

September 9, 2021
Nippon Express Co., Ltd.

Questions and Answers (Summary)

IR Day Session 4 (ESG Management)

Speakers : Satoshi Horikiri, Executive Vice President ,COO, and Representative Director

Takashi Masuda, Director and Managing Executive Officer

Q1. Can you discuss why you chose the eighth year of employment as the indicator for measuring years of service, as shown on page 14 of the presentation materials?

A1. We chose the eighth year as the indicator because the gap between in the employee tenure rates between men and women tend to appear around the eighth year. To increase the number of women managers and executives, we must reduce the turnover rate of women employees and increase the number of women executive candidates.

Q2. How do you think you should change the ratio of outside directors and the disclosure of the skills matrix? Also, tell us about your future direction and philosophy regarding governance structure.

A2. When we transition to a holding company next year, we do not plan to change from the structure of a Company with an Audit & Supervisory Board as an institutional design. However, there is a possibility that we will shift to a Company with Committees and the board of directors will focus exclusively on supervisory functions. While we are considering possibilities that include shifting to a company with an audit and supervisory committee, we also recognize that we should consider the wide range of experience and skills of our outside directors. We plan to make preparations to disclose the skills matrix in this year's Corporate Governance Report.

Q3. The assumption is that you will reduce strategic shareholdings. What is your target and do you plan to disclose a roadmap? Also, please comment on how you explain the sale of strategic shareholdings to the issuers of the shares.

A3. Ideally, the goal would be to reduce strategic shareholdings to zero. Our staff visits the issuers to explain the situation in detail, asking for their understanding. Although it is true that the process is taking time, we intend to sell all shares for which we have received consent. We will continue to persevere in our negotiations with the goal of achieving zero strategic shareholdings.

Q4. What comments have you received from outside directors about the composition of outside directors on your board and strategic shareholdings?

A4. I have not heard any direct comments from outside directors regarding board composition. However, there are those who are concerned about the current institutional design of our company, as they believe that the number of companies with Audit & Supervisory Boards shrink after the shift to the prime market next year. We have received a variety of opinions regarding strategic shareholdings, including that we should sell all holdings. We have also heard opinions that, while the intentions behind the CGC are understood, we should consider strategic shareholdings in the context of companies with whom we do business.

Last year, we appointed a chief outside director, and we have provided opportunities for meetings among our six outside directors and members of the Audit & Supervisory Board. Executives do not participate in these meetings, and the outside directors and members of the Audit & Supervisory Board discuss opinions from their respective positions. We have heard indirectly from these meetings that opinions include a certain comfort level with the current number of six outside directors and members, as well as the opinion that, while the role of outside directors and members is to supervise, they should not act excessively to put the brakes on company risk-taking.

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