

Sustainability Promotion Framework Responding to Climate Change

Hiroko Kishida, General Manager, Sustainability Promotion Department

September 14, 2023 IR day

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Sustainability Policy and Sustainability Vision ■ The NIPPON EXPRESS Group Sustainability Policy · The NIPPON EXPRESS GROUP fosters sustainable societies by co-creating a fruitful future with our stakeholders, including employees, business partners, customers, and local communities. · The NIPPON EXPRESS GROUP contributes to carbon-neutral societies and the preservation of the global environment through business that reduce the environmental impact of the group and our customers. · The NIPPON EXPRESS GROUP pursues sustainable growth as an entity needed by society, connecting people to people and business to business globally, and providing solutions that solve social issues. ■ The NIPPON EXPRESS Group Sustainability Vision Be a driving Force for Social Development Our Mission: Corporate Our Challenge: Create New Ideas and Value that Expand the Field of Logistics **Philosophy** Our Pride: Inspire Trust Every Step of the Way Supporting a Better Life for People Around the World and the Development of a Sustainable <u>Society through our Business</u> Sustainability **Economic Value** Social Value **Environmental Value** Vision Our Sustainable growth Providing security and stability& The happiness of workers Preservation of the global environment Creating new ideas and value through innovation (values that must be changed)

Improving Quality And Creating New Value

Pursing Business Digitalization And DX

Businesses

Business Foundation

Materialities

(Critical Issues)

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I would like to explain our framework for promoting sustainability management and our response to climate change. Thank you for your cooperation.

Building a Sustainable and Resilient Logistics Infrastructure

Safety, Compliance, and Quality (unchanging values)

Improving Employee Engagement

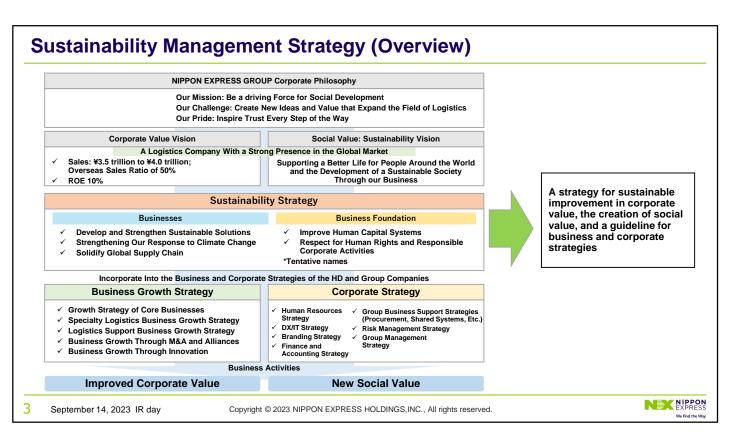
Addressing Climate Change

Strengthening Governance

At the start of the current management plan, each Group company, including Nippon Express, has been promoting ESG management on its own, but with the transition to a holding company structure in 2021, the Group is now working to promote sustainability management on a Group-wide basis.

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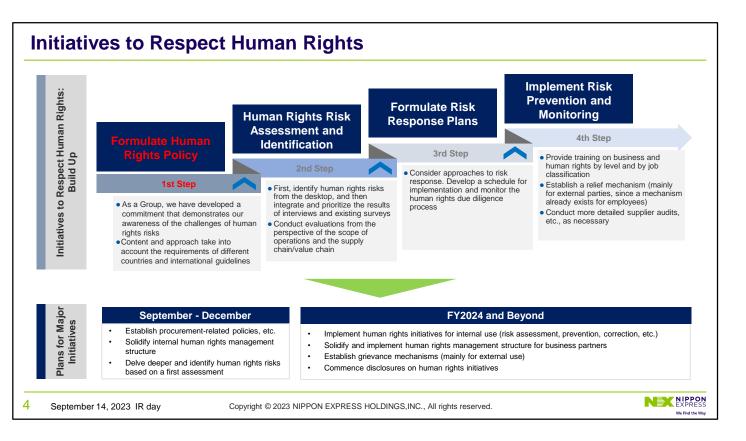
On January 18 of this year, we formulated the NX Group's Sustainability Policy and Sustainability Vision, which set forth the significance of our sustainability efforts and the direction we are aiming for and announced them both internally and externally.



Next, I will explain the overall picture of our sustainability management strategy. As shown in the material, we have identified the materiality of the NX Group as a key issue for sustainability and will implement the promotion of sustainability management by resolving the materiality in synchronization with our business growth strategy and corporate strategy.

In the new mid-term management plan to be launched next year, we will indicate sustainability management strategy as an important part of the plan, and we are preparing to revise it to a materiality that can be tackled on a Group and global basis starting next fiscal year.

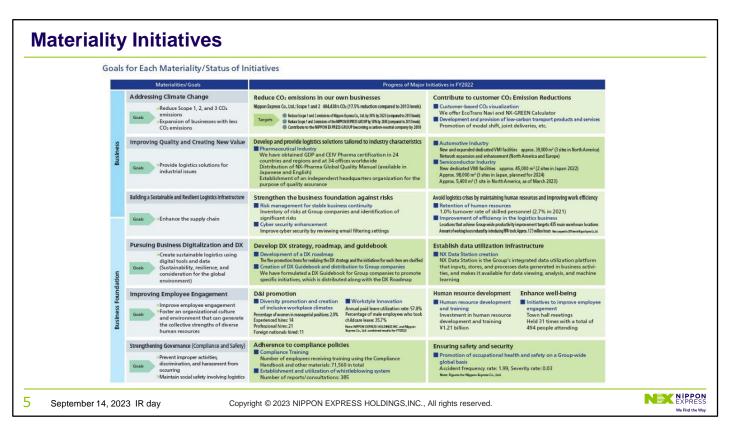
We intend to accelerate the Group-wide promotion of the project, which will lead to the enhancement of corporate value and the creation of social value.



In reviewing the materiality, we decided to strengthen our efforts to respect human rights as an important issue.

As the first step in our efforts, we formulated the NX Group Human Rights Policy on August 21 of this year and announced it internally and externally. Based on this policy, we will continue to engage in human rights due diligence in the following steps: assessment and identification of human rights risks, formulation of risk response plans, and prevention and monitoring of risks.

We have now begun the process of assessing and identifying risks, and we believe that our challenge is how to centrally manage human rights risks in the supply chain in the future. We will promote responsible business activities by building an internal system that can comply with the laws and regulations of each country and by promptly establishing guidelines for procurement.



This is followed by a discussion of each materiality initiative.

The current materiality will be selected in 2021, and we have been deepening discussions within the Group on the goals and specific measures to be taken for each materiality.

As an example, concrete progress has been made in climate change initiatives, such as setting CO2 emission reduction targets and developing measures to achieve them, and promoting D&I to improve employee engagement. We will continue to promote Group-wide efforts.

CO₂ Reduction Target

[NIPPON EXPRESS Group CO₂ Emissions Reduction Targets]

2030 Target

Aim to reduce the NIPPON EXPRESS Group owned CO₂ emissions by 50% from 2013 levels. (Scope 1 and 2)

2050 Target

Strive across the NIPPON EXPRESS Group to bring about carbon-neutral societies. (Scope 1, 2, and 3)

[Specific measures for reduction]

- 1. Switching private vehicles (liaison vehicles, etc.) to EV (Scope 1)
- 2. Switching to LED lighting (Scope 2)
- 3. Switching to renewable electricity (Scope 2)

*Goals of the Japanese government: a 46% reduction by 2030 compared with 2013 levels (aiming for a high target of 50%) and creating a carbon-neutral society by the year 2050

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From here, I would like to talk about our response to climate change. On January 18 of this year, the NX Group established and announced externally its CO2 emission reduction targets. Until now, Nippon Express and its Group companies have set their own targets, but we have reaffirmed that CO2 reduction is an important issue for the NX Group, especially in the area of logistics, and we are determined to make firm efforts in line with government targets. First, to achieve the 2030 reduction target, we have established target values for each Group company and have begun working on three specific measures.

CO₂ Reduction Results

(FY2022 Results/1,000 tons)

	NIPPON EXPRESS Co., Ltd. (non-consolidated)	Domestic group companies	Overseas group companies	Total whole group
Scope1 (Direct emissions)	304	204	38	546
Scope2 (Indirect emissions)	101	41	58	200
Scope1+2	404	245	96	745
Scope3	6,351	1,287	7,147	14,785



*946,000 t-CO2 in 2013 (SCOPE 1, 2) Approximately 21% reduction

We calculate Scope 3 based on the fee method. In the future, we will refine our calculation methods for more precision to visualize and take concrete reduction measures.

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Here we show actual reductions through 2022.

In 2022, we achieved a 21% reduction in our own emissions, known as Scope One and Scope Two, compared to the base year of 2013.

The two main factors are as follows.

The first is the replacement of trucks, ships, and other environmentally friendly equipment.

The second is the effect of energy conservation through more efficient transportation, such as modal shifts and joint deliveries, and the use of LED lighting in warehouse facilities.

Although we have made good progress so far, technological innovations such as restoration of environmental vehicles and expansion of social infrastructure will be essential to achieve the 2030 goal. We will implement measures that should be incorporated while keeping an eye on future trends.

CO2 Reduction Target (SBT Commitment)

SBT certification is a universal certification that indicates consistency with the Paris Agreement. This
certification is required to internally and externally clarify that NIPPON EXPRESS HOLDINGS is setting
targets towards carbon neutrality. We submitted a commitment letter for certification in 2023.



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

*Science Based Targets (SBT): Greenhouse gas emission reduction targets that companies set as 5- to 15-year goals consistent with the standards required under the Paris Agreement.

Since SBTs are targets based on climate science and are both evaluated and certified as common criteria, we could easily appeal that our targets are consistent with the Paris Agreement by acquiring SBT certification

Evaluation from investors Attracting ESG investments Customer acquisition Strengthening ties with business partners Accelerating internal innovation, implementing decarbonization initiatives

Improving employee motivation, strengthening recruitment

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We decided to work on SBT as one of the concrete measures to achieve our CO2 reduction target and submitted a commitment letter for certification in May this year.

In order to be accredited by the SBT, we need to reduce not only our own emissions under Scope One and Scope Two, but also those under Scope Three, which are emissions by other companies, in order to achieve our reduction targets for 2030 and 2050.

Therefore, we are currently studying the visualization of Scope Three emissions to grasp the actual situation and formulate a reduction plan that is consistent with the Paris Agreement required by the SBT.

Addressing Climate Change (TCFD)

Risk classification			Business impact*2			
		Risks and Opportunities	1.5°C Scenario	4°C Scenario	Response	
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 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*3	High	Low		
	Resilience	Opportunities to stabilize business and ensure reliability by diversifying means of transportation and delivery	Moderate	Moderate		

^{*1:} For the 1.5*C scenario, see IEA Net Zero Emissions by 2050 Scenario (NZE), IPCC Special Report (SR15), etc. (When information for the 1.5*C scenario is not available, it is supplemented by information for the 2.0*C scenario is 70 Scenario is not available, it is supplemented by information for the 2.0*C scenario is 2.0*C scenario is 1.0*C scenario

NIPPON EXPRESS We Find the Way

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I will continue with an explanation of the TCFD. We endorsed the TCFD last May and made our first disclosure in the Integrated Report issued in June. This year's disclosure includes a new quantitative analysis as a result of the scenario analysis.

Addressing Climate Change (TCFD)

Scenario Analysis Results (New Quantitative Analysis)

Category	Evaluation Item	Business impact		
Transition risk	Risk of increased costs due to introduction of carbon tax and other regulations' ²	Calculation for 2022 (35% reduction compared to 2013 levels): ¥9.0 billion to ¥11.0 billion Calculation for 2023 (50% reduction compared to 2013 levels): ¥5.93 billion to ¥6.98 billion		
Physical risks	Risk of increased costs associated with damage to company assets due to weather-related disasters ^{*3}	 Business impact at 70 sites, equivalent to 30% of our total floor space at warehouses in Japan and overseas*4 ¥0.72 billion 		
Opportunities	Opportunities to increase revenues through environmentally friendly services (Trial calculation of the introduction of SAF-related transport products'5)	• ¥3.22 billion to ¥6.45 billion		

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Regarding transition risk, last year we estimated and disclosed the carbon cost, and this year we have re-estimated it based on the NX Group's 2030 reduction target.

In addition, the quantitative disclosure of physical risk includes an estimate of the risk of increased costs associated with damage to the Company's assets due to weather-related disasters, and the opportunity includes an estimate of increased revenues from environmentally friendly services with the introduction of SAF fuels. Based on the results of the scenario analysis, we will continue to take concrete measures to reduce risks and seize opportunities in order to expand our business and increase our corporate value.

Due to the limited time available today, I have tried to focus on the main points, but I would be happy if you could refer to the Integrated Report and the Sustainability Data Book for more details.

Human Capital Management

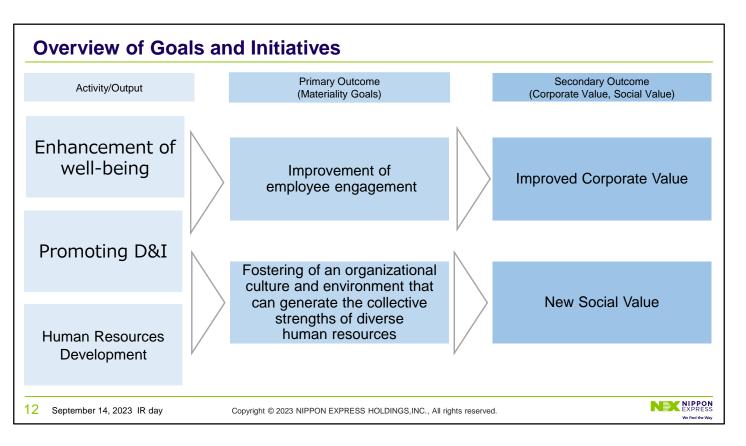
Tatsuya Akama, Executive Officer

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The NX Group's long-term vision is to become a logistics company with a presence in the global marketplace, where diverse employees take pride in their work supporting customers and society. In addition, one of the themes of our efforts to establish ESG management is to transform ourselves into a company where employees feel happy.

We hope to enhance our corporate value and create value for society by improving employee engagement and fostering an organizational culture and environment that can generate the collective strengths of our diverse human resources, based on the three pillars of enhancement of wellbeing, promotion of diversity and inclusion, and development of human capital.

Specific Human Capital Strategy Initiatives

We treat employees, or *human capital*, as assets, and create corporate value through happy and motivated employees

- (1) Enhancement of well-being
- (2) Promoting D&I
 - (3) Human Resources Development

- Pursue Health Management
- ·Initiatives to Improve Engagement
- Pursue diversity
- ·Foster an inclusive workplace culture
- ·Implement work-style reform
- ·Develop self-motivated human capital
- · Develop leaders

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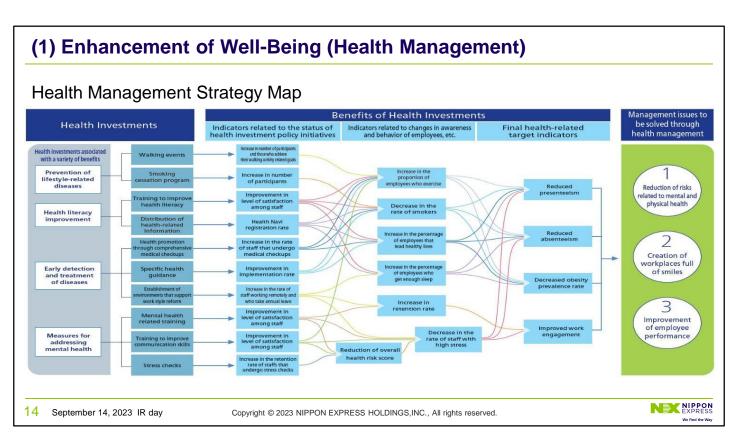


The NX Group views people as capital, not as costs, and is committed to human capital management that maximizes the capabilities and value of people by investing in them.

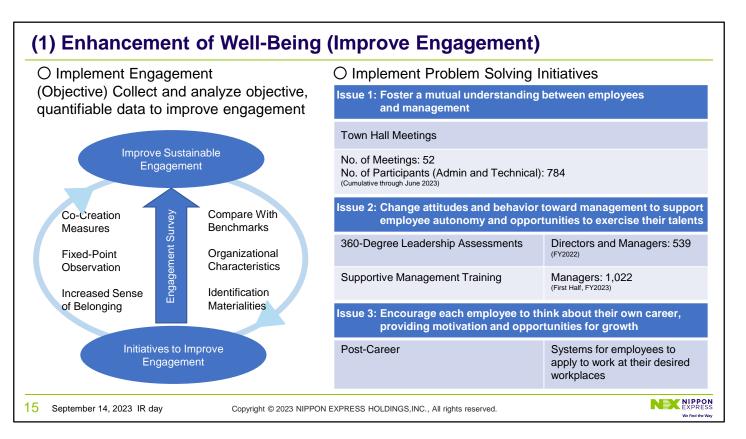
Based on the premise that employees and the company have a relationship of mutual respect and equality, we regard employees as assets equal to human resources and believe that happy and motivated employees will lead to the creation of corporate value.

As a specific initiative, we hope to realize a company in which employees feel happy by maintaining their physical and mental health and feeling fulfilled and rewarded in their work through the enhancement of well-being. Through the promotion of diversity and inclusion and the development of human resources, we will work to create an environment in which diverse human resources can demonstrate their abilities and play an active role.

The above three items will be explained in order.



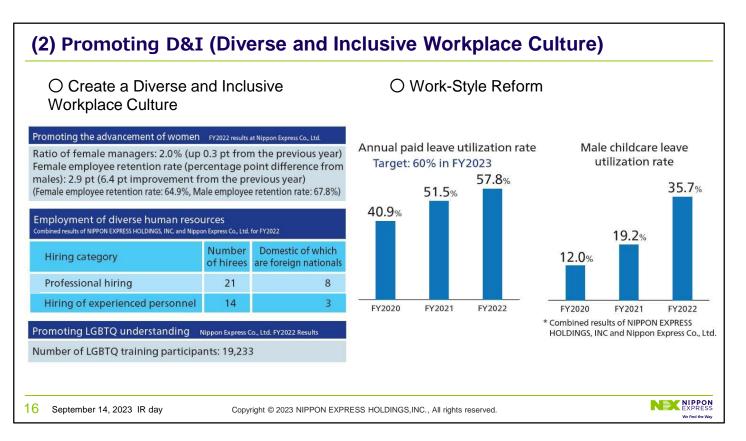
The first will be the enhancement of well-being. We have formulated the NX Group Health Declaration, a policy common to the Group, and are working to promote the health of our employees. In addition, each Group company in Japan has formulated a health management strategy map to clarify the connection between management issues and health-related measures, and is promoting health management.



Similarly, an employee satisfaction survey was conducted to identify issues to be addressed to improve employee engagement in order to enhance well-being. The results showed that there were issues with items related to job fulfillment, an intrinsic factor, and organizational ventilation. Specific measures to address these issues include the implementation of town hall meetings for direct dialogue between management and employees, and a 360-degree leadership assessment for all executives and management positions.

In addition, supportive management training is provided for all managers. We have also introduced a post-career system that allows each employee to think about his/her career on his/her own and allows employees to enter the program on their own as a motivational boost and an opportunity for growth.

In 2023, we conducted an engagement survey of all Group companies, including overseas subsidiaries. Through this survey, we will analyze the current status of employee engagement for the Group as a whole and for each company, identify issues, and consider and implement specific measures in the next fiscal year and beyond.



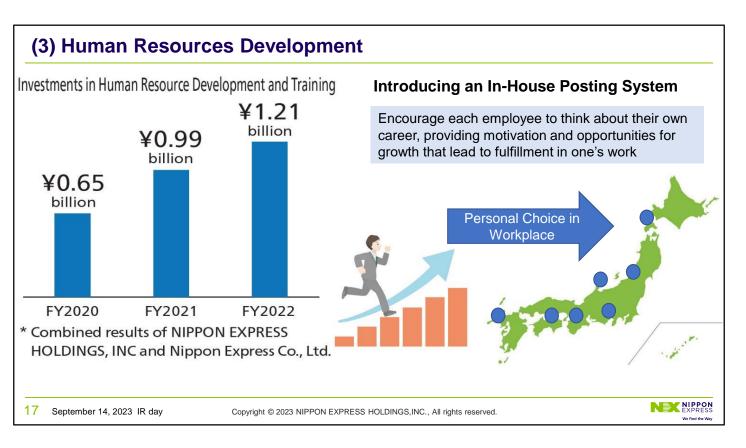
Next, we will discuss the promotion of diversity and the creation of an inclusive workplace culture. The Group's goal is to increase the ratio of female managers to 10% by 2030. In order to achieve a 10% ratio of female managers, Nippon Express conducts work-life design seminars to learn about achieving work-life balance, training to think about careers, and leadership training to learn management skills for female section managers who are candidates for management positions.

In addition, as one of the measures to strengthen our ability to execute strategies, we are securing and training highly specialized human resources, and we are also promoting the globalization of our operations in Japan by accepting foreign nationals.

Regarding LGBTQ, training was provided to approximately 20,000 employees to deepen their understanding.

Next, we will discuss the transformation of work styles.

Nippon Express Co., Ltd. is promoting initiatives at each branch to improve the annual paid leave utilization rate. In addition, we have introduced a lump-sum childcare leave support system to encourage male employees to take childcare leave and have created a handbook for employees and a guidebook for managers to learn how to balance work and childcare, among other initiatives to create a comfortable working environment.

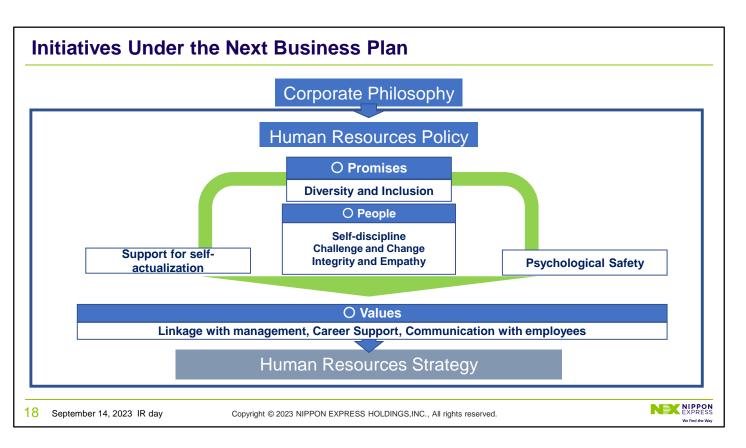


The third point is about human resource development.

The cornerstone of our educational policy is to develop self-reliant human resources who are not afraid of change, act independently, and continue to grow on their own initiative through the practice of our corporate philosophy in harmony with society.

Specifically, we are working on the basic axis of on-the-job training and other in-work training, group training, and self-development.

Furthermore, from the viewpoint of career design, a posting system was introduced this year to provide each employee with an opportunity to become aware of his/her career and at the same time feel a sense of fulfillment in his/her work.



Finally, the Group established a Human Capital Policy in March 2023.

In order to secure and develop human resources capable of realizing our long-term vision of becoming a logistics company with a presence in the global marketplace, we have established a Group-wide guideline regarding human resources. The structure of the report includes the concept of human resources, the image of human resources we seek, what the Group promises to do, and what the human resources department values.

The diagram here shows the relationship between the human capital policy, corporate philosophy, and human capital strategy. In the next fiscal year, we intend to disseminate this human resource policy throughout the Group, plan and execute various measures based on this human resources policy, and study human resources strategies to achieve our long-term vision.

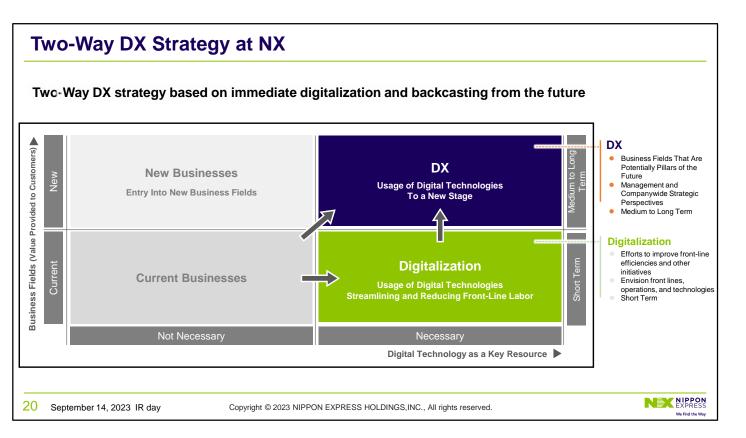
Digital Transformation (DX) Initiatives

Akira Unno, Executive Officer

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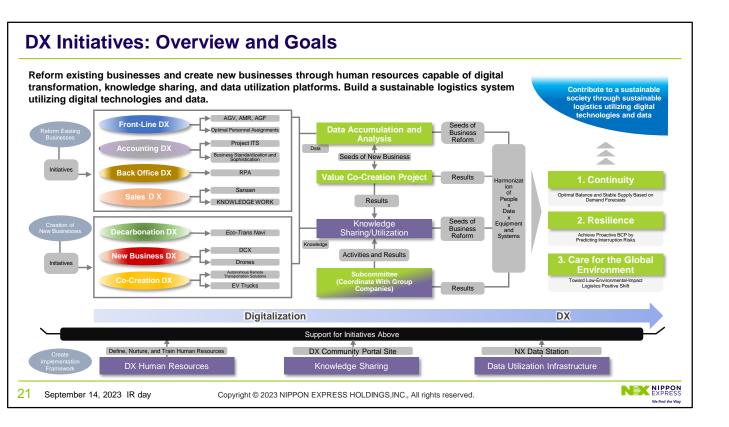
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As we have mentioned in our Integrated Report and other reports, we have drawn up a DX strategy that calls for the digitization of our current operations in the short term and the realization of DX in the medium to long term.

In the short term, the roadmap is to improve business efficiency by promoting digitalization of our current operations, such as labor saving and automation, and in the medium to long term, to challenge a new stage by creating value through the use of digital technology.



This represents the overall picture of the NX Group's DX efforts and the vision of what we are aiming for.

The three elements are shown in the lower part of the figure. Namely, DX human resource development, knowledge sharing of cutting-edge technologies and case studies, and a data utilization infrastructure for making use of data, are the foundation that supports various DX activities. These promotion systems are now in place.

On this foundation, we will seek to reform existing businesses and create new businesses.

We also believe that by extracting data and knowledge from these efforts and conducting value co-creation projects with external parties or holding internal workshops, we can build a sustainable logistics system that combines continuity, resilience, and consideration for the global environment. I will now explain each of the initiatives listed here.

Implementation Framework: Human Resources Capable of DX

We must develop human resources capable of DX to conceptualize and execute solutions to logisticsrelated issues. We completed our definition of DX and IT human resources toward developing employees capable of DX. We are now providing literacy and specialized training to create these resources.

DX and IT Human Resources: Definition

DX human resources are core human resources through whom we implement digital transformation. These employees have a particularly high level of expertise from a business perspective. IT human resources are employees who have a particularly high level of expertise from an IT perspective.

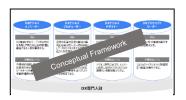


Literacy and Specialized Education

We began literacy and specialized education in July toward developing DX human resources.

Literacy education entails in-house teaching materials to educate employees on the basics of DX. Our first target for this training is the 38,000 employees in the NIPPON EXPRESS Group. Next year, we plan to expand this training to 20,000 employees overseas with the goal of training 58,000 people this year and next.

Our specialized education consists of systematic reskilling for 100 core employees who are already involved in DX.





Nikkei Shimbun Article Dated July 6, 2023

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First, the most important task of the promotion system is to develop DX human resources.

To develop DX human resources, we first defined DX and IT, and human resources for each, as described on the left side of the document. To develop DX human resources, we have started literacy education and specialized education as described on the right side of the document.

This initiative was also reported in the Nikkei Newspaper on July 6 of this year.



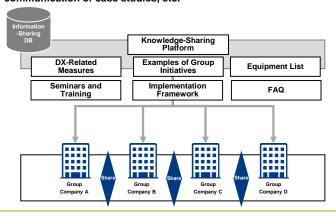
We aim to consolidate the knowledge (expertise and information) scattered throughout group companies to a portal site (in-house intranet).

Through this type of knowledge-based communication, we will build a DX community and foster a culture of DX.

Group Portal Site

A group portal site dedicated to DX established as a knowledgesharing platform.

Knowledge-sharing among group companies, cross-organizational communication of case studies, etc.



DX Community

We established a new group in Teams called *DX for ALL* as a knowledge communication tool.

This group functions as an interactive community to learn about issues on the front lines and generate business ideas.



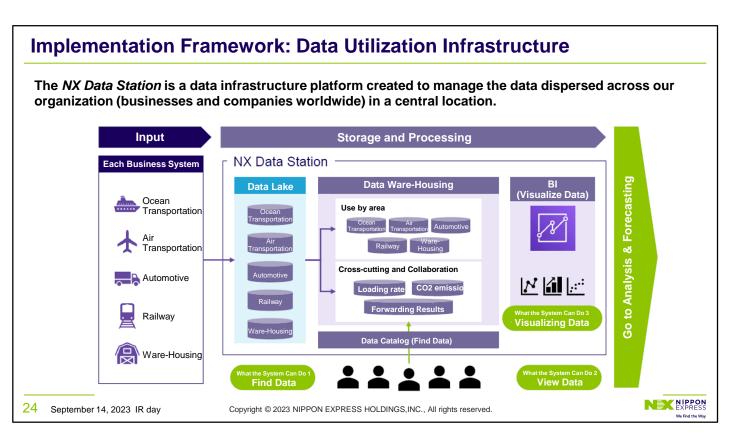
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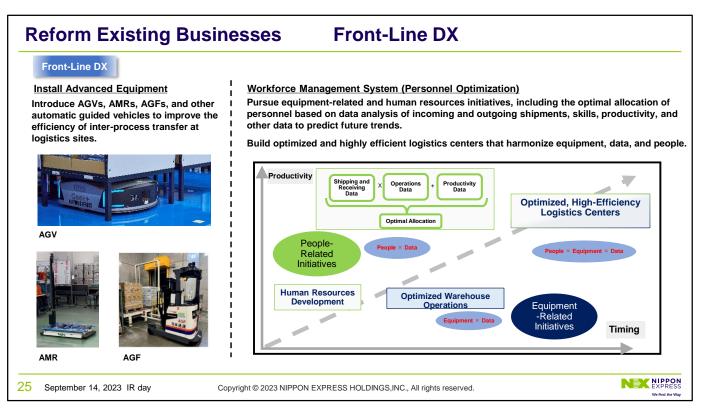
The second step in developing a promotion system is to share knowledge. Knowledge here refers to knowledge and information about DX and advanced technologies. As noted on the left side of the document, we have posted a variety of knowledge on our group portal site to create an infrastructure that allows Group companies to share knowledge in a unified manner.

Also, as noted on the right side of the document, we are beginning to create and provide a forum for the dissemination of knowledge and the interactive exchange of ideas, as well as the lateral development of seeds of DX ideas and leading practices.



This is a diagram of the data utilization infrastructure, which is the third part of the promotion system.

Data entered from marine, air, automobile, rail, and warehouse modes of transport are stored in the NX Data Station, a data utilization platform. Through the data catalog, it will be easier to search, browse, and visualize data, and in the future, we aim to link this to data analysis and forecasting.

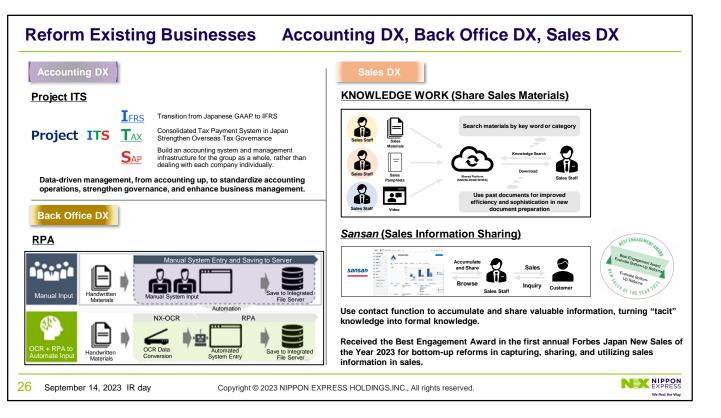


I would like to begin with an explanation of on-site DX, which is a reform of existing businesses based on the foundation of DX human resources, knowledge sharing, and data utilization infrastructure that I have explained so far.

As shown on the left side of the document, we are promoting the introduction of AGVs, AMRs, and AGFs in order to improve the efficiency of inter-process transfer operations at logistics sites.

On the right side of the document is a conceptual diagram of the system we have actually built and are operating at our distribution center to optimize work staffing. The system utilizes a variety of accumulated data, including receiving and shipping data, productivity performance data, and internal resource data such as the most recent worker work status or available time. Based on these data, we can automatically formulate an optimization plan for staffing.

This is an example of how automated equipment and personnel management can be crossed to optimize warehouse operations.



As for the accounting DX for the reform of existing businesses, we have launched Project ITS, which is shown in the upper left corner. ITS stands for IFRS, TAX, and SAP, respectively. This project is being undertaken to comply with accounting standards, unify the accounting and systems of each company, and standardize accounting processes not only in Japan but also across the entire global group of companies.

In addition, as for the clerical DX in the lower left corner, we are promoting the introduction of RPA to reduce clerical work. Last year, we set a goal of reducing administrative workload by 1.5 million hours, and we achieved our goal with 1.63 million hours. This fiscal year, we have raised the target to 2.15 million hours, and as of the end of August, we have already achieved 2.08 million hours.

As for the sales DX on the right side of the document, we are working to improve the productivity of our sales activities through the use of sales tech. KNOWLEDGE WORK, described here, is a cloud-based SaaS service provided by KNOWLEDGE WORK that specializes in sharing sales knowledge. This system enables us to consolidate and share knowledge of customer proposals and internal documents necessary for sales activities.

Sansan, on the other hand, is a system that centrally manages information related to customer contacts, such as business cards, and corporate information. The company also received the Best Engagement Award at the first Forbes Japan New Sales of the Year 2023, in recognition of its bottom-up reforms in recording, sharing, and utilizing sales information before a deal is made.



Next, I will explain about Decarbonization DX and New Business DX for new business creation.

As part of our decarbonization DX initiatives, we are developing and deploying solutions that lead to the visualization of CO2 emissions, such as EcoTrans Navi. This service visualizes CO2 emissions from trucks, railroads, ships, and airplanes, etc. CO2 emissions from multiple transportation modes are calculated from past shipment data in a lump sum, and the results are provided in a report. In June 2022, EcoTrans-Navi was awarded the 23rd Logistics Environment Grand Prize by the Japan Federation of Freight Industries.

In addition, as part of our new DX initiative, we are developing a product called DCX, a web application that connects an e-commerce platform with logistics. This system is based on the functions of the warehouse management system linked with Shopify, and has been well received by e-commerce businesses, providing real-time visualization of inventory counts and shipping progress, and implementing mechanisms to increase buyer satisfaction, such as customized delivery notes and support for pre-order sales.

As for the drone in the lower right corner, we are considering the use of drones for inventory operations in warehouses where goods are stored at high elevations or cargo is stacked in tiers and cannot be seen from the floor level.

New Business Creation: DX for Co-Creation

Combining the NIPPON EXPRESS Group expertise in logistics with NEC technological expertise to conduct projects aimed at creating new value.

DX for Co-Creation

Joint Development of Solution for Autonomous Remote-Controlled Transport

Forklifts are equipped with cameras and sensors to automate the design of routes and ensure safe, autonomous remote-controlled transport.

Manage multiple forklifts at multiple locations centrally by remote control using fewer human resources eliminates labor shortages and contributes to sustainable logistics, including improved levels of safety.





Autonomous Remote-Control-Compatible Forklifts

Remote Control (Conceptual Image)

Proof of Concept: Expanding the Use of EV Trucks

Nippon Express, NEC, and ENEOS conducted a proof-ofconcept test in Fukuoka Prefecture on September 5, to expand the use of EV trucks.

The test verified the effectiveness of route charging for long-distance transportation of EV trucks, the functions necessary for EV operational support apps, and charging service design requirements.



EV Truck Used in Proof-of-Concept Test

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As part of the Co-Creation DX initiative for new businesses, we have concluded a business alliance agreement with NEC Corporation and are working on value co-creation by combining NX's logistics know-how with NEC's technological capabilities. On August 23, we issued a press release regarding the joint development of an autonomous remote transport solution for forklifts, which is an initiative of this project.

There are concerns that forklift truck operations require specialized skills, thus limiting the number of operators, and that there will be a shortage of labor. Due to the nature of the machine, there are also risks associated with collisions, tipping over, falling down, and other hazards. To overcome these challenges and risks, cameras and sensors were retrofitted to the forklift to demonstrate how the forklift could be operated from a remote location. The result is a solution that can operate in three modes: autonomous control, remote control, and onboard operation.

First, for autonomous control, we are automatically designing transport routes according to the situation through simulation while analyzing camera images and sensor information. It is also possible to automatically adjust the forklift speed within the speed limit according to the situation, while assessing the risk of collision with obstacles or people on the transport route. Next, the remote-control system allows staff to operate the forklift truck using a controller while watching a monitor. By analyzing and controlling forklift camera images and sensor information, multiple forklifts at multiple locations can be managed and operated. Finally, the forklift can still be operated by a person on board.

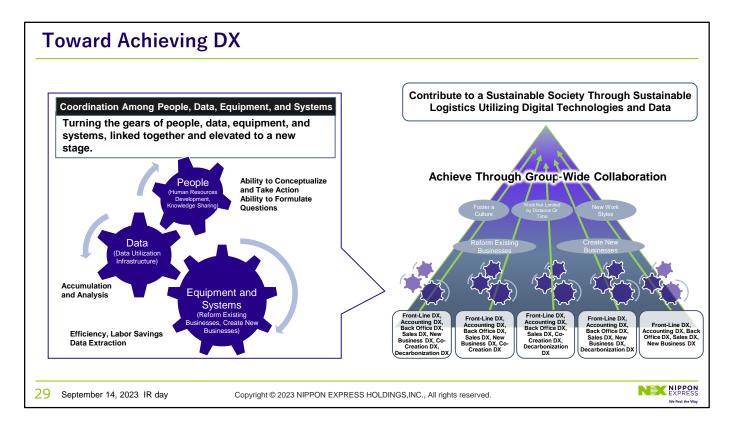
Since the cameras and sensors are retrofitted to existing forklifts, we believe that this is probably the first such solution in Japan that can be retrofitted to existing forklifts to realize autonomous remote transport. Autonomous remote control can also help reduce accidents such as collisions, falls, and tipping over. We would also like to increase productivity by having one person operate multiple forklifts simultaneously. Through this initiative, it will be possible for not only administrative staff but also front-line staff to work remotely.

This technology is not simply a digitization initiative to move forklifts from a remote location. By developing this technology, it will be possible to work beyond the time and distance of travel to the work site, and we hope that this will lead to a digital transformation that will revolutionize the way people work, create a safe and secure work environment, share work among multiple locations, and change the conventional wisdom of forklift trucks.

As you can see on the lower right, we are promoting the introduction of EV trucks. Compared to conventional diesel trucks, EV trucks have a shorter driving range, and there is a risk of electricity shortages during transportation.

To eliminate such risks, our company, NEC, and ENEOS jointly started a demonstration experiment on September 5 in Fukuoka Prefecture. Through this experiment, we would like to verify the effectiveness of route charging for long-distance transportation of EV trucks and move toward practical application.

By utilizing the data collected in this demonstration experiment, it is expected that EV trucks can be charged more efficiently, thereby extending their operating distance. We will promote the introduction of environmentally friendly vehicles such as EV trucks and aim to establish logistics with less environmental impact throughout the entire supply chain.



Last but not least, I explained that we will build a foundation for DX promotion, such as DX human resources, knowledge sharing, and data utilization infrastructure, while promoting digitalization in all areas, including reform of existing businesses and creation of new businesses, in order to realize DX.

In order to realize DX, we will implement measures related to people, data, and equipment and systems, and we believe that it is important to coordinate these efforts while turning each gear. As an example, I have just told you about our solution for autonomous forklift trucks, and I believe that this very initiative was made possible by turning three gears.

As for the introduction of equipment and systems, as mentioned above, by attaching each control device to an existing forklift truck, data on the forklift truck's travel route or speed can now be acquired, analyzed, and operated remotely. The people involved in the project have increased their conceptual, creative, practical, and design abilities.

Although there were many obstacles in the process of implementing the demonstration experiment, we believe that we were able to overcome these obstacles through the cooperation of these three gears.

We will continue to study system improvements and business process reforms, and by providing feedback on improvements, we hope to not only improve productivity in each of these areas, but also expand our efforts to utilize data in various ways. We believe that the cooperation of people, equipment, systems, and data will lead to the realization of highly efficient logistics, which in turn will lead to our DX.

Until now, each company in the Group has been individually pursuing projects related to digitization and DX, but we intend to maximize Group synergies by organically linking each initiative and the knowledge of each company and utilizing data. To this end, we will accelerate our efforts to promote DX through Group-wide activities more than ever.



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