



**IR day2024 Session 3**  
**「Sustainability management」**

**NIPON EXPRESS HOLDINGS,INC.**  
**September 13 , 2024**

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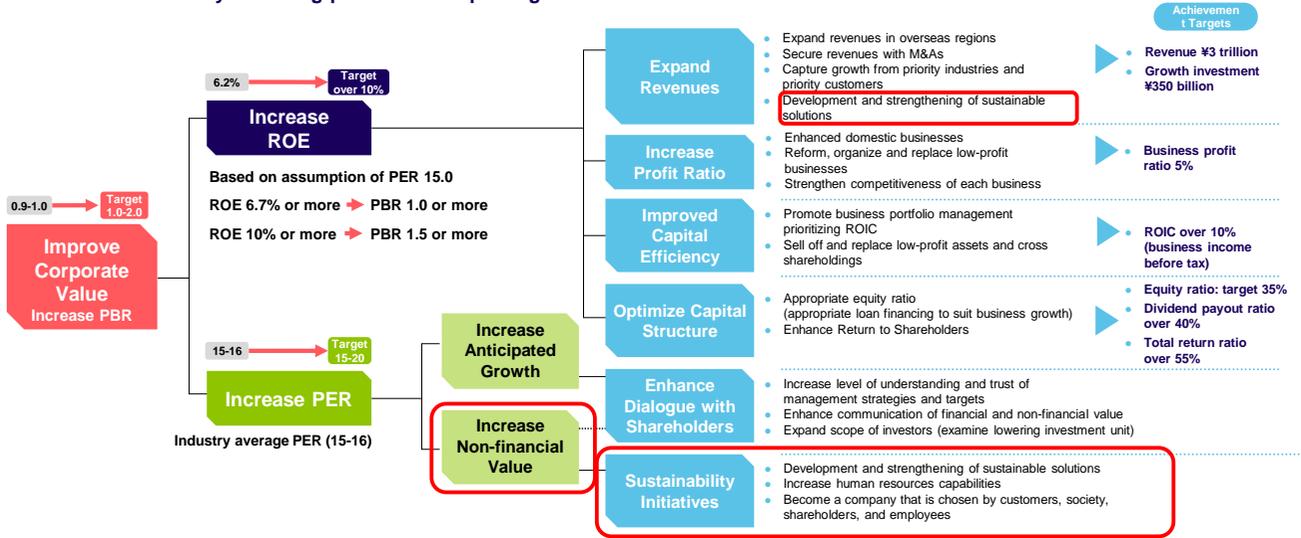


"Action to Implement Management that is Conscious of Cost of Capital and Stock Price"

## Improve Corporate Value (increase PBR)

Policies / Targets

Achieve the over 10% ROE medium-term target stated in the business plan by steadily implementing the initiatives in the plan, including "increasing ROE" to consistently exceed the cost of capital (around 8%), and "increasing PER, thereby achieving potential anticipated growth."



In order to achieve our long-term vision and enhance our corporate value, we have positioned our sustainability management strategy as the foundation of all our businesses since the current business plan, and have reflected it in the business and corporate strategies of each group company.

We have positioned the promotion of sustainability management as an important cornerstone of the business plan. We are promoting the plan by positioning sustainability initiatives to improve non-financial value, and the strengthening and development of sustainable solutions, a key issue newly identified as one of the measures to increase sales and earnings, as initiatives to enhance corporate value.

# Sustainability Management Strategy

## Materiality

These materialities are not limited to new initiatives, but are topics to confront if we are to improve corporate value in the present and future, based on ongoing efforts and intangible assets accumulated over time.

- Compliance
- Ensure Safety and Security
- Respect Human Rights
- Secure and train skilled human resources
- Enhance well-being
- DE&I promotion

- Reduce CO2 Emissions(Scope1,2,3)
  - Reduce Fossil Fuel Use
  - Reduce Electricity Consumption and Expand the Use of Renewable Energy
  - Reduce CO2 Emissions from Consigned Forwarding
  - Reduce Industrial Waste Emissions

KPI	FY2023	FY2026	FY2028
Reduction in CO <sub>2</sub> emissions (SCOPE1-2)	Emissions 746,000 t *FY2022 results	Emissions 641,000t	Emissions 537,000t
Reduction in CO <sub>2</sub> emissions (SCOPE3)		YoY 2.5% reduction	YoY 2.5% reduction



- Strengthen Materiality Solutions
- Strengthen Decarbonization Logistics Solutions
- Strengthen Logistics Solutions through DX Promotion

- Strengthen the Business Foundation for Risks
- Improve IT Infrastructure and Enhancing Security-Level
- High Efficiency, High Quality, and High Profitability Logistics through DX Promotion

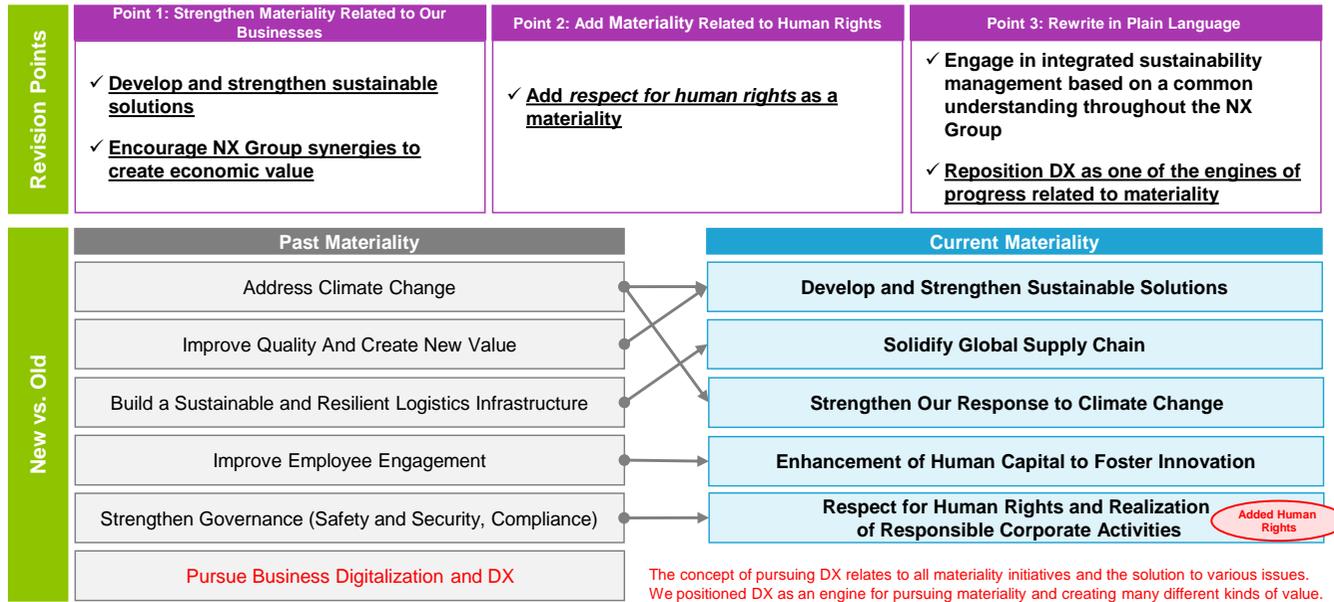
This slide shows the specifics of the sustainability management strategy in the current business plan.

In January 2024, we reviewed our priority issues, or materiality, and made them the strategic framework of our business plan. The five priority issues are, from right to left: developing and strengthening sustainable solutions, strengthening the global supply chain, strengthening our response to climate change, enhancing our human capital to generate innovation, and respecting human rights and engaging in responsible corporate activities.

The reason we have chosen these five priority issues as the framework of our sustainability management strategy is to ensure that, over the next five years, the promotion of sustainability management, in which each company works to resolve the Group's issues through its business, will take firm root and continue to progress.

We have announced the reduction of CO2 emissions as a sustainability KPI to address climate change, one of our priority issues, due to social demands.

# Materiality Revisions



As explained in the previous slide, the five priority issues are new as of January 2024. Over the course of a year, we have re-identified the issues into issues that can be addressed by the Group as a whole globally.

The most distinctive feature of our review is the establishment of the business-specific priority issue of developing and strengthening sustainable solutions. This is intended to create new value and lead to the sustainable growth and strength of the NX Group, as well as economic value, by having group companies, including NIPPON EXPRESS, leverage their own businesses and characteristics to provide services that maintain and optimize society and the industry as a whole.

Specifically, the Group is strengthening logistics solutions that lead to decarbonization, and strengthening logistics solutions through DX promotion, which will help solve the issues of decarbonization and labor shortages, which the Group sees as pressing issues.

The NX Group has been proposing solutions to social issues through its businesses, and we would like to visualize these solutions as KPIs in our sustainability management to demonstrate concrete social value and economic value.

# Materiality Measures and Targets

Material Issues and Measures	Items regarding Setting Targets	Target Values for 2028
<b>Develop and Strengthen Sustainable Solutions</b> <ul style="list-style-type: none"> <li>Strengthen materiality solutions</li> <li>Strengthen decarbonization logistics solutions</li> <li>Strengthen logistics solutions by promoting DX</li> </ul>	Increasing number of customer / transaction volume	
	Total sales of railway transportation in tons	7,595 thousand tons (*Nippon Express Co., Ltd.)
	Total sales of coastal shipping in tons	2,270 thousand tons (*Nippon Express Co., Ltd.)
	Total sales of Sea & Rail in tons	13.8 thousand tons (*Nippon Express Co., Ltd.)
	Establishing a business model to solve supply chain issues	
	Accumulated amount of profit contribution from business creation	8.7 billion yen
<b>Solidify Global Supply Chain</b> <ul style="list-style-type: none"> <li>Strengthen The business foundations to decrease risk</li> <li>Improve IT infrastructure and security level</li> <li>Improve efficiency, quality, and profitability of logistics by promoting DX</li> </ul>	Total number of participants in the education program specialized for DX human resources	400
	Reducing critical risks	
	Elimination critical security incidents	No incident in each year
	Accumulated amount of productivity improvement effects from business reforms	73.0 billion yen
	Reducing amount of workload by introducing automation technology(compared to 2023)	2.18 million hours reduction
<b>Strengthen Response to Climate Change</b> <ul style="list-style-type: none"> <li>Scope 1: Reduce CO2 emissions from fossil-fuels</li> <li>Scope 2: Reduce power consumption and expand the usage of renewable energy</li> <li>Scope 3: Reduce CO2 emissions from transportation and industrial waste</li> </ul>	Total Scope 1 and 2 emissions	537,000 t CO2
	Reducing Scope 3 emissions	
<b>Enhance of Human Capital to Foster Innovation</b> <ul style="list-style-type: none"> <li>Secure and develop talented human resources</li> <li>Enhance their well-being</li> <li>Promoting DE&amp;I</li> </ul>	<b>Improvement of overall capability *</b>	
	NX core engagement score	76 pt
<b>Respect for Human Rights and Realization of Responsible Corporate Activities</b> <ul style="list-style-type: none"> <li>Thorough enforcement of compliance</li> <li>Ensure safety and security</li> <li>Initiatives to respect human rights</li> </ul>	Elimination of legal measures due to compliance violations	Zero critical incidents
	Eliminating compliance violations by employees (case of illegal actions)	
	Eliminating discrimination and harassment (internal reporting cases)	
	Ensure social safety related to logistics	
	Respect for human rights in business activities	

\*Integrated capacity = Enhancement of diverse and talented human resources + Improvement of individual performance + Fostering an inclusive workplace culture

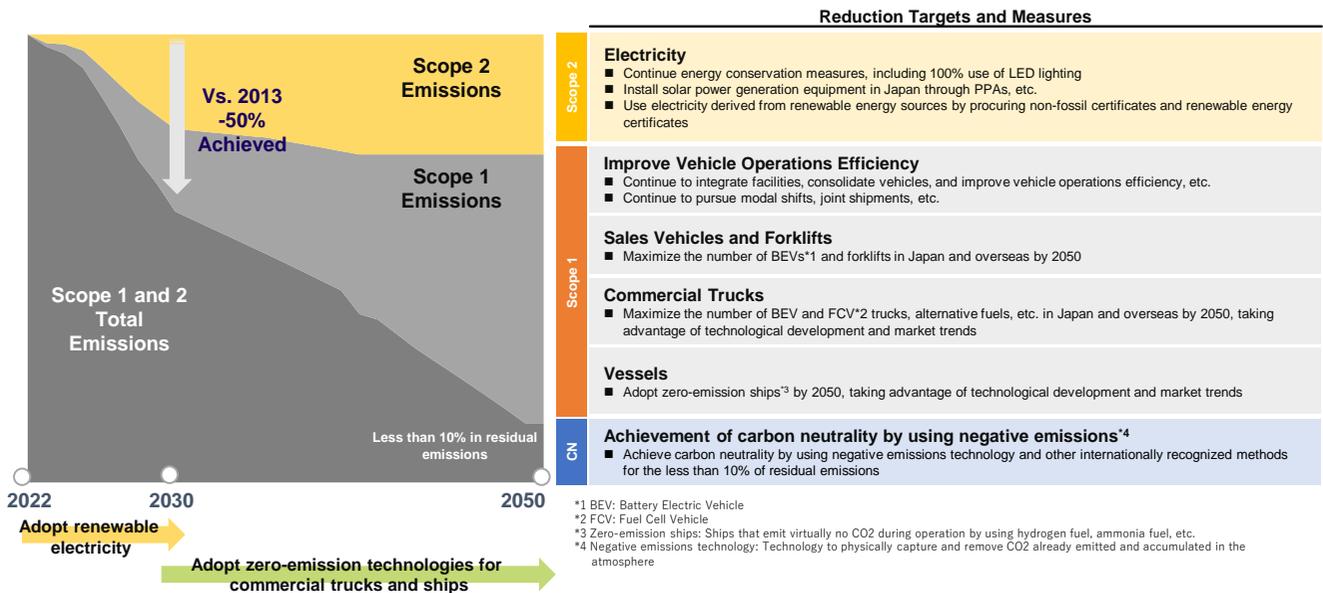
This slide shows specific measures and targets for the five priority issues, or materialities, that I have explained so far.

For example, we have jointly developed with NEC an automatic remote transport solution for forklifts to improve work efficiency and safety, and to solve the problem of labor shortages by enabling a smaller number of people to work on the forklifts. We are thereby increasing the number of concrete measures we are taking.

The fourth item from the top, which we are working on in cooperation with each company of the Holding, is the improvement of human resources that generate innovation, which is linked to human capital enhancement initiatives. The specific target is to improve the NX Core Engagement Score by 5 points by steadily promoting the measures of the human capital strategy.

For items for which no target values are currently set, we plan to gradually establish quantitative KPIs by strengthening our efforts.

# Strengthening Our Response to Climate Change



In this slide, I will talk about strengthening our response to climate change, which we have identified as one of our key issues. The NX Group regards efforts to reduce CO2 emissions as an important management issue necessary for the Group's sustainable growth and enhancement of corporate value and is proactively addressing this issue.

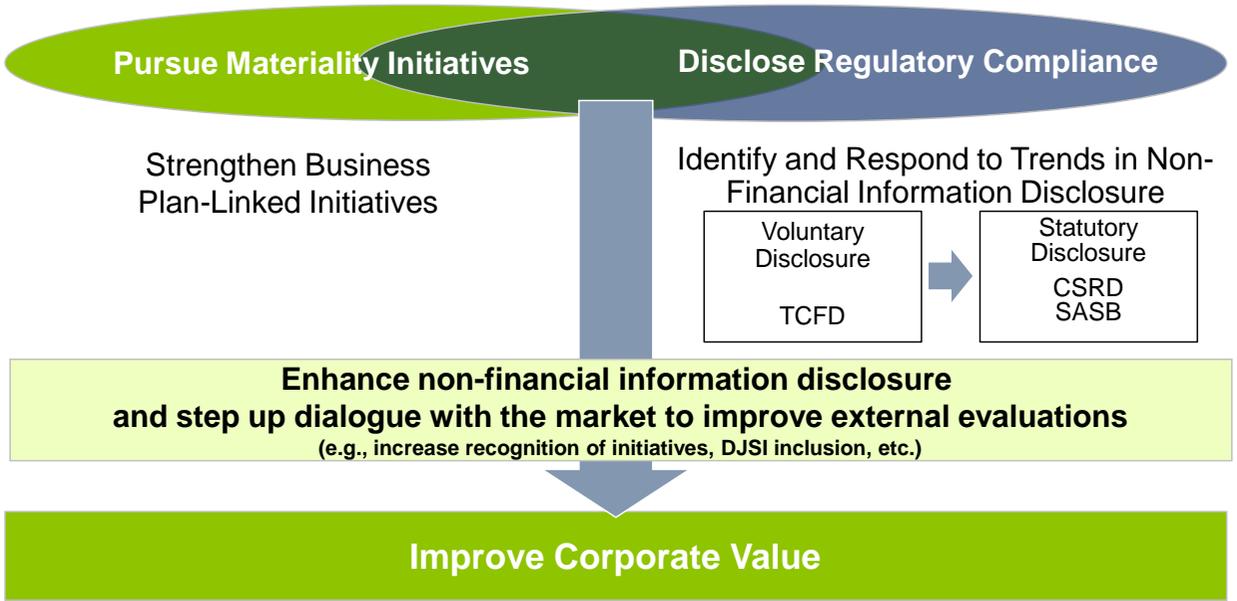
We have now developed a reduction roadmap that shows our Group's path to decarbonization by 2050. This represents our specific major measures and milestones at the present time toward the steady achievement of the Group's 2030, 2050, and CO2 emission reduction targets.

First of all, we will focus on what we can do and what we should do now in order to reduce the amount of waste. Initiatives to reduce CO2 emissions from fuel, known as Scope I, are not expected to spread among medium- and large-sized trucks, and it is difficult to introduce environmentally friendly vehicles such as EVs and FCVs from the standpoint of economic rationality, so at this point, no significant reduction effect can be expected.

As an immediate action, we will give priority to reducing CO2 emissions from electricity, known as Scope II. Measures include energy conservation centered on the use of LEDs for facility lighting, solar power generation using the PPA model, which reduces initial investment, and the use of renewable energy through the purchase of environmental value.

While steadily implementing these measures, we will formulate a realistic reduction plan for Scope I based on technological innovation and the development of social infrastructure. In any case, the reduction of CO2 emissions is an unavoidable issue in realizing a sustainable society, and we will work steadily toward achieving this goal, with an eye on medium- and long-term targets.

# Our Aim in Sustainability Management Strategy



In order to strengthen our Group's sustainability management, we recognize that our next challenge is to integrate our business growth strategy with our sustainability management strategy.

By tying our business strategy to the five priority issues and clarifying the value creation story of solving issues and creating new value through our business, we believe that concrete results within the Group will increase and enhance corporate value.

At the same time, we believe it is important to enhance the disclosure of non-financial information, which is increasingly demanded by society. We will respond sincerely to requests for disclosure from investors and other stakeholders, and will communicate our company's initiatives in our Integrated Report, Sustainability Data Book, and in our dialogue with the market.

In order to strengthen autonomous efforts within the Group, we believe it is necessary to express results in numbers, and we intend to set the DJSI score, which is used by many companies worldwide, as our target for future efforts. In particular, over the past year or two, we have decided to give priority to items related to CSRD that have been determined to be legally disclosed.



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