

This is a translation of the original Japanese “Notice of the 114th Ordinary General Meeting of Shareholders” prepared for the convenience of non-Japanese speakers. Should there be any discrepancy between any part of this translation and the original Japanese text, the latter shall prevail.

Securities Code No. 9062  
June 5, 2020

To Our Shareholders

9-3, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo  
**NIPPON EXPRESS CO., LTD.**  
Mitsuru Saito  
President and Representative Director

## NOTICE OF THE 114TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We are pleased to announce that the 114th Ordinary General Meeting of Shareholders of NIPPON EXPRESS CO., LTD. (the “Company”) will be held as follows.

You can exercise your votes in writing (by mail) or via the Internet. The Company respectfully requests that you review the “Reference Material Concerning the General Meeting of Shareholders” below and exercise your voting rights on or before 6:00 p.m. (JST) June 25, 2020 (Thursday).

Given the recent impact of the novel coronavirus disease (COVID-19), please consider not attending this year’s meeting and exercise your voting rights in advance.

### Particulars

- 1. Date and Time:** 10:00 a.m. on June 26, 2020 (Friday)
- 2. Place:** Large Conference Room, on the 2nd floor of Nippon Express Co., Ltd.  
9-3, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo  
(Please refer to the guidance map to the place of the meeting stated at the end of this document.)

### 3. Objectives of the Meeting

#### Matters to be reported:

Report on Business, the Consolidated Accounting Documents, the Non-Consolidated Accounting Documents for the 114th Business Term (from April 1, 2019 to March 31, 2020), and the Report on the Results of Audit of Consolidated Accounting Documents by Accounting Auditor and Audit & Supervisory Board.

#### Matters to be resolved:

Proposal 1: Proposed Disposal of Surplus

Proposal 2: Election of Nine (9) Directors

Proposal 3: Election of Three (3) Audit & Supervisory Board Members

Proposal 4: Presentation of Bonuses to Directors

*(Note: The Company participates in the ICJ platform for institutional investors to vote from ProxyEdge® system of Broadridge. For further details, please consult with your custodian(s), nominee(s) and/or broker(s). Voting via Internet other than ICJ platform is only available for registered shareholders in Japan with Japanese language only.)*

*(Note to shareholders residing outside Japan)  
Your vote is important. We will appreciate your participation in the meeting of this Ordinary General Meeting of Shareholders of the Company through providing instruction to your custodians, brokers, nominees, voting agents or other authorized intermediaries to process your vote as soon as possible. We look forward to receiving your vote.*

- ⦿ When you attend the meeting, please submit the enclosed document for the exercise of voting rights to the receptionist at the meeting place.
- ⦿ Of the documents to be presented along with this notice, Notes to Consolidated Accounting Documents and Notes to Non-Consolidated Accounting Documents are posted on the Company's website, pursuant to the relevant laws and regulations and Article 15 of the Articles of Incorporation of the Company, and thus are not attached to this notice. As such, reference materials to this notice are part of the Consolidated Accounting Documents and Non-Consolidated Accounting Documents audited by the Accounting Auditor for the purpose of preparing the accounting audit report, and are part of the Consolidated Accounting Documents and Non-Consolidated Accounting Documents audited by the Audit & Supervisory Board Members for the purpose of preparing the auditor report.
- ⦿ In the event that any event occurs to amend the items to be presented in the Reference Document Concerning General Meeting of Shareholders, the Business Report, Consolidated Accounting Documents and Non-Consolidated Accounting Documents, please be informed that the Company will display the amended items on the Company's website.
- ⦿ **The Company will not provide gifts to shareholders attending the meeting.**

The Company's website: <https://www.nittsu.co.jp/>

**To institutional investors**

If you make prior application to use the electronic voting rights exercise platform operated by ICJ, Inc., you can exercise your voting rights using this platform.

## Reference Material Concerning General Meeting of Shareholders

### Proposals and References Materials

#### **Proposal 1: Proposed Disposal of Surplus**

The Company secures internal reserves to prepare for stronger management base and financial standing while taking into comprehensive consideration its profit situation, the dividend ratio, etc. The Company proposes that the year-end dividend for the business year under review be made as follows:

#### **Matters related to year-end dividend**

- (1) Kind of dividend property: Cash
- (2) Matters related to distribution of cash and total amount:  
Yen 80 per share of common stock of the Company  
The total amount: 7,444,271,520 yen
- (3) Effective date for distribution of surplus: June 29, 2020

## Proposal 2: Election of Nine (9) Directors

The terms of office of all the nine (9) Directors will expire at the closing of this Ordinary General Meeting of Shareholders. Accordingly, it is proposed to elect Nine (9) Directors (three (3) of whom are Outside Directors).

The candidates for Directors are listed below.


Candidate Number	Name		Position and Responsibilities at the Company		
1	Kenji Watanabe	Re-appointment	Chairman and Representative Director		
2	Mitsuru Saito	Re-appointment	President, Chief Executive Officer and Representative Director Chief Executive Officer Corporate Strategy Section Chief Managing Officer of Corporate Strategy Headquarters		
3	Takaaki Ishii	Re-appointment	Executive Vice President, Chief Operating Officer and Representative Director Business Solutions Section		
4	Susumu Akita	Re-appointment	Executive Vice President, Chief Operating Officer and Representative Director Japan Business Section Chief Managing Officer of Japan Business Headquarters and Network Transport Business Promotion Headquarters In charge of Japan Business Administration Division		
5	Satoshi Horikiri	New Candidate	Executive Vice President and Chief Operating Officer Corporate Solutions Section Chief Managing Officer of Corporate Support Headquarters and CSR Headquarters		
6	Takashi Masuda	Re-appointment	Director and Executive Officer In charge of Corporate Planning Division and Financial Planning Division		
7	Masahiro Sugiyama	Re-appointment	Outside	Independent	Outside Director
8	Shigeo Nakayama	Re-appointment	Outside	Independent	Outside Director
9	Sadako Yasuoka	Re-appointment	Outside	Independent	Outside Director

New Candidate: New candidate for Director  
Director


Outside: Candidate for Outside Director

Reappointment: Candidate for reappointment as

Independent: Candidate for independent officer


Candidate Number	Name (Date of Birth)	Profile and Position and Responsibilities at the Company	Number of Company's Shares Held by Candidate
1	 <p data-bbox="384 651 616 712">Kenji Watanabe (February 3, 1950)</p> <p data-bbox="384 734 595 768">Reappointment</p> <p data-bbox="384 790 628 931">Number of years served as Director (at the closing of this Meeting): 15</p> <p data-bbox="384 954 616 1099">Attendance at Board of Directors meetings: 17/17 (100%)</p>	<p data-bbox="651 349 778 383">April 1972</p> <p data-bbox="651 383 778 416">May 2005</p> <p data-bbox="651 483 778 517">June 2005</p> <p data-bbox="651 607 778 640">May 2007</p> <p data-bbox="651 775 778 808">May 2009</p> <p data-bbox="651 875 778 909">June 2011</p> <p data-bbox="651 931 778 965">May 2017</p> <p data-bbox="667 1010 871 1043">(Duties in charge)</p> <p data-bbox="667 1055 1070 1088">Chairman of the Board of Directors</p> <p data-bbox="667 1099 1246 1178">(Important Position of Other Organizations Concurrently Assumed)</p> <p data-bbox="667 1200 730 1234">None</p>	28,103
<p data-bbox="384 1261 687 1294">[Reasons for the selection]</p> <p data-bbox="384 1305 1444 1720">Since his appointment as President, Chief Executive Officer and Representative Director of the Company in June 2011, Mr. Kenji Watanabe has been committed to driving the growth of the Nippon Express Group, developing its operational base as a truly global logistics company, in addition to strengthening its domestic business. As he has been serving as Chairman and Representative Director since May 2017, the Company believes that his solid leadership and management capabilities based on his outstanding insight are crucial for strengthening the operational base of the entire Nippon Express Group in order to realize its long-term vision of the Business Plan, and thus proposes him as candidate for Director on a continuous basis.</p>			

Candidate Number	Name (Date of Birth)	Profile and Position and Responsibilities at the Company	Number of Company's Shares Held by Candidate
2	 <p data-bbox="384 562 639 629">Mitsuru Saito (September 22, 1954)</p> <p data-bbox="384 636 639 680">Reappointment</p> <p data-bbox="384 687 639 837">Number of years served as Director (at the closing of this Meeting): 8</p> <p data-bbox="384 844 639 1016">Attendance at Board of Directors meetings: 17/17 (100%)</p>	<p data-bbox="651 271 1248 398">April 1978    Joined the Company May 2009    Executive Officer, Regional General Manager, Tohoku Region and General Manager, Sendai Branch</p> <p data-bbox="651 405 1248 439">May 2012    Managing Executive Officer</p> <p data-bbox="651 445 1248 501">June 2012    Director and Managing Executive Officer</p> <p data-bbox="651 508 1248 591">May 2014    Executive Vice President, Chief Operating Officer and Representative Director</p> <p data-bbox="651 598 1248 680">May 2017    President, Chief Executive Officer and Representative Director (Incumbent)</p> <p data-bbox="651 687 1248 1061">(Duties in charge) Chief Executive Officer Corporate Strategy Section Chief Managing Officer of Corporate Strategy Headquarters (Important Position of Other Organizations Concurrently Assumed) None</p>	17,000
<p data-bbox="384 1099 687 1133">[Reasons for the selection]</p> <p data-bbox="384 1144 1442 1599">Since his appointment as Executive Vice President, Chief Operating Officer and Representative Director in May 2014, Mr. Mitsuru Saito has implemented operational structural reforms leading to sustainable corporate growth in a prompt and precise manner as Chief Managing Officer of Administration Headquarters. As he has been serving as President and Representative Director of the Company since May 2017, the Company believes that his solid leadership and management capabilities based on his outstanding insight are crucial for implementing all strategies under the Business Plan as Chief Executive Officer in a prompt and precise manner for the Nippon Express Group to grow into a logistics company with a strong presence in the global market, and thus proposes him as candidate for Director on a continuous basis.</p>			


Candidate Number	Name (Date of Birth)	Profile and Position and Responsibilities at the Company	Number of Company's Shares Held by Candidate
3	 <p data-bbox="395 629 619 689">Takaaki Ishii (October 12, 1954)</p> <p data-bbox="416 712 598 745">Reappointment</p> <p data-bbox="384 768 630 913">Number of years served as Director (at the closing of this Meeting): 6</p> <p data-bbox="395 936 619 1081">Attendance at Board of Directors meetings: 17/17 (100%)</p>	<p data-bbox="651 271 778 304">April 1978</p> <p data-bbox="651 304 1248 427">Joined the Company June 2011 Executive Officer, Regional General Manager, North Kanto &amp; Shin-Etsu Region, and General Manager, Gunma Branch</p> <p data-bbox="651 427 831 461">December 2013</p> <p data-bbox="651 461 1043 495">Executive Officer</p> <p data-bbox="651 495 767 528">May 2014</p> <p data-bbox="651 528 1166 562">Managing Executive Officer</p> <p data-bbox="651 562 767 595">June 2014</p> <p data-bbox="651 595 1248 719">Director and Managing Executive Officer</p> <p data-bbox="651 719 767 752">May 2015</p> <p data-bbox="651 752 1248 875">Director and Senior Managing Executive Officer, Regional General Manager, Kanto Region, and General Manager, Air Freight Business Branch</p> <p data-bbox="651 875 767 909">May 2017</p> <p data-bbox="651 909 1248 1032">Executive Vice President, Chief Operating Officer and Representative Director (Incumbent)</p> <p data-bbox="667 1032 874 1066">(Duties in charge)</p> <p data-bbox="667 1066 975 1099">Business Solutions Section</p> <p data-bbox="667 1099 1248 1133">(Important Position of Other Organizations Concurrently Assumed)</p> <p data-bbox="667 1133 730 1167">None</p>	13,200
<p data-bbox="384 1167 687 1200">[Reasons for the selection]</p> <p data-bbox="384 1211 1442 1628">Since his appointment as Executive Officer of the Company in June 2011, Mr. Takaaki Ishii has contributed greatly to management of the Company with executive responsibility for operations in broad areas primarily in the Kanto Region. As he has been serving as Executive Vice President, Chief Operating Officer and Representative Director since May 2017, the Company believes that his leadership and management capabilities based on his profound experience and knowledge are crucial for further strengthening its approaches based on both customer and business and developing its global logistics business while ensuring its solid competitiveness, and thus proposes him as candidate for Director on a continuous basis.</p>			


Candidate Number	Name (Date of Birth)	Profile and Position and Responsibilities at the Company	Number of Company's Shares Held by Candidate
4	 <p data-bbox="391 616 630 683">Susumu Akita (September 7, 1959)</p> <p data-bbox="391 705 630 739">Reappointment</p> <p data-bbox="391 761 630 896">Number of years served as Director (at the closing of this Meeting): 4</p> <p data-bbox="391 929 630 1064">Attendance at Board of Directors meetings: 17/17 (100%)</p>	<p data-bbox="651 268 1244 392">April 1982    Joined the Company May 2014    Executive Officer, Regional General Manager, Tohoku Region, and General Manager, Sendai Branch</p> <p data-bbox="651 403 1244 436">May 2016    Executive Officer</p> <p data-bbox="651 436 1244 470">June 2016    Director and Executive Officer</p> <p data-bbox="651 470 1244 526">May 2017    Director and Managing Executive Officer</p> <p data-bbox="651 537 1244 660">April 2019    Executive Vice President, Chief Operating Officer and Representative Director (Incumbent)</p> <p data-bbox="651 672 1244 705">(Duties in charge)</p> <p data-bbox="651 716 1244 750">Japan Business Section</p> <p data-bbox="651 761 1244 884">Chief Managing Officer of Japan Business Headquarters and Network Transport Business Promotion Headquarters</p> <p data-bbox="651 907 1244 985">In charge of Japan Business Administration Division</p> <p data-bbox="651 1008 1244 1086">(Important Position of Other Organizations Concurrently Assumed)</p> <p data-bbox="651 1097 1244 1131">None</p>	5,000
<p data-bbox="383 1164 686 1198">[Reasons for the selection]</p> <p data-bbox="383 1209 1436 1568">Since his appointment as Executive Officer of the Company in May 2014, Mr. Susumu Akita has contributed to the development of businesses in the Tohoku Region and has made great achievements as a company-wide manager of important sections such as general affairs, human resources and business administration sections. As he has been serving as Executive Vice President since April, 2019, the Company believes that his leadership and management capabilities based on his excellent insight are crucial for controlling its overall businesses in Japan, improving profitability and productivity, and advancing its strategy to enhance businesses, and thus proposes him as candidate for Director on a continuous basis.</p>			




Candidate Number	Name (Date of Birth)	Profile and Position and Responsibilities at the Company	Number of Company's Shares Held by Candidate
5	 <p data-bbox="395 566 622 622">Satoshi Horikiri (October 25, 1960)</p> <p data-bbox="421 678 596 707">New candidate</p>	<p data-bbox="651 271 778 300">April 1983</p> <p data-bbox="651 304 778 333">May 2015</p> <p data-bbox="651 432 778 461">May 2017</p> <p data-bbox="651 465 778 495">June 2017</p> <p data-bbox="651 499 778 528">May 2018</p> <p data-bbox="651 566 778 595">April 2019</p> <p data-bbox="651 633 778 663">June 2019</p> <p data-bbox="651 667 778 696">April 2020</p> <p data-bbox="667 734 874 763">(Duties in charge)</p> <p data-bbox="667 786 986 815">Corporate Solutions Section</p> <p data-bbox="667 837 1193 866">Chief Managing Officer of Corporate Support</p> <p data-bbox="667 889 1082 918">Headquarters and CSR Headquarters</p> <p data-bbox="667 936 1251 965">(Important Position of Other Organizations</p> <p data-bbox="667 981 938 1010">Concurrently Assumed)</p> <p data-bbox="667 1025 730 1055">None</p>	4,300
<p data-bbox="379 1122 687 1151">[Reasons for the selection]</p> <p data-bbox="379 1173 1449 1583">Since his appointment as Executive Officer of the Company in May 2015, Mr. Satoshi Horikiri has contributed to the development of businesses in the North Kanto &amp; Shin-Etsu Region and has made great achievements as a manager of important sections such as corporate planning and international business sections. As he has been serving as Executive Vice President and Chief Operating Officer since April 2020, the Company believes that his management capabilities and his extensive experience and knowledge in global terms are crucial for developing a solid operational base to support its business growth strategy in the midst of an increasingly uncertain business environment, and thus proposes him as candidate for Director on this occasion.</p>			

Candidate Number	Name (Date of Birth)	Profile and Position and Responsibilities at the Company	Number of Company's Shares Held by Candidate
6		<p>April 1984    Joined the Company</p> <p>May 2007    Managing Director, NIPPON EXPRESS CAPITAL CO., LTD.</p> <p>July 2009    Group General Manager, 3PL Division</p> <p>April 2010    Group General Manager, Global Logistics Solutions Division</p> <p>May 2013    General Manager, Finance &amp; Accounting Division</p>	3,100
	<p>Takashi Masuda (August 30, 1960)</p> <p>Reappointment</p> <p>Number of years served as Director (at the closing of this Meeting): 2</p> <p>Attendance at Board of Directors meetings: 17/17 (100%)</p>	<p>May 2015    Director and Executive Officer, NITTSU SHOJI CO., LTD.</p> <p>May 2017    Director and Managing Executive Officer, NITTSU SHOJI CO., LTD.</p> <p>May 2018    Executive Officer</p> <p>June 2018    Director and Executive Officer (Incumbent)</p> <p>(Duties in charge)</p> <p>In charge of Corporate Planning Division and Financial Planning Division</p> <p>(Important Position of Other Organizations Concurrently Assumed)</p> <p>None</p>	
<p>[Reasons for the selection]</p> <p>Since his appointment as Executive Officer of the Company in charge of finance in May 2018, Mr. Takashi Masuda has promoted measures to reinforce its financial base and streamline company-wide accounting operations. The Company believes that his management capabilities based on his diversified experience and profound knowledge in finance and other areas are crucial for strengthening its operational base through highly strategic investments and realizing capital policies in ESG-oriented business management, and thus proposes him as candidate for Director on a continuous basis.</p>			

Candidate Number	Name (Date of Birth)	Profile and Position and Responsibilities at the Company	Number of Company's Shares Held by Candidate
7	 Masahiro Sugiyama (February 25, 1941)  Reappointment  Outside Director  Independent Officer  Number of years served as Director (at the closing of this Meeting): 6  Attendance at Board of Directors meetings: 17/17 (100%)	April 1971    Research Assistant, Waseda University School of Commerce April 1974    Lecturer, Waseda University School of Commerce April 1976    Associate Professor, Waseda University School of Commerce April 1977    Guest Researcher, Faculty of Law and Economics, University of Bonn, Germany April 1981    Professor, Waseda University School of Commerce and Graduate School of Commerce (From 2004, Professor, Waseda University Faculty of Commerce, due to the organization's name change) May 2011    Emeritus Professor, Waseda University (Incumbent) June 2014    Director, the Company (Incumbent) (Important Position of Other Organizations Concurrently Assumed)  Vice Chairman, Japan Automobile Federation  Director and Auditor, Japan Automobile Manufacturers Association	300
<p>[Reasons for the selection]</p> <p>Mr. Masahiro Sugiyama has many years of experience in research in the area of transport and freight as a university professor, and therefore the Company elects Mr. Sugiyama as Outside Director on a continuous basis in the judgment that he will be able to utilize his abundant experience and wide range of insight in the management of the Company. Mr. Sugiyama has no direct experience in managing a company other than serving as an outside Director, however, based on the above reason, the Company believes he will be able to carry out his duties as Outside Director appropriately.</p>			

Candidate Number	Name (Date of Birth)	Profile and Position and Responsibilities at the Company	Number of Company's Shares Held by Candidate
8	 <p style="text-align: center;">Shigeo Nakayama (April 3, 1952)</p> <p style="text-align: center;">Reappointment Outside Director Independent Officer</p> <p style="text-align: center;">Number of years served as Director (at the closing of this Meeting): 6</p> <p style="text-align: center;">Attendance at Board of Directors meetings: 17/17 (100%)</p>	<p>April 1978    Certified as an attorney (Daiichi Tokyo Bar Association)                   Joined Law Firm of Naritomi Yasunobu</p> <p>April 1987    Founded Law Firm of Nakayama Shigeo                   (In April 2005, name changed to Law Firm of Nakayama &amp; Otokozawa)                   (Incumbent)</p> <p>June 2014    Director, the Company (Incumbent)                   (Important Position of Other Organizations                   Concurrently Assumed)</p> <p>                  Outside Corporate Auditor, Shizuoka Daiichi                   Television Corporation</p>	300
<p>[Reasons for the selection]</p> <p>Mr. Shigeo Nakayama has expert knowledge in Labor Law and the Labor Relations Act as an attorney, and therefore the Company elects Mr. Nakayama as Outside Director on a continuous basis in the judgment that he will be able to utilize his legal knowledge which he has cultivated over many years and his abundant experience in the management of the Company. Mr. Nakayama has no direct experience in managing a company other than</p>			

Candidate Number	Name (Date of Birth)	Profile and Position and Responsibilities at the Company	Number of Company's Shares Held by Candidate
9	 Sadako Yasuoka (December 2, 1960)  Reappointment  Outside Director  Independent Officer  Number of years served as Director (at the closing of this Meeting): 5  Attendance at Board of Directors meetings: 17/17 (100%)	January 2005 Lecturer, Muryozan Denzuin Rongo School for Kids (In April 2013, name changed to Muryozan Denzuin Terakoya Rongo School) (Incumbent)  August 2007 Teacher of Japanese, Seigakuin Junior & Senior High School  October 2008 Representative, Ginza · Terakoya Rongo School for Kids (In April 2019, name changed to Ginza · Rongo School for Adults) (Incumbent)  April 2009 Teacher of the Analects of Confucius (Rongo), Shukutoku SC Junior & Senior High School (Incumbent)  November 2013 Representative, Sadako Yasuoka Office (Incumbent)  June 2015 Director, the Company (Incumbent) (Important Position of Other Organizations Concurrently Assumed)  None	300
[Reasons for the selection]  Ms. Sadako Yasuoka has been engaged in educational activities for a broad range of generations including research of the Analects of Confucius (Rongo), and therefore the Company elects Ms. Yasuoka on a continuous basis as Outside Director in the judgment that she will be able to utilize her profound culture and extensive experience in the management of the Company. Ms. Yasuoka has no direct experience in managing a company other than serving as an outside Director, however, based on the above reason, the Company believes she will be able to carry out her duties as Outside Director appropriately.			


- (Notes)
1. There is no special interest between the Company and each of the candidates.
  2. The Company has provided notice to the Tokyo Stock Exchange of Messrs. Masahiro Sugiyama, Shigeo Nakayama and Ms. Sadako Yasuoka being independent officers.
  3. Agreement to limit Outside Director's liability  
 In accordance with the Articles of Incorporation, the Company has entered into agreements with Messrs. Masahiro Sugiyama, Shigeo Nakayama and Ms. Sadako Yasuoka which limit Outside Director's liabilities when applicable under the requirements of laws and regulations. The limit of liability under the agreement shall be an amount provided for in the laws and regulations. When the election of Messrs. Masahiro Sugiyama, Shigeo Nakayama and Ms. Sadako Yasuoka is approved and resolved in this proposal, the Company will continue the agreement with them.


**Proposal 3: Election of Three (3) Audit & Supervisory Board Members**


The terms of office of Audit & Supervisory Board Members Messrs. Toshiaki Nojiri and Yoshio Aoki will expire at the closing of this Ordinary General Meeting of Shareholders. Mr. Tatsuya Suzuki resigned from the position of Audit & Supervisory Board Member as of March 31, 2020. Accordingly, it is proposed to elect three (3) Audit & Supervisory Board Member.

The submission of this proposal to this Ordinary General Meeting of Shareholders has obtained the prior consent of Audit & Supervisory Board.

The candidates for Audit & Supervisory Board Members are listed below.

Candidate Number	Name (Date of Birth)	Profile and Position at the Company	Number of Company's Shares Held by Candidate
1	 Shigeki Arima (January 15, 1962)  New candidate	April 1984    Joined the Company May 2008    General Manager, Shunan Branch June 2011    General Manager, Hiroshima Branch May 2013    General Manager, Shimonoseki Branch May 2015    General Manager, Group Management Division May 2017    General Manager, Corporate Planning Division, and General Manager, Group Management Division May 2018    Executive Officer, Regional General Manager, Chugoku and Shikoku Region, and General Manager, Hiroshima Branch April 2020   Assistant to President (Incumbent) (Important Position of Other Organizations Concurrently Assumed) None	1,802
[Reasons for the selection] After serving as General Manager of the Group Management Division and the Corporate Planning Division, Mr. Shigeki Arima was appointed as Executive Officer in May 2018, and has been committed to driving businesses in the Chugoku and Shikoku area as a manager in charge of that area. The Company believes that his capabilities in business administration based on his profound experience and knowledge are crucial for the establishment of corporate governance and the sound and proper business administration of the Company, and thus proposes him as candidate for Audit & Supervisory Board Member on this occasion.			

Candidate Number	Name (Date of Birth)	Profile and Position at the Company	Number of Company's Shares Held by Candidate
2	 <p>Toshiaki Nojiri (June 15, 1950)</p> <p>Reappointment</p> <p>Outside Audit &amp; Supervisory Board Member</p> <p>Independent Officer</p> <p>Number of years served as Audit &amp; Supervisory Board Member (at the closing of this Meeting): 4</p> <p>Attendance at Board of Directors meetings: 8/8 (100%)</p>	<p>April 1979    Joined Nittsu Research Institute and Consulting, Inc.</p> <p>April 1989    Assistant Professor, Faculty of Sociology, Ryutsu Keizai University</p> <p>April 1994    Professor, Faculty of Sociology, Ryutsu Keizai University</p> <p>April 1996    Professor, Faculty of Distribution and Logistics Systems, Ryutsu Keizai University</p> <p>April 2001    Professor, Faculty of Law, Ryutsu Keizai University (Incumbent)</p> <p>April 2001    Head of Registrar's Office, Ryutsu Keizai University</p> <p>November 2002    President, Ryutsu Keizai University</p> <p>November 2008    Retired from President, Ryutsu Keizai University</p> <p>June 2013    Senior Managing Director, Nittsu Gakuen Educational Corporation</p> <p>April 2015    President, Ryutsu Keizai University (Incumbent)</p> <p>June 2016    Director, Nittsu Gakuen Educational Corporation (Incumbent)</p> <p>June 2016    Audit &amp; Supervisory Board Member, the Company (Incumbent)</p> <p>(Important Position of Other Organizations Concurrently Assumed)</p> <p>Director, Nittsu Gakuen Educational Corporation</p> <p>President, Ryutsu Keizai University</p>	300
<p>[Reasons for the selection]</p> <p>Mr. Toshiaki Nojiri is a person of integrity and insight who has specialized in the study of Antimonopoly Law and transportation business policy, and he has held many public offices as a person with relevant knowledge and experience at government offices and business organizations. Therefore, he was appointed as the Company's Outside Audit &amp; Supervisory Board Member in June 2016 as a person suitable for the position of monitoring management across all aspects of corporate business operations. The Company believes that his abundant experience and insight are crucial for continuing sound and proper business administration of the Company, and thus proposes him as candidate for Outside Audit &amp; Supervisory Board Member on a continuous basis. Mr. Nojiri has no direct experience in managing a company other than serving as an outside Audit &amp; Supervisory Board Member, however, based on the above reason, the Company believes he will be able to carry out his duties as Outside Audit &amp; Supervisory Board Member appropriately.</p>			

Candidate Number	Name (Date of Birth)	Profile and Position at the Company	Number of Company's Shares Held by Candidate
3	 <p>Yoshio Aoki (October 23, 1950)</p> <p>Reappointment</p> <p>Outside Audit &amp; Supervisory Board Member</p> <p>Independent Officer</p> <p>Number of years served as Audit &amp; Supervisory Board Member (at the closing of this Meeting): 4</p> <p>Attendance at Board of Directors meetings: 8/8 (100%)</p>	<p>November 1974 Joined Peat Marwick Mitchell &amp; Company</p> <p>November 1976 Joined Tohmatsu Awoki &amp; Co. (current Deloitte Touche Tohmatsu LLC)</p> <p>March 1978 Registered as Certified Public Accountant</p> <p>July 1988 Partner, Tohmatsu Awoki &amp; Sanwa (current Deloitte Touche Tohmatsu LLC)</p> <p>July 1995 Representative Partner, Tohmatsu &amp; Co. (current Deloitte Touche Tohmatsu LLC)</p> <p>October 2010 Head, Management Audit Office, Deloitte Touche Tohmatsu LLC</p> <p>December 2015 Director, Certified Public Accountant, Yoshio Aoki &amp; Co.</p> <p>June 2016 Audit &amp; Supervisory Board Member, the Company (Incumbent)</p> <p>(Important Position of Other Organizations Concurrently Assumed)</p> <p>Outside Corporate Auditor, NIPPON DENKO CO., LTD.</p> <p>Outside Corporate Auditor, Polyplastics Co., Ltd. (scheduled to retire on June 29, 2020)</p>	0
<p>[Reasons for the selection]</p> <p>Mr. Yoshio Aoki is a person of integrity and insight with abundant experiences as a certified public accountant and expertise in finance and accounting. Therefore, he was appointed as the Company's Outside Audit &amp; Supervisory Board Member in June 2016 as a person suitable for the position of monitoring management across all aspects of corporate business operations. The Company believes that his abundant experience and insight are crucial for continuing sound and proper business administration of the Company, and thus proposes him as candidate for Outside Audit &amp; Supervisory Board Member on a continuous basis. Mr. Aoki has no direct experience in managing a company other than serving as an outside Audit &amp; Supervisory Board Member, however, based on the above reason, the Company believes he will be able to carry out his duties as Outside Audit &amp; Supervisory Board Member appropriately.</p>			

- (Notes)
- There is no special interest between the Company and each of the candidates.
  - The Company has provided notice to the Tokyo Stock Exchange of Messrs. Toshiaki Nojiri and Yoshio Aoki being independent officers.
  - Agreement to limit Outside Audit & Supervisory Board Member's liability  
In accordance with the Articles of Incorporation, the Company has entered into agreements with Messrs. Toshiaki Nojiri and Yoshio Aoki which limit Outside Audit & Supervisory Board Member's liabilities when applicable under the requirements of laws



and regulations. The limit of liability under the agreement shall be an amount provided for in the laws and regulations. When the election of Messrs. Toshiaki Nojiri and Yoshio Aoki is approved and resolved in this proposal, the Company will continue the agreement with them.

## Reference

If this proposal is approved and resolved, the structure of the Audit & Supervisory Board will be as follows:

Candidate Number	Name				Position at the Company
—	Naoya Hayashida	Incumbent			Full-time Audit & Supervisory Board Member
1	Shigeki Arima	New Candidate			Full-time Audit & Supervisory Board Member
—	Tadashi Kanki	Incumbent	Outside	Independent	Audit & Supervisory Board Member
2	Toshiaki Nojiri	Re-appointment	Outside	Independent	Audit & Supervisory Board Member
3	Yoshio Aoki	Re-appointment	Outside	Independent	Audit & Supervisory Board Member

### Independence Criteria for Independent Outside Officers

Taking into consideration the requirement for outside directors stipulated in the Companies Act and the criteria set by securities exchanges, the Company has established its own criteria; and it appoints Outside Directors and Outside Audit & Supervisory Board Members in accordance with these criteria.

When candidates for Outside Director and Outside Audit & Supervisory Board Member do not fall under any of the following items, the Company considers that they have the appropriate independence.

1. An individual who is an executive\* of the Company or a Group company or was an executive of the Company or a Group company within the ten-year period prior to his/her appointment;
2. A shareholder and its executive who own 10% or more of the total voting rights of the Company's shares;
3. An executive of a business partner whose transaction with the Group exceeds 2% of the Company's consolidated revenues;
4. An individual who has received more than 10 million yen per business year from the Company as remuneration as a consultant, a lawyer or a certified public accountant;
5. An individual who belongs to the audit firm which is the Company's Accounting Auditor; or
6. An individual who belongs to one of the groups, etc. which received an average of 10 million yen or more of donations during the last three business years from the Company and a Group company.

\* An "executive" signifies an executive director, an executive officer or other employees.

**Proposal 4: Presentation of Bonuses to Directors**

Taking into account the amounts provided as bonuses in the past and the results of operation for the business year under review, it is proposed that a total amount of 64,000,000 yen for bonuses be paid to a total of six (6) Directors excluding three (3) Outside Directors as a group.

End

(Appendix)

Business Report (From April 1, 2019 to March 31, 2020)

## 1. Status of the Corporate Group

### (1) Business Status for the Fiscal Year

#### 1) Business Development and Results

During the consolidated fiscal year ended March 31, 2020 (FY2019), the Japanese economy was affected by the global economy such as the slowdown in the Chinese and European economies, as well as the impact of the consumption tax increase on personal consumption and the escalation in the spread of the novel coronavirus disease (COVID-19) in the fourth quarter, and future prospects remained uncertain.

Under these economic conditions, the logistics industry experienced a decline in demand for international freight forwarding due to slowing global trade and manufacturing, which weakened cargo movement, especially for automobile and steel-related cargo. In terms of domestic freight, although there were signs of growth in transportation demand related to labor savings/efficiency investments and rush demand prior to the consumption tax increase, overall cargo movements remained sluggish.

Given this business environment, the Nippon Express Group engaged in measures to achieve our Business Growth Strategy and Efforts to Implement our Long-term Vision as our first step toward reforms for achieving our long-term vision in this first year of our five-year *Nippon Express Business Plan 2023~“Dynamic Growth”*~.

#### Business Growth Strategy

We have strengthened initiatives in our five priority industries, including the launch of a pharmaceuticals/medical business and coordinated group sales proposals for the semiconductor industry to address Customers (Industries) within our growth strategy for core businesses. At the same time, we have boosted our efforts to approach non-Japanese companies. In terms of Businesses, we have expanded our forwarding volume of ocean and air cargo, while strengthening initiatives in logistics conducted from our warehouses. Logistics experienced strong performance, mainly through customer base growth and warehouse and distribution for a variety of industries and businesses. On the other hand, freight forwarding demand was weak in light of global economic stalling (mainly due to the Chinese economy), a decline in automobile sales, and trade sluggishness due to rising protectionism, which resulted in sluggish volume. To support our Area policy, we formed an equity relationship with Future Supply Chain Solutions Limited, the largest consumer distribution company in India as part of our expanded investment in the fast-growing Indian market. We have worked to expand our reach in emerging economies. We opened new locations in Africa (Morocco) and Kazakhstan (Central Asia) and we completed construction for new warehouses throughout Southeast Asia.

To support our efforts related to strategy to enhance domestic businesses in Japan, we consolidated our branches in Japan in October 2019 through a major reorganization, streamlining from 188 branches to 114. Our objective here is to generate greater profitability in the Nippon Express Group core Japan Logistics business and solve issues related to labor shortages.

#### Efforts to Implement Our Long-Term Vision

Under innovation in IT strategy related to reinforcing functions to support challenges, we accelerated our progress to strengthen group governance through improved IT security, while accelerating efforts to adopt and promote RPA for greater sales office productivity. In terms of innovation in R&D, we have conducted a variety of proof of concept experiments coordinating with customers and external organizations to put leading-edge logistics technologies into practical use. In addition, we have advanced the adoption of these technologies in warehouse floors.

Next, we addressed ESG-oriented business management to realize sustainable development and improve corporate value. In terms of environment (E), we focused on CO<sub>2</sub> emissions

reductions, engaging in modal shifts, expansion of integrated transport products, and other initiatives toward expanding the use of central European railways. In terms of Social (S), we have aimed to transform the company that makes employees feel satisfied and fulfilled. Here, we have worked to create an organization in which diverse human resources can contribute actively. At the same time, we have taken the lead to adopt a new employee system that rewards equal work with equal pay and strive to eradicate over-long work hours. Under Governance (G), which is key to improving corporate value, we have worked to improve investor relations presentations and information communications, while also implementing projects that include the launch of a research project into a group management structure.

As a result of the above, our consolidated business results for the 114th term were as follows: Revenues of ¥2,080.3 billion (down 2.7% year-on-year), operating income of ¥59.2 billion (down 25.6% year-on-year), ordinary income of ¥57.4 billion (down 33.1% year-on-year), and profit attributable to owners of parent of ¥17.4 billion (down 64.7% year-on-year).

Business results by main segment are summarized below.

Logistics		
	Billions of yen	Year-on-year change
Revenues	1,626.1	Down 3.5%
Operating income	53.5	Down 22.6%

Revenues for Logistics for the entire Group were ¥1,626.1 billion (down 3.5% year-on-year), and operating income was ¥53.5 billion (down 22.6% year-on-year). The breakdown for each area is as follows.

Japan		
	Billions of yen	Year-on-year change
Revenues	1,213.5	Down 3.4%
Operating income	42.8	Down 23.4%

In the railway segment, revenues grew from the previous year as a result of aggressive promotion of modal shift in the long-distance transportation of automobile-related parts and route freight against the backdrop of truck driver shortages and environmental issues. In addition, the Company revised notified fees and promoted efforts to collect appropriate rates and fees.

In the motor transportation segment, the Company worked to provide higher-quality transportation services by promoting efforts to collect appropriate rates and fees and by improving operational efficiency.

In the warehousing segment, the Company worked to increase productivity through automation and labor saving in warehouses by using cargo-handling robots such as automated forklifts. The Company also worked to acquire new customers by responding to the expansion of sales through new investments and to the expanding demand for logistics warehousing including in the ever-growing e-commerce market.

In the moving & relocation segment, the Company revised moving rates and promoted efforts to collect appropriate rates and fees, and introduced regular holidays to domestic moving operations to improve operational efficiency. In relocation, the Company worked to acquire business for large-scale relocations of office buildings, hospitals, and other facilities.

In the air freight segment, the Company worked to strengthen the logistics business, in addition to the core forwarding business, in international air freight. However, cargo movements declined significantly year on year due to a reactionary drop from the increase in automotive-, construction equipment-, and agricultural machinery-related shipments in the previous fiscal year, as well as changes in the market caused by U.S-China trade friction and the impact of COVID-19.

Meanwhile, in domestic air freight, the Company promoted efforts to collect appropriate rates and fees, and worked to increase sales of logistics-related services and specified letter delivery services to acquire new customers.

In the marine transportation segment, although overseas shipping experienced a decline in automotive-, construction equipment-, and agricultural machinery-related exports, which had been strong, electronic components- and apparel-related imports grew. In the coastal shipping business, the Company worked to improve loading rates through more efficient operations, and also worked to develop transportation services that will serve as BCP measures in emergencies such as natural disasters in an effort to meet new logistics needs.

As a result, although revenues from the railroad and warehousing segments increased, both revenues and operating income for Japan (Logistics) decreased year on year due to decreases mainly in motor transportation transactions and air freight export transactions.

The Americas		
	Billions of yen	Year-on-year change
Revenues	91.0	Down 7.7%
Operating income	2.7	Down 34.5%

In addition to declined cargo movements in air-freight imports and exports, mainly in automotive-related freight, there was a decline in production logistics, particularly in the Midwestern and Eastern parts of the U.S., and a decline in freight volume in warehousing due to sluggish customer sales. As a result, both revenues and operating income decreased year on year.

Europe		
	Billions of yen	Year-on-year change
Revenues	119.3	Up 3.9%
Operating income	1.7	Down 21.7%

Warehousing and distribution increased, mainly for Franco Vago and Traconf in Italy, and motor transportation transactions were also robust. As a result, revenues increased year on year, while operating income decreased year on year due to a decline in air freight export transactions and increased personnel expenses.

East Asia		
	Billions of yen	Year-on-year change
Revenues	112.0	Down 8.7%
Operating income	2.9	Down 0.5%

In China, although domestic delivery of products including machine tools and optical products remained strong and the Company made efforts to control air forwarding costs by improving the efficiency of mixed loading, air freight export transactions declined due partly to the impact of U.S.-China trade friction. As a result, both revenues and operating income

decreased year on year.

### South Asia & Oceania

	Billions of yen	Year-on-year change
Revenues	90.1	Down 1.9%
Operating income	3.1	Down 15.0%

Although warehousing and distribution, as well as imports and exports in marine transportation, remained strong in the Philippines and other countries, both revenues and operating income decreased year on year due to a decrease in air freight export transactions and a reactionary drop in spot transportation from the previous year.

### Security Transportation

	Billions of yen	Year-on-year change
Revenues	72.5	Down 0.1%
Operating loss	1.0	

Although the Company worked to expand cash logistics and online deposit machine (CSD services) transactions, revenues decreased due to the consolidation of branches of financial institutions. Meanwhile, personnel expenses increased from the accelerated introduction of the same labor, same wage policy. As a result, revenues for Security Transportation were ¥72.5 billion (down 0.1% year-on-year), and operating loss was ¥1.0 billion, down ¥2.3 billion from the previous fiscal year.

### Heavy Haulage & Construction

	Billions of yen	Year-on-year change
Revenues	52.3	Up 9.6%
Operating income	6.1	Up 37.0%

Despite a decrease in large overseas construction projects, there were increases in plant maintenance work and installation work at large-scale wind farms in Japan. As a result, revenues for Heavy Haulage & Construction were ¥52.3 billion (up 9.6% year-on-year), and operating income was ¥6.1 billion (up 37.0% year-on-year)

### Logistics Support

	Billions of yen	Year-on-year change
Revenues	471.2	Down 2.6%
Operating income	12.3	Down 3.3%

There was a decline in the sales of distribution equipment, and the unit selling prices of oil and LP gas also declined, while export packing services transactions decreased due to the U.S.-China trade friction. As a result, revenues for Logistics Support were ¥471.2 billion (down 2.6% year-on-year), and operating income was ¥12.3 billion (down 3.3% year-on-year).

## 2) Capital Investment

Total capital investment for the fiscal year under review was ¥102,948 million, mainly comprising ¥15,826 million in vehicles, ¥39,151 million in buildings including distribution hubs and commercial warehouses that are geared for reform in the logistics structure, and ¥13,365 million in leased assets (including those leased among consolidated subsidiaries).

## 3) Funding

The Group raised ¥20.0 billion on September 30, 2019 (for four years) through bank loans to redeem bonds and to enhance capital relating to its leasing business.



## (2) Assets, Profit and Loss

(Millions of yen, unless otherwise stated)

Category	111th Term FY2016	112th Term FY2017	113th Term FY2018	114th Term FY2019
Revenues	1,864,301	1,995,317	2,138,501	2,080,352
Operating income	57,431	70,269	79,598	59,224
Ordinary income	63,806	74,395	85,802	57,434
Profit attributable to owners of parent	36,454	6,534	49,330	17,409
Basic earnings per share (Yen)	371.32	68.06	515.13	185.06
Total assets	1,521,800	1,517,060	1,536,677	1,518,037
Net assets	552,985	547,494	560,444	556,506
Net assets per share (Yen)	5,586.52	5,519.09	5,749.60	5,805.12

- Notes: 1. The number of shares used to calculate basic earnings per share is the average number of shares during the period less the average number of treasury stock during the period.
2. The number of shares used to calculate net assets per share is the total number of issued shares at the end of the period less the total number of treasury stock at end of the period.
3. The Company consolidated 10 shares of its common stock into 1 share, effective October 1, 2017. Accordingly, basic earnings per share and net assets per share were calculated assuming that the said share consolidation was implemented at the beginning of the 111th term.
4. The Company adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) from the beginning of the 113th term. This accounting standard has been applied retrospectively to total assets for the 112th term.

## (3) Significant Subsidiaries (As of March 31, 2020)

## 1) Significant Subsidiaries

Company name	Paid-in capital or investment	Voting right ratio	Main businesses
NITTSU SHOJI CO., LTD.	JPY 4,000 million	100.0%	Logistics Support
NITTSU REAL ESTATE CO., LTD.	JPY 240 million	100.0%	Logistics Support
NIPPON EXPRESS CAPITAL CO., LTD.	JPY 2,000 million	100.0%	Logistics Support
CAREERROAD CO., LTD.	JPY 100 million	100.0%	Logistics Support
NITTSU TRANSPORT CO., LTD.	JPY 410 million	100.0%	Logistics (Japan)
NITTSU NP LOGISTICS CO., LTD.	JPY 1,800 million	66.7%	Logistics (Japan)
NITTSU NEC LOGISTICS, LTD.	JPY 380 million	70.0%	Logistics (Japan)
WANBISHI ARCHIVES CO., LTD.	JPY 4,000 million	100.0%	Logistics (Japan)
NIPPON EXPRESS U.S.A., INC.	USD 6,000 thousand	100.0%	Logistics (The Americas)
NIPPON EXPRESS EUROPE GMBH	EUR 17,898 thousand	100.0%	Logistics (Europe)
NIPPON EXPRESS (DEUTSCHLAND) GMBH	EUR 3,508 thousand	100.0%	Logistics (Europe)
NIPPON EXPRESS (U.K.) LTD.	GBP 2,850 thousand	100.0%	Logistics (Europe)
NIPPON EXPRESS (NEDERLAND) B.V.	EUR 5,448 thousand	100.0%	Logistics (Europe)
NIPPON EXPRESS (BELGIUM) N.V./S.A.	EUR 2,625 thousand	100.0%	Logistics (Europe)
NIPPON EXPRESS FRANCE, S.A.S.	EUR 1,216 thousand	100.0%	Logistics (Europe)
Franco Vago, S.p.A.	EUR 980 thousand	100.0%	Logistics (Europe)
Traconf S.r.l.	EUR 1800 thousand	100.0%	Logistics (Europe)
NIPPON EXPRESS (H.K.) CO., LTD.	HKD 88,000 thousand	100.0%	Logistics (East Asia)
NIPPON EXPRESS (CHINA) CO., LTD.	RMB 127,500 thousand	100.0%	Logistics (East Asia)
NIPPON EXPRESS (TAIWAN) CO., LTD.	NTD 150,000 thousand	100.0%	Logistics (East Asia)
APC Asia Pacific Cargo (H.K.) LTD.	HKD 1,100 thousand	100.0%	Logistics (East Asia)
NIPPON EXPRESS (SOUTH ASIA & OCEANIA) PTE. LTD.	SGD 509,174 thousand	100.0%	Logistics (South Asia & Oceania)
NIPPON EXPRESS (SINGAPORE) PTE. LTD.	SGD 300 thousand	100.0%	Logistics (South Asia & Oceania)
NIPPON EXPRESS (THAILAND) CO., LTD.	THB 20,000 thousand	100.0%	Logistics (South Asia & Oceania)
PT NEX LOGISTICS INDONESIA	IDR 809,424,000 thousand	100.0%	Logistics (South Asia & Oceania)
NIPPON SHIPPING CO., LTD.	JPY 1,000 million	100.0%	Logistics (Japan)

Company name	Paid-in capital or investment	Voting right ratio	Main businesses
Hokuoh Transportation Inc.	JPY 45 million	80.0%	Logistics (Japan)
Kita-Nihon Kaiun Co., Ltd.	JPY 40 million	99.5%	Logistics (Japan)
Shiogama Koun Co., Ltd.	JPY 120 million	97.4%	Logistics (Japan)
Osaka Warehouse Co., Ltd.	JPY 240 million	79.4%	Logistics (Japan)
Bingo Express Co., Ltd.	JPY 50 million	100.0%	Logistics (Japan)
Sakaiminato Kairiku Unso Co., Ltd.	JPY 28 million	100.0%	Logistics (Japan)
Tokushima Express Co., Ltd.	JPY 50 million	100.0%	Logistics (Japan)

- Notes: 1. The voting right ratio includes indirect holdings.  
2. Please refer to “(5) Main Businesses” on page 28 for details of main operations of each business.  
3. For overseas subsidiaries, the status as of December 31, 2019 is stated.  
4. As of January 1, 2020, Franco Vago, S.p.A. and Traconf S.r.l. merged with NIPPON EXPRESS (ITALIA) S.r.l., which changed its name to NIPPON EXPRESS (ITALIA) S.p.A.

## 2) Significant Affiliates

Company name	Paid-in capital or investment	Voting right ratio	Main businesses
Meitetsu Transport Co., Ltd.	JPY 2,065 million	20.1%	Logistics (Japan)
Future Supply Chain Solutions Limited	INR 400,879 thousand	22.0%	Logistics (South Asia & Oceania)

Note: For the paid-in capital of Future Supply Chain Solutions Limited, the status as of September 30, 2019 is stated.

## (4) Issues to Be Addressed

The entire Nippon Express Group has been making united efforts to implement measures for Business Growth Strategy and Efforts to Implement our Long-term Vision, in order to achieve the targets based on its five-year business plan, *Nippon Express Business Plan 2023~“Dynamic Growth”*~, which started April 1, 2019.

### Business Growth Strategy

- We are advancing our “growth strategy for core businesses” with an approach on three axes: Customers (Industries), Businesses, and Areas. On the axis of Customers (Industries), we will strive to accelerate initiatives in five priority industries (electric and electronics industry, automotive industry, apparel industry, pharmaceutical/medical industry, and semiconductor industry), and build a digital platform centered mainly on pharmaceutical distribution. On the axis of Businesses, we will work to expand our forwarding volumes of ocean and air cargo, and we will also work actively to grow the modal shift by using our network goods. On the axis of Areas, we will advance business growth in each block through strategies tailored to each area, while working to expand our business in emerging areas like India and Africa.
- Regarding the “strategy to enhance domestic businesses in Japan,” we strive to improve the profitability of our Japanese businesses by further advancing the reallocation of human resources generated from our major domestic reorganization, strengthening sales capabilities and governance, and improving productivity.

### Efforts to Implement our Long-term Vision

- Under “reinforcing functions to support challenges,” innovations in IT strategy will strive to

expand use of RPA and others, improve the productivity of sales and business process, and achieve work-style reform. Innovations in R&D will work actively to advance automation and labor saving in operations through the practical use of leading-edge logistics technologies, to enable us to secure a competitive advantage in the logistics industry.

- Under “establishment of ESG-oriented business management to realize sustainable development and improve corporate value,” in terms of Environment (E), we will accelerate modal shift and expanded sales of joint delivery, with a tight focus on reducing CO<sub>2</sub> emissions as a logistics company. In terms of Social (S), we will promote diversity management and strive to reform workstyles through the project to relocate the headquarters building, with an aim to transform into a company where employees can feel satisfied and fulfilled. Finally, in terms of Governance (G), we will strive to further enhance IR activities, and continue to consider the future vision for Group management.

As a “logistics company with a strong presence in the global market,” the Nippon Express Group will focus on steadily implementing these measures, strive for greater growth, and further enhance corporate value, in order to meet the expectations of all shareholders. We would be grateful for your continued understanding and support.

(5) Main Businesses (As of March 31, 2020)

The main businesses of the Nippon Express Group are as follows:

Logistics business

Reportable segment	Main products and services	Main operations
Japan	Railway utilization transportation, chartered truck services, combined delivery services, air freight forwarding, travel, marine & harbor transportation, moving & relocation, warehousing & distribution processing, in-factory work, information asset management, real estate rental, fine arts transportation, security transportation, heavy haulage & construction	Railway forwarding, motor cargo transportation, air freight forwarding, travel, marine transportation, harbor transportation, warehousing, in-factory work, information asset management, real estate
The Americas	Air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services, travel	Air freight forwarding, harbor transportation, warehousing, motor cargo transportation, travel
Europe	Railway utilization transportation, air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services, travel	Railway forwarding, air freight forwarding, harbor transportation, warehousing, motor cargo transportation, travel
East Asia	Railway utilization transportation, air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services	Railway forwarding, air freight forwarding, harbor transportation, warehousing, motor cargo transportation
South Asia & Oceania	Railway utilization transportation, air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services, heavy haulage & construction, travel	Railway forwarding, air freight forwarding, harbor transportation, warehousing, motor cargo transportation, heavy haulage and construction, travel

Security Transportation business

Reportable segment	Main products and services	Main operations
Security Transportation	Security transportation	Security guard, motor cargo transportation

Heavy Haulage & Construction business

Reportable segment	Main products and services	Main operations
Heavy Haulage & Construction	Heavy haulage & construction	Heavy haulage and construction

#### Logistics Support business

Reportable segment	Main products and services	Main operations
Logistics Support	Lease, sale of petroleum, etc., sale of others, real estate, finance, others	Sale of distribution equipment, wrapping and packaging materials, vehicles, petroleum, liquefied petroleum (LP) gas, etc., lease, vehicle maintenance, insurance agency, mediation, planning, designing and management of real estate, investigation and research, logistics finance, automobile driving instruction, employee dispatching

### (6) Main Business Locations (As of March 31, 2020)

#### 1) Main Domestic Locations

The Company	Headquarters	9-3, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo
	Branches and other locations	The Company has a total of 291 branches, sub-branches and offices including Sapporo Branch, Sendai Branch, Tokyo Metropolitan District Branch (Chuo-ku, Tokyo), Air Freight Business Branch (Minato-ku, Tokyo), Marine Transport Business Branch (Minato-ku, Tokyo), Nagoya Branch, Osaka Branch, Hiroshima Branch, Fukuoka Branch, and Kanto Security Transport Branch (Koto-ku, Tokyo).
Domestic subsidiaries	NITTSU SHOJI CO., LTD. (Minato-ku, Tokyo), NITTSU REAL ESTATE CO., LTD. (Minato-ku, Tokyo), NIPPON EXPRESS CAPITAL CO., LTD. (Minato-ku, Tokyo), CAREERROAD CO., LTD. (Minato-ku, Tokyo), NITTSU TRANSPORT CO., LTD. (Toshima-ku, Tokyo), NITTSU NP LOGISTICS CO., LTD. (Settsu City), NITTSU NEC LOGISTICS, LTD. (Kawasaki City), WANBISHI ARCHIVES CO., LTD. (Minato-ku, Tokyo), NIPPON SHIPPING CO., LTD. (Minato-ku, Tokyo), Hokuoh Transportation Inc. (Tomakomai City), Kita-Nihon Kaiun Co., Ltd. (Hakodate City), Shiogama Koun Co., Ltd. (Shiogama City), Osaka Warehouse Co., Ltd. (Osaka City), Bingo Express Co., Ltd. (Fukuyama City), Sakaiminato Kairiku Unso Co., Ltd. (Sakaiminato City), Tokushima Express Co., Ltd. (Tokushima City), etc.	

#### 2) Main Overseas Locations

Overseas subsidiaries	<p>NIPPON EXPRESS U.S.A., INC. (U.S.A.)  NIPPON EXPRESS EUROPE GMBH (Germany)  NIPPON EXPRESS (DEUTSCHLAND) GMBH (Germany)  NIPPON EXPRESS (U.K.) LTD. (U.K.)  NIPPON EXPRESS (NEDERLAND) B.V. (The Netherlands)  NIPPON EXPRESS BELGIUM N.V/S.A. (Belgium)  NIPPON EXPRESS (FRANCE) S.A.S. (France)  Franco Vago S.p.A. (Italy)  Traconf S.r.l (Italy)  NIPPON EXPRESS (H.K.) CO., LTD. (China)  NIPPON EXPRESS (CHINA) CO., LTD. (China)  NIPPON EXPRESS (TAIWAN) CO., LTD. (Taiwan)  APC Asia Pacific Cargo (H.K.) LTD. (China)  NIPPON EXPRESS (SOUTH ASIA &amp; OCEANIA) PTE. LTD. (Singapore)  NIPPON EXPRESS (SINGAPORE) PTE. LTD. (Singapore)  NIPPON EXPRESS (THAILAND) CO., LTD. (Thailand)  PT.NEX LOGISTICS INDONESIA (Indonesia)  and others</p>
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- Notes: 1. For overseas subsidiaries, the status as of December 31, 2019 is stated.  
2. As of January 1, 2020, Franco Vago, S.p.A. and Traconf S.r.l. merged with NIPPON EXPRESS (ITALIA) S.r.l., which changed its name to NIPPON EXPRESS (ITALIA) S.p.A.

### (7) Employees (As of March 31, 2020)

### 1) Employees of the Corporate Group

Business	Number of employees (Persons)	Year-on-year change (Persons)
Logistics	61,917	1,823
Security Transportation	6,674	185
Heavy Haulage & Construction	834	(33)
Logistics Support	3,963	29
Corporate (common)	161	20
Total	73,549	2,024

Notes: 1. The number of employees above indicates the number of active employees.  
 2. The average number of temporary employees during the period for Logistics, Security Transportation, Heavy Haulage & Construction and Logistics Support is 12,936, 1,797, 90 and 652, respectively.

### 2) Employees of the Company

Number of employees (Persons)	Year-on-year change (Persons)	Average age (Years old)	Average years of service (Years)
34,449	2,169	43.5	16.0

Notes: 1. The number of employees above indicates the number of active employees, and does not include those seconded outside the Company, on leave, or dispatched.  
 2. Average age and average years of service are calculated based on the statistics as of January 1, 2020.  
 3. The average number of temporary employees during the period is 6,408.

### (8) Main Lenders (As of March 31, 2020)

Lenders	Borrowings (Millions of yen)
Mizuho Bank, Ltd.	100,578
MUFG Bank, Ltd.	65,557
Asahi Mutual Life Insurance Company	20,000
Sumitomo Mitsui Banking Corporation	11,383
Development Bank of Japan Inc.	10,650

### 2. Status of the Company

#### (1) Shares (As of March 31, 2020)

- |   |                    |
|---|--------------------|
| 1) Total number of shares authorized to be issued | 398,800,000 shares |
| 2) Total number of shares issued                  | 96,000,000 shares  |
| 3) Number of shareholders                         | 48,798 persons     |
| 4) Major shareholders                             |                    |

Name of shareholder	Number of shares held (Thousands of shares)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Account in Trust)	9,513	10.2%
Japan Trustee Services Bank, Ltd. (Account in Trust)	8,737	9.4%
Asahi Mutual Life Insurance Company	5,601	6.0%
Mizuho Trust & Banking Co., Ltd. as trustee for Retirement Benefit Trust of Mizuho Bank, Ltd. (re-entrusted by Trust & Custody Services Bank, Ltd.)	4,150	4.5%

Nippon Express Employees' Shareholding Association	3,634	3.9%
Sompo Japan Nipponkoa Insurance Inc.	3,567	3.8%
Japan Trustee Services Bank, Ltd. (Account in Trust No. 9)	2,291	2.5%
Japan Trustee Services Bank, Ltd. (Account in Trust No. 4)	1,960	2.1%
Japan Trustee Services Bank, Ltd. (Account in Trust No. 7)	1,504	1.6%
MUFG Bank, Ltd.	1,492	1.6%

- Notes: 1. Although the Company owns 2,946 thousand shares of treasury stock, it is excluded from the major shareholders stated above.
2. The shareholding ratio above is calculated excluding treasury stock.
3. Sompo Japan Nipponkoa Insurance Inc. changed its name to Sompo Japan Insurance Inc. on April 1, 2020.

## (2) Company Officers

### 1) Directors and Audit & Supervisory Board Members (As of March 31, 2020)

Positions	Responsibilities and significant concurrent positions	Name
Chairman and Representative Director	Chairman of the Board of Directors	Kenji Watanabe
President and Representative Director (Chief Executive Officer)	Chief Executive Officer Corporate Strategy Section Chief Managing Officer of Corporate Strategy Headquarters	Mitsuru Saito
Executive Vice President and Representative Director (Chief Operating Officer)	Business Solutions Section	Takaaki Ishii
Executive Vice President and Representative Director (Chief Operating Officer)	Corporate Solutions Section Chief Managing Officer of Corporate Support Headquarters and CSR Headquarters	Hisao Taketsu
Executive Vice President and Representative Director (Chief Operating Officer)	Japan Business Section Chief Managing Officer of Japan Business Headquarters and Network Transport Business Promotion Headquarters In charge of Japan Business Administration Division	Susumu Akita
Director (Executive Officer)	In charge of Corporate Planning Division and Financial Planning Division	Takashi Masuda
Director		Masahiro Sugiyama
Director		Shigeo Nakayama
Director		Sadako Yasuoka
Full-time Audit & Supervisory Board Member		Tatsuya Suzuki
Full-time Audit & Supervisory Board Member		Tadashi Kanki
Full-time Audit & Supervisory Board Member		Naoya Hayashida
Audit & Supervisory Board Member		Toshiaki Nojiri
Audit & Supervisory Board Member		Yoshio Aoki

- Notes: 1. Directors Masahiro Sugiyama, Shigeo Nakayama and Sadako Yasuoka are Outside Directors, and have been registered as independent officers with the Tokyo Stock Exchange.



2. Audit & Supervisory Board Members Tadashi Kanki, Toshiaki Nojiri and Yoshio Aoki are Outside Audit & Supervisory Board Members, and have been registered as independent officers with the Tokyo Stock Exchange.
3. Audit & Supervisory Board Member Tadashi Kanki has years of experience at financial institutions and substantial insight into finance and accounting.
4. Audit & Supervisory Board Member Yoshio Aoki is a certified public accountant and has substantial insight into finance and accounting.
5. Significant concurrent positions of Directors Masahiro Sugiyama and Shigeo Nakayama as well as Audit & Supervisory Board Members Toshiaki Nojiri and Yoshio Aoki are stated in “4) Outside Officers” below.
6. Full-time Audit & Supervisory Board Member Tatsuya Suzuki resigned from his position as Audit & Supervisory Board Member on March 31, 2020.

## 2) Outline of Liability Limitation Agreements

In accordance with the Articles of Incorporation, the Company has entered into agreements with Directors and Audit & Supervisory Board Members which limit their liability when applicable under the requirements of laws and regulations. The limit of liability under the agreement shall be an amount provided for in the laws and regulations.

## 3) Total Amount of Compensation, etc. for Directors and Audit & Supervisory Board Members

Category	Number of recipients (Persons)	Total amount of compensation, etc. (Millions of yen)
Director [of which, Outside Directors]	14 [3]	497 [38]
Audit & Supervisory Board Member [of which, Outside Audit & Supervisory Board Members]	5 [3]	103 [48]
Total	19	601

- Notes: 1. Compensation for Directors has been resolved to be no more than ¥55.0 million per month at the 100th Ordinary General Meeting of Shareholders held on June 29, 2006.
2. Compensation for Audit & Supervisory Board Members has been resolved to be no more than ¥10.0 million per month at the 100th Ordinary General Meeting of Shareholders held on June 29, 2006.
3. The number of recipients and total amount of compensation, etc. includes the following:
- \* Compensation, etc. for five (5) Directors who retired at the closing of the 113th Ordinary General Meeting of Shareholders held on June 27, 2019.
  - \* Directors’ bonuses to be submitted to the 114th Ordinary General Meeting of Shareholders to be held on June 26, 2020.  
Six (6) Directors: ¥64,000,000
4. In addition to the above payments, the Company recorded ¥36,739,765 in expenses for six (6) Directors (excluding three (3) Outside Directors) in accordance with the performance-based stock compensation plan resolved at the 110th Ordinary General Meeting of Shareholders held on June 29, 2016 (the continuation and partial revision of this plan were resolved at the 113th Ordinary General Meeting of Shareholders held on June 27, 2019), separately from the compensation limit amount described in 1. above.

## 4) Outside Officers

- a. Significant concurrent positions at other corporations, etc. and relationship of the Company with that entity
  - Director Masahiro Sugiyama concurrently serves as the Vice Chairman of the Japan Automobile Federation and Director and Auditor of the Japan Automobile Manufacturers Association. There are no special interests between the Company and the above entities.
  - Director Shigeo Nakayama concurrently serves as an Outside Corporate Auditor of Shizuoka Daiichi Television Corporation. There are no special interests between the Company and Shizuoka Daiichi Television Corporation.
  - Audit & Supervisory Board Member Toshiaki Nojiri concurrently serves as the Director of Nittsu Gakuen Educational Corporation and the President of Ryutsu Keizai University.



There are no special interests between the Company and the above entities.

- Audit & Supervisory Board Member Yoshio Aoki concurrently serves as an Outside Corporate Auditor of NIPPON DENKO CO., LTD. and Polyplastics Co., Ltd. There are no special interests between the Company and the above entities.

b. Main activities in the fiscal year under review

- Attendance at meetings of the Board of Directors and the Audit & Supervisory Board

Outside Officer	Attendance		Participation in discussions
	Board of Directors	Audit & Supervisory Board	
Director Masahiro Sugiyama	17/17 (100%)	—	Mr. Masahiro Sugiyama makes appropriate remarks as necessary regarding the agenda and the matters discussed, leveraging his abundant experience and wide range of insight as a university professor.
Director Shigeo Nakayama	17/17 (100%)	—	Mr. Shigeo Nakayama makes appropriate remarks as necessary regarding the agenda and the matters discussed, leveraging his legal knowledge and abundant experience as an attorney.
Director Sadako Yasuoka	17/17 (100%)	—	Ms. Sadako Yasuoka makes appropriate remarks as necessary regarding the agenda and the matters discussed, leveraging her profound culture and extensive experience as an educator.
Audit & Supervisory Board Member Tadashi Kanki	17/17 (100%)	8/8 (100%)	Mr. Tadashi Kanki makes appropriate remarks as necessary at the meetings of the Audit & Supervisory Board regarding the agenda and the matters discussed, leveraging his abundant accounting expertise. He also provides guidance and suggestions at the meetings of the Board of Directors to ensure the validity and appropriateness of decision-making by the Board of Directors.
Audit & Supervisory Board Member Toshiaki Nojiri	17/17 (100%)	8/8 (100%)	Mr. Toshiaki Nojiri makes appropriate remarks as necessary at the meetings of the Audit & Supervisory Board regarding the agenda and the matters discussed, leveraging his expertise as a scholar and insight as a manager of educational institutions. He also provides guidance and suggestions at the meetings of the Board of Directors to ensure the validity and appropriateness of decision-making by the Board of Directors.
Audit & Supervisory Board Member Yoshio Aoki	17/17 (100%)	8/8 (100%)	Mr. Yoshio Aoki makes appropriate remarks as necessary at the meetings of the Audit & Supervisory Board regarding the agenda and the matters discussed, leveraging his abundant experiences as a certified public accountant and expertise in finance and accounting. He also provides guidance and suggestions at the meetings of the Board of Directors to ensure the validity and appropriateness of decision-making by the Board of Directors.

(3) Accounting Auditor

1) Name Ernst & Young ShinNihon LLC

2) Compensation, etc.

a. Compensation, etc. to be paid by the Company	¥170 million
b. Total of cash and other property benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	¥295 million

Notes: 1. The Audit & Supervisory Board has confirmed the actual audit hours and audit fee trends per audit item and audit level in the audit plan of past fiscal years, as well as how the Accounting Auditor's duties were fulfilled, and verified the appropriateness of the audit plan and audit fees for the fiscal year under review pursuant to "Practical Guidelines for Cooperation with Accounting Auditors" announced by the Japan Audit & Supervisory Board Members Association. As a result, the Audit & Supervisory Board agreed to the audit fees, etc. to be paid to the Accounting Auditor referred to in Article 399, Paragraph 1 of the Companies Act.

2. The audit agreement between the Company and the Accounting Auditor makes no clear distinction between the audit fees, etc. for audits based on the Companies Act and those based on the Financial Instruments and Exchange Act, and since it is practically impossible to distinguish between these two types of fees, the sum of these amounts are stated in a. above.

3. The Company's significant subsidiaries are audited by audit firms other than the Company's Accounting Auditor (Ernst & Young, Deloitte & Touche, PricewaterhouseCoopers, etc.).

3) Non-audit services

The Company consigns advisory services, etc. relating to accounting which are services other than those specified in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services).

4) Policy on determining dismissal or non-reappointment of Accounting Auditor

The Audit & Supervisory Board will determine the contents of proposals to be submitted to the General Meeting of Shareholders regarding the dismissal or non-reappointment of the Accounting Auditor, if it deems it necessary, for example in the event it is difficult for the Accounting Auditor to perform its duties.

Furthermore, the Audit & Supervisory Board will dismiss the Accounting Auditor in the event the Accounting Auditor falls under any of the items set forth in Article 340, Paragraph 1 of the Companies Act upon the unanimous consent of the Audit & Supervisory Board Members. In such case, an Audit & Supervisory Board Member selected by the Audit & Supervisory Board shall report the dismissal and the reasons of the dismissal at the first General Meeting of Shareholders convened after the dismissal.

(4) System for Ensuring Operational Integrity

The system to ensure that business execution by Directors complies with laws and the Articles of Incorporation and other systems to ensure operational integrity resolved by the Board of Directors, are as follows:

1) System to ensure that business execution by Directors complies with laws and the Articles of Incorporation

a. The Company shall establish the "Nippon Express Charter of Conduct" as a standard to ensure Directors comply with laws, the Articles of Incorporation and other internal regulations, as well as socially accepted norms.

b. The Board of Directors meetings shall be convened and issues shall be resolved in compliance with provisions stipulated by the "Regulations on the Board of Directors" and "Standards for Discussions in Board of Director Meetings."

c. The Representative Director and other Directors shall report on the status of execution of duties and important issues to the Board of Directors in compliance with provisions stipulated by the "Regulations on the Board of Directors" and "Standards for Discussions in Board of Director Meetings."

- d. Pursuant to provisions stipulated by the “Regulations on the Audit & Supervisory Board Members” and “Auditing Standards for Audit & Supervisory Board Members,” Audit & Supervisory Board Members shall conduct audits to ensure that Directors properly execute their duties in compliance with laws, the Articles of Incorporation and others.
- 2) System to store and manage information concerning business execution by Directors  
Pursuant to provisions stipulated by the “Document Management Regulations,” documents and other information concerning business execution by Directors must be managed by properly storing or destroying them. Also, inspections on status of application of the management as well as reviews of regulations shall be conducted when necessary.
- 3) Rules to manage the risk of losses and other systems
- a. The Company shall set out a series of “Crisis Management Guidelines” and establish the “Board of Risk Management” at the head office, with the aim of preventing the materialization of risks that would adversely affect business operations and establishing a risk management structure that enables the Company to take prompt and accurate action when a crisis occurs.
  - b. The Internal Audit Division shall provide guidance, advice and recommendations in accordance with provisions stipulated by the “Nippon Express Group Auditing Regulations,” in order to prevent the risk of losses caused by management.
- 4) System for ensuring efficient business execution by Directors
- a. The Board of Directors meetings shall be convened and issues shall be resolved in compliance with provisions stipulated by the “Regulations on the Board of Directors” and “Standards for Discussions in Board of Director Meetings.”
  - b. Operations of the Company shall be performed by “Executive Officers” elected and delegated with their designated duties by the Board of Directors in accordance with matters resolved by the Board of Directors. The Board of Directors shall also supervise their performance.
- 5) System to ensure that business execution by employees complies with laws and the Articles of Incorporation
- a. The Company shall establish the “Nippon Express Charter of Conduct” and “Compliance Regulations.” The Charter of Conduct and Regulations serve as a guideline for employees to comply with laws, the Articles of Incorporation and other internal regulations as well as socially accepted norms.
  - b. In order to ensure thorough compliance by employees, the Company shall establish “Compliance Committee” at the head office and appoint staff members in charge of compliance and compliance promoters at the head office and each branch office.
  - c. The Company shall set up “Nittsu Speak Up,” an internal reporting system for the prevention, early detection and correction of legal violations, dishonesty or ethical misconduct by employees.
  - d. In accordance with provisions stipulated by the “Nippon Express Group Auditing Regulations,” the Internal Audit Division shall conduct an audit to confirm that business execution by employees is conducted according to laws, the Articles of Incorporation and others.

- 6) System for ensuring operational integrity of the corporate group comprising the Company, parent company and its subsidiaries
- a. Pursuant to regulations stipulated by the Company, Directors of the Group shall report important matters concerning business operations to relevant departments in charge of administrative operations within the Company.
  - b. In order to respond to various risks related to the Group, each group company shall cooperate with relevant departments in charge of administrative operations within the Company and manage risks.
  - c. Group companies shall establish “Regulations on the Board of Directors” that clarify responsibilities and roles of the Boards of Directors and shall execute roles accordingly.
  - d. All operations for the Nippon Express Group are conducted in accordance with provisions stipulated by the “Nippon Express Charter of Conduct” and “Nittsu Group Compliance Guideline.” Business activities shall be sound, transparent and fair; they should be based on social norms such as laws, socially accepted morals and ethics as well as internal norms such as internal regulations.
  - e. The Company shall set up “Nittsu Speak Up,” an internal reporting system for the prevention, early detection and correction of legal violations, dishonesty or ethical misconduct by the Group.
  - f. Audit & Supervisory Board Members conduct inspections of the Group in terms of consolidated management and operational enforcement relating to consolidated statements.
  - g. Audit & Supervisory Board Members shall cooperate and exchange information with Audit & Supervisory Board Members of the Group and perform effective audits, in order to prevent improper transactions or accounting procedures between the Company and the Group and others.
  - h. In accordance with provisions stipulated by the “Nippon Express Group Auditing Regulations,” the Internal Audit Division shall conduct audits to confirm that business operations of the Group are conducted according to laws, the Articles of Incorporation and others.
- 7) Matters related to employees who support Audit & Supervisory Board Members and matters to ensure the effectiveness of instructions given to such employees, in cases where Audit & Supervisory Board Members require employees to support them with their duties  
Matters concerning support for the duties of Audit & Supervisory Board Members shall be in accordance with the instructions given by Audit & Supervisory Board Members and implemented by “Audit & Supervisory Board Members’ staff,” which belongs to the Audit Division in charge of internal auditing.
- 8) Matters related to the independence from Directors of the employees described in the preceding item  
For personnel matters concerning “Audit & Supervisory Board Members’ staff,” serious consideration must be given to opinions of the Audit & Supervisory Board.
- 9) System for Directors and employees to report to Audit & Supervisory Board Members; system for Directors, Audit & Supervisory Board Members, and employees who execute operations of the Company’s subsidiaries and those who received information from these persons to report to Audit & Supervisory Board Members of the Company; system for ensuring no person who has reported such matters is unfavorably treated on the grounds for doing so  
Directors and Directors of the Group shall report promptly to Audit & Supervisory Board Members, either directly or through relevant departments in charge of handling administrative work within the Company, on the matters set out below. The Group must comply with laws to ensure that those who reported such matters will not be treated unfavorably as a result of doing so.
- a. Important management matters and implementation of internal audits
  - b. Serious violations of laws or Articles of Incorporation, or misconducts on business execution
  - c. Matters that may inflict significant losses on the Company

- 10) System for ensuring effective audits by Audit & Supervisory Board Members and other matters
- a. Audit & Supervisory Board Members shall attend Board of Directors' meetings and in order to grasp the important decision-making process and implementation of business execution, shall attend meetings of the Board of Executives, and the Board of Officers as well as other important meetings. In case they do not attend these meetings, Audit & Supervisory Board Members shall receive explanations about the discussions and read relevant materials.
  - b. Audit & Supervisory Board Members and the Audit & Supervisory Board shall meet with the Representative Director on a regular basis and make efforts to enhance mutual understanding and deepen their trust. To this end, they shall exchange their opinions concerning not only management policies, issues to be addressed and risks surrounding the Company but also on status of improvements in the auditing environment of Audit & Supervisory Board Members, important issues in auditing, and others.
  - c. In accordance with regulations on "Important Documents to be Returned to Audit & Supervisory Board Members," Audit & Supervisory Board Members shall review major approval documents and other important documents on business execution, and as needed, they should seek explanations from and provide their opinions to the Directors, Executive Officers or employees.
  - d. If the Audit & Supervisory Board Members deem it necessary, they may utilize lawyers, certified public accountants, consultants or other outside experts who support the audits of Audit & Supervisory Board Members and the Company shall bear the relevant expenses.

11) Basic policies for elimination of antisocial forces and implementation of policies

Nippon Express will take firm action to practice social justice and recognizes the Company's social responsibility to not conduct any business with forces or groups that cause societal harm.

Our basic policy states clearly that any relationship with forces harmful to society is prohibited as described in the Nippon Express Charter of Conduct and the Compliance Regulations. We have established an educational system to have officers and employees comply with the basic policy.

In addition, we established an internal countermeasures division to collect information daily from outside specialists to familiarize employees with countermeasures against forces harmful to society. To prepare for such contingencies, we are developing a system for prompt action to guard against funding forces harmful to society, in close collaboration with the relevant government institutions, corporate lawyers, and other outside specialists.

(5) Overview of Operational Status of System for Ensuring Operational Integrity

The Company's Board of Directors has established a compliance promotion division and internal control promotion division regarding financial reporting, and has in place a system to prevent and manage risks.

The Compliance Committee, which is chaired by the President, is briefed on all internal reporting, and verifies its contents and the operational status of the related system. The Director in charge reports on the operational status of the internal reporting system and the initiatives of the Compliance Committee to the Board of Directors.

With regard to internal control over financial reporting, the Company monitors company-wide internal control and the developmental and operational status of internal control over business processes through internal audits, etc. The results are reported to the Representative Directors, Audit & Supervisory Board Members and others as appropriate. Furthermore, the Company implements sequential training for its employees.

Audit & Supervisory Board Members attend the meetings of the Board of Directors and other important meetings to grasp the execution status of businesses based on the procedure for important decision-making. In addition, in the event there is insufficient information gathered for auditing, mainly full-time Audit & Supervisory Board Members request Directors and related divisions for explanation, information and materials required. In addition, Audit & Supervisory Board Members meet with the Representative Director on a regular basis and state their opinions concerning not only management policies, issues to be addressed and risks surrounding the Company but also on status of improvements in the auditing environment of Audit & Supervisory Board Members, important issues in auditing, and others.

(6) Basic Policy on Entities That Control Decisions on the Company's Financial and Business Policies

1) Details of the Basic Policy

As an entity listing its stock on the financial instruments exchange, the Company respects the free trading of its stock on the market. Even in the event of a large-scale purchase of its stock by a specific entity, as long as the purchase is conducive to securing and enhancing the corporate value of the Group and in turn the common interests of its shareholders, the Company does not unconditionally reject such a purchase. The Company believes that the decision on whether or not to accept a large-scale purchase proposal of its stock should ultimately be made by the shareholders.

However, some large-scale purchases of stock may prevent the Group from maintaining good relationships with its stakeholders, or have other effects which may impair the corporate value of the Group and in turn the common interests of its shareholders, may not sufficiently reflect the value of the Group, or may not provide sufficient information needed for shareholders to make a final decision.

The Company's Board of Directors believes that it is its duty, as an organ entrusted by shareholders with the management of the Company, to secure sufficient time and information as well as to negotiate with the large-scale purchaser of stock on behalf of its shareholders.

2) Initiatives to Contribute to Achieving the Basic Policy

The Company takes measures to secure and enhance the corporate value of the Group and in turn the common interests of its shareholders.

a. Business Plan

The Group has formulated its five-year business plan, "Nippon Express Group Business Plan 2023 – Dynamic Growth–" and has been making united efforts since April 1, 2019. The Group will strive to steadily carry out the key strategies in order to realize the new long-term vision, to become "a logistics company with a strong presence in the global market," which has been set for 2037, the 100th anniversary of the Group, and aim for continued growth and further improvement of corporate value.

b. Initiatives to Strengthen Corporate Governance

(i) The Company's Basic Views on Corporate Governance

The Company believes that its mission is to resolve societal issues through logistics and support the sustainable development and growth of society, based on the "Nippon Express Group Corporate Philosophy." We also believe that collaborating with all our stakeholders, including shareholders and investors, and respecting their positions will lead to realizing sustainable growth of the Company and increased corporate value. Thorough compliance, ensuring management transparency, as well as maintaining speedy management through rapid decision-making and the clarification of responsibility are vital for achieving this, and building and operating these systems are our basic view to corporate governance. We are working to continually evolve and enhance our corporate governance based on this basic view.

[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

(ii) Specific Measures Taken Regarding Corporate Governance

We are a Company with an Audit & Supervisory Board. In addition to the Board of Directors and Audit & Supervisory Board, the Company has introduced a Board of Officers system with the goal of ensuring rapid decision-making and business execution.

The Board of Directors generally meets once per month or whenever necessary. It makes decisions on important management matters and oversees business execution. Moreover, in order to obtain the opinions of independent Outside Directors concerning important matters such as the compensation and nomination of Officers, the Company has established a fair and highly transparent discretionary Compensation and Nomination Advisory Committee, the majority of which are independent Outside Directors, as an advisory body to the Board of Directors. The term for Directors is one year, and Directors have clear responsibilities for management in each fiscal year.

The Audit & Supervisory Board generally meets once every three months or whenever necessary. Audit & Supervisory Board Members attend important meetings such as meetings of the Board of Directors, provide objective and fair opinions on overall management and individual projects, and audit the execution of duties by Directors through examination of legality and internal control status. Audit & Supervisory Board Members also audit the execution of duties by enforcement divisions by inspecting important documents and the like, visiting major business locations, and conducting audits through reviews of subsidiaries, and report these results to the Audit & Supervisory Board and Board of Directors.

The Board of Executive Officers generally meets once per month or whenever necessary. It transmits and gives instructions on decisions made by the Board of Directors, reports the status of business execution, and discusses important matters. As with Directors, the term for Executive Officers is one year.

3) Framework to Prevent Entities Deemed Inappropriate in Light of the Basic Policy from Controlling Decisions on the Company's Financial and Business Policies

The Company has resolved to discontinue the countermeasures for large-scale purchases of the Company's stock, etc. (the "Takeover Defense Measure") at the meeting of the Board of Directors held on May 9, 2017, and has abolished the Takeover Defense Measure at the closing of the Ordinary General Meeting of Shareholders held on June 29, 2017 due to expiration.

Even after abolishing the Takeover Defense Measure, the Company will interact with entities who intend to make large-scale purchases of the Company's stock to demand that they provide necessary and sufficient information for shareholders to appropriately determine whether or not to accept the large-scale purchase. It will also disclose the opinions, etc. of the Board of Directors, secure time and information for shareholders to examine the purchase, and take other appropriate measures as necessary pursuant to the Financial Instruments and Exchange Act, the Companies Act and other relevant laws and regulations.

The Company will respect shareholders' rights to accept the tender offer and will not unreasonably prevent it.

4) Decision of the Board of Directors Regarding the Initiative Above and Its Reason

The Company believes that the aforementioned frameworks are compatible with the basic policy stated in 1) above and are conducive to the Company's corporate value and in turn the common interests of its shareholders.

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Note:

In this Business Report, the amounts and number of shares less than the presented unit are disregarded, while ratios, basic earnings per share and net assets per share less than the presented unit are rounded off.