

IR day2024 Session 3
「Sustainability management」

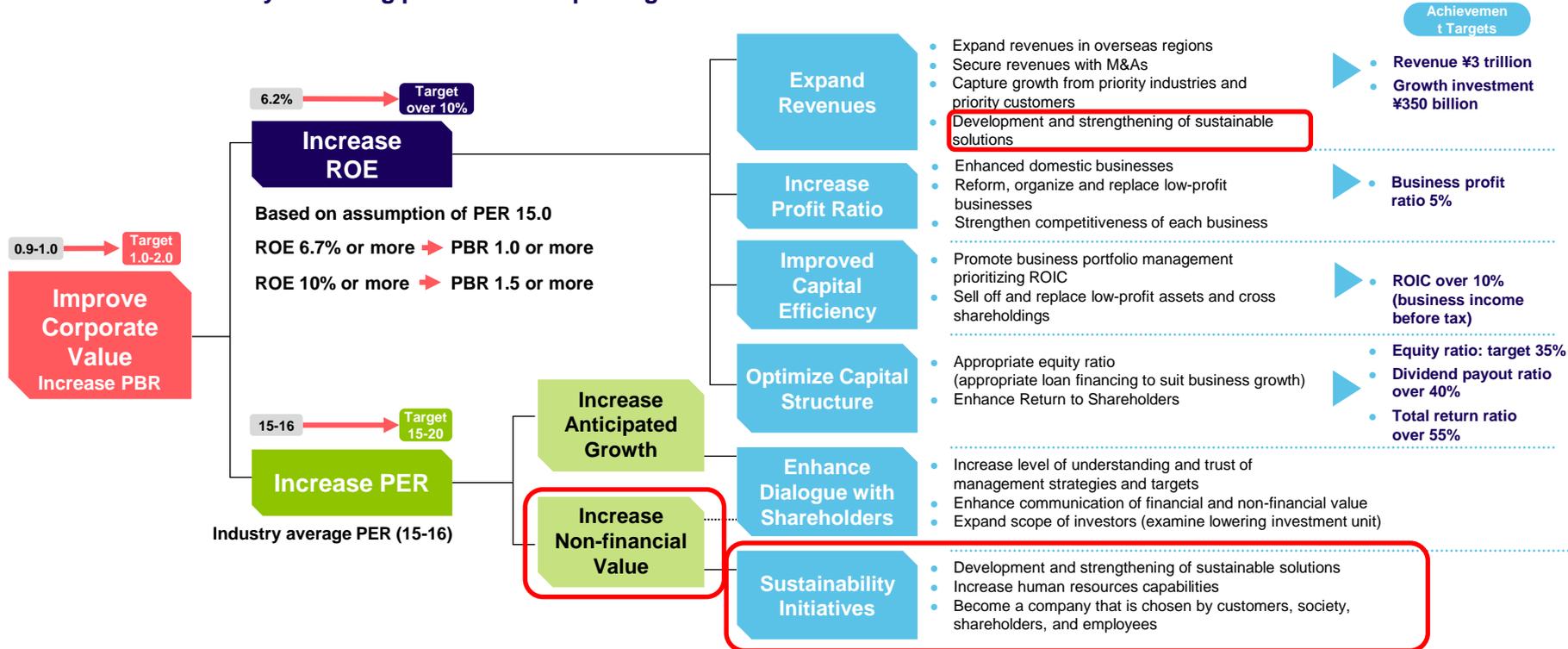
NIPPON EXPRESS HOLDINGS,INC.
September 13 , 2024

"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."



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 ₂ emissions (SCOPE1-2)	Emissions 746,000 t * FY2022 results	Emissions 641,000t	Emissions 537,000t
Reduction in CO ₂ emissions (SCOPE3)		YoY 2.5% reduction	YoY 2.5% reduction

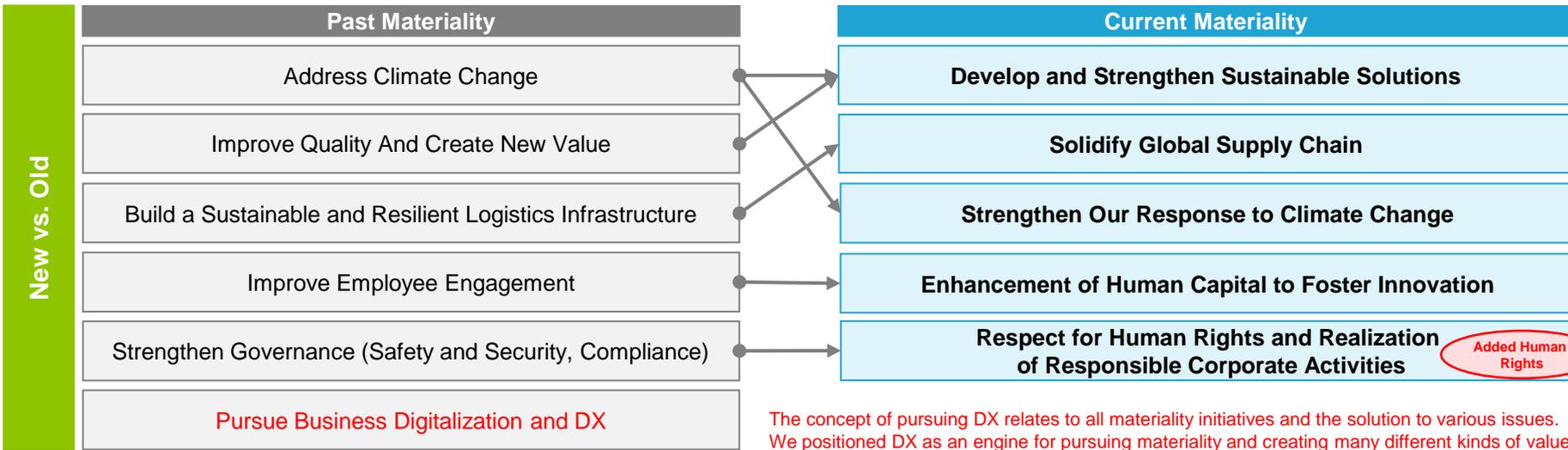


- Strengthen Materiality Solutions
- Strengthen Decarbonization Logistics Solutions
- Strengthen Logistics Solutions through DX Promotion

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

Materiality Revisions

Revision Points	Point 1: Strengthen Materiality Related to Our Businesses	Point 2: Add Materiality Related to Human Rights	Point 3: Rewrite in Plain Language	
	<ul style="list-style-type: none"> ✓ <u>Develop and strengthen sustainable solutions</u> ✓ <u>Encourage NX Group synergies to create economic value</u> 	<ul style="list-style-type: none"> ✓ <u>Add respect for human rights as a materiality</u> 	<ul style="list-style-type: none"> ✓ Engage in integrated sustainability management based on a common understanding throughout the NX Group ✓ <u>Reposition DX as one of the engines of progress related to materiality</u> 	

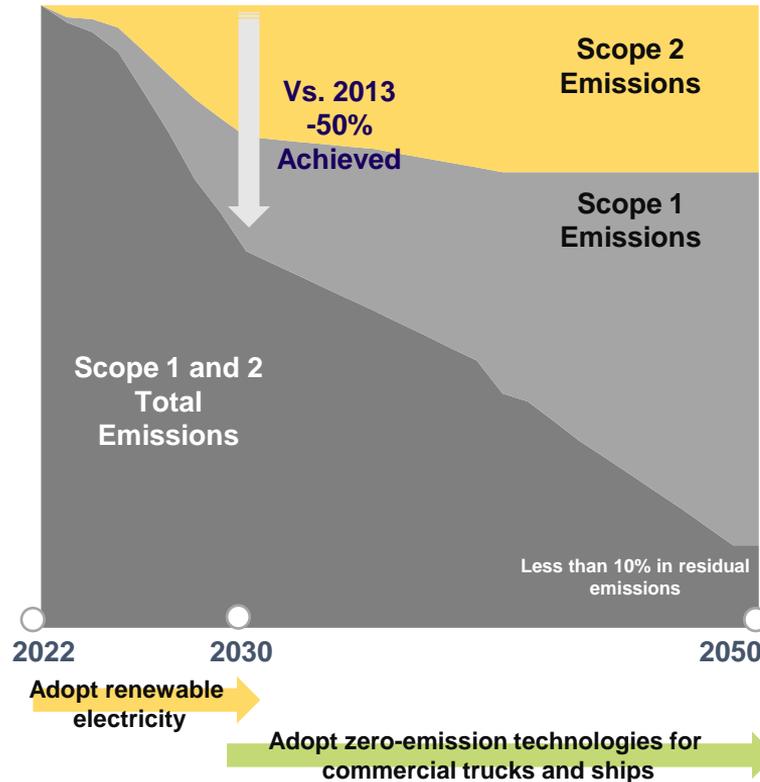


Materiality Measures and Targets

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

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

Strengthening Our Response to Climate Change



Reduction Targets and Measures

Scope 2	<p>Electricity</p> <ul style="list-style-type: none"> ■ Continue energy conservation measures, including 100% use of LED lighting ■ Install solar power generation equipment in Japan through PPAs, etc. ■ Use electricity derived from renewable energy sources by procuring non-fossil certificates and renewable energy certificates
Scope 1	<p>Improve Vehicle Operations Efficiency</p> <ul style="list-style-type: none"> ■ Continue to integrate facilities, consolidate vehicles, and improve vehicle operations efficiency, etc. ■ Continue to pursue modal shifts, joint shipments, etc.
	<p>Sales Vehicles and Forklifts</p> <ul style="list-style-type: none"> ■ Maximize the number of BEVs*1 and forklifts in Japan and overseas by 2050
	<p>Commercial Trucks</p> <ul style="list-style-type: none"> ■ Maximize the number of BEV and FCV*2 trucks, alternative fuels, etc. in Japan and overseas by 2050, taking advantage of technological development and market trends
CN	<p>Vessels</p> <ul style="list-style-type: none"> ■ Adopt zero-emission ships*3 by 2050, taking advantage of technological development and market trends
	<p>Achievement of carbon neutrality by using negative emissions*4</p> <ul style="list-style-type: none"> ■ Achieve carbon neutrality by using negative emissions technology and other internationally recognized methods for the less than 10% of residual emissions

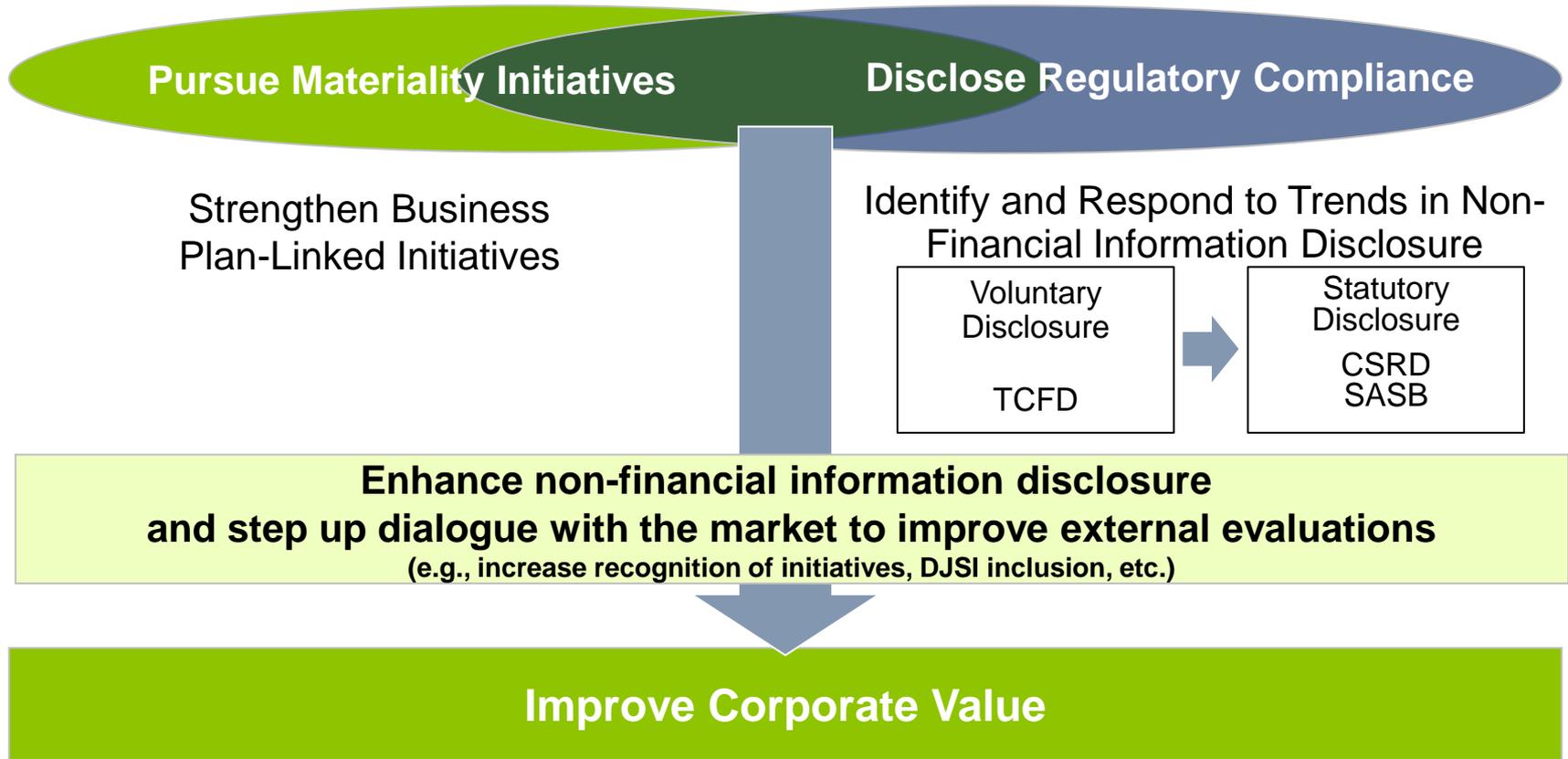
*1 BEV: Battery Electric Vehicle

*2 FCV: Fuel Cell Vehicle

*3 Zero-emission ships: Ships that emit virtually no CO2 during operation by using hydrogen fuel, ammonia fuel, etc.

*4 Negative emissions technology: Technology to physically capture and remove CO2 already emitted and accumulated in the atmosphere

Our Aim in Sustainability Management Strategy





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