

Information disclosure based on the TCFD recommendations

In recent years, global warming has changed the natural environment and society's awareness of it has rapidly changed. As a result, in the environment surrounding our life, there are many challenges that must be overcome for the establishment of a sustainable society.

Amid these global changes, we at the NIKKON Holdings Group have continued to proactively address environmental problems and various other social issues through logistics services, under our Basic Philosophy of leading the way in creating joy, value, and an environment that can be shared, aiming to build a sustainable society together with all of our stakeholders. Moving forward, we will ensure appropriate climate-related information disclosure based on the TCFD Recommendations.

■ Governance

The Group prioritizes the creation of a sustainable society. It has established a governance system to deal with global environmental issues caused by climate change and many other social issues. The governance is supervised by the Board of Directors.

【Initiatives related to climate change】

To develop an institutional capacity to deal with issues, the Group has built a system under which the directors directly supervise environmental, social and governance (ESG) practices, formulate policies promptly and give instructions. Under the system, the Group promotes effective activities. The Group also cooperates with a wide range of stakeholders and works to actively disclose information and enhance transparency.

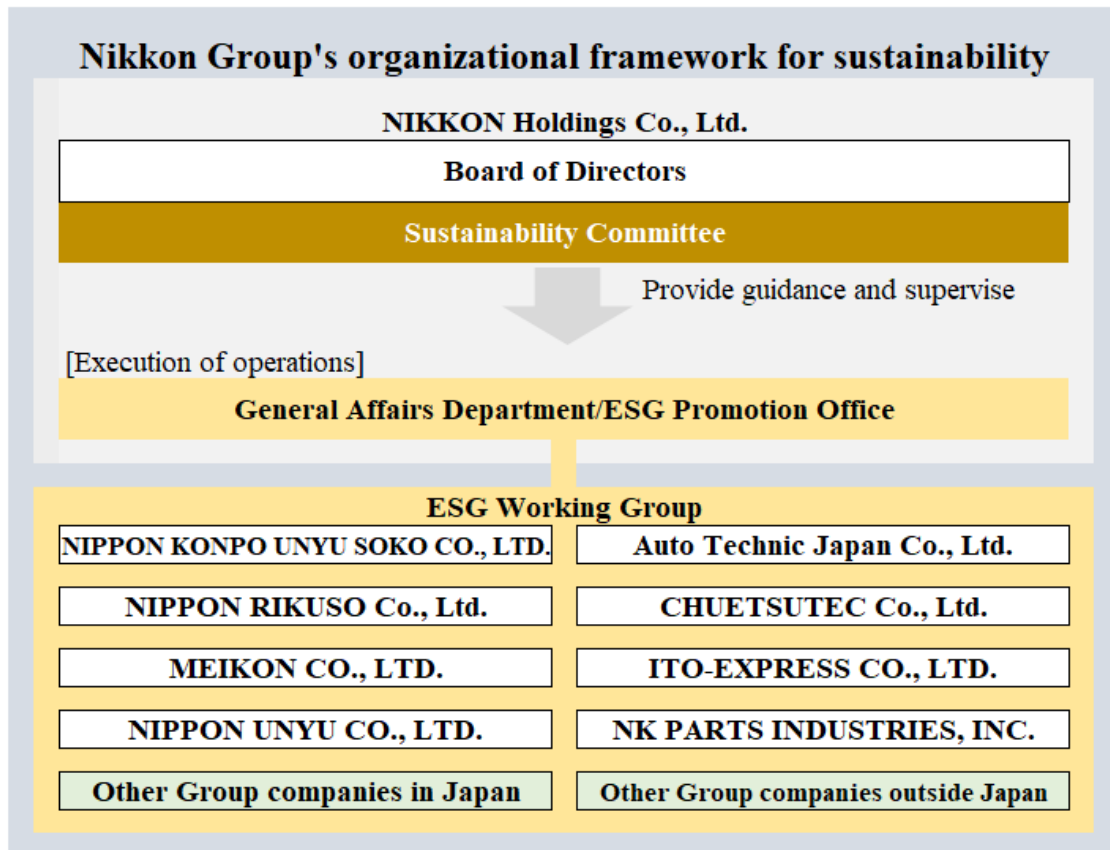
【System enabling Board of Directors supervision】

The Company has established a Sustainability Committee chaired by an outside director as an advisory body to the Board of Directors. The Sustainability Committee regularly reports on sustainability matters, including climate change issues. Important issues are discussed from multiple perspectives at committee meetings with directors present. Following instructions from the Board of Directors, the Sustainability Committee formulates policies promptly and works to enhance long-term corporate value.

The ESG Promotion Office, which is responsible for the implementation of specific actions, cooperates with departments of the Company and Group companies to draw up Group-wide strategies related to ESG, examine and develop sustainability strategies, including measures to mitigate climate change, and recommend these strategies to the Sustainability Committee. The office

also sets themes and important issues to be dealt with through corporate activities and takes concrete steps to address climate change issues and human rights issues and make improvements.

【Diagram of the sustainability framework】



■ Strategies

We identify climate change risks and opportunities and consider measures to reduce risk and increase opportunities.

Category	Type	Expected risks and opportunities	Impact on business	Main response measures
Transition risks	Government policy, laws and regulations	Emission control	Increased costs resulting from the introduction of environmentally friendly vehicles and the risk of penalties	Receiving fair prices
	Technology	Delays in technology	Delays in the introduction of low-carbon vehicles due to delays in automakers' development of large low-carbon trucks	Collecting information about automakers' development progress
	Market	Changes in customer needs	Decrease in market share attributed to delays in measures to reduce CO2 emissions	Formulating and promoting a medium- to long-term carbon reduction plan
	Reputation	Impact on funding and share price	Difficulty in procuring funds from financial institutions and a decline of the share price due to the loss of investors resulting from the evaluation that our initiatives to reduce CO2 emissions are insufficient	Improving information disclosure
Physical risks	Acute	Occurrence of a natural disaster	Suspension of logistics services due to road damage, the flooding of warehouses and other damage caused by natural disasters	Driving BCP based on hazard maps, etc.
	Chronic	Temperature rise	Deterioration of the work environment due to a rise in average temperature	Improving work environment
Opportunities	Resource efficiency improvement	Improvement of transportation efficiency and reduction of CO2 emissions	Reduced energy cost, etc.	Promoting trunk transport using 21m double articulated trucks
	Products and services	Service development	New business opportunities created by developing transportation services with lower CO2 emissions	Promoting the modal shift, joint delivery and the proposal of transportation jigs

■ Risk management

We have established a Sustainability Committee to address future climate change risks. Thus, we have established a framework in which important issues are submitted or reported to the Board of Directors and all group companies implement measures after being informed of their content following the approval of the Board of Directors.

【Process of identifying and evaluating climate-related risks】

The Sustainability Committee orders the ESG Promotion Office, which is responsible for the implementation of specific actions, to identify and evaluate climate-related risks and opportunities and receives reports from it. The ESG Promotion Office identifies and evaluates climate-related risks and opportunities by listing social issues through discussions with the ESG Working Group, whose formation includes the eight core companies, clarifying their relevance to the Nikkon Holding Group's business activities and the expectations of our stakeholders and prioritizing them. These tasks are implemented leveraging advice from experts from related financial institutions, etc.

【Process of managing climate-related risks】

The ESG Promotion Office is in charge of drawing up group-wide strategies related to ESG, including climate change risks. It implements the Group's initiatives for addressing climate-related risks and reports the status of the initiatives to the Sustainability Committee.

The Sustainability Committee meets every quarter, in principle, and whenever necessary, and they report and make proposals to the Board of Directors and also provide guidance to each division.

■ Metrics and targets

The Group has set greenhouse gas (Scope 1, Scope 2) emissions reduction targets to contribute to achieving carbon neutrality. To achieve the targets, the Group will reduce energy consumption and also take other steps, including introducing green energy.

【CO2 emissions (scope 1 and 2)】

	2023/3	2026/6	FY2030	FY2050
CO2 (Same below) emissions reduction targets	—	▲3%	▲30%	▲100%
CO2 emissions (t)	160,000	155,200	112,000	0