

# Corporate Governance Report

Last Update: February 22<sup>th</sup>, 2022

22<sup>th</sup> February 2022

## NIPPON EXPRESS HOLDING, INC.

Name of representative Mitsuru Saito President, CEO

Contact: +81-3-5801-1000

Code No. 9147 First Section 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. ("Nippon Express" 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

In accordance with the Nippon Express 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 Nippon Express Group governance.

##### [Nippon Express Group Basic Policy on Governance]

##### [Nippon Express 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 of their work, support customers and society, and play active roles

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

- The NIPPON EXPRESS 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 NIPPON EXPRESS 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 revised in June 2021, including those for the prime market applicable April 4, 2022.

### **[Disclosure Based on Principles of the Corporate Governance Code]**

In addition to disclosing each principle of the Corporate Governance Code in accordance with the statutory requirements revised in June 2021, including those for the prime market applicable April 4, 2022, our Company's response policies and implementation details for all 83 principles of the Basic Principles, Principles and Supplementary Principles are listed in “Nippon Express Policy and Implementations of JPX's Corporate Governance Code”. These are available at the end of this document and on our Company's website.

(Japanese website)

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

(English website)

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

Our implementations of the eleven principles of disclosure 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.

For cross-shareholdings, our board of directors will annually review the rationality of holding each share name including capital costs and benefits of holding. The benefits will be evaluated not only from quantitative aspects but also from qualitative aspects. Specifically, we will review the benefits using the following criteria:

1. Whether or not the benefits of cross-shareholdings are in proportion with the weighted average cost of capital (WACC) in our company's capital policy.
2. Whether or not holding these shares has contributed in expanding our company's marketing area (i.e. whether or not it has created reasonable sales against the market value of the shares).
3. Whether or not holding these shares has contributed in increasing our corporate value (i.e. whether or not it has strengthened our relationship with business partners or promoted cooperative collaborations).
4. Whether or not we can expect an improvement of our corporate value in the future according to our business strategy (i.e. an increase in the number of business transactions or expansion of our business scope).

We conducted the above review at the Nippon Express Co., Ltd.'s board meeting held in May 2021, and the result was as follows:

We conducted the above review at the board meeting held in May this year, and the result was as follows:

(Specific cross-shareholdings)

(A) Number of stocks to which one or more of the criteria listed above applies: 58

(B) Number of stocks which we are planning to sell part or all: 20

(Deemed cross-shareholdings)

(A) Number of stocks to which one or more of the criteria listed above applies: 7

(B) Number of stocks which we are planning to sell part or all: 4

\* Seven of the above overlap with the stocks we are holding.

Our company policy for each category:

Regarding (A), our company considers that there is a rationality in holding these shares. However, we will provide opportunities to hold dialogues with the issuing companies as necessary. We will check the positioning of our company's shareholdings, and if we can confirm that there will be no damage to our relationship with the issuing bodies by selling the shares, we will sell them by taking into consideration our company's fund and market conditions.

Regarding (B), these stocks are the ones which we have decided to sell part or all of our holdings after discussions with the issuing companies, but have not yet sold after taking into consideration our company's fund and market conditions. We will continue to review the time and method for sales. Note that those shares which are to be sold partially but still owned by our company will fall into one or more of the above criteria and policy (A) will apply.

Under these policies, Nippon Express Co., Ltd. which was listed company in FY2020 prior to the transition to the holding company structure, sold the entire shares of 11 stocks and the part of 5 stocks listed in specific cross-shareholdings. This brought us approximately 11.6b yen.

As a result, the number of listed companies which we still held shares of as cross-shareholdings was 78 (-12.4% from the previous year) and 11 of the deemed cross-shareholdings (no change from the same period of the previous year) as of the end of March 2021. (Seven of the above belong to both categories.)

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 hinder the maintenance and expansion of the relationship with our business partners.

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】

When a board director engages in competing transactions, transactions between a board director and our company or transactions involving any conflict of interest, the director must seek approval at a meeting of directors including independent outside officers. We conduct an investigation each year to see if any of our board directors, corporate officers or A & S Board Members 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." Currently, there is no such transaction in existence.

#### 【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 will work to put them into practice, based on Nippon Express Group "Basic Policy on Diversity Promotion".

#### 【Nippon Express 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 Nippon Express 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>

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 women in management positions. In order to address these issues, we have set targets for expanding the pool and the proportion of women in management positions that play a central role in the company.

Going forward, we will work to achieve these targets by expanding the overall pool through various channels, such as fostering increased awareness among employees (area staff) and hiring experienced personnel, as well as reviewing training and allocation of staff.

In addition, from the perspective of ensuring diversity on the Board of Directors, we will strive to increase the number of female members. (As of September 2021: 1 female director and 1 female Auditor, Ratio of female directors of the Board of Directors, including A & S Board Members 14.2% %. In addition, one female auditor has been appointed to Nippon Express Co., Ltd., the group's main subsidiary.)

##### ・Goal for hiring new female graduates for career-track positions

Increase the percentage of women hires to 50%. (Recruitment percentage in 2021: 44.0%)

##### ・Goal for proportion of women in management positions

Increase the proportion of women in management positions to 10% or more by the end of FY2030.

(Percentage as of April 1, 2021: 1.52%)

\* Both KPI figures are for non-consolidated Nippon Express Co., Ltd.

#### <Appointment of foreign nationals to management positions>

Our group has 755 overseas offices in 48 countries, 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, in FY2019, we drew up a recruitment plan (260 employees in total over five years) and have been actively recruiting experienced personnel, mainly in the younger and mid-career levels with diverse experience.

However, due to the impact of COVID-19 on our business and changes in the market for hiring experienced personnel, the actual results fell far short of the target and it became difficult to achieve the target. Therefore, for the transitional year, we have revised the target figures in accordance with the actual results.

Going forward, we will set up a full-time recruitment team to achieve these targets, as well as taking a proactive approach to recruiting women, foreign nationals, and managers, for whom particularly intensive hiring efforts are required. This will allow us to achieve our targets and increase diversity in our core personnel by hiring experienced staff.

#### ·Experienced personnel recruitment plan

Hire 190 experienced personnel by FY2023 (5-year cumulative total)

\* Both KPI figures are for non-consolidated Nippon Express Co., Ltd.

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

Nippon Express is committed to promoting diversity management, enhancing employee satisfaction, and improving employee engagement, thereby becoming a company where a diverse range of employees can play an active role while feeling happy and creating new value.

Furthermore, in harmony with society and by practicing our corporate philosophy, we will proactively invest in our employees and enhance our corporate value. The cornerstone of our human resource development will be producing “autonomous personnel” who are not afraid of change, take action proactively, and continue to grow independently.

Specific initiatives are described in the CSR 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, 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 products, we consider not only the potential for the highest possible returns, 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,

### 【Principle 3.1 Full Disclosure】

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

Since the establishment of Nippon Express, 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 “Nippon Express Group Corporate Philosophy.” The “Nippon Express 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 “Nippon Express 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 “Nippon Express 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, CSR Databook, and Integrated Report.

<Nippon Express Group Corporate Philosophy>

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

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

< Nippon Express 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>

<Nippon Express 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 philosophy and message, we have reflected what our group should achieve and developed a long-term vision. As the detailed plan for the vision, we have set “Nippon Express Group Business Plan 2023.” In order to achieve our long-term vision, we consider preservation of the global environment and success of all employees to be important issues which we need to promote for the development of society, and sustainable growth and improvement of our corporate value. With “dedication to the reduction of carbon dioxide emissions as a logistics company” and “reformation toward a company where employees feel happy” at the forefront, we have established KPIs which are related to the reduction of CO2 emissions and improvement of the workplace environment. As with the corporate philosophy, we will 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:

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

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

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

In accordance with the Nippon Express 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 Nippon Express Group governance.

### 【Nippon Express Group Basic Policy on Governance】

[Nippon Express 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 of their work, support customers and society, and play active roles

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

- The NIPPON EXPRESS 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 NIPPON EXPRESS 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



(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 within the discretionary Remuneration and Nomination Advisory Committee. The committee was established as an advisory body of our board with three out of four committee members being independent outside directors and with the chairperson a non-executive director. Our board makes decisions based on the committee's report.

Our officers' remuneration policy is as follows:

(Officers' remuneration policy)

a. Basic policy

1. Remuneration should be sufficient to entice individuals who can implement our company's philosophy.
2. Remuneration should enhance motivation for sustainable improvement of our corporate value.
3. The remuneration system should be fair and rational since our company is required to disclose our remuneration system via corporate governance codes and security reports.

b. Remuneration structure

1. Remuneration should consist of basic (fixed) remuneration and variable compensation based on performance.
2. Remuneration for outside directors should consist of basic remuneration based on their roles and independent status.

c. Basic remuneration

Basic remuneration is 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. As short-term performance-based compensation, our company pays bonuses using each year's performance as indicators.
2. As mid- and long-term compensation, our company pays share-based remuneration which reflects the level of achievement of mid-term business plan and the level of improvement of our company's corporate value (share value).

(Determining officers' remuneration)

a. Basis(fixed) remuneration

Remuneration (monthly amount) for each individual is determined according to their role, based on the standard amount for their position.

b. Bonuses

Bonuses for individuals will be determined by assessing company performance for a single year and their contribution to such, in accordance with their role.

c. Performance-based stock compensation

The degree to which the business plan has been achieved for each fiscal year during the mid-term business plan period and the degree to which the business plan has been achieved for the final year of the mid-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.

Specific amounts will be determined within the scope of the amount stipulated in the articles of incorporation, 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 corporate officers, the company has introduced a performance-based stock compensation plan using a trust for directors and corporate officers (excluding outside directors and those residing outside Japan). This plan aims to further enhance their awareness of their contribution to enhancing the company's corporate value and shareholder value over the medium to long term. For details of this system, please refer to Supplementary Principles 4.2.1.



Our company has established internal rules and regulations regarding the decision-making procedures for officers' remuneration. In particular, based on the officers' roles and business performance status, directors' remuneration is decided by our board, and auditors' remuneration is determined via a discussion amongst the auditors. However, we greatly respect the discussion and the report based on the resolution of the discretionary Remuneration and Nomination Advisory Committee, an advisory body of our board.

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

When appointing and dismissing director candidates, our board evaluates the candidates from a variety of viewpoints, such as their performance in fulfilling business plans in the businesses and areas for which they have been responsible, the experience and expertise required to play an active role in the post, and their character and insight. Then, using the skill matrix for the Board of Directors established in line with the business strategy, candidates will be appointed and dismissed in such a way as to maintain a balance of knowledge, experience and ability of the Board of Directors as a whole.

\*The board Skill matrix is available in "V. Other", "2. Other Corporate Governance Measures" of this document.

When we select candidates for outside directors and outside A & S Board Members, we select individuals with excellent character and insight who meet all criteria for these positions, as stipulated in Items 15 and 16, Article 2 of the Companies Act. These positions will be filled by individuals who have experience in corporate management, high levels of expertise in law and accounting, academic knowledge, and are suitable for monitoring the overall operation of our company from a variety of viewpoints.

For the appointment and dismissal of these officers, we have established a discretionary Remuneration and Nomination Advisory Committee—with three out of four committee members as independent outside directors—as an advisory body of our board. We make hiring decisions based on the committee's report.

(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 or A & S Board Member positions is stated in the "Convening Notice of the Annual Shareholder Meeting" and is posted on our websites:

(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]

<Initiatives on Sustainability>

As a means to address sustainability-related issues, we are working to establish "ESG Management for Sustainable Growth and Enhancement of Corporate Value" in the Nippon Express Group Business Plan 2023. As for our sustainability and ESG initiatives, in addition to the establishment of the Sustainability Promotion Division, the company has established the Sustainability Promotion Committee, chaired by the President, to hold cross-divisional discussions on important policies and specific measures relating to sustainability. In the midst of changing international trends and social conditions, such as environmental issues and increasing demands for the realization of a sustainable society, the Sustainability Promotion Committee will continue to identify and periodically review key business issues (materialities) to be addressed. Materiality will be examined from two perspectives: the stakeholder perspective and that of the company's business, and those to be addressed as the highest priorities will be selected from both perspectives.

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. We will continue to work proactively to resolve these materialities and will disclose the results of our efforts sequentially in our Integrated Report and other documents.

<Initiatives on human capital, etc.>

With regard to human capital, we are promoting diversity management based on the idea that the growth of the Group will be achieved when employees are able to maximize their abilities. In order to promote diversity management, we will take over the efforts of our main subsidiary, Nippon Express, based on the "Nippon Express Group Diversity Promotion Policy".

[Nippon Express 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 Nippon Express Group".

"Respect for Diversity"

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

Nippon Express Co., Ltd. aims to achieve growth for both its employees and the Company by creating an environment where each of its diverse employees, who have various values and ideas, can maximize their abilities, have job satisfaction and pride, and thrive with a sense of happiness.

To this end, in accordance with the Nippon Express Group Diversity Promotion Policy, we are promoting initiatives to realize the management plan while steadily implementing the four reform cycles of "awareness reform," "climate reform," "work style reform," and "behavior reform" based on the pillars of "diversity," "improvement of work styles," and "work style innovation."

In addressing materialities, 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.

<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. In the "E: Environment" section of our business plan's "ESG Management for Sustainable Growth and Enhancement of Corporate Value" strategy, we have identified "commitment to reducing CO2 emissions as a logistics company" as an important issue. As such, we have set up "climate change initiatives" in our materiality initiatives, and are working as a group. Nippon Express Co., Ltd, our company's main subsidiary, are working to reduce CO2 emissions by 30% relative to 2013 by 2023. The target was originally set at a 30% reduction by 2030 based on the Paris Agreement, but due to the steady progress made in reducing emissions, the target was brought forward to 2021 and revised upward. We disclose our efforts and their progress in the company's Integrated Report and CSR Databook.

In the future, we will continue to examine ways to achieve the government's targets for 2030, and to effectively achieve zero emissions by 2050. Because the TCFD framework is one effective method of examination, and disclosure is also required by the Corporate Governance Code, we will, as a measure to achieve the targets, conduct examinations based on the TCFD framework and disclosure in our Integrated Reports and other documents.

**[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 important business management matters in accordance with the board's regulations and agenda standards. However, for the purpose of agile decision-making and to improve the supervision capacity of the board, we delegate individual business management matters to the corporate 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 and outside A & S Board Members in accordance with these standards.

When the following items do not apply to an outside director or an outside A & S Board Member 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 of our company's A & S Board Member; 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, a corporate 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 A & S Board and three independent outside directors. As for the board's functions on the matters of nomination and remuneration of our senior management, we seek advice from independent outside directors and A & S Board Members at the board meeting in order to obtain their objective standpoints.

We have established a discretionary Remuneration and Nomination Advisory Committee—with three out of four committee members who are independent outside directors—as an advisory body to the Board of Directors. The board takes final decisions 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, academics, and corporate executives with diverse perspectives to enhance its independence and objectivity. The committee deliberates on the appointment and dismissal of directors, A & S Board Members, and corporate officers, as well as on 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 board consists of nine directors, including three outside directors, and five A & S Board Members, including three outside members. Moreover, in order for us to create new value through innovation and grow into a corporate group with a strong presence in the global logistics market, the Board of Directors has been appointed to maintain an overall balance of knowledge, experience, and abilities by applying the board skill matrix established in line with the business strategy.

\*The board Skill matrix is available in "V. Other", "2. Other Corporate Governance Measures" of this document.

When we select director candidates, we select individuals based on certain selection criteria from among those who we believe to have the ability to lead our corporate group to achieve true global business management, regardless of gender, who have the knowledge and experience to execute our company's business management in an accurate, fair and effective manner, execute each strategy in our management plan swiftly without fail and have sufficient social credibility.

The three independent outside directors we have appointed are a lawyer, an academic and a business executive. Our company appoints individuals who have excellent character and insight, and who have diverse perspectives such as expertise in law and accounting, academic experience, and business management at other companies. In selecting A & S Board Member candidates, we choose those who have knowledge of finance, accounting and legal affairs. In particular, we appoint at least one individual with expertise in finance and accounting.

When we select director and A & S Board Member 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 and outside A & S Board Members 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 A & S Board Members are 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 execution status reports from each director, our board will appoint an external institution to conduct a survey of directors and A & S Board Members, including outside officers, on the effectiveness of the board as a whole, including the Remuneration and Nomination Advisory Committee, and collect their opinions. The survey results will be analyzed and evaluated, and the board will discuss and investigate the outcomes.

In a questionnaire survey on the effectiveness of the Board of Directors conducted by an external organization at Nippon Express Co., Ltd. prior to the transition to the holding company structure, we reviewed the structure and operation of the board, management and business strategies, corporate ethics, risk management, evaluation and remuneration of the management, and the status of dialogue with shareholders and investors. Based on these results, we determined that the effectiveness of the board as a whole had been maintained.

In particular, the points which were evaluated as effective throughout the survey questionnaire were : information and opinion exchange among independent outside officers through the liaison meetings led to improved effectiveness of the board; the chairperson of the board makes efforts to operate the board fairly and efficiently; the board makes efforts to provide information necessary for deliberation on strategy, such as by explaining management and business strategies to outside directors outside of board meetings; the board appropriately monitors and supervises the implementation of management and business strategies; and the board's understanding of risks is improved by conducting risk management reports on a semi-annual basis.

Key issues were extracted from the recent effective evaluation survey, so we have designated a few steps for improvement including an increase in the frequency of progress reports to the board regarding the business plan and important investment plans, and a change to our policy of the board structure by increasing the proportion of outside directors to at least one third. While working on these matters, our board has strengthened its monitoring function. In FY 2020, regarding the operation of the board, we made efforts to improve the effectiveness of the board by providing regular reports on matters including execution status and results of important resolutions, the progress of management plans, compliance, safety management, and system risks, as well as holding liaison meetings and seminars for independent outside officers.

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

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

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

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

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

#### 【Supplementary Principle 4.14.2 Training Policy】

Our company provides opportunities for seminars and social gatherings for directors and A & S Board Members to deepen their understanding of our company's business challenges and acquire the necessary knowledge of financial affairs and laws. We bear the expenses of these. We expect our A & S Board 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 and outside A & S Board Members, we provide opportunities to acquire knowledge concerning our company's business operations through participating in various internal events and site visits.

We also hold the "Outside Officers Seminar," in which corporate 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 corporate officers and the candidates for our company's senior managers, 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 senior managers.

#### 【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 Unit, which is managed by our top managers, responds to requests. Giving consideration to topics and dates, our top managers, the director in charge and/or senior managers (including corporate 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 telephone conferences during the first and third quarters and financial settlement briefings during the second quarter and at the end of the year. 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 received from shareholders and investors through dialogue are reported regularly at board meetings by the director in charge of investor relations, while the head of the Investor Relations Promotion Group holds individual feedback meetings for directors each quarter, and for outside directors every six months. These feedback meetings provide outside directors with opportunities to gain a deeper understanding of the opinions of shareholders and investors, and to discuss these opinions with the head of the Investor Relations Promotion Group, leading to a greater focus on market participants. To the senior management of the company, the senior management of its major subsidiary Nippon Express (including corporate officers and division managers from the main office), and presidents of regional headquarters of overseas operating companies, we share the opinion of market players 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 Public Relations & Advertising Division, the General Affairs 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/>

## 2. Capital Structure

<b>Ratio of Foreign Shareholders</b>	Between 20% and 30%
--------------------------------------	---------------------

### Principal Shareholders

<b>Name</b>	<b>Number of shares</b>	<b>Holdings (%)</b>
The Master Trust Bank of Japan, Ltd. (Account in Trust)	13,569,300	15.00
Custody Bank of Japan, Ltd. (Account in Trust)	6,757,500	7.50
Asahi Mutual Life Insurance Company	5,601,967	6.20
Nippon Express Employees' Shareholding Association	3,778,158	4.20
Sompo Japan Insurance Inc.	3,567,752	3.90
Mizuho Trust & Banking Co., Ltd. as trustee for Retirement Benefit Trust of Mizuho Bank, Ltd. (re-entrusted by Custody Bank of Japan, Ltd.)	2,850,000	3.10
Custody Bank of Japan, Ltd. (Account in Trust No. 4)	1,808,800	2.00
MUFG Bank, Ltd.	1,492,138	1.60
State Street Bank West Client – Treaty 505234	1,479,570	1.60
State Street Bank and Trust Company 505103	927,212	1.00

<b>Majority Shareholder (excluding the parent company)</b>	None
--	------

<b>Parent Company</b>	None
-----------------------	------

### Supplemental Information

•Regarding “Status of Major Shareholders,” because Nippon Express Holdings is a new company established on January 4, 2022, the number of shareholders is not yet known as of the date of submission of this report. Therefore, the above figures are based on the shareholders of Nippon Express Co., Ltd., which will become a wholly owned subsidiary of Nippon Express Holdings as of December 31, 2021, taking into account the share ratio (Nippon Express Holdings: Nippon Express 1:1) of the transfer.

•The number of shares owned by the trust banks includes the number of shares related to the trust business.

### 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

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

#### Board Members

Number of Board Members under the Articles of Incorporation	15
Term for Board Members under the Articles of Incorporation	1 year
Chairperson of Board of Directors	Chairman (Unless double as the president)
Number of Board Members	9
Number of Outside Directors	3
Number of Independent Directors in Outside Directors	3



## Relationship with our Company (1)

Name	Former Status	Relationship with company (*1)										
		a	b	c	d	e	f	g	H	i	j	K
Shigeo Nakayama	Lawyer											
Sadako Yasuoka	Other	▲										
Yojiro Shiba	From other company					△						

(\*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.

- a. An operating officer of our company or its subsidiary
- b. An operating officer or non-executive Director of the parent company of our company
- c. An operating officer of a fellow subsidiary of our company
- d. An entity or an operating officer thereof that our company is a primary trading partner of
- e. An entity or an operating officer thereof that is a primary trading partner of our company
- f. A consultant, professional accountant or lawyer receiving a large sum of money or other properties other than Director compensation from our company
- g. A major shareholder of our company (if such a major shareholder is a corporation, an operating officer of the corporation)
- h. 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)

Name	Independent Officer	Additional Information	Reasons of Appointment
Shigeo Nakayama	○	None.	Mr. Shigeo Nakayama is well qualified as outside Director, because he has excellent character and insight, as well as expert knowledge in legal affairs and abundant business experience acquired through many years of activities as a lawyer. He does not fall under any of the cases of potential conflict of interest with ordinary shareholders as specified by the Tokyo Stock Exchange. 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 he has been designated as an Independent Officer.
Sadako Yasuoka	○	A relative of Ms. Yasuoka previously served as an operating officer of t Nippon Express, our	Ms. Sadako Yasuoka is well qualified as outside Director, because she has excellent character and insight, as well as profound education and abundant experience, including educational activities, such as the study of the Analects of Confucius, with people of various ages. Meanwhile, her father has served as an operating officer of Nippon Express, our main operating company in the past. However, it has been 25 years since he retired from the post and there is no special relationship that may affect our decisions in doing business.

		main operating company.	For these reasons, there is considered to be no risk of conflict of interest with our general shareholders, and no problem with her independence, and she has been designated as an Independent Officer.
<b>Yojiro Shiba</b>	○	Mr. Shiba previously served as an executive at Mizuho Bank, Ltd., a main transaction bank of the 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 the company, through March 2005. However, he retired from said bank 16 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.

<b>Discretionary Committee Equivalent to the Nomination Committee or Compensation Committee</b>	In Place
---	----------

#### **Establishment of Discretionary Committee, Composition of Committee, and Attributes of Head (Chairperson) of the Committee**

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

#### **Additional Information**

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—with three out of four committee members as independent outside directors—as an advisory body to the Board of Directors. 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 compensation and bonuses for directors and executive officers, in response to consultation from the President and Representative Director, and submitted reports to board of directors based on their decisions.

The chairperson and the members are as follows:

<Chairperson>

Kenji Watanabe (Chairman and Representative Director)

<Members>

Director: Shigeo Nakayama (Independent Outside Director)

Director: Sadako Yasuoka (Independent Outside Director)

Director: Yojiro Shiba (Independent Outside Director)

### Audit & Supervisory Board Members

<b>Audit &amp; Supervisory Board</b>	Formed
<b>Number of Audit &amp; Supervisory Board Members under the Articles of Incorporation</b>	5
<b>Number of Audit &amp; Supervisory Board Members</b>	5

### Collaboration between Audit & Supervisory Board Members, Accounting Auditors, and Audit Division

Our company holds quarterly meetings with accounting auditors. The Audit & Supervisory Board members and the General manager of the Internal Auditing Division receive reports on current audit statuses and past audit results from accounting auditors. They exchange opinions and strengthen mutual collaboration. Additionally, when we establish an audit plan, the schedule for Audit & Supervisory Board Members' audits and internal audits are determined after comparing schedules. Our company sets the date for an audit by the accounting auditors upon mutual discussion between the Audit Division and Audit & Supervisory Board Members. We will continue to strengthen the cooperation of these three divisions, improve the effectiveness of audits, and maintain and develop the governance of our company group.

<b>Outside Audit &amp; Supervisory Board Members</b>	Selected
<b>Number of Outside Audit &amp; Supervisory Board Members</b>	3
<b>Number of Outside Audit &amp; Supervisory Board Members who are Independent Directors</b>	3

### Relationship with our Company (1)

Name	Former Status	Relationship with company (*2)												
		A	B	c	d	E	f	g	h	I	j	K	L	m
<b>Toshiaki Nojiri</b>	<b>From other company</b>	△												
<b>Yoshio Aoki</b>	<b>From other company</b>													
<b>Nobuko Sanui</b>	<b>From other company</b>													

(\*2)

○: 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.

a. An operating officer of our company or its subsidiary

b. A non-executive Director or an accounting counselor of our company or its subsidiary

c. An operating officer or non-executive Director of the parent company of our company

- d. An Audit & Supervisory Board Members of the parent company of our company
- e. An operating officer of a fellow subsidiary of our company
- f. An entity or an operating officer thereof that our company is a primary trading partner of
- g. An entity or an operating officer thereof that is a primary trading partner of our company
- h. A consultant, professional accountant or lawyer receiving a large sum of money or other properties other than Director compensation from our company
- i. A major shareholder of our company (if such a major shareholder is a corporation, an operating officer of the corporation)
- j. An executive officer of a trading partner of our company (not placed in the categories f, g or h) (Applies only to the said person)
- k. An operating officer of an entity with which our company has a reciprocal outside Director appointment (Applies only to the said person)
- l. An operating officer of an entity which our company makes donations to (Applies only to the said person)
- m. Other

## Relationship with our Company (2)

Name	Independent Officer	Additional Information	Reasons of Appointment
<b>Toshiaki Nojiri</b>	○	Mr. Toshiaki Nojiri previously served as an executive (researcher) at Nippon Express subsidiary Nittsu Research Institute and Consulting, Inc.	Mr. Nojiri 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 specialized in the study of Antimonopoly Law and transportation business policy and, with thorough knowledge especially in distribution-related policies, he has held many public offices as a person with relevant knowledge and experience at government offices and business organizations. Mr. Nojiri served as a researcher of Nittsu Research Institute and Consulting, Inc., a subsidiary of our company, from April 1979 to March 1989. The period of his service was 10 years and it has been 32 years since he retired from the post. Therefore, there is no special relationship that can potentially influence our decision-making. Since June 2016, Mr. Nojiri has served as director of Nittsu Gakuen Educational Corporation, the operating entity of Ryutsu Keizai University. However, we assume that it has no impact on the Educational Corporation's operation, and therefore said Corporation's independence is sufficiently ensured. For these reasons, there is considered to be no risk of conflict of interest with our general shareholders, and no problem with his independence, and so he has been designated as an independent officer.
<b>Yoshio Aoki</b>	○	None.	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. In addition, he does not fall under any of the cases of potential conflict of interest with ordinary shareholders as specified by the Tokyo Stock Exchange. 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.
<b>Nobuko Sanui</b>	○	None.	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 and we believe

		she is suitable to serve in a position to monitor management from a perspective on general business. 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.
--	--	--

## Independent Officers

<b>Number of Independent Officers</b>	6
---------------------------------------	---

## Other Matters Regarding Independent Officers

All outside Directors and outside Audit & Supervisory Board Members who satisfy the qualifications for independent officers are designated independent officers.

### [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 and outside A & S Board Members in accordance with these standards.

When the following items do not apply to an outside director or an outside A & S Board Member 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 of our company's A & S Board Member; or

\*An "executive officer" signifies an executive director, a corporate 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 Officers' Status of Combined Offices]

- Director Shigeo Nakayama concurrently serves as an Outside Corporate Auditor of Shizuoka Daiichi Television Corporation. There are no special interests between our Company and Shizuoka Daiichi Television Corporation.
- Director Yojiro Shiba concurrently serves as an Outside director of Bridgestone Corporation. There are no special interests between our Company and Bridgestone Corporation.
- Audit & Supervisory Board Member Toshiaki Nojiri concurrently serves as the Director of Nittsu Gakuen Educational Corporation. There are no special interests between our Company and the above entities.
- Audit & Supervisory Board Member Yoshio Aoki concurrently serves as an Outside Corporate Auditor of Nippon Denko Co., Ltd. There are no special interests between our Company and the above entities.

And Our company discloses the status of our outside directors and outside A & S Board Members holding additional posts through the Convening Notices of General Shareholder Meetings and annual Securities Reports.

## Incentives

<b>Incentives for Board Members</b>	Introduction of Performance-based Stock Compensation Plan
-------------------------------------	---

## Additional Information

We have introduced stock options as part of director compensation. In addition, we have introduced a performance-based stock compensation plan.

<b>Recipients of Stock Options</b>	-
------------------------------------	---

## Additional Information

-

## Compensation for Board Members

<b>Disclosure of Individual Compensation for Directors</b>	Not disclosed
--	---------------

## Additional Information

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.

Because Nippon Express Holdings is a new company established on January 4, 2022, there is no past record of remuneration for directors and A & S board members.

Remuneration for the directors and A & S board members of Nippon Express Co., Ltd. for the most recent fiscal year prior to the transition to the holding company structure is as follows.

A. Total Amount of Compensation, etc. for Directors and Audit & Supervisory Board Members for the 115th fiscal year are as follows.

- 115th term (April 1, 2020 - March 31, 2021)
- Compensation for Directors and Audit & Supervisory Board Members
- Directors: 501 million yen for 9 Directors (including 39 million yen for 3 outside Directors)
- Audit & Supervisory Board Members: 99 million yen for 5 Audit & Supervisory Board Members (including 49 million yen for 3 outside Audit & Supervisory Board Members)

B. The individual disclosures who receive 100 million yen or more in compensation for the 115th fiscal year are as follows.

Kenji Watanabe Chairman and Representative Director

Total compensation: 100 million yen of which the basic compensation was 73 million yen and the company performance-based compensation was 27 million yen (Breakdown: Bonuses 23 million yen/The performance and share-based remuneration: 4 million yen).

Mitsuru Saito President and Representative Director

Total compensation: 114 million yen of which the basic compensation was 73 million yen and the company performance-based compensation was 27 million yen (Breakdown: Bonuses 23 million yen/The performance and share-based remuneration: 4 million yen) and other compensation was 14 million yen.

Remark1: Directors' bonuses to be submitted to the 115th Ordinary General Meeting of Shareholders to be held by Nippon Express on June 29, 2021. The amount of stock-based compensation is the amount of reserves recorded in the current fiscal year based on the performance and share-based remuneration plan, which was resolved to be introduced at the 110th Ordinary General Meeting of Shareholders held by Nippon Express on June 29, 2016 (the continuation and partial revision of this plan was resolved at the 113th Ordinary General Meeting of Shareholders held on June 27, 2019). It differs from the actual amount paid.

Remark2: Other compensation includes company housing expenses, etc. paid by our company to the officers.

<b>Existence of Policies for Determining the Amount or Method of Calculating Compensation for Directors and Audit &amp; Supervisory Board Members</b>	Yes
---	-----

## Disclosure of Policies for Determining Compensation and Methods of Calculation

In order to seek appropriate advice from independent outside directors on important matters including officers' remuneration, we established a discretionary Remuneration and Nomination Advisory Committee—with three out of four committee members who are independent outside directors. Our board makes decisions based on the report from the committee. Our policy for officers' remuneration is as follows:

### (Policy for Officers' Remuneration)

#### 1. Basic Policy

- (1) The remuneration system should allow our company to employ excellent individuals who can achieve our corporate philosophy.
- (2) The remuneration system should provide a continuous improvement to our corporate value.
- (3) The remuneration system should be fair and rational since our company is required to disclose our remuneration system via corporate governance codes and security reports.

#### 2. Remuneration Structure

- (1) Remuneration should consist of basic (fixed) remuneration and variable compensation based on performance.
- (2) Remuneration for outside directors should consist of basic remuneration based on their roles and independent status.

#### 3. Basic Remuneration

Basic remuneration is determined by taking into consideration industry standards based on surveys of external specialist institutions and also dependent on their roles.

#### 4. Performance-Based Remuneration

- (1) As short-term performance-based remuneration, our company pay bonuses using the officers' performance per year as the indicator.
- (2) As mid-term performance-based remuneration, our company pay share-based remuneration based on our company's achievement of the mid-term business plan and improvement of corporate value (share price).

### (Determining officers' remuneration)

#### 1. Basis(fixed) remuneration

Remuneration (monthly amount) for each individual is determined according to their role, based on the standard amount for their position.

#### 2. Bonuses

Bonuses for individuals will be determined by assessing company performance for a single year and their contribution to such, in accordance with their role.

#### 3. Performance-based stock compensation

The degree to which the business plan has been achieved for each fiscal year during the mid-term business plan period and the degree to which the business plan has been achieved for the final year of the mid-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.

Directors' remuneration is determined by the board after the Remuneration and Nomination Advisory Committee hold an evaluation based on the directors' duties and performance in accordance with the above policy and then submit a report to the board. The remuneration for A & S Board Members is determined via discussion among the members.



Specific amounts will be determined within the scope of the amount stipulated in the articles of incorporation, 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 corporate officers, the company has introduced a performance-based stock compensation plan using a trust for directors and corporate officers (excluding outside directors and those residing outside Japan). This plan aims to further enhance their awareness of their contribution to enhancing the company's corporate value and shareholder value over the medium to long term.

The board has the right to determine the amounts which include officers' remuneration and the calculation method. However, the discretionary Remuneration and Nomination Advisory Committee, which was established as an advisory body of our board, discusses the base amounts including officers' remuneration and policies regarding the determination of officers' remuneration. The board makes a decision based on the committee's report.

#### [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 is a new company 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	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 (Plan to change to August 2019 to extend the trust period)
(8) Trust term	August 2019 to August 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	800 million yen (including trust fees and trust expenses)
(13) Share acquisition Period	August 8, 2019 to August 9, 2019
(14) Share acquisition Method	Purchased from the stock 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.

#### [Number of Shares Offered to Directors]

Maximum 115,000 shares (Trust period: five years)

[Individuals Eligible for Beneficial Interest and Other Interests]

Directors who meet the requirements.

## **Support Structure for Outside Directors / Outside Audit & Supervisory Board Members**

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 Audit & Supervisory Board Members, including outside Audit & Supervisory Board Members.

## **Status of Former President and Representative Director, etc.**

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

## **Other Matters**

-

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

### **( i ) Overview of the Implementation of Corporate Governance**

•Our Company is a company based on an Audit & Supervisory Board structure. In addition to the Board of Directors and Audit & Supervisory Board, our company has introduced a Board of Officers system with the goal of ensuring rapid decision-making and business execution.

### **( ii ) Business Execution and Supervision**

- To guarantee transparency and legality through deliberation, decisions concerning company operations will be made at Meetings of the Board of Directors at which 3 outside Directors and 5 Audit & Supervisory Board Members, including 3 outside Audit & Supervisory Board Members are present. All The President and Representative Director shall conduct business operations within the scope of their mandate from board of directors, but to ensure transparency and legality, important matters are discussed at executive board meetings attended by three full-time A & S board members, including one outside A & S board member.
- Duties will be carried out by the executive officers selected by the Board of Directors to perform the duties in accordance with Board of Directors resolutions, and the Board of Directors will oversee the performance of the duties.
- The Board of Directors resolves matters defined by laws, regulations and the Articles of Incorporation, as well as matters concerning important business executions. However, with the aim of facilitating a rapid decision-making process and enhancing the supervisory function of the Board of Directors, we have established Board of Executive as the location to discuss overall execution policies, and decision on matters concerning each business to be executed is delegated as much as possible, to an Executive Officer who is responsible for the execution of business.
- The business operations execution framework consists of four divisions under the leadership of the President and Representative Director, 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 will fulfil its roles and responsibilities as delegated to them by our company as the group headquarters, and in this role, our company will oversee the conduct of each group company's business.

[Board of Directors]

- Authority: Resolving matters defined by laws, regulations and the Articles of Incorporation and matters concerning important business executions as well as supervising business execution.
- Chairperson: Non-executive board director

- Structure: 9 directors (as of January 2022, the number stipulated by the Articles of Incorporation: 15)
  - \*Breakdown of the Board of Directors: 6 internal directors (5 of them are also executive officers) and 3 outside directors (one of them is female)
  - Attendance of Audit & Supervisory Board Members (to supervise directors' business execution, 2 internal and 3 outside members)
- Frequency of Meetings: Once a month and as necessary
  - Nippon Express Co., Ltd, the listed company prior to the transition to the holding company structure, held 13 meetings of the Board of Directors in FY2021.

<Major Proposals in board of directors held by Nippon Express FY2021 >

Discussion and approval of Items prescribed by the Companies Act and other laws and regulations (decision to convene a general meeting of shareholders, approval of financial statements, etc.), transition to a holding company structure through a sole-share transfer (share transfer plan), acquisition of treasury stock, review of the appropriateness of holding policy-holding shares, introduction of group brands and strategies, organizational reform, compliance with the Corporate Governance Code, etc.

Reports on the progress of the business plan and business portfolio, the status of compliance, safety management, and system risk management, the status of internal audits, the status of countermeasures against COVID-19, the progress of other important investment projects, and the status of the evaluation of the effectiveness of the board of directors, etc.

•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 and Audit & Supervisory Board Members. As for proposals, since these are to be discussed at Board of Officers—the consultation organization for business execution—prior to the board meetings, executive directors and full-time Audit & Supervisory Board Members should attend each board meeting with full understanding of the proposals. For outside directors and part-time Audit & Supervisory Board Members, our company strives to allocate sufficient time for question-and-answer sessions and discussions by providing briefings and invigorating board deliberations.

•Effectiveness of the board:

Our company conducts questionnaires regarding the effectiveness of the Board of Directors for directors and Audit & Supervisory Board Members—including outside directors and Audit & Supervisory Members—once a year using an outside institution and collects opinions. 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 FY2020 (for the fiscal year ending in March 2021 at Nippon Express Co., Ltd.)>

○ Questionnaire by an outside institution, results of evaluation

Time Period: March to April 2021

Participants: 9 directors (including 3 outside directors [3 independent officers]), 5 Audit & Supervisory Board Members (including 3 outside members [3 independent officers]); 14 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 Ethics and Risk Management," "Evaluation of Management, Remuneration Status," "Dialogue with shareholders etc."

Evaluation based on the answers to a total of 20 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.

(Compared with last year's results, the majority of the matters brought up last year have been improved upon or resolved.)

<Items highly evaluated>

- The exchange of information and views between outside officers through the outside officers liaison meetings has helped make the board of directors more effective (composition and operation).
- The Chairperson's efforts to manage the board of directors in a fair and efficient manner (composition and operation)
- Efforts are made to provide the information necessary for deliberation on strategies, such as by giving explanations of

- management and business strategies for outside officers outside of board meetings (management and business strategies).
- The board of directors appropriately monitors and supervises the implementation of management and business strategies (management and business strategies)
- Reporting on risk management is conducted every six months, leading to improved understanding of risks by the board of directors (corporate strategy and risk management)
- More objective evaluation of management by the Remuneration and Nomination Advisory Committee (outside directors) as a result of providing opportunities at the Outside Officers Seminars to receive on operations from corporate officers to be nominated and to ask them questions (management evaluation and remuneration)

#### [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: Board directors, executive directors, and president of a business company that proposes a proposal for discussion  
Participation of Full-time Audit & Supervisory Board Members and division general managers as observers
- Frequency: Once a month and as necessary

#### [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 and Representative Director
- Composition: Corporate officers, presidents of major group companies, senior management, etc.  
Attendance of full-time A & S board members, etc.
- Frequency: Quarterly and as necessary

#### [Summary of other executive division committees]

- As committees involved with internal control, we will establish a Risk Management Committee, which is in charge of drawing up risk management policies and establishing the group's risk management system; a Compliance Committee, which is in charge of establishing and implementing the group's compliance system; 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 a System Risk Countermeasures Committee, which is in charge of establishing a system for information system security and taking action when security incidents occur. Important matters discussed by each committee shall, depending on the relevant approval criteria, be submitted to the 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 will establish a Sustainability Promotion Committee, which will be responsible for addressing issues related to sustainability and planning group policies, and an Investment Committee, which will be responsible for discussing approaches to M&A projects. Important matters discussed by the Sustainability Promotion Committee shall, depending on the relevant approval criteria, be submitted to the 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.

### **(iii) Compensation and Nomination**

- 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 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 Board and its members**

- The Audit & Supervisory Board consists of five members (including three outside members, as of the date this document was submitted). The members have meetings once every three months and as necessary.
  - The Audit & Supervisory Board determines audit-related policies, plans, methods and division of work. The board also reviews its system to ensure the effectiveness of the board members' audit.
  - The Audit & Supervisory Board Members attend 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 examine important documents and the company's correspondence with major offices as well as investigate subsidiaries. The members supervise the business execution of relevant divisions.
  - In appointing Audit & Supervisory Board Members, our company appoints individuals who have the appropriate character and diversified knowledge, skills and expertise in law and accounting and other fields. In particular, for outside members, we appoint individuals who have a reputable academic background and expertise in finance, accounting, and other fields in order to strengthen the function of the Audit & Supervisory Board.
  - The Internal Auditing Division will be in charge of the A & S Board staff and will help ensure that the A & S Board members' activities are carried out smoothly, as well as improving coordination with the internal audit division and other divisions.
  - Regarding collaboration with the A & S Board members of group companies, informal liaison meetings of A & S Board members will be held monthly or as necessary to enhance the effectiveness of their audits.
- The audit items the Audit & Supervisory Board focused on in FY2021 by Nippon Express Co., Ltd, a listed company before the transition to a holding company structure, were as follows:
- Compliance status of laws, regulations, Articles of Incorporation and other internal rules, progress of the "Nippon Express Group Business Plan 2023—Dynamic Growth," development and achievement of business projects, status of asset maintenance, establishment and operation of an internal control system, operational status of subsidiaries and affiliates (including those overseas)
- \*Nippon Express Holdings will maintain Nippon Express' A & S Board members auditing policy and conduct audits with a broader perspective on the Group.
- The A & S Board will deliberate on the policy for selecting the accounting auditor, and consider 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 A & S Board will confirm whether the accounting auditor's execution of duties, auditing system, and independence are appropriate, and make a decision accordingly.

### **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 company and subsidiaries (both in Japan and overseas) and internal control audits related to financial reporting based on Japan's Financial Instruments and Exchange Act.
  - The result of the internal audit is sent to the president and the Audit & Supervisory Board Members via the Dual Reporting Line. In addition, the status of internal audits will be reported to the Board of Directors every six months, and direct reports will be made to the outside directors.
  - The key audit areas for the FY 2021 internal audit by Nippon Express Co., Ltd, a listed company before the transition to a holding company structure, were given below.
    - Internal audit in Japan: safety management, working environment, prevention of overworked driving, placement and receipt of work orders, business operations
    - Overseas internal audit: safety management, working environment, credit and debt management
- \*Nippon Express Holdings will maintain Nippon Express' internal audit policy and implement a group audit system.

### **C: Accounting auditor**

- Deloitte Touche 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 Board.

•Our company has established a highly objective auditing system by conducting internal audits, Audit & Supervisory Board Member audits and accounting audits in an independent and complementary fashion.

## ( v ) Overview of Agreements to Limit Liability

•In accordance with the Articles of Incorporation, our company and outside Directors Shigeo Nakayama, Sadako Yasuoka, and Yojiro Shiba, Audit & Supervisory Board Members Shigeki Arima, Koji Mizota, Toshiaki Nojiri, Yoshio Aoki, and Nobuko Sanui 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

By including 3 outside Directors among 9 Directors, our company aims to draw on the knowledge of outside experts in making important management decisions, and to strengthen the function of the Board of Directors in supervising business execution.

In addition, audits by Audit & Supervisory Board Members, including 3 outside Audit & Supervisory Board Members, are conducted. By adopting such structure, we determine that the objectivity and neutrality of management supervision functions are ensured at the sufficient level. In order to ensure an appropriate governance system while continuously discussing ways to improve corporate governance and assessing its necessity in light of the future business environment, the company will continue to discuss the need for institutional changes and executive structure, including a review of the proportion of outside directors.

## III. Implementation of Measures

### 1.Measures to Revitalize Shareholders' Meetings and Facilitate Voting

<b>Early Notification of General Meetings of Shareholders</b>	In order for shareholders to have sufficient time to consider agenda items, our company basically ships Notices of General Meeting of Shareholders earlier than the regular date of the law (ships 21 days prior to the general meeting of shareholders). In addition, we are trying to provide early announcement, such as electronically publishing it on TDnet and our website four weeks prior to the meetings.
<b>Electronic Voting Facilities</b>	Our company has adopted an online voting system that enables investors to exercise their voting rights via the Internet, smartphone or cellular phone.
<b>Measures Including Platform for Electronic Exercising of Voting Rights to Improve Voting by Institutional Investors</b>	Our company has introduced an Electronic Voting Platform called the Tosho Platform for institutional investors to vote electronically.
<b>Provision of an English summary of the Convocation Notice of the General Meeting of Shareholders</b>	In the interest of creating an active shareholders' meeting and to facilitate voting, an English version of the convocation notice will be made available.
<b>Others</b>	Both the English and Japanese versions will be posted on our company's web site.

### 2.IR Activities

	Supplementary explanation	Explanation in Person by Representative
<b>Establishment and Announcement of Disclosure Policy</b>	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	

	<p>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) <a href="https://www.nipponexpress-holdings.com/ja/ir/disclosure/">https://www.nipponexpress-holdings.com/ja/ir/disclosure/</a>          (English website) <a href="https://www.nipponexpress-holdings.com/en/ir/disclosure/">https://www.nipponexpress-holdings.com/en/ir/disclosure/</a></p>	
<b>Regular Meeting for Private Investors</b>	<ul style="list-style-type: none"> <li>•Our company will participate in meetings held by securities firms and reports our business operations and achievements to private investors.</li> </ul>	No
<b>Regular IR Meetings for Financial Analysts and Institutional Investors</b>	<p>1. Financial results briefing</p> <ul style="list-style-type: none"> <li>•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 / Representative Director explains the details of the results and answers questions.</li> <li>•When the financial results for the first and third quarters are settled, the staff in charge of IR explains the details and respond to questions via conference call.</li> <li>•The contents of and main questions and answers at the above quarterly Results Meetings will be posted on our website.          (Japanese website) <a href="https://www.nipponexpress-holdings.com/ja/ir/event/data-room/">https://www.nipponexpress-holdings.com/ja/ir/event/data-room/</a>          (English website) <a href="https://www.nipponexpress-holdings.com/en/ir/event/presentations/">https://www.nipponexpress-holdings.com/en/ir/event/presentations/</a></li> </ul> <p>2. Small meeting</p> <ul style="list-style-type: none"> <li>•A small meeting between analysts/institutional investors and our representative director will be held as appropriate.</li> </ul> <p>3. IR Meeting and IR-Day</p> <ul style="list-style-type: none"> <li>•IR Meetings between analysts/institutional investors and our Representative Director and Executive Vice Presidents will be held as appropriate.</li> </ul>	Yes
<b>Regular IR Meetings for Overseas Investors</b>	<ul style="list-style-type: none"> <li>•In addition, the President / Representative Director and the Director responsible for IR will hold regular meetings with overseas investors via conference call and participate in conferences hosted by securities companies. Due to restrictions on overseas travel, these meetings will be being conducted remotely.</li> </ul>	Yes



<b>Posting of IR Materials on Nippon Express Holdings Website</b>	<p>Integrated Report, Earnings Report, Earnings Presentation Materials, Main Questions and Answers at Earnings Presentations, Securities Report, Business Plan, Reports, IR Calendar, CSR Data Book, and Monthly Report are posted on our company's website.</p> <p>(Japanese website) <a href="https://www.nipponexpress-holdings.com/ja/ir/">https://www.nipponexpress-holdings.com/ja/ir/</a></p> <p>(English website) <a href="https://www.nipponexpress-holdings.com/en/ir/">https://www.nipponexpress-holdings.com/en/ir/</a></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) <a href="https://www.nipponexpress-holdings.com/ja/ir/individual/">https://www.nipponexpress-holdings.com/ja/ir/individual/</a></p>	-
<b>Person or Division in Charge of IR</b>	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.	-
<b>Others</b>	In order to allow investors to gain a better understanding of our business, we will also hold occasional tours of facilities such as the business locations of Nippon Express, our main operating company, and the business locations of our overseas companies, taking into account the situation regarding infectious diseases, requests, and necessity.	

### 3. Initiatives Relating to Respect for Shareholders' Positions

<b>Internal Guidelines for Respecting Shareholders' Positions</b>	<ul style="list-style-type: none"> <li>• 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 our group Charter of Conduct and group compliance regulations.</li> <li>• And, based on our Corporate Philosophy, our Corporate Message and the commitment to "Safety, Compliance and Quality" written in our Charter of conduct, 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--our 100-year anniversary. We clearly state that we will achieve business growth by working together with all stakeholders including "customers and the general public," "shareholders" and "employees."</li> </ul>
<b>Implementation of Environmental Protection Activities, CSR Activities, etc.</b>	<p>1. Implementation of Environmental Protection Activities</p> <ul style="list-style-type: none"> <li>• Our company practices environmental management, establishing in the "Nippon Express Group Environmental Charter" a basic philosophy of the Nippon Express Group that the Group actively contributes to the environmental conservation by being aware of its social and public mission as a corporate as well as through practicing environmental management as a "good corporate citizen."</li> </ul>

	<ul style="list-style-type: none"> <li>• About implementation of Environmental Protection Activities, we especially focus on reduction CO2 emission. In Nippon Express, our company's main subsidiary, we formulated long-term targets, to "reduce CO2 emissions by 30% from the 2013 level by fiscal 2030", and in other group companies, we have set similar targets and are working to achieve them.</li> <li>*Regarding carbon dioxide emissions, the current management plan set a target of 444,000 t-CO2 in 2023 to achieve the target in 2030, but since the reduction is progressing steadily, we have revised upward to aim for an emission of 350 thousand tons-CO2, which is equivalent to a 30% reduction by Nippon Express Co., Ltd. alone in 2023.</li> <li>• We will engage in various initiatives, such as a "modal shift" from truck-dependent transport system to rail and sea transport system and the systematical introduction of eco-friendly facilities and vehicles. By achieving these long-term targets, we will actively contribute to the realization of sustainable societies.</li> <li>• We engage in waste reduction with long-term targets. In Nippon Express Co., Ltd, our company's main subsidiary, we formulated long-term targets, to "reduce industrial waste per unit of sales by 1% annually through fiscal 2030" and will work on work on the 3Rs (Reduce, Reuse, Recycle) to achieve them.</li> </ul> <p>2. Compliance promotion system</p> <ul style="list-style-type: none"> <li>• 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 will promote the establishment of a system to promote compliance management as an integrated group.</li> <li>• We publish the Integrated Report and the CSR Databook in order to report the Nippon Express Group's policies and activities concerning CSR to the stakeholders in a clear and easy-to-understand manner.</li> </ul> <p>The website of "Investors":  (Japanese website) <a href="https://www.nipponexpress-holdings.com/ja/ir/library/">https://www.nipponexpress-holdings.com/ja/ir/library/</a>  (English website) <a href="https://www.nipponexpress-holdings.com/en/ir/library/">https://www.nipponexpress-holdings.com/en/ir/library/</a></p>
<b>Establishment of Policy on Providing Information to Stakeholders</b>	<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) <a href="https://www.nipponexpress-holdings.com/ja/ir/disclosure/">https://www.nipponexpress-holdings.com/ja/ir/disclosure/</a>  (English website) <a href="https://www.nipponexpress-holdings.com/en/ir/disclosure/">https://www.nipponexpress-holdings.com/en/ir/disclosure/</a></p>
<b>Other</b>	<p>1. Initiatives for Safety and Health</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>

	<p>&lt;Nippon Express Group Safety Philosophy&gt;</p> <p>“Safety takes precedence over everything else”</p> <p>Ensuring safety is the foundation of management and is a corporate social responsibility.</p> <p>&lt;Nippon Express Group Health Philosophy&gt;</p> <p>“Fill workplace with health and smiles”</p> <p>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"> <li>• And in order to enhance the safety awareness of our entire group, our company established a “Commitment to Safety” to express our determination toward the prevention of accidents and disasters.</li> <li>• In particular, Nippon Express Co., Ltd., our core group company, updates the “Safety and Health Management Policy” annually and works toward each health and safety goal. We also make sure that all employees know about safety and health via the “Nippon Express Safety and Health Management System (NSM).” We take various approaches including trainings about work safety, on-site instruction and training, the establishment of a mental health support system and by providing physical health maintenance support and education via e-learning.</li> </ul> <p>Information regarding our safety and health initiatives is available in our company’s CSR Data Book, Integrated Report and on our website.</p> <p>Nippon Express Group CSR Databook Website:</p> <p>(Japanese website) <a href="https://www.nipponexpress-holdings.com/ja/csr/report/">https://www.nipponexpress-holdings.com/ja/csr/report/</a></p> <p>(English website) <a href="https://www.nipponexpress-holdings.com/en/csr/report/">https://www.nipponexpress-holdings.com/en/csr/report/</a></p> <p>Nippon Express Group Integrated Report and Annual Report Website:</p> <p>(Japanese website) <a href="https://www.nipponexpress-holdings.com/ja/ir/library/annual/">https://www.nipponexpress-holdings.com/ja/ir/library/annual/</a></p> <p>(English website) <a href="https://www.nipponexpress-holdings.com/en/ir/library/annual/">https://www.nipponexpress-holdings.com/en/ir/library/annual/</a></p> <p>2. Initiatives for Promoting Diversity</p> <ul style="list-style-type: none"> <li>• In order to promote diversity management, we will take over the efforts of our main subsidiary, Nippon Express Co., Ltd, based on the "Nippon Express Group Diversity Promotion Policy".</li> </ul> <p>[Nippon Express “Basic Policy on Diversity Promotion”]</p> <ul style="list-style-type: none"> <li>• 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 Nippon Express Group".</li> </ul> <p>“Respect for Diversity”</p> <p>We will respect each other regardless of age, gender, sexual orientation, gender identity, nationality, disability, etc.</p> <p>&lt;Nippon Express Co., Ltd.’s Initiative&gt;</p> <ul style="list-style-type: none"> <li>• Nippon Express aims to achieve growth for both its employees and the Company by creating an environment where each of its diverse employees, who</li> </ul>
--	--

have various values and ideas, can maximize their abilities, have job satisfaction and pride, and thrive with a sense of happiness.

To this end, in accordance with the Nippon Express Group Diversity Promotion Policy, we are promoting initiatives to realize the management plan while steadily implementing the four reform cycles of "awareness reform," "climate reform," "work style reform," and "behavior reform" based on the pillars of "diversity," "improvement of work styles," and "work style innovation."

[Diversity]

- With respect to "diversity, our efforts focus on fostering a company-wide awareness of diversity and promoting the advancement of women.

In order to foster company-wide awareness, the President himself has made a top-level commitment, and each branch manager, who is the head of the organization, has expressed his determination to promote diversity as the "Branch Manager Diversity Declaration" to show the company's determination and attitude to strongly promote diversity throughout the company.

- In addition, in order to promote understanding of diversity throughout the company, we have set necessary themes and are continuing to conduct e-learning and other training programs. In the next fiscal year, we plan to conduct training on LGBTQ.

- To promote women's activities, we have set targets and are working on them to improve the rate of tenure of female employees (\*1) and the ratio of female managers (\*2).

- In the current business plan, we have adopted a numerical target to improve the retention rate for female employees, and we are working to eliminate their anxieties and foster their career aspirations through training and seminars, particularly for those employees who are raising children. Moreover, in order to prevent female employees from leaving the company despite wishing to stay, we are also expanding frameworks for flexible working, such as the remote work system. In particular, we are taking proactive measures through seminars aimed at the relatively small number of female employees assigned to regional offices. These include networking support provided by female executives themselves.

- To increase the proportion of management positions held by women, we will take effective measures in cooperation with related departments from recruitment to post-employment career support. These will be based on the principles of "increasing the number of female employees," "creating an employment environment where everyone can work comfortably," and "effectively training and assigning female employees."

- In addition to the advancement of women, we are also actively hiring experienced personnel and foreign nationals to continue our efforts to secure diversity in our core human resources.

\*1 Target for improving the retention rate for female employees:

To make the rate of those who have been with the company for around eight years the same for female employees as for male employees by FY2023.

(Results as of FY2020: 11.6 percentage points difference between the rates for male and female employees)

\*2 Target for improving the proportion of management positions held by women:

Increase the proportion to 10% by FY 2030.

(Results as of FY 2020: 1.5%)

\*1,2 KPI figures are for non-consolidated Nippon Express

[Improvement of work styles]

- With respect to “improvement of work styles,” Nippon Express has been working to realize diverse and flexible work styles, reduce the average annual overtime hours by improving productivity, and promote the use of annual paid leave. In particular, we have set a target in its business plan for the use of annual paid leave (\*3), and has been taking initiatives in this regard, mainly in the form of bottom-up promotion of leave-taking at branches, which have produced some positive results.
- In fiscal 2019, Nippon Express Co. Ltd. reformed its entire personnel system, including the HR system, wage system, and evaluation system. Specifically, in addition to adapting to laws related to work style reform, such as equal pay for equal work, mandatory annual leave, and upper limits on overtime work, we are gradually extending the retirement age and expanding eligibility for benefit and retirement plans, which will help us secure personnel, increase employee motivation, and revitalize the company.

\*3 Target for the use of annual paid leave:

Aim to double the rate of annual paid leave use by FY2023 relative to FY2017  
(Results as of FY 2020: 184.8% relative to FY2017)

\*3 KPI figure is for non-consolidated Nippon Express

[Work styles innovation]

- With regard to “work style innovation,” we believe that in order for employees to engage in their work with enthusiasm and pride, it is important to enhance not only their work but also their lifestyle. In order to achieve diverse and flexible styles of work, in FY2021, we launched three priority initiatives for work style reform (addressing with “-san,” loosening of dress codes, and promotion of remote work), and are promoting them company-wide with the aim of changing how each employee behaves.
- In addition to the above initiatives, we have also launched efforts to improve employee satisfaction as a first step toward enhancing employee engagement, and are taking on new challenges such as the introduction of hot desking at newly integrated locations, “NX Group Building”.

For more information on Nippon Express’ efforts to promote diversity, please refer to the CSR Report and Integrated Report below.

Our CSR Reports 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/>

Nippon Express 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

Nippon Express Holdings has established the following basic policy regarding the development of internal control systems, and will establish and operate internal control systems in accordance with this policy.

<Nippon Express Holdings “Basic Policy on Relating to the Establishment of an Internal Control System”>

In accordance with Article 362, Paragraph 4, Item 6 of the Companies Act (decisions on the development of systems to ensure the appropriateness of business operations) and Article 100, Paragraphs 1 and 3 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 Nippon Express 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. NXHD’s A & S board members shall conduct audits in accordance with the provisions of the “Regulations of the A & S Board” and the “A & S Board Members Auditing Standards” to ensure that directors perform their duties properly in accordance with laws, regulations, and the articles of incorporation.
- d. NXHD’s directors, corporate officers, and employees (hereinafter referred to as “Executives and Employees”) shall act in line with the “Nippon Express Group Charter of Conduct,” and perform their duties accordingly. The Nippon Express Group Charter of Conduct serves as a set of standards to ensure compliance with the “Nippon Express Group Corporate Philosophy,” which is the common philosophy of the Nippon Express 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, the company shall appoint a Compliance Committee, establish a Compliance Promotion Division, and lay out necessary regulations such as the “Nippon Express Group Compliance Regulations,” “Nippon Express Group Anti-Bribery Regulations,” and “Nippon Express Group Competition Law Compliance Regulations,” thereby implementing a compliance system that supports legitimate and fair corporate activities by the group as a whole.
- f. The Company shall establish an internal whistleblowing system, “Nippon Express Speak-Up,” 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. NXHD’s internal auditing department shall conduct audits as stipulated in the “Nippon Express 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 Nippon Express Group Charter of Conduct and the Nippon Express Group Compliance Rules, and an educational system shall be established to ensure that all Executives and Employees comply with the basic policy. In addition, the Company 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 the company 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 Officers, 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 and A & S board members may inspect these documents as necessary.
- (iv) "Rules and other systems related to management of the risk of loss"
- a. The company shall set up a risk management Department to prevent risks that may have a significant impact on the company's operations and to establish a risk management system that enables prompt and appropriate responses to emergencies that may arise. The 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, the company shall establish "Risk Management Regulations" and a "Risk Management Committee" in order to identify the risks facing the Nippon Express 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 the company'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, the company shall establish "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, the company shall establish a meeting body for each important crisis, such as "disaster countermeasures," "infectious disease countermeasures." Even in normal times, the company 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, the company 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 "Nippon Express 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 Board of Directors Meeting Agenda Standards, the board shall meet to pass resolutions on important matters regarding the execution of business operations and to oversee directors' performance of their duties.
- b. In order to ensure prompt decision-making and to strengthen the oversight role of the board of directors, the company shall introduce a corporate officer system. Under this system, the execution of the company's business is carried out by corporate 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. Regarding the execution of business operations, the Board of Officers shall be established to discuss important matters related to the group's business, and individual matters regarding the execution of business operations shall be delegated to the corporate 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, the company 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.
- (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 Nippon Express Group Corporate Philosophy as a common philosophy for the management of its subsidiaries, the Nippon Express Group Charter of Conduct as a common guideline for all group employees to embody this philosophy, and the Nippon Express 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 "Nippon Express



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 Nippon Express Group Governance Regulations, the “Group Approval Authority Table,” and other group rules and regulations established by the company, report important matters relating to corporate management to the company 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, the company shall establish “Nippon Express 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, the company 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, the company 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 Nippon Express 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 Nippon Express Group Governance Regulations, the Group Approval Authority Table, and other relevant regulations. Of the company’s subsidiaries, the company that oversees a specific region or a specific business is designated as the controlling company. The controlling company shall draw up a business plan for the region or business it oversees based on the Nippon Express Group Business Plan, bring together the subsidiaries under its control, and work to implement the plan. Subsidiaries shall establish a board of directors and shall have regulations for the board of directors that clarify its responsibilities and roles, and part-time directors dispatched from NXHD to the board of directors of subsidiaries shall supervise the performance of the subsidiaries’ duties. 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 Nippon Express 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 “Nippon Express Group Compliance Regulations,” “Nippon Express Group Anti-Bribery Regulations,” and “Nippon Express Group Competition Law Compliance Regulations.” 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 such.
  - 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 a group whistleblowing system, “Nippon Express Speak Up,” 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. In order to perform their duties regarding a consolidated business perspective and consolidated financial statements, NXHD’s A & S board members shall conduct auditing for the company’s subsidiaries.
  - h. In order to prevent inappropriate transactions or accounting procedures between NXHD and its subsidiaries, etc., NXHD’s A & S board members shall collaborate with the A & S board members of the subsidiaries, exchange information, and strive to conduct efficient audits.
  - i. NXHD’s internal audit department shall conduct audits as stipulated in the Nippon Express 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 employees who are requested by the company’s auditors to assist them in their duties and matters related to ensuring the effectiveness of instructions to such employees.”
- Regarding matters related to assisting the duties of NXHD’s A & S board members, the audit staff of the Internal Auditing Division, which is the company’s internal audit department, shall follow the instructions of the A & S board members.
- (viii) “Matters related to the independence of the employees in the preceding item from directors”
- The prior consent of the A & S board shall be obtained for the appointment of audit staff.

(ix) "Systems for directors and employees to report to the company auditors, systems for directors, company auditors, employees and staff executing operations of the company's subsidiaries or persons who receive reports from these persons to report to the company's auditors, and systems to ensure that persons who make such reports are not treated disadvantageously for doing so."

NXHD directors and the directors and A & S board members, etc. of subsidiaries shall report the following matters to the NXHD A & S board members 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.

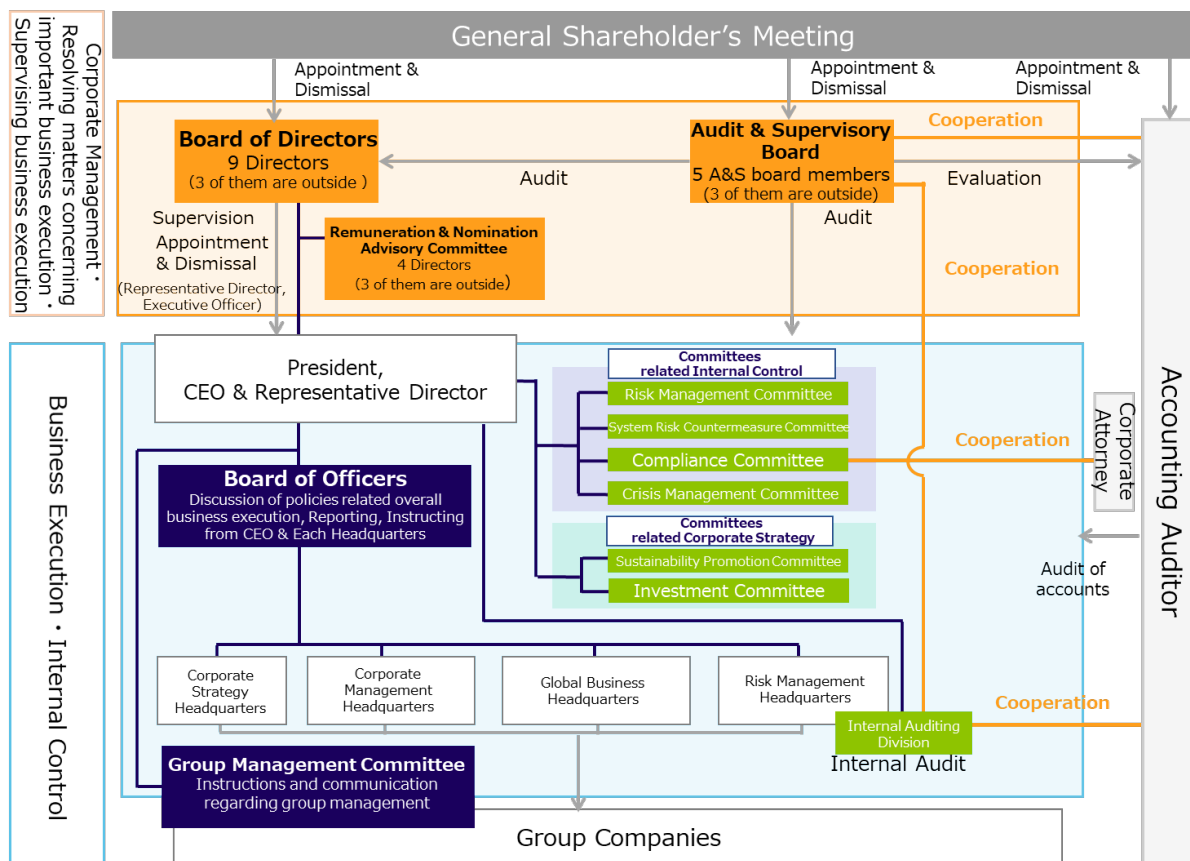
- (1) Important business matters and implementation status of internal audits
- (2) Serious violations of laws, regulations, or the articles of incorporation, or misconduct in connection with the performance of duties
- (3) Matters that may cause significant damage to the company

(x) "Other systems to ensure that audits by company auditors are conducted effectively"

- a. In addition to attending meetings of the board of directors, NXHD's A & S board members shall attend meetings of the executive board 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 A & S board members shall receive explanations of the matters discussed and inspect the relevant materials.
- b. NXHD's A & S board and its members shall hold regular meetings with the Representative Director to exchange opinions on business policies, issues the company should address, risks facing the company, the state of the audit environment, important auditing issues, etc., and strive to deepen mutual recognition and trust.
- c. NXHD's A & S board members shall, in accordance with the rules on "Important Documents to be Distributed to A & S Board Members," inspect major approval request documents and other important documents relating to the execution of business operations, request explanations from directors, corporate officers or employees as necessary, and express their opinions.
- d. NXHD's A & S board members shall collaborate with the Internal Audit Office and the accounting auditors to improve the effectiveness of audits.
- e. If deemed necessary, NXHD's A & S board members may engage attorneys, certified public accountants, consultants, and other outside experts to support the A & S board members' audits, and the company shall bear any costs incurred in doing so.

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

## Corporate Governance Structure



## 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

#### ( 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	Kenji Watanabe	●	●			●	●	●	●
	Mitsuru Saito	●	●	●	●	●	●	●	●
	Satoshi Horikiri	●	●		●	●	●	●	●
	Tatsuya Suzuki	●	●			●		●	
	Takashi Masuda	●		●	●	●		●	●
	Tatsuya Akama	●	●			●	●	●	
	Shigeo Nakayama <small>Outside/Independent</small>		●				●		
	Sadako Yasuoka <small>Outside/Independent</small>		●			●	●		
	Yojiro Shiba <small>Outside/Independent</small>		●	●	●				

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

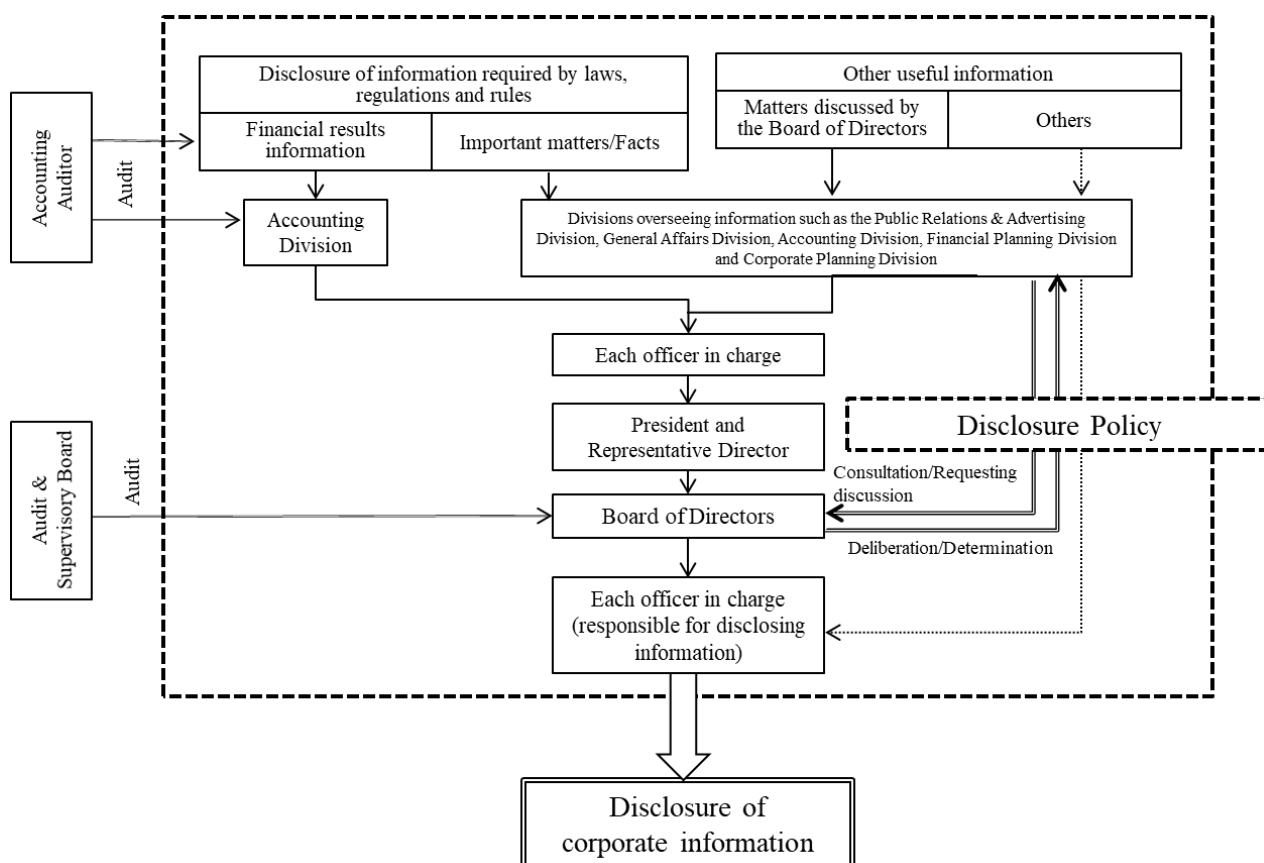
As of January 2022

#### ( 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 revised these Disclosure Policy Rules.

### (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.

#### (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 Director 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 Director 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, the methods of dialogues include teleconferences conducted at the first and third quarters and the full-year and interim results briefings. 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

**Nippon Express Policy and Implementations  
of JPX's Corporate Governance Code.  
(February 2022 )**

**NIPPON EXPRESS HOLDINGS, INC.**

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

### General Principle 1

COMPLY

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

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

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

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

In order to establish the corporate governance we stated in our long-term vision, promote our company's sustainable growth and improve our mid to long-term corporate value, we are also making efforts to establish policies and systems which encourage constructive dialogue with our shareholders at locations other than general shareholder meetings.

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

The investor relations section on our website is:

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

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

### Principle 1.1 Securing the Rights of Shareholders

COMPLY

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

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

### Supplementary Principles 1.1.1

COMPLY

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

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



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

### Supplementary Principles 1.1.2

**COMPLY**

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

From the perspective of agile management decision-making, our company will resolve matters from general shareholder meetings and important matters regarding company management at board meetings in accordance with the law and our articles of incorporation. Nine directors, including three outside directors, and five Audit & Supervisory Board Members ("A & S Board Members"), including three outside A & S Board Members, will attend our board meetings in order to assure expertise and objectivity in business judgment. As for execution of resolved important matters, our Board of Directors elects an individual to be in charge of execution. This individual executes the matters, and the board will supervise this person from a perspective of functional separation.

### Supplementary Principles 1.1.3

**COMPLY**

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

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

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

**COMPLY**

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

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

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

### Supplementary Principles 1.2.1

**COMPLY**

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

Our company will disclose information in accordance with the law and JPX's rules for listing securities. We will also post company information, including documents or news releases related to general shareholder meetings or additional information relevant to shareholders and investors, on our websites in a timely and active manner.

### Supplementary Principles 1.2.2

**COMPLY**

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

Our company's record date is December 31, as stipulated in our articles of incorporation. After securing a certain length of time for account settlement as prescribed by the law and any related auditing, we send Convening Notices for Annual Shareholder Meetings as early as possible. We will also announce these notices electronically through TDnet and our company's websites before sending these notices to shareholders 4 weeks before annual shareholder meetings.

### Supplementary Principles 1.2.3

**COMPLY**

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

Our company recognizes that general shareholder meetings provide an opportunity for constructive dialogue with shareholders. Therefore, we will set a date when most shareholders can attend after considering the time required for account settlement as prescribed by the law and any related auditing.

In addition, by providing live streaming of general shareholder meetings (hybrid-participation virtual general shareholder meetings), shareholders who are unable to attend the meetings will be able to view them from their homes.

### Supplementary Principles 1.2.4

**COMPLY**

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

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

The relevant page on our website is:

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

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

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

### Supplementary Principles 1.2.5

COMPLY

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

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

### Principle 1.3 Basic Strategy for Capital Policy

COMPLY

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

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

- (1) Our company considers the return on equity (ROE) as an important management index and aims to reach at least 10% by the end of our management plan, FY 2023.
- (2) In order to increase our corporate value, our company has set the hurdle rate at 5% for investment projects by taking the weighted average cost of capital into consideration.
- (3) In order to ensure a firm financial basis to provide funds for growth investing and a certain level of financial security, our company has set the debt-to-equity (D/E) ratio as 1.0 or lower and the capital adequacy ratio at around 35%.
- (4) As for shareholder returns, our company will pay out shareholder returns steadily and continuously by dividend. We have set the dividend ratio to at least 30%. Also, we have set the total return ratio, including shareholder returns by dividend and acquisition of treasury shares, to at least 50% cumulatively over the duration of the 2019-2023 management plan.

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

### Principle 1.4 Cross-Shareholdings

**COMPLY**

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

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

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

For cross-shareholdings, our Board of Directors will annually review the rationality of holding each share name including capital costs and benefits of holding. The benefits will be evaluated not only from quantitative aspects but also from qualitative aspects. Specifically, we will review the benefits using the following criteria:

1. Whether or not the benefits of cross-shareholdings are in proportion with the weighted average cost of capital (WACC) in our company's capital policy.
2. Whether or not holding these shares has contributed in expanding our company's marketing area (i.e. whether or not it has created reasonable sales against the market value of the shares).
3. Whether or not holding these shares has contributed in increasing our corporate value (i.e. whether or not it has strengthened our relationship with business partners or promoted cooperative collaborations).
4. Whether or not we can expect an improvement of our corporate value in the future according to our business strategy (i.e. an increase in the number of business transactions or expansion of our business scope).

We conducted the above review at the Nippon Express Co., Ltd.'s board meeting held in May 2021, and the result was as follows:

(Specific cross-shareholdings)

(A) Number of stocks to which one or more of the criteria listed above applies: 58

(B) Number of stocks which we are planning to sell part or all: 20

(Deemed cross-shareholdings)

(A) Number of stocks to which one or more of the criteria listed above applies: 7

(B) Number of stocks which we are planning to sell part or all: 4

\* Seven of the above overlap with the stocks we are holding.

Our company policy for each category:

Regarding (A), our company considers that there is a rationality in holding these shares. However, we will provide opportunities to hold dialogues with the issuing companies as necessary. We will check the positioning of our company's shareholdings, and if we can confirm that there will be no damage to our relationship with the issuing companies by selling the shares, we will sell them by taking into consideration our company's fund and market conditions.

Regarding (B), these stocks are those which we have decided to sell part or all of our holdings in after discussions with the issuing companies, but have not yet sold after taking into consideration our company's fund and market conditions. We will continue to review the time and method for sales. Note that those shares which are to be sold partially but still owned by our company will fall into one or more of the above criteria and policy (A) will apply.

Under these policies, Nippon Express Co., Ltd. which was listed company in FY2020 prior to the transition to the holding company structure, sold the entire shares of 11 stocks and the part of 5 stocks listed in specific cross-shareholdings. This brought us approximately 11.6b yen.

As a result, the number of listed companies which we still held shares of as cross-shareholdings was 78 (-12.4% from the previous year) and 11 of the deemed cross-shareholdings (no change from the same period of the previous year) as of the end of March 2021. (Seven of the above belong to both categories.)

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

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

1. Actions which may lose the balance between holding on cross-shareholding and the purpose of cross-shareholding.
2. Actions which hinder the maintenance and expansion of the relationship with our business partners.

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

### Supplementary Principles 1.4.1

**COMPLY**

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

Our company will never conduct any act which may deter the individuals who hold our company shares in cross-shareholding from selling their cross-held shares.

### Supplementary Principles 1.4.2

**COMPLY**

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

In transactions with individuals who wish to purchase our company shares in cross-shareholding, we will determine the conditions of transactions and whether or not we should continue such transactions. We will assess whether or not such transactions are rational. We will not conduct irrational transactions simply because the individuals are holding our company shares.

### Principle 1.5 Anti-Takeover Measures

**COMPLY**

Measures which are to be implemented in order to be effective against takeover must not have any objective associated with self-protection of the management or the board. With respect to the introduction or implementation of anti-takeover measures, the board and A & S Board Members<sup>3</sup> should carefully examine their necessity and rationality in light of their fiduciary responsibility to shareholders, ensure appropriate procedures, and provide sufficient explanation to shareholders.

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

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

### Supplementary Principles 1.5.1

**COMPLY**

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

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

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

As for shareholders selling their shares in response to a tender offer, our company will respect the shareholder rights and not hinder such activities.

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

**COMPLY**

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

**When our company implements a capital policy which results in a change of control or in a significant dilution of shares, we will announce the information, including the examination process and the purpose for the implementation, in a timely manner while respecting independent opinions from outside officers. We will provide explanations to shareholders at general shareholder meetings and/or financial settlement briefings as necessary.**

### Principle 1.7 Related Party Transactions

**COMPLY**

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

**When a board director engages in competing transactions, transactions between a board director and our company or transactions involving any conflict of interest, the director must seek approval at a meeting of directors including independent outside officers. We conduct an investigation each year to see if any of our board directors, corporate officers or A & S Board Members engage in transactions with our company or a consolidated subsidiary. We disclose the results in our annual securities report in accordance with regulations including the "Accounting Standards for Related Party Disclosures."**



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

### General Principle 2

**COMPLY**

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

In order to create sustainable growth and mid to long-term corporate value aiming for development alongside society, our company considers it essential to have interactive communication with as many stakeholders as possible. In our Nippon Express Group Business Plan 2023, we included “contributing to customers and society through business,” “contributing to resolving social issues through business,” and “cooperating to create new corporate value with stakeholders.” In doing so, we are working to achieve sustainable growth and improve our corporate value.

In particular, we conduct environmental, social and corporate governance (ESG) management to ensure our company’s sustainable growth and high corporate value. By defining key issues (materialities) for the realization of our long-term vision, and addressing issues such as climate change and improving employee engagement, we will create logistics services that contribute to the realization of a sustainable society and expand business opportunities.

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

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

**COMPLY**

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

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

[Nippon Express Group Corporate Philosophy]

Our Mission: Be a Driving Force for Social Development

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

Our Pride: Inspire Trust Every Step of the Way

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

In order to achieve this goal, we will continue to develop globally in accordance with the Nippon Express Group Corporate Philosophy, our on-the-ground capabilities based on our commitment to “safety, compliance and quality,” the customer-first attitude expressed in our corporate message of “We Find the Way,” and unchanged sense of values, while making our company climate more competitive.

At the same time, we will clarify our company image for our customers/society, shareholders and employees and work together with these stakeholders to create new values through innovation. We have established improving our corporate value as a path leading to our long-term vision.

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

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

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

### Principle 2.2 Code of Conduct

COMPLY

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

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

Our board reviews the code of conduct as necessary and takes up important policies as agenda topics at meetings.

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

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

#### Supplementary Principles 2.2.1

COMPLY

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

Since 2004, our group has conducted an anonymous survey of Nippon Express Co., Ltd.’s employees regarding compliance awareness in order to understand the degree of overall compliance. Since 2016, this has been administered to all employees in other group companies in Japan. With this survey, we are working to ascertain the level of compliance awareness, the actual conditions in the workplace, and the opinions of employees. In doing so, we will take care not to simply verify compliance as a formality, but to ensure that we are fostering corporate culture and principles that respect the meaning and spirit of the Code of Conduct. The results are disclosed to all officers and employees, and countermeasures based on the results are presented in detail.

Upon receiving the implementation status and the result of the annual awareness survey, our board reviews the code of conduct, including the “Nippon Express Group Charter of Conduct” and compliance regulations. We pay careful attention to the content of the awareness survey questions. We include questions to assess the overall awareness of compliance and to check the corporate culture and climate with respect to the meaning and the spirit of the code of conduct, so that the survey will not simply contain meaningless perfunctory checks. Using the results of the awareness survey, we strive to make the appropriate improvements on each item which has low compliance.

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



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

**COMPLY**

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

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

In the “Nippon Express 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 “Nippon Express Group Environmental Charter” and the “Nippon Express Group Environmental Regulations,” and have been purposefully implementing activities. At the same time, in order to promote environmental management of our company, we set up the “Sustainability Promotion Committee,” and established an environmental management promotion policy.

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.

For these reasons, Nippon Express Co., Ltd, on a non-consolidated basis, set up the following long-term targets to stop global warming and establish a recycling-based society in April 2017 (partially added in April 2018). We have now set long-term targets for our corporate group, and we are working on reducing carbon dioxide throughout the group as a whole. Meanwhile, the non-consolidated reduction target for 2023, which was set with a view to achieving the long-term target by 2030, was met in 2020. As a result, the reduction target for 2023 has been revised upward. Going forward, the group as a whole will consider initiatives for the years 2030 and 2050.

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

##### Nippon Express

- Reduction of carbon dioxide emissions to 350,000 tons by 2023

##### Group Companies in Japan

- 20% reduction of carbon dioxide emissions by 2030 compared to that of 2013

##### Group Companies Overseas

- Set up their own targets in the same line with our company's by taking their own situations into consideration

#### ○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.

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. We actively promote modal shifts, joint distribution services and the introduction of more environmentally friendly vehicles.

We publish information regarding each year's activities in the Integrated Report and CSR Databook.

Our Integrated Reports 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/>

Our CSR Databook 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/>

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

**COMPLY**

### Supplementary Principles 2.3.1

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

We recognize that in order to achieve sustainable growth and increase corporate value, it is essential to appropriately address issues relating to sustainability and promote ESG management that takes into consideration the environment, society, and governance. Our board recognizes these efforts as an important risk management issue, and our executive board consistently takes up this matter as an agenda topic.

At the same time, we also recognize it as an opportunity for profit. The “Nippon Express Group Business Plan 2023—Dynamic Growth,” which was approved after a series of discussions by the Board of Directors, adopts “ESG Management for Sustainable Growth and Enhancement of Corporate Value,” as a key strategy, and we will contribute to the growth of the group’s businesses by using them to help address sustainability issues. Specifically, taking the reduction of CO<sub>2</sub> emissions as an opportunity, we are presenting a strategy that links the solution of social issues with the growth of our business, such as by helping reduce the environmental burden of customer logistics through modal shifts and shared transportation.

In addition to establishing the Sustainability Promotion Division as the department responsible for implementing specific measures to address key sustainability policies and issues (materialities), we have also established the Sustainability Promotion Committee to hold cross-divisional discussions on the topic. Important matters, such as the formulation and review of sustainability policies, are discussed by the Sustainability Promotion Committee, which submits them to the Board of Directors for approval, and the implementation status of various measures is reported to the board on a regular basis.

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

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

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

Our Integrated Reports 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/>

Our CSR Databook 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/>

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

COMPLY

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

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

In order to promote diversity management, we will take over the efforts of our main subsidiary, Nippon Express Co., Ltd, based on the "Nippon Express Group Diversity Promotion Policy".

[Nippon Express 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 Nippon Express Group".

"Respect for Diversity"

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

<Nippon Express Co., Ltd.'s Initiative>

Nippon Express aims to achieve growth for both its employees and the Company by creating an environment where each of its diverse employees, who have various values and ideas, can maximize their abilities, have job satisfaction and pride, and thrive with a sense of happiness.

To this end, in accordance with the Nippon Express Group Diversity Promotion Policy, we are promoting initiatives to realize the management plan while steadily implementing the four reform cycles of "awareness reform," "climate reform," "work style reform," and "behavior reform" based on the pillars of "diversity," "improvement of work styles," and "work style innovation."

[Diversity]

With respect to "diversity, our efforts focus on fostering a company-wide awareness of diversity and promoting the advancement of women.

In order to foster company-wide awareness, the President himself has made a top-level commitment, and each branch manager, who is the head of the organization, has expressed his determination to promote diversity as the "Branch Manager Diversity Declaration" to show the company's determination and attitude to strongly promote diversity throughout the company.

In addition, in order to promote understanding of diversity throughout the company, we have set necessary themes and are continuing to conduct e-learning and other training programs. From FY2022, we plan to conduct training on LGBTQ.

To promote women's activities, we have set targets and are working on them to improve the rate of tenure of female employees (\*1) and the ratio of female managers (\*2).

In the current business plan, we have adopted a numerical target to improve the retention rate for female employees, and we are working to eliminate their anxieties and foster their career aspirations through training and seminars, particularly for those employees who are raising children. Moreover, in order to prevent female employees from leaving the company despite wishing to stay, we are also expanding frameworks for flexible working, such as the remote work system. In particular, we are taking proactive measures through seminars aimed at the relatively small number of female employees assigned to regional offices. These include networking support provided by female executives themselves.

To increase the proportion of management positions held by women, we will take effective measures in cooperation with related departments from recruitment to post-employment career support. These will be based on the principles of "increasing the number of female employees," "creating an employment environment where everyone can work comfortably," and "effectively training and assigning female employees."

In addition to the advancement of women, we are also actively hiring experienced personnel and foreign nationals to continue our efforts to secure diversity in our core human resources.

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

**\*1 Target for improving the retention rate for female employees:**

To make the rate of those who have been with the company for around eight years the same for female employees as for male employees by FY2023.

(Results as of FY2020: 11.6 percentage points difference between the rates for male and female employees)

**\*2 Target for improving the proportion of management positions held by women:**

Increase the proportion to 10% by FY 2030.

(Results as of FY 2020: 1.5%)

\*1,2 KPI figures are for non-consolidated Nippon Express

**[Improvement of work styles]**

With respect to “improvement of work styles,” Nippon Express has been working to realize diverse and flexible work styles, reduce the average annual overtime hours by improving productivity, and promote the use of annual paid leave. In particular, we have set a target in its business plan for the use of annual paid leave (\*3), and has been taking initiatives in this regard, mainly in the form of bottom-up promotion of leave-taking at branches, which have produced some positive results.

In Addition, in fiscal 2019, Nippon Express reformed its entire personnel system, including the HR system, wage system, and evaluation system. Specifically, in addition to adapting to laws related to work style reform, such as equal pay for equal work, mandatory annual leave, and upper limits on overtime work, we are gradually extending the retirement age and expanding eligibility for benefit and retirement plans, which will help us secure personnel, increase employee motivation, and revitalize the company.

**\*3 Target for the use of annual paid leave:**

Aim to double the rate of annual paid leave use by FY2023 relative to FY2017

(Results as of FY 2020: 184.8% relative to FY2017)

\*3 KPI figure is for non-consolidated Nippon Express

**[Work styles innovation]**

With regard to “work style innovation,” we believe that in order for employees to engage in their work with enthusiasm and pride, it is important to enhance not only their work but also their lifestyle. In order to achieve diverse and flexible styles of work, in FY2021, we launched three priority initiatives for work style reform (addressing with “-san,” loosening of dress codes, and promotion of remote work), and are promoting them company-wide with the aim of changing how each employee behaves.

In addition to the above initiatives, we have also launched efforts to improve employee satisfaction as a first step toward enhancing employee engagement, and are taking on new challenges such as the introduction of hot desking at newly integrated locations, “NX Group Building”.

For more information on Nippon Express’ efforts to promote diversity, please refer to the CSR Databook and Integrated Report below.

Our Integrated Reports 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/>

Our CSR Databook 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/>

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

### Supplementary Principles 2.4.1

**COMPLY**

Companies should present their policies and voluntary and measurable goals for ensuring diversity in the promotion to core human resources, such as the promotion of women, foreign nationals and midcareer hires to middle managerial positions, as well as disclosing their status. In addition, in light of the importance of human resource strategies for increasing corporate value over the mid-to long-term, companies should present its policies for human resource development and internal environment development to ensure diversity, as well as the status of their implementation.

#### ( i ) Ensuring diversity

With respect to ensuring diversity in the workforce, which forms the basis of diversity management, we will work to put them into practice, based on Nippon Express Group "Basic Policy on Diversity Promotion".

#### [Nippon Express 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 Nippon Express 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>

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 women in management positions. In order to address these issues, we have set targets for expanding the pool and the proportion of women in management positions that play a central role in the company.

Going forward, we will work to achieve these targets by expanding the overall pool through various channels, such as fostering increased awareness among employees (area staff) and hiring experienced personnel, as well as reviewing training and allocation of staff.

In addition, from the perspective of ensuring diversity on the Board of Directors, we will strive to increase the number of female members. (As of September, 2021: 1 female director and 1 female Auditor, Ratio of female directors of the Board of Directors, including A & S Board Members 14.2%. In addition, one female auditor has been appointed to Nippon Express Co., Ltd., the group's main subsidiary.)

#### Goal for hiring new female graduates for career-track positions

Increase the percentage of women hires to 50%. (Recruitment percentage in 2021: 44.0%)

#### Goal for proportion of women in management positions

Increase the proportion of women in management positions to 10% or more by the end of FY2030. (Percentage as of April 1, 2021: 1.52%)

\*Both KPI figures are for non-consolidated Nippon Express Co., Ltd.

#### <Appointment of foreign nationals to management positions>

Our group has 755 overseas offices in 48 countries, with more than 20,000 foreign employees. In addition, due to the promotion of local management of overseas operating companies, the percentage of foreign employees in the post of president at overseas operating companies has exceeded 30%. Since foreign employees play an active role as core personnel supporting our overseas operating companies, we have not set or disclosed KPIs for appointing them as core personnel at this time. In the future, we will continue to promote the localization of top management and reinforce the human resource development of top management at overseas operating companies.

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

### <Appointment of experienced personnel to management positions>

In order to secure diverse human resources to facilitate diversity management, eliminate biases in the makeup of the workforce, and secure professional human resources with expertise in specialized fields such as industrial logistics and new businesses, in FY2019, we drew up a recruitment plan (260 employees in total over five years) and have been actively recruiting experienced personnel, mainly in the younger and mid-career levels with diverse experience.

However, due to the impact of COVID-19 on our business and changes in the market for hiring experienced personnel, the actual results fell far short of the target and it became difficult to achieve the target. Therefore, for the transitional year, we have revised the target figures in accordance with the actual results.

Going forward, we will set up a full-time recruitment team to achieve these targets, as well as taking a proactive approach to recruiting women, foreign nationals, and managers, for whom particularly intensive hiring efforts are required. This will allow us to achieve our targets and increase diversity in our core personnel by hiring experienced staff.

#### Experienced personnel recruitment plan

Hire 190 experienced personnel by FY2023 (5-year cumulative total)

\*KPI figures is for non-consolidated Nippon Express Co., Ltd.

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

Nippon Express is committed to promoting diversity management, enhancing employee satisfaction, and improving employee engagement, thereby becoming a company where a diverse range of employees can play an active role while feeling happy and creating new value.

Furthermore, in harmony with society and by practicing our corporate philosophy, we will proactively invest in our employees and enhance our corporate value. The cornerstone of our human resource development will be producing “autonomous personnel” who are not afraid of change, take action proactively, and continue to grow independently.

Specific initiatives are described in the CSR Databook.

Our CSR Databook 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/>

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

### Principle 2.5 Whistleblowing

**COMPLY**

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

In 2003, our group established internal regulations regarding whistleblowing and set up a special help desk for whistleblowing. We also make efforts to publicize the system and the help desk. This involves including information on confidentiality for whistleblowers and the prohibition of disadvantageous treatment of whistleblowers in the Compliance Handbook distributed to all employees, giving notice via the company intranet and the “CSR Letter” newsletter, and displaying relevant posters at each worksite. In order to make this system easy to use and effective for our employees, we also have an independent help desk for whistleblowing outside the company.

If issues are reported, the Compliance and Risk Management Division will decide whether or not an investigation is necessary based on the report and determine the appropriate investigation method. Placing priority on protecting the informant, we conduct an investigation by working with the relevant departments, notify the informant of the progress of our actions and check the results with him/her.

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

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



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

### Supplementary Principles 2.5.1

**COMPLY**

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

Our group has an internal help desk for whistleblowing and an outside help desk within a lawyer's office separate from our company. Regardless of which service is used, we will treat issues reported through whistleblowing as important and discuss the issues and their measures in the Compliance Committee, which includes A & S Board Members and external lawyers. We then report the results to the Board of Directors, ask for opinions from outside directors and outside A & S Board Members before reflecting their opinions.

In regard to the confidentiality of the informant and prohibition of disadvantageous treatment of the informant, we designate whistleblowing strictly confidential at our outside help desk. We state in our "Nippon Express Speak-Up Regulations" that any information which may lead to identification of the informant remains confidential unless s/he agrees to disclosure. Also, at our annual meeting of Compliance Promotion Officers, we instruct all officers who investigate and respond to whistleblowing to ensure the confidentiality of informants and prohibit their disadvantageous treatment.

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

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

**COMPLY**

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

In order to support our employees' asset formation and reduce management risk of corporate pension funds, Nippon Express Co., Ltd, the group's main subsidiary, adopted a defined contribution pension system in 2007. In order to teach our employees how to increase their assets, we are working to educate them in how to properly do this. As a part of new employee education, we implement fixed contribution pension seminars and teach basic knowledge on the systems used to start asset management and relevant precautions.

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

In selecting products, we consider not only the potential for the highest possible returns, 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.



## Section 3: Ensuring Appropriate Information Disclosure and Transparency

### General Principle 3

**COMPLY**

While ensuring appropriate information disclosure in accordance with the relevant laws and regulations, companies should also strive to actively provide information beyond that which is required by law. This includes both financial information, such as financial status and operating results, and non-financial information, such as business strategies, business issues, risk and governance. The board should recognize that disclosed information will serve as the basis for constructive dialogue with shareholders, and therefore should ensure that such information, particularly non-financial information, is accurate, clear and useful.

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

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

## Section 3: Ensuring Appropriate Information Disclosure and Transparency

### Principle 3.1 Full Disclosure

**COMPLY**

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

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

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

Since the establishment of Nippon Express Co., Ltd, 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 “Nippon Express Group Corporate Philosophy.” The “Nippon Express 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 “Nippon Express 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 “Nippon Express 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, CSR Databook, and Integrated Report.

<Nippon Express Group Corporate Philosophy>

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

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

< Nippon Express 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>

<Nippon Express 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 philosophy and message, we have reflected what our group should achieve and developed a long-term vision. The “Nippon Express Group Business Plan 2023” has been set out as a detailed plan for implementing this vision. In order to achieve our long-term vision, we consider preservation of the global environment and the success of all employees to be important issues which must promote for the development of society, and the sustainable growth and improvement of our corporate value. With “dedication to the reduction of carbon dioxide emissions as a logistics company” and “reformation toward a company where employees feel happy” at the forefront, we have established KPIs which relate to the reduction of CO2 emissions and improvement of the workplace environment. As with the corporate philosophy, we will 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:

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

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

## Section 3: Ensuring Appropriate Information Disclosure and Transparency

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

In accordance with the Nippon Express 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 Nippon Express Group governance.

### [Nippon Express Group Basic Policy on Governance]

#### [Nippon Express 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 of their work, support customers and society, and play active roles

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

•The NIPPON EXPRESS 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 NIPPON EXPRESS 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

## Section 3: Ensuring Appropriate Information Disclosure and Transparency

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

Our company has established a basic policy regarding decision-making procedures for officer remuneration and the structure for the remuneration in our internal rules. The procedures and the basic policy are discussed within the discretionary Remuneration and Nomination Advisory Committee. The committee was established as an advisory body of our board with three out of four committee members being independent outside directors and with the chairperson a non-executive director. Our board makes decisions based on the committee's report. Our officers' remuneration policy is as follows:

#### (Officers' remuneration policy)

##### a. Basic policy

1. Remuneration should be sufficient to entice individuals who can implement our company's philosophy.
2. Remuneration should enhance motivation for sustainable improvement of our corporate value.
3. The remuneration system should be fair and rational since our company is required to disclose our remuneration system via corporate governance codes and security reports.

##### b. Remuneration structure

1. Remuneration should consist of basic (fixed) remuneration and variable compensation based on performance.
2. Remuneration for outside directors should consist of basic remuneration based on their roles and independent status.

##### c. Basic remuneration

Basic remuneration is 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. As short-term performance-based compensation, our company pays bonuses using each year's performance as indicators.
2. As mid- and long-term compensation, our company pays share-based remuneration which reflects the level of achievement of mid-term business plan and the level of improvement of our company's corporate value (share value).

#### (Determining officers' remuneration)

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

Remuneration (monthly amount) for each individual is determined according to their role, based on the standard amount for their position.

##### b. Bonuses

Bonuses for individuals will be determined by assessing company performance for a single year and their contribution to such, in accordance with their role.

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

The degree to which the business plan has been achieved for each fiscal year during the mid-term business plan period and the degree to which the business plan has been achieved for the final year of the mid-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.

Specific amounts will be determined within the scope of the amount stipulated in the articles of incorporation, 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 corporate officers, the company has introduced a performance-based stock compensation plan using a trust for directors and corporate officers (excluding outside directors and those residing outside Japan). This plan aims to further enhance their awareness of their contribution to enhancing the company's corporate value and shareholder value over the medium to long term. For details of this system, please refer to Supplementary Principles 4.2.1.

Our company has established internal rules and regulations regarding the decision-making procedures for officers' remuneration. In particular, based on the officers' roles and business performance status, directors' remuneration is decided by our board, and auditors' remuneration is determined via a discussion amongst the auditors. However, we greatly respect the discussion and the report based on the resolution of the discretionary Remuneration and Nomination Advisory Committee, an advisory body of our board.

## Section 3: Ensuring Appropriate Information Disclosure and Transparency

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

When appointing and dismissing director candidates, our board evaluates the candidates from a variety of viewpoints, such as their performance in fulfilling business plans in the businesses and areas for which they have been responsible, the experience and expertise required to play an active role in the post, and their character and insight. Then, using the skill matrix for the Board of Directors established in line with the business strategy, candidates will be appointed and dismissed in such a way as to maintain a balance of knowledge, experience and ability of the Board of Directors as a whole.

When we select candidates for outside directors and outside A & S Board Members, we select individuals with excellent character and insight who meet all criteria for these positions, as stipulated in Items 15 and 16, Article 2 of the Companies Act. These positions will be filled by individuals who have experience in corporate management, high levels of expertise in law and accounting, academic knowledge, and are suitable for monitoring the overall operation of our company from a variety of viewpoints. For the appointment and dismissal of these officers, we have established a discretionary Remuneration and Nomination Advisory Committee—with three out of four committee members as independent outside directors—as an advisory body of our board. Decisions will be made with the greatest regard for the committee's reports.

- (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 or A & S Board Member positions is stated in the "Convening Notice of the Annual Shareholder Meeting" and is posted on our websites:

(Japanese website) <https://www.nipponexpress-holdings.com/ja/ir/event/general-meeting/>  
(English website) <https://www.nipponexpress-holdings.com/en/ir/event/meetings/>

### Supplementary Principles 3.1.1

COMPLY

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

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

### Supplementary Principles 3.1.2

COMPLY

Bearing in mind the number of foreign investors among shareholders, companies should, to the extent reasonable, take steps for providing English language disclosures.

In preparation for our group's business expansion, we have established an English website. We publish English versions of materials including our CSR Report, Integrated Report, Business Report, and Corporate Governance Report, as well as disclosing and providing information in English on the Company's website regarding timely disclosure materials, Convening Notices of Ordinary General Meeting of Shareholder Meetings, financial statements, explanatory materials for financial results, and past financial data.

The investor relations section on our website is:

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

## Section 3: Ensuring Appropriate Information Disclosure and Transparency

### Supplementary Principles 3.1.3

**COMPLY**

Companies should appropriately disclose their initiatives on sustainability when disclosing their management strategies. They should also provide information on investments in human capital and intellectual properties in an understandable and specific manner, while being conscious of the consistency with their own management strategies and issues.

In particular, companies listed on the Prime Market should collect and analyze the necessary data on the impact of climate change-related risks and earning opportunities on their business activities and profits, and enhance the quality and quantity of disclosure based on the TCFD recommendations, which are an internationally well-established disclosure framework, or an equivalent framework.

#### <Initiatives on Sustainability>

As a means to address sustainability-related issues, we are working to establish “ESG Management for Sustainable Growth and Enhancement of Corporate Value” in the Nippon Express Group Business Plan 2023. As for our sustainability and ESG initiatives, in addition to the establishment of the Sustainability Promotion Division, the company has established the Sustainability Promotion Committee, chaired by the President, to hold cross-divisional discussions on important policies and specific measures relating to sustainability. In the midst of changing international trends and social conditions, such as environmental issues and increasing demands for the realization of a sustainable society, the Sustainability Promotion Committee will continue to identify and periodically review key business issues (materialities) to be addressed. Materiality will be examined from two perspectives: the stakeholder perspective and that of the company's business, and those to be addressed as the highest priorities will be selected from both perspectives.

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. We will continue to work proactively to resolve these materialities and will disclose the results of our efforts sequentially in our Integrated Report and other documents.

#### <Initiatives on human capital, etc.>

With regard to human capital, we are promoting diversity management based on the idea that the growth of the Group will be achieved when employees are able to maximize their abilities. In order to promote diversity management, we will take over the efforts of our main subsidiary, Nippon Express, based on the “Nippon Express Group Diversity Promotion Policy”.

#### [Nippon Express 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 Nippon Express Group”.

#### “Respect for Diversity”

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

Nippon Express Co., Ltd. aims to achieve growth for both its employees and the Company by creating an environment where each of its diverse employees, who have various values and ideas, can maximize their abilities, have job satisfaction and pride, and thrive with a sense of happiness.

To this end, in accordance with the Nippon Express Group Diversity Promotion Policy, we are promoting initiatives to realize the management plan while steadily implementing the four reform cycles of “awareness reform,” “climate reform,” “work style reform,” and “behavior reform” based on the pillars of “diversity,” “improvement of work styles,” and “work style innovation.”

In addressing materialities, 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.

#### <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. In the “E: Environment” section of our business plan’s “ESG Management for Sustainable Growth and Enhancement of Corporate Value” strategy, we have identified “commitment to reducing CO2 emissions as a logistics company” as an important issue. As such, we have set up “climate change initiatives” in our materiality initiatives, and are working as a group. Nippon Express Co., Ltd, our company’s main subsidiary, are working to reduce CO2 emissions by 30% relative to 2013 by 2023. The target was originally set at a 30% reduction by 2030 based on the Paris Agreement, but due to the steady progress made in reducing emissions, the target was brought forward to 2021 and revised upward. We disclose our efforts and their progress in the company’s Integrated Report and CSR Databook.



## Section 3: Ensuring Appropriate Information Disclosure and Transparency

In the future, we will continue to examine ways to achieve the government's targets for 2030, and to effectively achieve zero emissions by 2050. Because the TCFD framework is one effective method of examination, and disclosure is also required by the Corporate Governance Code, we will, as a measure to achieve the targets, conduct examinations based on the TCFD framework and disclosure in our Integrated Reports and other documents.

### Principle 3.2 External Auditors

**COMPLY**

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

Our company believes that external auditors—whose role is to ensure the reliability of financial reports—have a responsibility to serve our shareholders and investors. Our company's A & S Board and the Audit Division—which is responsible for internal audits—work hand-in-hand with external auditors to provide the best environment, including adjustments to the external auditors' schedule, thereby ensuring that the external auditors have an appropriate amount of time to conduct the audit, and in turn ensuring audit standards and audit quality so that they can fulfill their important function and role in strengthening corporate governance.

### Supplementary Principles 3.2.1

**COMPLY**

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

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

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

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

When we evaluate the external auditors, we ask them to submit audit reports and check the content of them and attend audit review meetings. We exchange opinions and information with the external auditors at the A & S Board meetings, which are held once each quarter, four times each year. We also have meetings to exchange opinions as necessary.

Based on the evaluation list stipulated by our A & S Board, we consider the independence of the external auditors' team as an evaluation standard, and we check on this from time to time.

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

In regard to the independence of the external auditors, our A & S Board considers that the auditors should,

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

We believe that Deloitte Touche Tohmatsu LLC, our prospective external auditor, satisfies these requirements.

In addition, we believe that Deloitte Touche Tohmatsu LLC has implemented audits legally, appropriately and with due care in accordance with accounting standards and accounting practices, that there are no problems in terms of quality, and that they are fulfilling auditor duties which require expert knowledge and skills.

## Section 3: Ensuring Appropriate Information Disclosure and Transparency

### Supplementary Principles 3.2.2

**COMPLY**

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

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

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

Upon discussion with our external auditors, the Internal Auditing Division—which is responsible for internal audits—establishes its audit schedule based on our internal A & S Board Members' plan. As for the time of the audit, the Audit Division has a discussion with full-time A & S Board Members and the A & S Board holds a discussion to ensure that the plan meshes well with our internal audits. Therefore, we ensure that internal audits work as a complement to Board Member' audits. Then we allocate adequate time for audits by taking further steps to ensure their accuracy, such as investigations, audit meetings and follow-up audits. In addition, the A & S Board checks the audit plan established by the Audit Division and its audit results. They ensure that an appropriate number of auditors and an appropriate amount of time are allocated. If not, the A & S Board sends a request to our board to make changes.

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

Upon request from our external auditors, we set up yearly discussions before implementation of audits. Our president, vice presidents, chief financial director and a few other members participate. Access requests from external auditors should be received primarily by a full-time A & S Board Member to ensure time for a meeting to be allocated and for the meeting to be implemented. A full-time A & S Board Member attends each meeting. Information on important meetings is shared with the A & S Board and the Board of Directors. We set up meetings at other times as requested.

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

As for coordination of our company A & S Board Members and the section for internal audits (the Internal Auditing Division) with our external auditors, we believe that adequate cooperation is secured through attendance by A & S Board Members at our internal audits, attendance of our company A & S Board Members at the audits by our external auditors and by holding an audit meeting each quarter.

As for Japanese Sarbanes-Oxley (J-SOX) internal control audits, we ask outside A & S Board Members to be involved in selecting group companies for company-level internal control assessments and establishment of these companies' business process descriptions. Through this system, outside members become familiar with our business operations. Furthermore, information on necessary matters is shared among the A & S Board and the Board of Directors, while coordination with outside directors is organized through Secretarial Division, the administrative office for our Board of Directors, as necessary.

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

If our A & S Board Members receive reports of a breach of law or a breach of our articles of incorporation from our external auditors, our A & S Board will hold a meeting, conduct the necessary investigation and take measures such as providing advice or recommendations to the **board**.



## Section 4: Responsibilities of the Board

### General Principle 4

**COMPLY**

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

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

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

Our board is responsible for establishing management plans and making decisions on matters stipulated by the law or the articles of incorporation and important business management matters. As for our business plan, the board members of Nippon Express Co., Ltd, including outside directors, held numerous discussions and established a long-term vision ahead of the 100th anniversary of Nippon Express's founding. In order to achieve the vision's goal, the board approved our first 5-year plan for inorganic growth, the "Nippon Express Group Business Plan 2023—Dynamic Growth,". The Board of Directors of our company has also resolved to uphold these. In the business plan, we have set ROE as an important index for business growth, improvement of profitability and capital efficiency. We have set ROIC as internal KPIs for the process and strive to improve the index and achieve the goal. The director in charge of corporate planning and, if necessary, the corporate officer in charge of each priority measure will report on the progress of the measures to the board.

As for execution and monitoring to achieve our long-term vision, we clarify the duties and responsibilities of the directors in each division and the group as a whole, in order to establish an adequate environment to support risk taking by establishing the board's regulations, agenda standards, Duty Authority Regulations, Approval Authority Table, Division of Duties and Group Governance Regulations.

We are a company with an A & S Board, but we have established management meetings as the location to discuss overall execution policies. And by introducing a corporate officer system for the purpose of rapid decision-making and business execution, the board is responsible for monitoring such execution as well as resolving more important business matters.

In addition, in order to increase effectiveness of the monitoring of the execution, we appoint outside directors and A & S Board Members to achieve highly transparent management. Remuneration and nomination are important aspects, so we have established a discretionary Remuneration and Nomination Advisory Committee—with three out of four committee members as independent outside directors—as an advisory body of our board to discuss these matters. Our board makes decisions based on the committee's report.

## Section 4: Responsibilities of the Board

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

COMPLY

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

Our group has established a long-term vision to reflect what our corporate group aims to achieve by 2037 and a five-year mid-term business plan as the first steps toward that goal. These were determined at the Nippon Express Co., Ltd.'s Board of Directors, incorporating the knowledge of outside directors from the start of the discussion. In examining and drafting these plans, we summarized the ten-year long-term vision we set in 2009 and the outcomes of three management plans we had implemented at that time. We discussed and prioritized various issues surrounding the medium- to long-term business environment and the logistics industry, and reflected these in each strategy of the business plan. The Board of Directors of our company has also resolved to uphold this vision and business plan.

In addition, regarding the progress of business plans, important business execution matters our board has decided on, and other important matters our board considers necessary, periodic reports on progress and outcomes will be made by the director in charge or, if necessary, the corporate officer in charge.

### Supplementary Principles 4.1.1

COMPLY

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

Our board determines matters stipulated by the law or the article of incorporation and important business management matters in accordance with the board's regulations and agenda standards. However, for the purpose of agile decision-making and to improve the supervision capacity of the board, we delegate individual business management matters to the corporate officers who are in charge of implementation as often as possible.

## Section 4: Responsibilities of the Board

### Supplementary Principles 4.1.2

COMPLY

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

Our company has resolved the business plan at the Management Meeting and the Board of Directors, and does our best to achieve goals set in the plan.

At board meetings, business plan progress is reported by the director in charge, financial figures are reported monthly and KPIs, policy and various initiatives progress are reported and analyzed semi-annually. Progress and outcomes of important matters, such as large-scale investment projects, are reported at board meetings by the director in charge. For stakeholders including shareholders, this progress is reported as required at financial settlement briefings and general shareholder meetings. Should we fail to deliver on our management plan goals, we will analyze the reasons for the failure and actions taken. We will explain these in financial settlement briefings with our shareholders and reflect the results in the successive plan.

### Supplementary Principles 4.1.3

COMPLY

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

There is a long-term process to select and develop the corporate officers who lead the Nippon Express Group. At our company and Nippon Express Co., Ltd, its main subsidiary, employees who are highly evaluated in each division are given important positions or duties, such as positions as branch managers or heads of affiliates or subsidiaries in Japan or overseas, positions which cover many aspects of corporate management including customer services and business management, or as chief directors who establish and implement company-level management plans. We then evaluate their capacity as managers through the eyes of our representative directors, personnel managers and division managers based on the employees' performance and achievements. This process is repeated for different posts and final candidates are selected.

The Remuneration and Nomination Advisory Committee again evaluates the candidates' management capability and sends its recommendation to the board after determining which individuals are most likely to have what our company expects; and the board selects the new corporate officers.

We have also established the "Outside Officers Seminar," in which only outside directors and outside A & S Board Members can participate. This provides an opportunity to hear presentations on business visions and the status of management issues from corporate officers who are candidates for director positions and executives who are candidates for corporate officer positions. This will ensure fair and transparent deliberations by the Remuneration and Nomination Advisory Committee by providing opportunities for outside directors to have direct contact with the candidates. Division managers are not only members of the board but are also deeply involved in the entire appointment procedure, training and evaluation of new corporate officers.

As for appointment of the CEO, the board selects the new CEO based on an evaluation, a discussion and a report from the Remuneration and Nomination Advisory Committee.

We give the candidates various opportunities to develop wider views and management literacy as well as allowing them to manage divisions which have major projects in management strategies.

The board closely evaluates the candidates' performances and outcomes as division managers.

## Section 4: Responsibilities of the Board

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

**COMPLY**

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

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

**When our board receives proposals from directors and corporate officers who are in charge of business operations, the board determines the execution of such proposals at a meeting including independent outside directors, based on the results of the management meeting. Resolved proposals are then implemented by the directors and corporate officers who submitted the proposals in a timely and appropriate manner.**

**Their remuneration consists of monthly remuneration, bonuses as short-term incentives, and performance-based stock compensation plan as mid to long-term incentives. Their monthly remuneration consists of fixed remuneration and share-based remuneration as mid to long-term incentives. Outside directors receive fixed remuneration only.**

**We have established internal rules for decision-making procedures for officer remuneration. Based on these rules, we have introduced a performance-based stock compensation plan as mid to long-term incentives, in order to provide a continuous improvement to our corporate value.**

## Section 4: Responsibilities of the Board

### Supplementary Principles 4.2.1

**COMPLY**

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

Our company has established rules for directors' remuneration and bonuses. This consists of basic remuneration, which is a fixed remuneration, and performance-based remuneration (bonus as short-term performance-based remuneration and stock-based remuneration as mid to long-term performance-based remuneration) that varies in accordance with business performance. In consideration of their role and independence, compensation for outside directors consists of basic compensation only. We have also established internal rules for decision-making procedures for officer remuneration. The discretionary Remuneration and Nomination Advisory Committee, which has been established as an advisory body of the board with three out of four members from independent outside directors, holds a meeting in accordance with internal rules, and remuneration is determined based on the outcome. Specific amounts will be within the limits defined by the articles of incorporation, while taking into consideration company performance, industry standards and employee salary levels.

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

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

## Section 4: Responsibilities of the Board

### Supplementary Principles 4.2.2

**COMPLY**

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

Our group believes that addressing sustainability-related issues is essential for realizing our long-term vision, and in the current business plan, which was approved by the Nippon Express Co., Ltd.'s Board of Directors, "ESG Management for Sustainable Growth and Enhancement of Corporate Value" is defined as a key strategy under "Initiatives to Realize the Long-term Vision."

In order to speed up specific efforts to establish ESG management in line with the business plan, we have formulated "Nippon Express ESG," a basic approach to sustainability that defines the value the group provides to society through its business and its approach to sustainability-related issues, based on the desire to "contribute to society and create a prosperous future through logistics," as embodied in our corporate philosophy. In line with this policy, we will contribute to a sustainable society by mitigating risks and creating the new value demanded by society in response to social and environmental issues, aiming to achieve business growth. Furthermore, we will strengthen our governance to achieve this contribution and growth.

In addition to the Sustainability Promotion Division, the division in charge of strategies and measures related to sustainability and ESG management, Sustainability Promotion Committee has been established to hold cross-divisional discussions on important policies and specific measures relating to sustainability. The Board of Directors oversees the progress of KPIs and initiatives for various ESG-related measures in the business plan progress reports, receives reports on initiatives for key issues from the Sustainability Promotion Committee, oversees the progress of these initiatives, and passes resolutions on the formulation and review of key policies.

Under the business portfolio strategy, in order to further expand overseas business, the group will prioritize investment in global logistics, which is one of the group's strengths, and in the development of solution businesses such as industrial logistics that will support this expansion. In addition to approving important investment projects and checking on their progress, and approving the transfer and liquidation of low-profit businesses, etc., the board will receive regular reports on the progress of the business portfolio strategy and hold discussions as appropriate.

## Section 4: Responsibilities of the Board

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

**COMPLY**

The board should view the effective oversight of the management and directors from an independent and objective standpoint as a major aspect of its roles and responsibilities. It should appropriately evaluate company performance and reflect the evaluation in recruitment of senior management. In addition, the board should engage in oversight activities in order to ensure timely and accurate information disclosure, and should establish appropriate internal controls and risk management systems.

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

Responding to the entrustment of business management from shareholders, our board selects appropriate candidates who can fulfill their duties and responsibilities as directors.

We have established a system in which relevant divisions work hand-in-hand and perform timely and accurate information disclosure, internal controls and risk management. We also conduct an investigation to see if there are any transactions between our company and its related parties and appropriately disclose the results in our annual securities report in accordance with regulations including the "Accounting Standards for Related Party Disclosures."

Our performance results are reported at the board meeting each month and discussed as necessary. In addition, the progress of business plans, compliance, safety management, and system risks are reported to the board once every six months, and each division reflects the content of these discussions in its business operations by creating guidelines for risk management and drawing up correspondence standards.

### Supplementary Principles 4.3.1

**COMPLY**

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

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

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

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

## Section 4: Responsibilities of the Board

### Supplementary Principles 4.3.2

**COMPLY**

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

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

For the appointment of these directors, we have established a discretionary Remuneration and Nomination Advisory Committee—with three out of four committee members are independent outside directors—as an advisory body of our board. Our board greatly respects the committee's report when making decisions.

When we appoint outside directors and outside A & S Board Members, we also make decisions based on the committee's report. We appoint individuals who meet all criteria for outside directors and outside A & S Board Members, as stipulated in Items 15 and 16, Article 2 of the Companies Act, and from the viewpoint of whether or not they are suitable candidates for managing the overall operation of our company with excellent character, knowledge and abundant prior management experience.

### Supplementary Principles 4.3.3

**COMPLY**

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

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



## Section 4: Responsibilities of the Board

**COMPLY**

### Supplementary Principles 4.3.4

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

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

Our group has established a system to manage risks in an integrated manner, defining risk management as preventive activities to limit the occurrence of risks and minimize the damage when they occur, and crisis management as measures to deal with risks that have occurred. In conducting risk management, the Risk Management Division identifies major risks within the group and works with the divisions in charge of risk and group companies to prevent them. In addition, we have established escalation standards and various responses for when crises occur. For each of these activities, we have established a committee chaired by the president and representative director, which regularly reports the details of its activities to the board.

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

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

The J-SOX Promotion Division monitors and ensures that the internal control of financial reporting is operating appropriately. It also monitors the status of company-level internal controls and the appropriateness of business processes. The inspection results are reported to the representative directors and A & S Board Members as necessary.

The Internal Auditing Division will audit the effectiveness and implementation status of these systems, share the audit results not only with the operating companies but also with each department, and make improvements as appropriate. In addition, the status of audits will be regularly reported to the Board of Directors and the A & S Board as the progress of internal audits.

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

For details of the environmental analysis in the business plan, please refer to the Integrated Report issued by our company

Our Integrated Reports 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/>

## Section 4: Responsibilities of the Board

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

**COMPLY**

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

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

Our A & S Board consists of two full-time members and three part-time members who are also outside members, and they fulfill their roles and responsibilities as independent members. We have reported all outside members as independent officers to the Tokyo Stock Exchange (JPX).

All our A & S Board Members have high levels of specialized knowledge and abundant experience, and all draw on this to voice their opinions at meetings of the Board of Directors.

Working hand-in-hand with the internal audit department and other relevant divisions, the team plans site visits to our branches and subsidiaries in Japan and overseas. The audit results are reported to the representative directors. The audit plan is not a fixed plan and can be altered at members' discretion as necessary.

Our company holds meetings regularly with the A & S Board Members in the main subsidiaries in order to strengthen the governance of the audit policy as the parent company.

### Supplementary Principles 4.4.1

**COMPLY**

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

Three out of five A & S Board Members are outside members on the A & S Board. Therefore, the structure of our board is highly independent. There are two full-time members, and they have formed a highly efficient board. Each member participates in the meetings of the Board of Directors as well as other important meetings related to business execution, such as management meetings and corporate officer meetings, and is able to express his/her opinions. We have a system and environment for the members to exchange their opinions with the directors at any time.

As for the results of A & S Board Members' audits, there are opportunities for the members to explain the results to each of the outside directors. By the members exchanging their opinions with outside directors as necessary, the team is establishing cooperation with outside directors.

## Section 4: Responsibilities of the Board

**COMPLY**

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

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

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

**COMPLY**

### Principle 4.6 Business Execution and Management Oversight

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

Three out of nine directors on our board are outside directors. These directors oversee the board's business execution from independent and objective standpoints, thereby strengthening the company's oversight role and improving transparency of business management.

## Section 4: Responsibilities of the Board

### Principle 4.7 Roles and Responsibilities of Independent Directors

**COMPLY**

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

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

**The Company has appointed three independent outside directors: a lawyer, an academic and a business executive. Based on their knowledge and experience, these independent directors provide opinions and advice on our management policies and business plans from their independent standpoints. They also monitor business execution by our directors and conflicts of interest between our company and directors or controlling shareholders. From their fair and neutral positions, they pay attention to stakeholders' opinions.**

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

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

## Section 4: Responsibilities of the Board

### Principle 4.8 Effective Use of Independent Directors

**COMPLY**

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

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

Our company appoints three out of the nine directors from independent directors. All three of them have excellent character, specialized knowledge and abundant experience. There is no risk of them having conflicts of interest with general shareholders, and there is no issue regarding their independence. They are registered as independent officers. Moreover, the appointment of a lawyer, an academic, and a business executive allows oversight of management from a variety of perspectives.

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

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

### Supplementary Principles 4.8.1

**COMPLY**

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

Our outside directors and outside A & S Board Members receive briefings of the agenda topics before board meetings, allowing them to develop a deeper understanding of the topics. They organize regular unofficial meetings solely for outside directors and outside A & S Board Members after each board meeting (the chairperson is selected by mutual agreement). Moreover, there is a system in place for them to hold meetings to exchange opinions and share information and perceptions from an independent and objective standpoint, and to report the content of discussions to the board as necessary.

## Section 4: Responsibilities of the Board

### Supplementary Principles 4.8.2

COMPLY

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

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

### Supplementary Principles 4.8.3

COMPLY

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

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

## Section 4: Responsibilities of the Board

**COMPLY**

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

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

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

When the following items do not apply to an outside director or an outside A & S Board Member 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 of our company's A & S Board Member; 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, a corporate officer or an employee.

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

**COMPLY**

### Principle 4.10 Use of Optional Approach

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

We are a company with an A & S Board as stipulated by the Companies Act. From the perspective of seeking appropriate advice and involvement of independent outside directors when we set policies and systems of remuneration of directors (except independent outside directors), a performance-based system and appointments/dismissals of directors, we are implementing changes to enhance governance functions including the creation of a discretionary Remuneration and Nomination Advisory Committee—with three out of four committee members who are independent outside directors.

In addition, in order to establish an appropriate corporate governance system, our company discusses and examines the design of appropriate organizations from the perspective of their effectiveness and suitability in promoting the group's strategy.

## Section 4: Responsibilities of the Board

### Supplementary Principles 4.10.1

**COMPLY**

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

We are a company with an A & S Board and three independent outside directors. As for the board's functions on the matters of nomination and remuneration of our senior management, we seek advice from independent outside directors and A & S Board Members at the board meeting in order to obtain their objective standpoints.

We have established a discretionary Remuneration and Nomination Advisory Committee—with three out of four committee members who are independent outside directors—as an advisory body to the Board of Directors. The board takes final decisions 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, academics, and corporate executives with diverse perspectives to enhance its independence and objectivity. The committee deliberates on the appointment and dismissal of directors, A & S Board Members, and corporate officers, as well as on policies and systems for remuneration, and reports to the Board of Directors. The board then takes a final decision with the greatest regard for the committee's report.

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

**COMPLY**

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

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

When we appoint director and A & S Board Member candidates, we select individuals, regardless of gender, from among those who we believe have the ability to lead the Nippon Express Group to achieve true global business management, who have the knowledge and experience to execute our company's business management in an accurate, fair and effective manner, and have sufficient social credibility. We will also take consideration to avoid these bodies being composed only of certain age groups. And, when we select A & S Board Member candidates, we select at least one individual who has knowledge and experience in finance, accounting and judicial affairs, as well as the above criteria. In particular, we appoint at least one individual with expertise in finance and accounting.



## Section 4: Responsibilities of the Board

### Supplementary Principles 4.11.1

**COMPLY**

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

Our board consists of nine directors, including three outside directors, and five A & S Board Members, including three outside members. Moreover, in order for us to create new value through innovation and grow into a corporate group with a strong presence in the global logistics market, the Board of Directors has been appointed to maintain an overall balance of knowledge, experience, and abilities by applying the board skill matrix established in line with the business strategy.

When we select director candidates, we select individuals based on certain selection criteria from among those who we believe to have the ability to lead our corporate group to achieve true global business management, regardless of gender, who have the knowledge and experience to execute our company’s business management in an accurate, fair and effective manner, execute each strategy in our management plan swiftly without fail and have sufficient social credibility.

The three independent outside directors we have appointed are a lawyer, an academic and a business executive. Our company appoints individuals who have excellent character and insight, and who have diverse perspectives such as expertise in law and accounting, academic experience, and business management at other companies.

In selecting A & S Board Member candidates, we choose those who have knowledge of finance, accounting and legal affairs. In particular, we appoint at least one individual with expertise in finance and accounting.

When we select director and A & S Board Member candidates, we make decisions based on the report from the discretionary Remuneration and Nomination Advisory Committee—with three out of four committee members who are independent outside directors—as the advisory body of the Board of Directors.

### Supplementary Principles 4.11.2

**COMPLY**

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

Our company annually discloses the status of our outside directors and outside A & S Board Members 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 A & S Board Members are serving as officers at other companies, so they can concentrate solely on their roles within our company.

## Section 4: Responsibilities of the Board

### Supplementary Principles 4.11.3

**COMPLY**

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

In addition to execution status reports from each director, our board will appoint an external institution to conduct a survey of directors and A & S Board Members, including outside officers, on the effectiveness of the board as a whole, including the Remuneration and Nomination Advisory Committee, and collect their opinions. The survey results will be analyzed and evaluated, and the board will discuss and investigate the outcomes.

In a questionnaire survey on the effectiveness of the Board of Directors conducted by an external organization at Nippon Express Co., Ltd. prior to the transition to the holding company structure, we reviewed the structure and operation of the board, management and business strategies, corporate ethics, risk management, evaluation and remuneration of the management, and the status of dialogue with shareholders and investors. Based on these results, we determined that the effectiveness of the board as a whole had been maintained.

In particular, the points which were evaluated as effective throughout the survey questionnaire were: information and opinion exchange among independent outside officers through the liaison meetings led to improved effectiveness of the board; the chairperson of the board makes efforts to operate the board fairly and efficiently; the board makes efforts to provide information necessary for deliberation on strategy, such as by explaining management and business strategies to outside directors outside of board meetings; the board appropriately monitors and supervises the implementation of management and business strategies; and the board's understanding of risks is improved by conducting risk management reports on a semi-annual basis.

Key issues were extracted from the recent effective evaluation survey, so we have designated a few steps for improvement including an increase in the frequency of progress reports to the board regarding the business plan and important investment plans, and a change to our policy of the board structure by increasing the proportion of outside directors to at least one third. While working on these matters, our board has strengthened its monitoring function. In FY 2020, regarding the operation of the board, we made efforts to improve the effectiveness of the board by providing regular reports on matters including execution status and results of important resolutions, the progress of management plans, compliance, safety management, and system risks, as well as holding liaison meetings and seminars for independent outside officers.

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

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

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

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

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

### Principle 4.12 Active Board Deliberations

**COMPLY**

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

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

## Section 4: Responsibilities of the Board

### Supplementary Principles 4.12.1

**COMPLY**

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

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

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

- (i) We provide reference materials for board meetings sufficiently in advance of meeting dates by using our website, etc. Board meeting agenda topics should undergo a review by the management board, the consultative organization of business execution before each board meeting. Therefore, directors and full-time A & S Board Members will attend the board meeting with full understanding of the topics. We provide sufficient explanations to our outside directors concerning reference materials prior to each board meeting.
- (ii) As well as reference materials for board meetings, we provide additional explanations and reference materials to the directors as necessary.
- (iii) The annual schedule of board meetings, including standard agenda topics such as quarterly financial results, is determined three months before the beginning of each business year, and all directors and A & S Board Members are notified. Opportunities for advance briefings are also decided prior to the start of the relevant fiscal year, and are set so that all outside officers can attend all scheduled opportunities for advance briefings.
- (iv) Board meetings should be held monthly in principle, and the number of agenda topics and the frequency of the meetings are appropriately set.
- (v) We do not set any time limitations for sufficient deliberations.

### Principle 4.13 Information Gathering and Support Structure

**COMPLY**

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

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

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

In accordance with the rules of the "Important Documents to be Forwarded to A & S Board Members," our A & S Board Members read important requests for approval and other documents related to business execution. They then ask our company to provide explanations to directors, corporate officers or employees as necessary and provide opinions. During the end of the year audit performed by A & S Board Members, we check that important documents are forwarded to members.

## Section 4: Responsibilities of the Board

### Supplementary Principles 4.13.1

**COMPLY**

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

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

Our A & S Board Members attend board meetings and other important meetings in order to monitor the decision-making procedure by the corporate officers and understand the status of business execution. If the information they collect for audits is insufficient, full-time A & S Board Members play a central part in requesting explanations and necessary information from directors and relevant divisions.

Our A & S Board Members have meetings with the representative directors regularly and provide their opinions on our management policies, the issues our company is attempting to resolve and risks surrounding our company as well as the status of the preparation of the environment for A & S Board Members' audits and important issues regarding the audits.

In addition, our A & S Board sets opportunities to explain their audits and inspection results to outside directors individually. We consider this an excellent opportunity to provide company information to outside directors.

### Supplementary Principles 4.13.2

**COMPLY**

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

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

### Supplementary Principles 4.13.3

**COMPLY**

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

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

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

Reports on the results of internal audits are made monthly to the President, Vice-President and A & S Board Members, and twice a year to the executive board. In addition, the results are reported to the Board of Directors and the A & S Board twice a year to ensure collaboration with outside directors and outside A & S Board Members.

## Section 4: Responsibilities of the Board

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

**COMPLY**

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

**Our company appoints directors and A & S Board Members from candidates who have wide knowledge of business, finances and organization. On assumption of their positions, we provide opportunities for suitable trainings, including those outside our company. We bear the expenses of these.**

### Supplementary Principles 4.14.1

**COMPLY**

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

**When directors and A & S Board Members assume their positions, our company provides internal orientation as required. They obtain the necessary knowledge of their roles and responsibilities by attending external seminars for newly appointed directors and A & S Board Members. Incumbent directors and A & S Board Members also have opportunities to acquire necessary knowledge about our company's business challenges, financial affairs and legal compliance as needed. Our company provides opportunities for seminars and social gatherings and bears these expenses. In addition, we also hold the "Outside Officers Seminar," in which corporate 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 said officers and executives' jurisdiction, providing an opportunity for outside officers to develop an understanding of these topics.**

### Supplementary Principles 4.14.2

**COMPLY**

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

**Our company provides opportunities for seminars and social gatherings for directors and A & S Board Members to deepen their understanding of our company's business challenges and acquire the necessary knowledge of financial affairs and laws. We bear the expenses of these.**

**We expect our A & S Board 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 and outside A & S Board Members, we provide opportunities to acquire knowledge concerning our company's business operations through participating in various internal events and site visits.**

**We also hold the "Outside Officers Seminar," in which corporate 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 corporate officers and the candidates for our company's senior managers, 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 senior managers.**

## Section 5: Dialogue with Shareholders

### General Principle 5

**COMPLY**

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

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

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

Through our investors' relationship (IR) activities, managed by the director in charge of the Corporate Planning Division, we clearly explain our group's management strategies and policies to shareholders. Opinions from shareholders and investors are reported to the to the board as appropriate, while for outside directors, individual feedback meetings are held semi-annually to provide a forum to set out and understand of the interests of market participants. In order to ensure that these are reflected in corporate activities, information will be shared with the company and senior management of our main subsidiary Nippon Express Co., Ltd. (corporate officers, general managers of the head office, etc.), presidents of regional headquarters of overseas operating companies, and on a quarterly basis, with employees of the company and other group companies, while appropriate feedback will also be provided. This will be used to achieve sustainable growth and enhance our corporate value over the medium to long term.



## Section 5: Dialogue with Shareholders

### Principle 5.1 Policy for Constructive Dialogues with Shareholders

**COMPLY**

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

For dialogues with shareholders and investors, the Investor Relations Promotion Group of the Corporate Planning Division within the Corporate Strategy Unit, which is managed by our top managers, responds to requests. Giving consideration to topics and dates, our top managers, the director in charge and/or senior managers (including corporate 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 telephone conferences during the first and third quarters and financial settlement briefings during the second quarter and at the end of the year. 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 received from shareholders and investors through dialogue are reported regularly at board meetings by the director in charge of investor relations, while the head of the Investor Relations Promotion Group holds individual feedback meetings for directors each quarter, and for outside directors every six months. These feedback meetings provide outside directors with opportunities to gain a deeper understanding of the opinions of shareholders and investors, and to discuss these opinions with the head of the Investor Relations Promotion Group, leading to a greater focus on market participants. To the senior management of the company, the senior management of our main subsidiary Nippon Express Co., Ltd. (including corporate officers and division managers from the main office), and presidents of regional headquarters of overseas operating companies, we share the opinion of market players 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 Public Relations & Advertising Division, the General Affairs 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/>

## Section 5: Dialogue with Shareholders

### Supplementary Principles 5.1.1

**COMPLY**

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

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

Depending on the number of shares of the shareholder who is requesting a dialogue, the top managers and/or the director in charge of the Corporate Planning Division attend the meeting. If shareholders request dialogues with other officers including outside directors and/or corporate officers, we respond to such requests as necessary.

### Supplementary Principles 5.1.2

**COMPLY**

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

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

Our company's responses toward dialogue are as follows:

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

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



## Section 5: Dialogue with Shareholders

(iii) Our company proactively accepts telephone and other IR inquiries from investors. We also hold financial settlement briefings for financial analysts and institutional investors during the second quarter and at the end of the year, with the representative director or the finance manager conducting a presentation. We hold telephone conferences during the first and third quarter. We hold small meetings and business result presentations with our top managers and other managers as speakers. Our senior managers, such as the directors, attend small meetings and Investor Relations Conferences held by securities firms. In holding each of these events, we consider the convenience of the participants and look into appropriate methods of participation, including web conferencing and video streaming.

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

(v) Our company has established and implemented anti-insider trading regulations, and has thoroughly upheld the management of important internal information. In order to prevent leaks of our financial results information and to ensure fairness of disclosures, we have established a quiet period. During the time between the day after the end of each accounting period and the day of its announcement, we limit dialogues and interviews with investors. We stipulate our other standards for fair, timely, highly transparent and appropriate disclosure in our Disclosure Policy.

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

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

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

### Supplementary Principles 5.1.3

**COMPLY**

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

Our company conducts a survey on practical shareholders twice a year as a rule, but this can be done as often as necessary in order to understand our share ownership structure.

## Section 5: Dialogue with Shareholders

COMPLY

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

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

Our group is currently working on various measures to implement our long-term vision under the “Nippon Express Group Business Plan 2023—Dynamic Growth,” our business plan for the five years.

In the plan we established numerical figures for sales, operating profits, operating profit margins, net income and returns on equity (ROE) for 2023 as the intermediate target for 2021 and the final target for 2023. We show our capital policies based on financial strategies and disclose our plans to achieve the goals for shareholder returns, investment plans and ROE.

After taking into consideration the capital cost per business operation and sets ROIC targets for each business division, we allocate budgets and conduct evaluations. The board then discusses the status of achievement of the ROIC and the growth potential of the business as appropriate. We consider reviews of our business portfolio when necessary to create a business portfolio that is suitable for a management plan direction aimed at realizing our long-term vision, selecting and consolidating businesses, and conducting mergers, acquisitions and sales as required. In addition, we are actively pursuing the liquidation of logistics real estate to raise funds for new growth through mergers and acquisitions and to streamline our balance sheet.

We report the progress of our management plans, including these initiatives, via financial settlement briefings and general shareholder meetings as needed. Information regarding the financial settlement briefings is disclosed on our websites:

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

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

## Section 5: Dialogue with Shareholders

### Supplementary Principles 5.2.1

**COMPLY**

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

The Nippon Express Group Business Plan 2023, which our group is implementing, sets numerical targets for net sales, operating income, operating margin, net income, ROE, etc. for the final year and the third year of the plan as interim targets. In addition to presenting capital policies based on financial strategies, it also discloses our plans for achieving ROE targets along with shareholder returns and investment plans. In order to achieve the plan's goals, we assess the capital costs for each business, set ROIC targets, allocate budgets, and evaluate the results. In addition, the business plan sets out measures to "drastically reform low-profit businesses" and "optimize group businesses" in order to create an appropriate business portfolio. It calls for a drastic review of businesses, including business transfers and liquidations, as well as investments to expand the core logistics business, especially overseas businesses, and mergers and acquisitions, and promotes the selection and consolidation of businesses. The progress of these initiatives is reported to the board and discussed as appropriate. The progress of the business plan, including these initiatives, is reported at financial settlement briefings and general shareholder meetings, and the approach and progress of the business portfolio review are also explained in the integrated report.

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

The investor relations section on our website is:

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

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