

We Find the Way

 **NIPPON EXPRESS**

# IR Presentation Materials

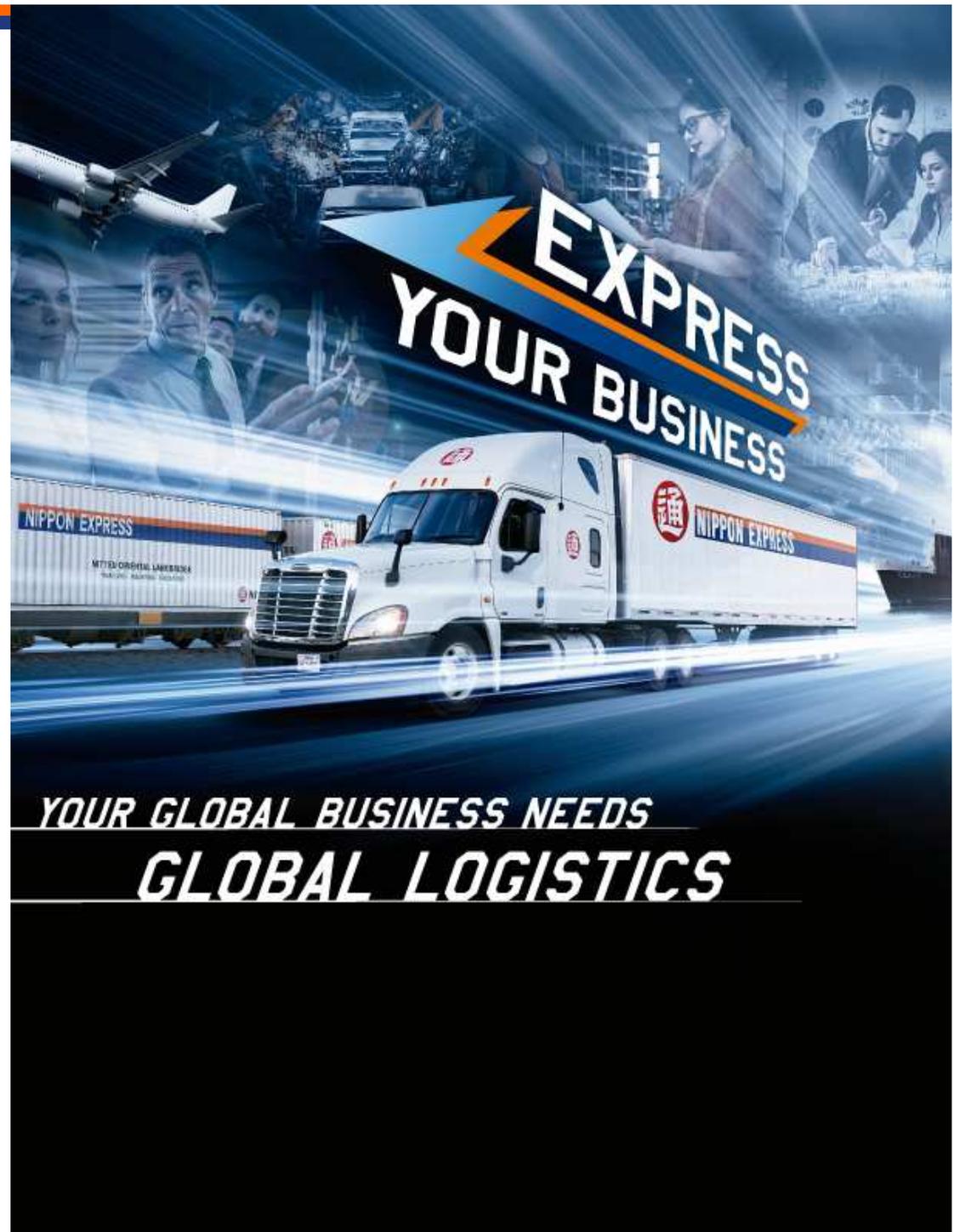
## Session 2

Shifting to a Low-Cost Back  
Office Function

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President, COO, and  
Representative Director

August 26, 2020

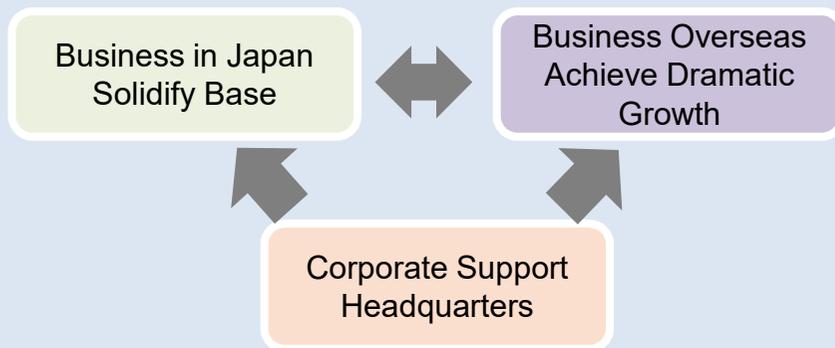
Nippon Express Co., Ltd.



# Corporate Solutions Unit

## ◆Corporate Support Headquarters

⇒ Provide comprehensive support to business units striving to achieve performance targets.

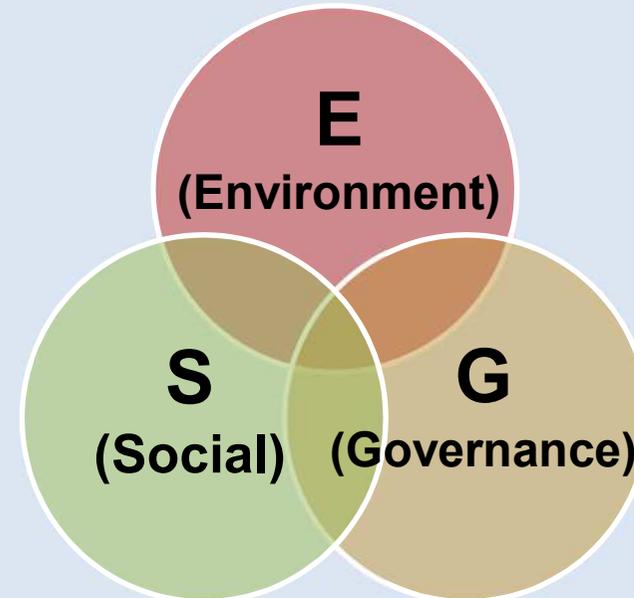


## ◆CSR Headquarters

(Corporate Social Responsibility)

⇒ Lead ESG-oriented management to accomplish our corporate social responsibility

\*Reduce CO<sub>2</sub> emissions by 30%



\*Promote diversity

\*Work-style innovations

\*Safety

\*Compliance

\*Quality

# Vectors to Innovation

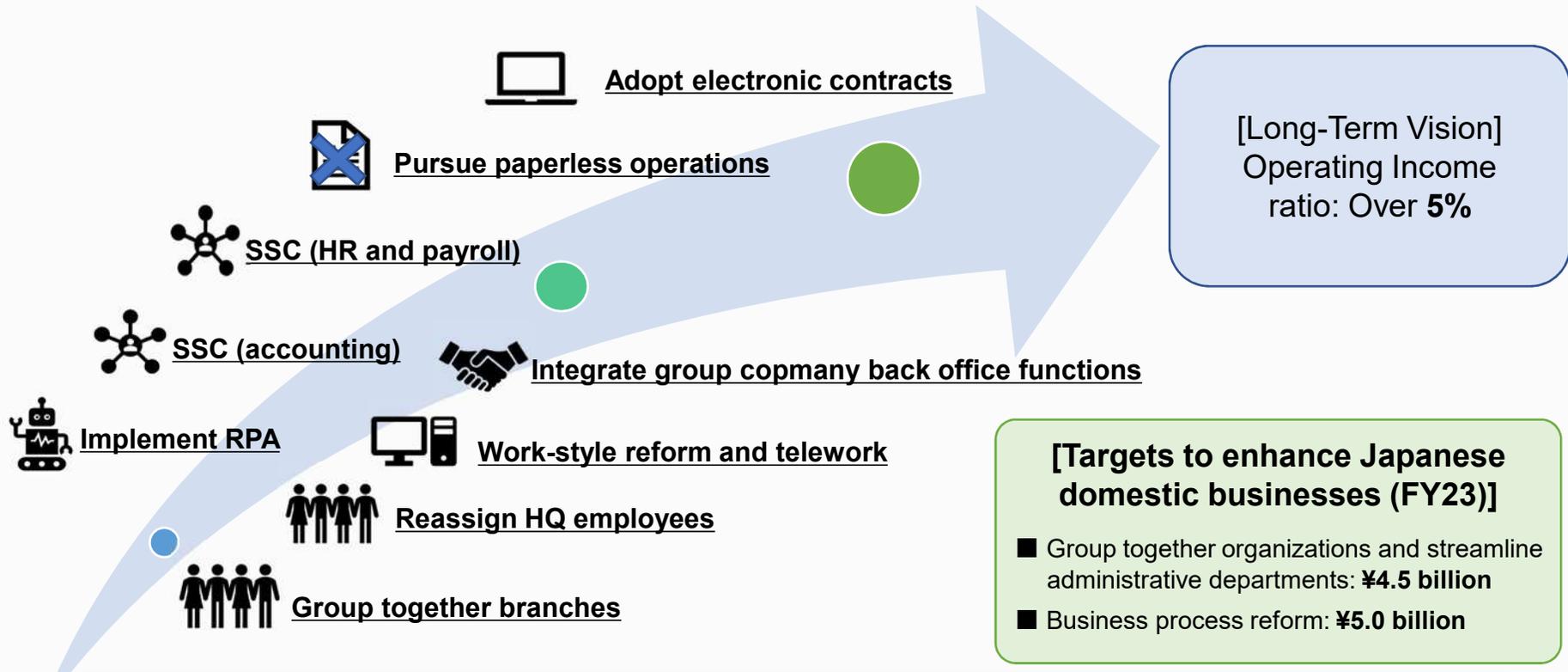
Strive for business innovation by reviewing our work from five aspects



The Nippon Express Group pursues innovation to fundamentally change its approaches and philosophies to realize its long-term vision (excerpted from Group Business Plan 2023)

# Initiatives Toward a Low-Cost Back Office Function

## Ongoing Cost Reductions



**[Targets to enhance Japanese domestic businesses (FY23)]**

- Group together organizations and streamline administrative departments: **¥4.5 billion**
- Business process reform: **¥5.0 billion**

**■ Three pillars of progress management**

Reassign personnel  
(reduce back office personnel)

Reduce overtime

Reduce dispatching costs

# Pursuing RPA

## Reasons behind RPA adoption

Create more time for core tasks, including creative planning, business activities, etc.

⇒ **Improve productivity and quality, reduce costs, and create potential new businesses.**

## ~Planned Use Cases for RPA~

★ Implement paperless work to automate general administrative tasks

★ AI-OCR x RPA

## ~Implementation Case Study~

★ Operations related to work plans

★ Operations related to railway forwarding

★ Operations related to accounting

## Numerical Targets

● Create a cumulative 1 million hours by the end of FY21

● Created a cumulative 700,000 hours by the end of FY20

● Created a cumulative 400,000 hours by the end of FY19

## Measures for implementing RPA

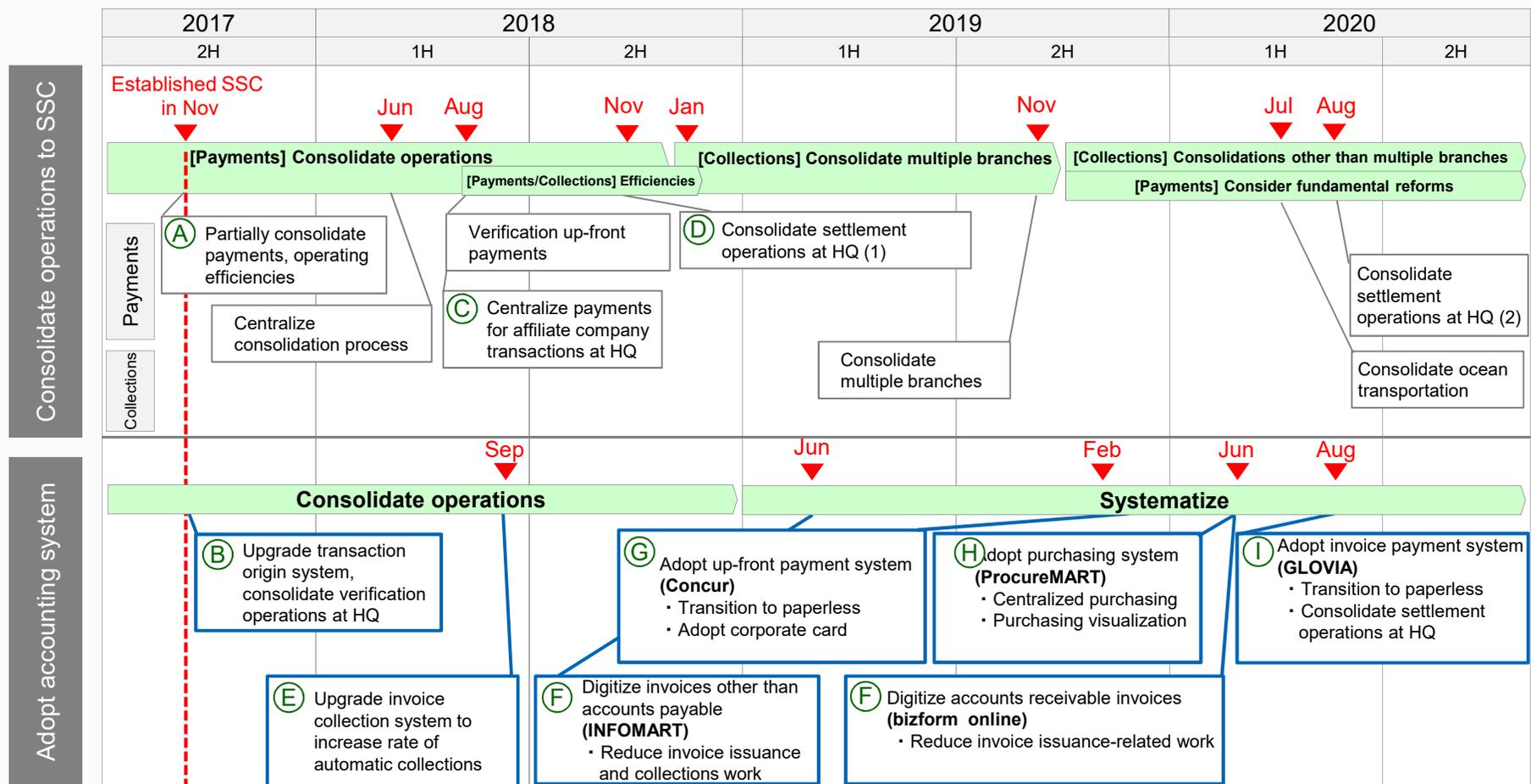
- Educational activities for all employees through **e-learning**
- Train and assign **RPA Masters** in each branch to analyze and standardize operations
- **Support introduction of RPA** in each overseas block and domestic affiliate

# Pursuing SSC (Accounting)

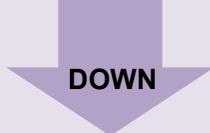
Consolidated operations to SSC and generate effectiveness at branches

## 1. Consolidate operations and adopt accounting system at SSC

- Consolidate operations (payments, billing, collections, etc.) at SSC
- Upgrade existing systems and adopt new systems



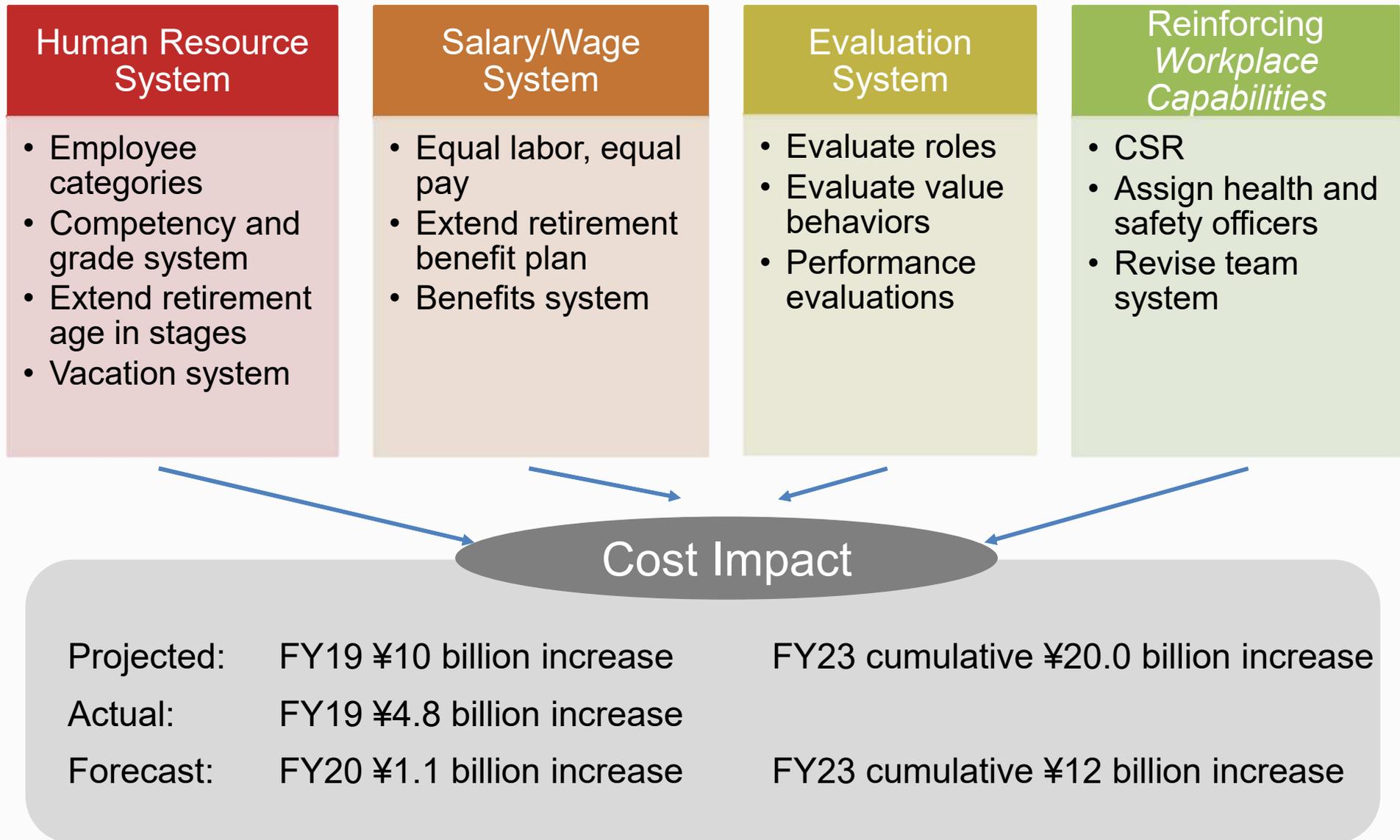
# FY19 Progress in Reducing Back Office Costs

Enhancing Japanese Domestic Businesses	FY23 Targets	FY19 Results	
Group together organizations and streamline administrative organizations	-¥4.5 billion	-¥1.1 billion	Reassign 124 employees with reorganization (124 employees x 9 million/person)  DOWN
Reform back office processes	-¥5.0 billion	-¥1.1 billion	Overtime (back office personnel)  DOWN
		+¥0.15 billion	Personnel dispatching cost (back office)  UP
<b>Total</b>	<b>-¥9.5 billion</b>	<b>-¥2.05 billion</b>	

# FY20 Back Office Cost Reductions

FY20 Target (YoY)			Q1 (YoY)
Further personnel reassignments (back office)	-¥0.9 billion (-100 employees)	Accelerate Initiatives	—
Reassign HQ employees (back office)	-¥0.9 billion (-100 employees)		—
Overtime (back office personnel)	-¥1.0 billion		-¥0.44 billion
Personnel dispatching cost (back office)	-¥0.3 billion		-¥0.03 billion
<b>Total</b>	<b>-¥3.1 billion</b>		<b>-¥0.47 billion</b>

# Employment System Reform



# KPIs (Efforts to Implement Long-Term Vision)

## Commitment to reducing CO<sub>2</sub> emissions as a logistics company

### E Environment

- Facilitating more use of LED lighting at facilities
- Reducing waste produced by Nippon Express

#### [Contributing through business operations]

- Promoting modal shifts and co-loaded delivery
- Engaging in recycling-oriented sales activities



## CO<sub>2</sub> emissions reductions -CO<sub>2</sub> reductions vs. FY17-



## Transform the company that makes employees feel satisfied and fulfilled

### S Social

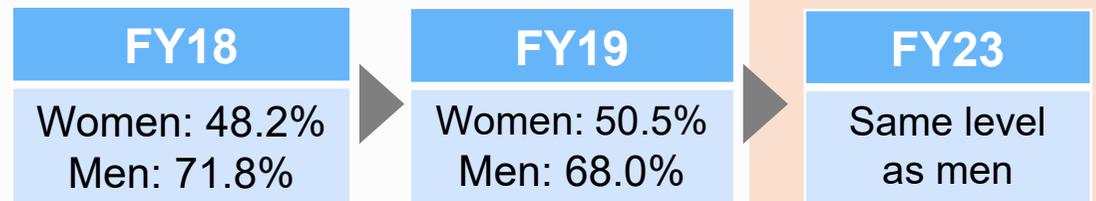
- Promoting diversity
- Working-style innovations

#### [Contributing through business operations]

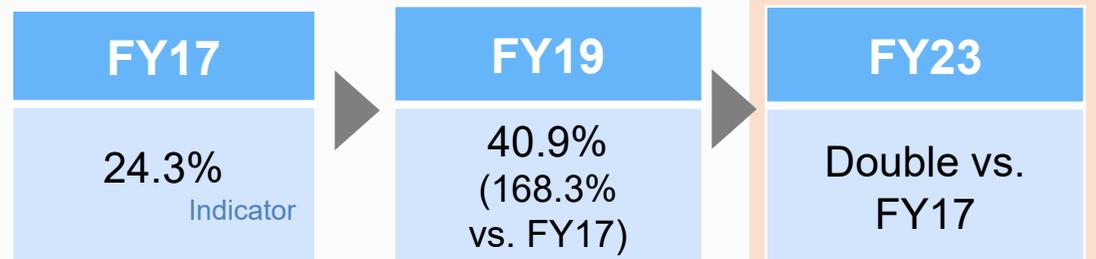
- Serving as designated public institutions for disaster response
- Contributing to local communities through job creation and resolving social issues



## Promote diversity -rate of women in continuing service-



## Working-style innovations -rate of annual paid leave taken-



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