

# Governance Corporate Governance



## Corporate Governance

### Basic Views on Corporate Governance

NX Group established basic policies for Group governance toward practicing the corporate philosophy and realizing the long-term vision.

Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### Initiatives for Strengthening Compliance

#### Compliance Management Structure

NX Group has clearly indicated its identity as a corporate entity in the NX Group Corporate Philosophy, which states, "Every move we make is aimed at advancing society and bringing an enriched life to future generations," and continues to embrace this as its enduring mission. In order to realize the Group's corporate philosophy, the Board of Directors of the NX Group has established NX Group Charter of Conduct, which stipulates the ideals for daily activities and indicates the direction in which we should head through our conduct, and NX Group Compliance Regulations to conduct business activities in a sound, transparent, and fair manner.

The Board of Directors holds the authority to revise or abolish the NX Group Charter of Conduct and reviews these guidelines as necessary while also deliberating on important initiatives as appropriate. The Compliance Committee discusses important policies and important cross-functional issues across departments and groups, and promotes various compliance-related measures. Compliance-related issues, including matters discussed by the Compliance Committee, are reported to the outside directors as appropriate in addition to being regularly reported during Board of Directors meetings so that they can be reflected in our initiatives after directors share their opinions.

With regard to specific compliance matters, NX Group has established various internal regulations and is working to strengthen its organizational framework and ensure effective implementation.

#### Compliance System



#### Compliance Training

NX Group works to provide compliance education and training throughout the Group to promote compliance management. The NX Group Compliance Handbook, which clearly summarizes the Group's code of conduct and specific compliance-related case studies, is distributed to all employees across the Group in 16 languages. It is also made available on the company's internal intranet and is used in compliance training and educational programs. Each of our Group companies regularly conducts compliance training based on the laws and regulations of each country, as well as internal company policies. These training programs are carried out in a variety of formats, including e-learning, group training such as for new employees and by

organizational level, and on-the-job education at the workplace.

In FY2024, approximately 73,000 Group employees participated in compliance training programs, resulting in a participation rate of around 96% of all Group employees.

Furthermore, our Group distributes an internal newsletter, the Compliance Newsletter, to workplaces across our Group companies in Japan. Besides sharing information about cases of compliance violations, the Compliance Newsletter helps readers to obtain more knowledge and raise their awareness about compliance. We also convene an annual conference for the compliance managers to share and exchange information and opinions aiming to increase compliance awareness throughout the Group companies in Japan.



▲ NX Group Compliance Handbook

# Governance

## Corporate Governance

### Compliance Awareness Survey

NX Group regularly conducts anonymous compliance awareness surveys for its employees across the Group. These surveys aim to assess the degree of compliance awareness, actual workplace conditions, and employee feedback. Care is taken to ensure the surveys go beyond mere formal compliance checks, with the intent of confirming whether a corporate culture and climate that respect the spirit and intent of the Code of Conduct are being fostered.

The survey results are shared with officers and employees, and initiatives are carried out that lead to a greater awareness of compliance among employees, workplace issues being raised and improvements being made.

### Security Export Control

With the aim of contributing to maintaining international peace and security through its business activities centered on logistics, the NX Group Security Trade Control Policy was established so that NX Group companies comply with applicable export-related laws and regulations in countries and regions around the world and conduct appropriate management. In accordance with this fundamental policy, each NX Group company has developed a management system, including the establishment of internal rules, implemented training programs, and worked on appropriate export control measures, such as business partner screenings.

### Evaluation Process for Sustainability Management Performance

NX Group has always been aware that the initiatives for sustainability management are essential challenges. When appropriate, the Board of Directors and the Sustainability Promotion Committee discuss Material Issues identification and how to respond. The Board of Directors regularly receives reports on the progress of Material Issues initiatives based on

NX Group Sustainability Policy and Vision, and evaluates/oversees the status of those initiatives. In addition, special committees such as the Sustainability Promotion Committee, Compliance Committee, and Risk Management Committee, which are chaired by the President, to discuss initiatives to address climate change, respect for human rights, and improve employee engagement with regard to Material Issues. These committees also identify risks that have emerged in the Group and discusses how to respond. Furthermore, we are ready to steadily implement measures to understand and solve issues in related fields. To this end, we will regularly conduct internal audits on our labor environment, safety management and other elements of our business operations.

### Independence of the Board of Directors

NX Group has established the following criteria for determining independence. In addition to the requirements for outside directors set forth in the Companies Act, we take into account the independence standards set forth by the financial instruments exchanges. We appoint outside Directors based on those standards.

We consider candidates for outside Directors to be independent if none of the following items apply to them.

- 1. Persons who are currently Executive Officers\*<sup>1</sup> at our company or one of our group companies. Persons who have been Executive Officers at our company or one of our group companies within the 10 years prior to the relevant appointment.**
- 2. Shareholders who hold 10% or more of the total voting rights of the Company's shares and business executors of such shareholders.**
- 3. Business executors of business partners whose transactions with the Company Group exceed 2% of the Company's consolidated net sales.**

- 4. Persons who have received remuneration in excess of ¥10 million in a single year from the Company as consultants, attorneys, certified public accountants, etc.**
- 5. Persons belonging to the audit corporation acting as the accounting auditor for our Company.**
- 6. Persons who belong to an organization, etc. that has received an average of ¥10 million or more in donations from us and our group companies for the past three fiscal years.**

\*1 Executives refers to executive Directors, Executive Officers, and other employees.

In appointing independent outside directors, we strive to appoint the following type of candidates – A person who we can expect to make effective proposals to the Board of Directors regarding our management policies and management improvement.

# Governance

## Corporate Governance

### List of Directors

The Directors of NX Group are listed below (March 28, 2025).

| Name and Position  | Position and responsibilities at the company  | Stock ownership*1 | Board meeting attendance | Remuneration and Nomination Advisory Committee meeting attendance in FY2024 | Status of significant concurrent positions                             | Number of years served as Director |
|--|---|-------------------|--------------------------|---|--|------------------------------------|
| <b>Mitsuru Saito</b> (age 70, male)  | Chairman and Representative Director<br>Chairman of the Board of Directors<br>Remuneration and Nomination Advisory Committee Member | 65,400            | 19/19 (100%)             | 6/6 (100%)  |  | 3 years and 2 months               |
| <b>Satoshi Horikiri</b> (age 64, male)                                     | President, Chief Executive Officer and Representative Director<br>President and Chief Executive Officer                             | 29,100            | 14/14 (100%)             |   |  | 1 year                             |
| <b>Mamoru Akaishi</b> (age 56, male)                                       | Director and Executive Officer<br>In charge of the Corporate Planning Division and General Manager, Corporate Planning Division     | 6,093             | 19/19 (100%)             |   |  | 2 years                            |
| <b>Sachiko Abe</b> (age 60, female)  | Director and Executive Officer<br>In charge of Internal Audit Division  | 8,766             | 14/14 (100%)             |   |  | 1 year                             |
| <b>Yojiro Shiba</b> (age 74, male) <span>Outside Independent</span>        | Outside Director<br>Chair of the Remuneration and Nomination Advisory Committee   | -                 | 19/19 (100%)             | 9/9 (100%)  |  | 3 years and 2 months               |
| <b>Yumiko Ito</b> (age 66, female) <span>Outside Independent</span>        | Outside Director<br>Remuneration and Nomination Advisory Committee Member   | -                 | 19/19 (100%)             | 9/9 (100%)  | • Representative, Ito Law Office<br>Outside Director, Kobe Steel, Ltd. | 2 years                            |
| <b>Tsukiko Tsukahara</b> (age 52, female) <span>Outside Independent</span> | Outside Director<br>Remuneration and Nomination Advisory Committee Member   | -                 | 14/14 (100%)             | 6/6 (100%)  | • President, Kaleidist K.K.  | 1 year                             |
| <b>Takashi Nakamoto</b> (age 62, male)                                     | Director<br>Audit and Supervisory Committee Member  | 10,800            | 14/14 (100%)             |   |  | 1 year                             |
| <b>Yoshio Aoki</b> (age 74, male) <span>Outside Independent</span>         | Outside Director<br>Audit and Supervisory Committee Member  | -                 | 19/19 (100%)             |   | • Director, Certified Public Accountant, Yoshio Aoki & Co.             | 1 year                             |
| <b>Nobuko Sanui</b> (age 69, female) <span>Outside Independent</span>      | Outside Director<br>Audit and Supervisory Committee Member  | -                 | 19/19 (100%)             |   |  | 1 year                             |
| <b>Ryuji Masuno</b> (age 71, male) <span>Outside Independent</span>        | Outside Director<br>Audit and Supervisory Committee Member  | -                 | 14/14 (100%)             |   |  | 1 year                             |

\*1 The number of Company's shares held by each candidate is the number of shares held as of the end of the fiscal year ended December 31, 2024 before the stock split (3-for-1 split) implemented on January 1, 2025.

# Governance

## Corporate Governance

### Effectiveness of the Board of Directors

Once each year, NX Group's Board of Directors uses an outside institution to conduct a survey of all directors and corporate auditors regarding the effectiveness of the Board of Directors as a whole, including the Remuneration and Nomination Advisory Committee, to evaluate the effectiveness of the Board of Directors and gather opinions on how to improve it. The Board of Directors will discuss and verify the results of the analysis and evaluation, and will evaluate its effectiveness based on the aggregate results from external institutions.

In the survey on the effectiveness of the Board of Directors conducted by an external organization, the following matters were examined. Based on the findings, it was concluded that the overall effectiveness of the Board of Directors is being maintained (most recently conducted in December 2024 for all directors).

(Survey categories: (1) board composition and operation, (2) management and business strategies, (3) corporate ethics and risk management, (4) performance monitoring and management evaluation, (5) dialogue with shareholders, etc., (6) free descriptions for each major category and others)

Through a recent survey conducted to assess board effectiveness, the following issues were identified and corresponding improvements have been implemented. These include the scheduling of discussions on key strategies such as sustainability, digital transformation (DX), and human capital strategy, as well as matters related to decision-making and business management with a focus on capital cost. Such matters are now thoroughly deliberated using the newly established category of "matters for deliberation," followed by resolution. Alongside the delegation of authority to the executive side following the transition to a company with an Audit and Supervisory Committee structure, the ideal form of the Board of Directors is being reconsidered, and improvements are being made to enhance board effectiveness, particularly by strengthening its monitoring function.

Additionally, to enhance the coordination and training of outside directors, initiatives such as holding liaison meetings for independent outside directors and seminars for outside directors have been implemented, with efforts being made to improve the effectiveness of the Board of Directors.

Areas where the Board of Directors is notably effective, which were determined in the most recent survey conducted in December 2024, are as follows:

(1) There are strong relationships between internal and external directors, allowing for discussions with clear direction under the new business plan.

(2) Following the organizational restructuring in 2024, a significant delegation of authority to the executive side has been achieved, streamlining proposals presented to the Board of Directors.

(3) The Board of Directors is sincerely striving to enhance its effectiveness and, ultimately, to increase the corporate value of the Group, etc.

For an overview of the survey on the effectiveness of the Board of Directors, please refer to "NX Policy and Implementations of JPX's Corporate Governance Code" and "Corporate Governance Report," which are found on our website.



The NX Group Articles of Incorporation stipulate that the election of directors distinguishes between directors who are Audit and Supervisory Committee members and those who are not, and that they shall be elected by resolution at the General Meeting of Shareholders, at which shareholders holding at least one-third of the voting rights that can be exercised are present and the resolution is approved by a majority of those voting rights. The Articles also stipulate that resolutions for the election of directors shall not be conducted by cumulative voting.

### Term of Office and Average Tenure of Directors

The Articles specify that the term of office for directors (excluding those who are Audit and Supervisory Committee members) shall be one year, and for directors who are Audit and Supervisory Committee members, two years.

As of now, the average tenure of directors (excluding those who are Audit and Supervisory Committee members) is 1.9 years; for directors who are Audit and Supervisory Committee members, it is 1 year; and the overall average is 1.57 years.

### Skill Matrix of the Board of Directors

NX Group's Board of Directors appoints and dismisses directors to ensure that the Board of Directors as a whole maintains a balance of knowledge, experience, and ability by utilizing a skills matrix for the Board of Directors established in line with business strategies such as expanding the overseas sales ratio and promoting ESG management.

The selection of candidates for directors (excluding directors who are Audit and Supervisory Committee Members) is based on a wide range of perspectives, such as whether or not they have the experience and specialized knowledge necessary for a director. An evaluation is made of the progress of management plans in the businesses and areas in which they have been in charge, based on a multifaceted perspective, including their personality and insights, the Board of Directors makes a decision after consulting with the voluntary Remuneration and Nomination Advisory Committee, which is chaired by an independent outside director and has three independent outside directors as its members, and it also takes into account the opinion of the Audit and Supervisory Committee.

The selection of candidates for directors who are Audit and Supervisory Committee Members is based on a multifaceted perspective, such as the experience necessary for a director who is an Audit and Supervisory Committee Member. The knowledge, personality, and insight considered necessary to conduct audits of items such as finance, accounting, and legal affairs is resolved at a Board of Directors meeting after consulting with the Remuneration and Nomination Advisory Committee and obtaining the consent of the Audit and Supervisory Committee.

In addition, with regard to candidates for outside directors, we select people who are excellent in terms of character and insight, have experience in corporate management, a high level of expertise and knowledge in areas such as finance, accounting, law, and ESG, and who can oversee the management of the company's overall business from a multifaceted perspective.

# Governance

## Corporate Governance

### Skill Matrix of the Directors (excluding Directors who are Audit and Supervisory Committee Members)

● The mark indicates that each director has knowledge and expertise in each field (as of March 31, 2025)

| Name                                     | Areas in which the Company has particular expectations for its directors |   |                       |                     |                 |                     |                               |                    |   | Reasons for Appointing Directors   |
|--|--|---|-----------------------|---------------------|-----------------|---------------------|-------------------------------|--------------------|---|--|
|  | Corporate Management   |   | Legal/Risk Management | Finance/ Accounting | Global Business | ESG/ Sustainability | HR Strategy, Labor Management | On-site Management | Group Companies Other than Nippon Express Co., Ltd. |  |
|  | Corporate Management Experience Within the Group                         | Corporate Management Experience Outside the Group |                       |                     |                 |                     |                               |                    |   |  |
| Mitsuru Saito                            | ●  |   | ●                     | ●                   | ●               | ●                   | ●                             | ●                  | ●   | As President, Chief Executive Officer and Representative Director, Mitsuru Saito has swiftly and steadily implemented the transition to a holdings system, the introduction of the new Group brand NX, and the restructuring of the Group's businesses. Since his appointment as Chairman and Representative Director of the Company in January 2024, he has been leading the Board and striving to improve the effectiveness of the Board of Directors as its Chairman. At the same time, he has been demonstrating management capabilities by leveraging abundant experience and insight in corporate management. We have determined that his extensive experience and insight in management are necessary for realizing the long-term vision of NX Group, and therefore have appointed him to continue in his position.                                 |
| Satoshi Horikiri                         | ●  |   | ●                     |                     | ●               | ●                   | ●                             | ●                  | ●   | As President, Chief Executive Officer and Representative Director of Nippon Express Co., Ltd., Satoshi Horikiri has been working on reforming the company's business structure and organizational culture. As he was appointed as President and Chief Executive Officer of the Company in January 2024 and President and Representative Director of the Company in March 2024, he has been working toward achieving our new business plan in a prompt and precise manner. The Company believes that his leadership and management capabilities are necessary for realizing the NX Group's long-term vision, and thus proposes him as a candidate for Director on a continuous basis.   |
| Mamoru Akaishi                           | ●  |   |                       |                     | ●               |                     |                               | ●                  | ●   | Mr. Mamoru Akaishi was appointed as executive officer of the Group in January 2022, after gaining experience in departments that contribute to the business expansion of NX Group, including M&A and new business development. He has contributed to the development of our new business plan as an officer in charge of Corporate Planning Division, promoting M&A in global markets, and working to realize dynamic business growth. The Company believes that his experience and insight are necessary for realizing the NX Group's long-term vision, and thus proposes him as a candidate for Director on a continuous basis.  |
| Sachiko Abe                              | ●  |   | ●                     |                     |                 |                     | ●                             | ●                  | ●   | Ms. Sachiko Abe has gained experience mainly in corporate divisions including compliance, human resources, and business operations. She contributed to improving productivity within the Group as President of Nittsu Tokyo Distribution Service Co., Ltd., who was in charge of shared services of NX Group companies. Since her appointment as Audit & Supervisory Board Member of Nippon Express Co., Ltd. in January 2022 and Director and Executive Officer of the Company in March 2024, she has been strengthening Group governance with an accurate and fair perspective, leveraging her insight into compliance and experience in corporate management. In promoting Group management in the future, the Company believes that her experience and insight are necessary, and thus proposes her as a candidate for Director on a continuous basis. |
| Yojiro Shiba<br>Outside Independent      |  | ●   |                       | ●                   | ●               |                     |                               |                    |   | Mr. Yojiro Shiba has a wealth of experience in corporate management and broad perspectives cultivated through responding to a wide range of customer needs. Since his appointment as chairperson of the Compensation and Nomination Advisory Committee of the Company in March 2024, he has been leading discussions in compensation and nomination of officers, and succession plan as well as playing an important role in improving governance by actively expressing opinions and suggestions in the Board of Directors meetings based on his deep knowledge in corporate management and business execution. The Company proposes Mr. Shiba as a candidate for Outside Director on a continuous basis, expecting him to provide supervision and advice based on his abundant experience in and insight into corporate management.                      |
| Yumiko Ito<br>Outside Independent        |  | ●   | ●                     |                     |                 | ●                   |                               |                    |   | Ms. Yumiko Ito is an attorney and has held important positions, such as legal officer, in multiple companies with diverse backgrounds, and has extensive experience in the fields of corporate law and governance. She has been playing an important role in strengthening the monitoring function of the Board of Directors by actively expressing opinions and suggestions at the Board of Directors meetings from the perspective of enhancing global governance and risk management. The Company proposes Ms. Ito as a candidate for Outside Director on a continuous basis, expecting her to provide supervision and advice based on her advanced expertise and abundant experience in corporate legal affairs.   |
| Tsukiko Tsukahara<br>Outside Independent |  | ●   |                       |                     |                 | ●                   | ●                             |                    |   | Ms. Tsukiko Tsukahara has extensive knowledge and experience in the field of diversity and inclusion, including promoting women's participation in the workforce. Based on her experiences in advisory and consulting activities, and a core role in domestic and overseas diversity and inclusion organizations, she has been playing an important role in promoting sustainability management of the NX Group by actively expressing opinions and suggestions at the Board of Directors meetings from the perspective of human resource development and organization development. The Company proposes Ms. Tsukahara as a candidate for Outside Director on a continuous basis, expecting her to provide supervision and advice based on her expertise and cutting-edge knowledge.   |

# Governance

## Corporate Governance

### Skill Matrix of Directors Who are Audit and Supervisory Committee Members

● The mark indicates that each director has knowledge and expertise in each field (as of March 31, 2025)

| Name   | Areas in which the Company has particular expectations for its directors |   |                       |                    |                 |                     |                               |                    |   | Reasons for Appointing Directors  |
|--|--|---|-----------------------|--------------------|-----------------|---------------------|-------------------------------|--------------------|---|---|
|  | Corporate Management   |   | Legal/Risk Management | Finance/Accounting | Global Business | ESG/ Sustainability | HR Strategy, Labor Management | On-site Management | Group Companies Other than Nippon Express Co., Ltd. |   |
|  | Corporate Management Experience Within the Group                         | Corporate Management Experience Outside the Group |                       |                    |                 |                     |                               |                    |   |   |
| <div>Takashi Nakamoto</div>                            | ●  |   |                       | ●                  |                 |                     |                               | ●                  | ●   | Mr. Takashi Nakamoto has gained experience in the finance and accounting departments at domestic and overseas group companies, including Nippon Express Co., Ltd., and has used his extensive knowledge to contribute to strengthening the management foundation of the entire NX Group. In January 2022, he was appointed Head of the Internal Audit Division and worked hard to strengthen the audit system, including overseas. Given his experience and track record, the Group has determined that he is qualified to audit and supervise the management of the Group and has therefore appointed him as an Audit and Supervisory Committee member.  |
| <div>Yoshio Aoki</div> <div>Outside Independent</div>  |  |   | ●                     | ●                  |                 |                     |                               |                    |   | Mr. Yoshio Aoki was appointed as an outside member of the Company's Audit and Supervisory board in January 2022 for the position of monitoring management in all aspects of the Company's business based on his extensive experience as a certified public accountant and professional knowledge of finance and accounting. As NX Group strengthens its governance functions to increase its corporate value, we expect him to perform audits and supervision based on his specialized knowledge and abundant experience, and have therefore appointed him as an outside director and Audit and Supervisory Committee Member. While Mr. Aoki has no experience in corporate management other than as an outside director, it is our judgment based on the reasons above that he will be able to perform his duties appropriately as an outside director of the Audit and Supervisory Committee Member.  |
| <div>Nobuko Sanui</div> <div>Outside Independent</div> |  | ●   |                       |                    |                 | ●                   | ●                             |                    |   | Ms. Nobuko Sanui has experience in the formulation of international rules in the field of labor at an employers' association and formulating policy recommendations that contribute to overseas expansion of companies. She is well versed in international and labor fields, and also has experience in managing organizations. Given her experience and knowledge, she is well suited to oversee management and was appointed as an outside auditor of the Group in January 2022. As NX Group strengthens its governance functions to increase its corporate value, we expect her to perform audits and supervision based on her abundant experience and knowledge, and have therefore appointed her as an outside director and Audit and Supervisory Committee Member.   |
| <div>Ryuji Masuno</div> <div>Outside Independent</div> |  | ●   | ●                     |                    |                 | ●                   |                               |                    |   | Mr. Ryuji Masuno is an attorney and has extensive legal knowledge. He also has extensive knowledge of the logistics industry, having held key positions in the automobile and other transport division, including the consignment transport business, the public relations division, and the international division at the Ministry of Transport (now the Ministry of Land, Infrastructure, Transport and Tourism). During his previous term as Chairman of the Japan Trucking Association, he represented the industry by promoting efforts to resolve issues facing the automobile transport industry together with the government, thereby contributing to the healthy development of the trucking business. As NX Group strengthens its governance functions to increase its corporate value, we expect him to perform audits and supervision based on his specialized knowledge and abundant experience, and have therefore appointed him as an outside director and Audit and Supervisory Committee Member. |



# Governance

## Corporate Governance

### Remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members)

The remuneration of NX Group directors (excluding directors who are Audit and Supervisory Committee members) consists of base compensation and performance-based compensation, with the performance-based portion determined based on expected duties and reflecting individual results and performance. The composition of remuneration will be appropriately set to link short-term and medium- to long-term business performance, and will also reflect sustained corporate growth, contribution to sustainable enhancement of corporate value, and the degree of goal achievement.

Additionally, the remuneration system is designed such that the higher the position, the greater the proportion of performance-linked compensation, thereby placing higher expectations for results and performance responsibility on higher-ranking positions. Bonuses and stock compensation, which constitute performance-linked remuneration, are allocated based on standard amounts determined for each position level.

For bonuses as short-term performance-linked compensation, both quantitative and qualitative evaluations are conducted based on factors such as the individual's annual performance corresponding to their role, achievements in ESG management initiatives, and overall contribution to enhancing corporate value. For performance-based stock compensation as medium- to long-term performance-linked compensation, indicators include consolidated revenue, consolidated business profit, consolidated ROE, and non-financial indicators related to ESG. Performance-based stock compensation is designed to serve as an incentive based on the degree of achievement of the targets set forth in the management plan. Accordingly, the indicators are selected in alignment with the management objectives defined in the plan.

In addition, NX Group has introduced a performance-linked stock compensation system using a trust (hereinafter referred to as "the System"). The purpose of the System is to centrally manage the executive compensation frameworks of both NX Group and its subsidiary, Nippon Express Co., Ltd. (hereinafter referred to as "the Target Subsidiary"). The System applies to directors and executive officers of both the company and the Target Subsidiary (collectively referred to as "the Target Companies"). However, this excludes

directors who are Audit and Supervisory Committee members, outside directors, part-time directors, and non-residents (hereinafter referred to as "Eligible Officers").

Under the System, the company contributes up to ¥1.2 billion in monetary funds as compensation for Eligible Officers of the Target Companies for each five-fiscal-year evaluation period, and establishes a trust with a trust period of approximately five years, with the Eligible Officers as beneficiaries. Through the System, the total number of shares to be granted to the Eligible Officers of the Target Companies over the five-year business evaluation period is set at 140,000 shares.

Compensation provided through the System is basically managed in terms of points, with 1 point = 1 share of the Company's stock<sup>\*1</sup>. 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, and performance evaluation indicators and ESG 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<sup>\*1</sup> 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.

Regarding the performance-based remuneration in shares, the Regulations on Granting of Shares, etc. stipulate a "Malus Clawback Clause." This means that in the event of any conduct by a recipient that is deemed inappropriate in light of the purpose of the System, the company may demand that the recipient forfeit all or part of the right to receive company shares, etc. under the System or return a monetary amount equivalent to all or part of the value of the company shares, etc. granted.

<sup>\*1</sup> In conjunction with the stock split effective January 1, 2025 for the period subject to evaluation ending December 31, 2028, one point will be converted into three shares.

### Share Information

The major shareholders of NX Group and the shareholding ratio for each is listed below.

#### Major Shareholders<sup>\*2</sup>

| Major shareholders  | Number of shares held (Thousands of shares) | Shareholding ratio (%) |
|---|---|------------------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account)  | 12,680                                      | 14.6                   |
| Custody Bank of Japan, Ltd. (Trust Account)   | 6,827                                       | 7.9                    |
| Asahi Mutual Life Insurance Company   | 5,601                                       | 6.5                    |
| Nippon Express Employees' Shareholding Association  | 4,130                                       | 4.8                    |
| Sompo Japan Insurance Inc.  | 2,221                                       | 2.6                    |
| JP Morgan Chase & Co.   | 1,585                                       | 1.8                    |
| Mizuho Trust & Banking Co., Ltd. as trustee for Retirement Benet Trust of Mizuho Bank, Ltd. (re-entrusted by Trust & Custody Services Bank, Ltd.) | 1,450                                       | 1.7                    |
| The Nomura Trust & Banking Co., Ltd. (Trust Account)  | 1,276                                       | 1.5                    |
| SMBC Nikko Securities Inc.  | 1,204                                       | 1.4                    |
| BARCLAYS CAPITAL SECURITIES LIMITED (Standing Agent: Barclays Securities Japan Ltd.)  | 971   | 1.1                    |

<sup>\*2</sup> As of December 31, 2024

 Number of Shares Held and Shareholding Ratio

# Governance Risk and Crisis Management

## Risk and Crisis Management

### Our Approach to Risk and Crisis Management

NX Group defines risk management as preventive activities to control the occurrence of risks and to minimize impact when risks do occur, and we define crisis management as measures to deal with risks when they do occur. We have a system in place to manage these matters in an integrated manner. At NX Group, with the objectives of lowering the risk of serious impact on company management, and establishing a risk management system that can respond quickly and accurately in the unlikely event of a crisis situation, NX Group Risk Management Regulations and Crisis Management Regulations are being established as basic policies, and, in addition to responding to various risks such as emergency situations in other countries, including large-scale natural disasters, new infectious disease outbreaks, and risks related to business operations, such as information system risks, coordination within the Group is being strengthened.

### Risk Governance/Risk Management Process

#### Risk Management System

NX Group has established a Risk Management Committee, chaired by the President & CEO of NIPPON EXPRESS HOLDINGS, INC., to develop a Group-wide risk management system. Activities related to risk management in the Group are reported to the Risk Management Committee on a regular basis. In the area of risk management, NX Group's Risk Management Division promotes the periodic execution of risk inventories and risk assessments across the entire Group, identifies key risks within the Group, and monitors those risks. The

departments responsible for each risk coordinate with the Group companies to implement appropriate responses.

Furthermore, recognizing that enhancing risk literacy among management is essential for embedding a company-wide risk management framework, we provide risk management training for executives and managers.

#### Crisis Management System

NX Group has established a Crisis Management Committee, chaired by the President & CEO of NIPPON EXPRESS HOLDINGS, INC., to develop a Group-wide crisis management system. Activities related to crisis management in the Group are reported to the committee as appropriate. In responding to a crisis, we will take all possible measures in cooperation with related companies and divisions to minimize impact, ensure the safety of employees, and prevent disruption of Group business operations.

In May 2024, NIPPON EXPRESS HOLDINGS, INC. and Nippon Express Co., Ltd. jointly conducted initial response drills for the disaster-response headquarters in the event of a Nankai Trough-based earthquake. Additionally, we carried out initiatives such as disaster preparedness drills assuming the occurrence of natural disasters overseas. In the future, we plan to expand the scope of these drills based on the roles and responses of employees eligible to participate in the drills and conduct more drills that are more challenging.

#### System to Ensure Business Continuity Plan (BCP)

NX Group established NX Group Basic Policy on Business Continuity, which forms the basis of business continuity plans (BCPs) at each Group company. This policy is published on our website, disclosed to customers and stakeholders, clarifying our basic stance as a group on matters including giving top priority to human life and safety, social contribution, customer support, promoting the formulation of business continuity plans (BCP) at each Group company, and preparing for normal times.

Each NX Group company is promoting the formulation and maintenance of business continuity plans (BCP) based on this policy.

 [NX Group Basic Policy on Business Continuity](#)

#### Safety Confirmation System and Disaster Management System

Confirming the safety of employees is one of the most important tasks among the initial responses taken during an emergency. Nippon Express Co., Ltd. has adopted a Safety Confirmation System that automatically sends safety confirmation emails to employees in response to earthquakes of a certain severity or warnings issued by the Japan Meteorological Agency, in order to rapidly confirm the safety of employees during disasters.

In the event of a disaster of a certain scale or greater occurring in Japan, each Group company is required to report necessary information via the Disaster Management System in order to promptly ascertain the safety of employees and the damage status of facilities, and to carry out swift recovery efforts.

#### Strengthen the business foundation against risks

NX Group is working on the following initiatives to strengthen its business foundation against risks, from the perspectives of risk management for stable business continuity and crisis management for business continuity during emergencies.

- Development of a risk management system for the entire group
- Identifying key risks
- Providing support for the formulation of BCP for each Group company
- Implementation and support for crisis management training for each Group company



# Governance Business Ethics

## Business Ethics

### United Nations Compact Network

As of now, NX Group has not signed the United Nations Global Compact, which is a global framework for achieving sustainable growth. However, the NX Group Human Rights Policy stipulates that we must respect the Ten Principles of the UN Global Compact. In line with the spirit of the Compact, the Group will continue to conduct its business activities in a manner that contributes to the development of a sustainable society.

Please see our website for details on the United Nations Global Compact.



### Code of Conduct

The NX Group Charter of Conduct sets forth the following principles.

- Pursuit of Safety and Quality
- Sound Company Conduct
- Public Communications, Disclosure of Information and Protection of Information
- Respect for Employees
- Responsibilities to the Earth's Environment
- Contribution to International Society
- Social Contribution Activities
- Respect for Human Rights
- Severance from Antisocial Forces
- Responsibilities of Top Management
- Resolution of Problems by Top Management

Based on the NX Group Charter of Conduct, NX Group has established the NX Group Compliance Regulations, which set forth the fundamental matters and behavioral standards (including the

prevention of conflicts of interest) that the Group must comply with. With regard to specific initiatives related to compliance matters, we have established various group-wide policies, including the NX Group Whistleblowing System Regulations, NX Group Competition Law Compliance Regulations, NX Group Anti-Bribery Regulations, NX Group Personal Data Protection Regulations, and NX Group Insider Trading Prevention Regulations.

### Anti-Bribery and Anti-Corruption Policy

NX Group has established standards for the prevention of bribery under the NX Group Compliance Regulations, which includes principles such as ensuring fair business relationships and the elimination of ties to anti-social forces. In addition, NX Group has enacted the NX Group Anti-Bribery Regulations, which has been disseminated across all Group companies. The NX Group Anti-Bribery Regulations set forth the Group's basic approach and management framework for bribery prevention, including the prohibition of bribery, compliance with anti-bribery laws and regulations, maintaining fair business relationships, and guidance on appropriate entertainment, gifts, and donations. Based on these regulations, each Group company promotes the development of internal regulations and conducts anti-bribery training. Through such efforts, NX Group strives to prevent all forms of bribery and corruption across the organization.

### Initiatives for Preventing Code of Conduct Violations

Furthermore, by establishing both the NX Group Compliance Regulations and the NX Group Anti-Bribery Regulations as group-wide standards, NX Group defines clear codes of conduct for its employees. These are supported by corresponding guidelines and the NX Group Compliance Handbook, which facilitate broad understanding and the development of a risk prevention structure.

Important compliance issues are discussed by the Compliance Committee and reported to the Board of Directors. Based on these discussions, the Group implements appropriate corrective actions, evaluates the effectiveness of measures, and revises policies when necessary to prevent recurrence.

### Code of Conduct System and Procedures

NX Group has also established a whistleblowing system. In addition to an internal whistleblowing hotline, NX Group has established an external whistleblowing hotline operated independently by a law firm. Furthermore, a global whistleblowing hotline has been established to serve overseas group companies, enabling us to receive internal reports from all employees across the Group.

In FY2024, a total of 464 cases were reported across the Group. The most frequently reported issues were related to harassment (31%), followed by labor management (18%) and general workplace environment matters (16%).

Regardless of whether reports are made through internal or external channels, important cases and their responses are reviewed by the Compliance Committee, which includes external legal counsel—and reported to the Board of Directors. Feedback is also sought from external directors and incorporated into subsequent measures.

Confidentiality and protection of whistleblowers are strictly maintained, including via the external channel. The NX Group Whistleblowing System Regulations explicitly state that any information that could identify the whistleblower must be kept confidential and may not be disclosed without the whistleblower's explicit consent.

Employees who violate the NX Group Compliance Regulations, related internal regulations, or the Group's ethics/code of conduct may be subject to disciplinary action in accordance with the company's rules of employment.

### Record of Code of Conduct Violations

In FY2024, there were no cases involving prosecution or sanctions by regulatory authorities related to bribery, antitrust violations, export controls, money laundering, or insider trading. Additionally, the Group did not incur any fines or non-monetary sanctions for environmental regulation violations, nor were there substantiated complaints regarding customer privacy breaches or data loss.

# Governance Contribution to Public Policy/Supply Chain Management

## Contribution to Public Policy

### Our Approach to Public Policy

NIPPON EXPRESS HOLDINGS, INC. actively engages in public policy by dispatching representatives to various committees under the Ministry of Land, Infrastructure, Transport and Tourism and other external bodies addressing environmental and social issues in the logistics industry. In addition, the company participates in activities led by Japan Business Federation and other industry associations, contributing to public policy development.

### Activities through External Organizations

Aligned with its climate strategy, NX Group intends to engage in climate-related advocacy and collaborative activities through industry associations and other relevant organizations.

In May 2023, NX Group submitted a letter of commitment to the SBT Initiative (SBTi) for the purpose of acquiring target certification and submitted an application for certification in February 2025.

### Donations and Other Forms of Support

|   |             |
|---|-------------|
| Donation to Japanese Red Cross Society for 2024 Noto Peninsula Earthquake Relief                                      | ¥10,000,000 |
| Donation to Museum of Logistics   | ¥30,000,000 |
| Donation to Research Center for Advanced Science and Technology, the University of Tokyo                              | ¥10,000,000 |
| Donation for the construction of a school building for Japanese School New Delhi, Japan Overseas Educational Services | ¥4,134,000  |

## Supply Chain Management

### Conduct of Suppliers

In December 2023, NX Group formulated the NX Group Sustainable Procurement Policy in December 2023 to serve as the foundation for responsible procurement activities with respect for human rights as premise for all of its business activities.

The NX Group Sustainable Procurement Policy consists of two key components: The NX Group Basic Procurement Policy, which outlines compliance requirements for Group employees involved in procurement activities, and the NX Group Supplier Code of Conduct, which provides guidelines that suppliers (including contractors and subcontractors) are expected to follow when engaging in business with the Group.

The NX Group Supplier Code of Conduct sets forth compliance requirements for our suppliers (including contractors and subcontractors) with respect to the following six areas.

- 1. Safety and Quality (Promoting occupational safety and health, Pursuing safety and quality of products and services, Business continuity planning)**
- 2. Laws, Regulations and Ethical Standards (Compliance with laws and regulations, Elimination of antisocial forces)**
- 3. Information Security**
- 4. Human Rights and Labor Practices (Respect for human rights, Ensuring fair working conditions)**
- 5. Global Environmental Conservation and Climate Change**
- 6. Local People and Local Communities**

In addition to these six areas, the NX Group Supplier Code of Conduct also sets out requirements regarding the dissemination and internal awareness of the code within suppliers (including contractors and subcontractors), monitoring of compliance status, implementation of preventive and corrective measures against violations, establishment of grievance mechanisms, and the assurance of transparency.

 [NX Group Supplier Code of Conduct](#)

### Initiatives for Encouraging Suppliers to Promote Sustainability

NX Group is implementing the following initiatives with suppliers (including contractors and subcontractors) that do business with the Group in relation to human rights and the environment.

Some Group companies have started conducting surveys on human rights initiatives targeting transportation contractors, taking into consideration business impact and human rights risks. Going forward, NX Group will expand the scope to include additional Group companies and suppliers, and will work toward realizing respect for human rights across the entire supply chain.

In the EU, in response to Germany's Act on Corporate Due Diligence Obligations in Supply Chains, surveys on human rights initiatives have been conducted targeting all subsidiaries and all suppliers (including contractors and subcontractors) within the region. Initiatives aimed at the prevention and remediation of human rights risks in the supply chain are under consideration in East Asia as well.

Furthermore, as part of efforts across the supply chain, some Group companies have started conducting surveys of transportation contractors on environmental initiatives, including the assessment of CO<sub>2</sub> emissions and efforts to reduce them. Going forward, the Group will expand the scope to include more Group companies and suppliers, and strengthen its responses to climate change across the entire supply chain.

# Governance Data Security/Cyber Security

## Data Security/Cyber Security

### Our Approach to Data Security/Cyber Security

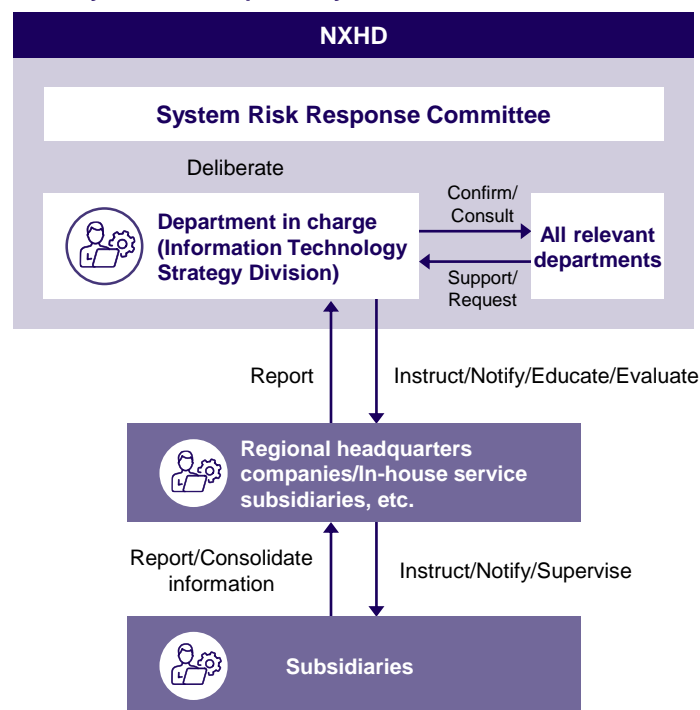
To implement effective information system security management, NIPPON EXPRESS HOLDINGS, INC. has established cyber security-related regulations, including the NX Group Basic Policy on Cyber Security. Based on these policies, each NX Group company appoints an information system security administrator and implements necessary security measures to protect its information assets from threats such as intentional acts, negligence, accidents, and disasters. The aim is to comprehensively, systematically, and continuously maintain and improve the level of information system security. Additionally, Group companies conduct periodic inspections and audit to monitor compliance with the NX Group Basic Policy on Cyber Security.

### Initiatives Related to IT Security/Cyber Security Governance

Through regular monthly meetings and global security activities, NIPPON EXPRESS HOLDINGS, INC. collaborates with security departments of major domestic companies and representative organizations from overseas regions. These efforts facilitate information sharing on security incidents, the progress of global cyber security initiatives, and the implementation of employee security training and awareness programs. In addition, NIPPON EXPRESS HOLDINGS, INC. has established the System Risk Management Committee, chaired by the President of the company, which meets twice a year. This

committee is responsible for overseeing the development of the Group's information system security framework and coordinating responses to security incidents. It also deliberates on key matters and submits necessary reports to ensure robust risk governance.

### Security Incident Response System



[Explanatory note] : Information system security administrator

## Develop IT infrastructure and improve security level

As part of the material issues identified in the NX Group Business Plan 2028 under its sustainability management strategy, NIPPON EXPRESS HOLDINGS, INC. has established specific performance indicators related to the initiative “improvement of IT infrastructure and security level.”

These indicators are reported to the System Risk Management Committee and are also shared through global IT strategy meetings. This ensures that the information contributes to the advancement of security initiatives across Group companies.

Starting in FY2025, the scope of these efforts will be expanded to include key domestic affiliates as well as overseas affiliates.

### Indicators and FY2024 Results\*1

| Items to be acquired                                   | Result      | Target        |
|--|-------------|---------------|
| Elimination of critical security incidents*2           | 0 incidents | 0 incidents   |
| RTO achievement rate*3 for BCP training                | 100%        | 90% or above  |
| Employee participation rate in security training*3,4,5 | 97%         | 90% or above  |
| Open rate of simulated phishing emails*3,4,5,6         | 0–26.4%     | Less than 10% |
| Reporting rate of simulated phishing emails*3,4,5,6    | 32.2–74.5%  | 80% or above  |

\*1 Items Acquired, Achievements, Targets, and Applicable Companies in Fiscal Year 2024

\*2 NX Group

\*3 Nippon Express Co., Ltd.

\*4 NIPPON EXPRESS HOLDINGS, INC.

\*5 NX Cash Logistics Co., Ltd.

\*6 NX INFORMATION SYSTEMS