

# Material Topics



## Anti-Corruption Ensure compliance with anti-corruption policy

Goal	Progress in FY2023	FY2024 Onward
<ul style="list-style-type: none"> <li>Promoted communication about anticorruption policy and procedures</li> </ul>	<ul style="list-style-type: none"> <li>Conducted quarterly group-wide compliance training for employees in 40 countries</li> </ul>	<ul style="list-style-type: none"> <li>Continue quarterly group-wide compliance training</li> </ul>
<ul style="list-style-type: none"> <li>Identified risks and confirmed cases of misconduct in the workplace, and implemented preventative measures</li> </ul>	<ul style="list-style-type: none"> <li>Appointed compliance managers</li> <li>Started global whistleblower hotline operations</li> <li>Sent internal notification on access method and took other action to move forward on unifying existing local company hotlines with the global whistleblower hotline in order to visualize compliance issues at the group level</li> </ul>	<ul style="list-style-type: none"> <li>The Head of Group Compliance and General Counsel continue to lead employee training to ensure that the global whistleblowing system is operating effectively</li> <li>Add regional headquarter training programs to the unified global compliance training program to improve effectiveness</li> </ul>

## Concept & Policy

### KWE Group Compliance Policy

KWE Group governs itself with great accountability and high ethical standards. We conduct our corporate activities to the greatest degree of legitimacy to maintain trust and credibility.

1. All Board Members, Officers, and employees sincerely and sensibly comply with all applicable laws and regulations, including but not limited to internal regulations.
2. In the course of making business decisions, conducting business transactions, and while managing daily operations, we are mindful of any and all applicable laws and regulations governing those activities, and we make compliance with those laws and regulations a priority.
3. We take immediate and strict disciplinary action against any individual reported to be in violation of this policy. Once a potential violation has been reported, we implement necessary corrective and preventive measures.

## Compliance Framework

The KWE Group compliance framework operates as part of the overall risk management framework.

- The Chief Risk Officer has overall responsibility for ensuring compliance within the KWE Group and for addressing any instances of non-compliance.
- General managers control the compliance frameworks of the subsidiaries under the regional headquarters and are responsible for ensuring compliance in the regional headquarters and for addressing any instances of non-compliance.
- General managers and the presidents of affiliated companies outside Japan report to the Chief Risk Officer and follow his or her instructions in these cases:
  - 1 When a significant instance of non-compliance related to company business is discovered or suspected.
  - 2 When a question of compliance cannot be determined for a matter for approval.

- The president of an affiliated company outside Japan promotes appropriate corporate conduct based on the guidance of the regional general manager, and in accordance with the KWE Code of Conduct and the KWE Group Compliance Policy.

There are increasingly complex and diverse legal and regulatory requirements in our global business, including widespread extraterritorial application and higher financial penalties, increasing complexity and diversity in compliance awareness in the supply chain, and the globalization of compliance risk. In light of these complexities, we appointed a Group General Counsel, a qualified attorney, in April 2021 and a Head of Group Compliance in April 2023 to strengthen group governance overall.

For more information about the KWE Group risk management framework, see: <https://www.kwe.com/about/sustainability/risk/>

## Anti-Corruption

### Close Coordination Between the General Counsel and Corporate Departments Ensuring Compliance at the Group Level

To adapt to changing business environments, we appointed a new Head of Group Compliance in the corporate departments in April 2023. This person is advising on compliance and ethics, establishing group regulations, conducting training, and investigating reports of non-compliance.

### Improved Internal Hotline Operations

Our global whistleblowing hotline started in May 2023 to provide a more appropriate way for employees to report problems under a unified group-wide framework can be accessed by all employees worldwide, enabling reporting of actual and

possible non-compliance with law and group policy. The hotline accepts anonymous reports in different languages via a web site, phone, email, or fax, making it easy to share concerns and encouraging early detection and addressing of potential problems. Employee awareness of the importance of compliance is also being encouraged.

In FY2023 we moved forward on unifying existing local company hotlines with the global whistleblower hotline, with the cooperation of the regional headquarters, in order to assure uniform treatment of reports and to visualize compliance issues at the group level. We also worked to notify employees on how to access the global hotline.

KWE Group Compliance Training Program (e-learning)

	Schedule	Course
2022	April – June	Ethics and code of conduct
	July – September	Antitrust and competition law (basic)
	October – December	1. Workplace harassment (for employees) 2. Diversity, equity, and inclusion (for managers)
2023	January – March	Global anti-bribery and corruption (basic)
	April – June	Workplace violence and bullying
	July – September	Conflicts of interest
	October – December	Global workplace harassment (for employees)
	January – March	Antitrust and competition law (advanced)
2024	April – June	Global anti-bribery and corruption (advanced)
	July – September	Financial integrity
	October – December	Diversity, equity, and inclusion

### Compliance Training

Employee knowledge and awareness is critical for ensuring that internal controls function properly and effectively. That's why we've been conducting group-wide compliance training since April 2022. We will continue working to create additional training programs and increase employee understanding of compliance issues and the internal hotline system throughout the group.

On the base of the unified global compliance training program, group companies may add their own programs tailored to the Company's specific legal and regulatory environment in order to improve the effectiveness of the training overall, for example, Kintetsu World Express in Japan's tiered training program and APLL's global anti-corruption interactive webinar program.

### No Incidents of Non-compliance

In FY2023, there were no cases of legal action for anti-competitive practices or infringement of antitrust or antimonopoly law.



## QUOTE

### Improved Compliance and Risk Management

Over the past year, the Legal, Risk & Compliance ("LRC") team has continued to enhance KWE's global compliance program. A new two-tier ethics committee has been established to oversee and standardize compliance across the whole business. The LRC team has advised on continuous policy and process development as appropriate.

In addition, a global reporting hotline has been rolled out and all reports are carefully monitored and assessed. Regular online training for all employees and in-person training for higher-risk employees have been conducted throughout the year.

The LRC team has also collaborated with other key functions and regions to create a holistic approach to risk and compliance globally. Finally, the Group General Counsel and his team, including the Group Head of Compliance, maintain availability to address real-time, ad hoc issues pro-actively raised by management, emphasizing prevention as a more sustainable approach.

We intend to continue to build on these developments during the coming year to ensure that KWE remains a trusted business and community partner.

Head of Group Compliance  
**Stephen Walton**

