

Corporate Governance Report

Last Update: March 29th, 2024

NIPPON EXPRESS HOLDING, INC.

Name of representative: Satoshi Horikiri, Chairman and Representative Director

Contact: +81-3-5801-1111

Code No. 9147 Prime Market of the Tokyo Stock Exchange

Web site: [https:// www.nipponexpress-holdings.com/](https://www.nipponexpress-holdings.com/)

The corporate governance of NIPPON EXPRESS HOLDING, INC. (“NXHD” or “Our company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other

Basic Information

1. Basic Policy

A. Basic Views on Corporate Governance **[UPDATED]**

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 proud 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 holding companies and presiding companies
- Sophistication of group databases and promotion of data-oriented management

[Reasons for Non-compliance with Principles of the Corporate Governance Code]

Our company will implement all the principles of the Corporate Governance Code.

[Disclosure Based on Principles of the Corporate Governance Code] [UPDATED]

In addition to disclosing each principle of the Corporate Governance Code in accordance with the statutory requirements, our Company's response policies and implementation details for all 83 principles of the Basic Principles, Principles and Supplementary Principles are listed in “NX Policy and Implementations of JPX's Corporate Governance Code”. These are available at the end of this document and on our company's website for “Corporate Governance.”

(Japanese website)

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

(English website)

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

The details of our implementations regarding the fourteen principles of disclosure, "Status of Dialogue with Shareholders and investment, etc." and “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” are as follows:

【Principle 1.4 Cross-Shareholdings】

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 and promoting cooperative collaborations.

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).

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.

[Principle 1.7 Related Party 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."

[Supplementary Principle 2.4.1 Policy on ensuring diversity]

(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.

<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 (4 men, 0 women)
 - *Of which management positions: 13 (12 men, 1 woman)
 - Recruitment of personnel with experience (FY2023)
 - 32 Staffs (NXHD 1, Nippon Express 31)
 - *Of which foreign nationals: 7 (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.

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

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.

【Principle 3.1 Full Disclosure】

(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.

<NX GROUP Corporate Philosophy>

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

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

<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>

<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.).

As with the corporate philosophy, we uphold the long-term vision and business plan, and work as a group to realize them.

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/>

(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

(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.

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.

(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 Principle 3.1.3 Disclosure of information on sustainability initiatives]

<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.)

Our 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/>

<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.

<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 CO2 emissions, including the introduction of environmentally friendly vehicles.

➤ Long-term targets toward global warming prevention

- 2030 Target

Reduce NX GROUP Scope 1 and 2 CO₂ 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 CO2 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/>

[Supplementary Principle 4.1.1 Scope of Matters to be Delegated to the Management]

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.

[Principle 4.9 Independence Standards and Qualifications for Independent Directors]

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 an 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.

[Supplementary Principle 4.10.1 Use of Optional Approach]

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 and 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.

[Supplementary Principle 4.11.1 Policies on the Board of Directors as a Whole and Appointment Procedures]

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 Principle 4.11.2 Concurrent Positions of Directors and Audit & Supervisory Board Members at Other Companies]

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.

[Supplementary Principle 4.11.3 Analysis and Assessment of the Effectiveness of Board of Directors as a Whole]

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 “2. Matters Regarding Functions of Execution of Duties, Auditing and Supervision, Appointment, Decisions on Compensation, etc. (Overview of Current Corporate governance)” of this report.

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/>

【Supplementary Principle 4.14.2 Training Policy】

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 Officers Seminar," 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.

【Principle 5.1 Policy for Constructive Dialogue 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 Financial Planning Division, the Accounting 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/>

[Status of Dialogue with Shareholders and Investors, etc.]

As stated in Principle 5-1 (Policy on Dialogue with Shareholders) above, NXHD engages in dialogue with shareholders and investors, and we strive to incorporate the opinions and requests we receive in these dialogues into the management of the Company. These dialogues cover a wide range of topics, including the Company's financial results, performance, business strategy, market trends and the business environment, and sustainability management, and opportunities are provided for briefings, meetings, etc. to address these topics and requests.

For details on the status of dialogue, please refer to the "Status of IR Activities" in "III. Implementation of Policies Regarding Shareholders and Other Stakeholders" in this report.

This information is also disclosed on "Dialogue with Shareholders and Investors" of our company website.

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

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

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price (with disclosure in English)]

Along with the NX Group Business Plan, we have disclosed our "Action to Implement Management that is Conscious of Cost of Capital and Stock Price" to the Tokyo Stock Exchange in a timely manner, and published it on the Company website.

"Initiatives to Improve Corporate Value" website:

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

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

"Business Plan" website:

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

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

*"NX Group Business Plan ~2028 Dynamic Growth 2.0 "Accelerating Sustainable Growth" Part 6, 'Initiatives to Improve Corporate Value' is applicable.

The following is a summary of the "Initiatives to Improve Corporate Value" that were discussed and resolved on by the Company's Board of Directors:

1. Analysis and Assessment of Current Situation

In accordance with the "NX Group Business Plan ~2028 Dynamic Growth 2.0 'Accelerating Sustainable Growth,'" the NX Group will implement "Initiatives to Improve Corporate Value." In order to improve corporate value (increase PBR), we have set a medium-term goal of achieving ROE of 10% or more. This will involve improving ROE above the cost of capital (about 8%) through steady implementation of various measures set out in the business plan and improving PER by raising expectations of sustained future growth."

The following is an analysis and assessment of the current situation as it relates to the development of that plan;

- While the average PBR (Price to Book Ratio) over the past five years (from FY3/2018 to FY12/2022) has remained around 1, it has not stayed consistently above that level, and ROE (Return on Equity) has averaged 7.6% over the past five years, which is below our company's cost of equity of around 8%.
- In addition, the low level (6.2%) of the most recent (forecast for FY3/2023) ROE is considered the main factor keeping PBR at the current level.
- PER (Price to Earnings Ratio) is also a critical factor for improving PBR, and although our PER is at the industry average level, our assessment is that there is room for improvement in improving expectations for business growth in light of the potential for global growth.

2. Initiatives for Corporate Value Enhancement (PBR Improvement)

In light of the analysis of the current situation, we will work to achieve ROE that stably exceeds the cost of capital through steady implementation of various measures set out in the business plan, including business growth strategies. We will also work to improve PBR through dialog with the capital market, which is raising expectations for growth, and through proactive efforts to improve non-financial value and increase PER.

In terms of our approach to capital policy aimed at improving ROE, we view it as fundamental to invest in growth with an awareness of capital efficiency, and to accumulate high quality assets and improve profitability without inflating the balance sheet by renewing our business portfolio, reducing cross-shareholdings, and selling low-profit assets. In addition, we will achieve sustained improvement in ROE by optimizing our capital structure through the effective use of interest-bearing debt and the enhancement of shareholder returns. To improve ROE, we believe it is necessary to further enhance ROIC management, and we will continue to develop the foundation for its implementation.

The NX Group will continue its initiatives to maximize corporate value by upholding the following targets: "Achieve continuous increase of ROE through steady implementation of business plan," "Capital policies that achieve business growth and improved return on capital," and "Promote ROIC-oriented business portfolio management."

For details, please refer to our company disclosure materials.

2. Capital Structure

Ratio of Foreign Shareholders	Between 20% and 30%
--------------------------------------	---------------------

Principal Shareholders **[UPDATED]**

Name	Number of shares (Thousand shares)	Holdings (%)
The Master Trust Bank of Japan, Ltd. (Account in Trust)	12,753	14.5
Custody Bank of Japan, Ltd. (Account in Trust)	6,549	7.4
Asahi Mutual Life Insurance Company	5,601	6.4
NX Holding Association	4,073	4.6
Sompo Japan Insurance Inc.	3,567	4.1
Mizuho Trust & Banking Co., Ltd. as trustee for Retirement Benefit Trust of Mizuho Bank, Ltd. (re-entrusted by Custody Bank of Japan, Ltd.)	2,850	3.2
State Street Bank West Client – Treaty 505234	1,519	1.7
JPMorgan Securities Japan Co., Ltd.	1,433	1.6
JP MORGAN CHASE BANK 385781	928	1.1
Hino Motors, Ltd.	844	1.0

Majority Shareholder (excluding the parent company)	None
--	------

Parent Company	None
-----------------------	------

Supplemental Information **[UPDATED]**

- Information on "Principal Shareholders" shown above is based on the status as of December 31, 2023.
- The number of shares owned by the trust banks includes the number of shares related to the trust business.
- By the end of December 2023, the following Large Shareholding Reports (Change Reports) have been submitted :

In a Large Shareholding Report (Change of Status Report) which was being made available for public inspection as of July 24, 2023, it was described that, Mizuho Bank, Ltd. and other three joint holders hold the following shares as of July 14, 2023; however, since our Company could not confirm the actual number of shares owned as of December 31, 2023, such shares are not included in Status of Principal Shareholders described above.

The content of the Large Shareholding Report (Change of Status Report) is as follows:

Name	Address	Number of Shares (Thousand shares)	Holdings (%)
Mizuho Bank, Ltd.	1-5-5, Otemachi, Chiyoda-ku, Tokyo, Japan	2,850	3.2
Asset Management One Co., Ltd.	1-8-2, Marunouchi, Chiyoda-ku, Tokyo, Japan	1,918	2.1
Total		4,768	5.3

In a Large Shareholding Report (Change of Status Report) which was being made available for public inspection as of October 30, 2023, it was described that, MUFG Bank, Ltd. and other three joint holders hold the following shares as of October 23, 2023; however, since our Company could not confirm the actual number of shares owned as of December 31, 2023, such shares are not included in Status of Principal Shareholders described above.

The content of the Large Shareholding Report (Change of Status Report) is as follows:

Name	Address	Number of Shares (Thousand shares)	Holdings (%)
MUFG Bank, Ltd.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo, Japan	641	0.7
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo, Japan	3,066	3.4
Mitsubishi UFJ Asset Management Co., Ltd.	1-9-1, Higashishimbashi, Minato-ku, Tokyo, Japan	833	0.9
Total		4,541	5.0

In a Large Shareholding Report (Change of Status Report) which was being made available for public inspection as of December 7, 2023, it was described that, Nomura Securities Co., Ltd. and other three joint holders hold the following shares as of November 30, 2023; however, since our Company could not confirm the actual number of shares owned as of December 31, 2023, such shares are not included in Status of Principal Shareholders described above.

The content of the Large Shareholding Report (Change of Status Report) is as follows:

Name	Address	Number of Shares (Thousand shares)	Holdings (%)
Nomura Securities Co., Ltd.	1-13-1, Nihombashi, Chuo-ku, Tokyo, Japan	216	0.2
Nomura Holdings, Inc.	1-13-1, Nihombashi, Chuo-ku, Tokyo, Japan	0	0.0
NOMURA INTERNATIONAL PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	204	0.2
Nomura Asset Management Co., Ltd.	2-2-1, Toyosu, Koto-ku, Tokyo, Japan	4,861	5.4
Total		5,283	5.3

3. Corporate Attributes

Listed Stock Exchanges and Section	Tokyo / First Section
Fiscal Year End	March
Industry Type	Land Transportation
(Consolidated) Number of Employees as of the Last Fiscal Year-end	Over 1000
(Consolidated) Sales as of the Last Fiscal Year-end	Over 1 trillion yen
Number of Consolidated Subsidiaries as of the Last Fiscal Year-end	Between 100 and 300

4. Guidelines for Protecting Minority Shareholders in Transactions with Majority Shareholders

-

5. Other Major Factors That Influence Corporate Governance

Nothing of note

II. Organization

1. Organizational Structure and Operation **[UPDATED]**

Type of Organization	Company with an Audit & Supervisory Committee
----------------------	---

Board Members

Number of Board Members under the Articles of Incorporation	16
Term for Board Members under the Articles of Incorporation	1 year
Chairperson of Board of Directors	Chairperson (Unless double as the president)
Number of Board Members	11
Number of Outside Directors	6
Number of Independent Directors in Outside Directors	6

Relationship with our Company (1) **[UPDATED]**

Name	Former Status	Relationship with company (*1)											
		a	b	c	d	e	f	g	h	i	j	K	
Yojiro Shiba	From other company									△			
Yumiko Ito	Lawyer												
Tsukiko Tsukahara	From other company												
Yoshio Aoki	CPA									△			
Nobuko Sanui	From other company												
Ryuji Masuno	Lawyer												

(*1)

○: This person is currently or was recently placed in this category.

△: This person was previously placed in this category.

●: A relative of this person is currently or was recently placed in this category.

▲: A relative of this person was previously placed in this category.

- An operating officer of our company or its subsidiary
- An operating officer or non-executive Director of the parent company of our company
- An operating officer of a fellow subsidiary of our company
- An entity or an operating officer thereof that our company is a primary trading partner of
- An entity or an operating officer thereof that is a primary trading partner of our company
- A consultant, professional accountant or lawyer receiving a large sum of money or other properties other than Director compensation from our company
- A major shareholder of our company (if such a major shareholder is a corporation, an operating officer of the corporation)
- An operating officer of a trading partner of our company (not placed in the categories d, e or f) (Applies only to the said person)

- i. An operating officer of an entity with which our company has a reciprocal outside officer appointment (Applies only to the said person)
- j. An operating officer of an entity which our company makes donations to (Applies only to the said person)
- k. Other

Relationship with our Company (2) **[UPDATED]**

Name	Member of Audit & Supervisory Committee	Designation as Independent Director	Additional Information	Reasons of Appointment
Yojiro Shiba		○	Mr. Shiba previously served as an executive at Mizuho Bank, Ltd., a main transaction bank of our Company	Mr. Yojiro Shiba possesses outstanding character and insight, a wealth of experience and many years in corporate management, and broad knowledge cultivated through responding to a wide range of customer needs. Accordingly, we believe he is suitable to serve in a position as an outside director. Mr. Shiba has previously served as an executive at Mizuho Bank, Ltd., a main transaction bank of our Company, through March 2005. However, he retired from said bank 19 years ago and maintains no special relationships that impact company decision-making. Given the preceding, we have determined there is no risk of conflict of interest with general shareholders and no issues related to independence. Therefore, we have designated Mr. Shiba as an independent director.
Yumiko Ito		○	None.	Yumiko Ito is a person of outstanding character and insight, and as an attorney, has held important positions such as legal officer in several companies with diverse backgrounds. She is currently active as an attorney, mainly assisting companies with contractual matters, litigations, and disputes. As an Outside Director of several companies, she not only provides advice as a legal expert, but also contributes to improving corporate value from various perspectives by offering her opinions from the perspective of a shareholder, making her an ideal person for an outside director. In addition, none of the conditions that are deemed by the Tokyo Stock Exchange to present a risk of a conflict of interest with general shareholders apply to her. Given the preceding, we have determined there is no risk of conflict of interest with general shareholders and no issues related to independence. Therefore, we have designated Ms. Ito as an independent director.
Tsukiko Tsukahara		○	None.	Ms. Tsukiko Tsukahara possesses outstanding character and insight, as well as a wealth of knowledge and experience in the field of diversity and inclusion, including women's empowerment. She contributes to the enhancement of corporate value from various perspectives. In addition to advisory and consulting activities that leverage her consulting experience, she plays a central role in diversity and inclusion organizations in Japan and abroad. Therefore, we have nominated her as an outside

				<p>director, believing she is suitable for serving in said position. Ms. Tsukahara is not subject to any matters considered to be a conflict of interest with general shareholders as established by the Tokyo Stock Exchange. Given the preceding, we have determined there is no risk of conflict of interest with general shareholders and no issues related to independence. Therefore, we have designated Ms. Tsukahara as an independent director</p>
Yoshio Aoki	○	○	<p>Mr. Yoshio Aoki previously served as a partner of Deloitte Touché Tohmatsu LLC, our company's accounting auditor</p>	<p>Mr. Aoki is a person of integrity and insight with sufficient experience as a company Director to monitor the management of all aspects of corporate affairs. He has a wealth of experience as a certified public accountant as well as specialized knowledge concerning finance and accounting. As the NX Group strengthens governance functions to enhance corporate value, we have determined that Mr. Aoki is capable conducting auditing and supervisory functions, etc., based on his expertise and wealth of experience. Therefore, we have nominated him as an outside director and member of the Audit and Supervisory Committee.</p> <p>He was a partner of Deloitte Touché Tohmatsu LLC, our company's accounting auditor, until November 2015. However, 8 years have already passed since she left the firm, and there is no special relationship that could influence the company's decision making. For these reasons, there is considered to be no risk of conflict of interest with our company's general shareholders, and no problem with his independence, and so he has been designated as an independent officer.</p>
Nobuko Sanui	○	○	None.	<p>Ms. Nobuko Sanui possesses outstanding character and insight, as well as being well-versed in international and labor-related fields. She has experience in organizational management. As the NX Group strengthens governance functions to enhance corporate value, we have determined that Ms. Sanui is capable conducting auditing and supervisory functions, etc., based on his expertise and wealth of experience. Therefore, we have nominated her as an outside director and member of the Audit and Supervisory Committee.</p> <p>Ms. Sanui is not subject to any matters considered to be a conflict of interest with general shareholders as established by the Tokyo Stock Exchange. Given the preceding, we have determined there is no risk of conflict of interest with general shareholders and no issues related to independence. Therefore, we have designated Ms. Sanui as an independent director.</p>
Ryuji Masuno	○	○	None.	<p>Mr. Ryuji Masuno possesses outstanding character and insight, as well as a high level of legal knowledge as an attorney. Having held key positions in motor transportation including forwarding business, public relations, international relations, and other responsibilities at the Ministry of Transport (now the Ministry of Land, Infrastructure, Transport and Tourism), Mr. Masuno is highly knowledgeable about the logistics industry.</p> <p>In his previous position as chairman of the Japan Trucking Association, Mr. Masuno contributed to the sound development of the trucking business, having pursued solutions to issues</p>

				<p>facing the motor transportation industry. As the NX Group strengthens governance functions to enhance corporate value, we have determined that Mr. Masuno is capable conducting auditing and supervisory functions, etc., based on his expertise and wealth of experience. Therefore, we have nominated him as an outside director and member of the Audit and Supervisory Committee.</p> <p>Mr. Masuno is not subject to any matters considered to be a conflict of interest with general shareholders as established by the Tokyo Stock Exchange.</p> <p>Given the preceding, we have determined there is no risk of conflict of interest with general shareholders and no issues related to independence. Therefore, we have designated Mr. Masuno as an independent director.</p>
--	--	--	--	--

Audit & Supervisory Committee **[UPDATED]**

Composition of Committee, and Attributes of Chairperson of the Committee

	All Members (persons)	Full-time members (persons)	Internal Directors (persons)	Outside Directors (persons)	Committee Chair
Audit & Supervisory Committee	4	1	1	3	Internal Director

Appointment of Directors and/or Staff to Support the Audit & Supervisory Committee	Appointed
---	-----------

Matters Concerning Independence of Said Directors and/or Staffs from Executive Directors and Officers

Our company has established the "Audit & Supervisory Committee Staff" to assist the Audit & Supervisory Committee in its duties. The staffs have been selected from the members of Internal Auditing Division, a division of internal audit of our company, but full-time staff members have been appointed, who perform his/her duties under the direction and orders of the Audit & Supervisory Committee and its members. In addition, the regulation stipulates that personnel matters of the Audit & Supervisory Committee Staff, etc. shall be made with the prior consent of the Audit & Supervisory Committee.

Collaboration between Audit & Supervisory Committee, Accounting Auditors, and Audit Division **[UPDATED]**

Our company maintains a three-way audit collaboration between the committee member Audit Committee, the Accounting Auditor, and Internal Auditing Division, the internal audit department of our company.

The Accounting Auditor, with the Audit & Supervisory Committee serving as the point of contact, sets up opportunities such as "Management Discussion Meeting" with the president and other management and business execution divisions to hear how management issues are being addressed. In addition, regular monthly meetings are held for the Audit & Supervisory Committee and the head of the Internal Auditing Division to report the status and results of accounting audits and exchange opinions in order to promote mutual cooperation.

Furthermore, the audit policy and audit plan of the Internal Auditing Division are subject to the resolution of the Audit & Supervisory Committee to ensure coordination of audits and to clarify that audits are under the operational direction of the Audit & Supervisory Committee in addition to the management direction and order authority by the President.

Discretionary Committee

Discretionary Committee Equivalent to the Nomination Committee or Compensation Committee	In Place
---	----------

Establishment of Discretionary Committee, Composition of Committee, and Attributes of Head (Chairperson) of the Committee **[UPDATED]**

	Nam of Committee	Members (persons)	Full-time members (persons)	Internal Directors (persons)	Outside Directors (persons)	Outside Experts (persons)	Others (persons)	Committee Chair
Committee Equivalent to the Nomination Committee	Compensation and Nomination Advisory Committee	4	0	1	3	0	0	Outside Directors
Committee Equivalent to the Compensation Committee	Compensation and Nomination Advisory Committee	4	0	1	3a	0	0	Outside Director

Additional Information **[UPDATED]**

In order to obtain the opinions of independent outside Directors concerning important matters such as the compensation and nomination of Officers, our company has established a fair and transparent discretionary Compensation and Nomination Advisory Committee - chaired by an independent outside Director and with three out of four committee members as independent outside directors—as an advisory body to the Board of Directors. The Board of Directors makes decisions based on the opinions of the committee members to the maximum extent possible.

The committee members are appointed via resolutions of the Board of Directors, and the committee functions as both the Nomination Committee and the Compensation Committee.

In these meetings, the committee members deliberated on matters related to the appointment of directors and executive officers, including candidates for directors and executive officers, as well as resolutions related to establishment of a skills matrix for the composition of the Board of Directors, the CEO succession plan, and the compensation policy and compensation structure, in response to consultation from the President, and submitted reports to board of directors based on their decisions (Seven meetings were held in the fiscal year ended December 31, 2023, and the average attendance rate of those who were committee members during the relevant period was 100%.)

The chairperson and the members as of end of March 2024 are as follows:

<Chairperson>

Director: Yojiro Shiba (Independent Outside Director)

<Members>

Director: Mitsuru Saito (Chairman and Representative Director)

Director: Yumiko Ito (Independent Outside Director)

Director: Tsukiko Tsukahara (Independent Outside Director)

Independent Directors

Number of Independent Directors	6
--	---

Other Matters Regarding Independent Directors **[UPDATED]**

All Outside Directors who satisfy the qualifications for independent director are designated independent directors.

[Independence Criteria for Independent Outside Directors]

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 an 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.

[Outside Directors’ Status of Combined Offices] [UPDATED]

- Director Yojiro Shiba concurrently serves as an Outside director of Bridgestone Corporation. There are no special interests between our Company and the above entities where he concurrently serves.
- Director Yumiko Ito concurrently serves as Representative of Ito Law Office and Outside Director of Kobe Steel, Ltd.,. There is no special interests between our Company and the above companies where she concurrently serves.
- Director Tsukiko Tsukahara concurrently serves as Representative of Ito Kaleidist K.K.. There is no special interests between our Company and the above company where she concurrently serves.
- Director Yoshio Aoki concurrently serves as Representative of CPA Yoshio Aoki Office and an Outside Corporate Auditor of Nippon Denko Co., Ltd. There are no special interests between our Company and the above entities where he concurrently serves.

And our company discloses the status of our outside directors holding additional posts through the Convening Notices of General Shareholder Meetings and annual Securities Reports.

Incentives

Incentives for Board Members	Introduction of Performance-based Stock Compensation Plan
-------------------------------------	---

Additional Information [UPDATED]

We have introduced stock options as part of director compensation. In addition, we have introduced a performance-based stock compensation plan. At the 2nd Ordinary General Meeting of Shareholders held on March 28, 2024, a resolution was passed to partially revise the amount and details of the performance-based stock compensation plan for directors and executive officers (excluding outside directors, part-time directors, directors who are members of the Audit & Supervisory Committee, and persons residing outside Japan) in order to foster a stronger mindset of contributing to the Company’s performance and corporate value over the medium to long term. Please refer to “Disclosure of Policies for Determining Compensation and Methods of Calculation” in this report for the method by which share grants under these systems are calculated.

[Reference : Outline of Performance-based Stock Compensation Plan]

This plan is a stock compensation system that is linked to the medium to long-term performance of our company using the Executive Compensation BIP (Board Incentive Plan) Trust (hereinafter the “BIP Trust”). The BIP Trust is an executive incentive plan based on US Performance Share Plans and Restricted Stock Plans, and is a system which grants benefits (hereinafter “grants etc.”) to Officers, etc. in the form of company stock or the cash equivalent of our company stock price based on business performance, etc.

In addition, NIPPON EXPRESS HOLDINGS was established on January 4, 2022, and has inherited the status of the BIP Trust Contract from Nippon Express Co., Ltd. The details of the inherited BIP trust contract are as follows:

[Content of the trust agreement]

(1) Type of trust	Monetary trust other than a specified solely-administered monetary trust (third-party beneficiary trust with beneficiaries yet to exist)
(2) Purpose of trust	To provide incentives to the Officers of our company
(3) Entruster	Our company (NIPPON EXPRESS HOLDINGS)
(4) Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint Trustee: The Master Trust Bank of Japan, Ltd.)
(5) Beneficiaries	Directors and officers who satisfy the beneficiary requirements
(6) Trust administrator	Third party having no conflict of interest with our company (certified public accountant)
(7) Initial Date of trust Agreement	August 2016 (To be changed to May 2024 to extend the trust period)
(8) Trust term	August 2019 to May 2024 (To be extended until May 2029 due to an amendment to the trust agreement in May 2024)
(9) Commencement of the plan	September 2016
(10) Exercise of voting Rights	Voting rights will not be exercised
(11) Class of shares to be acquired	Common stock of our company
(12) Upper limit of trust Money	1.2 billion yen (including trust fees and trust expenses)
(13) Time of acquisition of shares	May 20, 2024 - May 31, 2024
(14) Method of acquisition of shares	Buying from the market
(15) Rights holder	Our company (NIPPON EXPRESS HOLDINGS)
(16) Residual assets	Our company, as the rights holder, may receive residual assets within the scope of the reserve for trust expenses after deducting funds to acquire our shares from trust money.

[Total number of shares to be acquired by Directors, etc.]

Maximum 140,000 shares (Trust period: five years, Total of the Company's portion and the subject Subsidiary's portion)

[Individuals Eligible for Beneficial Interest and Other Interests]

Directors, etc. who meet the requirements.

Recipients of Stock Options	-
------------------------------------	---

Additional Information

-

Compensation for Board Members

Disclosure of Individual Compensation for Directors	Selected Directors
--	--------------------

Additional Information **[UPDATED]**

Total Amount of Compensation, etc. breakdown for Directors and Audit & Supervisory Board Members are being made available for public inspection in Business Report and Securities Report which are available on our website. And for directors who receive 100 million yen or more in compensation, the amount is disclosed in the Securities Report.

A. Total Amount of Compensation, etc. for Directors and Audit & Supervisory Board Members for the fiscal year ending December 31, 2023 (January 1, 2023, to December 31, 2023) are as follows:

Classification	Total Compensation (Million Yen)	Total amount of remuneration, etc. by type (Million Yen)			Number of people to be covered (People)	
		Basic compensation	Performance-based remuneration			Other
			Bonuses	Share-based remuneration		
Directors (Outside directors)	357 (42)	242 (42)	81 (-)	17 (-)	16 (-)	8 (4)
Audit & Supervisory Board Members (Outside Members)	94 (33)	90 (33)	- (-)	- (-)	3 (-)	5 (3)

Note 1: The above includes two Directors (including one outside Director) who retired at the conclusion of the 1st Ordinary general meeting of shareholders held on March 30, 2023.

Note 2: Compensation paid to Audit & Supervisory Board Members relates to the period prior to the transition to a Company with an Audit & Supervisory Committee.

Note 3: Article 2, Paragraph 1 of the Supplementary Provisions of our Company's Articles of Incorporation stipulated that the total amount of monetary remuneration to be paid to directors from the date of establishment of our Company until the close of the Ordinary General Meeting of Shareholders for the fiscal year ending on December 31, 2023, shall not exceed 660 million yen per year (not including the salary for directors who also serve as employees). The number of Directors at the time these Articles of Incorporation came into effect was nine.

Note 4: The stock compensation plan for our Company's directors (excluding outside directors) covering the period from the date of establishment of our Company to the fiscal year ending December 31, 2023, is stipulated in Article 2, Paragraph 2 of the Supplementary Provisions of our Company's Articles of Incorporation, but the above stock compensation is the amount of allowance recorded for the current fiscal year under the plan, which differs from the actual total amount paid.

Note 5: Article 3 of the Supplementary Provisions of our Company's Articles of Incorporation stipulated that the total amount of remuneration, etc. for Audit & Supervisory Board members from the date of the establishment of our Company until the close of the Ordinary General Meeting of Shareholders for the fiscal year ending on December 31, 2023, shall not exceed 120 million yen per year. The number of Audit & Supervisory Board Members at the time these Articles of Incorporation came into effect was five.

Note 6: Other compensation includes company housing expenses, etc. paid by our company to the officers.

B. The individual disclosures who receive 100 million yen or more in compensation for the fiscal year ending December 31, 2023 (January 1, 2023, to December 31, 2023) are as follows:

Kenji Watanabe Chairman and Representative Director

Total compensation: 130 million yen of which the basic compensation was 86 million yen and the company performance-based compensation was 44 million yen (Breakdown/ Bonuses: 37 million yen /The performance and share-based remuneration: 7 million yen).

Mitsuru Saito President and Representative Director

Total compensation: 146 million yen of which the basic compensation was 86 million yen, the company performance-based compensation was 44 million yen (Breakdown/ Bonuses: 37 million yen/The performance and share-based remuneration: 7 million yen) and other compensation was 16 million yen

Note 1: The above information is limited to those whose total amount of consolidated remuneration is 100 million yen or more.

Note 2: Article 2, Paragraph 1 of the Supplementary Provisions of our Company's Articles of Incorporation stipulated that the total amount of monetary remuneration to be paid to directors from the date of establishment of our Company until the close of the Ordinary General Meeting of Shareholders for the fiscal year ending on December 31, 2023, shall not exceed 660 million yen per year (not including the salary for directors who also serve as employees)

Note 3: The stock compensation plan for our Company's directors (excluding outside directors) covering the period from the date of establishment of our Company to the fiscal year ending December 31, 2023, is stipulated in Article 2, Paragraph 2 of the Supplementary Provisions of our Company's Articles of Incorporation, but the above stock compensation is the amount of allowance recorded for the current fiscal year under the plan, which differs from the actual total amount paid.

Note 4: Other compensation includes company housing expenses, etc. paid by our company to the officers.

C. Details of the Resolution of the General Meeting of Shareholders regarding Remuneration for Officers

At the 2nd Ordinary General Meeting of Shareholders held on March 28, 2024, it was resolved that the maximum amount of remuneration for directors (excluding directors who are members of the Audit & Supervisory Committee) shall be 1 billion yen per year (including 100 million yen per year for outside directors, excluding employee salaries for directors who serve concurrently as employees).

In addition, at the same Ordinary General Meeting of Shareholders, a resolution was passed to partially revise the amount and details of the performance-based stock compensation plan for directors and executive officers (excluding outside directors, part-time directors, directors who are members of the Audit & Supervisory Committee, and persons residing outside Japan), separately from the above limits on remuneration, with the aim of fostering a stronger mindset of contributing to our company's performance and corporate value over the medium to long term. For details, please refer to [Incentives] in this report. The number of directors (excluding directors who are members of the Audit & Supervisory Committee) as of the conclusion of the said Ordinary Meeting of Shareholders is seven (including three outside directors).

At the 2nd Ordinary General Meeting of Shareholders held on March 28, 2024, it was resolved that the maximum amount of remuneration for Directors who are members of the Audit & Supervisory Committee shall be 200 million yen per year. The number of directors who are members of the Audit & Supervisory Committee as of the conclusion of the said Ordinary Meeting of Shareholders is four (including three outside directors).

Existence of Policies for Determining the Amount or Method of Calculating Compensation for Directors and Audit & Supervisory Board Members	Yes
---	-----

Disclosure of Policies for Determining Compensation and Methods of Calculation **[UPDATED]**

A. Policy for Determining the Amount of Remuneration, etc. of Directors (excluding Directors who are Audit & Supervisory Committee Members) or the Method of Calculation thereof

In order to seek appropriate advice from independent outside directors on important matters including directors' remuneration, we established a discretionary Remuneration and Nomination Advisory Committee - with three out of four committee members who are independent outside directors. The policy for determining the remuneration, etc. of Directors (excluding Directors who are Audit and Supervisory Committee Members) was determined by the Board of Directors after seeking advice from the Remuneration and Nomination Advisory Committee and taking the report into consideration. As the Remuneration and Nomination Advisory Committee has conducted a multifaceted review of the details of individual Directors' remuneration, including consistency with the decision-making policy, the Board of Directors respects its report and believes that it is in line with the decision-making policy.

Our Policy for Determining the Amount of Remuneration, etc. of Directors is as follows:

(Regarding executive compensation)

Our company has established the Remuneration and Nomination Advisory Committee as an advisory body to the Board of Directors for the purpose of strengthening the independence, objectivity, and accountability of the Board of Directors' functions related to the nomination and remuneration of Directors (excluding Directors who are members of the Audit & Supervisory Committee).

The remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers shall be determined by the Board of Directors after the Remuneration and Nomination Advisory Committee deliberates and reports

on the system and details based on the following policy. The determination of the amount of compensation for each individual shall be delegated to the Representative Director by resolution of the Board of Directors.

(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-linked 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-linked remuneration in shares shall be paid in accordance with the conditions and timing stipulated in the Regulations on Granting of Shares, etc.

The remuneration of our company's Directors (excluding Directors who are Audit and Supervisory Committee Members) consists of base remuneration and performance-based remuneration. The performance-based remuneration is paid according to the results and performance based on the expected duties. The composition ratio of remuneration is set appropriately to the ratio of remuneration linked to short-term and medium - to long-term performance, and it reflects the degree of sustainable corporate growth, contribution to sustainable improvement of corporate value, and achievement of targets.

In addition, by setting the ratio of performance-linked remuneration to be higher for higher positions, it is designed to require higher performance and performance responsibilities for higher positions. Bonuses and stock-based compensation, which are performance-linked compensation, are allocated according to a standard amount set by position.

B. Indicators for performance-based remuneration, reasons for selecting such indicators, and method for determining the amount of performance-based remuneration

As for the indicator related to performance-based remuneration, the bonus as short-term performance-based remuneration shall be determined through quantitative and qualitative evaluation based on the single-year performance according to the role played, the results of ESG management initiatives, and the overall contribution to the improvement of corporate value. For performance-based stock compensation as medium - to long-term performance-linked compensation, indicators include consolidated revenue, consolidated business income, consolidated ROE, and ESG-related non-financial indicators.

Performance-based stock compensation is basically managed in terms of points, with 1 point = 1 share of the Company's stock. Each year, the number obtained by dividing the amount of stock compensation for each position by the plan's base stock price is granted as the base points to the plan's eligible persons. The period subject to evaluation is the same fiscal business year as our business plan (five business years from FY2024 to FY2028), and performance evaluation indicators are set according to the business plan and evaluated for each fiscal business year. 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. After the end of the period covered by the business plan, the same number of shares as the number of points determined will be delivered. As for the details of the share delivery, the number of our company's shares corresponding to half of the points held by the Eligible Persons (fractional shares are rounded down) will be delivered, and the number of our company's shares corresponding to the remaining points will be sold for use in paying income tax, etc., and the remaining amount after tax payment will be paid to the eligible persons.

The actual performance of the indices related to performance-based stock compensation for the fiscal year ending December 31, 2023, was 91.56% for consolidated net sales, 61.16% for consolidated operating income, and 59.00% for consolidated ROE, compared to the target figures throughout the period subject to evaluation.

C. Matters concerning the delegation of authority regarding the determination of remuneration, etc. for individual Directors (excluding Directors who are Audit and Supervisory Committee Members)

Based on the above policy, the Board of Directors has resolved to delegate the determination of the specific content of remuneration for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) to the Representative Director. The authority to be delegated is to determine the amount of basic remuneration for each Director and the evaluation and allocation of bonuses in accordance with the standards for setting remuneration for Directors, which are deliberated and established in advance by the Remuneration and Nomination Advisory Committee, within the remuneration framework determined by resolution of the General Meeting of Shareholders.

The reason for delegating these authorities is that the representative director was the most suitable person to evaluate the business of each director while keeping an overview of the performance of our company as a whole.

In FY2023, at the Board of Directors meeting held on March 30, 2023, it was resolved that Mitsuru Saito, President and Representative Director (currently Chairperson and Representative Director), would be entrusted with the determination of the specific content of individual compensation amounts.

Support System for Outside Directors **[UPDATED]**

The Secretarial Division as a secretariat of the Board of Directors, and other divisions, depend on the agenda, explains about our company's situation to outside directors appropriately. The Internal Auditing Division, in charge of internal auditing, provides the necessary job-related communication information that the occasion demands in order to support the duties of directors who are Audit & Supervisory Committee Members, including outside Audit & Supervisory Committee Members.

Status of Former President and Representative Director, etc.

The Total Number of Senior Advisors, Consultants, etc., Who Are Former President and Representative Director, etc.	0
---	---

Other Matters

Our company does not have a system of advisors, counselors, etc. appointed by former Representative Director President, etc.

Kenji Watanabe, formerly of our Chairman and Representative Director, is an advisor to Nippon Express, which is our subsidiary.

A summary of duties, etc., is as follows:

Duties: External activities for industry associations, etc.

Type of work and conditions: Part-time, with compensation

Date of retirement of President, etc.: March 28, 2024 (date of retirement from our company's Board of Director)

Term of office: Unspecified

The Nippon Express Advisor will utilize his experience and expertise in the management and sales of Nippon Express to engage in outside activities in industry associations and other organizations that are beneficial to the development of Nippon Express and the logistics industry, and will not have any authority to influence management decisions or be involved in any management decision-making.

2. Matters Regarding Functions of Execution of Duties, Auditing and Supervision, Appointment, Decisions on Compensation, etc. (Overview of Current Corporate governance) [UPDATED]

(i) Overview of the Implementation of Corporate Governance

- Following the resolution of the 2nd Ordinary General Meeting of Shareholders held on March 28, 2024, our company transitioned from a Company with a Board of Company Auditors to a Company with an Audit & Supervisory Committee in order to accelerate decision-making, focus on strategic discussions, and strengthen oversight functions. In addition to the Board of Directors and the Audit & Supervisory Committee, our company has established a discretionary Remuneration and Nomination Advisory Committee as an advisory body to the Board of Directors to obtain the opinions of independent outside directors on important matters related to remuneration and nomination of officers. Moreover, in addition to ensuring prompt decision-making and execution of duties by delegating a part of the decision-making process regarding important business execution to the President and introducing an executive officer system, the supervisory function of the Board of Directors has been strengthened by separating supervision and execution.

(ii) Board of Directors

- The Board of Directors is responsible for ensuring our company's sustainable growth and maximizing its corporate value through the implementation of effective corporate governance, as delegated by the shareholders. In order to fulfill this responsibility, the Board of Directors deliberates and makes decisions on important management policies, management plans, and other critical matters related to overall management, deliberates and makes decisions on matters stipulated by the Companies Act to prevent loss of corporate value, and exercises a supervisory function over overall management, overseeing divisions engaged in the execution of business and ensuring transparency in management. The Board of Directors delegates a part of the decision-making process regarding business execution, except for the aforementioned important business execution decisions, to the President and other business execution divisions, as well as supervising their execution of said business operations.
- The outline of the Board of Directors, etc. is as follows:

[Board of Directors]

- Authority: Resolving important management policies and matters defined by laws and regulations as well as supervising business execution of duties by the business execution divisions.
- Chairperson: Non-executive board director
- Structure: 11 directors (as of end of March 2024)
 - *Breakdown: 7 Directors (excluding Directors who are Audit & Supervisory Committee Members, including 3 Outside Directors)
4 Audit & Supervisory Committee Members including 3 Outside Members
- Frequency of Meetings: Once a month and as necessary.
- Director's attendance: The number of meetings of Board of Directors in FY2023 in the company with Audit & Supervisory Board before the transition to the Audit & Supervisory Committee was 19. The average attendance rate of Directors and Audit & Supervisory Board Members at the end of FY2023 was 100%.

<Major topics of discussion at Board of Directors meetings held in FY2023 (fiscal year ending December 2023)>

- Resolution on following agendas:
 - Establishment of the NX Group Sustainability Policy and Vision; review of Materiality; review of NX Group CO2 reduction targets; formulation of the NX Group Human Rights Policy; response to the Corporate Governance Code; assessment of the propriety of cross-shareholdings; annual budget; organizational reform; acquisition of shares for corporate acquisition; deliberations and resolutions on important restructuring of group companies; capital and business alliances; revision of important group regulations; etc.
 - Ongoing deliberations on the formulation of important plans and policies for group management, including the formulation of a new business plan and sustainable procurement policy, etc.
- Reports on following agendas:
 - Progress of the management plan; status of DX promotion initiatives; status of sustainability initiatives; status of compliance, safety management, and system risk management; status of internal audits; progress of changes associated with the introduction of the Group brand; results of the Group employee engagement survey; results of the verification of the abandonment of the

development of the new air cargo backbone system; progress of Project ITS; situation in Ukraine and Russia; and progress of key investments and restructuring.

•Effort to invigorate board deliberations:

In consideration of other matters to be discussed, including quarterly financial results, our company determines the annual schedule of board meetings before the beginning of each year and notifies the directors. As for proposals, since these are to be discussed at Board of Executives - the consultation organization for business execution - prior to the board meetings, executive directors and full-time Audit & Supervisory Committee Members attend the meeting and are familiar with the contents of the agenda topics before attending Board of Directors Meeting. For outside directors including outside Audit & Supervisory Committee Members, our company strives to allocate sufficient time for question-and-answer sessions and discussions by providing briefings in advance and invigorating board deliberations.

•Appropriate setting of the Board of Directors agenda:

The Board of Directors delegates a part of important business execution, such as individual investment projects, to the Director President and focuses on constructive discussions on important management issues and management strategies that set the company's major direction, as well as setting the criteria for resolutions on matters stipulated by the Companies Act and other laws to secure the rights of shareholders and prevent loss of corporate value.

In addition, in order to enhance the supervisory function of the Board of Directors, the agenda items to be handled by the Board of Directors are systematically organized and the "Standards for Deliberation at Board of Directors" have been established. The annual plan for reporting important matters is set forth in the annual agenda plan of Board of Directors, and efforts are made to manage the Board of Directors so that appropriate information is reported by the executive divisions.

•Effectiveness of the board:

The effectiveness of the Board of Directors, including the Compensation and Nomination Advisory Committee, is evaluated through a questionnaire survey conducted once a year by an external organization targeting all Directors (in addition to Directors, Audit & Supervisory Board Members until FY2023 when our company was a Company with Audit & Supervisory Board before the change of institution), and opinions are gathered for the improvement of the Board of Directors. The results are evaluated, and the Board of Directors holds a discussion and reviews results. The board evaluates its effectiveness based on the congregated results from the institution. In addition, based on the issues and opinions extracted through the questionnaire, we are making improvements to improve the effectiveness of the Board of Directors.

<Reference: Effectiveness evaluation in FY2023 (for the fiscal year ending in December 2023)>

[Questionnaire by an outside institution, results of evaluation]

Time Period: December 2023

Participants: 6 directors (including 3 outside directors [3 independent officers]), 5 Audit & Supervisory Board Members (including 3 outside members [3 independent officers]); 11 in total

Evaluation method: by selecting one in five levels ("5: Effective, Appropriate" to "1: Improvement required, Inappropriate")

Evaluation items (themes): "Structure and Management of the Board of Directors," "Management and Business Strategies," "Corporate Philosophy and Risk Management," "Performance Monitoring and Management Evaluation," "Dialogue with shareholders etc".

Evaluation based on the answers to a total of 24 questions and comments (optional)

Evaluation results: The Board of Directors evaluated the average score per question and the comments and confirmed that the efficiency of the board is roughly assured.

Items highly evaluated:

- ✓ "The composition of outside directors is balanced in terms of gender and expertise. "
- ✓ "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."
- ✓ "Sufficient explanations are provided to outside directors prior to Board of Directors meetings, and the necessary information for deliberations is appropriately provided." etc.

Issues identified in the survey:

- ✓ "More substantive discussions on sustainability, DX initiatives, and human resource strategies are required."

- ✓ “Decision-making and business management that is conscious of the cost of capital is still in the process of development.”
- ✓ “Risk management at the group and global level needs to be strengthened.”
- ✓ “SR/IR activities discussed more fully.” etc.

Status of response/improvement to issues:

- ✓ “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. (Continuation of efforts.)”
- ✓ “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.”
- ✓ “To strengthen risk management at the global level.”
- ✓ “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.”

•Training for Directors and etc.:

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 Seminar,” 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.

In particular, in order to confirm whether appropriate measures are being taken with regard to training, including the provision of internal information, for outside directors, 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.

(iii) Compensation and Nomination

•In order to obtain the opinions of independent outside directors concerning important matters such as the compensation and nomination of directors and officers, our company has established a fair and highly transparent discretionary Compensation and Nomination Advisory Committee - with three out of four committee members as independent outside directors—as an advisory body to the Board of Directors. Our board greatly respects the committee’s report when making decisions.

Please also refer to “Establishment of Discretionary Committee, Composition of Committee, and Attributes of Head (Chairperson) of the Committee” in this report.

(iv) Audits

A. Audit & Supervisory Committee

•Following a resolution at the 2nd Ordinary General Meeting of Shareholders held on March 28, 2024, our company transitioned from a company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee. The Company's Audit & Supervisory Committee, as an independent body that plays a part in our company's supervisory functions and audits the execution of duties by the directors, will contribute to achieving sustainable enhancement of corporate value and growth as a sound corporate group. The Audit & Supervisory Committee consists of one director who is a full-time Audit & Supervisory Committee member and three outside directors (part-time) who are Audit & Supervisory Committee members. The Audit & Supervisory Committee will hold regular meetings and extraordinary meetings as necessary. In addition, our company has appointed staff to assist the Audit & Supervisory Committee in its duties, thereby enhancing its audit and supervisory functions.

(Reference) In FY2022, when the Company was a company with an Audit & Supervisory Board, the Audit & Supervisory Board held a total of 9 meetings, and the attendance rate of each member was 100%.

•The Audit & Supervisory Committee will take over the operation of the Audit & Supervisory Board and its audits to a certain extent, and will conduct effective audits while further strengthening cooperation with the Internal Auditing Division, our company's internal auditing unit. The activities of the Audit & Supervisory Board in FY2023, prior to the transition to a company with an Audit & Supervisory Committee, are as follows:

(Activities of the Audit & Supervisory Board in FY2023)

•The Audit & Supervisory Board Members attended important meetings, including Board of Directors meetings, and provide objective and fair opinions on overall management and individual matters. The board members also oversee business execution by the directors by investigating the legality and status of internal controls. In addition, the Audit & Supervisory Board Members examined important documents and the company's correspondence with major offices as well as investigate subsidiaries. The members supervised the business execution of relevant divisions.

•Audit & Supervisory Board Members conducted audits in accordance with the "Regulations of the Audit & Supervisory Board " and the "Standards for Audits by Audit & Supervisory Board Members" to ensure that the execution of duties by directors is properly conducted in accordance with laws, regulations, and the Articles of Incorporation. They also confirmed the status and results of audits conducted by the accounting auditor. Furthermore, Audit & Supervisory Board Members performed auditing duties for group companies in order to carry out their duties concerning consolidated management perspectives and consolidated financial statements, and in order to prevent inappropriate transactions or accounting treatment between our company and group companies, etc., they cooperated and exchanged information with the auditors of group companies and made efforts to conduct efficient audits.

•The specific focus of audit activities in FY2023 was as follows:

1. Compliance status of laws, regulations, Articles of Incorporation, and other internal rules, 2. Progress of the "NX GROUP Business Plan 2023—Dynamic Growth," 3. Development and achievement of business projects, 4. Status of asset maintenance, 5. Establishment and operation of an internal control system, 6. Operational status of subsidiaries and affiliates (including those overseas)

•The Audit & Supervisory Board deliberated on the policy for selecting the accounting auditor, and considered whether or not to reappoint the accounting auditor each fiscal year by obtaining necessary information and receiving reports from the directors, the relevant internal departments and the accounting auditor. Based on this consideration, the Audit & Supervisory Board confirmed whether the accounting auditor's execution of duties, auditing system, and independence are appropriate, and make a decision accordingly.

The evaluation of the accounting auditor was based on the following items: "1. Quality control of the auditing firm," "2. Audit team," "3. Audit fees, etc.," "4. Communication with Audit & Supervisory Board Members, etc.," "5. Relationship with management," "6. Group audit," "7. Risk of misconduct."

•After the transition to a company with an Audit & Supervisory Committee, the Audit & Supervisory Committee will continue to evaluate the same details.

•Please refer to " Collaboration between Audit & Supervisory Committee, Accounting Auditors, and Audit Division" for the status of cooperation with accounting auditors and the internal audit department.

B. Internal Auditing Division

- For internal auditing, our company established the Internal Auditing Division. According to the annual audit plan, our company conducts internal audits of our subsidiaries (both in Japan and overseas) and internal control audits related to financial reporting based on Japan's Financial Instruments and Exchange Act.
- The Internal Auditing Division, in accordance with the "NX GROUP Audit Regulations," conducts internal audits, including on-site inspections and document audits, to evaluate the effectiveness of risk management, control, and governance processes for the governance system that our company and its subsidiaries should establish to achieve their management objectives and sustainable growth. It also conducts independent and objective assurance and advisory activities with the aim of contributing to the proper execution of operations, enhancing management efficiency, and contributing to operational efficiency and improvement.
- In internal control audit activities, we set key audit items and strive to conduct effective audit activities. The following were the key audit items for the internal audit in fiscal year 2023:
 - ✓ Internal audit in Japan: Business operations, receipt and placement of illegal work orders, safety promotion, credit management and evidence-based accounting, and harassment prevention efforts
 - ✓ Overseas internal audit: Credit and debt management, purchasing management, and outsourcing management
- In internal control audits in Japan, an audit round-table meeting is held for the organization being audited to provide a forum for review after the audit inspection. After sharing the causes and risks of the issues pointed out, advice is provided for improvements to be formulated by the organization being audited, and the commitment of the organization to implement the improvement plan is confirmed. As for the issues pointed out, a follow-up audit is conducted three months after the audit to confirm the status of improvements. In addition, our company conducts internal control audits by auditing the design and operation of "internal controls regarding credibility of financial reporting," evaluating the effectiveness of internal controls, and performing procedures in accordance with the internal control reporting system (such as preparation of "internal control reports"). For overseas internal control audits, in order to conduct audits efficiently and flexibly, an auditor under the jurisdiction of our company's Internal Auditing Division has been assigned to each overseas headquarter, and the roles, functions, and reporting lines of such auditors have been reorganized. Subsequently, recruitment of local auditors has been implemented and is currently being consolidated and expanded.

C: Accounting auditor

- Deloitte Touché Tohmatsu LLC was selected as an accounting auditor. This audit firm conducts audits as an independent third party. The firm audits our company and its consolidated subsidiaries in accordance with the annual accounting audit plan and in collaboration with our Internal Auditing Division and the Audit & Supervisory Committee.
- Our company has established a highly objective auditing system by conducting Audit & Supervisory Committee audits, internal audits and accounting audits in an independent and complementary fashion.

(v) Execution of Duties

- The business operations execution framework consists of five divisions under the leadership of the President and Representative Director who is delegated by the Board of Directors to make important business decisions and execute duties, and a certain amount of authority is delegated to each division to allow them to quickly implement the business plan as single units. In conducting business, each group company fulfils its roles and responsibilities as delegated to them by our company as the group headquarters, and in this role, our company oversees the conduct of each group company's business. The "NX GROUP Governance Regulations" and the "Group Approval Authority Table" accompanying the regulations stipulate the group management system and matters delegated to group companies, and are reviewed as necessary to promote efficient and effective group management.
- The status of various meetings related to business execution is as follows:

[Board of Executives]

- Roles: An advisory body to the President and Chief Executive Officer (CEO), which discusses important matters related to overall management and reports on the status of Executive Officer business execution.
- Chairperson: President
- Structure: Vice President, Chief Managing Officers, (4 as of the date of submission), and the Executive Officer in charge of the division proposing the agenda for discussion, Supervision by Directors, full-time Audit & Supervisory Committee Members, etc.
- Main agenda: Discussions on important business execution decisions such as investment projects delegated by the Board of Directors, progress reports on important matters and other matters decided by the Board of Executives, etc.

[Board of Officers]

- Roles: Discussion of policies related to overall business execution, resolution within the scope of delegation from the Board of Directors (Resolution of Representative Director), and instructions from the president and each chief managing officer
 - Chairperson: President
 - Structure: Participation of executive officers (16 as of the date of submission), representatives of group companies, etc.
Supervision by Full-time Audit & Supervisory Committee Members and attendance of group company directors, etc. as observers
 - Frequency: In principle, once a month except for months when the Group Management Committee is held.
 - Main agenda: Instructions and communications from the President and Chief Managing Officers of each division, reports on the status of business execution from each Executive Officer, etc.
- ✓ In fiscal year 2023, "Board of Officers" was established to perform the functions of the above-mentioned "Board of Executives" and "Board of Officers" and held 14 meetings. In light of the transition to a company with a committee member board of auditors and the partial delegation of important business execution decisions to Director President, etc., the Company has established Board of Executives and Executive Officer meetings, separating the meeting functions from March 2024, in order to make purpose independent and strengthen the consultative body as an advisory body of President.

[Group Management committees]

- Role: To enhance inter-group cooperation and foster a sense of unity by providing instructions and communication on group business policies, and reporting on business progress from operating companies.
- Chairperson: President
- Composition: Executive officers, presidents of major group companies, senior management, etc.
Attendance of full-time Audit & Supervisory Committee Members for supervision, etc.
- Frequency: Quarterly and as necessary (2 meetings was held in 2023)
- Main agenda: Instructions on group management policies, communication of policies of each headquarter, reports from group companies on individual themes related to group management, etc.

[Summary of other executive division committees]

- As committees involved with internal control, we established a Risk Management Committee, which is in charge of drawing up risk management policies and establishing the group's risk management system and held 2 times a year; a Compliance Committee, which is in charge of establishing and implementing the group's compliance system and held four times a year; a Crisis Management Committee, which is in charge of establishing a response in advance and taking action after the emergence of risks and crises and held two times a year; and a System Risk Countermeasures Committee, which is in charge of establishing a system for information system security and taking action when security incidents occur and held two times a year. Important matters discussed by each committee shall, depending on the relevant approval criteria, be submitted to the Board of Directors for approval, or reported to the board of directors on a regular basis, and the Board of Directors shall oversee these activities.
- As committees involved in business strategy, we established a Sustainability Promotion Committee, which is responsible for addressing issues related to sustainability and planning group policies and held two times a year, an Investment Committee, which is responsible for discussing approaches to M&A projects and held as needed, and CVC Steering Committee, which is responsible for discussing investment intentions for selected investments in CVC funds in which the Board of Directors has made a resolution to make investments and held as needed. Important matters discussed by the Sustainability Promotion Committee shall, depending on the relevant approval criteria, be submitted to the Board of Directors for approval, or reported to the board of directors on a regular basis, with the board overseeing these activities. In addition, projects discussed by the Investment Committee are, depending on the relevant approval criteria, submitted to the Board of Directors for approval, which decides on corporate acquisitions and other matters. The progress of investment projects is regularly reported to the board of directors, and necessary discussions are held among the relevant divisions and operating companies at meetings such as those of the PMI Joint Council. The investment status in the CVC fund shall also be reported regularly to Board of Directors.
- In addition, the Group Management Committee and other committees have established subcommittees for individual themes such as human resources, DX, and safety, as well as councils with group companies to promote group-wide strategies and strengthen internal controls.

(vi) Overview of Agreements to Limit Liability

•In accordance with the Articles of Incorporation, our company and outside Directors Yojiro Shiba, Yumiko Ito, and Tsukiko Tsukahara, Director & Audit & Supervisory Committee Members Takashi Nakamoto, outside Director Yoshio Aoki, Nobuko Sanui, and Ryuji Masuno have entered into an agreement to limit their liability, providing that they satisfy conditions prescribed by laws. Under the agreement, the limit of liability shall be an amount stipulated by laws.

3. Reasons for Adopting Current Corporate Governance Structure [UPDATED]

Our company is a company with an Audit & Supervisory Committee, having transitioned from a Company with a Board of Company Auditors following a resolution at the 2nd Ordinary General Meeting of Shareholders held on March 28, 2024. This decision was made for the following reasons. A company with an Audit & Supervisory Committee is an organization in which decision-making authority for many important business operations can be delegated to the President and other executive directors, thereby speeding up decision-making and allowing the Board of Directors to focus on discussions of important management issues such as sustainability management and the business portfolio to realize our group's long-term vision. In addition, by separating business execution and supervision and appointing directors who are members of the Audit & Supervisory Committee with voting rights in the Board of Directors, it allows for the strengthening of the Board of Directors' supervisory function. Meanwhile, we believe that the establishment, separate from the Audit & Supervisory Committee (which has the right to express opinions on the selection and dismissal of directors and their compensation), of a voluntary Remuneration and Nomination Advisory Committee, the majority of whose members are outside directors who are not members of the Audit & Supervisory Committee, will enable our company to achieve highly effective supervision and auditing while ensuring that the roles of remuneration/nomination and auditing are assigned separately. In terms of the overall composition of the Board of Directors, by having 6 of the 11 members (as of the date of submission) be outside directors, our company is able to incorporate the knowledge of outside experts who also speak for shareholders and other stakeholders when discussing important management policies and other matters, while at the same time properly maintaining the Board's supervisory function.

Accordingly, we have determined that this structure sufficiently ensures the objectivity and neutrality of the management oversight function, and that the composition of the Board of Directors within the current structure is appropriate.

In order to realize our vision for 2037 of becoming a "logistics company with a strong presence in the global market," we will continue to discuss ways to globalize our management structure and improve our corporate governance with a view to increasing our corporate value.

III. Implementation of Measures

1.Measures to Revitalize Shareholders' Meetings and Facilitate Voting

Early Notification of General Meetings of Shareholders	<p>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.</p>
Electronic Voting Facilities	<p>Our company has adopted an online voting system that enables investors to exercise their voting rights via the Internet, smartphone or cellular phone.</p>
Measures Including Platform for Electronic Exercising of Voting Rights to Improve Voting by Institutional Investors	<p>Our company has introduced an Electronic Voting Platform called the Tosho Platform for institutional investors to vote electronically.</p>
Provision of an English summary of the Convocation Notice of the General Meeting of Shareholders	<p>In the interest of creating an active shareholders' meeting and to facilitate voting, an English version of the convocation notice will be made available.</p>
Others	<p>Both the English and Japanese versions have been posted on our company's web site.</p> <p>The URL of our company's website regarding the "Shareholders Meetings" is as follows:</p> <p>(Japanese Website) https://www.nipponexpress-holdings.com/ja/ir/event/general-meeting/</p> <p>(English Website) https://www.nipponexpress-holdings.com/en/ir/event/meetings/</p> <p>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.</p>

2.IR Activities **[UPDATED]**

	Supplementary explanation	Explanation in Person by Representative
Establishment and Announcement of Disclosure Policy	<p>Respecting the principles of the "Fair Disclosure Rules" set forth in the Financial Instruments and Exchange Act, our company has established and posted the disclosure policy on its website for the purpose of enriching communication, and maintaining and improving relationships of mutual trust, through timely and appropriate disclosure of fair and highly transparent information, as well as through dialogue with stakeholders including shareholders and investors.</p> <p>Our company's Disclosure Policy is available on our websites: (Japanese website) https://www.nipponexpress-holdings.com/ja/ir/disclosure/</p>	<p>-</p>

	(English website) https://www.nipponexpress-holdings.com/en/ir/disclosure/	
Regular Meeting for Private Investors	<p>1. Briefing for individual investments</p> <p>Our company participate in meetings held by securities firms and reports our business operations and achievements to private investors.</p> <p>[Results held in fiscal year 2023]</p> <p>In FY2023, the division in charge of IR was used as a speaker to give one presentation at an online company information session for individual investments hosted by a securities company.</p> <p>(Implemented on December 14, 2023)</p>	No
Regular IR Meetings for Financial Analysts and Institutional Investors	<p>Our company holds various briefings for securities analysts and institutional investments as follows:</p> <p>1. Financial results briefing</p> <ul style="list-style-type: none"> • Every six months, on the day of the announcement of the company's yearly and half-yearly financial results, we hold a financial results briefing where the President, Chief Managing Officers and other executives explains the details of the results and answers questions. • When the financial results for the first and third quarters are settled, the officer in charge of finance explains the details and respond to questions at online meetings, etc. • The contents of and main questions and answers at the above quarterly Results Meetings are posted on our website. On-demand videos of the annual and semi-annual financial results briefing are also available in English as well as Japanese audio. <p>(Japanese website) https://www.nipponexpress-holdings.com/ja/ir/event/data-room/</p> <p>(English website) https://www.nipponexpress-holdings.com/en/ir/event/presentations/</p> <p>2. Small meeting and IR conferences sponsored by securities firms</p> <ul style="list-style-type: none"> • A small meeting between analysts/institutional investors and our President and other executives is held as appropriate. <p>[Results of small meetings held in fiscal 2023]</p> <p>We held one small meeting with Representative Director President as speaker on March 7, 2023.</p> <ul style="list-style-type: none"> • We will also actively participate in conferences sponsored by securities firms, viewing them primarily as opportunities to meet with foreign investment householders. <p>[Major participation in fiscal year 2023]</p> <p>First half of 2023: 2 participations</p> <p>Second half of 2023: 1 participation</p> <p>3. Investor Day "IR-Day"</p> <ul style="list-style-type: none"> • Business briefings and investor days (IR Day) are held as appropriate for analysts and institutional investment investors, where 	Yes

	<p>Representative Director President and each executive officer explain the Company's initiatives by business and other themes.</p> <p>[Results of IR-Day held in fiscal 2023]</p> <p>Last IR-Day was held on September 14, 2023, with themes including promotion of sustainability management, global business growth strategies, expansion of synergies and the PMI system to realize them, and the management strategy of our group.</p> <p>•Materials for IR Day and other briefings related to our management policy and business strategy are available on our website under "Investor Day."</p> <p>(Japanese website) https://www.nipponexpress-holdings.com/ja/ir/event/policy-meeting/</p> <p>(English website) https://www.nipponexpress-holdings.com/en/ir/event/plan/</p>	
Regular IR Meetings for Overseas Investors	<p>•In addition, the President / Representative Director and the Director responsible for IR hold regular meetings with overseas investors via conference call and participate in conferences hosted by securities firms. In addition to travel to overseas investors and in-person interviews, we also proactively conduct interviews via teleconference and web conferencing.</p>	Yes
Posting of IR Materials on NIPPON EXPRESS HOLDINGS Website	<p>•Integrated Report, Earnings Report, Earnings Presentation Materials, Main Questions and Answers at Earnings Presentations, Securities Report, Business Plan, Reports, IR Calendar, Sustainability Date Book, and Monthly Report are posted on our company's website, "Investors."</p> <p>(Japanese website) https://www.nipponexpress-holdings.com/ja/ir/</p> <p>(English website) https://www.nipponexpress-holdings.com/en/ir/</p> <p>•Our company also has a website for private investors which exhibits shareholder returns, our business development, our strengths and goals.</p> <p>(Japanese website) https://www.nipponexpress-holdings.com/ja/ir/individual/</p>	-
Person or Division in Charge of IR	<p>The Investor Relations Promotion Group has been established within the Corporate Planning Division and the Director in charge of the Corporate Planning Division manages IR activities.</p>	-
Others	<p>1.Handling of Individual Interviews</p> <p>Individual interviews are conducted mainly for analysts, using phone calls and web conferencing. The dialogue is based on our company's business conditions, including trends in the logistics market and the business environment, using financial results presentation materials and monthly disclosed information, etc.</p>	-

	<p>2.Main matters of interest to shareholders and investors and matters incorporated following dialogues</p> <p>As discussed above, our company engages in various forms of dialogue with investors, and the topics of dialogue and matters of interest to investors range from an overview of financial results, performance outlook, trends in the logistics market and the business environment, management strategy, profit improvement, M&A strategy, and shareholder returns. The Board of Directors is regularly informed of the views expressed so that they can be reflected in business management.</p> <p>As examples of specific matters incorporated based on the dialogue, based on the questions we have received regarding our business trends, especially the trends in our air and marine forwarding business, we have included “Trends in Gross Profit and Gross Profit Margin of Airfreight Export Business from Japan and Overseas Segment” from Q2 FY12/2022, and “Trends in Gross Profit per TEU of Ocean Freight Export Business from Japan and Overseas Segment” from Q1 FY12/2023, in the supplemental materials of the financial results briefing, in order to further promote understanding.</p> <p>3.Business Observation Tours</p> <p>In order to help investors gain a better understanding of our business, we will also hold tours of facilities such as the business locations of Nippon Express, our main operating company, and the business locations of our overseas companies as needed, taking requests and necessity into account.</p> <p>4.Report to Shareholders</p> <p>We deliver a report twice a year to our shareholders to help them understand the business conditions and operations of our group. Our company’s business reports for shareholders are available on the corporate website.</p> <p>Business Reports website URL: Japanese: https://www.nipponexpress-holdings.com/ja/ir/library/report/ English: https://www.nipponexpress-holdings.com/en/ir/library/report/</p>	
--	--	--

3.Initiatives Relating to Respect for Shareholders' Positions **[UPDATED]**

<p>Internal Guidelines for Respecting Shareholders' Positions</p>	<ul style="list-style-type: none"> •Our entire company group has incorporated “contributing to society through logistics” into our corporate philosophy. Policies and activities to respect our stakeholders and establish good relationships with them are stipulated in the “NX GROUP Charter of Conduct” and group compliance regulations. •And, based on our Corporate Philosophy, our Corporate Message and the commitment to “Safety, Compliance and Quality” written in our Charter of conduct as a value to be cherished, our company outlined our initiative to collaborate with stakeholders in our “Long-Term Vision,” which visualizes the position our group wishes to achieve in 2037-100-year anniversary of our group founding. We clearly state that we will achieve business growth by working together with all stakeholders including “customers and the general public,” “shareholders” and “employees.”
--	---

	<p>•Based on the above, we have established the “NX GROUP Sustainability Policy” and the “NX GROUP Sustainability Vision” as our basic approach to sustainability and the vision of what we should aim for. Based on these policies, we have established various policies that stipulate respect for human rights, environmental management, and other stakeholder positions.</p> <p>Our approach to sustainability can be found in “Sustainability” on our website: (Japanese website) https://www.nipponexpress-holdings.com/ja/sustainability/ (English website) https://www.nipponexpress-holdings.com/en/sustainability/</p>
<p>Implementation of Environmental Protection Activities, CSR Activities, etc.</p>	<p>1. Promotion of Sustainability Management</p> <ul style="list-style-type: none"> •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. <p>[Key Issues (Materiality)]</p> <ul style="list-style-type: none"> • 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.) <p>2. Implementation of Environmental Protection Activities</p> <ul style="list-style-type: none"> •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 discuss 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.

3. Compliance promotion system

- Our company has established systems to promote compliance management by establishing Compliance-Risk Management Division in the Risk Management Headquarters and compliance committee to promote sensible business activities. We are promoting the establishment of a system to promote compliance management as an integrated group. In addition, in order to realize our 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.
- 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.
- We publish the Integrated Report and the Sustainability Databook in order to report the NX GROUP's policies and activities concerning Sustainability to the stakeholders in a clear and easy-to-understand manner.

The website of "IR Library":

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

	(English website) https://www.nipponexpress-holdings.com/en/ir/library/
Establishment of Policy on Providing Information to Stakeholders	<p>Our Company has established a disclosure policy on its approach to timely and appropriate disclosure of fair and highly transparent information, and will disclose information accordingly.</p> <p>The disclosure policy is disclosed on our website. (Japanese website) https://www.nipponexpress-holdings.com/ja/ir/disclosure/ (English website) https://www.nipponexpress-holdings.com/en/ir/disclosure/</p>
Other	<p>1. Initiatives for Safety and Health</p> <ul style="list-style-type: none"> •Ensuring safety and health in the working environment allow our group employees to work in confidence. Also, traffic safety and work safety are social responsibilities we must enforce when we operate logistics business. These are also the sources of the strength of our company’s service. Therefore, we place great importance upon these. <p><NX GROUP Safety Philosophy> “Safety takes precedence over everything else” Ensuring safety is the foundation of management and is a corporate social responsibility.</p> <p><NX GROUP Health Philosophy> “Fill workplace with health and smiles” Health is the wish of everyone and provides vitality for the company and its employees to continue to grow.</p> <ul style="list-style-type: none"> •With regard to safety, our company shall develop a safety promotion system and establish the Group's Safety Goals and initiatives every fiscal year based on the Safety Philosophy. Each company of the Group shall set its own goals in accordance with such goals and initiatives, and promote various initiatives led by the safety promotion manager and person in charge. •And in order to enhance the safety awareness of group companies in Japan, our company established a “Commitment to Safety” to express our determination toward the prevention of accidents and disasters. •In the area of health, we have made the "NX GROUP Health Declaration" as a priority initiative to promote health management, and are promoting various initiatives by creating a health management map showing management issues and measures to be solved through health management at each group company, and by building a health management promotion system. •Information regarding our safety and health initiatives is available in our company’s Sustainability Data Book, Integrated Report and on our website. <p>NX GROUP Sustainability Databook Website: (Japanese website) https://www.nipponexpress-holdings.com/ja/csr/report/ (English website) https://www.nipponexpress-holdings.com/en/csr/report/</p> <p>NX GROUP Integrated Report and Annual Report Website: (Japanese website) https://www.nipponexpress-holdings.com/ja/ir/library/annual/ (English website) https://www.nipponexpress-holdings.com/en/ir/library/annual/</p>

2. Initiatives for Promoting Diversity

•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.

For more information on our efforts to promote diversity, please refer to the Sustainability Databook and Integrated Report below.

Our Sustainability Databook are available on our websites:

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

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

NX GROUP Integrated Report and Annual Report Website:

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

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

IV. Internal Control Systems

1. Basic Policies on Internal Control Systems and Implementation of Policies **[UPDATED]**

NIPPON EXPRESS HOLDINGS has established the following basic policy regarding the development of internal control systems by resolution of the Board of Directors, and has established and operates internal control systems in accordance with this policy:

<The “NX GROUP Basic Policy of the Internal Control System”>

In accordance with *Article 399-13, Paragraph item 1(1) and 1(1)* of the Companies Act (decisions on the development of systems to ensure the appropriateness of business operations) and *Article 110-4, Paragraphs 1 and 2* of the Ordinance for Enforcement of the Companies Act, the following basic policy has been established regarding the “development of systems to ensure that the execution of duties by directors complies with laws and regulations and the articles of incorporation, as well as the development of other systems specified by ordinance of the Ministry of Justice as necessary for ensuring the appropriateness of a stock company’s business operations (referred to as “internal control systems”)” at NIPPON EXPRESS HOLDINGS, INC. (hereinafter referred to as “NXHD”) and the NX GROUP:

- (i) “Systems to ensure that the execution of duties by directors and employees complies with laws and regulations and the articles of incorporation”
- a. The NXHD board of directors consists of directors, including outside directors, and in accordance with laws, regulations, and the provisions of the articles of incorporation’s “Board of Directors Regulations” and “Board of Directors Meeting Agenda Standards,” makes decisions on important matters that affect the entire group and oversees the execution of business operations. Outside directors shall be appointed to maintain and strengthen the board’s role in overseeing the performance of duties by directors.
 - b. NXHD’s Representative Director and other directors shall report to the board of directors on the performance of their duties and other important matters in accordance with the provisions of the Board of Directors Regulations and Board of Directors Meeting Agenda Standards.
 - c. The NXHD’s Audit and Supervisory Committee shall conduct audits in accordance with the provisions of the “Regulations of the Audit and Supervisory Committee” and the “Audit and Supervisory Committee Auditing Standards” to ensure that directors perform their duties properly in accordance with laws, regulations, and the articles of incorporation.
 - d. NXHD’s directors, executive officers, and employees (hereinafter referred to as “Executives and Employees”) shall act in line with the “NX GROUP Charter of Conduct,” and perform their duties accordingly. The NX GROUP Charter of Conduct serves as a set of standards to ensure compliance with the “NX GROUP Corporate Philosophy,” which is the common philosophy of the NX GROUP, as well as laws, regulations, the articles of incorporation, other internal rules, and social norms.
 - e. In order to ensure thorough compliance by Executives and Employees, NXHD shall appoint a Compliance Committee, establish a Compliance Promotion Division, and lay out necessary regulations such as the “NX GROUP Compliance Regulations,” “NX GROUP Anti-Bribery Regulations,” and “NX GROUP Competition Law Compliance Regulations,” thereby implementing a compliance system that supports legitimate and fair corporate activities by the group as a whole.
 - f. NXHD shall establish the “NX GROUP Whistleblowing System ‘NX Speak Up’ Regulations” and the “NX GROUP Whistleblowing System ‘NX Global Speak Up’ Regulations” and establish the internal reporting system for the prevention, early detection, and remedy of violations of laws and regulations, misconduct, and other violations of corporate ethics by Executives and Employees.
 - g. The Representative Director of NXHD shall be responsible for the establishment and operation of systems to ensure the appropriateness of financial reporting, and shall establish various procedures to ensure the reliability of financial reporting in the form of the “NX GROUP Regulations on Financial Reporting Internal Controls” and the “NX GROUP Accounting Regulations.” In addition, the internal control department, accounting department, etc. shall establish and operate the necessary systems, etc., shall conduct ongoing evaluations to ensure that the establishment and operation of internal controls over financial reporting are functioning effectively and appropriately, and make any necessary improvements.
 - h. NXHD’s internal auditing department shall conduct audits as stipulated in the “NX GROUP Auditing Regulations” to ensure that Executives and Employees perform their duties properly in accordance with laws, regulations, the articles of incorporation, and other relevant rules.
- (ii) “Basic Policy on Elimination of Antisocial Forces and Current Development Status”
- a. NXHD and its subsidiaries shall fully recognize that it is the social responsibility of a company to conduct its business operations in a manner that prevents any transactions with antisocial forces and groups, and shall take a firm stance in practicing social justice.
 - b. The basic policy of blocking all relationships with antisocial forces shall be clearly stated in the “NX GROUP Charter of Conduct” and the “Compliance Regulations of NX GROUP,” and an educational system shall be established to ensure that all Executives and Employees comply with the basic policy. In addition, NXHD shall set up relevant departments, such as a risk management

department and a legal department, to collect information from specialized organizations, etc. on a regular basis, and to raise awareness within NXHD on how to deal with antisocial forces in order to eliminate them.

c. In preparation for any problems that arise, we will, in accordance with a firm policy of never providing funds to antisocial forces, establish a system to promptly deal with the problem by closely cooperating with relevant administrative agencies, legal advisors, and other external specialized organizations.

(iii) "Systems related to the retention and management of information pertaining to the execution of the duties of a director"

Important documents related to the execution of business operations, such as the minutes of Board of Directors meetings and Board of Executives, and documents and other information (including electromagnetic records) relating to directors' performance of their duties shall be properly stored, disposed of, and managed in accordance with the "Document Regulations," and NXHD's directors including Audit & Supervisory Committee members may inspect these documents as necessary.

(iv) "Rules and other systems related to management of the risk of loss"

a. NXHD shall set up a risk management Department to prevent risks that may have a significant impact on NXHD's operations and to establish a risk management system that enables prompt and appropriate responses to emergencies that may arise. NX GROUP defines 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, and will establish a system to manage these in an integrated manner.

b. Regarding risk management, NXHD shall establish the "NX GROUP Risk Management Regulations" and a "Risk Management Committee" in order to identify the risks facing the NX GROUP and take measures to avoid their effects in advance or minimize them after the fact. The Risk Management Committee identifies risks that may have a significant impact on NXHD's operations, designates a department to deal with each risk, investigates potential countermeasures in cooperation with group companies, and works to prevent risks arising. Reports on the status of risk countermeasures shall be received from group companies and relevant departments and confirmed, and regular reports shall be made to the board of directors.

c. Regarding crisis management, NXHD shall establish the "NX GROU Crisis Management Regulations" and a "Crisis Management Committee" to develop a crisis management system to prepare for the risk of loss and enable prompt and appropriate responses to emergencies. In addition to establishing standards for reporting from group companies for each type of crisis that may arise, NXHD shall establish a meeting body for each important crisis, such as "disaster countermeasures," "infectious disease countermeasures." Even in normal times, NXHD shall consider measures necessary for business continuity in the event of an emergency, and shall promptly establish a countermeasures headquarters to respond to crises when they occur.

d. For risks related to information systems, NXHD shall establish an information security department and a System Risk Countermeasures Committee to discuss countermeasures against information security risks and to respond to any security incidents in cooperation with the Crisis Management Committee.

e. In order to prevent the risk of loss that may occur in the course of business, NXHD's internal auditing department shall, in accordance with the "NX GROUP Audit Regulations," audit the status of the risk management system and the crisis management system, as well as providing guidance, advice and recommendations.

(v) "Systems to ensure that the execution of the duties of a director is performed efficiently"

a. In accordance with the provisions of the "Board of Directors Regulations" and the "Standards for Deliberation at Board of Directors" the board shall meet to make resolutions on important management policies and strategies, as well as to supervise the execution of duties by directors.

b. In order to ensure prompt decision-making and to strengthen the oversight role of the board of directors, NXHD shall introduce a "Corporate Officer system." Under this system, the execution of NXHD's business is carried out by executive officers who are appointed by the Board of Directors and assigned duties based on matters resolved on by the board, with the board also overseeing their activities.

c. Decisions on important business operations shall be delegated to the President and executive directors by resolution of the Board of Directors, within the scope specified by laws and regulations and in accordance with the Articles of Incorporation. A "Board of Executives" shall be established as a consultative body for executive divisions to discuss important matters in group management, including important business operations delegated by the Board of Directors, and individual matters regarding the execution of business operations shall be delegated to the executive officers responsible for business execution to the fullest extent possible. Delegated matters shall be clearly defined in the "Regulations on Operational Authority" and the "Approval Authority Table."

d. With respect to key group management issues, NXHD shall establish a Sustainability Promotion Committee for sustainability strategies and an Investment Committee for M&A strategies, with these specialized committees holding discussions and making necessary reports. In addition, decisions regarding the establishment of important policies and the implementation of important M&A transactions shall be made by submitting proposals to the NXHD board of directors, and their progress shall be reported to the board on a regular basis.

e. Various measures based on management policies and important matters decided by the Board of Directors and the Board of Executives are directed and communicated to individual executive officers and representatives of group companies at meetings

of the "Board of Officers" and the "NX GROUP Management Committee" to facilitate information sharing and advance integrated group management.

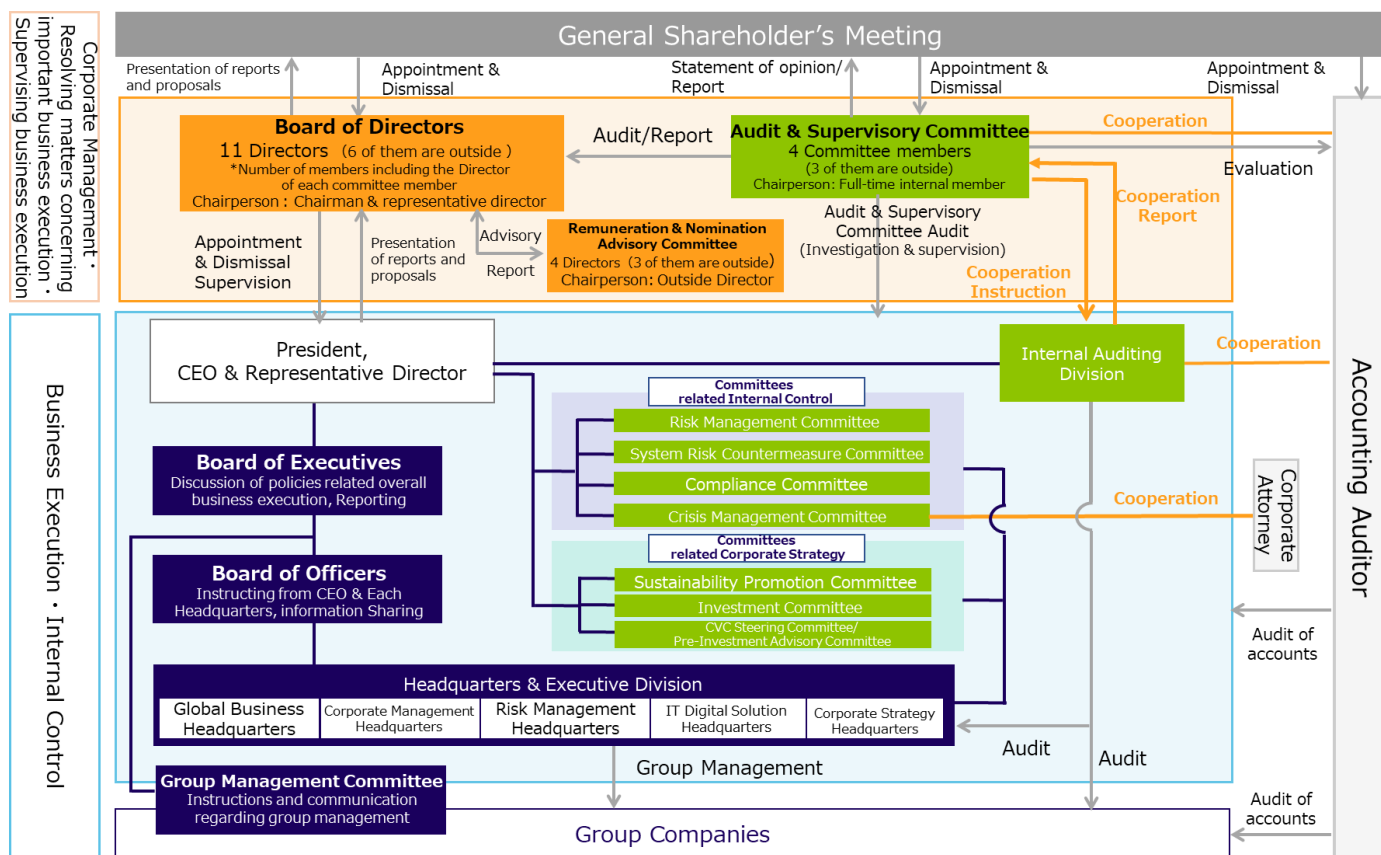
- (vi) "Systems to ensure the propriety of business activities of NXHD and the corporate group consisting of NXHD and group companies"
- a. NXHD shall establish the "NX GROUP Corporate Philosophy" as a common philosophy for the management of its subsidiaries, the "NX GROUP Charter of Conduct" as a common guideline for all group employees to embody this philosophy, and the "NX GROUP Business Plan" as a business strategy to achieve a long-term vision based on this philosophy. In order to conduct management of subsidiaries in accordance with these business policies, the "NX GROUP Governance Regulations" and respective group regulations shall be established to define requirements to be observed by subsidiaries.
 - b. Directors and representatives of subsidiaries shall, in accordance with the "NX GROUP Governance Regulations," the "Group Approval Authority Table," and other group rules and regulations established by NXHD, report important matters relating to corporate management to NXHD department in charge of administrative operations.
 - c. In order to deal with various risks associated with subsidiaries, NXHD's risk management department shall establish a risk management system for the group, and subsidiaries shall manage risks in cooperation with the NXHD department in charge of administrative operations. Regarding crisis management, NXHD shall establish the "NX GROUP Crisis Management Regulations" and a "Crisis Management Committee" to develop a crisis management system to prepare for the risk of loss and enable prompt and appropriate responses to emergencies. Even in normal times, NXHD shall consider measures necessary for business continuity in the event of an emergency. In such an event, a countermeasures headquarters shall be promptly established, and the departments of NXHD and its subsidiaries involved in the risk of loss will cooperate to respond. For risks related to information security, NXHD shall establish an information security department and a System Risk Countermeasures Committee. A risk management system shall be developed in cooperation with subsidiaries' information security departments, and the response to any security incidents shall be conducted in cooperation with the Crisis Management Committee.
 - d. The business of the NX GROUP shall be conducted by the subsidiary operating companies, and the President and Representative Director of NXHD shall supervise these group businesses. The President and Representative Director of NXHD shall, within the scope of their mandate from board of directors, delegate responsibilities and authority for the execution of business operations by subsidiaries. These shall set be forth in the "NX GROUP Governance Regulations," the "Group Approval Authority Table," and other relevant regulations. NXHD designates a subsidiary company that manages a specific region or a specific business as the "Presiding Company." The Presiding Company shall draw up a business plan for the region or business it oversees based on the "NX GROUP Business Plan," bring together the subsidiaries under its management, and work to implement the plan. Subsidiaries shall promote their businesses in accordance with these policies and establish a Board of Directors or a meeting body to deliberate important matters in accordance with the laws and regulations of each country, and shall execute their duties in accordance with the Regulations of Board of Directors that clarify the responsibilities and roles of these meeting bodies. NXHD and Presiding Companies shall oversee the execution of these subsidiaries duties through part-time directors dispatched to subsidiaries 's Board of Directors and by other means. The representatives of subsidiaries and the directors responsible for them shall report to the board of directors on the progress of business plans and the development of internal control, risk management, and other systems, and shall also regularly report to the President and Representative Director of NXHD and the relevant departments in charge.
 - e. With respect to the execution of business operations by subsidiaries, the NX GROUP Charter of Conduct shall be established as common guidelines for the group, and subsidiaries' Executives and Employees shall act in line with the charter and perform their duties accordingly. In order to conduct sound, transparent, and fair business activities in accordance with laws, regulations, social norms such as morals and ethics, and internal rules and regulations, NXHD's compliance promotion division shall establish regulations such as the "Compliance Regulations of NX GROUP," the "Anti-Bribery Regulations of NX GROUP," and the "Competition Law Compliance Regulations of NX GROUP." Subsidiaries' compliance promotion divisions shall follow these regulations to establish effective compliance systems that take into account the business characteristics, regional characteristics, etc. of each subsidiary, and shall perform the necessary inspections and oversight to confirm the effectiveness of these systems.
 - f. In order to prevent violations of laws and regulations, misconduct, and other violations of corporate ethics at subsidiaries, or to detect and remedy such violations at an early stage, NXHD has established the "NX GROUP Whistleblowing System 'NX Speak Up' Regulations" and the "NX GROUP Whistleblowing System 'NX Global Speak Up' Regulations" and has developed a system to establish whistleblowing contact points that can be used by the Executives and Employees of subsidiaries, thereby enhancing the effectiveness of compliance.
 - g. With respect to systems for ensuring the appropriateness of financial reporting by subsidiaries, the representatives of subsidiaries shall be responsible for establishing and operating effective internal controls over financial reporting at the business locations under their control in accordance with the "NX GROUP Regulations on Financial Reporting Internal Controls," "NX GROUP Accounting Regulations," etc. Ongoing evaluations shall be performed regarding the status of such systems' establishment and operation, and the status of such evaluations shall be reported to the Representative Director of NXHD. In addition, the NXHD internal control department, accounting department, etc. shall conduct ongoing evaluations to ensure that the establishment and operation of internal controls over financial reporting are functioning effectively and appropriately, and issue instructions regarding any necessary improvements.

- h. In order to perform their duties regarding a consolidated business perspective and consolidated financial statements, the NXHD's Audit & Supervisory Committee shall conduct auditing for NXHD's subsidiaries.
 - i. In order to prevent inappropriate transactions or accounting procedures between NXHD and its subsidiaries, etc., the NXHD's Audit & Supervisory Committee shall collaborate with NXHD's internal audit department, the Audit & Supervisory board members and audit department of the subsidiaries, exchange information, and strive to conduct efficient audits.
 - j. NXHD's internal audit department shall conduct audits as stipulated in the "NX GROUP Auditing Regulations" to ensure that the business operations of subsidiaries are properly conducted in accordance with laws, regulations, the articles of incorporation, and other relevant rules, as well as providing guidance, advice, and recommendations.
- (vii) "Matters related to directors and employees who assist the Audit & Supervisory Committee in its duties and matters related to ensuring the effectiveness of instructions to such directors and employees."
- Regarding matters related to assisting the duties of NXHD's Audit & Supervisory Committee, the "Audit & Supervisory Committee Staff" of the Internal Auditing Division, which is NXHD's internal audit department, shall follow the instructions of the Audit & Supervisory Committee.
- (viii) "Matters related to the independence of the directors and employees in the preceding item from directors excluding directors who are members of the Audit & Supervisory Committee"
- The prior consent of the Audit & Supervisory Committee shall be obtained for the appointment of Audit & Supervisory Committee Staff.
- (ix) "Systems for directors excluding directors who are members of the Audit & Supervisory Committee and employees to report to the Audit & Supervisory Committee, systems for directors, company auditors, employees and staff executing operations of the NXHD's subsidiaries or persons who receive reports from these persons to report to the NXHD's Audit & Supervisory Committee, and systems to ensure that persons who make such reports are not treated disadvantageously for doing so."
- NXHD directors excluding directors who are members of the Audit & Supervisory Committee and the directors and company auditors, etc. of subsidiaries shall report the following matters to the NXHD's Audit & Supervisory Committee without delay, either directly or via the NXHD department in charge of administrative operations. In addition, laws and regulations shall be observed to ensure that those who make such reports are not treated disadvantageously for doing so;
- (1) Important business matters and implementation status of internal audits
 - (2) Serious violations of laws, regulations, or the articles of incorporation, or misconduct in connection with the performance of duties
 - (3) Matters that may cause significant damage to NX GROUP
- (x) "Other systems to ensure that audits by the Audit & Supervisory Committee are conducted effectively"
- a. In addition to attending meetings of the Board of Directors, NXHD's Audit & Supervisory Committee members shall attend meetings of the Board of Executives, the Board of Officers and other important company meetings in order to understand important decision-making processes and the status of the execution of business operations. In the event that they are unable to attend such meetings, the Audit & Supervisory Committee members shall receive explanations of the matters discussed and inspect the relevant materials.
 - b. NXHD's Audit & Supervisory Committee and its members shall hold regular meetings with the Representative Director to exchange opinions on business policies, issues NXHD & NX GROUP should address, risks facing NX GROUP, the state of the environment for audit by the Audit & Supervisory Committee, important auditing issues, etc., and strive to deepen mutual recognition and trust.
 - c. NXHD's Audit & Supervisory Committee shall, in accordance with the rules on "Important Documents to be Distributed to Audit & Supervisory Committee," inspect major approval request documents and other important documents relating to the execution of business operations, request explanations from directors excluding directors who are members of the Audit & Supervisory Committee, executive officers or employees as necessary, and express their opinions.
 - d. NXHD's Audit & Supervisory Committee shall collaborate with the Internal Audit Division and the accounting auditors to improve the effectiveness of audits.
 - e. In order to ensure that audits by the NXHD Audit & Supervisory Committee are organized and efficient, the appointment and dismissal of the head of NXHD's Internal Auditing Division, which is the Group's internal audit control division, shall be subject to the prior approval of the Audit & Supervisory Committee.
 - f. The NXHD Audit & Supervisory Committee may receive reports from NXHD's Internal Auditing Division on audit results and other audit-related matters on a regular basis or at any time when necessary, and may give specific instructions to the Internal Auditing Division as necessary. In addition, the authority of the Audit & Supervisory Committee to give instructions and orders to the Internal Auditing Division shall be ensured, including the authority to give instructions to the Internal Auditing Division regarding the formulation of internal audit plans and other important audit-related matters, and in the event of any conflict between the instructions of the Audit & Supervisory Committee and those of the President, the instructions of the Audit & Supervisory Committee shall take precedence.

g. If deemed necessary, NXHD's Audit & Supervisory Committee may engage attorneys, certified public accountants, consultants, and other outside experts to support the Audit & Supervisory Committee's audits, and NXHD shall bear any costs incurred in doing so.

Internal control systems function as summarily shown in the "Corporate Governance Organization Chart."

Corporate Governance Organization Chart



(xi) Overview of Operation of Internal Control Systems

Our company made the transition to a Company with an Audit and Supervisory Committee based on the resolution of the Ordinary General Meeting of Shareholders held on March 28, 2024. In fiscal 2023 (the fiscal year ended December 31, 2023), our company developed and operated the system based on the "Basic Policy for the Development of Internal Control Systems" of the Company with a Board of Corporate Auditors, which was the organization before the transition to a Company with an Audit and Supervisory Committee.

The operation of NXHD's internal control systems in FY2023 was described below:

a. Major initiatives regarding compliance

The "NX GROUP Code of Conduct" has been laid down as a code of conduct for directors and employees to act in compliance with laws, the Articles of Incorporation and other internal rules and social norms. The "Compliance Regulations of NX GROUP" have been established to give concrete form to this Code of Conduct and serve as guidelines for all employees to ensure ethical conduct in compliance with laws and regulations. In terms of specific activities in FY2023, we have established a Compliance Committee chaired by the President (which meets four times a year) to promote compliance throughout the NX GROUP, and are working to ensure thorough compliance on the part of employees, including the appointment of compliance managers and compliance coordinators at Nippon Express Co., Ltd and other group companies and education using Compliance Handbooks, e-learning, internal newsletters, and other media.

In addition, we have introduced and are operating NX GROUP Whistleblowing System "NX Speak Up" and "NX Global Speak Up" aimed at the prevention or early detection and correction of violations of laws and regulations, misconduct, and other breaches of corporate ethics by employees. Furthermore, we conduct a regular compliance awareness survey of group employees to ascertain their awareness of compliance and link this result to the implementation of training and various other measures, thereby working to help a culture of compliance take root throughout the group.

The Compliance Management Division shall report semiannually to the Board of Directors on the situation regarding the implementation of these compliance-related initiatives, and the Board of Directors received these reports and oversaw their implementation accordingly in FY2023.

- b. Initiatives regarding systems for the retention and management of information related to the execution of duties by directors
Information (documents and minutes) related to decision-making at meetings of the Board of Directors and other important meetings, as well as approval documents, are prepared, stored and managed in accordance with laws, regulations and internal company rules, and a system is in place for Directors to immediately access such information when necessary.
- c. Major initiatives regarding risk management and crisis management
Our company has established a Risk Management Committee (which was held four times in FY2023, changed to 2 times in FY2024) and a Crisis Management Committee (which was held two times in FY2023) and a Risk and Crisis Management Control Division to regularly conduct inventory and assess risks and study measures to prevent the occurrence of risks in the NX GROUP. In addition, we have developed an initial response manual and business continuity plan in case of an emergency, as well as conducting crisis management drills. The Risk and Crisis Management Control Division plays a central role in coordinating with group companies, while officers of all relevant divisions facilitate the development and operation of systems necessary to manage risks in their respective areas of responsibility which may cause losses to the group. In fiscal 2023, we reviewed the composition of each committee member, formulated a basic policy business continuity policy common to the group and formulated and updated business continuity plans for each group company, with the purpose of further promoting group-wide risk and crisis management initiatives.
In particular, in response to the growing global cybersecurity risks, such as the proliferation of ransomware and other cyber-attacks, the NX GROUP, led by NXHD, strengthened its cybersecurity promotion system, held meetings of the System Risk Management Committee (which was held twice in FY2023) to discuss responses to system risks, communicated measures to group companies, and provided education to employees through e-learning and other means, as well as various cyber security-related training programs.
The Risk and Crisis Management Control Division reports to the Board of Directors semiannually on the situation regarding the implementation of these risk and crisis management initiatives, and on a case-by-case basis regarding emergent risks such as COVID-19 and serious accidents, while the board provides oversight accordingly.
- d. Major initiatives to ensure efficient execution of duties by directors and executive officers, etc.
Regarding major initiatives to ensure efficient execution of duties by directors and executive officers, please refer to “(v) Execution of Duties” in “2. Matters Regarding Functions of Execution of Duties, Auditing and Supervision, Appointment, Decisions on Compensation, etc. (Overview of Current Corporate governance).”
- e. Major initiatives regarding Audit & Supervisory Board audits and internal control audits
Regarding major initiatives of the company with a Audit & Supervisory Boards prior to the change of institution relating to Audit & Supervisory Board audits and internal control audits, see “(iv) Audits” in “2. Matters Regarding Functions of Execution of Duties, Auditing and Supervision, Appointment, Decisions on Compensation, etc. (Overview of Current Corporate governance).”
- f. Revision of the Basic Policy for the Development of Internal Control Systems
At the Ordinary Meeting of Shareholders held on March 28, 2024, our company transitioned from a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee. In conjunction with the consideration of this transition, discussions were held regarding revisions to ensure that the Board of Directors and Audit & Supervisory Committee function effectively and that duties delegated to the Representative Director and President and subordinate executive divisions by the Board of Directors are performed efficiently and effectively. The basic policy regarding internal control systems was developed to reflect the areas to be restructured in accordance with the new organization, discussed at the Board of Directors meetings held in January and March 2024, and revised after a resolution at the March 28, 2024, meeting.

2. Basic Policies for Elimination of Antisocial Forces and Implementation of Policies

Regarding the company's basic approach to the elimination of antisocial forces and the development thereof, please refer to “(ii) Basic Policy on the Elimination of Antisocial Forces and Current Development Status” of the Basic Policy on the Development of Internal Control Systems in “1. Basic Approach to Internal Control Systems and the Development thereof” of “IV. Matters Concerning Internal Control Systems, etc.”

V. Other

1. Introduction of Takeover Defense Measures

Introduction of Takeover Defense Measures	Not in Place
---	--------------

Additional Information

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

2. Other Corporate Governance Measures **[UPDATED]**

(i) Skill Matrix

We have created a skill matrix for the Board of Directors based on our business strategy. This skill matrix shows the areas in which we specifically expect candidates for directors and the skills and experience of each director. The skill matrix is as follows:

NIPPON EXPRESS HOLDINGS, INC. Board of Directors Skill Matrix

Name		Expected roles, skills and area of expertise								
		Corporate Management		Legal, Risk Management	Finance, Accounting	Global Business	ESG - Sustainability	HR Strategy, Labor Management	On-site Management	Business Experience in Group Companies Other than Nippon Express
		Corporate Management Experience Within the Group	Corporate Management Experience Outside the Group							
Directors	Mitsuru Saito	●		●	●	●	●	●	●	●
	Satoshi Horikiri	●		●		●	●	●	●	●
	Mamoru Akaishi	●				●			●	●
	Sachiko Abe	●		●				●	●	●
	Yojiro Shiba	●	Outside/Independent	●	●	●				
	Yumiko Ito	●	Outside/Independent	●			●			
	Tsukiko Tsukahara	●	Outside/Independent	●			●	●		
	Takashi Nakamoto	●			●				●	●
	Yoshio Aoki	●	Outside/Independent		●	●				
	Nobuko Sanui	●	Outside/Independent	●			●	●		
	Ryuji Masuno	●	Outside/Independent	●	●		●			

●: The mark indicates that each director has knowledge and expertise in each field.

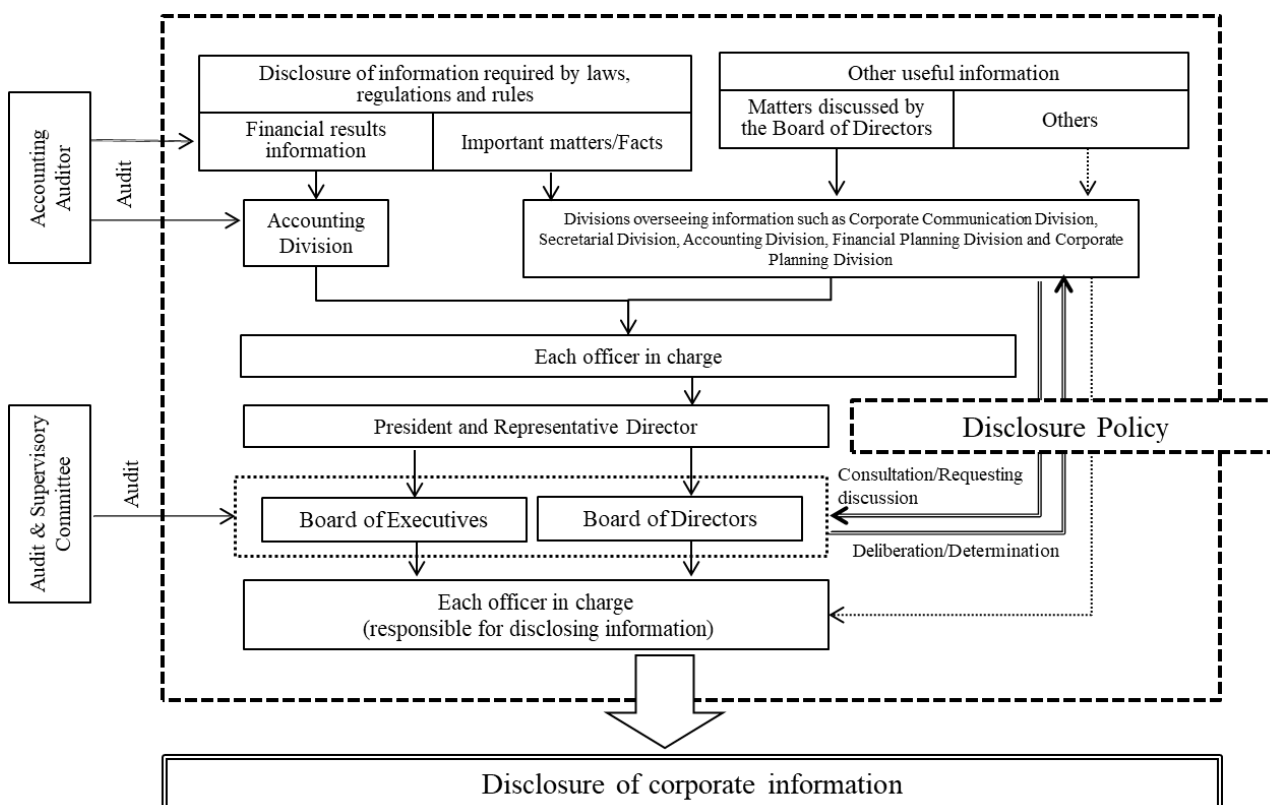
As of March 30, 2023

(ii) Disclosure Policy

Because our company considers fundamental the timely disclosure of Company information to its investors, and in conformance with that principle, a system has been put in place to ensure that whenever important issues or material facts come to light, all submissions, resolutions, and reports issued by the Board of Directors as prescribed by Board guidelines are swiftly and adequately disclosed by the Representative Director or such other person responsible for such disclosures.

This system is illustrated by the "Disclosure Structure."

Disclosure Structure



Disclosure Policy

(1) Objectives

Our company respects the principles of the "Fair Disclosure Rules" set forth in the Financial Instruments and Exchange Act, and through timely and appropriate disclosure of fair and highly transparent information, and through dialogues with stakeholders including shareholders and investors, our company strives to raise the quality of corporate management and enhance corporate value in a sustainable manner, while enriching communication, and maintaining and improving relationships of mutual trust. Therefore, our company has established the Disclosure Policy.

(2) Applicable Scope

These rules apply to procedures for corporate information disclosures by NIPPON EXPRESS HOLDINGS, INC. to shareholders, investors, and other stakeholders.

(3) Disclosure Standards

Our company, pursuant to relevant laws and regulations as well as rules set forth by the Tokyo Stock Exchange, properly manages important information to be disclosed regarding our company and its Group companies, etc., and discloses such information while ensuring accuracy of disclosed details. In specific terms, important information denotes information subject to insider trading regulations, and definitive final financial results information that have yet to be announced and that could significantly impact the price of securities. Additionally, we proactively disclose information which it deems to be useful for deepening the understanding of our management policy and businesses ("useful information"), in addition to information set forth in laws, regulations and disclosure rules, etc.

(4) Disclosure Methods

Our company discloses important information via TDnet, the Timely Disclosure network system of the financial instruments exchange, and via EDINET, the Electronic Disclosure for Investors' Network for the disclosure of annual securities reports and other documents pursuant to the Financial Instruments and Exchange Act, and upon disclosure, promptly posts the contents of such disclosures on our website.

Additionally, we distribute useful information externally and widely through news releases, press conferences, briefings, materials posted on our website and IR email distribution, etc. Our company will strive to accelerate the speed of disclosure of English translations of information.

(5) Internal Framework for Disclosures

Our company, in an effort to encourage dialogues with shareholders and investors, has established the Investor Relations Promotion Group in the Corporate Planning Division, while the Officer in charge of the Corporate Planning Division oversees IR activities. The Investor Relations Promotion Group serves as the secretariat for information disclosures and the Disclosure Policy is determined by the Board of Directors based on the consultation with the Corporate Communication Division, the Secretarial Division, the Accounting Division, the Financial Planning Division and the Corporate Planning Division on the appropriateness of information disclosure policies and information disclosure activities.

Based on this Disclosure Policy, our company discloses information, under the responsibility of the Representative Director or the officers in charge of each information to be disclosed.

The Board of Directors shares details of the disclosure activities reported by the Officer in charge of the Corporate Planning Division and confirms the appropriateness of such activities.

(6) Dialogues with Shareholders and Investors, and Feedback

The Investor Relations Promotion Group of the Corporate Planning Division is responsible for setting up dialogues with shareholders and investors, and the Directors and the executive personnel (including Executive Officers) participate in the actual interviews, upon taking into account the contents of the dialogues and the schedule, etc.

In addition to individual interviews conducted in Japan and overseas, financial result briefings are held in each quarter. Our company is endeavoring to create opportunities for dialogues by holding tours of its facilities, business briefings and small meetings sponsored by our company, as appropriate, as well as taking part in small meetings and IR conferences sponsored by securities companies.

Opinions, etc. obtained through dialogues are periodically fed back to the Board of Directors via the Director in charge of the Corporate Planning Division. Additionally, such feedback is shared with executive personnel including the Executive Officers and the relevant divisions in our company, and reflected in corporate activities.

(7) Handling of Undisclosed Important Information

To prevent undisclosed important information from being disclosed to only a select few capital market participants, our company thoroughly communicates the principles of the Disclosure Policy and the importance of information management to parties handling such information. In the event of the unintentional communication of material information, or in other cases in which it is difficult to provide simultaneous disclosure, our company will provide prompt disclosure.

(8) Quiet Period

To prevent leaks of financial results information and to ensure the fairness of disclosures, our company establishes a quiet period from the day following the fiscal year-end to the date of announcement of the financial results. During this period, our company refrains from answering questions relating to our financial results, financial forecasts and plans. However, in the event it becomes likely during the quiet period that our financial results will deviate widely from the financial forecasts, our company will disclose information, as necessary, pursuant to laws, regulations and disclosure rules.

(9) Financial Forecasts and Future Predictions

The financial forecasts and the future predictions regarding management strategies and other matters that our company discloses are based on certain assumptions considered to be reasonable in accordance with information available at the date of disclosures. Accordingly, actual business performance may differ from the disclosed forecasts and predictions due to a number of factors.

(10) Third Party Financial Forecasts

In principle, our company does not offer any comments in regard to third-party opinions, recommendations or financial forecasts. However, our company may issue statements regarding opinions, etc., issued by third parties that contain major factual errors or misrepresentations to identify these errors as such.

Disclaimer:

This English translation has been prepared for general reference purposes only. Our company shall not be responsible for any consequence resulting from the use of the English translation in place of the original Japanese text. In any legal matter, readers should refer to and rely upon the original Japanese text releas