

## Nippon Express to supply pharmaceuticals worldwide

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### Developing pharmaceutical supply chain networks that meet both hardware and software Good Distribution Practices (GDP) requirements



Nippon Express Co., Ltd. is in the process of developing pharmaceutical supply chain networks that meet both hardware and software requirements for Good Distribution Practices (standards for ensuring proper distribution of pharmaceuticals; hereinafter, "GDP") and thereby enable safer and more secure supply of pharmaceuticals.

Service to Begin in Japan Next Spring and Globally Thereafter

In view of the globalization of pharmaceutical supply chains, the Company will also be setting up GDP-compliant business locations in major markets worldwide to enhance its supply networks on a global level.

Furthermore, Nippon Express will be looking to employ the digital technologies of IoT and blockchain to track logistics information end-to-end, doing its part to optimize supply chains for the industry as a whole via a data-driven approach that offers traceability and increased operational efficiency.

The "Nippon Express Group Management Plan 2023 -- Dynamic Growth" deems strengthening the Company's three approaches -- a customer-/industry-based approach, a business-based approach and an area-based approach -- a priority within the Plan's "Growth Strategy for Core Businesses." In determining how to optimally tailor services to the needs of individual customers, Nippon Express is focusing particular efforts on the customer-/industry-based approach that looks at services from a customer perspective.

Nippon Express created a Pharmaceuticals Business Division and a Pharmaceuticals Logistics Quality Assurance Office in July 2020 to establish uniform Group-wide standards on operational frameworks, human resource development, quality assurance regimes, etc.

### Global Pharmaceutical Supply Chain Networks to Enable Safe and Secure Supply of Pharmaceuticals

#### 1. Constructing supply networks in Japan

Nippon Express is currently setting up pharmaceutical-specific facilities in East Japan, West Japan, Kyushu and Toyama to complement the "medical hubs" of Narita International Airport and Kansai International Airport, which have long been involved in the import/export of raw materials and finished products. These facilities will be equipped to handle GDP-compliant quality control and business continuity plans (BCPs) pertaining to pharmaceutical supply, and platforms will be constructed to allow for joint warehouse storage and transport, operations heretofore carried out on an individual customer basis, to cope with the shortages of truck drivers stemming from the round use of vehicles, and to achieve greater operational efficiency. These facilities will go into service in February 2021.

## 2. Expanding on a global level

Nippon Express is drawing fully on the strengths of its own global network to link up infrastructure and forwarding functions in developing overseas logistics networks. More specifically, the Company is building GDP-compliant CFS at key pharmaceutical business locations overseas. It has already opened GDP-certified CFS in London and Milan, which both host clusters of manufacturers of new drugs, as well as in India, where generics are driving robust market growth; in the U.S., the world's largest market, GDP certification was acquired in Chicago. In addition to enhancing business locations in Europe and the U.S., Nippon Express is planning to obtain GDP certification in Asian countries where medical services are becoming more widely accessible. The Company will continue enhancing its network in the future through M&A deals.

## 3. Increasing supply chain sophistication via a data-driven approach

Nippon Express established a new Digital Platform Strategy Office in April 2020 to provide the pharmaceutical industry and other industries with solutions designed to fully optimize their supply chains. Construction is underway on a digital platform for the pharmaceutical industry that will utilize IoT devices and blockchain technology to link temperature control and other logistics information end-to-end, and there are plans to make use of the logistics information to develop commercial distribution services.