

Introduction

The Nippon Express Group Corporate Philosophy

Our Mission

Be a Driving Force for Social Development

Our Challenge

Create New Ideas and Value that Expand the Field of Logistics

Our Pride

Inspire Trust Every Step of the Way

Since our founding, the Nippon Express Group has employed its logistical strengths to connect people, businesses, and regions throughout the world. In so doing, we have continuously supported social development.

While our mission never changes, we advance continuously to meet the world's changing needs. Making no compromise in safety and maintaining a deep focus on environmental issues, we continuously strive to deliver innovative solutions at the next frontier of logistics.

We will forever take pride in our ability to inspire trust and answer the call of society. Every move we make is aimed at advancing society and bringing an enriched life to future generations.



Editorial Policy

Integrated Report 2021 is the second integrated report to be published by Nippon Express Co., Ltd. In this report, we have reformatted our presentation of ESG management, which is increasingly important as international trends and social conditions change dramatically. We have edited this report from the perspective of how the group creates value through the practice of ESG management and how the group intends to grow.

We hope this report helps our stakeholders better understand the Nippon Express Group and our efforts to continue to grow by creating new value through innovation, while staying true to our unchanging values of safety, compliance, and quality.

For more detailed information regarding Nippon Express Group CSR, see our CSR website and CSR Data Book.

Reference Guidelines and Assurances

We used the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) and the Guidance for Collaborative Value Creation of the Ministry of Economy, Trade and Industry (METI). The information disclosed in our sustainability report conforms to the Core option of the GRI Standards for Sustainability Reporting.

* GRI: Global Reporting Initiative

An organization that aims to create and promulgate international guidelines for sustainability reporting. The GRI content index is available on our CSR website (<https://www.nittsu.co.jp/corporate/csr/>).

Scope of This Report

This integrated report addresses the Nippon Express Group, including domestic and overseas group companies. Certain portions of this report reference Nippon Express Co., Ltd. on a non-consolidated basis.

Reporting Period

Fiscal 2020 (April 1, 2020 to March 31, 2021)
(Certain information references time frames on or prior to fiscal 2019 and subsequent to fiscal 2021)

Publication Date July 2021

The Nippon Express Group Corporate Message

We Find the Way

We

Our unified strength makes us unique, driving everything we do on the frontline and in the background to deliver unparalleled logistics services. The word “we” speaks to a complex system of individuals with specialized skills that work together to become an unstoppable force.

Find

Every client, project, and task is different, and sometimes we have to innovate to achieve our goals. Our work demands exploration and thinking outside the box. It's how we find the best way. The verb “find” in its present form tells a story of a company willing to dig deeper for the best results.

the Way

Sure, there are many solutions, but there's only one best way. We don't find a way or some way; we find the best way, and we do it with passion and perseverance. Our efforts build connections to and between individuals and businesses.

The NIPPON EXPRESS Group brings customers' possibilities to reality. There are often many solutions, but only one way is the way. We use our determination to find the best way to overcome hurdles and take our customers across the finish line.

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Reference Guidelines

- GRI Standards for Sustainability Reporting (Core option)
- IIRC International Integrated Reporting Framework
- Ministry of the Environment's Environmental Reporting Guidelines (2018 Edition)
- SASB Standards

Caution Regarding Forward-Looking Statements

The forward-looking statements in this report, including the company's future plans, forecasts, and strategies, are based on certain assumptions that the company considered reasonable at the time of disclosure. Actual business performance may differ significantly from forecasts due to future economic conditions and other factors. See Competitive Advantages, Risks and Opportunities on page 5 of this report for the major factors that may cause such differences.

Information Systems

The Integrated Report is a compilation of financial and non-financial information for the purpose of deepening stakeholder understanding of the Group's medium- to long-term value creation.

In addition, non-financial information that complements the Integrated Report is provided in the CSR Data Book, and more detailed information is available on our website.

Integrated Report

Voluntary Disclosures	
CSR Data Book	https://www.nittsu.co.jp/corporate/csr/report/
Website (CSR Activities)	https://www.nittsu.co.jp/corporate/csr/
Legal Disclosures and Timely Disclosures	
Annual Securities Report	https://www.nittsu.co.jp/ir/library/securities/
Corporate Governance Report	https://www.nittsu.co.jp/ir/governance/

The Nippon Express Group Approach to ESG Management

The Nippon Express Group Business Plan 2023 addresses ESG-oriented business management to realize sustainable development and improve corporate value as one initiative in our efforts to implement our Long-Term Vision. The group believes that working to solve social issues through our business activities and contributing to a sustainable society ties to sustainable growth and enhancement of corporate value. This is our view of ESG management.

Meanwhile, we are seeing dramatic changes in international trends and social conditions. We find ourselves in a situation in which we face many environmental and social issues directly, and social systems that affect the entire planet are in a deep crisis. Amid these conditions, society expects corporations to behave more responsibly and offer greater value, and we recognize the increasing importance of ESG management in this respect.

In response to these circumstances, we reconfirmed the direction of Nippon Express Group ESG management in the process of publishing our second integrated report. In this process, we organized our understanding and our stance regarding ESG management, clarifying the Nippon Express Group approach to ESG management, which we describe as follows.

Our unchanging philosophy is to advance society and bring an enriched life to future generations. Based on this philosophy, we contribute to sustainable societies through risk mitigation (environmental and social issues) and new value creation (value demanded by society), aiming for business growth. At the same time, we strive to strengthen corporate governance to achieve these contributions and growth.

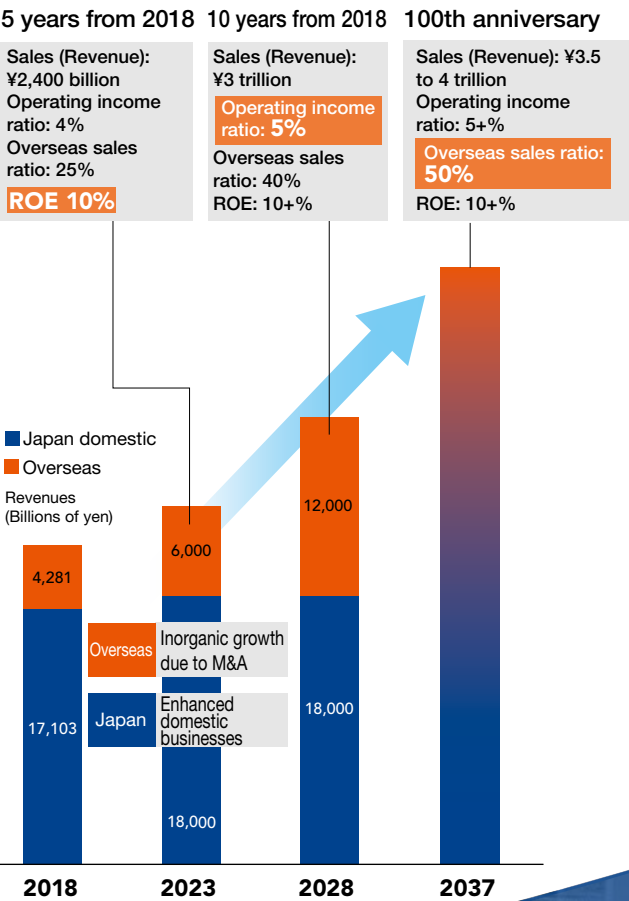
The Nippon Express Group Business Plan 2023



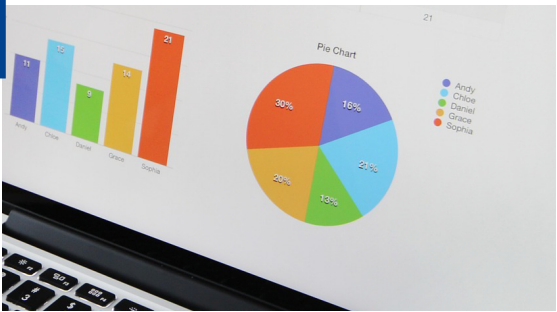
Long-Term Vision (2037 Vision)

A logistics company with a strong presence in the global market

Growth Image



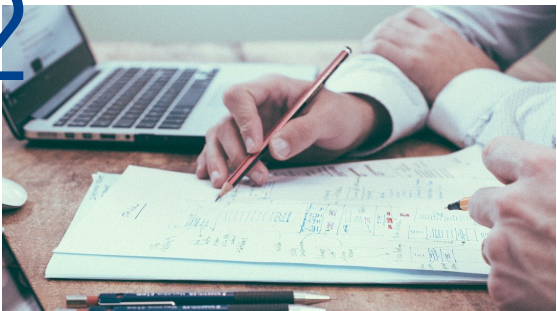
Point 01



The Nippon Express Group Value Creation Engine

The Nippon Express Group creates and offers new value based on our corporate philosophy and an understanding of changing social and customer issues. We clarify our unchanging business creation process as our value creation engine.

Point 02



Pivoting Business Models to Meet Society

We provide optimized business solutions to industry and society by building business models tailored not only to individual customers, but also to industries and society as a whole.

Point 03



Reconfirming Materialities

We leverage past, present, and future initiatives to reconfirm the materialities (key issues) necessary for Nippon Express to answer the demands of society and to grow as a business.

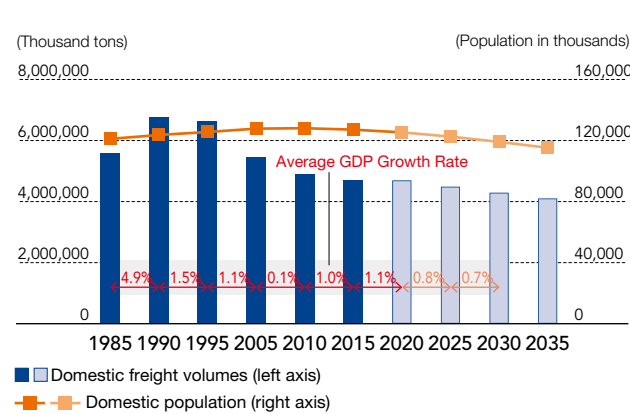
Nippon Express and the Logistics Markets of Japan and the World

Domestic and Overseas Logistics Markets

The population of Japan is declining, especially in rural areas. We are seeing a particularly large decline in our working-age, which represents the core of consumption. Similarly, the volume of freight forwarding is on a downward trend. Given the declining population and low economic growth prospects, it is difficult to expect future growth in the domestic logistics market.

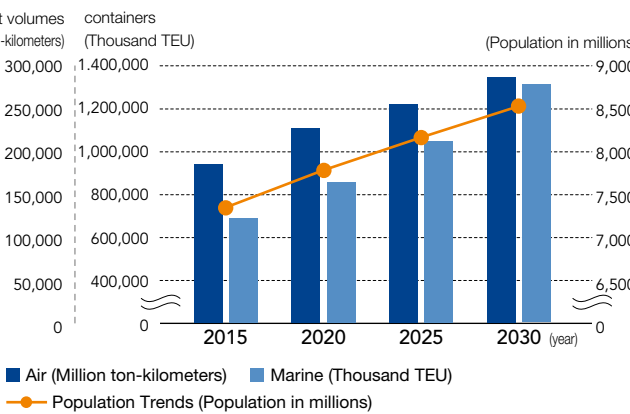
At the same time, populations are expected to grow among the emerging economies. Including the advanced economies, the global working-age population should increase gradually. Backed by moderate economic and population growth, international freight volume should continue trending upward.

Domestic Freight Volumes and Population Trends



Source: National Institute of Population and Social Security Research (Domestic population) Ministry of Land, Infrastructure, Transport and Tourism White Paper (Domestic freight volumes) World Bank Data (Average GDP growth rate for 1985 to 2015) Mitsubishi UFJ Research and Consulting (Average GDP growth rate for 2020 and after) Domestic freight volumes for 2020 and beyond are estimated based on the CAGR for 2008 to 2015 (0.9%)

World Cargo Volume (Air and Ocean) and Population



Source: world development indicators databank Figures for 2020 and beyond are estimated based on the CAGR for 2010 to 2017 United Nations Population Division Department of Economic and Social Affairs

World Cargo Volume (Air and Ocean) and Population

The internationalization of the logistics industry is accelerating with economic globalization. The global rankings are dominated by major logistics companies in advanced economies that have established international logistics networks. Driven by the growth of 3PL and international parcel delivery services, cross-border logistics services will merge at an increasing pace.

Rank	Location of Headquarters	Provider	Gross Logistics Revenue (Millions of yen)*	Marine (TEU)	Air (Metric tons)
1		DHL Supply Chain & Global Forwarding	2,973,339	2,862,000	1,667,000
1		Kühne + Nagel	2,694,742	4,529,000	1,433,000
2		DB Schenker	2,169,525	2,052,000	1,094,000
2		DSV Panalpina	1,909,111	2,204,902	1,272,405
3		Sinotrans	1,272,183	3,750,000	532,300
4		Expeditors	1,057,122	1,012,600	926,730
5		Nippon Express	2,021,762	660,152	720,115
6		CEVA Logistics	773,300	1,081,000	363,000
7		C.H. Robinson	1,618,705	1,200,000	225,000
8		Kerry Logistics	717,602	1,019,924	493,903
8		UPS Supply Chain Solutions	1,154,516	620,000	988,880

* Based on the exchange rate as of December 2020 (US\$1 = ¥104.50). Source: Armstrong & Associates, Inc. A&A's Top 25 Global Freight Forwarders List 2020. Rank reflects overall consideration of total revenues, ocean transportation, and air transportation

Competitive Advantages, Risks, and Opportunities

Nippon Express Group Strengths

We have become the increasing choice of numerous customers due to our ability to transport anything, anywhere, using every means of transportation in the best possible manner. And what has made this possible are the transportation modes, networks, and front-line capabilities we have cultivated since our founding.

Diverse Transportation Modes

Customers have a variety of requirements, including cargo size, weight, and urgency. The Nippon Express Group offers a full range of transportation modes, including truck, rail, ship, and air. We provide the most suitable method of transportation for shipments requiring special care, such as pharmaceuticals and perishable foods that require strict temperature control, precision instruments that require vibration control, and art works that require humidity control.

A Global Network

In our more than 80-year history, the Nippon Express Group has built a logistics network covering the entire country of Japan. In 1962, we established our first overseas subsidiary in the U.S., and took steps to expand overseas. Today, we deliver goods to anywhere in the world through the world's largest network, when considering group companies and reliable local partners.

Strong Front-Line Capabilities

How will my precious cargo be handled? This is the single most important question when customers choose a transportation service. The Nippon Express Group transports and stores cargo in the field, strongly committed to safety, compliance, and quality, and always placing the customer first. At first glance, this approach may seem simplistic and obvious. However, customers widely varying demands in terms of cargo size, weight, shape, and nature. We must meet every one of these demands, while maintaining strict safety and compliance. We can only accomplish this task through constant daily training, systems support prompt communications, an autonomous organization capable of identifying and resolving issues in the field, a sense of ownership on the part of all employees, and a strong shared will on our front lines to find the single best way and to accomplish our mission, no matter what the situation.

We have the expertise and groundwork passed down from our predecessors, and we will continue pressing forward to strengthen our front-line capabilities.

Risks and Opportunities

Risks that may have a significant impact on Nippon Express Group businesses are as follows. For more on policies related to risks and opportunities, see our latest Annual Securities Report, as well as Materialities (page 37) for more on sustainability-related opportunities and risks.

Changing Business Environments		Opportunities	Risks
Markets	Contracting domestic logistics markets Expanding global logistics markets Declining relative position of Japanese companies	• Global business expansion	• Lost opportunity due to changes in the markets for the Group's core domestic businesses
Competition	Oligopolies via overseas mega forwarders New entry from different industries	• Growth through M&As	• Greater disparity with foreign mega forwarders • More severe competition due to entry into logistics by major e-commerce providers and those from different industries
Advanced Technologies	Digital revolution through AI/IoT, etc. Rapid business model innovation	• Trigger for greater business efficiency and solutions to social problems	• Obsolescence of existing business models • Loss of competitive advantage
Social	Initiatives for building a sustainable society	• More opportunities to provide value to customers	• Greater disparity between foreign companies advancing such initiatives • Lower relative standing on the market
Capital Markets	Market demands for effective use of capital and assets	• Greater corporate value	• Stock price decline, increased pressure from the market
Employees	Changing labor environment (labor shortages, work style reforms)	• Expectations for industrial reforms	• Shortages of core personnel, major cost increases, relative decline in industry appeal

