



**NX Policy and Implementations  
of JPX's Corporate Governance Code.  
(March 2024)**

**NIPPON EXPRESS HOLDINGS, INC.**

## Section 1: Securing the Rights and Equal Treatment of Shareholders

### General Principle 1

COMPLY

Companies should take appropriate measures to fully secure shareholder rights and develop an environment in which shareholders can exercise their rights appropriately and effectively.

In addition, companies should secure effective equal treatment of shareholders.

Given their particular sensitivities, adequate consideration should be given to the issues and concerns of minority shareholders and foreign shareholders for the effective exercise of shareholder rights and effective equal treatment of shareholders.

Our company obeys the Financial Instruments and Exchange Act and related regulations, rules related to timely disclosure stipulated by the Tokyo Stock Exchange (JPX). We strive to provide information in a swift, accurate and fair manner in order to assure equal and substantial rights for all stakeholders including shareholders and investors in Japan and overseas. In particular, as we stated in our disclosure policy, we actively disclose information which we determine to be useful for our stakeholders to deepen their understanding of our company's management policies and business details. In particular, we will fulfill information which is related to the understanding of our business performances and actively disclose such information in a timely manner in order to establish a direct and trusting relationship with our stakeholders.

In addition, in order to be a company that enhances corporate value over the medium to long term as "A company that achieves sustainable growth by establishing corporate governance," which is the ideal corporate image for our shareholders in our long-term vision, we are also making efforts to establish policies and systems which encourage constructive dialogue with our shareholders at locations other than general shareholder meetings.

In addition, we have established a global website for our overseas shareholders. We assure equality in obtaining information by providing important information in English as well as in Japanese.

The investor relations section on our website in English is:

<https://www.nipponexpress-holdings.com/en/ir/>

### Principle 1.1 Securing the Rights of Shareholders

COMPLY

Companies should take appropriate measures to fully secure shareholder rights, including voting rights at general shareholder meetings.

The Board of Directors recognizes that general shareholder meetings provide a venue where we can have constructive dialogue with shareholders. In order to assure shareholder rights substantially and equally, we strive to establish swift disclosure of information and develop an environment where shareholders can easily exercise their voting rights.

### Supplementary Principles 1.1.1

COMPLY

When the board recognizes that a considerable number of votes have been cast against a proposal by the company even though the proposal was approved, it should analyze the reasons behind the opposing votes, and should consider the need for a dialogue with shareholders or other measures.

In regard to agendas our company propose at general shareholder meetings, our Board of Directors analyzes the reasons for objections when we find it necessary to do so (i.e. when the percentage of the opposition is more than 30%). We also consider discussions with shareholders depending on analysis results.

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### Supplementary Principles 1.1.2

**COMPLY**

When proposing to shareholders that certain powers of the general shareholder meeting be delegated to the board, companies should consider whether the board is adequately constituted to fulfill its corporate governance roles and responsibilities. If a company determines that the board is indeed adequately constituted, then it should recognize that such delegation may be desirable from the perspectives of agile decision-making and expertise in business judgment.

From the perspective of agile management decision-making, our company resolves matters from general shareholder meetings and important matters regarding company management at board meetings in accordance with the law and our articles of incorporation. Our Board of Directors consists of six outside directors, which is a majority of the eleven directors, to ensure professionalism and objectivity in management decision-making. In addition, decisions on the execution of important matters are delegated from Board of Directors the executive directors, from the viewpoint of separation of functions, since our company has transitioned our company to a Company With an Audit and Supervisory Committee. The Board of Directors advises and supervises the decisions of the executive Directors.

### Supplementary Principles 1.1.3

**COMPLY**

Given the importance of shareholder rights, companies should ensure that the exercise of shareholder rights is not impeded. In particular, adequate consideration should be given to the special rights that are recognized for minority shareholders with respect to companies and their officers, including the right to seek an injunction against illegal activities or the right to file shareholder lawsuits, since issues or concerns may occur when companies try to ensure minor shareholders to exercise these rights.

In regard to the rights of minor shareholders—such as the rights to propose agendas, to demand an elimination of illegal activities or to file shareholder lawsuits—which are stipulated in the Companies Act but cannot be exercised unless they own a certain number of company shares, our company stipulates the procedure necessary to exercise such rights in our internal shareholding regulations in order to handle these legally and appropriately.

### Principle 1.2 Exercise of Shareholder Rights at General Shareholder Meetings

**COMPLY**

Companies should recognize that general shareholder meetings are an opportunity for constructive dialogue with shareholders, and should therefore take appropriate measures to ensure the exercise of shareholder rights at such meetings.

Our company recognizes that general shareholder meetings provide an opportunity to hold constructive dialogue with shareholders and also provide the ultimate decision-making organization to decide our company's basic policies and important matters. We ensure that shareholders exercise their rights to attend general shareholder meetings, ask questions, express their opinions and be part of decision-making. As a way to reflect the opinions of the shareholders who cannot attend general shareholder meetings, we ensure their substantial rights by allowing them to exercise their voting rights by proxy, by post or via the internet.

## Section 1: Securing the Rights and Equal Treatment of Shareholders

### Supplementary Principles 1.2.1

COMPLY

Companies should provide accurate information to shareholders as necessary in order to facilitate appropriate decision-making at general shareholder meetings

**Our company discloses information in accordance with the law and JPX’s rules for listing securities. In addition to IR information including general meeting of shareholders related documents, such as Convocation Notices and Annual Business Reports, Business Report for the Interim Term, Skill Matrix of Director and other corporate information such as news, we also post on our websites for our shareholders and investors, integrated reports and sustainability data books on our ESG initiatives including non-financial information in a timely and active manner.**

### Supplementary Principles 1.2.2

COMPLY

While ensuring the accuracy of the information to be included in convening notices, companies should strive to send such notices for general shareholder meetings early enough to give shareholders sufficient time to consider the agendas. During the period between the board approval of convening the general shareholder meeting and sending the convening notice, information included in the convening notice should be disclosed by electronic means such as through TDnet or on the company’s website.

**Our company’s record date is December 31, as stipulated in our articles of incorporation. In accordance with laws and ordinances, announcements of the electronic provision of the “Notice of Convocation of the Ordinary General Meeting of Shareholders” and the convocation notice will be sent after a certain period of time has been secured for financial settlements to be processed and the associated accounting audits to be carried out. In addition, we will endeavor to announce the measures for electronic provision and to send out the convocation notice as soon as possible.**

### Supplementary Principles 1.2.3

COMPLY

The determination of the date of the general shareholder meeting and any associated dates should be made in consideration of facilitating sufficient constructive dialogue with shareholders and ensuring the accuracy of information necessary for such dialogue.

**Our company recognizes that general shareholder meetings provide an opportunity for constructive dialogue with shareholders. Therefore, we set a date when most shareholders can attend after considering the time required for account settlement as prescribed by the law and any related auditing. In addition, by providing live streaming of general shareholder meetings (hybrid-participation virtual general shareholder meetings), shareholders who are unable to attend the meetings are able to view them from their homes.**

### Supplementary Principles 1.2.4

COMPLY

Bearing in mind the number of institutional and foreign investors, companies should take steps create an environment which allows electronic voting, including the use of the Electronic Voting Platform, and the provision of English translations for convening notices of general shareholder meetings.

**Our company has already introduced a system to enable shareholders to exercise their voting rights via the internet or smart phones on both of our Japanese and English websites. We also use the JPX’s Electronic Voting Platform for corporate investors. For non-Japanese speaking investors, we create convening notices and business reports in English and post them on our company’s English website along with the Japanese versions.**

The relevant page on our company’s English website is:  
<https://www.nipponexpress-holdings.com/en/ir/event/meetings/>

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### Supplementary Principles 1.2.5

COMPLY

In order to prepare for cases where institutional investors who hold shares under the name of trust banks (shintaku ginko) express an interest in advance to attend the general shareholder meeting and exercise voting rights, companies should work with the banks and discuss such possibilities.

Our company allows institutional investors who hold shares in the name of a trust bank (shintaku ginko) to attend our general shareholder meetings if they express an interest in advance, bring an authorization document from the bank and confirms their identity. However, such investors shall attend strictly as observers who cannot express their opinions, ask questions, or exercise voting rights.

### Principle 1.3 Basic Strategy for Capital Policy

COMPLY

Because capital policy may have a significant effect on shareholder returns, companies should explain their basic strategy concerning it.

Aiming to increase our mid to long-term corporate value by seeking sustainable corporate growth, our company sets the following standards and goals in order to maintain the levels of our growth investing and risk tolerance of shareholder equity.

- (1) Our company considers the return on equity (ROE) to be an important management indicator and aim to achieve 10% or more in FY2028, the final year of the business plan, given that the cost of capital for shareholders is over 8%.
- (2) In order to increase our corporate value, the weighted average cost of capital (WACC) is taken into consideration and the hurdle rate is, in principle, set at 7%. Decisions on investment projects are made holistically, taking into account the hurdle rate as well as business characteristics, country risk, and other factors, while also considering the perspective of sales.
- (3) In order to ensure a firm financial basis to provide funds for growth investing and a certain level of financial security, our company has set the debt-to-equity (D/E) ratio as 1.0 or lower and the capital adequacy ratio at around 35%.
- (4) As for shareholder returns, our company will pay out shareholder returns steadily and continuously by dividend. We have set the dividend ratio to at least 40%. Also, we have set the total return ratio, including shareholder returns by dividend and acquisition of treasury shares, to at least 55% cumulatively over the duration of the FY2024-FY2028 business plan.

## Section 1: Securing the Rights and Equal Treatment of Shareholders

### Principle 1.4 Cross-Shareholdings

**COMPLY**

When companies hold shares of other listed companies as cross-shareholdings<sup>2</sup>, they should disclose their policy concerning them, including their policies regarding the reduction of such shareholdings. In addition, the board should annually assess each individual cross-shareholding, whether or not the purpose of holding is appropriate and the benefits and risks from each holding meet the company's cost of capital. The results of this assessment should be disclosed.

Companies should establish and disclose specific standards on the exercise of voting rights regarding cross-shareholdings and conduct voting in accordance with the standards.

In principle, our company will reduce cross-shareholdings and will not acquire new shares from other companies. We will not accept any cross-shareholding requests for the sake of retaining loyal shareholders. However, as an exception, we may hold such shares if we decide that the action would improve our mid to long-term corporate value by increasing the number of business transactions, expanding our business scope, strengthening our relationship with business partners or promoting cooperative collaboration.

With respect to cross-shareholdings, the rationale for holding each issue is examined quantitatively every year by comparing the benefits of holding the stock with the cost of capital, and by comparing the market value of the issue with sales, etc. Next, a qualitative evaluation is conducted based on the relationship and expectations for current and future improvements in corporate value through enhanced collaboration. Then, after this comprehensive assessment, a review is conducted, and the Board of Directors verifies the details thereof. Specifically, this process involves evaluation of the following aspects:

**Assessment level 1:** Are the benefits of holding the shares commensurate with the cost of capital (WACC) in the capital policy?

**Assessment level 2:** Does it contribute to securing a certain market area, for example, by recording sales that are commensurate with the market value of its holdings?

**Assessment level 3:** Is it currently contributing to the enhancement of corporate value by strengthening relationships, promoting collaboration, etc.?

**Assessment level 4:** In terms of business strategy, can enhancement of corporate value be expected in the future, such as expansion of business transactions and business scope?

The above evaluation was conducted at our Board of Directors meeting held in February 2024 for the listed cross-shareholdings held by the entire NX Group, and the results were as follows:

Assessment Level 1: 17 issues

Assessment Level 2: 20 issues

Assessment Level 3: 8 issues

Assessment Level 4: 13 issues

Not covered under the above conditions: 2 issues

#### Policy for each category

For assessment levels 1 and 2, it is determined, based on the quantitative evaluation, that holding of the shares is reasonable. However, if it is confirmed through ongoing dialogue with the issuers that the disposal of these shares will not affect the benefits and sales that NX Group has been receiving, we will dispose of these shares, taking into account the financial situation and market conditions.

For assessment levels 3 and 4, it is determined, based on the qualitative evaluation, that holding of the shares is reasonable. However, our company will establish opportunities for dialogue with the issuers as appropriate, confirm the position of the shares held by NX Group, and if it can be confirmed that the relationship with an issuer will not be damaged by disposal of its shares, then this will be done, taking into account the financial situation and market conditions.

Issues that are not covered by any of the assessment levels up to 4 are those for which NXHD, after consultation with the issuer, has designated some or all of its held shares for disposal, but has been unable to complete the disposal due to funding and market conditions or other factors. While we will continue to progressively dispose of these shares, methods of disposal will be considered for some specific issues.

Under this policy, in FY2023, the NX Group disposed of all of its holdings of 16 specified issues and some of its holdings of 2 issues, resulting in the raising of approximately 25 billion yen in funds. As a result, as of December 31, 2023, the number of issues of listed cross-shareholdings was 52 in hand and 11 deemed as held (3 issues were duplicates).

## Section 1: Securing the Rights and Equal Treatment of Shareholders

Our company opposes the following actions regarding exercising voting rights on cross-shareholdings.

1. Actions which may lose the balance between holding on cross-shareholding and the purpose of cross-shareholding.
2. Actions which are judged to be detrimental to the enhancement of the medium- to long-term corporate value of the invested enterprise.

Our company will have regular meetings with the issuing companies of the shares and check our agreed upon standpoint concerning these shares. However, if we see a rapid deterioration in an issuing company's business performance or a sign of a weakening in our business relationship with a company, we will set up a meeting as soon as possible and utilize the results when deciding whether or not to approve actions.

### Supplementary Principles 1.4.1

COMPLY

When shareholders who hold a company's shares for the purpose of cross-shareholding (cross-shareholders) indicate their intention to sell their shares, the company should not hinder the sale of the cross-held shares by, for instance, implying a possible reduction of business transactions.

If a shareholder who holds our company's shares as cross-shareholding expresses an intention to sell such shares, our company will never take any action to prevent such a sale by, for example, intimating a reduction in existing dealings.

### Supplementary Principles 1.4.2

COMPLY

Companies should not engage in transactions with cross-shareholders which may harm the interests of the companies or the common interests of their shareholders by, for instance, continuing the transactions without carefully examining the underlying economic rationality.

In transactions with individuals who wish to purchase our company shares in cross-shareholding, we will determine the conditions of transactions and its continuation solely on the basis of the reasonableness of the transaction. We will not engage in any irrational transactions simply because the individuals are holding our company shares.

### Principle 1.5 Anti-Takeover Measures

COMPLY

Measures which are to be implemented in order to be effective against takeover must not have any objective associated with self-protection of the management or the board. With respect to the introduction or implementation of anti-takeover measures, the board and A & S Board Members should carefully examine their necessity and rationality in light of their fiduciary responsibility to shareholders, ensure appropriate procedures, and provide sufficient explanation to shareholders.

Our company has not introduced anti-takeover measures. And We have no intention of introducing the measures again.

## Section 1: Securing the Rights and Equal Treatment of Shareholders

### Supplementary Principles 1.5.1

**COMPLY**

In case of the companies tendering their shares in the offer, companies should clearly explain the position of the board, including any counter-offers, and should not take measures that would prevent shareholders from selling their shares in response to the tender offer.

**Our company has not introduced anti-takeover measures.**

Having said this, if an individual intends to purchase a large number of our company shares, we will ask him/her to provide the necessary information for our shareholders to make an appropriate decision on whether or not we should accept such a purchase. From perspectives including whether or not such a purchase would improve our corporate value, our Board of Directors, including independent outside officers, will have a discussion and consider the matter carefully. By disclosing the board's opinions to our shareholders in a timely manner, we will strive to implement appropriate measures (i.e. giving enough time for shareholders to consider the matter and obtain information) to the extent permissible by the Financial Instruments and Exchange Act, the Companies Act and other relevant laws. As for shareholders selling their shares in response to a tender offer, our company will respect the shareholder rights and not hinder such activities.

### Principle 1.6 Capital Policy that May Harm Shareholder Interests

**COMPLY**

With respect to a company's capital policy that results in a change of control or in significant dilution, including share offerings and management buyouts, the board and A & S Board Members should, in order to not harm existing shareholders' interests, carefully examine the necessity and rationality from the perspective of their fiduciary responsibility to shareholders, should ensure appropriate procedures, and provide sufficient explanation to shareholders.

**Our company stipulates in its Standards for Deliberation at Board of Directors that matters relating to the handling of shares for the benefit of shareholders, including new share issues and stock splits, as well as capital policies that result in changes in control or substantial share dilution, shall be implemented based on deliberations and resolutions by the Board of Directors. Our Board of Directors oversees the basic capital policy and the implementation of the capital policy. When deliberating on capital policies that may result in a change in control or substantial share dilution, such as capital investment for sustainable growth or corporate acquisitions, our company shall exercise caution, taking into consideration the interests of existing shareholders and the impact on stakeholders, and in particular, when there is a risk of a conflict of interest between management and general shareholders, our Board of Directors shall respect the opinions of outside directors and other highly independent parties before adopting a resolution. When a resolution on such capital policy is adopted, our company will promptly disclose information on the deliberation process, the purpose of implementation, etc., and, if necessary, provide sufficient explanation to shareholders, such as through explanations at the general meeting of shareholders and financial results briefing sessions, etc.**

### Principle 1.7 Related Party Transactions

**COMPLY**

When a company engages in transactions with its directors or major shareholders (i.e., related party transactions), in order to ensure that such transactions do not harm the interests of the company or the common interests of its shareholders and prevent any concerns of such harm, the board should establish appropriate procedures beforehand in proportion to the importance and characteristics of the transaction. In addition, the board should disclose these procedures and monitor to ensure such transactions are implemented in accordance with the procedures. This includes the approval of the transactions.

**Competitive transactions by Directors, transactions between Directors and the Company, and transactions involving a conflict of interest shall be approved by the Board of Directors and the Audit and Supervisory Committee, which include Independent Outside Directors. The status of approved transactions shall be reported to the Board of Directors. We conduct an investigation each year to see if any of our directors or executive officers engage in transactions with our company or a consolidated subsidiary. We disclose the results in our annual securities report in accordance with regulations including the "Accounting Standards for Related Party Disclosures."**



## Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders

### General Principle 2

**COMPLY**

Companies should fully recognize that their sustainable growth and the creation of mid to long-term corporate value are brought about as a result of the provision of resources and contributions made by a range of stakeholders, including employees, customers, business partners, creditors and local communities. As such, companies should endeavor to cooperate with these stakeholders. The board and the management should exercise their leadership by establishing a corporate culture and climate where the rights and positions of stakeholders are respected and sound business ethics are practiced.

**In order to create sustainable growth and mid to long-term corporate value aiming for development alongside society, our company considers it essential to have interactive communication with as many stakeholders as possible. In our "NX GROUP Business Plan 2028," we have set forth three basic policies as the key strategies to achieve sustainable growth and increase corporate value.**

#### "Basic Policy of NX GROUP Business Plan 2028"

- Enhance global competitive edge and achieve business growth with a group-wide optimization approach.
- Increase competitiveness and profitability, and enhance corporate value based on clear business portfolios and separation of roles.
- Implement sustainability management helping to resolve social issues and achieve a sustainable society, and reform the company group to one that is chosen by customers, society, shareholders, and employees

In January 2023, we drew up the NX GROUP Sustainability Policy and Vision to conduct sustainability management as a unified group. This policy and vision set forth the three values of "Economic value," "Environmental value," and "Social value," and through our business operations, we aim to realize a sustainable society, including the development of logistics services that contribute to creating such a society. In addition, the "NX Group Human Rights Policy" was formulated in August 2023 and the "NX Group Sustainable Procurement Policy" in December 2023. Based on these policies, NX Group aims to realize a sustainable society through responsible business activities and in cooperation with shareholders, investments, and other stakeholders.

Under the leadership of the Board of Directors, the Compliance Committee with our Chief Executive Officer as the chairperson, the Sustainability Promotion Committee and senior management, each officer and employee will continue to be actively working to create a corporate culture and climate where the rights and positions of stakeholders and sound business ethics are respected in accordance with our "Corporate Philosophy."

## Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders

### Principle 2.1 Business Principles as the Foundation of Corporate Value Improvement Over the Mid- to Long-Term

**COMPLY**

Guided by their position concerning social responsibility, companies should create additional value for all stakeholders while improving corporate value over the mid to long-term. Companies should establish business principles that will become the basis for such activities.

In 2007, 70 years after the establishment of our group, our group adopted the “Group Corporate Philosophy”(now the “NX GROUP Corporate Philosophy”), outlining the meaning of the group’s existence. This was in line with the spirit of “Our Words (Warera no kotoba),” adopted in 1958 as the company rules, and stipulated the employee code of conduct. Our company’s board inherited this same philosophy when our company transitioned to a holding company structure in January 2022, positioning the “NX GROUP Corporate Philosophy” as the common foundation for the group’s common business activities and the common values of all its employees.

#### **[NX GROUP Corporate Philosophy]**

**Our Mission: Be a Driving Force for Social Development**

**Our Challenge: Create New Ideas and Values that Expand the Field of Logistics**

**Our Pride: Inspire Trust Every Step of the Way**

In addition, as our long-term (ten-year) vision set in 2009 was coming to the end, in 2019 we established a new set of long-term goals for the 100-year anniversary in 2037 to visualize the position our group wishes to achieve in the future. We aim to become “a logistics company with a strong presence in the global market.”

In order to achieve this goal, we will continue to leverage the “NX GROUP Corporate Philosophy,” our on-the-ground capabilities based on our commitment to “Safety, Compliance and Quality,” the customer-first attitude expressed in our corporate message of “We Find the Way,” to implement various policies and measures. Through these implementation, we will continue to develop our business globally and transform our corporate culture into a challenging one.

At the same time, we will clarify our company image for our “Customers & Society”, “Shareholders” and “Employees,” who are particularly important stakeholders in the Group’s growth, and work together with these stakeholders to “Create new values through innovation.” In addition, we have also set forth a roadmap for the realization of our long-term vision, which is to sustainably increase corporate value through continuous self-improvement and innovation.

In order to achieve these goals, “NX” will be adopted as the group brand, taking “a business solutions company that supports the development of companies, industries, and society through creativity and execution that drive logistics forwards” as its core values. To achieve recognition as such, we will link it to the group’s integrated business activities in line with principles such as our Corporate Philosophy and Corporate Message.

By sharing these values across the entire NX GROUP and working together as one, we will make the 2037 vision a reality.

## Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders

### Principle 2.2 Code of Conduct

**COMPLY**

Companies should establish and implement a code of conduct for employees and express their values concerning appropriate cooperation with stakeholders, respect their interests and carry out sound business activities. The board should be responsible for establishing and revising the code of conduct and should ensure its compliance across the organization, including the front line of domestic and global operations.

In the “NX GROUP Corporate Philosophy,” our company clearly states the role of the NX GROUP as “contributing to society through logistics and bringing an enriched life to future generations,” an ongoing mission that we continue to uphold. In order to realize this corporate philosophy, we have established the “NX GROUP Charter of Conduct” to regulate our daily activities and indicate the direction of our activities, and the “Compliance Regulations of NX GROUP,” to ensure sound, transparent and fair business activities. These are subject to revision or abolition by resolutions of our board.

Our board reviews the code of conduct as necessary and takes up important policies as agenda topics at meetings. With respect to compliance-related measures, the Compliance Committee has been established to discuss important policies and important issues that transcend divisional and group boundaries, and to advance efforts in this area. Important compliance-related issues, including matters discussed by the Compliance Committee, are reported to the outside Directors as appropriate, in addition to periodic reports at Board of Directors, so that we exchange opinions and strive to reflect the results in their initiatives.

The code of conduct is posted on our company’s intranet and written on the compliance card for our staff to refer to and implement as required. We also have written the “NX GROUP Compliance Handbook” in 16 languages and given one to all employees in our group, including those in our overseas subsidiaries. These translated handbooks are available on the company’s intranet. We also implement stratified training, group education training for new employees, workplace education and e-learning so that everyone becomes familiar with the code.

In order to further spread awareness of the code at group companies, including those overseas, we set down the “Competition Law Compliance Regulations,” “Anti-Bribery Regulations,” and “Personal Information Protection Regulations” as group regulations, as well as drawing up guidelines for each. We are now working to establish systems and ensure implementation.

### Supplementary Principles 2.2.1

**COMPLY**

The board should review regularly (or where appropriate) whether or not the code of conduct is being widely implemented. The review should focus on whether or not the company has created a corporate culture and climate which embraces the intent and spirit of the code of conduct and not solely perform a perfunctory compliance check.

Our group periodically conducts an unmarked compliance awareness survey of all employees of the group companies in Japan.

With this survey, we are working to ascertain the level of compliance awareness, the actual conditions in the workplace, and the opinions of employees. In doing so, we will take care not to simply verify compliance as a formality, but to ensure that we are fostering corporate culture and principles that respect the meaning and spirit of the Code of Conduct. The results are disclosed to all officers and employees, and the Compliance Committee will discuss the status of implementation and the results of the investigation, and give specific instructions for measures based on the results at the Board of Officers and other meetings. Using the results of the awareness survey, we strive to make the appropriate improvements on each item which has low compliance.

Upon receiving the implementation status and the result of the annual awareness survey, our board reviews the code of conduct, including the “NX GROUP Charter of Conduct” and “Compliance Regulations of NX GROUP.”

As for important whistleblowing cases and the compliance committee’s decisions, we will share the information in the “NX GROUP Compliance Handbook” and the “Compliance Letter,” the in-company newsletter we distribute to our group companies. We post these under the educational materials section of the e-learning website and utilize them as educational resources. We take them up at management trainings and share the information. We take measures to ensure that the code of conduct is implemented widely and effectively.

The President and each Executive Officer always emphasizes the importance of compliance and demonstrates the stance of top management in sending messages at the Board of Officers, Compliance Committee, and various other occasions.

## Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders

### Principle 2.3 Sustainability Issues, Including Social and Environmental Matters

**COMPLY**

Companies should take appropriate measures to address sustainability issues, including social and environmental matters.

In the “NX GROUP Corporate Philosophy,” our group clearly states its status and relationship to society as “contributing to society through logistics and bringing an enriched life to future generations.”

As for our efforts to protect the environment in particular, we stipulated the “NX GROUP Environmental Charter” and the “Environmental Regulations,” and have been purposefully implementing activities. At the same time, in order to promote environmental management as a unified group, we regularly discusses various measures related to environmental management at the “Sustainability Promotion Committee,” and are working on measures to promote environmental management.

Extreme weather patterns due to the progression of the global warming associated with climate change can lead to closures of main highways and service disruption of railway containers and air cargo. These can cause serious damage to our logistics business. Also, waste reduction will lead to a reduction of environmental burdens and thus a reduction of our business costs.

In January 2023, the NX Group set a mid- to long-term CO2 emissions reduction target, and has been working to reduce CO2 emissions across the NX Group by introducing environmentally friendly vehicles and renewable energy. Following our support for the recommendations of the TCFD in May 2022, we submitted a letter of commitment to SBTi in May 2023 and are working to obtain SBT certification.

We are a logistics company which uses fossil fuels and emits carbon dioxide. Therefore, we recognize that global environment protection is a very important issue as well as creating new business models and improving corporate value. We are promoting initiatives such as proposals for transportation with reduced environmental impact using CO2 visualization tools such as One Stop Navi, Eco Trans Navi, and NX-GREEN Calculator. We are also promoting modal shifts and joint logistics, the introduction of vehicles with low environmental impact such as EVs, and the use of alternative fuels such as SAF and biofuels.

We will continue to contribute to the realization of a sustainable society through our business activities and enhance our corporate value.

○ Long-term targets toward global warming prevention

- 2030 Target

Reduce NX GROUP Scope 1 and 2 CO<sub>2</sub> emissions by 50%.(compared with 2013)

- 2050 Target

Contribute to the creation of Scope 1,2, and 3 carbon-neutral societies as a corporate group.

○ Targets toward the establishment of a recycle-based society

- We set a target to reduce our discharged industrial waste amount per sale by 1% each consecutive year until 2030.

- We set the final target emissions value for our company for 2030.

\*Nippon Express non-consolidated targets

We publish information regarding each year’s activities in the Integrated Report and Sustainability Databook.

Our Integrated Reports are available on our websites:

(Japanese Website) <https://www.nipponexpress-holdings.com/ja/ir/library/annual/>

(English Website) <https://www.nipponexpress-holdings.com/en/ir/library/annual/>

Our Sustainability Databook are available on our websites:

(Japanese Website) <https://www.nipponexpress-holdings.com/ja/sustainability/report/>

(English Website) <https://www.nipponexpress-holdings.com/en/sustainability/report/>

## Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders

### Supplementary Principles 2.3.1

**COMPLY**

The board should recognize that dealing with sustainability issues, such as taking care of climate change and other global environmental issues, respect of human rights, fair and appropriate treatment of the workforce including caring for their health and working environment, fair and reasonable transactions with suppliers, and crisis management for natural disasters, are important management issues that can lead to earning opportunities as well as risk mitigation, and should further consider addressing these matters positively and proactively in terms of increasing corporate value over the mid-to-long-term.

We recognize that in order to achieve sustainable growth and increase corporate value, it is essential to appropriately address issues relating to sustainability and promote sustainability management. Our board recognizes these efforts as an important risk management issue, and our Board of Executives and Board of Officers also consistently take up this matter as an agenda topic.

In January 2023, the NX Group formulated the “NX GROUP Sustainability Policy and Vision” to promote sustainability management as a unified group, in which we set forth the three values of “Economic value,” “Environmental value,” and “Social value.” Through our business operations, we aim to realize a sustainable society, including the development of logistics services that contribute to creating such a society. Moreover, in August of the same year, the “NX GROUP Human Rights Policy” was formulated, followed by the “NX GROUP Sustainable Procurement Policy” in December. We will continue working to achieve a sustainable society through responsible business activities and the use of dialogue with our shareholders, investors, and other stakeholders.

In order to put this approach into practice, in conjunction with the formulation of the “NX Group Business Plan 2028,” the Board of Directors has resolved to review the Group’s Key Issues (materiality) and is undertaking initiatives to address each of them.

#### [Key Issues (Materiality)]

- Develop and strengthen sustainable solutions (main initiatives: strengthen materiality solutions, strengthen decarbonized logistics solutions, etc.)
- Solidify global supply chain (main initiatives: improvement of IT infrastructure and security level, promotion of DX to increase efficiency, quality, and profitability of logistics)
- Strengthen response to climate change (main initiatives: reduce CO2 emissions associated with fossil fuel use, reduce electricity use, expand introduction of renewable energy, etc.)
- Enhancement of human capacity to foster innovation (main initiatives: securing and developing excellent human resources, enhancing well-being, etc.)
- Respect for human rights and responsible corporate activities (main initiatives: ensuring safety and security, respect for human rights, etc.)

The Sustainability Promotion Division and the Sustainability Promotion Committee have been established as the divisions in charge of implementing specific measures to address important policies and key issues (materiality) related to sustainability. Although the Sustainability Promotion Committee was formerly composed of the Company’s executive officers, it was reorganized in July 2023 to include the officers in charge of 11 major group companies, in order to promote Group-wide sustainability management. Important matters, such as the formulation and review of sustainability policies, are discussed by the Sustainability Promotion Committee, which submits them to the Board of Directors for approval, and the implementation status of various measures is timely reported to the board.

In addition, we have established a risk management system that consists of the Compliance and Risk Management Division and the Risk Management Committee. We have developed a system to manage these in an integrated manner, with the Risk Management Committee promoting preventive activities to limit the occurrence of risks and minimize the damage when they occur, and the Crisis Management Committee to deal with risks that have occurred. Important matters relating to risk management are also submitted to the Board of Directors for approval, and the implementation status of various measures is reported to the board on a regular basis.

With these systems in place, we will continue to enhance our investigation of important issues relating to sustainability, both in terms of risks and profit opportunities, and pursue initiatives to address them.

An overview of our efforts is published in the company’s Integrated Report and Sustainability Databook.

Our Integrated Reports are available on our websites:

(Japanese Website) <https://www.nipponexpress-holdings.com/ja/ir/library/annual/>

(English Website) <https://www.nipponexpress.com/ir/library/annual/>

Our Sustainability Databook are available on our websites:

(Japanese Website) <https://www.nipponexpress-holdings.com/ja/sustainability/report/>

(English Website) <https://www.nipponexpress-holdings.com/en/sustainability/report/>

## Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders

### Principle 2.4 Ensuring Diversity, Including Active Participation of Women

**COMPLY**

Companies should recognize that the existence of diverse perspectives and values reflecting a variety of experiences, skills and attributes. These ensure sustainable growth. As such, companies should promote diversity of personnel, including the active participation of women.

The NX Group has established the “NX GROUP Basic Policy for Diversity Promotion” and the “NX Group Human Resources Policy” by resolution of the Board of Directors. Our company regards its employees as “human assets” and is committed to recognizing diverse perspectives and values and working to ensure that they lead to sustainable growth.

#### [Development of the NX Group Human Resources Policy]

The NX Group’s approach and policies regarding “human assets” are to be used as a common foundation to address various human resources issues in the Group and globally, and to maintain consistency in the Group’s human resources strategy. We also believe that by disclosing our policies, we can clarify “the profile of the human resources we seek” and “our Company’s commitments,” which will help us secure human resources and increase corporate value and engagement. The “Company’s commitments” in the policy states that the Company is dedicated to diversity, providing a place where diverse human resources can work together to create new value, and where all members of the company can work with a sense of unity.

#### [NX GROUP “Basic Policy on Diversity Promotion”]

By promoting diversity and creating an environment where all employees respect each other’s diversity and maximize the power of each employee, we will realize “self-growth and self-fulfillment for employees” and “sustainable growth and improvement of corporate value of NX GROUP”.

#### “Respect for Diversity”

We will respect each other regardless of age, gender, sexual orientation, gender identity, nationality, disability, etc.

In order to foster company-wide awareness, for example, in Nippon Express, a major subsidiary, the President himself has made a top-level commitment, and individual branch managers, who serve as the heads of organizations, have issued a “Branch manager diversity declaration” on the Company portal site to continuously demonstrate within the Company a determination and commitment to the aggressive promotion of diversity throughout the company. In addition, a diversity promotion manager will be assigned to each block, and the status of the initiatives will be shared at the diversity promotion manager meetings that will be held on a regular basis.

#### [Improving Engagement]

The NX Group believes that a strong sense of belonging, a strong ability to contribute, and the realization of an environment in which employees can demonstrate their abilities will lead to sustainable growth and corporate value through increased productivity. In order to measure these factors quantitatively, we have conducted an engagement survey of our major subsidiaries, including those overseas, since FY2023.

This is being implemented throughout NX Group with the aim of creating a workplace where all employees, including women, can play an active role. With the results broken down by attributes such as job level, company history, age group, and gender, allowing for quantitative evaluation of diversity status, as well as results for each organizational unit, the survey aims to provide problem-solving that will lead to behavioral changes on the part of every employee, so as to realize the business plan and improve engagement while conducting analysis and providing feedback.

The engagement survey will be conducted annually to monitor changes and verify the effectiveness of measures, and the PDCA cycle will be used to achieve sustainable growth and improve corporate value by harnessing the achievements of our diverse human resources as a strength.

#### [Work Style Reform]

In the Japan Region, the NX Group has set KPIs to ensure diversity within the company, such as the proportion of women in management positions, the uptake rate of paid leave, the rate of male employees taking childcare leave, and the employment of people with disabilities, and will continue to promote the creation of a comfortable working environment.

Furthermore, in order to increase motivation and provide opportunities for growth, a posting system has been introduced to allow employees to think about their own careers and apply for transfers, giving them the option to choose the way they would like to work.

## Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders

### Supplementary Principles 2.4.1

**COMPLY**

Companies should present their policies and voluntary and measurable goals for ensuring diversity in the promotion to core human resources, such as the promotion of women, foreign nationals and midcareer hires to middle managerial positions, as well as disclosing their status.

In addition, in light of the importance of human resource strategies for increasing corporate value over the mid-to long-term, companies should present its policies for human resource development and internal environment development to ensure diversity, as well as the status of their implementation.

#### ( i ) Ensuring Diversity

With respect to ensuring diversity in the workforce, which forms the basis of diversity management, we are working to put them into practice, based on NX GROUP “Basic Policy on Diversity Promotion.”

#### [NX GROUP “Basic Policy on Diversity Promotion”]

By promoting diversity and creating an environment where all employees respect each other's diversity and maximize the power of each employee, we will realize "self-growth and self-fulfillment for employees" and "sustainable growth and improvement of corporate value of NX GROUP."

#### “Respect for Diversity”

We will respect each other regardless of age, gender, sexual orientation, gender identity, nationality, disability, etc.

#### <Promotion of Women’s Participation>

From the perspective of ensuring diversity on the Board of Directors, the NX Group will strive to increase the percentage of female members.

\*As of March 28, 2024, the rate of director positions held by women was 36.4% (4 female directors). In addition, two female executive officers have been appointed (One of them also serves as a Director).

#### • Goal for the Proportion of Management Positions held by Women

Increase the proportion of management positions held by women to 10% or more by the end of FY2030. (2.26% as of December 31, 2023)

#### • Building a Network of Female Employees among Group Companies

To date, we have been working to increase the number of employees, especially new graduates in career-track positions, create a work environment where everyone can work comfortably, and foster career motivation among female employees. These efforts have produced some results, such as an increase in the proportion of women among employees in their 20s and the ratio of female employees who continue to work for the company. However, issues remain in raising the overall number of female employees and the proportion of management positions held by women. To address these issues, we have set targets for expanding the pool and for the proportion of management positions, which constitute the heart of the company, that are held by women.

We will continue to expand the pool through various channels, such as strengthening awareness building among candidates and recruiting personnel with experience. In addition, we will work toward achieving our goals through initiatives such as providing opportunities for female employees of group companies to hold discussions for information sharing, identifying issues that need to be addressed as a Group, and exchanging opinions on how to resolve these issues.

#### <Appointment of Foreign Nationals to Management Positions>

Our group has 743 overseas offices in 49 countries (As of December 2023), with more than 20,000 foreign employees. In addition, due to the promotion of local management of overseas operating companies, the percentage of foreign employees in the post of president at overseas operating companies has exceeded 30%. Since foreign employees play an active role as core personnel supporting our overseas operating companies, we have not set or disclosed KPIs for appointing them as core personnel at this time. In the future, we will continue to promote the localization of top management and reinforce the human resource development of top management at overseas operating companies.

## Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders

### <Appointment of Experienced Personnel to Management Positions>

In order to secure diverse human resources to facilitate diversity management, eliminate biases in the makeup of the workforce, and secure professional human resources with expertise in specialized fields such as industrial logistics and new businesses, etc. In cooperation with each business unit, we will actively recruit human resources that contribute to the growth strategy of the business, aiming to secure human resources strategy and human resources that are linked to the human resources strategy of the business plan. The target number of experienced hires for FY2024 is 50.

To achieve our goals, we have set up a dedicated recruiting team, and by taking a proactive approach to women, non-Japanese, and management-level employees, for which there is a particular need to enhance recruitment, we are working to achieve our goals and increase diversity in our core human resources through the hiring of experienced personnel.

### Recruitment of professional staff and personnel with experience (total for NXHD and Nippon Express)

- Professional staff (FY2023)
  - 21 Staffs (NXHD 11, Nippon Express 10)
    - \*Of which foreign nationals: 4 Staffs (4 men, 0 women)
    - \*Of which management positions: 13 Staffs (12 men, 1 woman)
- Recruitment of personnel with experience (FY2023)
  - 32 Staffs (NXHD 1, Nippon Express 31)
    - \*Of which foreign nationals: 7 Staffs (3 men, 4 women)

### (ii) Policy for developing human resources and the internal company environment to ensure diversity, and its current status

#### [Development of the Human Resources Policy]

The "NX Group Human Resources Policy" was established by resolution of the Board of Directors as a common foundation to address various human resources issues in the Group and globally, and to maintain consistency in the Group's human resources strategy. In doing so, we aim to clarify "the profile of the human resources we seek" and "the Company's commitments," thereby securing human resources and increasing corporate value. The "Company's commitments" states that the Company is dedicated to diversity, providing a place where diverse human resources can work together to create new value, and where all members of the company can work with a sense of unity.

### <Work Style Reform>

In the Japan Region, the NX Group has set KPIs as Human Resource Strategy of "NX Group Business Plan 2028" to ensure diversity within the company, such as the proportion of women in management positions, the uptake rate of annual paid leave, the rate of male employees taking childcare leave, and the employment of people with disabilities. The above four indicators are on an upward trend, and in addition to continuing to work on them, we will also collect qualitative information through questionnaires and similar means.

#### [KPIs in NX Group Business Plan 2028]

- Proportion of women in management positions: FY2028 8%
- Annual paid leave uptake: FY2028 80%
- Rate of male employees taking childcare leave: FY2028 70%
- Rate of people with disabilities among employees: FY2028 2.7%

### <Internal Working Environment Development Policy>

The NX Group believes that a strong sense of belonging, a strong ability to contribute, and the realization of an environment in which employees can demonstrate their abilities will lead to growth and corporate value through increased productivity. To become a company where a diverse range of employees can play an active role while feeling happy and creating new value, we will strive to promote diversity management and to improve employee engagement to raise levels of employee satisfaction.

### <Human Resource Development Policy>

The NX Group will enhance its corporate value by proactively investing in its employees through education, based on the following pillars of human resource development: (1) Cultivating self-reliant employees, (2) Passing on logistics-related technologies and generating knowledge and expertise, and (3) Fostering a corporate culture that nurtures people and encourages them to learn on their own.

Specific initiatives are described in the Sustainability Databook.



## Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders

### Principle 2.5 Whistleblowing

**COMPLY**

Companies should establish an appropriate whistleblowing system where employees can report illegal or inappropriate behavior, information disclosures, or any other serious concerns without fear of suffering disadvantageous treatment. Also, the system should allow an objective assessment of the reported issues, and the results should be utilized appropriately. The board should be responsible for both establishing such a system and monitoring its implementation.

In 2003, our group established internal regulations regarding whistleblowing and set up a special help desk for whistleblowing. We also make efforts to publicize the system and the help desk. The "NX GROUP Compliance Handbook," which is available on the company intranet and accessible to employees, includes information on confidentiality for whistleblowers and the prohibition of disadvantageous treatment of whistleblowers, and in addition giving notice via the company intranet and the "Compliance Letter" the in-company newsletter, and displaying relevant posters at each worksite. In order to make this system easy to use and effective for our employees, we also have an independent help desk for whistleblowing outside the company.

In handling whistleblowing reporting cases, the Compliance and Risk Management Division will determine whether or not to investigate whistleblowing reporting cases and the method of investigation in accordance with the internal regulations. Placing priority on protecting the informant, we conduct an investigation by working with the relevant departments, notify the informant of the progress of our actions and check the results with him/her. In addition, depending on the case, we consults with outside experts, such as attorneys, and based on their advice, investigates and responds appropriately

Once our Compliance Committee, with our Representative Director and President as the chairperson, receives the full report on whistleblowing, the committee analyses the issues and reviews the operation status of the system. At the board meetings, the officer who is in charge of the Compliance and Risk Management Division regularly reports the operation status of our whistleblowing system and the implementation status of the Compliance Committee. Upon receiving the operation status of the whistleblowing system, the Board of Directors discusses and determines which system, organization and policies are suitable for each situation.

Outside directors meet with the Compliance and Risk Management Division to receive explanations about whistleblowing reports, the Compliance and Risk Management Division's initiatives, cases of compliance violations, and similar issues. Exchanges of views are also held, and said views are then reflected in the company's initiatives.

The President and each Executive Officer constantly stresses the importance of compliance at Compliance Committees to demonstrate the stance of top management.

## Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders

### Supplementary Principles 2.5.1

**COMPLY**

As a part of establishing a system for whistleblowing, companies should establish a point of contact that is independent of the management (for example, a panel consisting of outside directors and outside A & S Board Members. In addition, rules should be established to secure the confidentiality of the information provider and prohibit any disadvantageous treatment.

Our group has an internal help desk for whistleblowing and an outside help desk within a lawyer's office separate from our company. In addition, we have established a global internal reporting contact point for overseas group companies and a system to receive internal reports from all employees of the Group. The contents of discussions at Compliance Committee, including outside attorneys, on important matters and responses at internal reporting regardless of internal or external contact points will be reported to Board of Directors, and opinions will be sought from outside Directors and reflected based on the opinions of the outside Directors.

In regard to the confidentiality of the informant and prohibition of disadvantageous treatment of the informant, we designate whistleblowing strictly confidential at our outside help desk. We state in our "NX GROUP Speak-Up Regulations" that any information which may lead to identification of the informant remains confidential unless s/he agrees to disclosure. Also, for group companies in Japan, at our annual meeting of Compliance Promotion Officers, we instruct all officers who investigate and respond to whistleblowing to ensure the confidentiality of informants and prohibit their disadvantageous treatment. In addition, we give the same instructions to the compliance managers of the overseas regional headquarters.

In addition, we make the "NX GROUP Speak-Up" Regulations known to every employee, including those in group companies, through the "NX GROUP Compliance Handbook", our intranet and "Compliance Letter" newsletter.

### Principle 2.6 Companies' Role as Asset Owners of Corporate Pension Funds

**COMPLY**

The management of corporate pension funds impacts stable asset formation for employees and each company's own financial standing. Therefore, companies should implement measures to improve human resources and operational practices, such as the recruitment or assignment of individuals who have the appropriate capacity to manage funds. The purpose of this is to increase the investment management expertise of corporate pension funds (including stewardship activities such as monitoring the asset management institutions so that the companies perform their roles as expected for asset owners of corporate pension funds. These measures should be disclosed. Companies should ensure that conflicts of interest which could arise between pension fund beneficiaries and companies are appropriately managed.

In order to support our employees' asset formation and reduce management risk of corporate pension funds, Nippon Express Co., Ltd, the group's main subsidiary, adopted a defined contribution pension system in 2007.

In order to teach our employees how to increase their assets, we are working to educate them in how to properly do this. As a part of new employee education, we implement fixed contribution pension seminars and teach basic knowledge on the systems used to start asset management and relevant precautions.

We conduct investment educational seminars once a year for our pension fund beneficiaries and teach employees the importance of long-term investments, continuous investments and diversified investments, depending on their individual future plans. In order to make this more effective and realistic, we review the educational content based on the monitoring results of operation status in cooperation with the operation management institution. In addition, we form a committee with the labor union to reflect the opinions and requests of the members.

In selecting investment products, we consider not only the potential for the highest possible returns and the lowest possible trust fees for our employees, but also the following factors with respect to the investment trusts: (1) a sufficient net asset balance, (2) a stable return over a certain period of time, (3) the degree of linkage to the benchmark for passive products, and (4) the balance of risk and return for active products. After that, we monitor the performance of the products on an annual basis based on the reports from the managing institutions.

In addition, as a company that has introduced a matching contribution plan, we have reminded enrollees of the features of both plans in response to the legal approval of parallel enrollment in iDeCo and matching contribution plans from October 2022.

In addition, we verify the evaluation of the management organization, which is required to be conducted once every five years, in a committee meeting with the labor union representing enrollees, and report the results to the relevant government agencies.

## Section 3: Ensuring Appropriate Information Disclosure and Transparency

### General Principle 3

**COMPLY**

While ensuring appropriate information disclosure in accordance with the relevant laws and regulations, companies should also strive to actively provide information beyond that which is required by law. This includes both financial information, such as financial status and operating results, and non-financial information, such as business strategies, business issues, risk and governance.

The board should recognize that disclosed information will serve as the basis for constructive dialogue with shareholders, and therefore should ensure that such information, particularly non-financial information, is accurate, clear and useful.

In the “NX GROUP Charter of Conduct” we declare that we will fulfill our corporate social responsibility, stating that “in addition to communicating with our wide range of stakeholders and actively and fairly disclosing company information, we will endeavor to meet stakeholder expectations and deepen mutual understanding.”

In order to put this policy into practice, our Board of Directors has established a Disclosure Policy, and in accordance with this policy, even when disclosing information which is not required to be disclosed by laws and regulations, we disclose such information, regardless of whether or not it is financial or non-financial in a timely and appropriate manner through news releases, press conferences, our websites, the Integrated Report and Sustainability Databook, and any other possible means if the information is considered useful during constructive dialogue with shareholders. We will communicate such information actively and widely outside the company for all stakeholders, including domestic and overseas shareholders and investors.

We report the content of the Integrated Report, one of our tools for dialogue with investors, shareholders, and other stakeholders, to the Board of Directors prior to its release, and determine the content of the report to make it more useful for disclosure, such as by reflecting the opinions of directors, including outside directors.

Among non-financial information, those that we consider particularly important as sustainability-related information, such as basic policy related to sustainability management, are disclosed based on the content of the resolution at Board of Directors after being drafted at Sustainability Promotion Committee with President as chairperson. In addition, the Board of Directors is reported and discusses the contents of reports on the Group in general, such as the Integrated Report and the Annual Securities Report, and the opinions of outside directors in particular are taken into consideration for the next year's report.

## Section 3: Ensuring Appropriate Information Disclosure and Transparency

### Principle 3.1 Full Disclosure

**COMPLY**

In addition to disclosing information in accordance with relevant laws and regulations, companies should disclose and proactively provide the information listed below (along with the disclosures specified by the principles of the JPX Corporate Governance Code) in order to enhance transparency and fairness in decision-making and ensure effective corporate governance.

- (i) Company objectives (i.e. business principles), business strategies and business plans;
- (ii) Basic views and guidelines on corporate governance based on each of the principles of the code;
- (iii) Board policies and procedures in determining the remuneration of senior management and directors;
- (iv) Board policies and procedures in the appointment/dismissal of senior management and the nomination of director and A & S Board Member candidates
- (v) Explanations with respect to the individual appointments/dismissals of executive managers and nominations of candidates for directors and A & S Board Members based on (iv).

#### (i) Company objectives (i.e. business principles), business strategies and business plans;

Since the establishment of NX GROUP, the group has supported the development of society by connecting people, companies, and communities through logistics. In order to fulfill this unchanging mission and create a prosperous future, we will continue to take on the challenge of creating new value from logistics, and to live up to the trust placed in us by our customers and society. These aspirations have been put into words and embodied in the “NX GROUP Corporate Philosophy.” The “NX GROUP Corporate Philosophy” describes what we should be doing including goals our corporate group should achieve, what we value, and how we contribute to society. In order to exemplify our corporate philosophy, we established the “NX GROUP Charter of Conduct”-which defines the direction of day-to-day behaviors of all employees including our determination to uphold “Safety, Compliance and Quality” and the “NX GROUP Corporate Message” - known as “We Find the Way” - which defines the value and attitude we provide to our customers and society as a company. The charter and the message are the values our corporate group cherishes. These values will be inherited by our company, which was established as a result of the transition to a holding company structure, and we will continue to uphold them as the common values of the group.

All of these are available on our company’s website, Sustainability Databook, and Integrated Report.

<The NX GROUP Corporate Philosophy>

(Japanese Website) <https://www.nipponexpress-holdings.com/ja/about/philosophy/>

(English Website) <https://www.nipponexpress-holdings.com/en/about/philosophy/>

<The NX GROUP Charter of Conduct>

(Japanese Website) <https://www.nipponexpress-holdings.com/ja/about/philosophy/charter.html>

(English Website) <https://www.nipponexpress-holdings.com/en/about/philosophy/charter.html>

<The NX GROUP Corporate Message>

(Japanese Website) <https://www.nipponexpress-holdings.com/ja/about/philosophy/message.html>

(English Website) <https://www.nipponexpress-holdings.com/en/about/philosophy/message.html>

In addition, based on our Corporate Philosophy, Corporate Message, and Code of Conduct, we have established a long-term vision of what we would like the Group to become. The current long-term vision articulates the “2037 Vision,” which is our vision for the kind of Group we want to be in 2037, the 100th anniversary of our founding. The vision is to grow as a “logistics company with a strong presence in the global market,” and as a precondition for achieving this vision, it also articulates an ideal profile of the Group for our customers, society, shareholders, and employees. We have published the “NX Group Business Plan,” a management strategy and specific action plan to achieve this vision. In order to realize our long-term vision, we consider the preservation of the global environment, the contribution of a diverse range of employees, and improvement of capital efficiency through the establishment of corporate governance to be important issues that will lead to the development of society, the sustainable growth of our group, and the enhancement of our corporate value. The key themes of the business plan include a sustainability management strategy that addresses Key Issues (Materiality) such as climate change and human rights, human capital management that focuses on the success of a diverse range of personnel and employee engagement, and initiatives to improve corporate value that focus on improving profitability and capital efficiency, as well as strengthening dialogue with investors. In undertaking these initiatives, the Group will work together on KPIs such as CO2 emission reductions, employee engagement scores, and capital efficiency indicators (ROE, etc.).

Our long-term visions and business plans are available on our websites:

<Website “Business Plan”>

(Japanese Website) <https://www.nipponexpress-holdings.com/ja/ir/management/plan/>

(English Website) <https://www.nipponexpress-holdings.com/en/ir/management/plan/>

## Section 3: Ensuring Appropriate Information Disclosure and Transparency

(ii) Basic views and guidelines on corporate governance based on each of the principles of the code;

In accordance with the NX GROUP's Corporate Philosophy, we believe that it is important to establish appropriate corporate governance and a group management system in order to solve social issues through logistics, support the sustainable development of society, and achieve the ideal of the corporate group set out for 2037 in our long-term vision. Based on these ideas, we have established the following basic policy for NX GROUP governance.

[NX GROUP Basic Policy on Governance]

[NX GROUP Corporate Philosophy]

**Our Mission** Be a Driving Force for Social Development

**Our Challenge** Create New Ideas and Value that Expand the Field of Logistics

**Our Pride** Inspire Trust Every Step of the Way

[2037 Vision]

**Business growth:** A logistics company with a strong presence in the global market

**Customers & Society:** A company that contributes to achieve a sustainable society through logistics

**Shareholders:** A company that achieves sustainable growth by establishing corporate governance

**Employees:** A company whose employees come from a variety of backgrounds, are to be active in their work, support customers and society, and feel happy

<Basic Concept Oriented Towards Realizing the Long-term Vision>

- The NX GROUP resolves social issues through logistics, and contributes to sustainable development and growth of our clients and society based on our corporate philosophy.
- We will meet stakeholders' expectations and create value together, in an aim to realize the long-term vision that depicts the ideal stance of the NX GROUP in 2037, based on our corporate philosophy.
- To realize these, we will establish corporate governance and optimally build a group governance structure, which will service as the premise for corporate governance.

Basic Concept Oriented Towards Establishing Corporate Governance

To realize increased corporate value and sustainable growth, we will respect the positions of stakeholders, such as our shareholders, and build appropriate governance of offense and defense.

Corporate Governance to Aim for

- Expansion of global business based on "prompt/decisive decision-making and clarification of responsibility"
- Growth of a robust corporate group based on "ensuring thorough compliance and transparency of management"

Approaches Aimed at Establishing Corporate Governance

- Continuous improvement of governance in line with the meaning of each principle in the Corporate Governance Code
- Promotion of compliance management
- Construction of a strong group governance structure

<Basic Concept Oriented Towards Evolving Group Governance>

To ensure that corporate governance functions appropriately, and to realize maximization of value as a corporate group, the group governance structure will continue to be evolved globally.

Group Governance to Aim for

- Establishment of a group management structure that realizes "maximized value as a corporate group"
- Construction of a global governance structure that realizes "further expansion of overseas business"
- Sophistication of a business management structure that realizes "appropriate business portfolio management" and "customer-oriented optimization of the entire group"

Approaches Aimed at Evolving Group Governance

- Strengthening of group management strategy functions based on a holding company structure, clarification of roles and responsibilities of Group companies, structural and organizational design for realizing an optimized Group as a whole
- Construction of a global risk management system based on linkage between the Holding company and Presiding companies
- Sophistication of group databases and promotion of data-oriented management

## Section 3: Ensuring Appropriate Information Disclosure and Transparency

### (iii) Board policies and procedures in determining the remuneration of senior management and directors;

Our company has established a basic policy regarding decision-making procedures for officer remuneration and the structure for the remuneration in our internal rules. The procedures and the basic policy are discussed at the discretionary Remuneration and Nomination Advisory Committee. The committee was established as an advisory body of our board where chairperson is an independent external Director, three of the four members of committee member are independent external Director. Our board makes decisions based on the committee's report.

Our directors' remuneration policy is as follows:

#### (Directors' Remuneration Policy)

##### a. Basic policy

1. Ensure that remuneration levels are commensurate with the size of roles and responsibilities so that talented people who put the corporate philosophy into practice can be retained.
2. Design the remuneration system to motivate and encourage contribution to sustainable growth over the medium to long term and sustainable enhancement of corporate value.
3. The remuneration system shall be fair, reasonable and easily explainable to all stakeholders.

##### b. Remuneration structure

1. Remuneration shall consist of base remuneration, which is fixed, and performance-based remuneration, which varies according to the degree to which targets have been achieved. Remuneration shall be structured appropriately for the proportion of remuneration linked to short- and medium- to long-term business performance respectively and also to reflect contributions to sustainable corporate growth, sustainable enhancement of corporate value, and the degree to which targets have been achieved.
2. Remuneration for outside directors shall consist of basic remuneration based on their roles and independent status.

##### c. Basic remuneration

The amount of base remuneration shall be determined by taking into consideration industry standards based on surveys of external specialist institutions and also dependent on their roles.

##### d. Performance-based compensation

1. Short-term performance-linked remuneration shall be paid in the form of a bonus indexed to targets set for a single fiscal year.
2. Remuneration linked to medium- and long-term performance shall be paid in the form of share-based remuneration linked to the degree to which the medium-term business plan has been fulfilled and to increases in corporate value (share value).

#### (Determining Directors' Remuneration)

##### a. Basis(fixed) remuneration

1. Remuneration (monthly amount) for each individual will be determined according to their role, based on the standard amount for their position.
2. Fixed remuneration shall be paid on a monthly basis.

##### b. Bonuses

1. Bonuses will be determined for each individual, as appropriate for their role, based on an evaluation that takes into account performance in a single fiscal year, the results of ESG management initiatives, and the overall contribution to the enhancement of corporate value.
2. Bonuses shall be paid at the close of the ordinary general meeting of shareholders relating to the fiscal year ending within one year after appointment.

##### c. Performance-based stock compensation

1. The degree to which the business plan has been achieved for each fiscal year during the medium-term business plan period, in terms of financial and non-financial indicators, and the degree to which the business plan has been achieved for the final year of the medium-term business plan period will be evaluated in accordance with the Group and the individual's role. The shares to be granted and the amount equivalent to the cash value of the shares to be used for the payment of income taxes will then be determined on that basis.
2. Performance-based remuneration in shares shall be paid in accordance with the conditions and timing stipulated in the Regulations on Granting of Shares, etc.

Specific amounts will be determined within the range of the amount resolved at the 2nd Annual general meeting of shareholders held on March 28, 2024, taking into consideration the company's performance, the standards of other companies, employee salaries and other factors.

## Section 3: Ensuring Appropriate Information Disclosure and Transparency

In addition to remuneration and bonuses for directors and executive officers (excluding outside Directors, part-time Directors, and Audit & Supervisory Committee members and foreign residents), our company has introduced a performance-based stock compensation plan using a trust for directors and executive officers (excluding outside directors and those residing outside Japan). This plan aims to further enhance their awareness of their contribution to enhancing our company's corporate value and shareholder value over the medium to long term. This system is a medium- to long-term incentive system that uses a portion of the existing base compensation as a source of funds and delivers as compensation a variable number of company shares depending on the position of the recipient and the level of achievement of company-wide performance targets, etc. The system is currently being applied with five business years as the period subject to evaluation. This evaluation period is the same length as the mid-term business plan, and the KPIs are business targets set in the business plan. In particular, we evaluate performance based on indicators such as consolidated revenues, consolidated business income, consolidated return on equity (ROE) and ESG-related non-financial indicators, etc. for each fiscal year and after the end of the evaluation period. The range of increase/decrease corresponding to the achievement of performance targets, etc., is from 0% to 150%, with 100% being the standard corresponding to achieving the performance targets set as the standards for the annual performance evaluation and the mid-term performance evaluation as a whole.

The amount of remuneration of directors (excluding those who are members of the Audit & Supervisory Committee), shall be determined at after deliberation and report on the system and details based on the above-mentioned policy at Remuneration and Nomination Advisory Committee. The amount of remuneration for each individual is based on his/her responsibilities, management execution status, and other factors, and is delegated to the Representative Director by resolution of the Board of Directors. The delegated authority is to determine the amount of each director's base compensation and the allocation of his/her bonus evaluation in accordance with the criteria for setting Director compensation, which have been previously discussed and established by the Remuneration and Nomination Advisory Committee. The amount of remuneration for directors who are members of the Audit & Supervisory Committee shall be determined at the meeting of the Audit & Supervisory Committee through discussions among the Directors who are members of the Audit & Supervisory Committee.

### (iv) Board policies and procedures in the appointment/dismissal of senior management and the nomination of director and A & S Board Member candidates

Members of our Board of Directors are appointed and dismissed in such a way as to ensure that the composition of the board as a whole is balanced in terms of knowledge, experience, and ability by utilizing a directors skills matrix established in line with business strategies such as increasing the ratio of overseas sales and promoting ESG management.

Regarding the selection of candidates for directors (excluding those who are members of the Audit & Supervisory Committee), after consulting with the voluntary Remuneration and Nomination Advisory Committee (chaired by an independent outside director, with three of the four members being independent outside directors), and taking into account opinions expressed by the Audit & Supervisory Committee, the Board of Directors adopts a resolution based on a multifaceted perspective, including the experience and expertise required to serve as a director, an evaluation of the candidate's past performance in achieving management plans in the businesses and areas for which they have been responsible, and their personality and insight.

Regarding the selection of candidates for directors who are members of the Audit & Supervisory Committee, after consulting the Remuneration and Nomination Advisory Committee and obtaining the consent of the Audit & Supervisory Board, the Board of Directors adopts a resolution based on a multifaceted perspective, including the experience required to serve as a director and the knowledge, character and insight considered necessary to conduct audits of financial, accounting, legal and other matters.

With regard to candidates for outside directors, our company appoints individuals who are outstanding in terms of both character and insight, have experience in corporate management, high levels of expertise and academic knowledge in areas such as finance, accounting, legal affairs, and ESG, and are capable of supervising the overall management of company operations from a multifaceted perspective.

## Section 3: Ensuring Appropriate Information Disclosure and Transparency

(v) Explanations with respect to the individual appointments/dismissals of executive managers and nominations of candidates for directors and A & S Board Members based on (iv).

Personal history and reasons for the selection of each candidate for director positions is stated in the “Convening Notice of the Annual Shareholder Meeting” including the Skill matrix for our Board of Directors is posted on our websites:

<Website “Shareholders Meetings”>

(Japanese Website) <https://www.nipponexpress-holdings.com/ja/ir/event/general-meeting/>

(English Website) <https://www.nipponexpress-holdings.com/en/ir/event/meetings/>

### Supplementary Principles 3.1.1

COMPLY

These disclosures, including disclosures in compliance with relevant laws and regulations, should add value for investors, and the board should ensure that the information does not lack detail

In order to establish long-term trust relationships with all stakeholders, including shareholders and investors in Japan and overseas, our board uses simple but detailed descriptions when disclosing information. We promote visualization, i.e. publishing photographs of the director candidates. We disclose such information using various means in order to enable our shareholders to access it easily in a timely, accurate, equitable and fair manner.

### Supplementary Principles 3.1.2

COMPLY

Bearing in mind the number of foreign investors among shareholders, companies should, to the extent reasonable, take steps for providing English language disclosures. In particular, companies listed on the Prime Market should disclose and provide necessary information in their disclosure documents in English.

In preparation for our group’s business expansion, we have established an English version of our website. English versions of the Integrated Report, Sustainability Databook, Business Report (Shareholders’ Newsletter), Corporate Governance Report, etc. are published in English, and the notice of convocation of the ordinary general meeting of shareholders including Annual Business Report, financial results, timely disclosure materials, financial results presentation materials, and the consolidated financial statements and notes included in securities report are disclosed in English through channels such as the company website. In addition, an on-demand video of the financial results briefing is also available with English audio as well as Japanese.

The URL of our English website is as follows:

<https://www.nipponexpress-holdings.com/en/>

English versions of each material are posted below on the Company’s website:

Integrated Report, Sustainability Data Book, Business Report, Earning Reports, Earnings Presentations, Consolidated financial statements and Notes :

<https://www.nipponexpress-holdings.com/en/ir/library/>

Corporate Governance Report:

<https://www.nipponexpress-holdings.com/en/ir/governance/>

Notice of the Ordinary General Meeting of Shareholders :

<https://www.nipponexpress-holdings.com/en/ir/event/meetings/>

Timely Disclosure Materials & IR News :

<https://www.nipponexpress-holdings.com/en/ir/library/news/>



## Section 3: Ensuring Appropriate Information Disclosure and Transparency

### Supplementary Principles 3.1.3

**COMPLY**

Companies should appropriately disclose their initiatives on sustainability when disclosing their management strategies. They should also provide information on investments in human capital and intellectual properties in an understandable and specific manner, while being conscious of the consistency with their own management strategies and issues. In particular, companies listed on the Prime Market should collect and analyze the necessary data on the impact of climate change-related risks and earning opportunities on their business activities and profits, and enhance the quality and quantity of disclosure based on the TCFD recommendations, which are an internationally well-established disclosure framework, or an equivalent framework.

#### <Promoting Sustainability Management>

The “NX Group Business Plan 2028” sets the promotion of sustainability management as one of the company’s important basic strategic policies, and efforts are underway to this end.

As a framework for promoting sustainability management, we have established a Sustainability Promotion Division and a Sustainability Promotion Committee. The Sustainability Promotion Committee, chaired by the President and consisting of the directors in charge of our company and 11 major Group companies, discusses important policies and specific measures relating to sustainability on a cross-divisional basis.

In the midst of changing international trends and social conditions, such as growing demands for a sustainable society, the Sustainability Promotion Committee examined and discussed key issues (materiality) to be addressed from the two perspectives of stakeholders and our business at a meeting held in FY2023, and the Board of Directors meeting held afterward adopted a resolution on five key issues (materiality).

By addressing these key issues through our business activities as part of the sustainability management initiatives in the “NX Group Business Plan 2028,” we aim to achieve sustainable social development and enhancement of our corporate value.

Going forward, key policies and other matters discussed by the Sustainability Promotion Committee will be submitted to the Board of Directors for their decision, and progress will be reported on a regular basis. In addition, we will disclose the results of our efforts to resolve these Key Issues (materiality) in the Integrated Report and other documents.

#### [Key Issues (Materiality)]

- Develop and strengthen sustainable solutions (main initiatives: strengthen materiality solutions, strengthen decarbonized logistics solutions, etc.)
- Solidify global supply chain (main initiatives: improvement of IT infrastructure and security level, promotion of DX to increase efficiency, quality, and profitability of logistics)
- Strengthen response to climate change (main initiatives: reduce CO2 emissions associated with fossil fuel use, reduce electricity use, expand introduction of renewable energy, etc.)
- Enhancement of human capacity to foster innovation (main initiatives: securing and developing excellent human resources, enhancing well-being, etc.)
- Respect for human rights and responsible corporate activities (main initiatives: ensuring safety and security, respect for human rights, etc.)

Oure Group's sustainability policy and vision are posted on our websites:

<Website “Sustainability”>

(Japanese Website) <https://www.nipponexpress-holdings.com/ja/sustainability/>

(English Website) <https://www.nipponexpress-holdings.com/en/sustainability/>

## Section 3: Ensuring Appropriate Information Disclosure and Transparency

<Initiatives Regarding Human Capital, etc.>

With respect to human capital, in the belief that employees being able to demonstrate their full potential will lead to growth for the Group, we place the highest priority on investing in and focusing on employees, who are the source of value for our business, and by giving due consideration to their wellbeing, we aim to further reinforce the foundation for value creation.

In order that all employees feel motivated and fulfilled in their work, we promote diversity management, and in accordance with the “NX GROUP Basic Policy on Diversity Promotion,” we have continued the initiatives of Nippon Express, our major subsidiary, and have been implementing them throughout our major subsidiaries from FY2024.

[Development of the Human Resources Policy]

The “NX Group Human Resources Policy” was established by resolution of the Board of Directors as a common foundation to address various human resources issues in the Group and globally, and to maintain consistency in the Group’s human resources strategy. In doing so, we aim to clarify “the profile of the human resources we seek” and “the Company’s commitments,” thereby securing human resources and increasing corporate value. The “Company’s commitments” states that the Company is dedicated to diversity, providing a place where diverse human resources can work together to create new value, and where all members of the company can work with a sense of unity.

[Improving Engagement]

The NX Group believes that promoting diversity in order to cultivate a strong sense of belonging, a strong ability to contribute, and an environment in which employees can demonstrate their abilities will lead to sustainable growth and corporate value through increased productivity. In order to measure these factors quantitatively, we have conducted an engagement survey of our major subsidiaries, including those overseas, since FY2023.

This is being implemented throughout the Company with the aim of creating a workplace where all employees, including women, can play an active role. With the results broken down by attributes such as job level, company history, age group, and gender, allowing for quantitative evaluation of diversity status, as well as results for each organizational unit, the survey aims to provide problem-solving that will lead to behavioral changes on the part of every employee, so as to realize the business plan and improve engagement while conducting analysis and providing feedback.

Through these efforts, in addition to social values such as employee happiness and the creation of fair and stable employment and business opportunities, we aim to enhance our corporate value in the following ways:

- Maintaining, acquiring, and strengthening human resources
- Promoting diversity of human resources and innovation to support value creation
- Retaining human resources and reducing the risk of attrition
- Reducing health and safety risks

In addressing materialities of the sustainability management, we recognize the importance of strategically creating value by utilizing non-financial capital such as human capital and intangible assets, and going forward, we will enhance the explanation of investments in non-financial capital to realize our long-term vision with the achievement of the KPIs set as our basic goal.

Reference: [NX GROUP “Basic Policy on Diversity Promotion” ]

By promoting diversity and creating an environment where all employees respect each other's diversity and maximize the power of each employee, we will realize "self-growth and self-fulfillment for employees" and "sustainable growth and improvement of corporate value of NX GROUP."

“Respect for Diversity”

We will respect each other regardless of age, gender, sexual orientation, gender identity, nationality, disability, etc.

## Section 3: Ensuring Appropriate Information Disclosure and Transparency

### <Initiatives of climate change issues>

Solving environmental issues is essential for realizing a sustainable society, and we believe it is one of the most important issues for our group. The Sustainability Policy and Vision formulated in January 2023 clearly state that we will contribute to the realization of a carbon-neutral society and the preservation of the global environment by engaging in businesses that help reduce the environmental impact of our company and our customers. In addition, to contribute to the realization of a carbon-neutral society by 2050, as set forth by the Japanese government, we have set new medium- and long-term goals for the Group for 2030 and 2050.

To achieve these medium- and long-term goals, we will expand information disclosure in line with the TCFD framework, which we announced our endorsement of in May 2022, promote efforts toward SBT certification (commitment letter to be submitted in May 2023), and promote measures to reduce CO<sub>2</sub> emissions, including the introduction of environmentally friendly vehicles.

#### ➤ Long-term targets toward global warming prevention

##### - 2030 Target

Reduce NX GROUP Scope 1 and 2 CO<sub>2</sub> emissions by 50%.(compared with 2013)

##### - 2050 Target

Contribute to the creation of Scope 1,2, and 3 carbon-neutral societies as a corporate group.

#### ➤ Targets toward the establishment of a recycle-based society

- We set a target to reduce our discharged industrial waste amount per sale by 1% each consecutive year until 2030.

- We set the final target emissions value for our company for 2030.

\*Nippon Express non-consolidated targets

We publish information regarding long-term target, each year's activities in our website, the Integrated Report and Sustainability Databook.

Environmental initiatives, including medium- and long-term targets for reducing CO<sub>2</sub> emissions, are posted on our website :

(Japanese Website) <https://www.nipponexpress-holdings.com/ja/sustainability/value/environment/>

(English Website) <https://www.nipponexpress-holdings.com/en/sustainability/value/environment/>

Our Integrated Reports are available on our websites:

(Japanese Website) <https://www.nipponexpress-holdings.com/ja/ir/library/annual/>

(English Website) <https://www.nipponexpress-holdings.com/en/ir/library/annual/>

Our Sustainability Databook are available on our websites:

(Japanese Website) <https://www.nipponexpress-holdings.com/ja/sustainability/report/>

(English Website) <https://www.nipponexpress-holdings.com/en/sustainability/report/>

### Principle 3.2 External Auditors

COMPLY

External auditors and companies should recognize that external auditors bear responsibility for shareholders and investors and should take appropriate steps to secure the proper execution of audits.

Our company believes that external auditors, who are responsible for ensuring the reliability of the company's financial reporting, fulfill their duties with the understanding that they contribute to the enhancement of corporate value for shareholders and investors.

Our Audit & Supervisory Committee and the Board of Directors will take responsibility for the activities of the external accounting auditors and will take steps to ensure that the external accounting auditors fulfill their important functions and roles to strengthen corporate governance.

Our Audit & Supervisory Committee and the Internal Auditing Division—which is responsible for internal audits—work hand-in-hand with external auditors to provide the best environment, including adjustments to the external auditors' schedule, thereby ensuring that the external auditors have an appropriate amount of time to conduct the audit, and in turn maintaining audit standards and audit quality so that they can fulfill their important function and role in strengthening corporate governance.

## Section 3: Ensuring Appropriate Information Disclosure and Transparency

### Supplementary Principles 3.2.1

**COMPLY**

The company's A & S Board should, at minimum, ensure the following:

- (i) Establish standards for the appropriate selection of external auditor candidates and proper evaluation of external auditors; and
- (ii) Verify whether or not external auditors possess the necessary independence and expertise to fulfill their responsibilities

- (i) **Establish standards for the appropriate selection of external auditor candidates and proper evaluation of external auditors; and**

Our Audit & Supervisory Committee selects and appoint external auditors by evaluating them from their attitudes to performing their duties, their audit policies, their planning, number of days and time it takes to perform audits, their audit methods and the contents of audit reports.

When appointing external auditors, decisions are made at the Audit & Supervisory Committee and reported to Board of Directors.

When we evaluate the external auditors, we ask them to submit audit reports and check the content of them and attend audit review meetings. We hold quarterly "Audit Council Meetings" and other monthly meetings to exchange opinions and information with the external accounting auditors.

Furthermore, on the basis of the evaluation items (quality control by the external auditors, audit fees, etc., audit team composition, communication, management and other relationships, and group audits, misconduct risk response) established by the Audit & Supervisory Committee, the independence of the external accounting auditors' audit team will be considered as one of the criteria for evaluating the external accounting auditors and will be verified when appropriate.

- (ii) **Verify whether or not external auditors possess the necessary independence and expertise to fulfill their responsibilities**

In regard to the independence of the external auditors, our Audit & Supervisory Committee considers that the auditors should be required to,

- (1) not have any special conflict of interest, economical or positional, with our company, and
- (2) follow what they believe to be fair and unbiased throughout any auditing procedures, including when implementing audits and expressing opinions.

We consider the suitability of external accounting auditors every fiscal year, and have determined that Deloitte Touché Tohmatsu LLC, our prospective external auditor, satisfies these requirements.

In addition, we believe that Deloitte Touché Tohmatsu LLC has implemented audits legally, appropriately and with due care in accordance with accounting standards and accounting practices, that there have been no problems in terms of quality, and we have determined that they possess specialized knowledge and skills in a global network and are fully capable of fulfilling the duties of accounting auditors, which require professional expertise.

## Section 3: Ensuring Appropriate Information Disclosure and Transparency

### Supplementary Principles 3.2.2

**COMPLY**

The board and the A & S Board should, at minimum, ensure the following:

- (i) Give adequate time to ensure high quality audits;
- (ii) Ensure that external auditors have access, such as via meetings, to senior management including the CEO and the CFO;
- (iii) Ensure adequate coordination between external auditors and each of the A & S Board Members (including attendance at A & S Board Meetings), the internal audit department and outside directors; and
- (iv) Ensure that the company has established ways to respond to any misconduct, inadequacies or concerns identified by external auditors.

#### (i) Give adequate time to ensure high quality audits;

Upon discussion with our external auditors, the Internal Auditing Division—which is responsible for internal audits—establishes its audit schedule based on our Audit & Supervisory Committee’s audit plan. With respect to audit time, the Audit & Supervisory Committee will ensure that the Internal Auditing Division will serve a complementary function to the Audit & Supervisory Committee through discussions at the Audit & Supervisory Committee meetings so that the Audit & Supervisory Committee’s audit plan will be aligned with the schedule for audits by the Internal Auditing Division. Then we allocate adequate time for audits by taking further steps to ensure their accuracy, such as investigations, audit meetings and follow-up audits. In addition, the Audit & Supervisory Committee receives reports on audit plan and the results of the audit of Internal Auditing Division and will confirm that sufficient audit personnel and audit time have been allocated. They ensure that an appropriate number of auditors and an appropriate amount of time are allocated. As a result of these verification processes, no major problems have arisen with the current audit time, but if the time is insufficient, the Audit & Supervisory Committee sends a request to our board to make changes.

#### (ii) Ensure that external auditors have access, such as via meetings, to senior management including the CEO and the CFO;

Upon request from our external auditors, we set up yearly discussions before implementation of audits. Our president, chief financial officer and a few other members participate. As-needed requests for access, including those handled by the President, are proactively handled, and are received primarily by the full-time Audit & Supervisory Committee Members, who ensure that meetings are held without fail, including arranging for scheduling. Information on important meetings is shared with the Audit & Supervisory Committee and the Board of Directors to share information and discuss the results of the interviews. We set up meetings at other times as requested.

#### (iii) Ensure adequate coordination between external auditors and each of the A & S Board Members (including attendance at A & S Board Meetings), the internal audit department and outside directors

We believe that sufficient cooperation between the external accounting auditors, the Audit & Supervisory Committee members, and the internal control audit department (Internal Auditing Division) is ensured through the attendance of the Audit & Supervisory Committee at audits conducted by the external accounting auditors, quarterly “Audit council meetings” and monthly meetings between the external accounting auditors and the Audit & Supervisory Committee members, attendance at internal control audits conducted by Audit & Supervisory Committee members, and monthly meetings between the external accounting auditors and the Internal Auditing Division.

As for Japanese Sarbanes-Oxley (J-SOX) internal control audits, we request the external auditor to be involved in the formulation of business process descriptions and other reports. Through this system, outside members become familiar with our business operations. Furthermore, information on necessary matters shall be shared with each Director, including external Director, through regular reports at the Audit & Supervisory Committee and the Board of Directors, and action will be taken as necessary.

#### (iv) Ensure that the company has established ways to respond to any misconduct, inadequacies or concerns identified by external auditors.

If our Audit & Supervisory Committee Members receive reports of a breach of law or a breach of our articles of incorporation from our external auditors, our Audit & Supervisory Committee will hold a meeting, conduct the necessary investigation and take measures such as providing advice or recommendations to the board. In the event that serious misconduct or irregularities are identified, senior management will direct the relevant departments to investigate and improve the situation.

## Section 4: Responsibilities of the Board

### General Principle 4

**COMPLY**

Given its fiduciary responsibility and accountability to shareholders, in order to promote sustainable corporate growth and the increase of corporate value over the mid to long-term and enhance earnings power and capital efficiency, the board should appropriately fulfill its roles and responsibilities, including:

- (1) Setting broad major directives, such as corporate strategies;
- (2) Establishing an adequate environment which supports risk-taking by members of the senior management; and
- (3) Carrying out effective oversight of directors and management (including executive officers (shikkoyaku) and corporate officers (shikkoyakuin) from an independent and objective standpoint.  
(Translator's note: A "shikkoyaku" is an officer recognized in the Companies Act, while a "shikkoyaku-in" is not and holds an internal employee position.)

Such roles and responsibilities should be equally and appropriately fulfilled regardless of the form of corporate organization, i.e., a company with an A & S Board (where a portion of these roles and responsibilities is performed by its members and the A & S Board), a company with three committees (nomination, audit and remuneration) or a company with a supervisory committee.

Our Board of Directors makes decisions on matters stipulated by law and the Articles of Incorporation, as well as on important management policies and strategies. The "Vision," our key management policy, was discussed extensively at meetings of the Board of Directors of Nippon Express, a listed company prior to the transition to a holding company structure, taking into consideration the opinions of outside directors, and a long-term vision was formulated as an ideal profile of the Group in the year 2037, the 100th anniversary of its founding. On the founding of NIPPON EXPRESS HOLDINGS, the Board of Directors approved a resolution to continue this long-term vision under the new holding company structure. In addition to holding repeated deliberations at Board of Directors meetings to formulate business strategies and specific business plans to realize the long-term vision, the Board of Directors also receives regular reports on the status of these plans from executive divisions, and based on their progress, it holds necessary deliberations, gives instructions, and conducts regular rolling reviews of said plans.

As for execution and monitoring to achieve our long-term vision, we clarify the duties and responsibilities of the directors in each division and the group as a whole, in order to establish an adequate environment to support risk taking by establishing the "Board's Regulations," "Standards for Deliberation at Board of Directors," "Duty Authority Regulations," "Approval Authority Table," "Regulations on Division of Duties" and "NX GROUP Governance Regulations."

We are a company with an Audit and Supervisory Committee, has established a Board of Executives as a consultative body for general executive policies, and has introduced an executive officer system for the purpose of speedy decision-making and business execution. By actively delegating important business execution decisions to the President and subordinate executive divisions, the Board of Directors supervises business execution and makes decisions on more important business policies. The Board of Directors will deliberate and resolve on important business policies, including the Group Business Plan, in light of growth opportunities and risks, and oversee whether matters delegated to executive divisions are implemented in accordance with those policies and based on the enhancement of corporate value and appropriate risk management.

In addition, in order to increase effectiveness of the monitoring of the execution, we appoint 6 outside directors to achieve highly transparent management. Remuneration and nomination are important aspects, so we have established a discretionary Remuneration and Nomination Advisory Committee—with three out of four committee members as independent outside directors—as an advisory body of our board to discuss these matters. Our board makes decisions based on the committee's report. In order to ensure prompt business execution and the separation of supervision and execution, the CEO and other executive divisions, including group companies, are delegated the responsibility for business execution. In addition, in order to fulfill its supervisory function regarding delegated matters and risk management, the matters to be reported to the Board of Directors are regularly reviewed based on the opinions of outside directors, and the Board of Directors' agenda, including the matters to be reported, is set in the annual schedule to ensure that appropriate information is reported by the executive divisions.

## Section 4: Responsibilities of the Board

### Principle 4.1 Roles and Responsibilities of the Board (1)

**COMPLY**

The board should view the establishment of corporate goals (business principles, etc.) and the setting of strategic direction as a major aspect of its roles and responsibilities. It should engage in constructive discussions with respect to specific business strategies and business plans, and ensure that major operational decisions are based on the company's strategic direction.

The formulation of the NX Group's long-term vision, which sets out the ideal profile of the Group in the year 2037, was undertaken by the Board of Directors, incorporating the knowledge of the outside directors from the deliberation stage. In accordance with this vision, the board discussed the medium- to long-term business environment and various issues surrounding logistics, and developed a new five-year business plan. The business plan establishes a corporate strategy consisting of a business growth strategy, sustainability management strategy, DX strategy, and human resources strategy as a key strategic policy. Moreover, taking into account expectations and requests of shareholders and investors toward the Company, it also sets out key strategies in terms of "Initiatives to Improve Corporate Value," such as various capital policies to increase PBR and enhanced dialogue with investors to improve the expected growth rate. In order to ensure the steady implementation of each strategy, the Board of Directors will hold regular discussions on the progress of these business plans and various related issues.

The operation of the Board of Directors and the setting of the agenda shall be conducted in accordance with the "Regulations of the Board of Directors" and the "Standards for Deliberation at Board of Directors," and decisions shall be made after constructive discussions on matters stipulated by laws, regulations, and the Articles of Incorporation, as well as important business policies and other matters. In particular, in determining important policies related to the management of the Group, such as sustainability strategy, DX strategy, and human resources strategy, an annual plan has been established for reporting, as part of the agenda for Board of Directors meetings, matters to be considered in the process of formulating such policies, and these matters are positioned as matters for deliberation. The process of reaching a resolution involves multiple discussions at Board of Directors meetings, and the Board of Directors supervises the process of developing the policies to ensure that they are consistent with the management direction set forth in the long-term vision, and also that they reflect the insights of outside directors and the expectations of stakeholders.

In addition, with respect to the progress of the business plan, important business execution matters decided on by the Board of Directors, and important matters deemed necessary by the Board of Directors, periodic reports on the progress and outcomes thereof will be made by the director in charge or, if necessary, by the executive officer in charge.

### Supplementary Principles 4.1.1

**COMPLY**

The board should clearly specify what it should decide on its own and what or how much it should delegate to management. The summary of these results should be disclosed.

Our board determines matters stipulated by the law or the article of incorporation and matters related to important management policies and strategies in accordance with the "Board's Regulations" and "Standards for Deliberation at Board of Directors." In addition, with the transition to a company with an Audit & Supervisory Committee, many decisions on important business execution matters will be delegated to Directors to further speed up decision-making and strengthen the supervisory function of the Board of Directors, while we delegate individual business management matters to the executive officers who are in charge of implementation as often as possible.

## Section 4: Responsibilities of the Board

### Supplementary Principles 4.1.2

COMPLY

Recognizing that a mid-term business plan is also a commitment to shareholders, the board and the senior management should do their best to achieve the plan's goals. Should the company fail to deliver on its mid-term business plan, the reasons underlying the failure of achievement, as well as the company's actions, should be fully analyzed, an appropriate explanation should be given to shareholders, and analytic findings should be reflected in a plan for the ensuing years.

At our company, the President, senior management including the Chief Managing Officers of each headquarter, and representatives of major group companies hold repeated discussions about important strategies and business plan at Board of Executive, and the Board of Directors deliberates on important strategies based on the results of these discussions, before making a resolution for a group business plan. We are making utmost efforts to achieve goals set in the plan.

At board meetings, business plan progress is reported by the director in charge, financial figures are reported monthly and KPIs, policy and various initiatives progress are reported and analyzed semi-annually. In addition, each Chief Managing Officer reports semiannually on the progress of the business plan initiatives in its area of responsibility at Board of Directors. The results, progress, and progress of important matters such as large-scale investment projects implemented based on the management strategy are also reported at Board of Directors and Board of Executives to confirm and verify the status. For stakeholders including shareholders, this progress is reported as required at financial settlement briefings and general shareholder meetings.

Should we fail to deliver on our management plan goals, we will analyze the reasons for the failure and actions taken. We will explain these in financial settlement briefings with our shareholders and reflect the results in the review of successive plan or current business plan.

### Supplementary Principles 4.1.3

COMPLY

Based on company objectives (business principles, etc.) and specific business strategies, the board should proactively engage in the establishment and implementation of a succession plan for the CEO and other top executive officers and appropriately oversee the systematic development of succession candidates, deploying sufficient time and resources.

The NX Group recognizes that the development and utilization of human resources who will shoulder the future management of the NX Group is an important business issue, and we will systematically develop human resources who will take charge of sustainable corporate management based on the NX Group Corporate Philosophy. The Board of Directors and others will be appropriately involved in succession planning for the CEO, ensuring objectivity and transparency.

To ensure the continued presence of the most suitable leaders to lead the NX Group, we will focus on the development of management personnel to serve as a candidate pool while providing appropriate education and growth opportunities. In addition, we will develop a CEO succession plan that includes the necessary requirements, including the qualities required of the CEO of the NX Group, as well as a process for selecting and training the candidate pool. The CEO will select and train their successor in accordance with the succession plan, make the final selection of the successor, and present the selection to the Remuneration and Nomination Advisory Committee.

The Remuneration and Nomination Advisory Committee is chaired by an independent outside director and three out of its four members are independent outside directors, ensuring objectivity and transparency. The committee will examine succession planning objectively and from multiple perspectives from an independent standpoint and will participate in the process as necessary, such as by providing advice. It also deliberates on the suitability of the successor proposed by the CEO and reports back to the Board of Directors.

The Board of Directors will receive reports from the Remuneration and Nomination Advisory Committee on the succession planning process and other matters, confirm effectiveness and suitability, and provide appropriate oversight. The Board of Directors will deliberate and decide on the successor reported by the Remuneration and Nomination Advisory Committee.



## Section 4: Responsibilities of the Board

### Principle 4.2 Roles and Responsibilities of the Board (2)

**COMPLY**

The board should view the establishment of an adequate environment that supports risk-taking by the senior management as a major aspect of its roles and responsibilities. It should welcome proposals from the management based on healthy entrepreneurship, fully examine the various aspects of such proposals from an independent and objective standpoint with a goal to secure accountability, and support timely and decisive decision-making by the senior management when approved plans are implemented.

Also, the remuneration of the management should include incentives which reflect mid to long-term business results, potential risks and healthy entrepreneurship.

With respect to important business policies and important matters stipulated in the Companies Act, the Board of Directors receives agenda proposals from directors and proposals from executive officers in charge of business operations based on discussions by the Board of Executives, in accordance with the "Standards for Deliberation at Board of Directors," established by the Board of Directors, and resolves on the execution of such proposals after deliberations by the directors, including independent outside directors and directors who are members of the Audit & Supervisory Committee. In making such resolutions, consideration will be given to the possible risks involved in implementation, and thorough deliberations will be held as to whether the initiatives are appropriate to achieve the goals of the long-term vision, business plans, etc. After a resolution is made, the director who made the proposal and the executive officer in charge of business execution will take the lead in executing the business operations related to the proposal in a prompt and appropriate manner.

Remuneration consists of monthly remuneration, bonuses that serve as short-term incentives, and performance-based remuneration in shares that serves as a medium- to long-term incentive. Monthly remuneration consists of fixed remuneration and share acquisition remuneration as a medium- to long-term incentive, but remuneration for outside directors is limited to fixed remuneration only.

Our company has established internal rules for the process of determining remuneration for directors and officers, and has adopted a policy of creating a remuneration system that motivates sustainable growth and sustainable enhancement of corporate value. The system of performance-based remuneration in shares has been introduced as a medium- to long-term incentive in accordance with this policy.

## Section 4: Responsibilities of the Board

### Supplementary Principles 4.2.1

COMPLY

The board should design management remuneration systems that operate as healthy incentives to generate sustainable growth and determine actual remuneration amounts appropriately through objective and transparent procedures. The proportion of management remuneration linked to mid to long-term results and the proportion of cash payments and share-based remuneration should be set appropriately.

Our company has established rules for directors' remuneration and bonuses. This consists of basic remuneration, which is a fixed remuneration, and performance-based remuneration (bonus as short-term performance-based remuneration and stock-based remuneration as mid to long-term performance-based remuneration) that varies in accordance with business performance. In consideration of their role and independence, compensation for outside directors consists of basic compensation only. We have also established internal rules for decision-making procedures for officer remuneration. The Compensation Remuneration and Nomination Advisory Committee, established as an advisory body to the Board of Directors and chaired by an independent outside director, with three of the four committee members being independent outside directors, deliberates based on the bylaws and the Board of Directors determines compensation with the utmost respect for their recommendations.

The amount of remuneration for the directors Director (excluding Director who is an Audit & Supervisory Committee Member) is determined at Board of Directors after deliberation and report on the system and details based on the above-mentioned policy at the Compensation Remuneration and Nomination Advisory Committee.

The amount of remuneration for each individual is based on his/her responsibilities, management execution status, and other factors, and is delegated to the Representative Director by resolution of the Board of Directors. The delegated authority is to determine the amount of each director's base compensation and the allocation of his/her bonus evaluation in accordance with the criteria for setting Director compensation, which have been previously discussed and established by the Remuneration and Nomination Advisory Committee.

The amount of remuneration for Director who is an Audit & Supervisory Committee Member is determined at the meeting of the Audit & Supervisory Committee through discussions among the Directors who are Audit & Supervisory Committee Members.

The specific amount is determined within the range of the amount resolved at the 2nd Annual general meeting of shareholders held on March 28, 2024, taking into consideration the company's business performance, the level of other companies, and employee salaries.

In addition to the existing base remuneration and bonuses for director and executive officer (excluding director who are outside, part-time director, Audit & Supervisory Committee Member and expatriates), the company has also introduced a performance-based stock compensation plan using trusts for our directors and executive officers (excluding outside directors and those who do not reside in Japan). This aims to further enhance the motivation of officers to contribute to the improvement of our company's corporate value and shareholder value over the mid to long-term. This is an incentive system which uses part of the existing basic remuneration as funds for share-based remuneration and grants, varying numbers of our company's shares depending on the recipient's position and level of attainment of performance goals. The system has now begun operation, with an evaluation period of five fiscal years. This evaluation period is the same length as the mid-term business plan, and KPIs are business targets set in the business plan. In particular, we evaluate performance based on indicators such as consolidated revenues, consolidated business income, consolidated return on equity (ROE) and ESG-related non-financial indicators, etc. at the end of each fiscal year and at the end of the evaluation period. The range of increase/decrease corresponding to the achievement of performance targets, etc., is from 0% to 150%, with 100% being the standard corresponding to achieving the performance targets set as the standards for the annual performance evaluation and the mid-term performance evaluation as a whole.

At the same time as the granting of shares, a portion of the shares are paid in cash after being converted within the trust, in order to use this amount for the payment of taxes, including income tax. The number of our company shares to be granted is determined based on share delivery rules which stipulate the calculation method, time of delivery and other relevant matters.

## Section 4: Responsibilities of the Board

### Supplementary Principles 4.2.2

**COMPLY**

The board should develop a basic policy for the company's sustainability initiatives from the perspective of increasing corporate value over the mid- to long- term. In addition, in light of the importance of investments in human capital and intellectual properties, the board should effectively supervise the allocation of management resources, including such investments, and the implementation of business portfolio strategies to ensure that they contribute to the sustainable growth of the company.

Our Board recognize that in order to achieve sustainable growth and increase corporate value, it is essential to appropriately address issues relating to sustainability and promote sustainability management. In January 2023, the NX Group formulated the NX GROUP Sustainability Policy and Vision to promote sustainability management as a unified group, in which we set forth the three values of “Economic value,” “Environmental value,” and “Social value.” Through our business operations, we aim to increase corporate value and contribute to the realization of a sustainable society, including the development of logistics services that contribute to creating such a society. Moreover, in August 2023, the “NX GROUP Human Rights Policy” was formulated, followed by the “NX GROUP Sustainable Procurement Policy” in December 2023 by resolution of the Board of Directors . Through these activities, we have clearly stated that we aim to realize a sustainable society through responsible business activities as a group, including respect for human rights and fair corporate activities, and in cooperation with our shareholders, investments, and other stakeholders.

As a system to promote sustainability management, we have established the Sustainability Promotion Committee, which discusses important policies and important issues across divisions and groups, the Sustainability Promotion Division, which is the division in charge, and the Sustainability Council, which is composed of Group companies. Although the Sustainability Promotion Committee was formerly composed of the Company’s executive officers, it was reorganized in July 2023 to include the officers in charge of 11 major group companies, in order to promote Group-wide sustainability management.

In addition, the Board of Directors has positioned "Sustainability Management" as a key strategy in the "NX GROUP Business Plan 2028" and will oversee the progress of specific initiatives to resolve the five Material Issues newly identified based on the above policy and other factors.

In order to realize the Group’s long-term vision, we believe it is important for employees and the company to mutually respect each other as equals and grow together sustainably, and as such, we regard employees as “human assets.” In keeping with this approach, the Board of Directors has established the “NX Group Human Resources Policy” and is using it as a basis for implementing human resource strategies and measures. The Board of Directors has designated “human capital management” as a key strategy in the “NX Group Business Plan 2028.” Taking the Human Resources Policy as a basis, it will promote human resources strategies and measures throughout the Group, including human resource development, diversity and inclusion initiatives, and the enhancement of well-being. The Board of Directors will receive regular reports on the progress of these measures, and will conduct discussions and supervision accordingly.

In addition, recognizing that appropriate business portfolio management is essential to improve corporate value, the Board of Directors has established a basic policy regarding the business portfolio and regularly evaluates each business based on capital profitability and growth potential, its role in the group and synergy creation, and future growth strategies. For each business and segment, we have formulated portfolio strategies based on the business portfolio policy, taking into account the situation of each business and other factors, and are working to achieve their objectives. The Board of Directors has positioned the business portfolio strategy as a key strategy under “Initiatives to Improve Corporate Value” in the “NX Group Business Plan 2028,” and the Board of Directors will regularly receive reports, discuss, and supervise efforts to achieve the KPIs for enhancing corporate value.

## Section 4: Responsibilities of the Board

### Principle 4.3 Roles and Responsibilities of the Board (3)

**COMPLY**

The board should view the effective oversight of the management and directors from an independent and objective standpoint as a major aspect of its roles and responsibilities. It should appropriately evaluate company performance and reflect the evaluation in recruitment of senior management.

In addition, the board should engage in oversight activities in order to ensure timely and accurate information disclosure, and should establish appropriate internal controls and risk management systems.

Also, the board should appropriately deal with any conflict of interests that may arise between the company and its related parties, including the management and controlling shareholders.

Responding to the entrustment of business management from shareholders, our board selects appropriate candidates who can fulfill their duties and responsibilities as directors. The majority of the members of Board of Directors are currently independent outsiders Director, and in Remuneration and Nomination Advisory Committee, the advisory body of the board, the independent outsider Director serves as chairperson, and three out of four members of committee member are independent outsiders Director, thereby creating a system that enables management decisions to be made from an objective standpoint.

Performance is reported monthly during the Board of Directors meetings and discussed as necessary. As well as semiannual reports on the progress of the business plan, the Board of Directors supervises the execution status through regular reports on the progress of important management policies, management issues, governance and risk management matters, and other matters which the board has approved. In addition, all relevant divisions work together to disclose information in a timely and accurate manner in accordance with the Disclosure Policy approved by the Board of Directors. Furthermore, with respect to internal control and risk management, in accordance with the basic regulations resolved by the Board of Directors, each relevant division is working to develop an internal control and risk management system, while the Board of Directors oversees compliance, safety management, system risk, and the status of internal control audits based on the semiannual reports submitted to it by each department. Each responsible department will reflect the discussions of the Board of Directors in the execution of its business operations, including the development of guidelines and standards for risk management.

We also conduct an investigation to see if there are any transactions between our company and its related parties and appropriately disclose the results in our annual securities report in accordance with regulations including the "Accounting Standards for Related Party Disclosures."

### Supplementary Principles 4.3.1

**COMPLY**

The board should ensure that the appointment and dismissal of senior management are based on highly transparent and fair procedures via appropriate evaluations of business results.

In order to obtain opinions from independent outside directors on important matters such as remuneration and nomination of officers, our company has established a fair and highly transparent discretionary Remuneration and Nomination Advisory Committee, of which the majority of the members are independent outside directors.

When selecting director or executive officer candidates, the discretionary Remuneration and Nomination Advisory Committee, which has been established as an advisory body of the board chaired by an outside director and with three out of four members being independent outside directors, deliberates on the abilities expected for the posts in question based on the evaluation of candidates' performance and achievement of business plans, etc. The committee submits a report to the board, which takes a final decision with the greatest regard for the committee's report.

We have also established the "Outside Directors Seminar," in which only outside directors can participate. This provided an opportunity to receive presentations on business visions and the status of management issues from executive officers who are candidates for director positions and executives who are candidates for executive officer positions.

## Section 4: Responsibilities of the Board

### Supplementary Principles 4.3.2

**COMPLY**

Because the appointment/dismissal of the CEO is the most important strategic decision for a company, the board should appoint a qualified CEO through objective, timely, and transparent procedures, deploying sufficient time and resources.

When appointing directors and representative directors, among those who our company believes to have the ability to lead our corporate group to achieve true global business management, our board appoints individuals who have the appropriate character, knowledge, experience of business management, expertise in law, accounting and other fields and skills as well as a reputable academic background after careful discussion.

Regarding the appointment of the CEO, a succession plan has been developed and the Board of Directors and other parties will be appropriately involved to ensure objectivity and transparency. The Remuneration and Nomination Advisory Committee, a voluntary advisory body to the Board of Directors chaired by an independent outside director and with three of four members as independent outside directors, is involved in establishing the succession planning process and requirements, and also monitors the status of successor selection and training. The Board of Directors will receive reports from the Remuneration and Nomination Advisory Committee on the succession planning process and other matters, confirm effectiveness and suitability, and provide appropriate oversight. The final decision on appointment is made by the Board of Directors, with the fullest consideration given to the report from the Remuneration and Nomination Advisory Committee.

When we appoint outside directors, we also make decisions based on the committee's report. We appoint individuals who meet all criteria for outside directors, as stipulated in Items 15, Article 2 of the Companies Act, and from the viewpoint of whether or not they are suitable candidates for managing the overall operation of our company with excellent character, knowledge and abundant prior management experience.

### Supplementary Principles 4.3.3

**COMPLY**

The board should establish objective, timely, and transparent procedures so that a CEO is dismissed when it is determined, via an appropriate evaluation of the company's business results, that s/he is not adequately fulfilling his/her responsibilities.

When dismissing directors and representative directors, the discretionary Remuneration and Nomination Advisory Committee—which has been established as an advisory body of the board chaired by an outside director and with three out of four members from independent outside directors—holds a discussion. The board determines directors' dismissals based on the committee's report. When unavoidable circumstances arise, the committee members initiate the discussion, and the board decides upon a dismissal with the greatest regard for the committee's report.

## Section 4: Responsibilities of the Board

### Supplementary Principles 4.3.4

**COMPLY**

The establishment of effective internal control and proactive enterprise risk management systems has the potential to support sound risk-taking. The board should appropriately establish such systems on an enterprise basis and oversee the operational status, besides utilizing the internal audit department.

Our company's Board of Directors considers the development of internal controls and the establishment of group-wide risk management systems to be an important issue, and has established a Compliance Promotion Division and a Risk Management Division to work toward the establishment of such systems.

Our group has established a system to manage risks in an integrated manner, defining risk management as preventive activities to limit the occurrence of risks and minimize the damage when they occur, and crisis management as measures to deal with risks that have occurred. In risk management, the Risk Management Division is responsible for regularly conducting risk inventories and risk assessments for the entire group, identifying material risks, monitoring material risks, responding to risks in cooperation with the divisions with jurisdiction over risks and group companies, and establishing escalation criteria and respective responses in the event of a crisis. With respect to each of these activities, we have established a Risk Management Committee and a Crisis Management Committee chaired by the President and Representative Director, which regularly report their activities to the Board of Directors. The Risk Management Committee will regularly discuss the status of the company-wide risk management system and report its status to the Board of Directors and the Board of Officers. In addition, we are developing risk management education for directors and managers in light of the importance of improving risk literacy at the management level in order to disseminate a company-wide risk management system.

In terms of the compliance system, the Compliance Promotion Division has established the "Compliance Regulations," "Anti-Bribery Regulations," "Competition Law Compliance Regulations," and "Personal Information Protection Regulations" as NX GROUP Rules for group operating companies including overseas, as well as setting out a code of conduct for employees to follow.

In addition, guidelines for each of these regulations and "NX GROUP Compliance Handbook" in 16 languages have been prepared, allowing employees to familiarize themselves with them, and a system has been established to prevent risks before they occur. In addition, reports, deliberations and resolutions made by the Compliance Committee are reported to the board, which takes into account the opinions of outside directors to confirm that appropriate remedial measures are being taken and are functioning effectively in response to compliance violations and matters pointed out, and to prevent recurrence by reviewing any shortcomings.

The J-SOX Promotion Division plans and maintains internal control over financial reporting, conducts audits to evaluate the effectiveness of internal control, and monitors the status of company-wide internal control and the appropriateness of business processes. It also monitors the status of company-level internal controls and the appropriateness of business processes. The inspection results are reported to the president and the Audit & Supervisory Committee as necessary.

The Internal Auditing Division audits the effectiveness and implementation status of these systems, share the audit results not only with the operating companies but also with each department, and make improvements as appropriate. In addition, the status of audits has been reported semi-annually to the Board of Directors and the Audit & Supervisory Committee as the progress of internal audits in accordance with the audit policy and plan.

The board recognizes that there are both positive and negative aspects to the risks associated with changes in the business environment, and has developed various measures in the business plan to deal with the negative aspects and view them as business opportunities. We periodically review and redefine our materialities, which leads to necessary updates of strategies and measures.

The Integrated Report is available on our website:

(Japanese Website) <https://www.nipponexpress-holdings.com/ja/ir/library/annual/>

(English Website) <https://www.nipponexpress-holdings.com/en/ir/library/annual/>

## Section 4: Responsibilities of the Board

### Principle 4.4 Roles and Responsibilities of A & S Board Members and the A & S Board

**COMPLY**

A company's A & S Board Members and the A & S Board should bear in mind their fiduciary responsibilities to shareholders and make decisions from an independent and objective standpoint when executing their roles and responsibilities including an audit of the performance of directors' duties, appointment and dismissal of A & S Board Members and external auditors, and the determination of their remuneration.

Although so-called "defensive functions," such as business and accounting audits, are part of the roles and responsibilities expected of the members and the A & S Board, in order to fully perform their duties including these roles, it would not be appropriate for the members or the A & S Board to interpret the scope of their functions too narrowly. They should positively and proactively exercise their rights and express their views at board meetings and to management.

**Our Audit & Supervisory Committee consists of one full-time member and three part-time members who are also outside members, and they will conduct systematic audits and fulfill its fiduciary responsibility to shareholders from an independent standpoint with respect to the legality and appropriateness of the execution of duties by the Directors. All our Audit & Supervisory Committee Members have high levels of specialized knowledge and abundant experience, and all draw on this to voice their opinions at meetings of the Board of Directors. Working hand-in-hand with the internal audit department and other relevant divisions, the team plans site visits to our branches and subsidiaries in Japan and overseas. The audit results are reported to the representative directors. The audit plan is not a fixed plan and can be altered at members' discretion as necessary. Our company holds semi-annual meetings with the Audit & Supervisory Board Members in the main subsidiaries in order to strengthen the governance of the audit policy as the parent company.**

### Supplementary Principles 4.4.1

**COMPLY**

Given that not less than half of the company's A & S Board must be composed of outside members and that at least one full-time member must be appointed in accordance with the Companies Act, the A & S Board should, in order to fully execute its roles and responsibilities, increase its effectiveness through an organizational combination of the independence of the former and the information gathering power of the latter. In addition, the members or the A & S Board should secure cooperation with outside directors so that such directors can strengthen their capacity to collect information without jeopardizing their independence.

**Three out of four Audit & Supervisory Committee Members are outside members on the Audit & Supervisory Committee. Therefore, the structure of our Audit & Supervisory Committee is highly independent. There is one full-time member who has formed a highly efficient committee. Each member, including outside members, participates in the meetings of the Board of Directors as well as other important meetings related to business execution, such as the Board of Executives, and is able to express his/her opinions. We have a system and environment for the members to exchange their opinions with the directors at any time.**

**As for the results of Audit & Supervisory Committee's audits, there are opportunities for the full-time members to explain the results to the president and each of the outside directors. By the members exchanging their opinions with outside directors as necessary, the team is establishing cooperation with outside directors who are not Audit & Supervisory Committee Members.**

## Section 4: Responsibilities of the Board

### Principle 4.5 Fiduciary Responsibilities of Directors and A & S Board Members

COMPLY

With due attention to their fiduciary responsibilities to shareholders, directors, A & S Board Members, and the management should secure the appropriate cooperation with stakeholders and act in the interest of the company and the common interests of its shareholders.

Our directors and executive officers provide necessary information to stakeholders in a timely and accurate manner. In order to increase the interest of the company and the common interests of our shareholders, our directors and executive officers attend important meetings including board meetings, exchange opinions and decide on important matters including business plans and fulfill their fiduciary responsibilities to shareholders.

In addition, recognizing the respective roles of directors in enhancing corporate value and Audit & Supervisory Committee Members in ensuring integrity, they receive regular reports at the Board of Directors meetings, etc. from the directors and executive officers who execute operations on matters such as the progress of business plans, evaluation of capital markets, governance and risk management, and conduct monitoring accordingly. Regarding monitoring, information is provided so that outside directors can supervise and provide advice from an objective perspective, and a system is in place to promptly feedback suggestions, proposals, advice, etc. made by outside directors to the business execution side.

### Principle 4.6 Business Execution and Management Oversight

COMPLY

In order to ensure effective, independent and objective oversight of the management by the board, companies should consider utilizing directors who are neither involved in business execution nor have close ties with the management.

Our company appoints three out of seven Directors (excluding Directors who are Audit & Supervisory Committee members) are appointed as Independent Outside Directors, and three out of four Directors who are Audit & Supervisory Committee members are appointed as Independent Outside. The Board of Directors consists of 11 members, including 6 independent outside Directors, and a Director (in-house) who does not concurrently serve as an Executive Officer chairs the Board of Directors meetings. These directors take the lead in monitoring the directors and executive officers who execute the company's business from an independent and objective standpoint, thereby improving management transparency.

In addition, our Board of Directors is working to further strengthen its supervisory role by systematically setting agenda items to be addressed at board meetings, such as the development of important management strategies, confirmation of the status of governance, and confirmation of the progress of business plans, and also by establishing a system to provide appropriate feedback to the business execution side via the board. And we strive to speed up decision-making and create an environment that facilitates the exercise of supervisory functions by separating the supervisory and executive functions through the appropriate delegation of authority to the Director President and other executive officers.

The Remuneration and Nomination Advisory Committee, an advisory body to the Board of Directors, is chairpersoned by an independent outside Director, and three out of four committee members are independent outside Directors, ensuring an independent and objective oversight system.



## Section 4: Responsibilities of the Board

### Principle 4.7 Roles and Responsibilities of Independent Directors

**COMPLY**

Companies should make effective use of independent directors, taking into consideration the expectations listed below with respect to their roles and responsibilities.

- (i) Provision of advice on business policies and business improvement based on their knowledge and experience with a goal to promote sustainable corporate growth and increase corporate value over the mid to long-term;
- (ii) Monitoring management through important decision-making at the board level, including appointment and dismissal of senior management;
- (iii) Monitoring conflicts of interest between the company and its management or controlling shareholders; and
- (iv) Appropriately representing the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of management and controlling shareholders.

**Our company appoints three out of seven Directors (excluding Directors who are Audit Committee members) are appointed as Independent Outside Directors, and three out of four Directors who are Audit Committee members are appointed as Independent Outside. Our Company has appointed six independent outside directors and based on their professional knowledge and extensive experience, these independent directors provide opinions and advice on our management policies and business plans from their independent standpoints. Since they have no special interest in our company's management, major shareholders, major customers, major business partners, etc., they provide advice and discussions that appropriately reflect the opinions of minority shareholders and other stakeholders from a fair and neutral standpoint.**

**We established a fair and highly transparent discretionary Remuneration and Nomination Advisory Committee, and the majority of the members are independent outside directors, as an advisory body of our board in order to obtain opinions from independent outside directors on important matters such as remuneration and nomination of officers. The chairperson is chaired by an independent outside Director and three of the independent directors are also members of the committee and provide their opinions on remuneration, appointment and dismissal of directors and monitor business management.**

**In addition, we have also set up an "Outside Directors Seminar," in which only outside directors participate, and this provides a venue for them to receive presentations on business visions and the status of management issues from executive officers and other executives. This serves as an opportunity for outside directors to learn directly about the state of business operations and management issues, while also providing the opportunity for a detailed exchange of views, from a social perspective and in terms of comparison to other companies, with executive officers and executives.**

### Principle 4.8 Effective Use of Independent Directors

**COMPLY**

Independent directors should fulfill their roles and responsibilities with the aim of contributing to sustainable growth of companies and increasing corporate value over the mid- to long-term. Companies listed on the Prime Market should therefore appoint at least one-third of their directors as independent directors (two directors if listed on other markets) that sufficiently have such qualities.

Irrespective of the above, if a company listed on the Prime Market believes it needs to appoint the majority of directors (at least one-third of directors if listed on other markets) as independent directors based on a broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the company, it should appoint a sufficient number of independent directors.

**Our company appoints three out of seven Directors (excluding Directors who are Audit Committee members) are appointed as Independent Outside Directors, and three out of four Directors who are Audit Committee members are appointed as Independent Outside. All six of them have excellent character, specialized knowledge and abundant experience. There is no risk of them having conflicts of interest with general shareholders, and there is no issue regarding their independence. They are registered as independent officers. Moreover, the Board members are appointed from a wide range of professional backgrounds and areas of expertise, including lawyers, accountants, and corporate executives, to oversee management from multiple perspectives, thereby contributing to the Company's sustainable growth and enhancement of corporate value over the medium to long term.**

**We believe that our current governance system, including six independent outside directors, is properly fulfilling its roles of supervising and monitoring our business operations and functioning effectively. As such, we have determined that the balance of the directors structure is appropriate for the current organization and system.**

**However, if the business environment surrounding us changes in the future, we will consider appointing another individual.**

## Section 4: Responsibilities of the Board

### Supplementary Principles 4.8.1

COMPLY

In order to actively contribute to board discussions, independent directors should endeavor to exchange information and develop a shared awareness among themselves from an independent and objective standpoint. Regular meetings consisting solely of independent directors would be one way of achieving this.

**Our outside directors receive briefings of the agenda topics before board meetings, allowing them to develop a deeper understanding of the topics. They organize regular liaison meetings of outside directors, consisting solely of outside directors. Moreover, there is a system in place for them to hold meetings to exchange opinions and share information and perceptions from an independent and objective standpoint, and to report the content of discussions to the board as necessary.**

### Supplementary Principles 4.8.2

COMPLY

Independent directors should endeavor to establish a framework for communicating with the management and for cooperating with A & S Board Members or the A & S Board by, for example, appointing the lead independent director among themselves.

**As well as independent outside directors holding exchanges of views with the executive officer who manages the Office of the Board of Directors before or after each regular board meeting, the company has established a system in which liaison meetings for outside directors, led by a lead independent director selected by mutual agreement, are held to freely discuss a wide range of topics, including the management of the company and corporate governance, cultivating closer ties between the independent outside directors and reporting the content of discussions to the board as necessary. In addition, independent outside directors and other board members form a group and visit our company offices in Japan and overseas to exchange opinions with management there. Independent outside directors exchange opinions with management, including the CEO, as necessary.**

### Supplementary Principles 4.8.3

COMPLY

Companies that have a controlling shareholder should either appoint at least one-third of their directors (the majority of directors if listed on the Prime Market) as independent directors who are independent of the controlling shareholder or establish a special committee composed of independent persons including independent director(s) to deliberate and review material transactions or actions that conflict with the interests of the controlling shareholder and minority shareholders

**At present, our company does not have any controlling shareholders or any listed subsidiaries with controlling shareholders.**

## Section 4: Responsibilities of the Board

**COMPLY**

### Principle 4.9 Independence Standards and Qualifications for Independent Directors

Boards should establish and disclose independence standards aimed at securing effective independence of independent directors, taking into consideration the criteria set by securities exchanges. The board should endeavor to select independent director candidates who will contribute to frank, active and constructive discussions at board meetings.

Taking into consideration the requirement for outside directors stipulated in the Companies Act and the criteria set by securities exchanges, our company has established our own standards; and we appoint outside directors in accordance with these standards.

When the following items do not apply to outside director candidate, we consider that they have the appropriate independence.

1. An individual who is an executive officer\* of our company or our group company or has been one ten years before the selection;
2. An individual who is a shareholder or a representative of a shareholder who owns 10% or more of the total voting rights of our company shares;
3. An individual who is the executive officer of a business partner of our group company with more than 2% of our consolidated sales;
4. An individual who has received more than 10 million yen per business year from our company as remuneration as a consultant, a lawyer or a public accountant;
5. An individual who works at the auditing firm that is an accounting auditor of our company; or
6. An individual who belongs to one of the groups which received an average of 10 million yen of donations during the last three business years from our company or our group company.

\*An “executive officer” signifies an executive director, an executive officer or an employee.

When appointing independent outside directors, we strive to select candidates who can be expected to make effective proposals to the Board of Directors regarding the company’s management policies and management improvements.

**COMPLY**

### Principle 4.10 Use of Optional Approach

In adopting the most appropriate organizational structure (as stipulated by the Companies Act) that is suitable for a company’s specific characteristics, companies should employ optional approaches, as necessary, to further enhance governance functions.

We are a company with an Audit and Supervisory Committee as stipulated by the Japanese Companies Act, and has also introduced an executive officer system, under which the Board of Directors delegates the execution of business operations. From the perspective of seeking appropriate advice and involvement of independent outside directors when we set policies and systems of remuneration of directors (except independent outside directors), a performance-based system and appointments/dismissals of directors, we are implementing changes to enhance governance functions including the creation of a discretionary Remuneration and Nomination Advisory Committee - chaired by an outside director and with three out of four committee members who are independent outside directors.

In addition, in order to establish an appropriate corporate governance system, we enhance the oversight functions of the Board of Directors with respect to important management strategies and the progress of business operations, while at the same time, we will implement an appropriate delegation of authority to the President and CEO and other executive officers to separate supervision and execution, thereby accelerating decision-making and creating an environment in which the supervisory function can be more easily exercised. In addition to the above, we will also discuss and examines the appropriate design of the Board of Directors from the perspective of their effectiveness and suitability in promoting the group’s strategy.

## Section 4: Responsibilities of the Board

### Supplementary Principles 4.10.1

**COMPLY**

If the organizational structure of a company is either a company with an A & S Board or a company with committees and independent directors who do not compose a majority of the board, in order to strengthen the independence, objectivity and accountability of board functions on the matters of nomination and remuneration of senior management and directors, the company should seek appropriate involvement and advice from independent directors in the examination of such important matters by establishing independent advisory committees under the board, such as a discretionary nomination committee and remuneration committee consisting of mostly independent directors.

We are a company with an Audit and Supervisory Committee and three out of seven Directors (excluding Directors who are Audit Committee members) are appointed as Independent Outside Directors, and three out of four Directors who are Audit Committee members are appointed as Independent Outside. As for the board's functions on the matters of nomination and remuneration of our senior management, we seek advice from independent outside directors at the board meeting in order to obtain their objective standpoints.

We have established a discretionary Remuneration and Nomination Advisory Committee - chaired by an outside director and with three out of four committee members who are independent outside directors - as an advisory body to the Board of Directors. The board shall adopt resolutions on agenda items related to compensation and nomination of directors and executive officers with the greatest regard for the committee's reports.

It has been determined that the Remuneration and Nomination Advisory Committee shall "consist of three or more members who are directors, the majority of which shall be independent outside directors." In addition, the committee is composed of lawyers, corporate executives, etc., with diverse perspectives to enhance its independence and objectivity. The committee deliberates on the appointment and dismissal of directors, as well as on establishing a skills matrix for the composition of the Board of Directors, the CEO succession plan, and the policies and systems for remuneration, and reports to the Board of Directors. The board then takes a final decision with the greatest regard for the committee's report.

### Principle 4.11 Preconditions for Board and A & S Board to Ensure Effectiveness

**COMPLY**

The board should be well balanced in knowledge, experience and skills in order to fulfill its roles and responsibilities, and it should be constituted in a manner to maintain an appropriate size while supporting diversity including gender and types of international experience. In addition, individuals with the appropriate experience, skills necessary and knowledge in finance, accounting and the law should be appointed as A & S Board Members. In particular, at least one person who has sufficient expertise in finance and accounting should be appointed as an A & S Board Member.

The board should endeavor to improve its function by analyzing and evaluating the effectiveness of the board as a whole.

Our company's Board of Directors elects and dismisses Directors to ensure that the composition of the Board of Directors as a whole is balanced in terms of knowledge, experience, and ability by utilizing a Board of Directors skills matrix established in line with business strategies such as increasing the ratio of overseas sales of NX GROUP and promoting ESG management.

In addition, we have taken steps to ensure that the company is not comprised of only certain genders and age groups, with the current ratio of female Directors at 36.4%.

With respect to the three independent outside directors, we appoint individuals with excellent character and insight, as well as a diverse range of perspectives, including expertise in finance, law, ESG, etc., international business experience, and management experience in other companies and organizations

And, when we select candidates for independent outside Directors who are committee members of the Audit and Supervisory Committee, we select at least one individual who has a high level of knowledge and experience in finance, accounting and judicial affairs, as well as the above criteria. In particular, we appoint at least one individual with expertise in finance and accounting.

## Section 4: Responsibilities of the Board

### Supplementary Principles 4.11.1

COMPLY

The board should identify the skills, etc. that it should have in light of its managing strategies, and have a view on the appropriate balance between knowledge, experience and skills of the board as a whole, and also on diversity and appropriate board size. Consistent with its view, the board should establish policies and procedures for nominating directors and disclose them along with the combination of skills, etc. that each director possesses in an appropriate form according to the business environment and business characteristics, etc., such as what is known as a “skills matrix.” When doing so, independent director(s) with management experience in other companies should be included.

**Our company's Board of Directors is structured to maintain a balance of knowledge, experience, and abilities among the Board of Directors skills matrix established in line with the Board of Director's business strategies, such as increasing the ratio of overseas sales of NX GROUP and promoting ESG management.**

**When we select director candidates excluding Directors who are Audit and Supervisory Committee Members, we have appointed seven Directors, including three independent outside directors, based on their diverse perspectives, including whether or not they have the necessary experience and specialized knowledge as Directors, evaluation of the status of achievement of the business plan in the businesses and areas for which the candidates have been in charge, and character and insight.**

**For the appointment of Directors who are Audit and Supervisory Committee Members, we have appointed four members, including three independent external Directors, based on their experience, knowledge, personalities and insights considered necessary to conduct audits of financial, accounting, legal and other matters from a variety of perspectives as Audit and Supervisory Committee Member, and other matters.**

**When we select independent outside Director candidates, we make decisions based on the report from the discretionary Remuneration and Nomination Advisory Committee – with three out of four committee members who are independent outside directors - as the advisory body of the Board of Directors.**

### Supplementary Principles 4.11.2

COMPLY

Outside directors, outside A & S Board Members, and other directors and A & S Board Members should devote sufficient time and effort to appropriately fulfill their respective roles and responsibilities. Therefore, where directors and A & S Board Members also serve as directors, A & S Board Members or managers at other companies, such positions should be limited to a reasonable number and disclosed each year.

**Our company annually discloses the status of our outside directors holding additional posts through the Convening Notices of General Shareholder Meetings, Annual Securities Reports and Corporate Governance Reports.**

**Our board regularly checks whether or not our executive directors are serving as officers at other companies. Currently, there is no interlocking position which may limit the directors from fulfilling their roles and responsibilities. No full-time Audit & Supervisory Committee Member is serving as officers at other companies, so they can concentrate solely on their roles within our company.**

## Section 4: Responsibilities of the Board

### Supplementary Principles 4.11.3

**COMPLY**

Each year the board should analyze and evaluate its effectiveness as a whole, taking into consideration relevant matters, including self-evaluations of each director. A summary of the results should be disclosed.

In addition to reports from each director on the status of the execution of their duties, an external institution is appointed to conduct an annual survey of directors, including those from outside our company, on the effectiveness of the Board of Directors as a whole, including the Remuneration and Nomination Advisory Committee, and collect their opinions. The results of analysis and evaluation of the survey are discussed and reviewed by the Board of Directors.

A questionnaire survey conducted by an external organization on the effectiveness of the Board of Directors included the following items, and based on the results of the survey, it was determined that the effectiveness of the Board of Directors as a whole has been maintained (Most recently, in December 2023, the survey was conducted for all Directors and Audit & Supervisory Board Members at a company with an Audit and Supervisory Board prior to the change in the institution). (Questionnaire items: (1) composition and operation of the board of directors, (2) management and business strategies, (3) corporate ethics and risk management, (4) performance monitoring and management evaluation, (5) dialogue with shareholders, etc., (6) free responses for each major item)

Issues identified through the recent effectiveness evaluation questionnaire leading up to this evaluation, and improvements made in response to these issues, include the establishment of an annual reporting plan to oversee the formulation of business plans and the reliable implementation of important investment projects, compliance, safety management, and system risks, as well as increased opportunities for discussion at board meetings through reporting during the formulation process of important strategies and policies, such as the business plan, sustainability, and DX.

Furthermore, efforts have been made to improve the effectiveness of the Board of Directors by providing opportunities for collaboration with and training for outside directors, such as holding Liaison Meetings for Independent Outside Directors and “Outside Directors’ Seminars.”

The points that were rated as particularly effective through the most recent survey conducted in December 2023 are as follows:

- i. The composition of outside directors is balanced in terms of gender and expertise.
- ii. The existence of a long-term vision allows management and outside directors to share a common image of the company's future, and discussions are held on this basis.
- iii. Sufficient explanations are provided to outside directors prior to Board of Directors meetings, and the necessary information for deliberations is appropriately provided. etc.

As described above, the Board of Directors was evaluated as effective with respect to “a board composition that ensures diversity” and “the relationship between the management team and outside directors.”

In addition, the issues identified by the questionnaire are as follows:

- i. More substantive discussions on sustainability, DX initiatives, and human resource strategies are required.
- ii. Decision-making and business management that is conscious of the cost of capital is still in the process of development.
- iii. Risk management at the group and global level needs to be strengthened and SR/IR activities discussed more fully. etc.

To address these issues, the following improvements will be made to improve the effectiveness of the Board of Directors and strengthen its supervisory function:

- i. Improve the process of formulating important strategies and policies for areas such as sustainability, DX, and human resources strategy to include multiple discussions at the Board of Directors meetings as matters for deliberation before resolutions are adopted.
- ii. To achieve business management that is conscious of the cost of capital, a plan was formulated after conducting an analysis of the current situation and disclosed together with the new medium-term business plan on February 14, 2024. In addition to promoting business portfolio management that emphasizes return on capital (ROIC), we will evaluate, analyze, and review the results of these initiatives through regular reports at Board of Directors meetings.
- iii. To strengthen risk management at the global level and enhance discussion of SR/IR activities, in addition to regular reporting at Board of Directors meetings, the contents of reports will be reviewed and enhanced to provide more opportunities and information necessary for discussion.

We will continue to discuss ways to further improve the Board of Directors to ensure even greater effectiveness.

For an overview of the effectiveness evaluation survey, please also refer to “Corporate Governance Report” issued by our Company.

Our company’s Corporate Governance Report is available on our websites:

(Japanese Website) <https://www.nipponexpress-holdings.com/ja/ir/governance/>

(English Website) <https://www.nipponexpress-holdings.com/en/ir/governance/>

## Section 4: Responsibilities of the Board

### Principle 4.12 Active Board Deliberations

**COMPLY**

The board should endeavor to foster a climate where free, open and constructive discussions and exchanges of views can take place, including the raising of concerns by outside directors.

**Our board provides briefings of agenda topics to outside directors before board meetings so that they can attend meetings after obtaining the same level of understanding as other directors. They can actively state their opinions and join discussions.**

**In addition, the Board of Directors will strengthen the supervisory function of the Board of Directors with respect to important management strategies and the status of business progress, and will set agendas for more active discussion and exchange of opinions, including those of outside directors, as well as reviewing the operation of the Board of Directors by setting agenda items for discussion as "deliberation items" rather than resolutions on important management issues.**

### Supplementary Principles 4.12.1

**COMPLY**

The board should ensure the following in relation to the operation of board meetings and should attempt to make deliberations active.

- (i) To distribute reference materials for board meetings sufficiently in advance of meeting dates;
- (ii) To provide sufficient information to directors (where appropriate, in organized and/or analyzed forms to promote easy understanding, in addition to the reference materials);
- (iii) To determine the schedule of board meetings for the current year and anticipated agenda topics in advance;
- (iv) To set the number of agenda topics and the frequency of board meetings appropriately; and
- (v) To allocate sufficient time for deliberations.

**In order to make board deliberations active, our company is making the following efforts:**

**(i) We provide reference materials for board meetings sufficiently in advance of meeting dates by using our website, etc. And materials are distributed to outside Directors approximately two to three days prior to the meeting date, and the Executive Officer or general manager in charge of the department in charge of the agenda provides sufficient explanation in advance.**

**(ii) As well as reference materials for board meetings, the board Secretariat serves as a point of contact and works with relevant departments to provide additional explanations and additional materials to directors, as necessary.**

**(iii) The annual schedule of board meetings, including standard agenda topics such as quarterly financial results, is determined three months before the beginning of each business year, and all directors are notified. Opportunities for advance briefings are also decided prior to the start of the relevant fiscal year, and are set so that all outside directors can attend all scheduled opportunities for advance briefings.**

**(iv) Board meetings should be held monthly in principle, and the number of agenda topics and the frequency of the meetings are appropriately set.**

**(v) We do not set any time limitations for sufficient deliberations. And since many important business execution matters have been delegated to the executive side in accordance with the transition to a company with an Audit & Supervisory Committee, the Board of Directors fully deliberates each agenda item.**

## Section 4: Responsibilities of the Board

### Principle 4.13 Information Gathering and Support Structure

**COMPLY**

In order to fulfill their roles and responsibilities, directors and A & S Board Members should proactively collect information, and as necessary, request the company to provide them with additional information. Also, companies should establish a support structure for directors and A & S Board Members, including providing sufficient staff.

The board and the A & S Board should verify whether information requested by directors and A & S Board Members is provided efficiently.

Our directors request the relevant departments to provide information and materials, as appropriate, regarding information necessary for the performance of their duties. The support system is provided mainly through the Secretarial Division, the administrative office for our Board of Directors, and the Internal Auditing Division, the administrative office for our Audit & Supervisory Committee. With regard to the content and volume of materials related to each agenda item at board meetings, as well as the timing of prior distribution and explanation, we confirmed in the “Evaluation of the Effectiveness of the Board of Directors” conducted prior to the transition to the holding company structure that the smooth provision of information is ensured.

In accordance with the rules of the “Important Documents to be Forwarded to Audit & Supervisory Committee Members,” our Audit & Supervisory Committee Members check important requests for approval and other documents related to business execution. They then ask our company to provide explanations to directors, executive officers or employees as necessary and provide opinions. During the end of the year audit performed by Audit & Supervisory Committee, we check if important documents are forwarded to the Audit & Supervisory Committee Members.

### Supplementary Principles 4.13.1

**COMPLY**

Directors, including outside directors, should request the company to provide them with additional information, where deemed necessary from the perspective of contributing to transparent, fair, timely and decisive decision-making. In addition, A & S Board Members, including outside members, should obtain information appropriately, including the use of their statutory investigative power.

In order to conduct transparent, fair, timely and decisive decision-making, our directors request relevant divisions to provide additional information if the information already provided is insufficient. The administrative office of the board reports important information to directors as necessary and provides additional information and advice in a timely manner. Outside directors exchange their opinions with representative directors as needed.

In addition, our Audit and Supervisory Committee and Audit and Supervisory Committee Members appointed by the Audit and Supervisory Committee have the right to investigate business assets, investigate subsidiaries, and demand an injunction against illegal activities, and express opinions at general meetings of shareholders regarding the election, dismissal, and resignation of directors other than Audit and Supervisory Committee Members. They attend board meetings and other important meetings in order to monitor the status of business execution based on the process of important decision-making by the executive officers. If the information they collect for audits is insufficient, the Audit and Supervisory Committee requests the Directors, Executive Officers, and related departments that execute business operations to provide explanations and necessary information and materials.

Audit and Supervisory Committee Members have meetings with the representative directors regularly and provide their opinions on our management policies, the issues our company is attempting to resolve and risks surrounding our company as well as the status of the preparation of the environment for Audit and Supervisory Committee Members’ audits and important issues regarding the audits.

In addition, with regard to the results of audits by the Audit and Supervisory Committee, the Audit & Supervisory Committee has established opportunities for full-time Audit and Supervisory Committee Members to report to the President and to provide individual explanations to Outside Directors who are not Audit and Supervisory Committee Members in order to promote cooperation with outside directors who are not Audit Committee members through exchanges of opinions.



## Section 4: Responsibilities of the Board

### Supplementary Principles 4.13.2

COMPLY

Directors and A & S Board Members should consider consulting with external specialists at the company's expense, where they deem it necessary.

**When our directors have issues of which they deem necessary to obtain opinions and views of a third party in order to complete their duties, they can consult a lawyer, a public accountant, a business consultant or other experts outside the company. Our company will bear these expenses.**

### Supplementary Principles 4.13.3

COMPLY

In order for the Board of Directors and the A & S Board to fulfill their functions, listed companies should ensure cooperation between the internal audit department, and directors and A & S Board Members by establishing a system in which the internal audit department also reports directly to them as appropriate.

One example would be the appointment of an individual who can act as a liaison and who is responsible for communication within the company such that any requests for information concerning the company by outside directors and outside A & S Board Members are appropriately provided.

**In order to provide necessary information accurately to our outside directors, our company has assigned personnel in charge of liaison and coordination to the Secretarial Division and the Internal Auditing Division, securing cooperation between the internal audit department, and directors.**

**In addition, the Audit & Supervisory Committee has audit direction authority over the Internal Auditing Division, which coordinates audits and gathers internal information on behalf of the Audit & Supervisory Committee as necessary. Reports on the results of internal audits are made monthly to the President and Audit & Supervisory Committee Members including external members, and twice a year to the Board of Executives. In addition, the results are reported to the Board of Directors and the Audit & Supervisory Committee twice a year to ensure collaboration with outside directors.**

### Principle 4.14 Director and A & S Board Member Training

COMPLY

New and incumbent directors and A & S Board Members should deepen their understanding of their roles and responsibilities as a critical governance body at a company, and should endeavor to acquire and update the necessary knowledge and skills. Accordingly, companies should provide and arrange training opportunities suitable for each director and A & S Board Member along with financial support for associated expenses. The board should verify that such opportunities and support are appropriately provided.

**In our company, directors are appointed from among individuals with extensive knowledge of business, finance, and organization in order to play a role in the company's governance structure. In order to enhance directors' expertise in the performance of their duties, particularly with respect to corporate governance, opportunities are provided for external training and other training as necessary, the cost of which is borne by our company.**

**In particular, in order to ascertain whether or not outside directors are being appropriately accommodated, we conduct surveys regarding opportunities to provide them with information in its questionnaire for evaluating the effectiveness of the Board of Directors. The results of the questionnaire are reported to the Board of Directors, where discussions are held regarding future improvements, and reflected in the next round of activities.**

## Section 4: Responsibilities of the Board

### Supplementary Principles 4.14.1

**COMPLY**

Directors and A & S Board Members, including outside directors and outside A & S Board Members, should be given the opportunity when assuming their positions to acquire any necessary knowledge of the company's business, finances, organization and other matters, and fully understand their roles and responsibilities, including legal liabilities. Incumbent directors should also be given a continuing opportunity to refresh such knowledge as necessary.

When directors assume their positions, our company provides internal orientation as required. They obtain the necessary knowledge of their roles and responsibilities by attending external seminars for newly appointed directors. Incumbent directors also have opportunities to acquire necessary knowledge about our company's business challenges, financial affairs and legal compliance as needed. Our company provides opportunities for seminars and social gatherings and bears these expenses.

In addition, in order to seek independent perspectives in management assessment from outside directors, we hold monthly "Outside Directors' Seminars." Through presentations by executive officers and senior management and visits to group company facilities, these seminars allow outside directors not only to develop deeper insight into our business, but also to understand our management issues and the management vision, goals and challenges of the divisions under their jurisdiction.

Furthermore, in order to ascertain whether or not outside directors are being appropriately accommodated, we conduct surveys regarding opportunities to provide them with information in its questionnaire for evaluating the effectiveness of the Board of Directors. The results of the questionnaire are reported to the Board of Directors, where discussions are held regarding future improvements, and reflected in the next round of activities.

### Supplementary Principles 4.14.2

**COMPLY**

Companies should disclose their training policies for directors and A & S Board Members.

Our company provides opportunities for seminars and social gatherings for directors to deepen their understanding of our company's business challenges and acquire the necessary knowledge of corporate governance, financial affairs and laws. We bear the expenses of these.

In addition to internal orientation sessions upon appointment and as necessary, we help newly appointed directors to acquire the necessary expertise for their roles and responsibilities, providing opportunities them to enhance their expertise in the performance of their duties, particularly with respect to corporate governance, such as external seminars and other training tailored to their needs.

We also provide opportunities for seminars, exchange meetings, and other events where, after their appointment, outside directors can acquire essential knowledge on the company's management issues, finance, legal compliance, etc., as appropriate.

We expect our Audit & Supervisory Committee Members to acquire wide knowledge through attending various meetings of the Japan Audit & Supervisory Board Members Association as its members and seminars held by the Japan Industrial Management & Accounting Institute.

For our outside directors, we provide opportunities to acquire knowledge concerning our company's business operations through participating in various internal events and site visits.

In addition, in order to seek management judgment from an independent perspective, we also hold monthly "Outside Directors' Seminars," in which executive officers and executives give presentations on the operational challenges facing the company as well as the management visions, goals, and challenges of the divisions under their jurisdiction, providing an opportunity for outside officers to develop an understanding of these topics.

For our executive officers and the candidates for our company's senior managers who are candidates for Representative Director, we provide external training courses, such as a Master of Business Management, so that they can acquire knowledge necessary for executive managers including global business management, financial literacy, business strategies and governance.

We consider the above trainings a good method for training successors of top management.

## Section 5: Dialogue with Shareholders

### General Principle 5

**COMPLY**

In order to contribute to sustainable growth and an increase of corporate value over the mid to long-term, companies should engage in constructive dialogues with shareholders outside general shareholder meetings.

During such dialogues, senior managers and directors, including outside directors, should listen to the views of shareholders and pay due attention to their interests and concerns and clearly explain business policies to them in an understandable manner. They should also endeavor to develop a balanced understanding of the positions of shareholders and other stakeholders and act accordingly.

**Our company understands that holding constructive dialogues with shareholders is important for sustainable growth and an increase of the corporate value of our company over mid to long-term. We have established various policies and systems to promote such dialogues. Also, as stipulated in our Disclosure Policy, we proactively disclose information which we deem useful for shareholders to deepen their understanding on our company's management policies and business operations in order to improve the quality of our dialogues.**

Through our investors' relationship (IR) activities, managed by the officer in charge of the Corporate Planning Division, we clearly explain our group's management strategies and policies to shareholders. Opinions from shareholders and investors are reported semiannually to the Board of Directors, and efforts are made to reflect them in management after discussions at Board of Directors, including outside directors. In order to ensure that these are reflected in corporate activities, information is shared with the company and senior management of our main subsidiary Nippon Express Co., Ltd. (executive officers, general managers of the head office, etc.), presidents of regional headquarters of overseas operating companies, and on a quarterly basis, with employees of the company and other group companies, while appropriate feedback will also be provided. This will be used to achieve sustainable growth and enhance our corporate value over the medium to long term.

## Section 5: Dialogue with Shareholders

### Principle 5.1 Policy for Constructive Dialogues with Shareholders

**COMPLY**

Companies should, positively and to the extent reasonable, respond to requests from shareholders to engage in dialogues (meetings) so as to support sustainable growth and increase corporate value over the mid to long-term. The board should establish, approve and disclose policies concerning measures and organizational structures aimed at promoting constructive dialogues with shareholders.

For dialogues with shareholders and investors, the Investor Relations Promotion Group of the Corporate Planning Division within the Corporate Strategy Headquarters, which is managed by our top managers, responds to requests. Giving consideration to topics and dates, our top managers, the officers in charge and/or senior managers (including executive officers) attend the meetings.

In terms of how dialogues are conducted, we hold one-on-one base meetings in Japan and overseas as well as each quarter's financial results briefings is held via web conference, with the main speaker for the first and third quarters being the director in charge of finance, and the second and fourth quarters being explained by Representative Director President. We also hold site visits, business result presentations, an Investor Day (IR Day) where each executive director gives a briefing, and small meetings as necessary. We attend small meetings and Investor Relations Conferences held by securities firms in order to create opportunities for dialogues with shareholders and investors.

Opinions and requests received from shareholders and investors through dialogue are reported semiannually at board meetings by the officer in charge of investor relations. To outside Directors, we will provide an opportunity to gain a deeper understanding of the opinions of shareholders and investments through Board of Directors and to have a forum for discussion at Board of Directors, which will lead to an opportunity to place greater emphasis on market participants. To the senior management of the company, the senior management of our main subsidiary Nippon Express Co., Ltd. (including executive officers and division managers of the head office, etc.), and presidents of regional headquarters of overseas operating companies, we share the content of questions raised with investors and others at closing results briefings via emails as necessary. We also send feedback to relevant internal divisions quarterly and incorporate successful initiatives into our corporate activities.

Inside our company, the Investor Relations Promotion Group serves as the administrative office for information disclosure. The group establishes, implements and amends the Disclosure Policy with cooperation from other divisions such as the Corporate Communication Division, the Secretarial Division, the Accounting Division, the Financial Planning Division and the Corporate Planning Division. The group also discusses the appropriateness of information disclosure activities with these divisions. The results are then reported to the board for it to make a final decision. In accordance with the Disclosure Policy determined by the board, a senior manager or other officer nominated as the individual responsible discloses the information.

The board obtains the progress of our information disclosure activities through reports by the director in charge of the Corporate Planning Division and also checks the appropriateness of the policy.

Our company's Disclosure Policy is available on our websites:

(Japanese Website) <https://www.nipponexpress-holdings.com/ja/ir/disclosure/>

(English Website) <https://www.nipponexpress-holdings.com/en/ir/disclosure/>

## Section 5: Dialogue with Shareholders

### Supplementary Principles 5.1.1

COMPLY

Taking the requests and interests of shareholders into consideration, to the extent reasonable, the individual who attends meetings should, as a rule, be a member of senior management, a director, including any individuals from the team of outside directors, or an A & S Board Member

**We deal with dialogues with shareholders as follows: the Investor Relations Promotion Group in the Corporate Planning Division is responsible for setting up dialogues with institutional investors. For private investors, the administrative procedures, including dialogue applications, are conducted through the Stocks team of the Secretarial Division, and explanations concerning business operations are conducted through the Investor Relations Promotion Group in the Corporate Planning Division.**

**Depending on the number of shares of the shareholder who is requesting a dialogue, the top managers and/or the officer in charge of the Corporate Planning Division attend the meeting. If shareholders request dialogues with other officers including outside directors and/or executive officers, we respond to such requests as necessary, taking into consideration the purpose and importance of the interview.**

### Supplementary Principles 5.1.2

COMPLY

At a minimum, policies for promoting constructive dialogue with shareholders should include the following:

- (i) Appointing a member of management or a director who is responsible for overseeing and ensuring that constructive dialogue takes place, including the matters stated in items ii) to v) below;
- (ii) Measures to ensure coordination between internal departments such as investor relations, corporate planning, general affairs, corporate finance, accounting and legal affairs with an aim to support dialogue;
- (iii) Measures to promote opportunities for dialogue aside from individual meetings (i.e., general investor meetings and other investor relation activities);
- (iv) Measures to appropriately and effectively relay shareholder views and concerns learned through dialogue to the senior management and the board; and
- (v) Measures to control insider information when engaging in dialogue.

**Our company's responses toward dialogue are as follows:**

**(i) The Investor Relations Promotion Group of the Corporate Planning Division within the Business Strategy Headquarters, which is managed by our top managers, undertakes dialogue with shareholders and investors, for which the officer in charge of IR holds responsibility. In addition, our president and representative director or another officer visits investors in Japan and overseas to promote constructive dialogues with our shareholders. The outcomes are shared with the senior management of our company, the senior management of our main subsidiary Nippon Express Co., Ltd. (including executive officers and division managers from the head office), and presidents of regional headquarters of overseas operating companies as necessary.**

**(ii) When we offer disclosure and explanations, including our financial reports, the group exchanges opinions with other divisions such as the Corporate Planning Division, Finance Division, Accounting Division, Corporate Communication Division and the Secretarial Division, based on their professional views. In addition, we have set up regular quarterly information sharing meetings between the IR Promotion Group and each business division of the company and its major subsidiary Nippon Express. As well as reviewing quantitative and qualitative information on business conditions, these meetings will share opinions and other information obtained through dialogue with shareholders and investors with the senior management of our company and the senior management of our main subsidiary Nippon Express Co., Ltd. (including executive officers and division managers from the head office), as well as presidents of regional headquarters of overseas operating companies, with the aim of collaborating to promote appropriate information disclosure and dialogue.**

## Section 5: Dialogue with Shareholders

(iii) In addition to individual interviews, financial results briefings are held each quarter for analysts and institutional investors, at which the Representative Director or the officer with responsibility for finance provides explanations. In addition, the Company holds small meetings and investor days (IR Days) with upper management and various executives as speakers, while senior management participates in small meetings and IR conferences hosted by securities companies.

In FY2023, in addition to holding one investor day (IR Day) and one small meeting with the Representative Director as speaker, we participated in conferences sponsored by securities firms, furthermore, the IR Promotion Group participated in one online company information session for individual investments hosted by a securities company as a speaker. In holding each of these events, we consider the convenience of the participants and look into appropriate methods of participation, including web conferencing, video streaming, and hybrid formats that include face-to-face meetings.

(iv) Opinions obtained through dialogue are sent to the board as feedback once every quarter by the director in charge of the Corporate Planning Division. The board then holds reviews and discussions on the content. Business operations matters are shared with our company and the senior management of our main subsidiary Nippon Express Co., Ltd.(including executive officers and division managers from the head office) and the relevant internal divisions at least once each quarter and are incorporated into our corporate activities.

In light of the questions we have received regarding trends in our air and marine forwarding business in dialogue with shareholders, we have included "Trends in Gross Profit and Gross Profit Margin of Air Export Business from Japan and Overseas Segment" from the second quarter of the fiscal year ending December 31, 2022 and "Trends in Gross Profit Margin per TEU of Marine Export Business from Japan and Overseas Segment" from the first quarter of the fiscal year ending December 31, 2023, in the supplemental materials to the financial results meeting.

(v) In order to help achieve constructive dialogue with shareholders and investors aimed at improving corporate value, we proactively disclose information useful for investment decisions in addition to that for which disclosure is legally required. And our company has established and implemented anti-insider trading regulations, and has thoroughly upheld the management of important internal information. In addition, in order to prevent leaks of our financial results information and to ensure fairness of disclosures, we have established a quiet period. During the time between the day after the end of each accounting period and the day of its announcement, we limit dialogues and interviews with investors. We stipulate our standards for fair, timely, highly transparent and appropriate disclosure as above in our Disclosure Policy.

Our company's Disclosure Policy is available on our websites:

(Japanese Website) <https://www.nipponexpress-holdings.com/ja/ir/disclosure/>

(English Website) <https://www.nipponexpress-holdings.com/en/ir/disclosure/>

### Supplementary Principles 5.1.3

**COMPLY**

Companies should endeavor to identify their share ownership structure as necessary, and it is desirable for shareholders to cooperate as much as possible in this process.

In order to facilitate IR activities and constructive dialogue with shareholders, we are working to better understand our shareholder structure by conducting a survey of effective shareholders twice a year and additionally as required. Based on the results of these surveys, the availability of interviews, and the content of past interviews, we will consider the appropriate set of correspondents and agendas to stimulate dialogue, while considering approaches that meet investors' interviewing needs.

## Section 5: Dialogue with Shareholders

COMPLY

### Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans

When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and basic capital policies, and present goals for profitability and capital efficiency after accurately identifying the company's capital costs. Also, companies should review their business portfolio and provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as capital investments and other investments such as R&D, human resources and any specific plans that will be taken in order to achieve their goals.

Our group is currently working on various measures to implement our long-term vision under the “NX GROUP Business Plan 2028—Dynamic Growth 2.0 “Accelerating Sustainable Growth,” our business plan for the five years.

The business plan sets numerical targets for sales revenue, segment income (business income), business income margin, operating income, net income, and ROE for the final year of the plan. In conjunction with this, we have set out the “Initiatives to Improve Corporate Value” as “Action to Implement Management that is Conscious of Cost of Capital and Stock Price,” and founded on an analysis of the cost of capital at around 8%, we have presented a capital policy based on our financial strategy and disclosed our efforts to achieve our ROE target and KPIs such as ROIC, along with shareholder return and investment plans.

In terms of business portfolio management, in addition to sales revenue and income margin targets, we identify the cost of capital for each business, set ROIC targets for each business unit, assign budgets, and conduct evaluations accordingly. The Board of Directors will also hold discussions as appropriate, using the status of ROIC achievement, business growth potential, group positioning and synergy creation, and future growth strategy as criteria for decision-making. We will conduct reviews as necessary to create a business portfolio suitable for the direction of the business plan to realize our long-term vision, and based on these reviews, we will select and focus on particular businesses, and conduct mergers, acquisitions, and sales of businesses as necessary. We will also work to strengthen our financing, cash management, and balance sheet management in support of M&As and other new growth opportunities.

We report the progress of our management plans, including these initiatives, via financial settlement briefings and general shareholder meetings as needed. Presentation materials for the financial settlement briefings are available on our websites:

<Website “Business Plan”>

(Japanese Website) <https://www.nipponexpress-holdings.com/ja/ir/management/plan/>

(English Website) <https://www.nipponexpress-holdings.com/en/ir/management/plan/>

<Website “Earnings Presentations”>

(Japanese Website) <https://www.nipponexpress-holdings.com/ja/ir/event/data-room/>

(English Website) <https://www.nipponexpress-holdings.com/en/ir/event/presentations/>

## Section 5: Dialogue with Shareholders

### Supplementary Principles 5.2.1

COMPLY

In formulating and announcing business strategies, etc., companies should clearly present the basic policy regarding the business portfolio decided by the board and the status of the review of such portfolio.

The "NX Group Management Plan 2028-Dynamic Growth 2.0 "Accelerating Sustainable Growth" -" which our group is promoting sets numerical targets for revenues, segment income, business income margin, net income, ROE, etc. for the final year and the third year of the plan as interim targets. In addition, as a "Action to Implement Management that is Conscious of Cost of Capital and Stock Price," our company has set forth "Initiatives to Improve Corporate Value," analyze the cost of capital at around 8%, and present capital policies based on financial strategies, as well as efforts to achieve ROE targets and ROIC, etc., along with shareholder returns and investment plans. KPI such as ROIC will be disclosed

Recognizing that appropriate business portfolio management is essential to achieving its goals and enhancing corporate value, the Board of Directors has established a "Basic policy regarding the business portfolio" and regularly evaluates each business based on capital profitability and growth potential, its role in the group and synergy creation, and future growth strategies. The "NX Group Business Plan 2028" also positions the business portfolio management as a key strategy under "Initiatives to Improve Corporate Value," and in addition to sales revenue and profit margin targets, we identify the cost of capital for each business, set ROIC targets, assign budgets, and conduct evaluations accordingly. At the same time, in order to realize our long-term vision, we are setting targets tailored to the circumstances of each business and segment in order to appropriately assemble our business portfolio, and if necessary, we will consider selecting and focusing on particular businesses, mergers, acquisitions, and sales of businesses.

The progress of these initiatives is reported to the board and discussed as appropriate.

Our company's "Basic Policy regarding Business Portfolio" is disclosed together with the Company's Management Plan. "The management plan is posted on the Company's website:

<Website "Business Plan">

(Japanese Website) <https://www.nipponexpress-holdings.com/ja/ir/management/plan/>

(English Website) <https://www.nipponexpress-holdings.com/en/ir/management/plan/>

In addition, the progress of the business plan, including these initiatives, is reported at financial settlement briefings and general shareholder meetings, and the approach and progress of the business portfolio review are also explained in the integrated report.

The Presentation materials for the financial settlement briefing and the Integrated Report are available on our company website:

<Website "Investors">

(Japanese Website) <https://www.nipponexpress-holdings.com/ja/ir/>

(English Website) <https://www.nipponexpress-holdings.com/en/ir/>