



We Find the Way

IR Day 2023 Session 1 Pursuing Sustainability Management

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NIPPON EXPRESS HOLDINGS, INC.

September 14, 2023

Sustainability Promotion Framework Responding to Climate Change

Hiroko Kishida,
General Manager, Sustainability Promotion Department

Sustainability Policy and Sustainability Vision

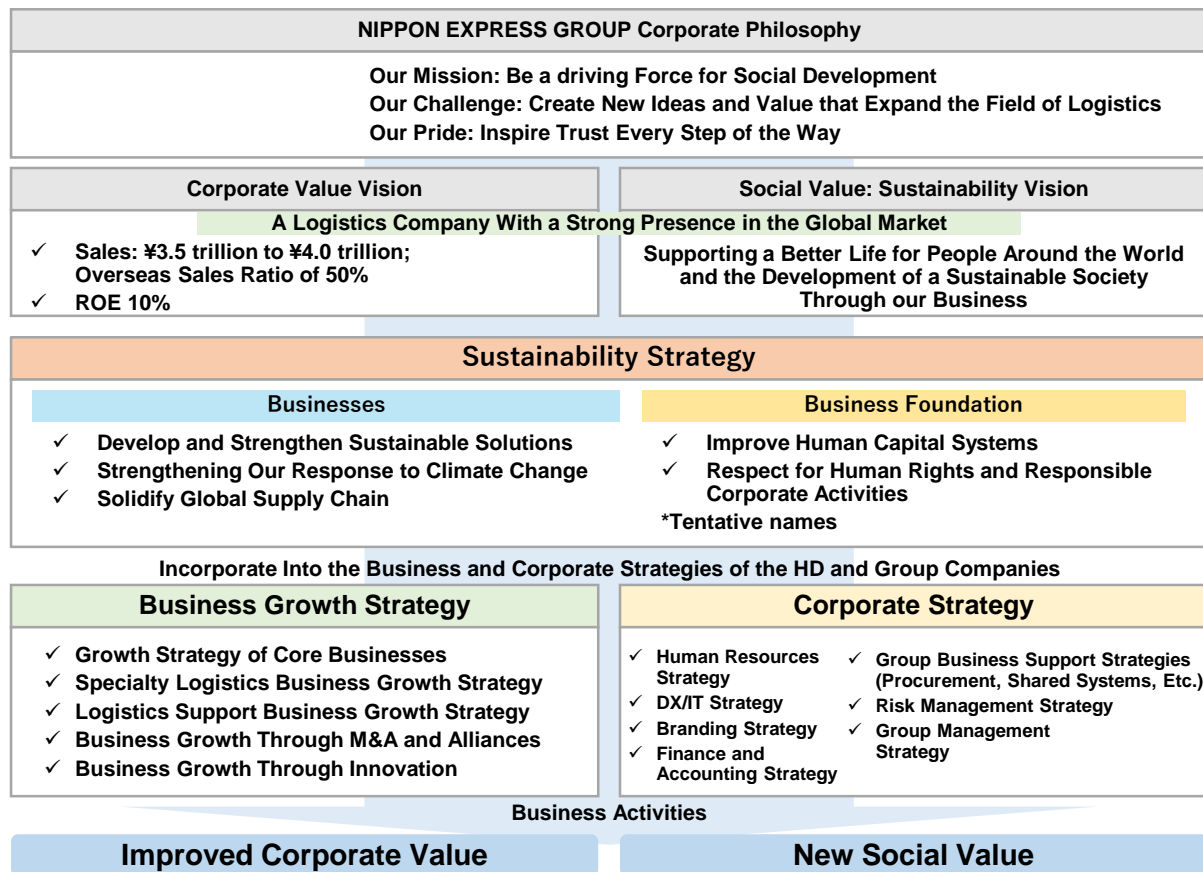
▪ The NIPPON EXPRESS Group Sustainability Policy

- 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

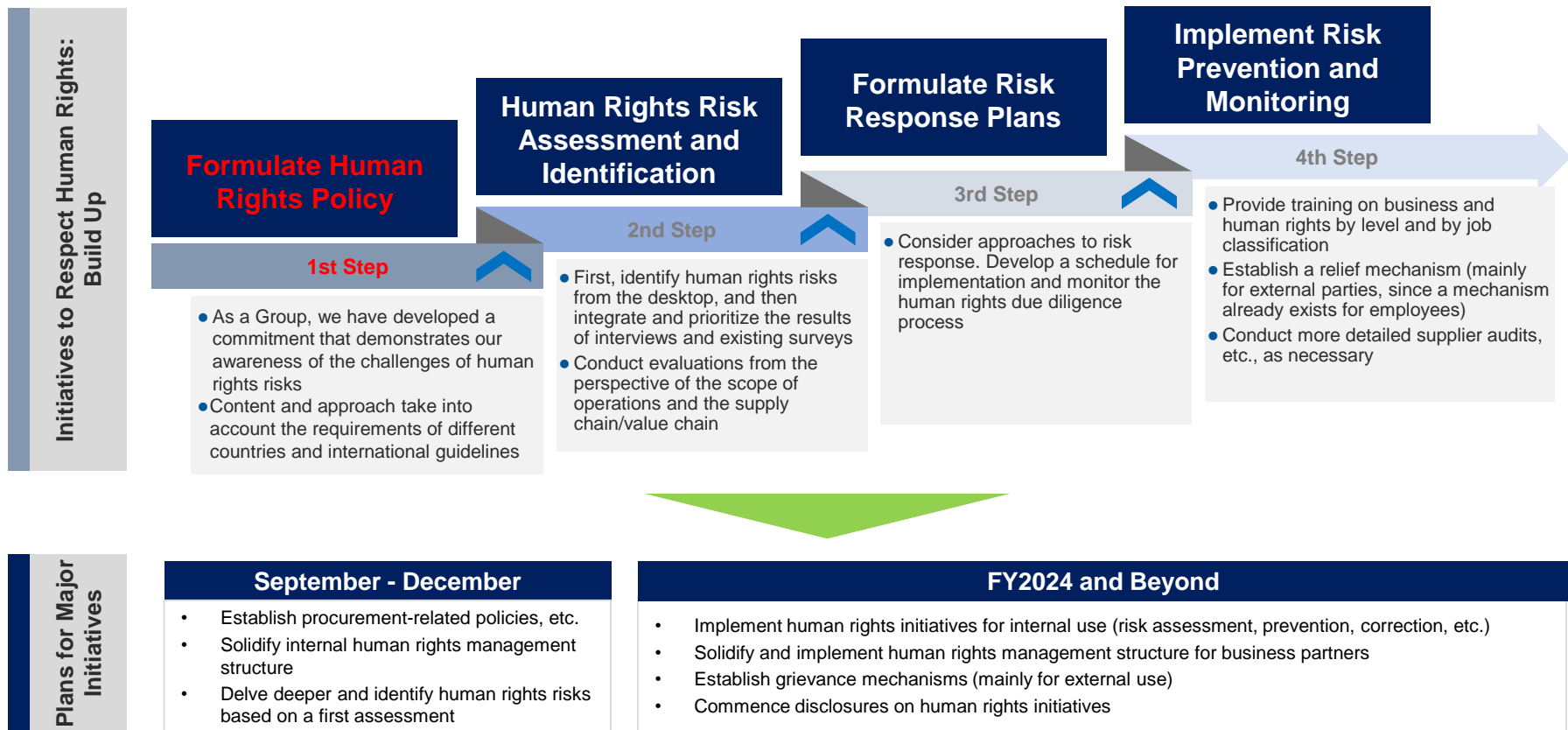


Sustainability Management Strategy (Overview)



A strategy for sustainable improvement in corporate value, the creation of social value, and a guideline for business and corporate strategies

Initiatives to Respect Human Rights



Materiality Initiatives

Goals for Each Materiality/Status of Initiatives

| Materialities/Goals | | Progress of Major Initiatives in FY2022 | | |
|---------------------|---|---|---|---|
| Business | Addressing Climate Change Goals <ul style="list-style-type: none">>Reduce Scope 1, 2, and 3 CO₂ emissions>Expansion of businesses with less CO₂ emissions | Reduce CO₂ emissions in our own businesses Nippon Express Co., Ltd.: Scope 1 and 2 404,438 t-CO ₂ (17.5% reduction compared to 2013 levels) Targets <ul style="list-style-type: none">Reduce Scope 1 and 2 emissions of Nippon Express Co., Ltd. by 30% by 2023 (compared to 2013 levels)Reduce Scope 1 and 2 emissions of the NIPPON EXPRESS GROUP by 50% by 2030 (compared to 2013 levels)Contribute to the NIPPON EXPRESS GROUP becoming a carbon-neutral company by 2050 | Contribute to customer CO₂ Emission Reductions <ul style="list-style-type: none">Customer-based CO₂ visualization We offer EcoTrans Navi and NX-GREEN CalculatorDevelopment and provision of low-carbon transport products and services Promotion of modal shift, joint deliveries, etc. | |
| | Improving Quality and Creating New Value Goals <ul style="list-style-type: none">>Provide logistics solutions for industrial issues | Develop and provide logistics solutions tailored to industry characteristics <ul style="list-style-type: none">Pharmaceutical Industry We have obtained GDP and CEIV Pharma certification in 24 countries and regions and at 34 offices worldwide Distribution of NX-Pharma Global Quality Manual (available in Japanese and English) Establishment of an independent headquarters organization for the purpose of quality assurance | <ul style="list-style-type: none">Automotive Industry New and expanded dedicated VMI facilities approx. 39,000 m² (3 sites in North America) Network expansion and enhancement (North America and Europe)Semiconductor Industry New dedicated VMI facilities approx. 45,000 m² (2 sites in Japan 2022) Approx. 98,000 m² (3 sites in Japan, planned for 2024) Approx. 5,400 m² (1 site in North America, as of March 2023) | |
| | Building a Sustainable and Resilient Logistics Infrastructure Goals <ul style="list-style-type: none">>Enhance the supply chain | Strengthen the business foundation against risks <ul style="list-style-type: none">Risk management for stable business continuity Inventory of risks at Group companies and identification of significant risksCyber security enhancement Improve cyber security by reviewing email filtering settings | Avoid logistics crises by maintaining human resources and improving work efficiency <ul style="list-style-type: none">Retention of human resources 1.0% turnover rate of skilled personnel (2.7% in 2021)Improvement of efficiency in the logistics business Locations that achieve Group-wide productivity improvement targets: 435 main warehouse locations Amount of working hours reduced by introducing RPA tools: Approx. 173 million hours <small>Note: compared to 2018 level in Nippon Express Co., Ltd.</small> | |
| Business Foundation | Pursuing Business Digitalization and DX Goals <ul style="list-style-type: none">>Create sustainable logistics using digital tools and data (Sustainability, resilience, and consideration for the global environment) | Develop DX strategy, roadmap, and guidebook <ul style="list-style-type: none">Development of a DX roadmap The five promotion items for realizing the DX strategy and the initiatives for each item are clarifiedCreation of DX Guidebook and distribution to Group companies We have formulated a DX Guidebook for Group companies to promote specific initiatives, which is distributed along with the DX Roadmap | Establish data utilization infrastructure <ul style="list-style-type: none">NX Data Station creation NX Data Station is the Group's integrated data utilization platform that inputs, stores, and processes data generated in business activities, and makes it available for data viewing, analysis, and machine learning | |
| | Improving Employee Engagement Goals <ul style="list-style-type: none">>Improve employee engagement>Foster an organizational culture and environment that can generate the collective strengths of diverse human resources | D&I promotion <ul style="list-style-type: none">Diversity promotion and creation of inclusive workplace climates Percentage of women in managerial positions: 2.0% Experienced hires: 14 Professional hires: 21 Foreign nationals hired: 11Workstyle Innovation Annual paid leave utilization rate: 57.8% Percentage of male employees who took childcare leave: 35.7% <small>Note: NIPPON EXPRESS HOLDINGS INC. and Nippon Express Co., Ltd. combined results for FY2022</small> | Human resource development and training <ul style="list-style-type: none">Investment in human resource development and training ¥1.21 billion | Enhance well-being <ul style="list-style-type: none">Initiatives to improve employee engagement Town hall meetings Held 31 times with a total of 494 people attending |
| | Strengthening Governance (Compliance and Safety) Goals <ul style="list-style-type: none">>Prevent improper activities, discrimination, and harassment from occurring>Maintain social safety involving logistics | Adherence to compliance policies <ul style="list-style-type: none">Compliance Training Number of employees receiving training using the Compliance Handbook and other materials: 71,560 in totalEstablishment and utilization of whistleblowing system Number of reports/consultations: 385 | Ensuring safety and security <ul style="list-style-type: none">Promotion of occupational health and safety on a Group-wide global basis Accident frequency rate: 1.99, Severity rate: 0.03 <small>Note: Figures for Nippon Express Co., Ltd.</small> | |

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)

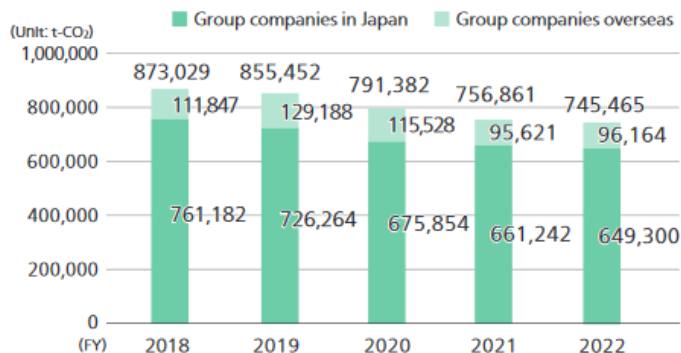
*Goals of the Japanese government: a 46% reduction by 2030 compared with 2013 levels (aiming for a high target of 50%) and creating a carbon-neutral society by the year 2050

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 |

CO₂ Emissions (Scope 1 and 2)



***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.

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.



*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**

Addressing Climate Change (TCFD)

| 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 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.) For the 4°C scenario, see IEA Stated Policies Scenario (STEPS), IPCC RCP8.5, etc.

*2: The financial impact on the Group under each scenario is rated on a three-point scale of high (more than ¥10 billion), moderate (¥1 billion to ¥10 billion), and low (less than ¥1 billion). The 1.5°C scenario is at 2030 and the 4°C scenario is at 2050.

*3: Some environmentally-friendly services include products where SAF are utilized by aircraft (see next page for details).

Addressing Climate Change (TCFD)

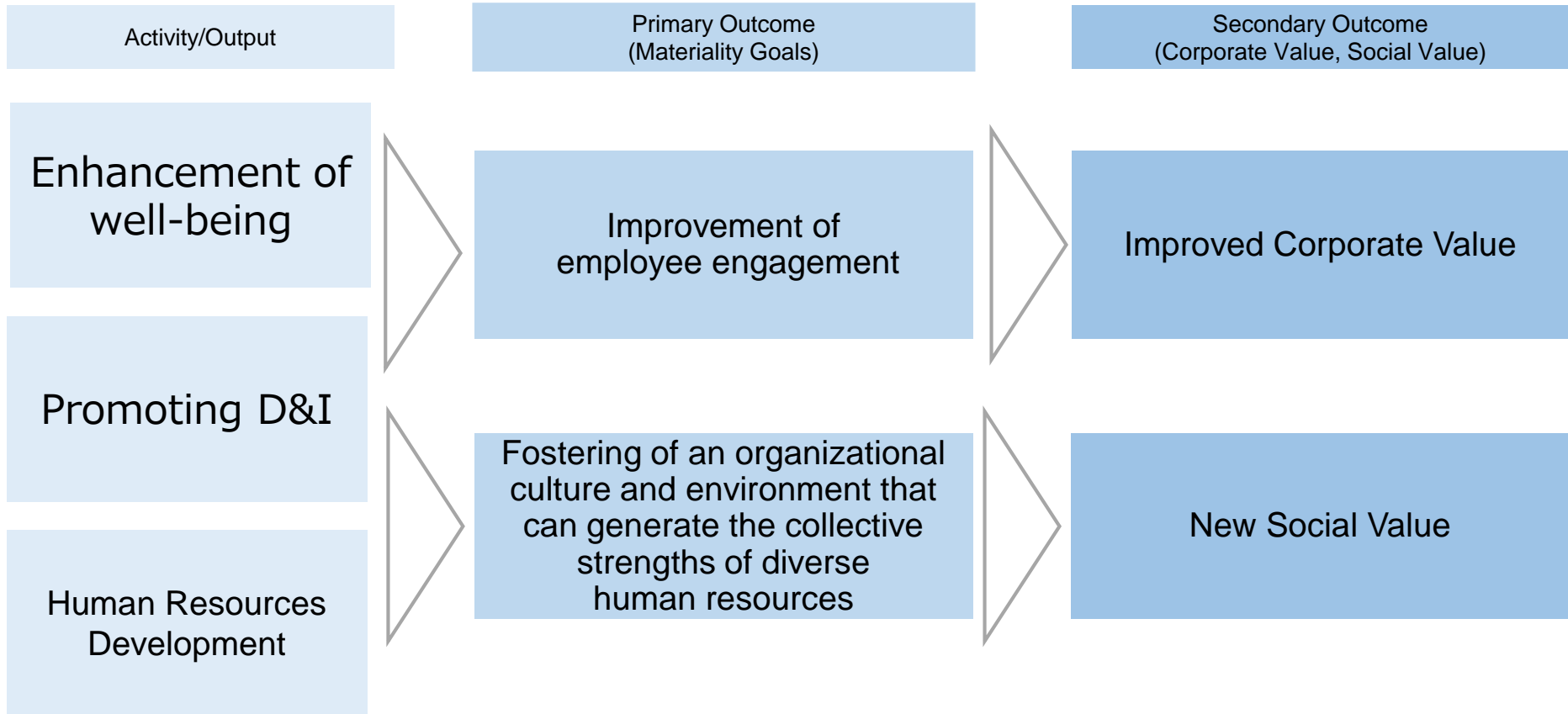
Scenario Analysis Results (New Quantitative Analysis)

| Category | Evaluation Item | Business impact |
|-----------------|--|--|
| Transition risk | Risk of increased costs due to introduction of carbon tax and other regulations* ² | <ul style="list-style-type: none">• 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 | <ul style="list-style-type: none">• 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) | <ul style="list-style-type: none">• ¥3.22 billion to ¥6.45 billion |

Human Capital Management

Tatsuya Akama, Executive Officer

Overview of Goals and Initiatives



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

- Pursue Health Management
- Initiatives to Improve Engagement

(2) Promoting D&I

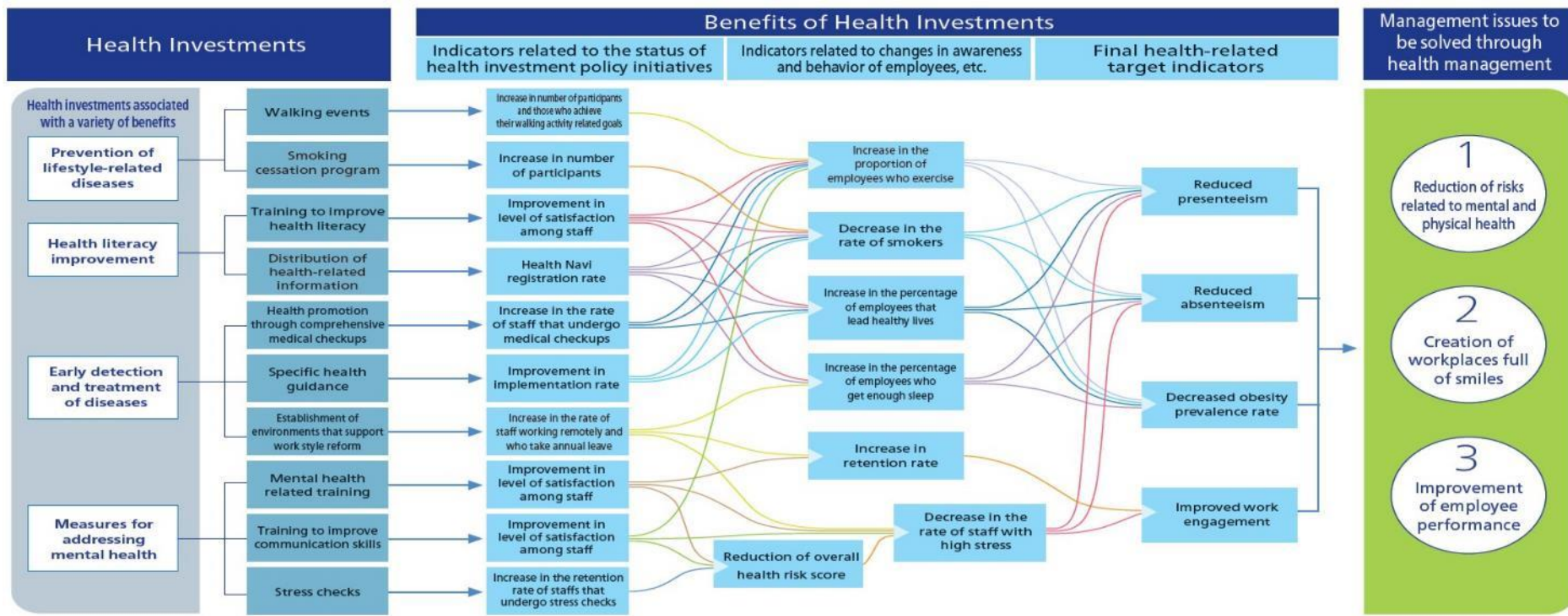
- Pursue diversity
- Foster an inclusive workplace culture
- Implement work-style reform

(3) Human
Resources
Development

- Develop self-motivated human capital
- Develop leaders

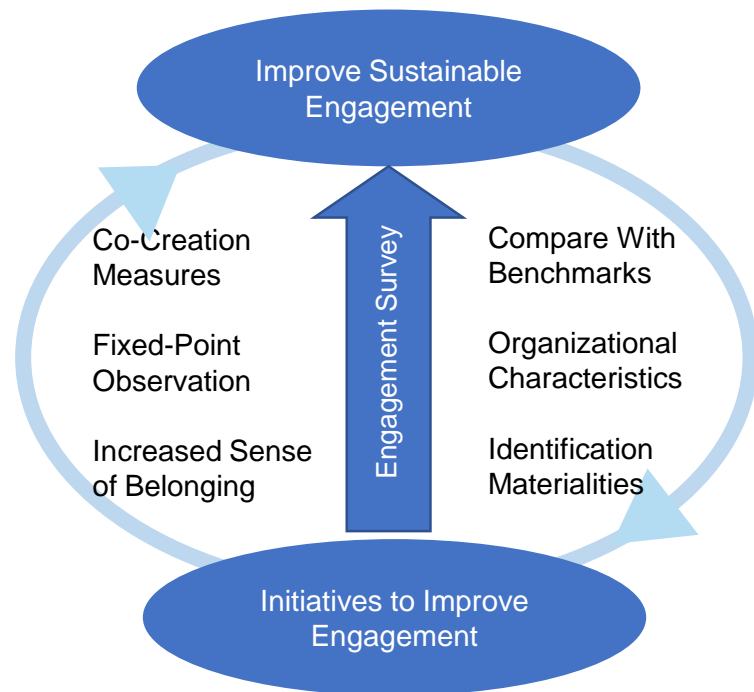
(1) Enhancement of Well-Being (Health Management)

Health Management Strategy Map



(1) Enhancement of Well-Being (Improve Engagement)

- Implement Engagement
(Objective) Collect and analyze objective, quantifiable data to improve engagement



- Implement Problem Solving Initiatives

Issue 1: Foster a mutual understanding between employees and management

Town Hall Meetings

No. of Meetings: 52

No. of Participants (Admin and Technical): 784
(Cumulative through June 2023)

Issue 2: Change attitudes and behavior toward management to support employee autonomy and opportunities to exercise their talents

360-Degree Leadership Assessments

Directors and Managers: 539
(FY2022)

Supportive Management Training

Managers: 1,022
(First Half, FY2023)

Issue 3: Encourage each employee to think about their own career, providing motivation and opportunities for growth

Post-Career

Systems for employees to apply to work at their desired workplaces

(2) Promoting D&I (Diverse and Inclusive Workplace Culture)

○ Create a Diverse and Inclusive Workplace Culture

Promoting the advancement of women FY2022 results at Nippon Express Co., Ltd.

Ratio of female managers: 2.0% (up 0.3 pt from the previous year)
Female employee retention rate (percentage point difference from males): 2.9 pt (6.4 pt improvement from the previous year)
(Female employee retention rate: 64.9%, Male employee retention rate: 67.8%)

Employment of diverse human resources

Combined results of NIPPON EXPRESS HOLDINGS, INC. and Nippon Express Co., Ltd. for FY2022

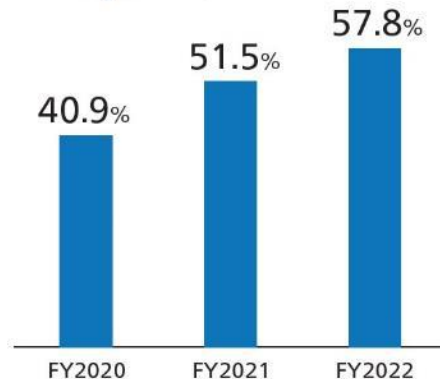
| Hiring category | Number of hirees | Domestic of which are foreign nationals |
|---------------------------------|------------------|---|
| Professional hiring | 21 | 8 |
| Hiring of experienced personnel | 14 | 3 |

Promoting LGBTQ understanding Nippon Express Co., Ltd. FY2022 Results

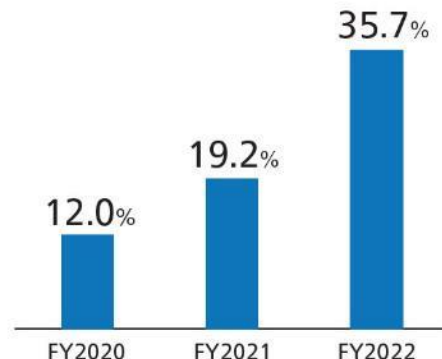
Number of LGBTQ training participants: 19,233

○ Work-Style Reform

Annual paid leave utilization rate Target: 60% in FY2023



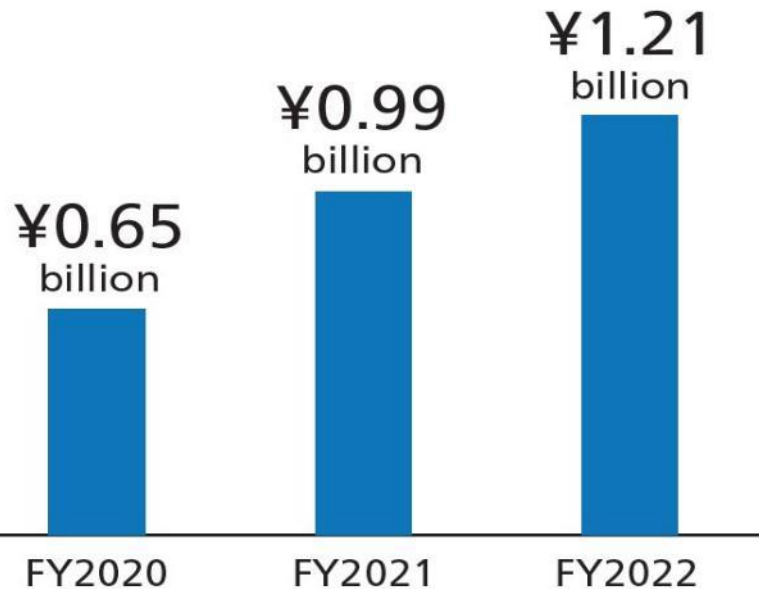
Male childcare leave utilization rate



* Combined results of NIPPON EXPRESS HOLDINGS, INC and Nippon Express Co., Ltd.

(3) Human Resources Development

Investments in Human Resource Development and Training



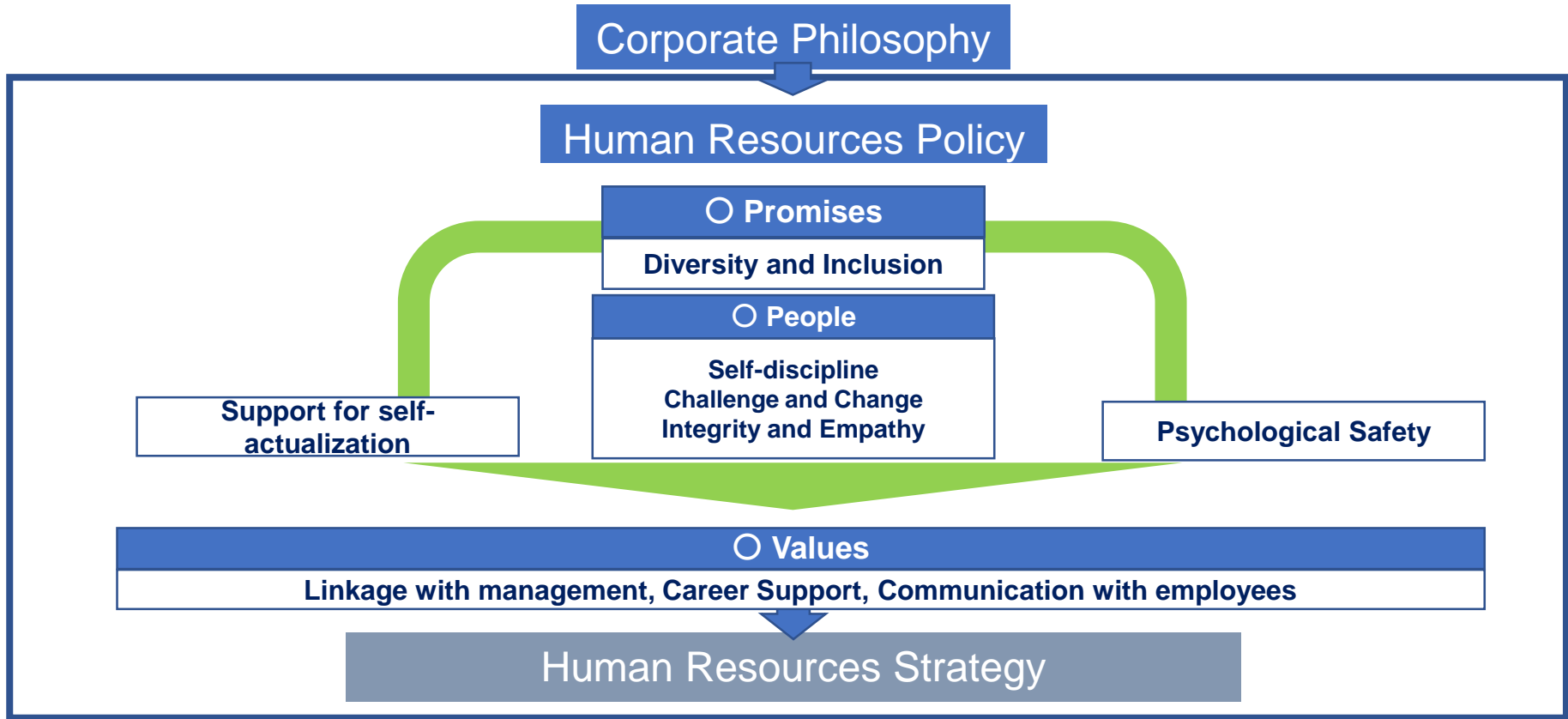
* Combined results of NIPPON EXPRESS HOLDINGS, INC and Nippon Express Co., Ltd.

Introducing an In-House Posting System

Encourage each employee to think about their own career, providing motivation and opportunities for growth that lead to fulfillment in one's work



Initiatives Under the Next Business Plan

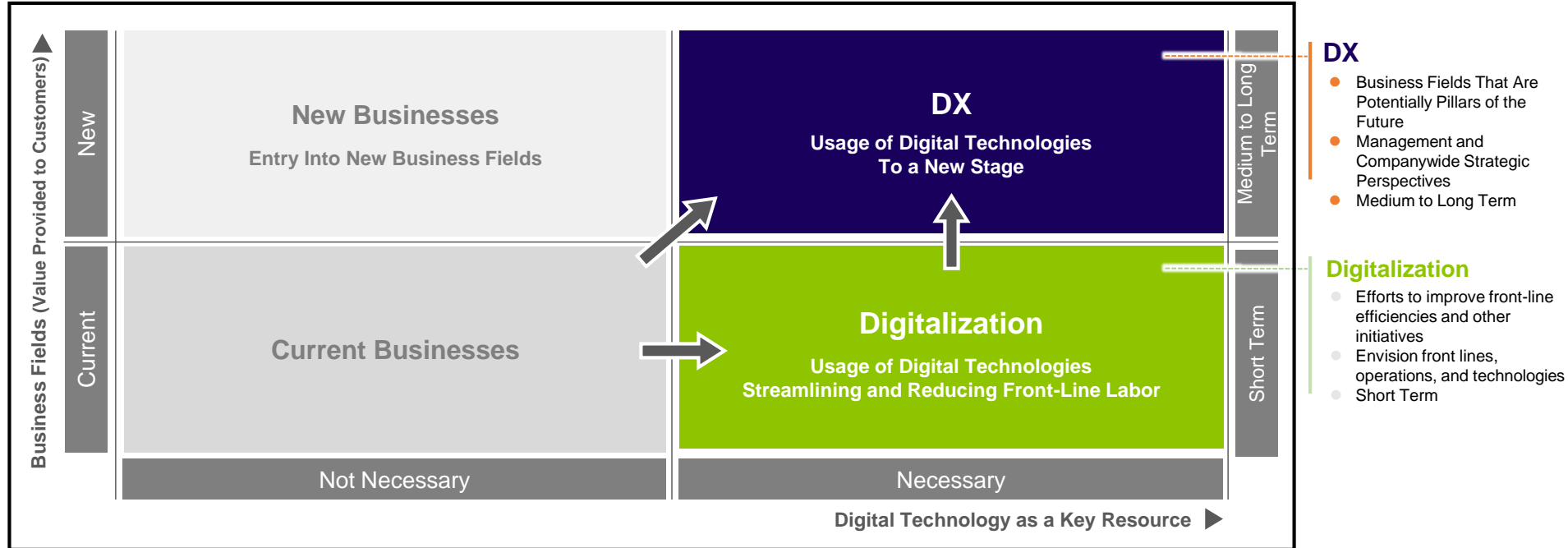


Digital Transformation (DX) Initiatives

Akira Unno, Executive Officer

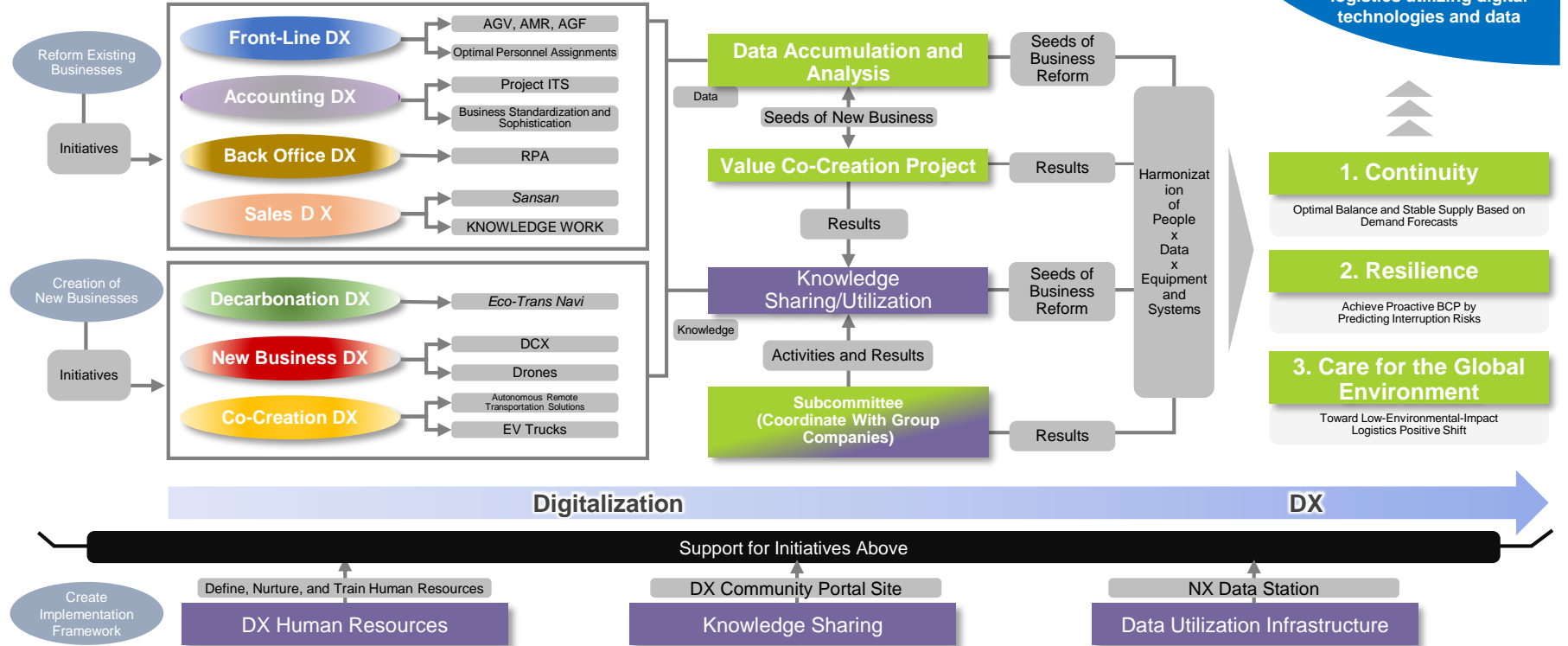
Two-Way DX Strategy at NX

Two-Way DX strategy based on immediate digitalization and backcasting from the future



DX Initiatives: Overview and Goals

Reform existing businesses and create new businesses through human resources capable of digital transformation, knowledge sharing, and data utilization platforms. Build a sustainable logistics system utilizing digital technologies and data.

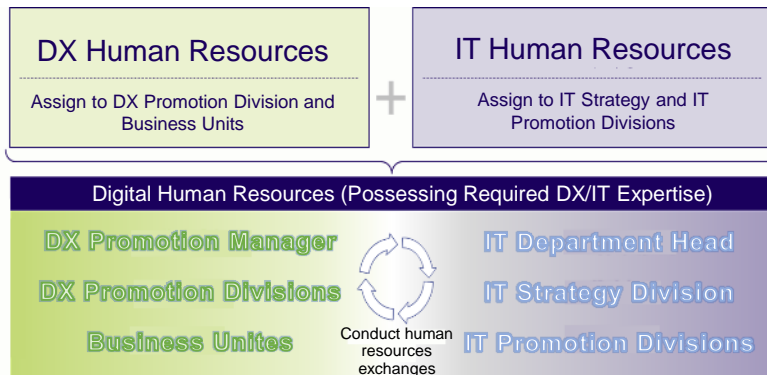


Implementation Framework: Human Resources Capable of DX

We must develop human resources capable of DX to conceptualize and execute solutions to logistics-related 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.

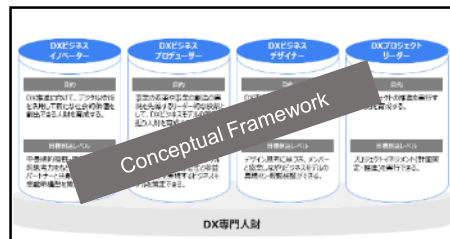


Literacy and Specialized Education

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

Implementation Framework: Knowledge-Sharing

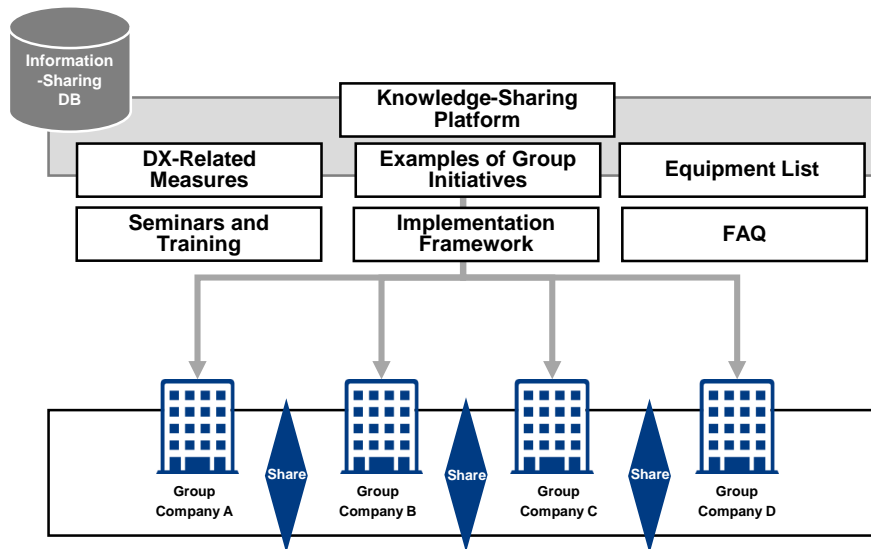
We aim to consolidate the knowledge (expertise and information) scattered throughout group companies to a portal site (in-house intranet).

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 knowledge-sharing platform.

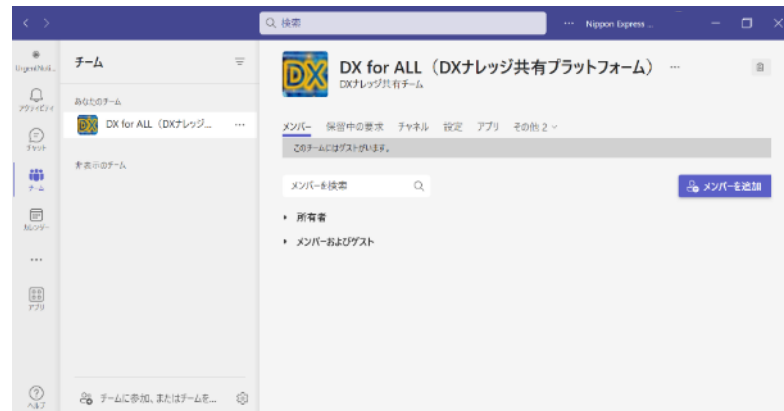
Knowledge-sharing among group companies, cross-organizational communication of case studies, etc.



DX Community

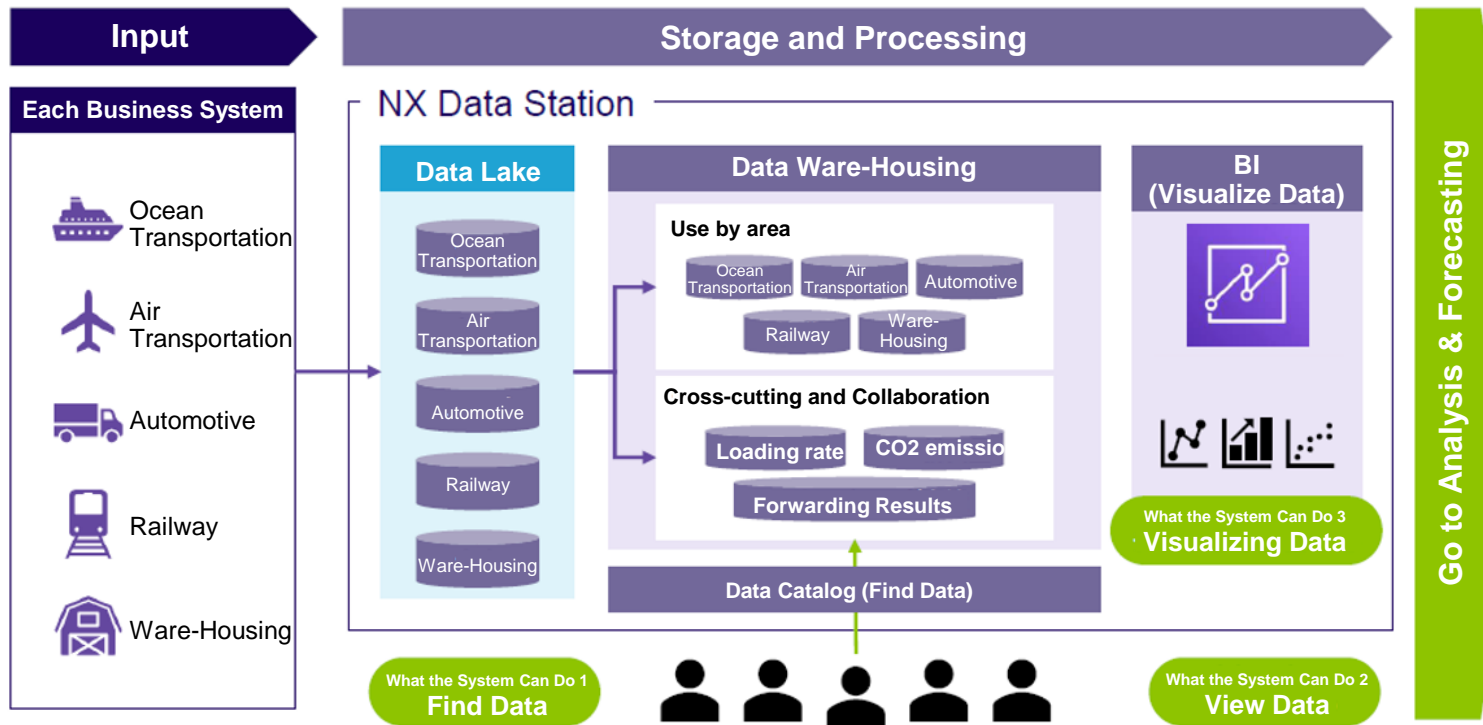
We established a new group in Teams called *DX for ALL* as a knowledge communication tool.

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



Implementation Framework: Data Utilization Infrastructure

The *NX Data Station* is a data infrastructure platform created to manage the data dispersed across our organization (businesses and companies worldwide) in a central location.



Front-Line DX

Install Advanced Equipment

Introduce AGVs, AMRs, AGFs, and other automatic guided vehicles to improve the efficiency of inter-process transfer at logistics sites.



AGV



AMR

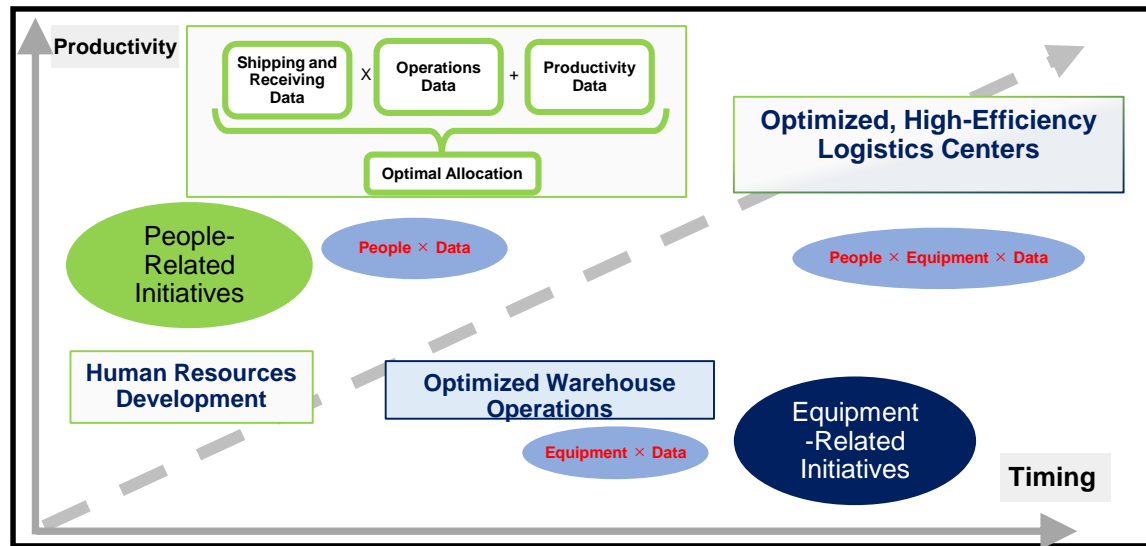


AGF

Workforce Management System (Personnel Optimization)

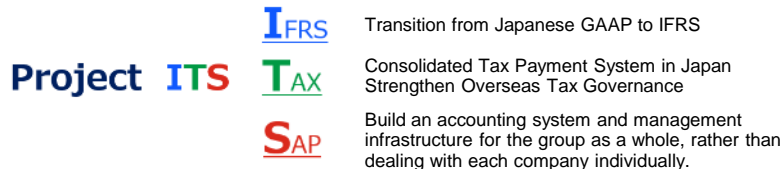
Pursue equipment-related and human resources initiatives, including the optimal allocation of personnel based on data analysis of incoming and outgoing shipments, skills, productivity, and other data to predict future trends.

Build optimized and highly efficient logistics centers that harmonize equipment, data, and people.



Accounting DX

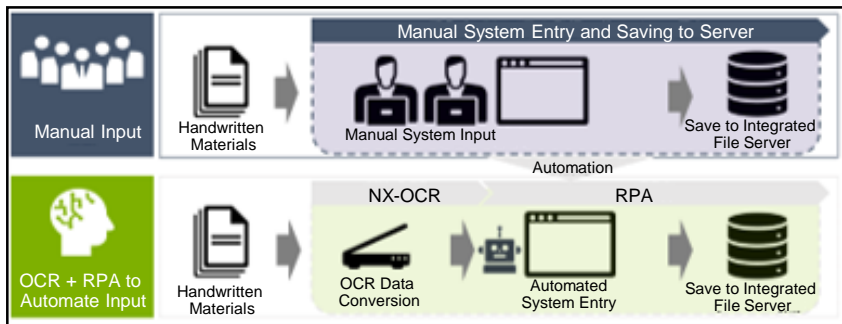
Project ITS



Data-driven management, from accounting up, to standardize accounting operations, strengthen governance, and enhance business management.

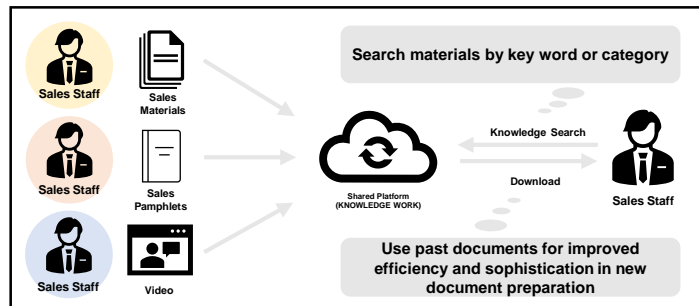
Back Office DX

RPA

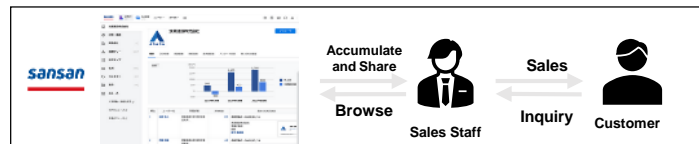


Sales DX

KNOWLEDGE WORK (Share Sales Materials)



Sansan (Sales Information Sharing)



Use contact function to accumulate and share valuable information, turning “tacit” knowledge into formal knowledge.

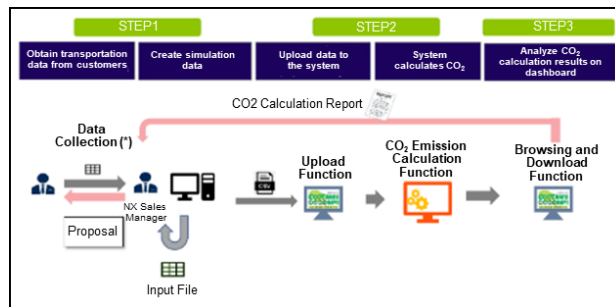
Received the Best Engagement Award in the first annual Forbes Japan New Sales of the Year 2023 for bottom-up reforms in capturing, sharing, and utilizing sales information in sales.



New Business Creation: DX for Decarbonization and New Businesses

DX for Decarbonization

EcoTrans Navi



On June 4, 2022, we received the 23rd Logistics Environmental Awards: Logistics Environment Grand Prize from the Japan Association for Logistics and Transport.

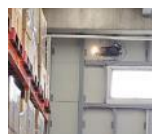
DX for New Businesses

DCX



A SaaS-type logistics web app that connects EC platforms and logistics

Drone (Proof-of-Concept)



Drone Flight



Equipment Used: ELIOS 2, ELIOS 3 From Blue Innovation Co., Ltd.



Goods stored in high locations in warehouses cannot be observed visually from floor-level. The same is true for warehouses with cargo stacked in layers across the floor. We are considering the use of drones to count inventory and conduct other high-elevation work in these cases.

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-of-concept 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.

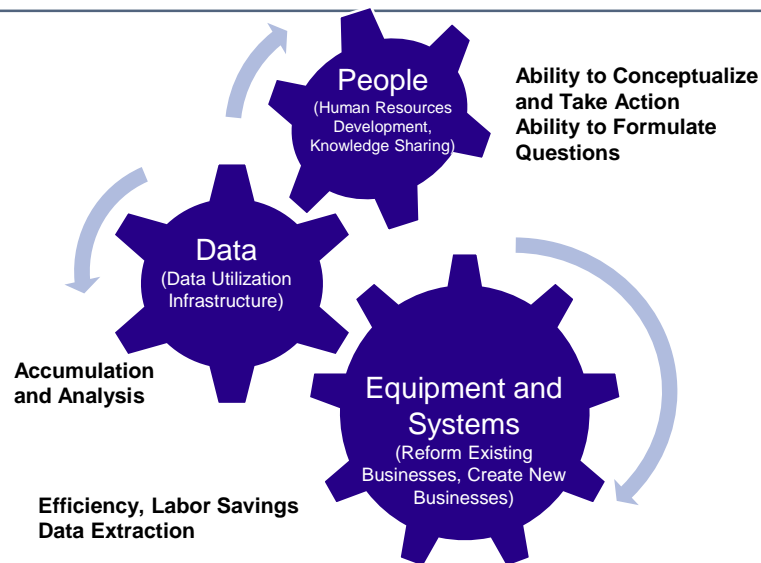


EV Truck Used in Proof-of-Concept Test

Toward Achieving DX

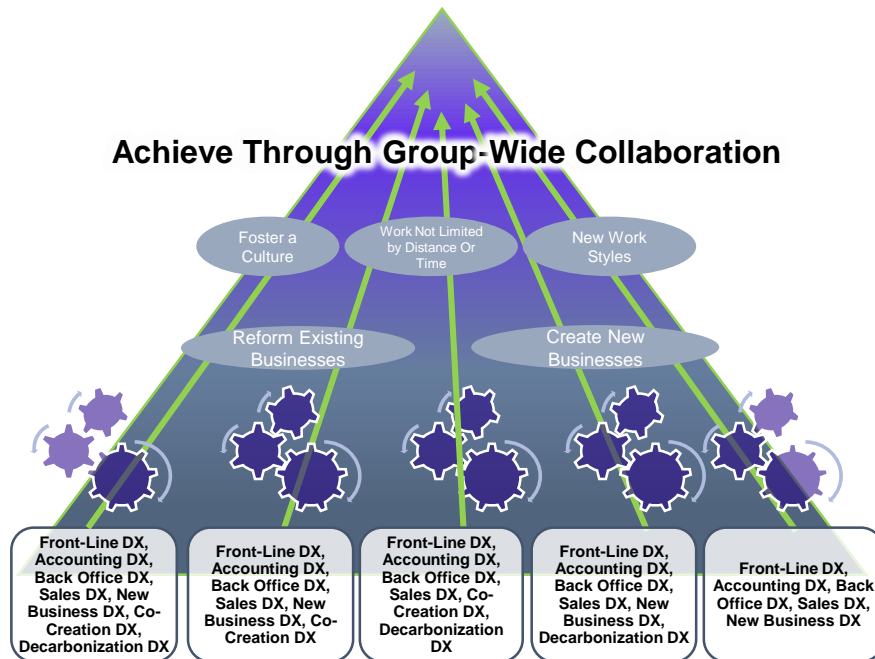
Coordination Among People, Data, Equipment, and Systems

Turning the gears of people, data, equipment, and systems, linked together and elevated to a new stage.



Contribute to a Sustainable Society Through Sustainable Logistics Utilizing Digital Technologies and Data

Achieve Through Group-Wide Collaboration





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