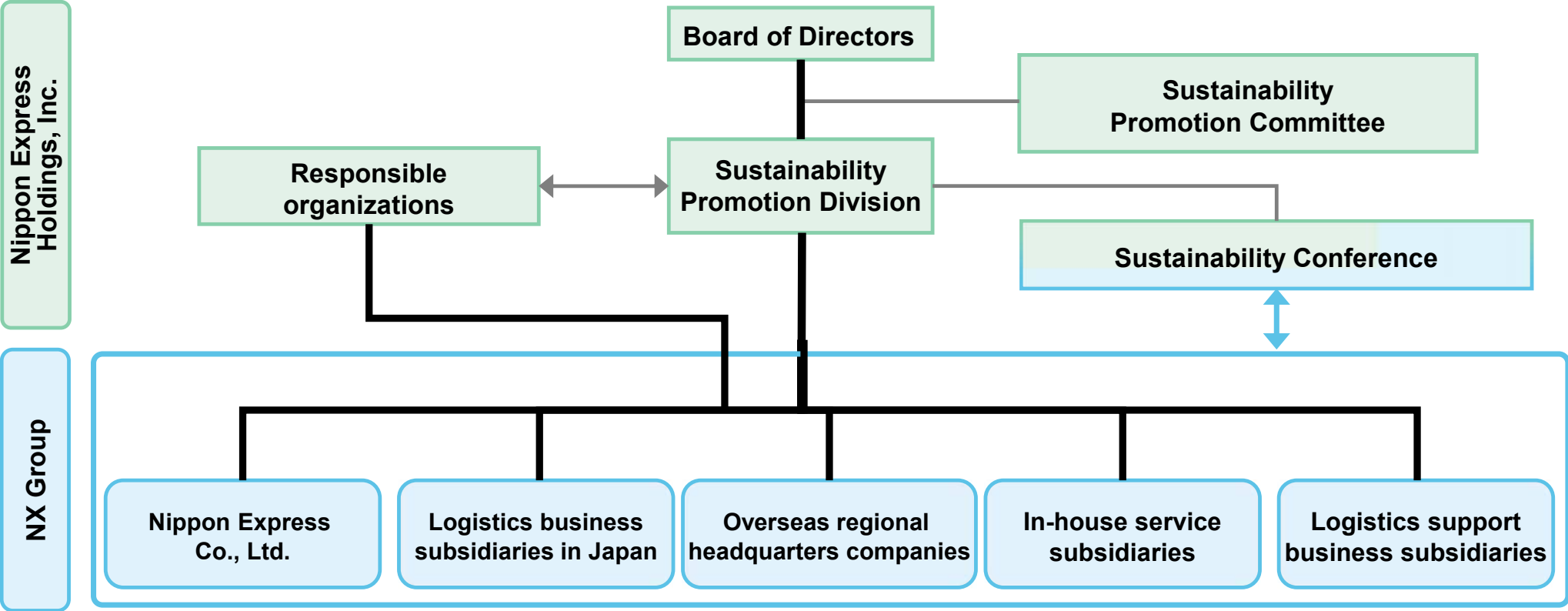
Nippon Express Group Business Plan 2023 “Dynamic Growth”

ESG Management for Sustainable Growth and Corporate Value Enhancement



NX Group Sustainability Promotion Framework

NX Group Sustainability Promotion System



Pursue Sustainability Management



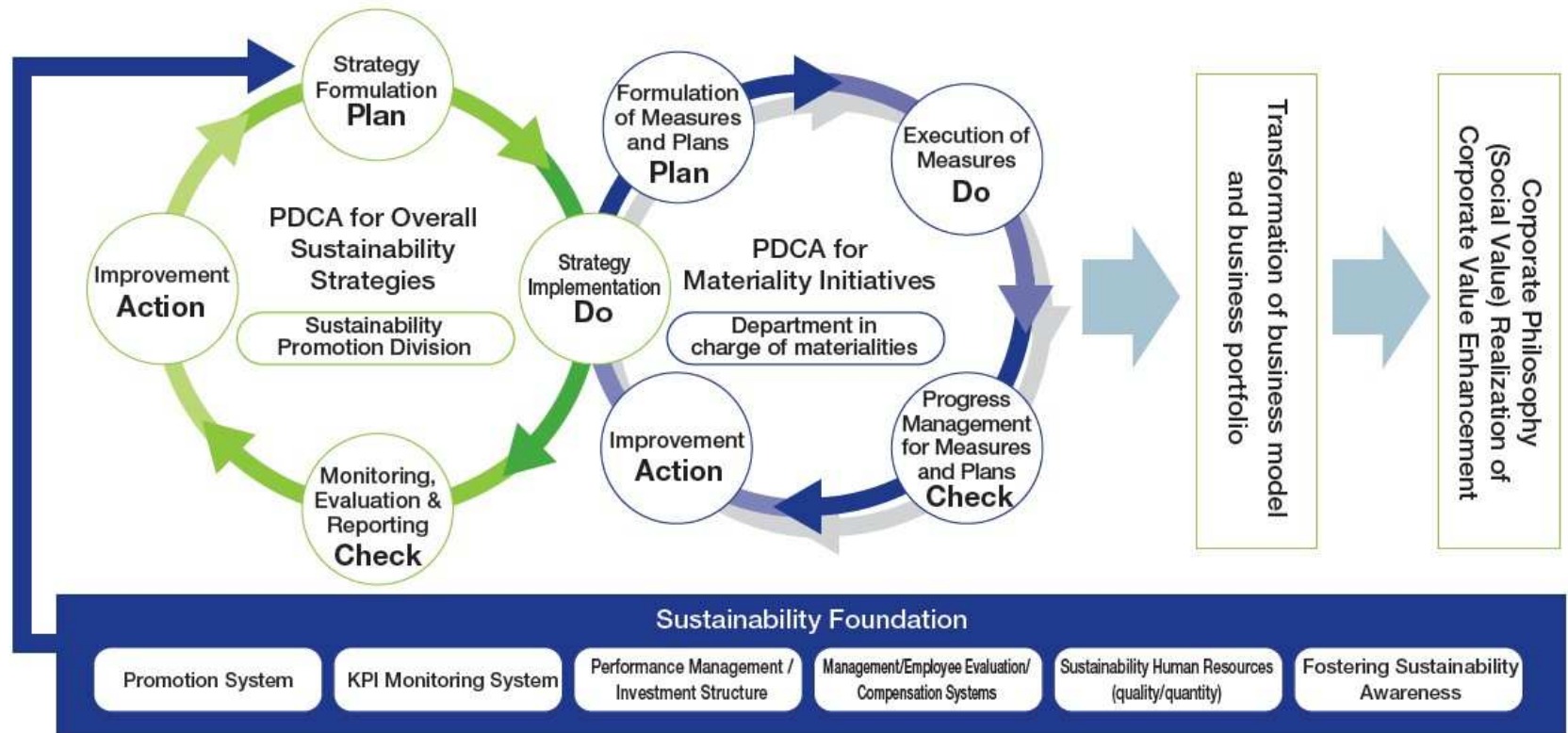
Materialities

- Pursuing Business Digitalization and DX
- Improving Quality and Creating New Value
- Addressing Climate Change
- Building a Sustainable and Resilient Logistics Infrastructure
- Improve Employee Engagement
- Strengthening Governance

Pursue Sustainability Management

Sustainability Promotion process

The Sustainability Promotion Division is responsible for planning, monitoring-evaluation-reporting, and improving strategies related to sustainability. Materialities are to be addressed with the responsible departments taking the lead.



Responding to Climate Change

TOPICS Participation in SAF Flight Initiative: For the Next Generation, a new All Nippon Airways (ANA) program

Nippon Express Co., Ltd. has joined SAF Flight Initiative: For the Next Generation, a new program launched by All Nippon Airways. The program aims to reduce CO₂ emissions in the industrial value chain through the use of Sustainable Aviation Fuel (SAF) and other products.

Produced from sustainable feedstocks such as biomass, waste cooking oil, and exhaust gases, SAF is an aviation fuel that can significantly reduce CO₂ emissions over its life cycle compared to conventional fuels. At the start of the program on September 29, 2021, the company used a cargo flight operated by ANA using SAF.



TOPICS Visualization of CO₂ Emissions (One-Stop Navi, EcoTrans Navi)

In October 2021, our Group released the One-Stop Navi service, which allows users to search for the best mode of transportation in Japan. The service allows users to compare freight rates, lead times and CO₂ emissions for each unit of transportation, and CO₂ emissions can be calculated even more accurately by linking with map data.

EcoTrans Navi represents a further evolution of this CO₂ emissions calculation service. This service allows customers to visualize the difference in CO₂ emissions between their current transportation modes and more environmentally friendly modes such as rail and ocean transportation by calculating the total CO₂ emissions for each, based on the customer's transportation data for a specified past period. In doing so, we have developed our own distance computation method to calculate CO₂ emissions more accurately, and have obtained third-party validation from SGS to enable customers to disclose their emissions information externally.

In recognition of its contribution to reducing environmental impact through these tools, Group member Nippon Express Co., Ltd. was awarded the Logistics Environmental Grand Prize at the 23rd Logistics Environmental Grand Prize Awards.



23rd Logistics Environmental Grand Prize Awards (Japanese Only)
<https://www.nipponexpress-holdings.com/ja/press/2022/20220607-1.html>



Responding to Climate Change

Policy on Addressing Climate Change

Tackling climate change is a critical element in achieving a sustainable society, and we must limit the atmospheric temperature increase to +1.5°C above the level of the Industrial Revolution.

In accordance with our corporate philosophy, the NIPPON EXPRESS GROUP will actively work to reduce CO₂ emissions to help achieve the 1.5°C target as we aim at advancing society and bringing an enriched life to future generations through logistics. We view this initiative as a critical management item that is necessary for our Group to achieve sustainable growth and increase corporate

value. We believe that by responding to these social changes, we will be able to minimize risk and create new business opportunities.

To this end, we announced our endorsement of the TCFD recommendations in May 2022, and we are moving forward with our responses to climate change based on the substance of those recommendations.



Risk classification		Risks and Opportunities	Business impact*2		Response
			1.5°C Scenario	4°C Scenario	
Transition risk	Legal, regulatory	Risk of increased costs due to introduction of carbon tax and other regulations	High	Low	Set CO ₂ emission reduction targets and promote emission reduction efforts
	Technology, markets	Risk of increased costs for introduction of eco-friendly vehicles	Moderate	Low	Systematically introduce eco-friendly vehicles based on market trends
		Risk of reduced demand for products and services that emit CO ₂	Low to moderate	Low	Advance initiatives to reduce CO ₂ emissions and enhance environmentally friendly products and services
	Reputation	Risk of increased cost of capital financing due to lower valuation resulting from insufficient climate change measures	Low	Low	Enhance environmentally friendly products and services
Physical risks	Acute	Risk of suspension of business activities due to weather-related disasters such as torrential rain, flooding and typhoons	Low	Low	Asset liquidation, decentralization of locations, modal shift
		Risk of increased costs associated with damage to company assets due to weather-related disasters	Low	Moderate	Strengthen BCP countermeasures
	Chronic	Risk of increased illness and decreased employee productivity due to rising outdoor temperatures	Low	Low	Increase, enhance cooling equipment
		Risk of relocation of logistics facilities, capital expenditures and increased insurance premiums associated with relocation of logistics facilities due to sea level rise	Low	Low to moderate	Asset liquidation, decentralization of locations
		Risk of reduced logistics due to climate change impact on customer businesses	Low	Low to moderate	Inventory storage for supply-and-demand adjustment, building a broad customer base
Opportunities	Resource efficiency	Opportunities to reduce fuel costs, delivery work hours, and carrier procurement costs through improved transportation and delivery efficiency	Moderate	Low	Enhance environmentally friendly products and services
	Products, services	Opportunities to increase revenues through environmentally friendly services	High	Low	
	Resilience	Opportunities to stabilize business and ensure reliability by diversifying means of transportation and delivery	Moderate	Moderate	

Strengthen Risk Management System

Managing Executive Officer: Tatsuya Suzuki

Objectives for Establishing the Risk Management Headquarters



Strengthen Group Global Governance

- **Strengthen ongoing initiatives, build and solidify our group global governance system under NXHD control**
(compliance, safety and quality management, legal and intellectual property management, internal audits, etc.)



Strengthen Risk Management and Crisis Management Systems

- **Identify risks for the group as a whole (Japan and overseas), as well as for individual organizations, pursue response measures proactively**
- **Respond centrally to various crisis events within the group**
- **Contribute to the maintenance of social infrastructure through BCP implementation**

Strengthen Group Global Governance ①

Compliance

- Launched a global whistleblower hotline in addition to individual company whistleblower hotlines
- Strengthened compliance education for all employees

Personal Information Protection

- Formulated policies and support for compliance with global laws and regulations
- Provided employee education and implementation to maintain Privacy Mark status

Security Import/Export Management

- Strengthened monitoring of NX Group import/export transactions
- Compliance with relevant laws and regulations and improved employee education

Strengthen Group Global Governance ②

Safety and Quality

- Established and implemented NX Group Safety Philosophy, Safety Quality Standards, and Safety Management Policy for each individual group company
- Rolled out the Accident and Injury Search System across the NX Group

Legal and Intellectual Property Management

- Strengthened HD legal system (group and global support, hired more in-house attorneys)
- Strengthened cooperation with legal advisors and patent attorneys

Internal Audit

- Conducted and improved direct audits in Japan and overseas via the HD Internal Auditing Division
- Strengthened collaboration with members of the Audit & Supervisory Board and financial statement auditors (collaboration in three-party audits)



NXHD Compliance Committee

Meets four times per year, chaired by the president
Shared information on compliance-related matters,
considered and decided group policies and measures

Strengthen Risk Management and Crisis Management Systems ①

Risk Management

- Identified and assessed risks for each organizational level, identified critical risks, and formulated response plans

Crisis Management

- Unified initial responses to crises within the group (published manuals)
- Conducted various crisis-response drills



NXHD Risk Management Committee

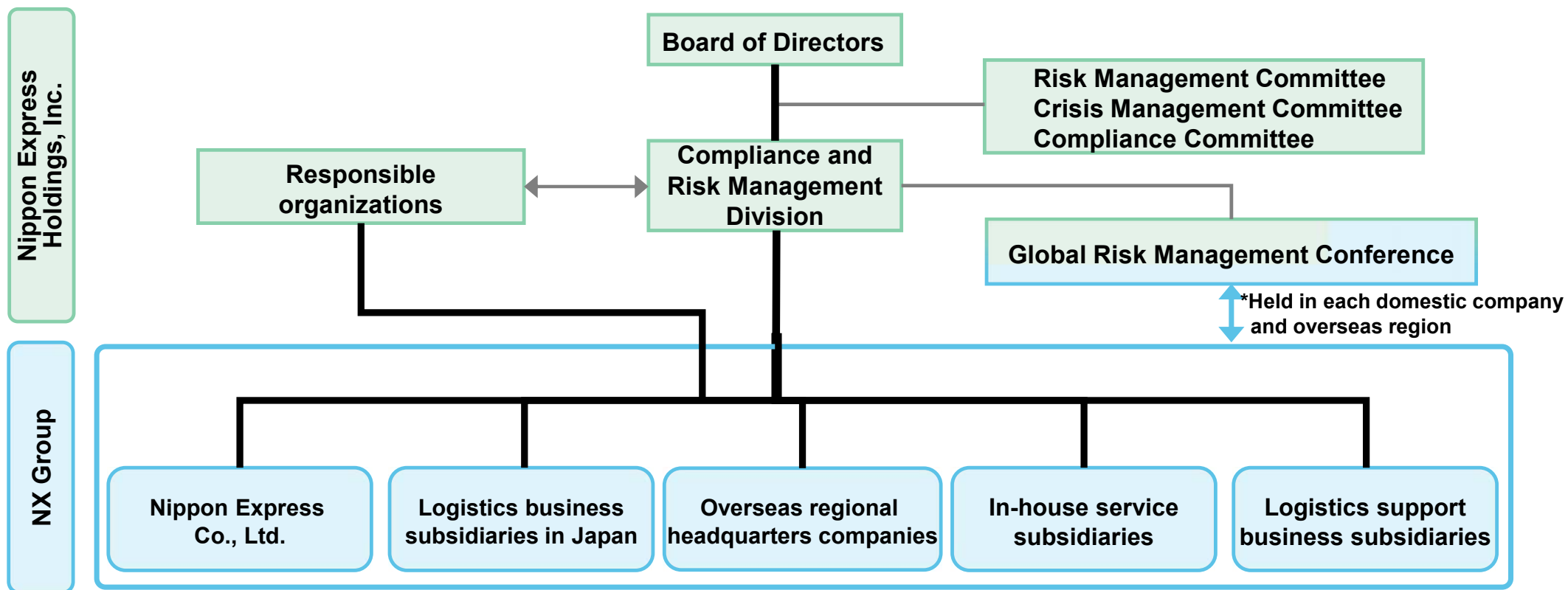
Meets four times per year, chaired by the president
Shared information on risk management-related matters, considered and decided group policies and measures to be implemented

NXHD Crisis Management Committee

Meets twice per year, chaired by the president
Shared information on crisis management-related matters, considered and decided group policies and measures

Strengthen Risk and Crisis Management Systems ② - NX Group Promotion System

NX Group Risk Management Promotion System



Strengthen Risk Management and Crisis Management System ③ - Basic Approach

Contain crises before they occur (preventive measures)

Minimize damage and loss after a crisis

Maintain supply chain through BCP

Contribute to the maintenance of social infrastructure through logistics in the event of a crisis (disaster)

NX Group Human Resources Strategy

Executive Officer: Tatsuya Akama

Human Resources Strategy to Achieve Our Long-Term Vision

A logistics company with a strong presence in the global market

Sustainability Management for Sustainable Growth and Corporate Value Enhancement

● A Company In Which Employees Feel Satisfied

- ✓ Job Satisfaction and Motivation
- ✓ Personal Growth and Self-Actualization
- ✓ Safe, Secure Workplaces

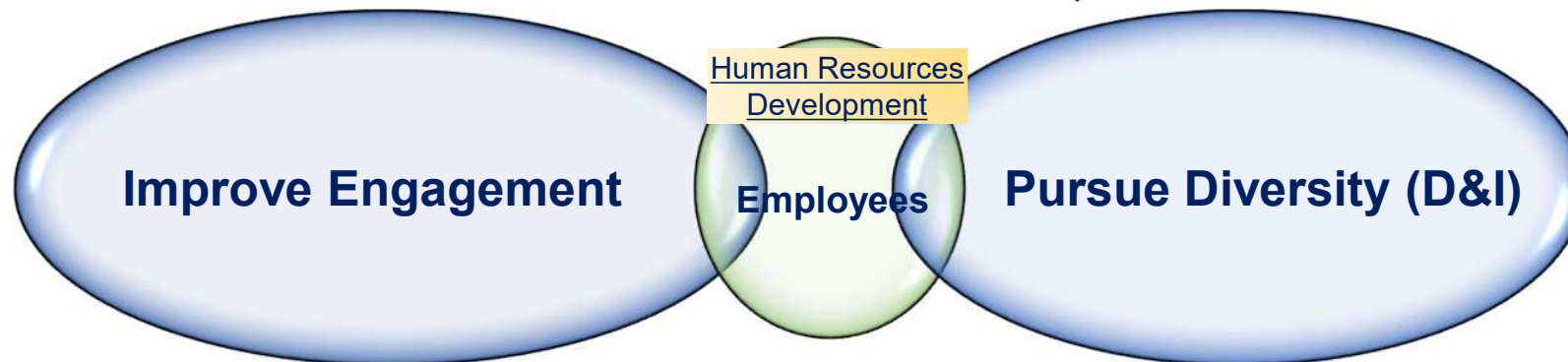


● A Company With a Diverse Employee Base

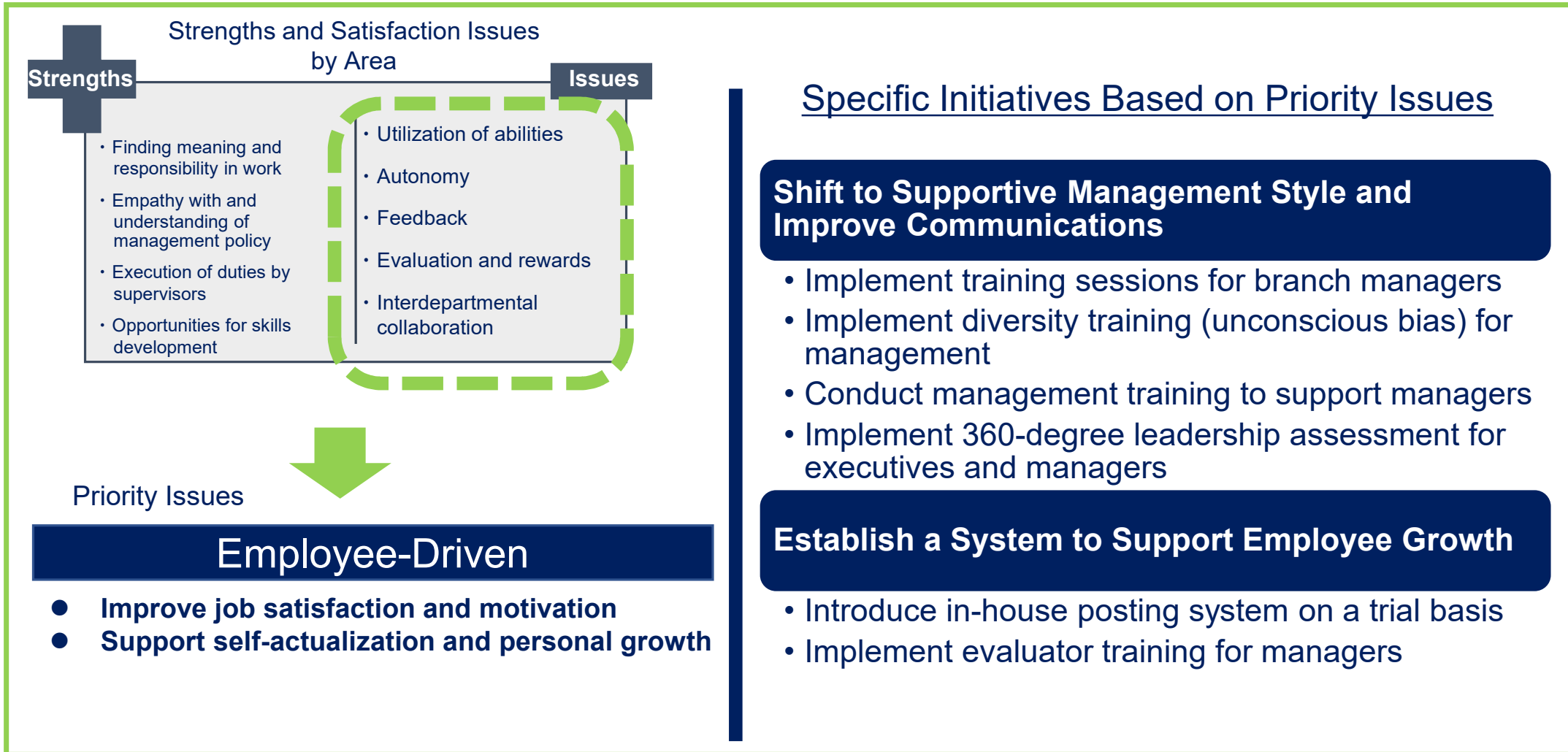
- ✓ Innovation
- ✓ Respect and Encouragement for Diversity

Human Resources Strategy

✓ Source of Value Creation and Competitiveness

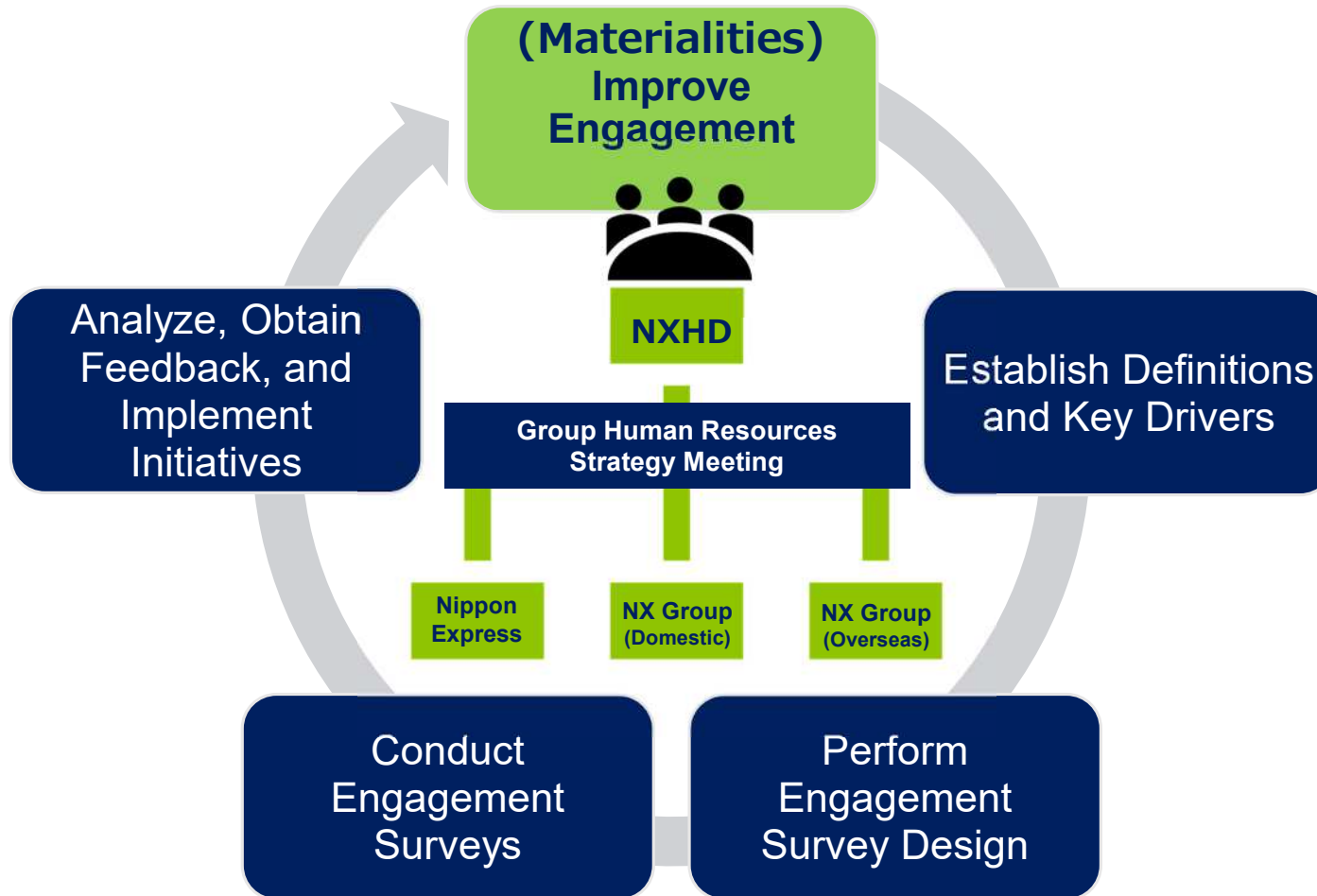


Approaches to Enhancing Corporate Value and Initiatives for Employee Satisfaction



Approach to Enhance Corporate Value Improve Engagement

➤ Efforts to Improve Engagement Step 1



Approach to Enhancing Corporate Value

Pursue Diversity (Key Elements and Initiatives)

Diversity

- Empower women
- Recruit foreign nationals, experienced professionals actively
- Employ people with disabilities
- Hire professional personnel
- Foster and deepen D&I awareness

Work-Style Reform

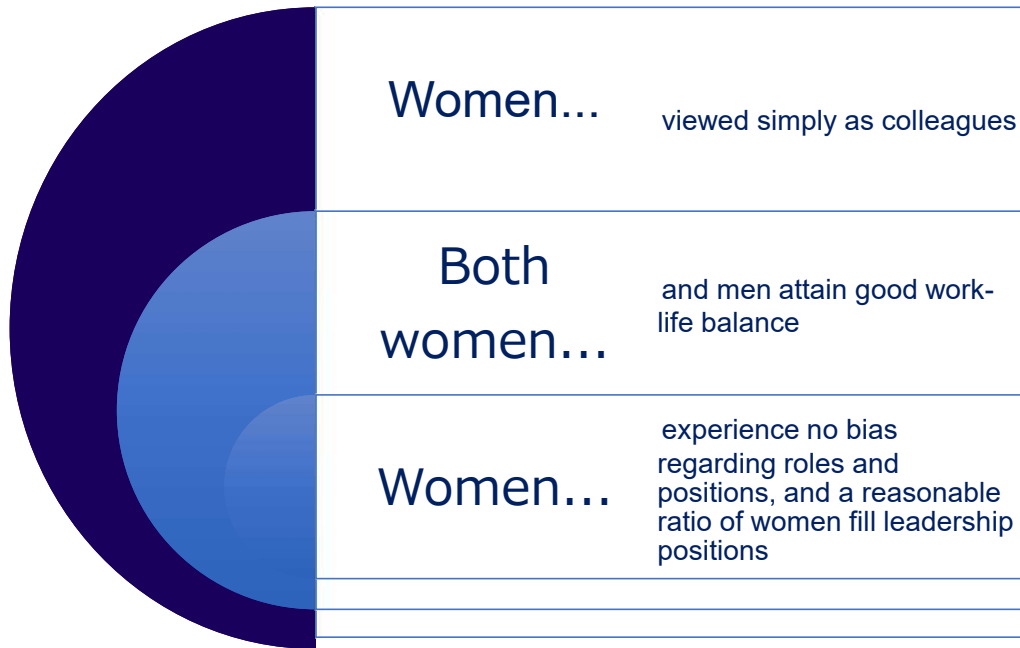
- Implement priorities toward work-style reform
 - ✓ Address co-workers by personal names, not titles
 - ✓ Relax dress code (NX-BIZ)
 - ✓ Remote work

Improve Work Styles

- Encourage employees to take paid leave
- Reduce overtime hours worked
- Encourage male employees to take parental leave

Diversity Women's Empowerment

➤ Women Who Play an Active Role in Society



➤ Efforts Toward Women's Empowerment

Absolute Number

- 50% of new graduates in career-track positions
- Recruit more women with professional working experience
- Manage ratio of female managers using KPIs

Work Environment

- Internal systems for flexible work styles
- Encourage taking leave and reduce overtime work
- Provide support to balance work and childcare

Training, Placement, and Experience

- Expand opportunities for female area employees
- Reform management attitudes (appropriate placement)
- Create opportunities for training

Diversity Foreign Nationals

➤ Strengthen NX Group Global Functions Approach

Established GBHQ(*) Within NXHD

Appointed foreign nationals to management and administrative positions

Pursued multilingual internal communications

*GBHQ = Global Business Headquarters



Work-Style Reform

➤ Priorities and objectives of work-style reform

1

Address co-workers by personal names, not titles

- ✓ Transition to a flat work environment that welcomes challenges
- ✓ Respect the individuality of each workplace member
- ✓ Discourage power harassment

2

Relax dress code (NX-BIZ)

- ✓ Create opportunities for communication
- ✓ Improve employee satisfaction
- ✓ Communicate work-style innovations internally and externally

3

Remote work

- ✓ Offer flexible work-styles
- ✓ Improve work efficiency and improve productivity
- ✓ Expand operations allowed for remote work and business continuity

➤ Work-style reform survey results

*June 2022 (Nippon Express)

Assessment of Effectiveness	Response Ratio
Strongly agree	12%
Agree	26%
Somewhat agree	29%
Somewhat disagree	21%
Disagree	12%

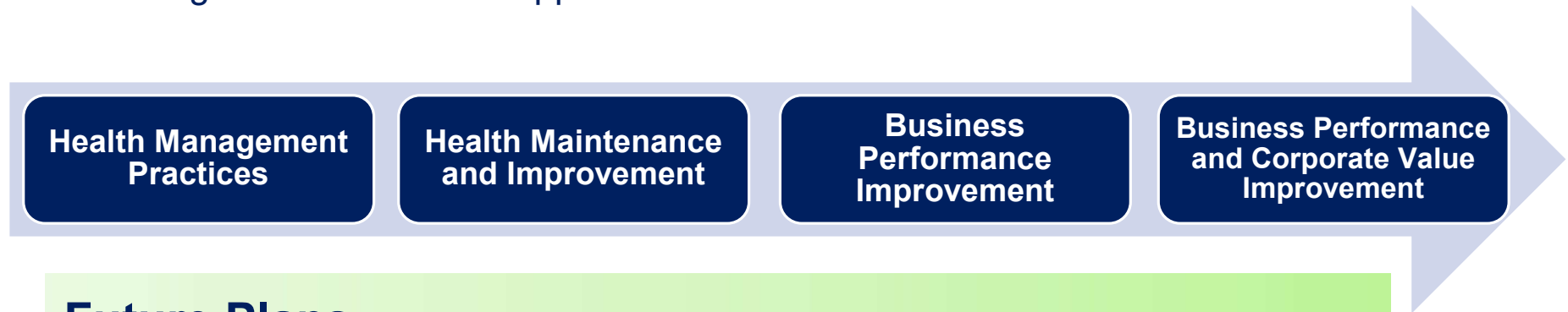
67%

Diversity KPIs and Results (Nippon Express)

Paid Leave	KPI (Business Plan) ... Upward Revision	FY2019 Results	FY2020 Results	FYE Dec 2021 Results	FY2022 Targets	FY2023 Targets
	60% or more annual paid leave taken	40.9%	44.9%	51.5%	56%	60%
Female employee years of continuous service	KPI (Business Plan)	FY2019 Results	FY2020 Results	FYE Dec 2021 Results	FY2022 Targets	FY2023 Targets
	Equal years of continuous service for women and men <small>*Female career-track employees with approximately 8 years of continuous employment</small>	17.5P	11.6P	9.3P	3 P	0 P
Child care leave taken by men	KPI (Business Plan) ... Added to Plan	FY2019 Results	FY2020 Results	FYE Dec 2021 Results	FY2022 Targets	FY2023 Targets
	Men taking 40% or more of child care leave	3.3%	12%	22.4%	30%	40%
Improve ratio of female managers	KPI (Corporate Governance Code)	FY2019 Results	FY2020 Results	FYE Dec 2021 Results	FY2022 Targets	FY2030 Targets
	Female managers represent 10% or more of total	1.3%	1.5%	1.7%	2%	10%
Employ people with disabilities	KPI (NX Group Internal Target)	FYE Dec 2021 Results		FY2022 Target		FY2023 Target
	Group employment 2.4% or higher	2.3%		2.4%		2.4%

Health Management

➤ Health Management Practices Approach



Future Plans

- Publicize the NX Group Health Declaration
- Formulate a clear health management strategy map
- Implement measures based on the strategy map (quantify targets)
- Evaluate and improve measures

To Pursue the NX Group Human Resources Strategy





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