

Delivering dreams and expectations around the world

as a Global Logistics Service Provider



Thank you for reading the NNR Global Logistics Sustainability Report 2024. We at NNR Global Logistics, a Division of Nishi-Nippon Railroad Co., Ltd., are implementing various specific initiatives under different themes in our business activities to provide sustainable services with a futureoriented perspective to our customers and society at large. Among these, improving employee engagement is particularly important. This report highlights our initiatives for creating workplaces where diverse talent can thrive with a sense of purpose. We welcome your candid feedback after reading this report.



# Creating A Rewarding Workplace Where Diverse Talent Can Excel

















## **Editorial Policy**

This report, the NNR Global Logistics Sustainability Report 2024, aims to cultivate a shared understanding among stakeholders about NNR Global Logistics' role in fostering a sustainable society and the direction of our business.

## Reporting Period

April 1, 2023 - March 31, 2024 (Focusing primarily on the fiscal year 2023 results, supplemented by select updates from the fiscal year 2024)

## **Organizations Covered**

NNR Global Logistics, a Division of Nishi-Nippon Railroad Co., Ltd.

#### **Guidelines Referenced**

- GRI
- Sustainability Reporting Standards
- Ministry of the Environment, Japan Environmental Reporting Guidelines, 2018 Edition
- \* The future outlook and other forward-looking statements in this report are based on information currently available to NNR Global Logistics and certain reasonable assumptions; they are not a guarantee of achievement. Actual results could differ materially due to various factors.

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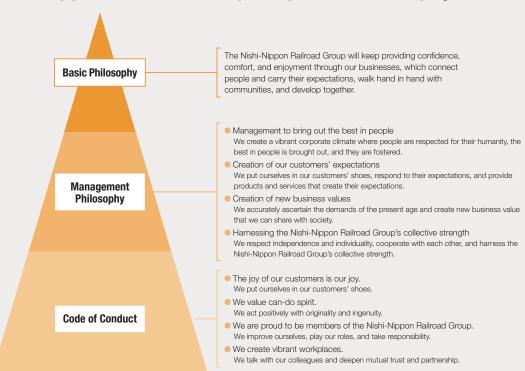






In September 1993, we established the Nishi-Nippon Railroad Group Corporate Philosophy to clearly communicate to our customers "the kind of corporate group that the Nishi-Nippon Railroad Group aims to become heading into the 21st century." To align our efforts in the same direction and maximize our collective strength, we aim to be a corporate group where each individual embraces the Corporate Philosophy and thinks and acts on what we can do for our customers.

## Nishi-Nippon Railroad Group Corporate Philosophy





## **NNR Global Logistics**

In line with the Nishi-Nippon Railroad Group Corporate Philosophy, which states, "The Nishi-Nippon Railroad Group will keep providing confidence, comfort, and enjoyment through our businesses, which connect people and carry their expectations, walk hand in hand with communities, and develop together," the Group supports people's lives through diverse businesses, including railways, buses, hotels, commercial facilities, housing, leisure, and logistics.

International logistics, which forms a major part of the Nishi-Nippon Railroad Group's core businesses, began in 1948 when we obtained airline agency qualifications and started handling air cargo. Today, we have bases in 121 cities across 28 countries and regions. While expanding our international logistics network and strengthening our operational structure, we contribute to building sustainable social systems through the provision of global logistics services.

Operating under the brand name NNR Global Logistics, our International Logistics Division has built and expanded a logistics network covering major countries worldwide and conducts multimodal transport centered on air and ocean freight. We also provide comprehensive international logistics coordination through logistics services such as inventory management.

https://www.nishitetsu.co.jp/en/ir/management/vison.html

## Nishi-Nippon Railroad Group CYD Vision 2035

**Future Vision 2018** 

The Nishi-Nippon Railroad Group Corporate Philosophy states, "The Nishi-Nippon Railroad Group will keep providing confidence, comfort, and enjoyment through our businesses, which connect people and carry their expectations, walk hand in hand with communities, and develop together." In line with this, the Nishi-Nippon Railroad Group upholds the corporate message "Connecting your dreams," operating a diverse range of businesses closely connected to local communities, centering on our railway and bus transportation businesses.

In 2022, the Nishi-Nippon Railroad Group established the "Nishi-Nippon Railroad Group CYD Vision 2035: Grow in Harmony with You," a long-term vision with a target year of 2035.

## **Long-Term Vision Formulation Policy**

Regarding the Nishi-Nippon Railroad Group's management landscape over the long term, we expect to see acceleration in several trends, such as a fall in Japan's population, an increase in the global population (particularly within developing nations), dramatic progress of technology, and changes in social systems and customer needs in line with globalization, as well as climate change and global warming. To achieve sustainable growth during this unpredictable era, we will not simply continue along the same path with the existing business models. Rather, we have defined our ideal position for the future, applying backcasting to set the long-term vision. This vision encompasses the kind of society we seek to realize as a Group, the value we want to provide, and the fundamental business strategies for achieving these goals. By growing in harmony with you, we will strive to create value for all stakeholders.

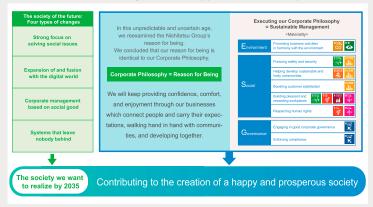


## Nishi-Nippon Railroad Group CYD Vision 2035

#### CYD Vision 2035 Overview

#### The Kind of Society the Nishi-Nippon Railroad Group Aspires to Realize

Based on the four changes and our raison d'etre derived from envisioning the future of society, we have determined the kind of society the Nishi-Nippon Railroad Group aims to realize by 2035.



#### The Value We Wish to Provide

We aim to contribute to "a happy and prosperous society" by engaging with each and every stakeholder and providing value to them respectively.



#### Basic Stance

We have defined the basic stance the Nishi-Nippon Railroad Group cherishes and four specific actions



#### Sustainable and Customer-Oriented B-to-B Logistics

We will provide valuable solutions for customers' diverse B-to-B logistics needs



# **History** of NNR Global Logistics

Our international logistics business originated in 1948 when we obtained airline agency qualification from GHQ (General Headquarters, the Supreme Commander for the Allied Powers) and began handling air cargo. For over 70 years since then, we have expanded our business operations and established locations worldwide. Currently, we have offices in 121 cities across 28 countries and regions, contributing to building a sustainable society through our global services.



- 1908 Kyushu Electric Railway, one of the predecessors of Nishi-Nippon Railroad, is established and registered
- 1942 Under wartime consolidation policies for transportation businesses, five companies merged and named Nishi-Nippon Railroad
- 1948 Started airline agency business (Concluded agency contract with Pan American Airways)
- 1957 Three companies established Japan Aircargo Consolidators Ltd. (JAC) to handle consolidated shipment services
- 1961 Opened New York liaison office

- (now NNR Global Logistics USA Inc.)
- 1980 Opened the Baraki Logistics Center
- 1983 Launched a standalone consolidation service handling shipments from origin to destination Joined World Air Cargo Organization (WACO)
- 1984 Renamed the Air Cargo Division to Air Cargo Business HQ and opened Tokyo and Kansai sales divisions
- 1985 Started ocean freight business
- 1993 Established Corporate Philosophy
- 1997 Certified for ISO 9001 (Quality Management System)
- 1998 Opened the Narita Logistics Center

- 2001 Established the Global Sales Division
- 2004 Unified overseas group company names under the NNR Global Logistics brand
- 2005 Opened the Rinku Logistics Center
- 2006 Established the Nishi-Nippon Railroad Group CSR **Promotion Committee** (now the ESG Promotion Committee)
- 2008 Renamed Air Cargo Business HQ to NNR Global Logistics
- 2009 Certified as an AEO Bonded Warehouse Operator
- 2011 Certified as an AEO Customs Broker
- 2012 Established the Ocean Sales Division and the Logistics Sales Division
- 2014 Adopted the new corporate message "Connecting your dreams" Certified as an AEO Specified Bonded Transportation Provider
- 2022 Formulated the long-term vision "Nishi-Nippon Railroad Group CYD Vision 2035" (see page 2) Opened the Fukuoka Logistics Center
- 2023 Formulated the NNR Global Logistics Sustainability Policy
- 2024 Opened the Kanto Logistics Center

## NNR Global Logistics Business

NNR Global Logistics has a network spanning 121 cities in 28 countries and regions. It offers comprehensive international logistics services, including multimodal transport centered on air and ocean freight and logistics services such as inventory management. Our commitment to delivering high-quality, secure and reliable services, while promoting eco-friendly logistics throughout the supply chain, enables us to fulfill the diverse transportation requirements of our global customers.



## **International Air Freight**

As an air freight forwarder, we have secured strategic global contracts with multiple major airlines, ensuring cost advantages and access to routes worldwide. We offer services catering to wide-ranging customer needs, including the transportation of general cargo, precision devices, hazardous materials, temperature-controlled shipments, and more.

## PICK UP NNR's Own ULD\*1 Intact Service

This service transports customer cargo using containers and pallets specially designed for loading onto aircraft from the warehouse at the origin to the CFS at the destination. Operations conducted at NNR Global Logistics facilities, with NNR staff at both the origin and warehouse, ensure consistent, high-quality transport.

\*1 ULD: Unit Load Devices, equipment (specialized containers or pallets) for aircraft loading

## **International Ocean Freight**

As a Non-Vessel Operating Common Carrier (NVOCC), we offer door-to-door ocean export/import transport. We also have a procurement department dedicated to ocean freight that can arrange competitive rates, cargo collection, and domestic transport. Our ocean freight service has steadily expanded, ranking 42nd globally in the 2023 Ocean Freight Forwarders Ranking by Armstrong & Associates, Inc.

## PICK UP Buyer's Consolidation

Goods from multiple suppliers are packed together in one container for shipping to receivers overseas. This approach reduces logistics costs and enables optimization of inventory levels. Consolidating at the origin also allows for centralized management and operational efficiency improvements.

### **Customs Clearance**

Export/import customs clearance for ocean and air cargo requires preparing customs paperwork based on various regulations varying by country/region and examination by a licensed customs specialist. With abundant expertise and experience in customs clearance and related procedures, NNR Global Logistics' customs specialists ensure proper import/ export processing based on the latest information, including legal revisions. Also, by leveraging IT (customs systems + AI-OCR), we have boosted declaration efficiency for swift processing. Additionally, we provide study sessions to address customers' inquiries and questions about customs, working to deliver safe and reassuring customs services. Under the Authorized Economic Operator (AEO) program (see page 28), NNR Global Logistics is a certified customs broker with systems established for cargo security management and compliance.

## **Domestic Transport in Japan**

Leveraging a diverse fleet of vehicles belonging to NNR Global Logistics Group companies Nishitetsuunyu Co., Ltd. and Nishitetsu Logistics Co., Ltd., we safely and reliably transport everything from ultraprecision equipment to general cargo. We are also advancing the adoption of environmentally friendly EV vans.







### **Logistics Services**

NNR Global Logistics operates six logistics centers in Japan, serving as vital hubs in our customers' supply chains, connecting Japan with the rest of the world. We pack and ship boxes, from as small as one IC, and provide third-party logistics services, including inspections, kitting, online inventory information provision, and more. Moreover, our general and bonded warehouse spaces are integrated, a strength enabling inventory management of exports and domestic cargo in one warehouse, reducing costs and delivery times.

Our Narita Logistics Center (Shibayama, Chiba Prefecture) and Rinku Logistics Center (Izumisano, Osaka Prefecture) in Japan and seven logistics centers outside Japan are certified CLASS A under TAPA\* standards for security management of high-tech products.

\* TAPA (Transported Asset Protection Association)

TAPA is a non-profit organization established to prevent losses from theft and missing cargo during the storage and transport of high-tech products. It establishes Freight Security Requirements (FSR), its unique security standards for cargo, and certifies logistics facilities that meet these criteria.

CLASS A signifies logistics facilities meeting the highest security requirements.

#### **IT Solutions**

We provide various IT solutions that contribute to the optimization of customer supply chains. Today, timely transport and proper inventory management are urgent concerns for all companies, not only for profitability but also for advancing decarbonization initiatives. NNR Global Logistics supports customers through transport services tailored to their needs by offering a cargo tracking system that provides instant visibility on the location of cargo in transit regardless of country, a warehouse management system that ensures timely and accurate inventory information control, shipping/receiving control, and more. Our data centers manage customer information securely with robust measures against information leakage and large-scale disasters.

### **NNR Global Logistics Business**



## PICK UP Flower Transport

Japanese flowers, known for their high quality and variety, are highly valued in international markets. However, flower transport poses various technical and cost challenges, including maintaining freshness and handling with care, making it a field with much room for future growth. NNR Global Logistics staff, led by dedicated personnel trained in flower transport, reliably perform quality inspections and sampling while preserving freshness in the process of transporting flowers overseas. In the import process, we provide integrated services from plant quarantine and customs clearance to sorting, packaging, and domestic delivery arrangements, ensuring smooth and accurate delivery to final destinations.

Flowers NNR Global Logistics arranged transport for



Floriade Expo Amsterdam - Almere 2022



The International Horticultural Exhibition EXPO 2023 Doha Qata

## NNR Global Logistics: A Statistical Overview (Fiscal Year Ending March 2024)

## **Financial**



**Operating Revenue** ¥138.65 billion



Countries/ **Regions of Operation** 28 countries/regions, 121 cities worldwide

(As of April 1, 2024)



Air Cargo Volume/Shipments Air Exports 95,000 tons Air Imports 314,000 shipments



**Ocean Cargo Volume** 

Ocean Exports 99,000 TEU Ocean Imports 129,000 TEU

\*TEU: Twenty-foot Equivalent Unit Indicates the number of containers converted to the unit of 20-foot containers

## **Non-Financial**

**Environment** 

CO<sub>2</sub> Emissions (Scope 1+2)

1.667 tons

(Japan only)



Human Resources

**Number of Employees** 

3,415

(Male: 1,831, Female: 1,584)

(Japan: As of April 1, 2024, Overseas: As of January 1, 2024)



**Diversity** 

**Percentage of Female Employees** 

46.4%

(Japan: As of April 1, 2024. Overseas: As of January 1, 202



Quality

**AEO Certifications Acquired** 

3 types\*1, 12 locations\*2

\*1 Authorized Warehouse Operator, Authorized Customs Broker, and Authorized Logistics Operator

\*2 Overseas subsidiaries (As of April 1, 2024)



## **New Sustainability** Initiatives

(FY2023)

#### **Environment**

Participation in SAF program

#### Social

 Initiated health consultations with commissioned health nurses during regular health checkups

#### Governance

 Renewed English version of NNR Global Logistics Compliance Manual

## **History of Engagement Improvement Activities**

A Conversation with Engagement Improvement Activity Leaders

Creating workplaces for diverse talent to thrive

- Securing talent
- Career development respecting employees' wishes
- Talent development

NNR Global Logistics has identified "creating a rewarding workplace where diverse talent can excel" as one of its material issues. We interviewed this year's activity leaders, Wada san and Wakita san, about engagement improvement activities that deeply relate to this initiative.



Logistics Sales Division

Global Sales Division

### First, could you tell us how you became involved in engagement improvement activities?

Wada I was appointed as an engagement activity leader by Managing Executive Officer Utaka-san in fiscal 2023. Until then, I only had a superficial knowledge about the activities, but after becoming involved, I realized that the company's psychological foundation significantly impacts business performance, attitudes, and collaboration with others.



Wakita While I was interested in engagement improvement activities, it was difficult to be actively involved, as I prioritized regular work duties. However, when I was appointed as a leader in fiscal 2024. I decided to participate, thinking there might be something I could contribute.

Through these activities, I've come to believe that understanding what each individual wants and what is expected of them leads to personal growth.

#### Please tell us about the engagement improvement activities.

Wakita Engagement improvement activities are an evolution of POT (Project for Our Tomorrow), which was initiated to create the corporate culture Nishi-Nippon Railroad aims to achieve. From fiscal 2024, the entire group is working at each workplace level on "building high-engagement organizations" as outlined in CYD Vision 2035, aiming for a state where organizations and employees grow together, contribute to each other, and employees work energetically with a sense of purpose and happiness while growing as individuals.

Wada I see this as an activity aimed at hearing more employees say, "I'm glad I joined this company. Nishi-Nippon Railroad is a great company." Rather than doing something big, I believe that accumulating small actions leads to significant results. When starting this activity, Utaka-san advised me that "this will be a long-term initiative." I believe that through small initiatives and improvements, the distance between the company and individuals will shrink as employees see the company addressing issues sincerely.

## What initiatives are you currently focusing on?

Wada We're working to raise awareness of engagement improvement activities. We want to increase the number of people who want to be involved by creating an environment that's open to everyone, where people can speak and express opinions freely, and where they can feel the joy of doing things willingly rather than being forced. We hope that creating such an environment will help form a driving force for the entire company.

## Q4 What challenges do you face in implementing these initiatives, and what approaches are you taking?

Wada The challenge lies not in personnel or treatment issues but in the psychological aspect. We share achievable goals with everyone, considering how to move forward in tangible ways without becoming unrealistic. We believe that it's important to build a process that ultimately progresses while collaborating with relevant departments and individuals.

Following Utaka-san's advice, we reached out to key people in each department to get more people involved. To spread engagement improvement activities from upstream to

## **Special Feature 1 History of Engagement Improvement Activities** A Conversation with Engagement Improvement Activity Leaders

downstream, we're pursuing clear value and transparency to gain understanding and cooperation regarding our concepts and activities.

**Wakita** We try to answer questions and concerns as thoroughly as possible to help staff understand what the company is doing and beginning to do.

## Q5 How has the feedback and response been from employees?

Wada Many employees look forward to seeing how things develop as they watch their supervisors engage in these activities. It would be great if this interest grows and leads to more people wanting to get involved.

Particularly, those who participated in discussion sessions feel closer to the Managing Executive Officer and Deputy Managing Executive Officer after experiencing their personalities. Both executives value this time, and I feel that it has a significant mutual benefit. We, engagement improvement activity members also gain valuable business insights through these sessions.

Wakita Honestly, I still sense a lot of skeptical reactions. I think that this reflects that there are still unresolved issues and



▶ The Managing Executive Officer or Deputy Managing Executive Officer participated in the discussions. Questions for the executives covered a wide range of topics, from management strategy to NNR Global Logistics' direction, operational improvements, and employee benefits, with lively exchanges in a friendly atmosphere. (Deputy Managing Executive Officer Nakayama is on the far right of the photo)

remaining questions. However, we're definitely making gradual progress, and results are beginning to show. I believe that employee reactions will continue improving as we maintain our efforts without rushing for results or becoming superficial.

## **Q6** What are your future plans and goals for engagement improvement activities?

Wada In engagement improvement activities, we want to conduct various networking and mapping across departmental boundaries. For example, we're promoting internal networking among people who share similar hobbies or sports interests. When people share hobbies, I think that they can build relationships equivalent to having had about 10 meetings, even without prior acquaintance.

Even Wakita-san and I, working together for the first time on this engagement improvement activity, have become like buddies through our shared interests.

Wakita A term referring to the unpredictability of job placements has emerged in Japan, but it's definitely something we don't want to hear in the workplace. Therefore, through initiatives across all departments, we aim to create workplaces where people can maintain motivation regardless of which department they work in. I feel that there's relatively little cross-departmental interaction, and I think that breaking down barriers through non-work commonalities could be a good opportunity to learn about workplaces where you'd want to work.

# Q7 What points do you particularly emphasize in order to realize "creating workplaces for diverse talent to thrive?"

Wada I think that having a real sense of being entrusted with significant work and responsibilities is essential to feeling a sense of purpose and thriving. To put younger staff in the

spotlight mentally, it's crucial to avoid over-dependence on specific individuals and create a *work environment where* anyone can succeed. We hope to advance engagement improvement activities that transcend race and culture by maintaining solid communication not only within Japan but also with NNR Group members overseas.

Wakita I believe that seeing the tangible results of your work and responsibilities can spark a sense of purpose. Without understanding what you're doing and what results you're achieving, you lose enjoyment and interest in work, ending up performing tasks without emotion. I think that breaking down workplace units into smaller groups might help managers better oversee everything and "see" what's happening.

Wada Although it's been less than a year since engagement improvement activities began, I feel that individual awareness is gradually changing. Support members beyond our core team are freely offering ideas and taking ownership of activities. While discussion sessions are divided by



region, I'm experiencing the wonderful ability to work as one team with previously unfamiliar members. I'm also excited about possibly working together seamlessly with these members and collaborators in the future, without needing self-introductions, drawing on the passion and gifts I've discovered in them.

Through these engagement improvement activities, we aim to create a workplace where employees can work energetically, feel a sense of purpose and happiness, and continue to grow.

## **Opening of the Kanto Logistics Center** A New 3PL Hub Connecting Domestic and International Operations

The Kanto Logistics Center began operations on July 1, 2024.

As our largest logistics facility in Japan, it is located within 40 km of major ports and cargo rail terminals, including Narita Airport, Haneda Airport, Yokohama Port, and Tokyo Port. The center helps to optimize customers' supply chains as a gateway for international transportation services and a 3PL hub for import and export cargo.

This sustainable logistics center was designed with environmental impact and employee comfort in mind. It achieved a B+ rank in the CASBEE environmental performance evaluation system and features amenities such as a refresh room and makeup area.



Strengths of the Kanto Logistics Center
Point 1 Equipped with bonded areas
Point 2 High level security (Manned and automated security, CCTV, card key access control)
Capable of handling refrigerated and temperature and humidity controlled items
Point 4 Capable of handling cosmetics and quasi-drugs (permits for cosmetics manufacturing and quasi-drug manufacturing, and registration for poisonous/deleterious substance sales, with a resident supervisor pharmacist)
Point 5 Capable of providing value-added services in one-stop solution (air/ocean forwarding, customs clearance, and storage to warehousing operations, distribution processing, and inspection)
Location enabling coverage of the entire Greater Tokyo area
A 5-minute walk from the nearest station ticket gate
Point 8 Wi-Fi coverage on all floors (including warehouse)

## Special Feature 2 Opening of the Kanto Logistics Center A New 3PL Hub Connecting Domestic and International Operations

The center features floors with general air-conditioning and refrigerated storage with temperature and humidity control, enabling the handling of various import and export items. Moreover, power supplied by emergency generators and rooftop solar panels (see p.26) minimizes supply chain disruption during disasters and power outages.

Moving forward, we will work on warehouse automation and labor savings by introducing AGVs (Automated Guided Vehicles) and collaborating with Nishitetsu Logistics Co., Ltd. to utilize the facility as a distribution hub for the Greater Tokyo area.

## Support Services at Kanto Logistics Center

## **Smart Logistics**

## **Smart Logistics**

- · Labor saving through warehouse automation
- · New digital technologies (OCR, robots, etc.)

#### DX

## **Logistics DX**

- · Optimization of logistics utilizing AI
- · Data collection and analysis through IoT
- · Data driven management (data analysis, planning, etc.)

#### Fulfillment Service

## **Fulfillment Service**

- · Capable of outsourcing of all processes from order receipt to delivery
- · Proposing optimal logistics solutions



■ Temperature and humidity controlled warehouse



■ The loading process

#### Kanto Logistics Center Overview

Location: 2-4 Akanehama, Narashino City, Chiba Prefecture

Site Area: 8,844 m<sup>2</sup>

Total Floor Area: 19,343 m², (Warehouse: 16,632 m², Office: 772 m², Truck berths, etc.: 1,939 m²) Building Structure: Steel frame (S structure), steel-reinforced concrete structure (SRC structure), four floors, earthquake-resistant design, 5.5 m ceiling height

on each floor, floor load capacity 1.5 t/m<sup>2</sup> (warehouse)

Warehouse Specifications: 4th floor: Air-conditioned warehouse

3rd floor: Air-conditioned warehouse 2nd floor: Air-conditioned warehouse

1st floor: Ambient temperature warehouse, refrigerated warehouse (constant temperature

and humidity)

# Sustainable facilities at the Kanto Logistics Center



Break room



Refreshing space with simulated windows



Emergency generators



Accessible toilets



Rooftop solar panels



It has been one year since NNR Global Logistics introduced our 2023 Sustainability Policy and published our first Sustainability Report. Since then, we have received valuable feedback from our stakeholders and customers. While we understand the importance of sustainability, we also want to emphasize the significance of NNR's social responsibility. As we move forward, we are committed to instilling the importance of these values in each of our employees as we fulfill our mission and responsibility as a vital part of the international logistics infrastructure.

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## **Strengthening Governance** for Sustainable Growth While Meeting New Social Needs with High-**Quality Services**

Strengthening governance is essential for continuously fulfilling our social responsibilities. In particular, as we operate business locations worldwide, not just in Japan, we must follow the rules of each country and region. In April 2024, we established the Overseas Legal Dept. to monitor compliance at overseas subsidiaries and enhance standards across the Group.

In April 2024, we established the Kumamoto Sales Office in the Fukuoka Prefecture, where major semiconductor manufacturers are expanding and demand for international logistics services is growing. This will allow us to deliver meticulous, high-quality services within the region and maintaining even closer relationships with local customers.

In July, we launched operations at the Kanto Logistics Center, our new flagship hub in the Tokyo metropolitan area-Japan's largest market. We are developing it as an "intelligent logistics center," incorporating automation and labor-saving solutions through advanced digital technologies.

With enhanced refrigerated storage capabilities, we have also begun handling new product categories, such as cosmetics and quasi-drugs. In addition to upgraded facilities, we are introducing innovative operational methods that redefine the conventional warehouse model. We will continue to develop this center as a key hub for realizing NNR Global Logistics' vision for the future.

## Connecting Individual Growth to **Business Growth by Recognizing Each** Person as Our Most Important **Management Resource**

Human assets are the core element in strengthening sustainable management. In business categories like international logistics that don't have large physical assets, human assets are the greatest management resource. Each individual's capabilities are crucial in working closely with customers to solve challenges and address their needs. We cannot discuss business continuity or growth without considering our human assets.

NNR Global Logistics conducts various internal training programs to strengthen our human assets by promoting individual growth. We also conduct career interviews to encourage employees to consider their medium- to longterm careers and promote autonomous career development.

Our overseas training program (previously one year), designed to develop globally successful personnel, has been expanded into a three-year short-term overseas assignment system from fiscal 2024. The experience and skills gained from overseas assignments become invaluable assets for both the individual and the company, forming the foundation for further growth.

While these initiatives are neither new nor produce immediate results, consistent long-term implementation will lead to future success. We will continue our steady, detailed approach to strengthening our human assets while upgrading our programs to match changing social needs and business environments.





## Focusing on Building High-Engagement Organizations to Provide a Vibrant Workplace Where Everyone Can Thrive

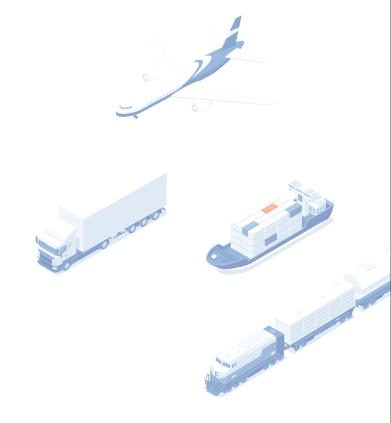
We are implementing a range of initiatives to foster a highengagement organization, enabling all employees to fully realize their potential as valuable human assets.

One example is our regular roundtable discussions between executives and groups of about five employees. Discussions cover diverse topics, from NNR Global Logistics policies and initiatives to career development. We particularly emphasize dialogue rather than one-way communication. These candid exchanges foster mutual understanding and empathy, leading many participants to become strong supporters of the company.

This applies not only domestically in Japan but also overseas. We make efforts to visit our overseas locations and listen directly to individual voices whenever possible.

In these dialogues, I tell employees that I want them to maintain aspirations for "where they want to be in 5 or 10 years" and constantly evaluate their progress toward these goals. When individuals envision their career plans and take action based on backcasting from these goals, it leads to personal growth and ultimately becomes a source of organizational development. To support this, the company is fully committed to implementing systems that help our human assets grow. We want to actively provide opportunities for ample growth to employees who wish to take on challenges, and both our Group and NNR Global Logistics have the foundation to support this.

Logistics is a dream-filled business that brings joy to many people by delivering what's needed, where it's needed, and when it's needed. With pride as logistics professionals, we will contribute to solving social challenges worldwide by combining and maximizing the power of our individual human assets while providing meticulous attention to customer needs. I sincerely invite our stakeholders to continue this journey with us.



# Sustainability Management at NNR

## **NNR Global Logistics Sustainability Policy**

For the Nishi-Nippon Railroad Group, sustainable management means practicing our corporate philosophy.

In other words, it means contributing as "a good corporate citizen" to the sustainable development of local communities. This entails continually meeting the expectations of various stakeholders, including local communities, customers, and employees, as we conduct our

business activities.

In June 2023, we established the NNR Global Logistics Sustainability Policy to clarify our social responsibilities as a member of the Nishi-Nippon Railroad Group and further advance sustainable management.

Based on the Nishi-Nippon Railroad Group's basic policies on sustainable management, we will help build sustainable societal systems in collaboration with our customers and suppliers by addressing social issues through our global logistics services.

## **Preserving the Global Environment**

To realize a carbon-neutral society, we provide clean logistics across supply chains, thereby contributing to the preservation of the global environment.





## **Creating Value Exceeding Expectations**

By offering high-quality, innovative logistics services, we pursue the creation of new value that exceeds customer expectations.

## **Sincere Dialogue**

We appropriately disclose information and engage in sincere dialogue to enhance stakeholder trust.





## **Respecting Human Rights**

We respect the human rights of all stakeholders involved in our business activities.

## **Promoting Compliance and Strictly Managing Information**

We comply with societal norms, laws and regulations, and international rules in every country/region and conduct business fairly and with integrity.

We also strictly manage confidential information, including customer data.





## **Establishing Workplaces Where Diverse Talent Excels**

We promote diversity and provide workplace environments where every employee can excel.

\*1 The Nishi-Nippon Railroad Group: Eighty-five companies, including Nishi-Nippon Railroad Co., Ltd., and one educational institution
\*2 Includes Compliance Policy, Environmental Policy, Basic Customer Satisfaction Policy, Human Rights Policy, Basic Policy on Safety, Talent Development Policy, and Basic Procurement Policy

## **Sustainable Management Promotion Structure**

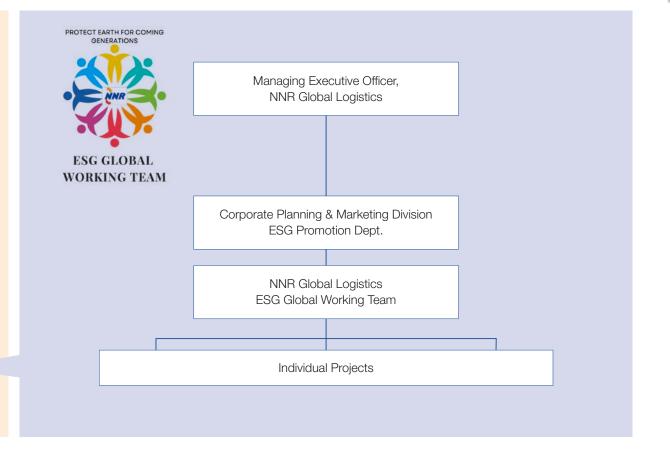
Centered on the ESG Promotion Committee, which comprises the President, Executive Officers, and others, the Nishi-Nippon Railroad Group sets ESG direction and key themes, in addition to deliberating related measures for key themes.

At NNR Global Logistics, the ESG Promotion Dept. of the Corporate Planning & Marketing Division takes the lead in driving activities in coordination with the ESG Promotion Committee. To advance sustainable, ESG-conscious business activities globally, we established the NNR

Global Logistics ESG Global Working Team in July 2023. Meeting regularly, the team consists of 52 members representing group companies in and outside Japan. The working team collaborates with the relevant departments to implement and promote its decisions.

In fiscal 2024, the second year of activities, our goals are to share activity information from each company and work together on addressing challenges.





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## **Material Issues**

#### **Identification Process**

The Nishi-Nippon Railroad Group is committed to "providing confidence, comfort, and enjoyment" as part of the Basic Philosophy of its Corporate Philosophy.

To help realize a sustainable society through business activities grounded in this Basic Philosophy, in 2023, NNR Global Logistics identified priority social issues to address as

material issues.

We will continue advancing initiatives targeting these material issues as we aim to resolve social challenges and contribute to societal development through our business activities.

Selection and Organization of Social Issues

Referencing various ESG and sustainability guidelines, we first selected global social issues warranting our consideration. Then, internal interviews on sustainability topics with each division helped organize important initiatives and narrow down the highly relevant items for NNR Global Logistics into a social issues list.

Referenced Frameworks and Guidelines

SDGs, GRI, SASB, OECD Guidelines for Multinational Enterprises, ESG rating agency criteria, etc.

**Prioritizing Social Issues** 

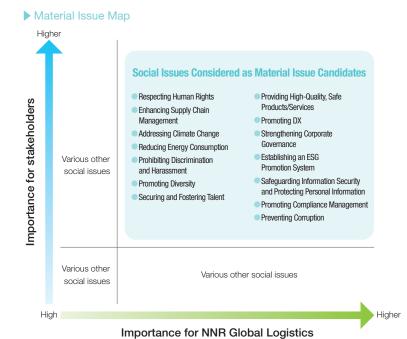
We comprehensively evaluated the social issues list from Step 1 from two perspectives—"Importance for stakeholders" and "Importance for NNR Global Logistics"—identifying 14 social issues that are highly important for both as issues that we should address.

## **Evaluating Appropriateness**

We also checked consistency with the Nishi-Nippon Railroad Group's Key Issues for Sustainable Management. Related issues among the 14 social issues identified in Step 2 were consolidated and organized into six key issue candidates. We verified the appropriateness of the key issues through discussions with external experts and internal deliberations.

#### Identification of Material Issues

Through Steps 1–3, we identified six material issues as priority issues for action by NNR Global Logistics. These were deliberated and approved by the ESG Promotion Committee. Moving forward, we will establish targets and KPIs for each material issue and strengthen sustainability initiatives while monitoring progress.



Step 3

Step 1

Step 2

Step 4

## NNR Global Logistics Material Issues

# Nishi-Nippon Railroad Group\* Material Issues

Promoting business activities in harmony with the environment

Pursuing safety and security

Helping develop sustainable and lively communities

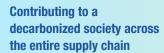
Boosting customer satisfaction

Building pleasant and rewarding workplaces

Respecting human rights

Engaging in good corporate governance

**Enforcing compliance** 



To transition to a decarbonized society, it is essential to reduce greenhouse gas emissions in the logistics sector, a significant emitter at each stage of the process. NNR Global Logistics collaborates with partners around the world to pursue decarbonization across the supply chain.



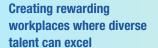
NNR Global Logistics' vital role is to safely and surely deliver customers' goods without harming their value. As the need for this grows amid globalization, we strive to enhance international logistics services accordingly.



The logistics industry faces numerous challenges, including coping with driver shortages and improving efficiency. To resolve these, we pursue internal and external operational efficiency gains and logistics optimization through digitalization and also enhance services through digital technology to provide new value to customers.



We seek to avoid causing or contributing to adverse human rights impacts and address such impacts if they occur. We also endeavor to prevent or mitigate adverse human rights impacts directly linked to our global international logistics business and trading relationships.



With services spanning the globe, NNR Global Logistics requires diversity in many forms, including diverse nationalities and ethnicities, and the flexibility to meet diverse needs. We aim to secure and cultivate talent with varied mindsets and backgrounds and create workplaces where everyone's strengths are utilized, and collaboration is encouraged.



We pursue strengthened compliance controls (including information security) across all bases, including locations outside Japan, along with enhanced sustainability initiatives on a global basis.



**Related SDGs** 

























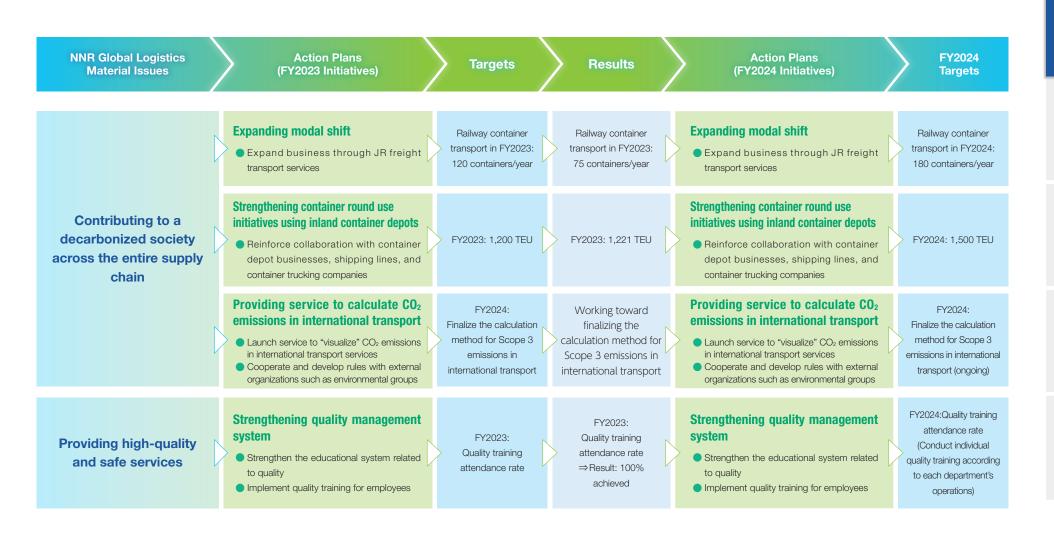




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## **KPIs and Action Plans**

Based on the identified material issues, we have established our direction of effort as action plans. All departments, related companies, and employees worldwide will work on addressing social challenges through our business based on these action plans.



security training

#### KPIs and Action Plans

**NNR Global Logistics Action Plans Action Plans** FY2024 Results **Targets Material Issues** (FY2023 Initiatives) (FY2024 Initiatives) **Targets** Quantitative targets for Quantitative targets for DX Quantitative targets for Strengthening the foundation for Strengthening the foundation for DX promotion in FY2023: DX promotion in FY2024: promotion in FY2023: **DX** promotion **DX** promotion Reduced operational Reduced operational Reduced operational **Innovating logistics**  Boost sales, improve operational efficiency, Boost sales, improve operational efficiency, work hours: work hours: 12,165 work hours: services through DX and enhance service quality through digital and enhance service quality through digital 10,000 hours/year hours/year 13,000 hours/year operations, and establish tighter data operations, and establish tighter data Reduced printing volume: Reduced printing volume: Reduced printing volume: connectivity with external systems/platforms connectivity with external systems/platforms 40,000 sheets/year 42,000 sheets/year 45,000 sheets/year FY2022: **Raising human rights awareness** Raising human rights awareness Conduct human rights FY2022: FY2024: education/training Continually implement human rights Respecting Continually implement human rights Conduct human Conduct human ⇒Harassment education/training and awareness activities education/training and awareness activities rights education/ rights education/ all human rights preventing training Reinforce communication with partners Reinforce communication with partners training training conducted across NNR (disseminate procurement policy) (disseminate procurement policy) Global Logistics **Securing talent with diverse experience Securing talent with diverse experience** Career development respecting Career development respecting employees' wishes employees' wishes Creating rewarding FY2022: FY2022: **Enhancing talent development Enhancing talent development** Implement workplaces where Encouraging male Encouraging male Implement career interviews Compare talent management systems and talent management parental leave uptake diverse talent parental leave uptake Start a short-term overseas assignment system consider implementation system ⇒ Result: 31.8% Uptake rate: 30% can excel Promote diverse work styles incorporating Expand follow-up interview targets with the HR department business continuity management (BCM) · Interview Japanese expatriate staff online perspectives(regular telework, staggered hours, · Interview all second- and fifth-year employees etc.)Encourage male parental leave uptake Recruit and interviews applicants FY2023: **Improving ICT literacy** FY2023: FY2024: Strengthening risk management and Internal audits at overseas Conduct internal Internal audits at **Promoting fair**  Implement information security education/ local subsidiaries governance at overseas locations overseas local audits at overseas ⇒ Implemented according to plan training and testing and honest business Information security Conduct internal audits at overseas subsidiaries subsidiaries Japan: November 2023. activities training implementation subsidiaries Implement information Information security Overseas: March 2024 (scheduled) ⇒ 1,823 participants, Implement information security training

training implementation

95.8% participation rate

Conduct internal audits at overseas local subsidiaries

stefnebility Report 2024

## **Environment**

## **Environmental Management**

## Material Issue Contributing to a Decarbonized Society Across the Entire Supply Chain

Action Plan (Initiatives for FY2024)

- Expanding modal shift
- Expand business through JR freight transport services
- Strengthening container round use initiatives using inland container depots
- Reinforce collaboration with container depot businesses, shipping lines, and container trucking companies
- Providing service to calculate CO<sub>2</sub> emissions in international transport
- Launch service to "visualize" CO<sub>2</sub> emissions in international transport services
- Cooperate and develop rules with external organizations such as environmental groups

## Approach to the Environment

To realize a sustainable world, companies must conduct business operations that consider environmental issues like climate change as their social responsibility.

The Nishi-Nippon Railroad Group has established the Nishi-Nippon Railroad Group Environmental Policy and promotes environmental management as a united group across all business divisions and companies.

Logistics operations account for approximately 10% of global CO<sub>2</sub> emissions\*, with most dependent on fossil fuels. Therefore, reducing environmental impact in the logistics industry is crucial for achieving a sustainable world.

NNR Global Logistics recognizes that reducing  $CO_2$  emissions in logistics is an urgent challenge among various environmental initiatives. To fulfill our corporate responsibility as a member of the global community, we will work with stakeholders to help curb climate change and contribute to the formation of a recycle-oriented society by continuing to advance efforts, including  $CO_2$  emissions reduction.

**% ITF Transport Outlook 2023** 

#### Nishi-Nippon Railroad Group Environmental Policy (Established April 28, 2005)

Recognizing environmental conservation as a vital issue, we will reduce environmental impact through business activities in harmony with the environment, contributing to realizing a recycling-oriented society and suppression of global warming.

- (1) Raise environmental awareness
- (2) Correctly understand and comply with laws and regulations
- (3) Utilize resources and energy efficiently and reduce emissions
- (4) Encourage the use of energy-efficient public transport
- (5) Provide products and services with environmental quality

We will continually improve our environmental efforts based on the above policy.

## **Environmental Management**

## Environmental Management

The Nishi-Nippon Railroad Group practices unified environmental management. Supervised by the ESG Promotion Department of Nishi-Nippon Railroad's Corporate Planning & Marketing Division, each division, including NNR Global Logistics, and group companies implement environmental activities based on an Environmental Impact Reduction Plan, carried out by their environmental administrators, promoters, and employees. At NNR Global Logistics, the ESG Promotion Department of the Corporate Planning & Marketing Division chiefly oversees environmental initiatives with specific efforts advanced in each department. Environmental training is provided for all employees, including non-regular staff, to raise environmental awareness. Additionally, the NNR Global Logistics ESG Global Working Team launched in July 2023 has embarked on CO<sub>2</sub> emissions reduction work encompassing the entire value chain and overseas group companies. Collaborating with various suppliers, we aim to grasp our global Scope 3 emissions by 2025 and will thereafter establish targets and plans to drive concrete measures.

## Environmental Impact Reduction Plan

In November 2022, the Nishi-Nippon Railroad Group established the "Nishi-Nippon Railroad Group CYD Vision 2035: Grow in Harmony with You," a long-term vision with the target year of 2035, clearly laying out a roadmap for achieving carbon neutrality by 2050.

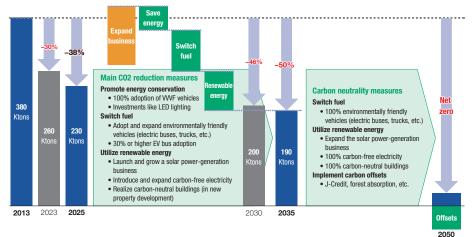
The reduction targets in our 16th Medium-term Management Plan (FY2023–2025) have been set in line with this roadmap. NNR Global Logistics has developed an Environmental Impact Reduction Plan based on this overall group policy and established environmental targets.

#### Nishi-Nippon Railroad Group CO<sub>2</sub> Emissions (Scope 1+2) Reduction Targets

- 38% reduction from FY2013 levels by FY2025 (16th Medium-Term Management Plan)
- 50% reduction from FY2013 levels by FY2035 (long-term vision)

With these targets, we aim to achieve the national target of "46% reduction in CO<sup>2</sup> emissions from FY2013 levels by FY2030" and realize Group-wide carbon neutrality by 2050.

▶ Reducing CO₂ Emissions (Scope 1+2): Aiming for Carbon Neutrality (by 2050)



## Initiatives to Realize a Decarbonized Society

▶ 16th Medium-term Management Plan Targets and Progress

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	Targets (3-year targets)	Progress (FY2023 results)			
	Reduction in CO2	emissions (total)			
NNR Global Logistics	vs. FY2013: 16% reduction (by the end of FY2025)	vs. FY2013: -25%			
	Reduction in electricity consumption				
	vs. FY2013: 3% reduction (by the end of FY2025)	vs. FY2013: -16%			
	Reduction in gasoline consumption				
	vs. FY2013: 69% reduction (by the end of FY2025)	vs. FY2013: -64%			

<sup>\*</sup>To calculate CO<sub>2</sub> emissions from electricity, we use the emission factor of 0.37kg-CO<sub>2</sub>/kWh published in July 2015 by the Federation of Electric Power Companies of Japan in their Low-Carbon Society Implementation Plan for the Electric Power Industry as the control value.

## Initiatives for Realizing a Circular Society

▶ 16th Medium-term Management Plan Targets and Progress

	Targets Progress (3-year targets) (FY2023 results)					
NNR Global Logistics	Reduction in copy paper usage					
	vs. FY2014: 7% reduction	vs. FY2014: -23%				
	Water consumption reduction					
	vs. FY2014: 42% reduction	vs. FY2014: -45%				

<sup>\*</sup>Copy paper usage is tallied based on purchase volume (regardless of size).

<sup>\*</sup>To calculate CO<sub>2</sub> emissions from non-electric energy sources, we reference the Ministry of the Environment's Manual for Calculation and Reporting of Greenhouse Gas Emissions from the base year (FY2013).

<sup>\*</sup>Total: Scope 1+2 emissions

## Initiatives to Realize a Decarbonized Society

## Participating in SAF Programs

The aviation industry is introducing Sustainable Aviation Fuel (SAF\*) as one initiative to achieve carbon neutrality by 2050. Currently, safety considerations limit SAF to a 50% blend with conventional jet fuel, but leading aircraft manufacturers have announced the target of 100% SAF capability by 2030. The Japanese government aims for a 10% domestic SAF supply by 2030, with demand for SAF rising globally. In July 2023, NNR Global Logistics began participating in the cargo program of All Nippon Airways Co., Ltd.'s SAF Flight Initiative

Program to reduce  $CO_2$  emissions from air cargo transport. In August, we used this program for shipments to Shanghai, China, and received certified  $CO_2$  reduction credits from a third-party organization.

\*SAF: Sustainable Aviation Fuel, made from sustainable sources like plants and waste oil, reduces CO<sub>2</sub> emissions by around 80% compared to conventional jet fuel



Photo provided by ANA Cargo Inc.

## Expanding Renewable Energy Use

We are implementing solar power generation using our facility rooftops as a clean energy source that does not emit carbon dioxide or other greenhouse gases. In fiscal 2022, NNR Global Logistics (M) SDN.BHD. (Malaysia) began solar power generation at its Penang office and warehouse. Following this, in fiscal 2024, we plan to start solar power generation at NNR Global Logistics (Thailand) Co., Ltd.'s Bangkok warehouse, Kanto Logistics Center, Rinku Logistics Center, and Narita Logistics Center. We are also introducing electricity from renewable energy sources; in fiscal 2023, we switched approximately 9.5% of all electricity usage to renewable energy.



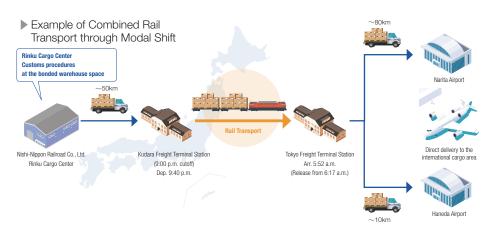
NNR Global Logistics (Thailand) Co., Ltd.'s Bangkok warehouse



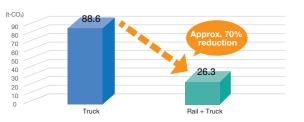
Rinku Logistics Center

#### Modal Shift Initiatives

Modal shift refers to switching cargo transport from trucks and other vehicles to rail and ship transport with lower environmental impact. Rail transport is estimated to reduce CO<sub>2</sub> emissions by about 90% compared to truck transport over the same distance (according to Ministry of Land, Infrastructure, Transport and Tourism calculations for fiscal 2022). In addition, with the anticipated shortage of truck transport capacity, including due to the "2024 logistics issue," modal shift is also generating increased interest in this regard. NNR Global Logistics proposes switching from truck to rail for domestic shipping, especially long-distance transport. In fiscal 2023, we steadily increased rail transport handling to 170% by weight compared with the previous year. Compared with transport by truck alone, this reduced CO<sub>2</sub> emissions by approximately 70%.

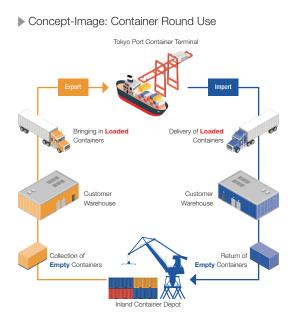


Estimated CO<sub>2</sub> Emissions Reduction from Rail Transport Usage in FY2023

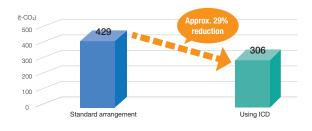


## Container Round Use Through Inland Container Depots

The transportation distance of empty containers can be reduced by picking up or returning empty containers to inland container depots rather than ports before and after import/export container cargo delivery. Reducing transport distances is expected to help decrease CO<sub>2</sub> emissions. alleviate truck driver shortages, and facilitate work-style reforms, enabling strategic measures through container round use. In fiscal 2023, NNR Global Logistics implemented container round use for 1,221 TEU, contributing to approximately 29% CO<sub>2</sub> emissions reduction compared with standard arrangements.



#### ▶ Estimated CO₂ Emissions Reduction from CRU Usage in FY2023



### Ecological Logistics Hub: Practicing Reuse and Recycling

Since its opening, Rinku Logistics Center has worked on resource recycling through reuse to be an environmentally friendly facility. Through cooperation with nearby facilities, we reduce new purchases of plastic pallets, contributing to CO<sub>2</sub> emissions reduction.

We also collect wooden pallets scheduled for disposal from airline warehouses, repairing and reusing them to reduce waste. Furthermore, Resource Recycling Results for FY2023

Recycled/Reused Resources	Volume Recycled
Pallet reuse (collected units)	21,721
Waste pallet recycling (pieces)	225
Plastic wrap collection and recycling (t)	6.0
Used cardboard dissolution and recycling (t)	12.7
Waste paper dissolution and recycling (t) (including nearby facilities)	19.8

we collect and recycle waste plastics like plastic wrap and waste paper, striving to reduce waste.

#### CO<sub>2</sub> Reduction Through Insulation Boxes (Philippines)

NNR Global Logistics Philippines Inc. uses insulation boxes for temperature-controlled transport of food and non-hazardous chemicals within the Philippines. These boxes can handle temperature ranges from

-20°C to +10°C and maintain cold temperatures (2–8°C) for over 14 hours. Since these shipments can be consolidated with ambient temperature cargo, this initiative contributes to  $CO_2$  emissions reduction and lower transport costs.



NNR Global Logistics (Philippines) Inc.
Administration and HR Manager
MARGARITA L. SAMARISTA



An insulation box used in the Philippines

## **Disclosure based on TCFD Recommendations**

In March 2022, we endorsed the TCFD recommendations and have disclosed information since June 2024 based on scenario analysis of our international logistics operations following TCFD guidelines. We have evaluated and summarized the impacts of risks and opportunities associated with the transition to a decarbonized society and physical impacts from climate change, assessing them on two axes of probability and impact level and examining countermeasures (directions) for risks and opportunities.

## Climate-Related Risks and Opportunities in International Logistics Operations

#### Transition Risks

Туре	Content	Significance (Medium to Long Term)	Countermeasures (Direction)
Policy/ Regulatory	Surge in delivery costs due to carbon tax introduction/ strengthening (Scope 3)	Large	<ul> <li>Track CO<sub>2</sub> emissions by transport mode</li> <li>Monitor low-carbon material prices and evaluate adoption based on pros and cons</li> </ul>
Market	Increased system implementation/development costs due to CO <sub>2</sub> emissions disclosure requirements	Large	Expand scope and improve accuracy of CO <sub>2</sub> emissions calculations     Consider providing customers with CO <sub>2</sub> emissions data and reduction measures
Reputation	Revenue decrease from reduced air transport use due to customer judgment of high environmental impact		Monitor domestic SAF production and usage trends     Continue using airline SAF programs     Expand low-carbon transport measures like modal shift

## Physical Risks

Туре	Content	Significance (Medium to Long Term)	Countermeasures (Direction)
Chronic	Insurance premium increases due to changing precipitation patterns, etc.	Large	Company-wide BCP review     Monitor insurance cost increases and consider revising coverage if needed
Acute	Increased facility damage and revenue decrease from intensifying extreme weather (repair costs, business interruption)	Medium	Regularly review and implement structural and nonstructural BCP measures Structural: Continue disaster prevention equipment inspections Consider installing disaster prevention/mitigation equipment, and so on Nonstructural: Regularly review BCP manual Strengthen information sharing with stakeholders Secure backup personnel and establish systems for disasters Select alternative routes, etc.

### Scenario Analysis

The scenario analysis revealed transition risks such as concerns about significant cost increases, including delivery charges, from carbon tax introduction/strengthening and potential avoidance of air transport due to its high environmental impact resulting from changes in customer behavior and consumer preferences. Physical risks included potential facility flood damage and associated operational shutdowns.

Toward achieving a decarbonized society and a 1.5°C world, we will track CO<sub>2</sub> emissions by transport mode, expand low-carbon transport measures, including continued use of airline SAF programs, promote decarbonization initiatives, and continue developing wind and flood damage-resistant facilities and regularly reviewing our BCP.

Financial Impact Assessment for International Logistics Operations (Projected Annual Cost Changes (2030))

Risk Items		Anticipated Scenarios	Impact Level <sup>1</sup>		
HISK ITEMIS		Anticipated Scenarios	4℃	1.5℃	
Transition	Carbon tax introduction/ strengthening (Scopes 1 and 2)	(4°C) Carbon tax introduced (low tax rate) (1.5°C) Carbon tax introduced (high tax rate)	•	**	
Risks	Changes in customer behavior/consumer preferences	(4℃) Possible avoidance of high environmental impact air transport (1.5℃) High probability of avoidance of high environmental impact air transport	•	**	
Physical Risks	Intensifying extreme weather	(4℃) Increased damage to business facilities from disasters such as heavy rain, decreased business income (1.5℃) Increased damage to business facilities from disasters such as heavy rain, decreased business income	•	<b>A</b>	

<sup>\*1 +</sup> indicates positive impact on business and finances, ▲ indicates negative impact, number of symbols indicates magnitude of impact.

## Society

## **Quality Management**

## Material Issue Providing High-Quality, Safe Services

Safely and reliably delivering customers' goods without harming their value is one of NNR Global Logistics' vital roles. As globalization increases, this need continues to grow, and we must further enhance the quality of our international logistics services.

#### Action Plan (Initiatives for FY2024)

- Strengthening quality management system
  - 1. Strengthen educational system related to quality
- 2. Implement quality training for employees

## Approach to Quality Management

Sustainable, customer-attentive services are essential in today's logistics industry. However, we must go beyond providing meticulous, high-quality services that meet customer needs by working with customers to jointly resolve the challenges they face. Moreover, as a global enterprise, fulfilling our social responsibility requires harmonious coexistence with partners, local communities, and the broader society.

To deepen relationships with all stakeholders, NNR Global Logistics emphasizes maintaining and improving customer-oriented service quality and reinforcing its quality management system to provide premier service.

#### NNR Global Logistics ISO 9001 Quality Policy

We seek to be an organization that meets societal, customer, and employee expectations by delivering high-quality services and achieving sustainable growth.

Keiichi Utaka

Managing Executive Officer, NNR Global Logistics (April 1, 2023)

#### Quality Management System Certifications Acquired

Field	Certification	Number of certified sites
Overall quality	ISO9001	19 companies (14 countries/regions)
Aerospace quality	EN/AS9120	7 sites in Japan (incl. head office), 7 sites outside Japan
management system	EN/AS9100	3 sites outside Japan

## **Quality Policy**

ISO 9001 is an international standard for quality management systems that promotes customer satisfaction through product and service quality assurance. As of April 1, 2024, NNR Global Logistics has 19 companies\* in 14 countries/regions certified for ISO 9001. Guided by this standard, we strive to continually improve service quality and provide services exceeding customer expectations.

Furthermore, seven Japanese and seven overseas sites hold EN/AS9120 certification while three overseas sites hold EN/AS9100 certification. These are the standards for aerospace and defense quality management systems that augment ISO 9001 with additional aviation/aerospace and defense industry-specific requirements like safety and reliability.

\*Includes NNR Global Logistics (Japan) and Nishitetsu Logistics

## **Quality Management Structure**

With every department in Japan ISO 9001-certified, each NNR Global Logistics location has established a quality management structure conforming to the standard and implements the processes below.

### Quality Management Objectives and Monitoring

ISO 9001 quality objectives are specific objectives set under the company's quality policy for improving customer satisfaction and quality.

At NNR Global Logistics, the Managing Executive Officer establishes overall objectives at the beginning of the fiscal year in April. Individual departments then define specific objectives that align with these overall objectives for their respective operations. Efforts are made to ensure that objectives are achieved, with each department striving to meet its goals. Progress is reported at management review meetings, and top management issues instructions accordingly.

## Responding to Incidents Related to Service Quality

If incidents arise concerning service quality, the relevant departments and the department overseeing quality control collaborate on corrective actions. They identify causes and respond appropriately, while establishing a PDCA system to confirm the effectiveness of countermeasures and make continual improvements. We also record incident case studies in a dedicated in-house system for companywide sharing to help prevent recurrences.

## Quality Training

To continuously provide customers with high-quality, safe, and reliable services, all employees must be aware of and constantly improve their understanding of quality. NNR Global Logistics provides quality training to acquire ISO 9001 knowledge and a mindset of elevating quality, thereby fostering human resources who understand the importance of quality. Stratified training sessions, from new recruits to executive staff, cover ISO standards and other topics related to quality. These sessions are initially provided to new hires upon joining the company and are then offered regularly starting from their second year. We also regularly conduct training focused mainly on the importance of compliance, including training on the AEO program and transporting dangerous goods.

Laterally sharing case studies of near misses collected from each department helps prevent accidents.

## **Improving Customer Satisfaction**

### Gathering Customer Feedback

NNR Global Logistics prioritizes customer communication to improve quality, services, and product planning capabilities. We continually gather customer requests, opinions, complaints, and other feedback shared in daily operations and share them internally.

Periodic customer satisfaction surveys are also conducted, and responses are analyzed to enhance services. As per the ISO 9001 system, survey results are announced at internal management review meetings and shared within the company, contributing to improved service quality. We recognize areas that receive high praise as strengths to further polish for offering even better services to our customers.

#### Example of Reflecting Customer Feedback

Here is an example of a new service proposed and implemented in response to customer requests.

#### Example

#### Request

With a high number of shipments, loading and unloading takes time, increasing driver waiting time. We want to improve this also in light of the 2024 logistics issue.



We delivered transport pallets to the collection point in advance. Customers placed cargo on the pallets. By collecting the loaded pallets and handling them without unloading, we reduced cargo handling work and shortened waiting times.

#### Response

## **Supply Chain Management**

## **Basic Approach to Supply Chain Management**

With increasing focus on corporate supply chain responsibility, international logistics providers operating globally face mounting pressure to establish responsible supply chains as integral members of society. In line with the Nishi-Nippon Railroad Group Basic Procurement Policy, NNR Global Logistics conducts responsible purchasing and procurement that is mindful of society and the environment. We also request understanding and cooperation from all business partners regarding Nishi-Nippon Railroad Group and NNR Global Logistics policies through our "Requests to Business Partners."

#### Nishi-Nippon Railroad Group Basic Procurement Policy

In partnership with our suppliers and other stakeholders across our supply chain, we practice responsible procurement that is mindful of society and the environment, as outlined in the following policy. Through these practices, we aim to provide safe and secure services while addressing societal challenges and contributing to society's sustainable growth and development.

#### 1. Fair and Impartial Business Relations

We select suppliers through a fair and impartial process, considering factors such as legal compliance, environmental awareness, quality, pricing, and corporate reliability.

#### 2. Pursuing Safety and Security

While prioritizing safety, we practice responsible procurement, emphasizing quality, appropriate pricing, supply stability, on-time delivery, adequate aftercare service, and integrity in fulfilling contractual obligations to ensure products and services are used with peace of mind.

#### 3. Environmental Consideration

Through environmentally conscious procurement practices, we aim to minimize the environmental impact while contributing to the development of a recycling-oriented society and the mitigation of global warming.

#### 4. Consideration for Human Rights, Work Environments, Safety, and Health

We conduct procurement that respects human rights and prioritize safe and healthy work environments.

#### 5. Compliance with Laws, Regulations, and Societal Norms

We do not seek any gains through legal violations or unethical behavior. We ensure that we understand and comply with laws, industrial standards, and societal norms related to procurement.

#### Precluding Ties with Anti-Social Forces

We take a firm stand against forces or groups threatening social order and sound business activities. We reject unjust demands and threats and preclude all such ties.

#### 7. Thorough Information Security

We stringently and properly manage confidential and personal information.

#### 8. Building Relationships of Trust

Through good communication, we foster relationships of trust with business partners, aiming for mutual growth and development.

#### **Requests to Business Partners**

We request your understanding of the intent and content of the Nishi-Nippon Railroad Group Basic Procurement Policy along with cooperation on the following when transacting with the Nishi-Nippon Railroad Group encompassing supply chain partners:

#### 1. Ensuring Safety

Complying with safety laws and regulations, ensuring public safety, and establishing safe work processes and environments

#### 2. Ensuring Quality, Fair Pricing, and Stable Supply

Delivering excellent quality at reasonable prices through a stable supply system that ensures on-time delivery

#### 3. Fulfilling Agreements

Fulfilling contractual obligations with integrity

#### 4. Environmental Consideration

Complying with environmental laws and regulations and conducting business in an environmentally friendly manner

#### 5. Consideration for Human Rights, Work Environments, Safety, and Health

Complying with labor laws and regulations, including prohibition of child labor and forced labor, providing safe and comfortable work environments, and respecting the human rights of all people

#### 6. Complying with Laws, Regulations, and Societal Norms

Understanding and complying with all laws and regulations, industrial standards, and societal norms applicable in the countries and regions where business activities are conducted

#### 7. Precluding Ties with Anti-Social Forces

Refusing any association with forces or groups threatening social order and sound business activities

#### 8. Ensuring Information Security

Stringently and properly managing confidential and personal information

#### 9. Building Relationships of Trust

Fostering trust-based relationships through effective communication with the Nishi-Nippon Railroad

Group to enable mutual sustainable development

## Realizing Responsible Purchasing and Procurement

#### Purchasing and Procurement System

Guided by the Nishi-Nippon Railroad Group Basic Procurement Policy, NNR Global Logistics has established a sustainable supply chain management system that thoroughly considers matters such as safety, quality, the environment, human rights, and information security. Rules stipulated in internal documents prescribe procedures for partner and supplier management, including their selection and oversight.

#### Evaluating Suppliers

In addition to service and product quality, supplier selection criteria encompass quality control systems and commitment to legal compliance. Scoring the evaluation results enhances objectivity and transparency behind choices.

Where suppliers fall short of NNR Global Logistics' quality management standards, we request improvements through Business Improvement Requests, providing training or conducting audits where necessary.

#### CNG Truck Usage (India)

NNR Global Logistics India Pvt. Ltd. has begun using CNG (Compressed Natural Gas) trucks for domestic transport in cooperation with suppliers. CNG trucks are gaining attention for their lower environmental impact,

as they produce fewer carbon dioxide emissions and cleaner exhaust compared to diesel and gasoline vehicles. While these trucks have a short driving range and CNG refueling stations are limited, the India office uses them for less-than-truckload cargo transport in Delhi and Mumbai.



NNR Global Logistics India Pvt. Ltd. Deputy General Manager Vinesh Philips

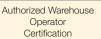


One of the CNG trucks used in India

## **Achieving AEO "Triple Crown"**

The Authorized Economic Operator (AEO) program aims to balance security and streamlining in logistics. It enables logistics operators certified by the customs director regarding cargo security management and legal compliance systems to enjoy relaxed and simplified customs procedures. In January 2009, NNR Global Logistics was certified as an Authorized Warehouse Operator, followed by Authorized Customs Broker in February 2011 and Authorized Logistics Operator in November 2014, becoming the first major forwarder to receive all three certifications available to logistics companies. In acquiring these certifications, we have established systems for balancing security, streamlining and ensuring legal compliance across our supply chain.







Authorized Customs Broker Certification



Authorized Logistics
Operator
Certification

## **DX Promotion**

## Material Issue Innovating Logistics Services through DX

Numerous challenges confront the international logistics industry, including increasingly complex global supply chains, environmental impacts like carbon dioxide (CO<sub>2</sub>) emissions associated with transportation, addressing labor shortages due to demographic changes and a focus on work-life balance, and improving efficiency. To resolve these, we pursue internal and external operational efficiency gains and logistics optimization through digitalization and also enhance services through digital technology to provide new value to customers.

#### Action Plan (Initiatives for FY2024)

 Use digital operations to boost sales, improve operational efficiency, and enhance service quality; and establish tighter data connectivity with external systems/platforms

## **Basic Approach to DX Promotion**

In our vision of the future society, we expect further expansion and integration with the digital world. Digital transformation (DX) is an important theme to address societal changes and meet emerging needs. Under its 16th Medium-term Management Plan, the Nishi-Nippon Railroad Group identifies "Strengthen sales and improve operational efficiency by promoting DX" as a critical management strategy. By promoting DX, NNR Global Logistics will seek to resolve various social challenges, including providing new value to customers, improving operational efficiency, creating comfortable workplaces, and contributing to a decarbonized society to satisfy all stakeholders.

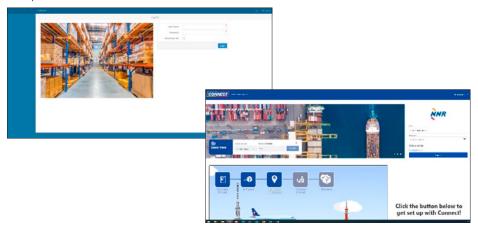
## Main Initiatives for Promoting DX

Recognizing that IT solutions fitting each customer's supply chain are essential, NNR Global Logistics has established supportive global services and infrastructure. For instance, we participate in consortiums building trade information linkage platforms connecting shippers and airlines. We also plan and implement various internal and external platform integrations and developments to deliver new value creation and enhanced services to customers. Internally, we also work on improving productivity through business automation using AI, RPA, and other digital technologies.

#### Enhancing our Customer Portal Website

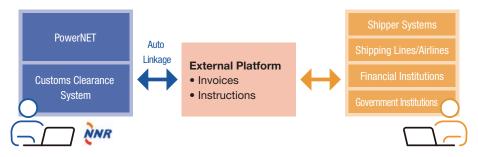
We will strengthen connections with internal and external networks, including trade information collaboration platforms, to provide customers with a better user experience.

We aim to build a portal site enabling two-way information exchange to facilitate communication with customers across the value chain for each mode, including air and ocean transport.



## Connecting with a Cargo Information Platform

By promoting integration between our in-house PowerNET System and external trade platforms, we share customers' various procedural data across the supply chain and promote operational efficiency and productivity improvements through chat functionality-enabled real-time communication and case management.



# Promoting Digitalization, Labor Saving, and Automation in Warehouse Operations

Introducing AI for location management, automated guided vehicles, and driverless forklifts helps enhance warehouse operations by overcoming labor shortages and reduce long working hours and cargo handling time, enhancing warehouse operations.







# **Developing Solutions Catering** to Customer Needs

## Calculation and Visualization Service for CO<sub>2</sub> Emissions in Transportation

Reducing  $CO_2$  emissions is imperative for preserving the global environment. We build sustainable supply chains through logistics services, working with customers and partners to achieve carbon neutrality by 2050.

In fiscal 2024, we are further integrating shipment data from the NNR PowerNET System to provide customers with more visually clear and understandable reports.

We will analyze this data to propose more environmentally friendly logistics services and support our customers' decarbonization efforts.



Example of CO<sub>2</sub> emissions report (cover)

## **Talent**

### **Material Issue**

## Creating rewarding workplaces where diverse talent can excel

With services spanning the globe, NNR Global Logistics requires a range of diversity, including nationalities and ethnicities as well as the flexibility to meet varied needs. We aim to secure and cultivate talent with varied mindsets and backbones; creating workplaces where everyone's strengths are utilized and collaboration is encouraged.

#### Action Plan (Initiatives for FY2024)

- Securing talent with diverse experience
   New graduate and mid-career recruitment
- Career development tailored to employee's preferences
  - Conducting career interviews
  - Facilitating proactive job rotation
- Enhancing talent development
  - Introducing talent management system
  - Expanding follow-up interviews with the HR department
  - Interview Japanese expatriate staff online
  - Interview all second- and fifth-year employees
  - Recruit and interview applicants

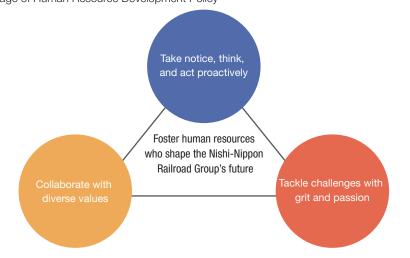
## **Human Resource Development Policy**

The Nishi-Nippon Railroad Group aims for "management to bring out the best in people," respecting the diversity of employees and promoting joy and fulfillment at work. Based on the Nishi-Nippon Railroad Group Human Resource Development Policy, which outlines employee's ideal self-image and development attitude, we conduct training to foster "human resources who shape the Nishi-Nippon Railroad Group's future." We also respect diverse experiences and values and actively utilize them to realize sustainable growth for the Group.

Under these policies, we work to secure diverse talent and create an environment and culture where each employee can grow with an eye to the future, take on challenges, and perform at their best.

NNR Global Logistics also conducts training at the job level to equip employees with the essential knowledge, mindset, and behavior required for their position, strengthening our human capital.

▶ Image of Human Resource Development Policy



## **Initiatives to Strengthen Human Capital**

NNR Global Logistics conducts training for each employee specialized to their department and position. Depending on the content, some training is provided to the entire company. We also provide e-learning and open college courses.

Stratified Training	ng						Assistant Managers		Managers	
	(	General Employees (J1–J	2)		Mid-level Lea	ders (M1–M2)	ASSISTANT	Mallagers		
New Employee Training	2nd year	3rd year	4th year	5th year	M1 grade	M2 grade	New assistant managers	2nd-year assistant managers	New Managers Training	Managers Training
Follow-up Training		Promotion	n Training	Trai	ning	New Managers Training	(Manager Level)			
Unon joining	2nd year in company	3rd year in company	4th year in company	5th year in company	Upon M1 promotion	Unon M2 promotion	Upon assistant	2nd year of assistant	Upon manager	

### Short-term Overseas Assignment System

This system sends employees to major cities worldwide to develop excellent talent through hands-on experience with on-site import/export operations, language acquisition, and international perspective development. Until fiscal 2023, we implemented a one-year Overseas Training Program, but in response to requests for extended periods to master operations more thoroughly, we changed it to a three-year assignment system from fiscal 2024. In April 2024, we sent five employees on short-term overseas assignments to the United States, China, Vietnam, and the Philippines.

Cumulative number of overseas trainees/short-term assignees: 232

## Open College

In 2022, we established "Open College" training sessions to enhance skills and strengthen communication across NNR Global Logistics. These sessions connect with overseas offices via web conferencing to introduce



Open College session by Ms. Osedo, Hong Kong assignee

policies, operations, and initiatives of offices in and outside Japan. Q&A sessions facilitate twoway communication and strengthen connections between locations. Through these efforts, we aim to achieve smoother business operations.

#### Support for Self-Development and achieving an autonomous career

We have systems for the company to support employees' self-development efforts and achieving an autonomous career.

IATA Diploma	We encourage acquiring this international qualification for the air cargo industry with financial incentives.
Customs Specialist	We encourage acquiring this national qualification with an allowance.
Certified Logistics Master	We support internally selected candidates to take courses aimed at fostering logistics specialists.
CASEC (English Exam)	An annual test to maintain and improve English proficiency.
Other correspondence education, e-learning, etc.	Support employees to take various business-related courses.
Career Interviews	Career interviews are given to young employees in their second and fifth years with the company and others who wish to have one to encourage them to take on new work challenges and improve their work motivation by thinking about their medium to long term careers.

## **Promoting Diversity**

The Nishi-Nippon Railroad Group is committed to creating workplaces where employees with various backgrounds can all maximize their abilities and work with peace of mind regardless of gender, age, or other attributes. The success of diverse employees is a source of growth and value creation for the company. Appointments to core positions are made based on individual competence, without consideration of gender, nationality, or whether the person was hired as a new graduate or mid-career hire, to ensure diversity. We also work to enhance initiatives catering to diverse values and life stages.

#### We Asked a Foreign Employee

#### **A Workplace Where Diversity Thrives**

#### Xin Yang

Country of Origin: China (Zhejiang Province) Time in Japan: 6th year Time at Nishi-Nippon Railroad: 1st year



Insights on the workplace's appeal from the perspective of a foreign employee and efforts to foster a multicultural work environment.

» Please visit our website for the full interview.



https://www.nnr.co.jp/global\_logistics/sustainability/society/workplace/diversity/en/

## Promoting the Advancement of Female Employees

The Nishi-Nippon Railroad Group strives to create more inclusive workplace environments that enable all employees, of all genders, to succeed while finding fulfillment in their work.

As of April 1, 2024, the percentage of female employees at NNR Global Logistics, including overseas locations, is 46.4% (38.6% in Japan). Of the employees hired in fiscal 2023 (including new graduates and mid-career hires), women accounted for 65.7%.

## Active Participation of Local Staff

As part of its diversity promotion efforts, the Nishi-Nippon Railroad Group proactively recruits local staff.

Overseas subsidiaries develop and actively promote locally hired talent to strengthen local management capabilities, with some overseas subsidiaries where a locally hired employee has been appointed president.

#### NNR UK: Participating in Events to Promote Diversity, Equity, and Inclusion (DEI)

On June 20, 2024, NNR GLOBAL LOGISTICS UK LIMITED participated in The Big Logistics Diversity Challenge (BLDC). Our participation in BLDC helps promote diversity, equity, and inclusion (DEI) as part of our sustainability initiatives. The WiNNRs team, consisting of 10 members from branches and warehouses in London, Manchester, and Wellingborough, united toward a common goal and embraced the spirit of diversity and teamwork through this event.

#### Promoting DEI Across the Logistics Industry

Since its inception in 2019, BLDC has promoted diversity, equity, and inclusion (DEI) in the UK logistics and warehousing industry. Through physical and mental team-building challenges, the event aims to collaboratively explore diversity initiatives and create a more inclusive industry. Employee engagement is also a key objective.

#### Team WiNNRs Takes on the Challenge!

Wearing matching team T-shirts, Team WiNNRs tackled various team-building activities. The blindfolded obstacle course, where partners guided each other, focused on essential skills like effective communication, continuous encouragement, trust, and agility, providing a valuable opportunity to test true teamwork.

One of the most enjoyable activities was the catwalk challenge. Team WiNNRs captivated the audience, earned bonus points for their lively performance, and achieved high scores for their creativity and energy.

Team WiNNRs achieved a solid 10th place among 36 teams, creating a great team and enhancing diversity awareness through the team building experience.

Our participation in BLDC 2024 reflects our commitment to addressing social issues as outlined in NNR's sustainability policy. We will continue promoting diversity and working toward sustainable logistics. We remain committed to providing a workplace environment where all employees can thrive and addressing social issues.







## **Systems Supporting Diverse Work Styles**

## Supporting Work-Life Balance

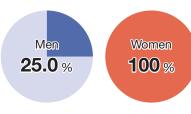
The Nishi-Nippon Railroad Group strives to enhance various systems and measures so employees can adopt flexible work styles suited to their life stage.

Overview of Internal Systems Supporting Diverse Work Styles (Excerpt)

Flextime System Without Core Hours	Allows flexible working hours, set according to busy/quiet periods and other situations, reducing total working hours and promoting work-life balance.
Shortened Hours System for Childcare/Family Caregiving	Provides options for reduced working hours or days based on circumstances such as childcare or family caregiving.  For childcare, available until the child completes junior high school for crew members (until elementary school completion for others).
Paid Leave Accumulation System for Childcare/Family Caregiving	Employees who are pregnant, have children who have not yet entered junior high school, or have a family member requiring caregiving can save up to 50 days of expired annual paid leave for pregnancy checkups, childcare, or family caregiving.
Long-term Care Leave	Up to 1,095 days (3 years) can be taken in total
Career Return System	A system for employees who resigned due to marriage, childcare, or nursing care responsibilities to rejoin the company
Life Career Leave System	Employees with 3+ years of service can take up to one year's leave for fertility treatment.  Can also be used for other purposes, such as obtaining qualifications.

To balance childcare/family nursing care with work, we have original company systems that go beyond legal mandates and allow the selection of shortened working hours or fewer working days. At NNR Global Logistics, as of April 1, 2024, 39 employees are using the shortened working hours system to balance childcare or caregiving with work. In addition, a Life Career Leave System was introduced in fiscal 2023 to allow employees to continue working with peace of mind regardless of various life events. Five employees are using the system as of April 1, 2024.

► FY2023 Childcare Leave Uptake Rates at NNR Global Logistics



## Occupational Safety and Health Initiatives

The Nishi-Nippon Railroad Group has established a unified management system to improve the health of employees—the foundation of our business—and the occupational safety and health environment. Every year, Group targets and activity policies are established for health and productivity management, safety, and health to secure employee safety and maintain/enhance employee health.

NNR Global Logistics also continually makes improvements to create safe and healthy workplaces.

FY2024 Group Safety and Health Activity Goal Reduce total lost work days by 5% year on year

#### Nishi-Nippon Railroad Group Nishi-Nippon Railroad Group Safety Nishi-Nippon Railroad Group Health and Productivity Activity Plan Health Activity Plan Management Plan Target Target

## Target

Zero serious accidents

#### Priority Initiatives

- (1) Promote the Zero Accident Project
- (2) Reduce fall accidents due to slipping, tripping, or missteps
- (3) Prevention, early detection, and treatment of stress-related illnesses
- (4) Increase exercise opportunities, improve drinking habits and dietary practices
- (5) Infectious disease measures

Reduce vear-on-vear cases of mental illness

#### **Priority Initiatives**

- (1) Strengthen mental healthcare (line care and self-care)
- (2) Continue infectious disease measures

Achieving KPI targets set in Group companies' health and productivity management promotion plans

#### **Priority Initiatives**

- (1) Raising the rate of follow-up examinations after health checkups
- (2) Motivating smoking cessation

## Health and Productivity Management

The Nishi-Nippon Railroad Group established the Nishi-Nippon Railroad Group Health Declaration in September 2022 and works to improve employee health from various angles.

Since fiscal 2023, we have subsidized smoking cessation clinic visits to promote smoking cessation as a company and help employees avoid health damage from smoking.

In fiscal 2023, NNR Global Logistics added health consultations by contracted public health nurses during periodic employee health checkups. In addition, we offer explanatory sessions about health checkup results for those who want them. We also convene a monthly Health and Safety Committee within NNR Global Logistics. In addition to monitoring progress on health and safety issues, the committee also arranges workplace visits by industrial physicians and health-related lectures. In fiscal 2024, we plan to continue the running initiative with Nishi-Nippon Railroad Track & Field Team athletes that began in fiscal 2023.

## **Human Rights**

## Material Issue Respecting All Human Rights

We avoid causing or contributing to adverse impacts on human rights and address any such effects that occur. We also endeavor to prevent or mitigate adverse human rights impacts directly linked to us through our global logistics operations and business relationships.

## **Basic Policy on Respecting Human Rights**

Human rights are rights based on the human dignity inherent in everyone and deserve respect. To respect the human rights of all people involved in the Group's activities, the Nishi-Nippon Railroad Group has established a Nishi-Nippon Railroad Group Human Rights Policy outlining its basic approach and critical themes. The Group requires executive officers, employees, and stakeholders to understand and comply with this policy. No business activities leading to discrimination or human rights violations are ever engaged in. NNR Global Logistics' operations rely on relationships with all our global stakeholders. We recognize that human rights initiatives encompassing not just our own company but also our supply chain are essential.

## Employee Assistance Program (EAP) and Its Effect on Employee Well-being (UK)

The Employee Assistance Program (EAP) has proven to be an extremely valuable support tool for employees. Introduced in 2023, this program provides excellent 24/7 support from third-party professionals for employees facing work-related or personal stress and mental health issues. While we hope that employees never need to use the EAP, it's reassuring to have this tool available when needed.



Many employees have contacted EAP for support, demonstrating the program's effectiveness. We will continue supporting employees' physical and mental health both at work and in their personal lives.

NNR GLOBAL LOGISTICS UK LIMITED / HEAD OF ADMINISTRATION / LEE WOODWARD

## **Human Rights Initiatives**

### Promotion System

The Nishi-Nippon Railroad Group has established a Nishi-Nippon Railroad Group Human Rights and Inclusion Issue Promotion Committee to advance initiatives related to human rights issues. NNR Global Logistics has appointed human rights education promotion leaders responsible for human rights respect activities. The leaders communicate appropriately with the committee and conduct in-house training and awareness activities.



## Conducting Training, Education, and Awareness Activities

To develop leaders for internal workshops on human rights and inclusion issues, the Nishi-Nippon Railroad Group conducts Human Rights Education Promotion Leader Training, then implements training by the trained leaders throughout workplaces. In fiscal 2023, 799 leaders conducted training on human rights issues, including inclusion issues, harassment, disabilities, and LGBTQ+, for all employees approx. 20,000 at their workplaces.

The fiscal 2023 harassment prevention training was conducted via e-learning for employees in management positions and seconded employees, helping them reflect on their management style and workplace conditions to create a more comfortable work environment.

We also issue bulletin board newsletters on human rights and strive to cultivate human rights awareness among employees.

## Establishing a Consultation Service

As an original NNR Global Logistics initiative, we have established an internal consultation service that addresses overall workplace issues, including human rights, working conditions, and work environment, responding to individual stakeholder inquiries from business partners, employees, and others.

## **Information Security**

## **Basic Approach to Information Security**

To safely and securely handle important customer information and the Nishi-Nippon Railroad Group's information assets, we have established regulations, build management systems, and strive to maintain and improve information security.

As NNR Global Logistics shoulders the critical infrastructure of global logistics, we recognize that increasingly advanced and complex cyberattacks, information leaks, and other threats pose significant risks. We pursue safe and reliable service provision by strengthening information security countermeasures and implementing thorough management/guidance.

## **Promotion System**

The Nishi-Nippon Railroad Group has established an information security management system based on ICT Regulations and Information Security Rules. NNR Global Logistics has also independently formulated a business continuity plan (BCP) manual outlining procedures for preventing information incidents and responding to them should an incident occur. We are working to strengthen our risk and emergency management in IT (information system) operations.

## **Information Security Goals**

The Nishi-Nippon Railroad Group's 16th Medium-term Management Plan identifies "strengthening governance in overseas operations" as a key strategy. Incorporating this into action plans, we plan and promote the enhancement of information security countermeasures, management, and guidance encompassing overseas Group companies.

#### **Action Plans**

- Review, consider, and establish information security rules and ensure their adoption
- Raise information security awareness and literacy (conducting information security testing, etc.)
- Strengthen overseas site information security

## **Information Security Enhancement Efforts**

#### Further Strengthening Core Business Systems and Infrastructure

NNR Global Logistics has built an integrated core business system, encompassing overseas Group companies, that is centrally managed and operated from Japan. This system handles important shipment, transaction, and other data globally. External attacks on this system could disrupt operations or lead to leaks of confidential information. Recognizing this significant risk, NNR Global Logistics continually works to enhance information security countermeasures and make improvements.

Infrastructure enhancement measures include formulating and implementing a plan to transition to a next-generation security model.

### Enhancing Overseas Information Security

As part of the Nishi-Nippon Railroad Group's key mid-term management plan strategy of "strengthening governance in overseas operations," NNR Global Logistics is reviewed and examined information security rules at each overseas Group company in fiscal 2023. We will then formulate rules and work to firmly establish them from fiscal 2024 onward. To reduce security risks, we will create a globally unified high-level information security environment for overseas Group IT infrastructure.

## Information Security Training for Employees

To improve employees' information security awareness and IT literacy, the Nishi-Nippon Railroad Group provides annual training to all employees, including overseas staff, through e-learning. We also conduct training against targeted attack emails.



E-learning is conducted Group-wide on topics like personal information protection and information leak prevention.

## **Social Contribution Activities**

The Nishi-Nippon Railroad Group has designated September, its founding anniversary month, as "Nishi-Nippon Railroad Social Contribution Month," during which it promotes Group-wide social contribution activities.

These have included clean-up activities, Bus Day events, traffic safety classes, blood drives, and food drives.

NNR Global Logistics also undertakes various activities at business sites in Japan and overseas.

## **Example of Social Contribution Activities**

#### Donations to a Food Bank (Hong Kong)

NNR Global Logistics (HK) Limited donated food to an NPO in support of its food bank initiatives to raise employees' social awareness and contribute to SDG Goal 2, "Zero Hunger." We aim to contribute to society by donating non-perishable food items to share with people in need in the local community.

We will continue this ESG-related activity in 2024 and beyond.



Food items donated to a food bank and Hong Kong office members who engaged in the activity

## Makuhari Beach Cleanup (Global Digital Promotion Department)

The Global Digital Promotion Department participated in beach cleaning at Makuhari Beach,

supporting an NPO's mission to "address community challenges and contribute to creating a peaceful and safe environment through activities like beach cleaning."

While cleaning Makuhari Beach, we reflected on the serious issue of marine plastic pollution.

We plan to continue participating in cleanup activities in fiscal 2024.



Members who participated in the Makuhari Beach cleanup and the collected garbage

## Plastic Bottle Cap Collection (Mexico)

NNR Global Logistics Mexico, S.A. DE C.V. collects plastic bottle caps to support an NPO initiative helping low-income children and young people in Mexico to get resources for cancer treatments. We continue collecting caps to fill red hearts one by one.



NNR MEXICO members putting collected bottle caps into the collection container

» Please see our website for information on other social contribution activities.

https://www.nishitetsu.co.jp/en/sustainability/social issues/Social contribution activities.html



## Governance



## Material Issue Promoting Fair and Honest Business Activities

We are dedicated to strengthening compliance controls and sustainability initiatives across all sectors of our business on a global scale.

#### Action Plan (Initiatives for FY2024)

- Establish an overseas legal affairs section to strengthen internal controls
- Implement multilingual compliance self-checks for overseas operations

## **Basic Policy and System for Promoting Compliance**

The Nishi-Nippon Railroad Group launched a compliance promotion system in 2003 with the Nishi-Nippon Railroad Group Compliance Policy, which outlines 15 action guidelines for employees to follow.

#### Nishi-Nippon Railroad Group Compliance Policy

The Nishi-Nippon Railroad Group never pursues any profit derived from any illegal or unethical conduct. The Nishi-Nippon Railroad Group correctly understands all laws and regulations, industry standards, and social norms that apply to the countries and regions where the Nishi-Nippon Railroad Group operates its businesses (hereinafter referred to as "laws and regulations, social norms, etc.") and complies with them.

>>> Refer to the website for the full text

 $\frac{\text{https://www.nishitetsu.co.jp/en/sustainability/governance/compliance.}}{\text{html}}$ 



#### Principles for Nishi-Nippon Railroad Group Employees to Follow

- Compliance with Laws and Regulations, Social Norms, etc.
- Provision of Safe and Reliable
   Products and Services
- Appropriate Information
   Disclosure and Communication
- Fair Trade and Competition
- Prohibition against Bribery and Restriction of Gifts and Entertainment
- Prohibition against Conflicts of Interest
- Stance against Antisocial Forces and Organizations
- Appropriate Handling of Assets and Information

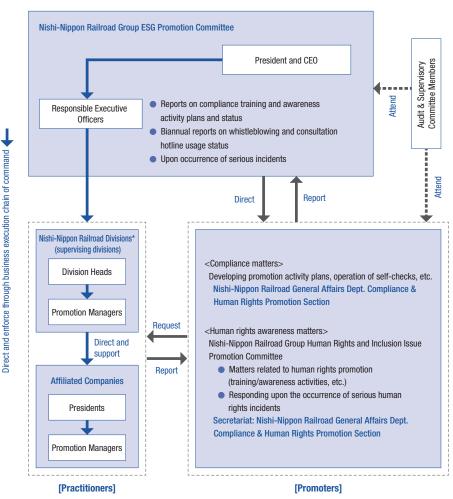
- Disseminating Information Outside of the Company and Social Media
- Respect for Human Rights
- Respect for Industrial Safety and Health and Labors Rights
- Harmony with Society and Contribution to the Society
- Efforts concerning Environmental Issues
- Ask Clients for Cooperation
- Promoting and Improving Compliance

Additionally, a Nishi-Nippon Railroad Group Compliance Manual has been formulated detailing the basic policies, judgment criteria, and standards of conduct for practicing the Compliance Policy and distributed to all employees.

Based on this Compliance Policy and manual, NNR Global Logistics has independently established an NNR Global Logistics Compliance Manual to ensure a correct understanding of compliance policies and principles and guide behavior based on them.

International cargo transport entails great social responsibility. Operators in this business also gain access to critical customer information. Given the importance and particularity of such information, the Customs Business Act requires confidentiality and prohibition of actions breaching trust. Relevant laws and regulations (like the Consigned Freight Forwarding Business Act and the Customs Act) also impose stricter requirements than general laws. NNR Global Logistics and its employees naturally have a responsibility and obligation, as expected by society, to comply with relevant laws, regulations, and social norms.

#### Nishi-Nippon Railroad Group Compliance Promotion System



\*Including NNR Global Logistics

## **PDCA Cycle for Compliance**

Under the compliance policy and promotion system mentioned above, NNR Global Logistics follows the cycle below to ensure compliance.

#### Self-Checks

Our General Affairs Dept. Compliance & Human Rights Promotion Section conducts Compliance Self-Checks every three years both in Japan and overseas.

#### **Setting Compliance Targets and Initiatives**

After the Compliance Self-Check results are reported, each department formulates improvement plans for identified issues. These plans are decided upon annually in Japan after confirmation by the responsible executive officer.

#### /lonitoring

#### [Annually]

Operational audits and AEO legal audits are conducted internally, with corrective actions required upon discovery of issues, followed by evaluation of corrective actions and progress checks according to level of importance.

#### [Semi-Annually]

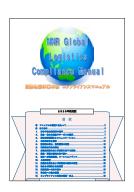
The status of wrongdoing/misconduct and the operation of the whistleblowing system are checked. Information on any unreported cases of wrongdoing/misconduct and compliance/harassment consultations or reports from within the division are submitted.

### Formulating Improvement Plans

Each department confirms facts and investigates causes. Improvement plans are developed as needed in consultation with relevant departments, approved, and decided on.

## **Compliance Training/Awareness Efforts**

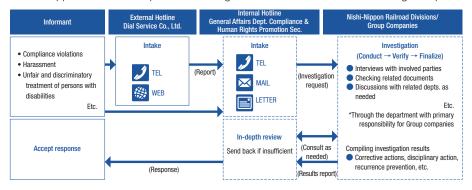
We conduct stratified training for new employees, section chiefs, department heads, pre/post-assignment, and company presidents to ensure that all employees understand the importance of compliance and raise their awareness. We have also created Japanese and English versions of the NNR Global Logistics Compliance Manual, reflecting specific examples from international logistics. We announce it to all staff, including overseas group members. Through specific examples, we strive to help everyone understand compliance violation risks as personal concerns.



## **Whistleblowing System**

The Nishi-Nippon Railroad Group has set up internal and external whistleblowing hotlines for reporting compliance violations. The privacy of informants is protected, and company rules prohibit any retaliation or unfavorable treatment.

Nishi-Nippon Railroad Group Whistleblowing/Consultation Process: Intake Through Response



<sup>\*</sup>After responding, checks are made as needed for any unfavorable treatment

## **Risk Management Efforts**

### Formulating Business Continuity Plans (BCPs)

We have compiled guidelines for action in the event of crises like terrorism, disasters, system failures, or scandals at Japan offices, as well as measures, steps, and procedures for daily preparation into an NNR Global Logistics Risk Management/BCP/Crisis Management Manual and shared it internally.

#### Risk Management at Overseas Subsidiaries

Overseas subsidiaries also undergo internal audits encompassing accounting, general affairs, and HR using checklists. We audited five subsidiaries in fiscal 2023 and expect to conduct around the same number of audits in fiscal 2024.

In addition, we established an overseas legal affairs section in fiscal 2024 to strengthen risk management and governance overseas.

At the NNR Worldwide Meeting held in May 2024, we conducted workshops for group company presidents to deepen their understanding of governance and communicate future initiatives.

We are currently working to revive training programs where key personnel from overseas subsidiaries gather in Japan to learn about compliance and talent development, which had been temporarily suspended due to COVID-19.

<sup>\*</sup>Investigation results reported to president and auditors, hotline operation status reported to the Board of Directors

<sup>\*</sup>Personal information only used for investigation, corrections, and preventing recurrence

<sup>\*</sup>If information needs to be shared with an involved Group company for investigation, etc., consent obtained from the person concerned

# Information on NNR Global Logistics

## **NNR Global Logistics ESG Data**

#### Business

	As of April 1,	As of April 1,	As of April 1,
	2024	2023	2022
Number of countries and regions with operations	28	29	29

		FY2023	FY2022	FY2021
Operating reve	Operating revenue (millions of yen)		231,813	186,168
Air cargo	Air exports Air cargo (thousand tons)	95	127	146
volume/units	Air imports (thousand units)	314	375	394
Ocean cargo volume	Ocean exports (thousand TEU)	99	102	96
	Ocean imports (thousand TEU)	129	140	130

### **Environment**

	FY2023	FY2022	FY2021
CO <sub>2</sub> emissions (Scope 1+2) (tons)	1,667	1,478	1,508
Electricity consumption (kWh)	3,344,355	4,118,988	4,144,055
Renewable energy-derived electricity	235,647	82,303	0
Gas consumption (m³)	176	198	181
Gasoline/Petrol consumption (L)	30,629	26,325	23,212
Diesel consumption (L)	0	0	128
Copy paper consumption (thousand sheets)	19,866	21,830	23,899
Water consumption (m <sup>3</sup> )	3,333	3,470	3,691

<sup>\*</sup>For external reporting from FY2023, we use the FY2023 emission factor of 0.457 instead of the management value of 0.37 for power company emission coefficients.

### Human Resources

	Scope	As of April 1, 2024 (Overseas as of January 1)	As of April 1, 2023	As of April 1, 2022
Number of employees	Japan/overseas	3,415	3,363	3,234
Male	Japan/overseas	1,831	1,822	1,762
Female	Japan/overseas	1,584	1,541	1,472

	Scope	FY2023	FY2022	FY2021
New graduate hires assigned (persons)	Japan	50	43	38
Male	Japan	22	22	18
Female	Japan	28	21	20
Mid-career hires assigned (persons)	Japan	17	27	18
Male	Japan	1	8	4
Female	Japan	16	19	14

	FY2023	FY2022	FY2021	
Short-term overseas assignments/	5	5	0	
Training program participants (persons)	3	3		

<sup>\*</sup>Program canceled in FY2021 due to COVID-19

## Diversity

	Scope	As of April 1, 2024 (Overseas as of January 1)	As of April 1, 2023	As of April 1, 2022
Percentage of female employees (%)	Japan/overseas	46.4	45.8	45.5
Percentage of female managers (%)*	Japan	3.2	1.9	1.8

<sup>\*</sup>Department head level and above (in Japan)

### Work-Life Balance

	FY2023	FY2022
Percentage of male employees taking childcare leave (%)	25.0	31.8
Percentage of female employees taking childcare leave (%)	100	100

Green: Overall NNR Global Logistics group figures Orange: Japan only

#### Quality

		As of April 1, 2024
Number of ISO 9001	Japan sites (companies)	2
certified entities	Overseas sites (companies)	17
Number of EN/AS9100 series	Japan sites (sites)	7
certified locations	Overseas subsidiaries (sites)	10
Number of AEO certifications (Japan)		3*
Number of AEO certified entities (overseas)		13
Number of TAPA CLASS	Japan sites (sites)	2
A-certified sites	Overseas sites (sites)	7

<sup>\*</sup>Authorized Warehouse Operator, Authorized Customs Broker, Authorized Logistics Operator

## Information Security

	FY2023
Information security training* participants (persons)	1,823
Information security training* completion rate (%)	95.8

<sup>\*</sup> e-learning, etc.

## Compliance

	FY2023	FY2022	FY2021
Number of information security incidents (cases)	0	0	0

## **Organizational Information**

## NNR Global Logistics A Div. of Nishi-Nippon Railroad Co., Ltd.

Headquarters	Mainichi Nihonbashi Building, 2-5 Nihonbashi, 3-chome, Chuo-ku, Tokyo, 103-0027, Japan
Established	November 15, 1948
Head of the Division	Keiichi Utaka, Managing Executive Officer
Businesses	Freight forwarding Customs clearance Warehousing
Certifications/ Authorizations	Authorized Economic Operator (Authorized Warehouse Operator, Authorized Customs Broker, Authorized Logistics Operator) Regulated Agent ISO 9001 (Quality Management System) TAPA FSR 2020 CLASS A (warehouse/storage facility security certification – highest level) Target facility: Narita Logistics Center, Rinku Logistics Center EN/AS 9120 (quality management system for aerospace and defense organizations) Target sites: Head Office, Narita, Baraki, Tama, Nagoya, Chubu Centrair International Airport
Industry Groups	The Waco System International Air Transport Association (IATA) Japan Aircargo Forwarders Association (JAFA) Japan International Freight Forwarders Association (JIFFA) Japan Customs Brokers Association Nippon Automated Cargo and Port Consolidated System, Inc., etc.
Number of Sites	28 countries/regions, 121 cities (as of April 1, 2024)

