September 15, 2022

NIPPON EXPRESS HOLDINGS, INC.

IR Day 2022: Questions and Answers (Summary)

IR Day was held as well as live-streamed on Thursday September 15. The following summarizes questions received and explanatory answers.

Session 4 (Sustainability Management)

Speakers: Tatsuya Suzuki, Managing Executive Officer

Tatsuya Akama, Executive Officer

Hiroko Kishida, General Manager of Sustainability Promotion Division

Q1. What do employees think of work-style reform? Can you provide more details?

A1. Many employees regard the company as having an open culture, citing the ease of remote work, freedom in attire, and the move toward using names instead of titles for co-workers.

Q2. Please explain the recent achievements in equalizing female employee retention rates, as shown on page 25 of the presentation materials.

A2. Detailed information is disclosed semiannually in the financial results presentation materials. The actual retention rates for April-December 2021 were 65.0% for men and 55.7% for women.

Q3. Other companies use Employee Satisfaction Survey to link improvements in satisfaction levels to executive compensation and management performance evaluations. Are there any discussions or movements to link these indicators to management performance evaluations going forward?

A3. We are considering linking human capital KPIs to executive compensation. We have selected several key factors, not limited to employee satisfaction, and have begun to examine them.

Q4. Can you discuss how you will incorporate the TCFD into your business plan? Rather than simply endorsing the TCFD, will you be incorporating the recommendations in future NX initiatives?

A4. We endorsed and made TCFD disclosures this year. We calculated the risk of increased costs due to the introduction of carbon taxes and other regulations this year and disclosed our financial impact assessment. We are currently planning for the next mid-term plan and are considering the establishment of quantitative targets and KPIs using the TCFD recommendations.

We will set KPIs for mid-term targets in the next business plan that reflect our TCFD endorsement. For example, with regard to CO2 reduction, truck manufacturers are currently in the demonstration phase, so we have not yet introduced KPIs for medium and large-sized vehicles. We are hopeful that we will see some direction in another year. At this point, it is difficult to give concrete and quantitative indicators. But we want to take the initiative in setting and incorporating indicators to the fullest extent possible. We will also set goals with the Corporate Governance Codes in mind.

Q5. Can you discuss how you will manage the six materialities going forward?

A5. As a result of transitioning to a holding company structure, progress for each materiality will expanded to the NX Group. For example, we have already established some KPIs, such as improving employee engagement, while others, such as pursuing business digitalization and DX, will be established in the future. We will keep you informed of our progress in our integrated report.

Q6. It seems that current employee satisfaction levels are high. Do you have mechanisms in place to attract and hire new highly qualified personnel in the future? Also, please comment on how you would like to ultimately change your personnel system and what issues may be involved.

A6. In our current operations, we employ highly specialized personnel (legal, risk management, and IT-related, etc.) as well as foreign nationals. We are hiring in a manner consistent with our current personnel system to hire ideal personnel. Going forward, we will look into job-based employment, and ultimately, we are thinking about formulating a personnel system that matches the needs of the NX Group.

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