



Disclosure Based on the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

August 9th, 2023
Kintetsu World Express, Inc.

1. Governance

The KWE Group Sustainability Committee, headed by the President and CEO, addresses basic policy, material issues, and risks and opportunities related to climate change. The committee meets at least twice a year, with additional meetings as necessary. The committee met four times in fiscal year 2022. The topics related to climate change that were discussed are shown below (FY2022 Agenda).

Committee members include our company directors, corporate department general managers, regional headquarter general managers, and representatives from APLL, ensuring diversity in its deliberations. Matters discussed and decided by the committee are presented to the Corporate Management Meeting* and reported to the Board of Directors as needed.

Under the oversight of the Board of Directors, matters discussed and decided by the Corporate Management Meeting are disseminated to all divisions within the organization and reflected in their management plans and business operations.

Note 1*: The Corporate Management Meeting is composed of the company's full-time directors, full-time Audit & Supervisory Board members, executive officers, and division managers. It meets at least twice a month to decide important matters related to overall business policy and the conduct of business.

FY2022 Agenda related to climate change

- Deliberation on Sustainable Aviation Fuel (SAF)
- Deliberation on TCFD recommended disclosures
- Deliberation on committing to SBTi (Science Based Targets initiative)
- Report on greenhouse gas emissions calculator for customer use
- Report on activity to reduce greenhouse gas emissions, including shift to LED lighting, shift to electric forklifts, and purchasing of non-fossil fuel energy certificates
- Progress report on collection of greenhouse gas emission data

2. Strategy

We have identified climate change as a mid to long term risk. We have analyzed long term scenarios to 2050 for potential impact on our business, with reference to IEA (International Energy Agency) and IPCC (Intergovernmental Panel on Climate Change) scenarios (1.5° C or below** and 4° C***) for risks and opportunities in order to consider the resilience of our business strategy and organization.

Note 2**: 1.5° C or below: IEA SD, IPCC AR5-RCP2.6

Note 3***: 4° C: IPCC AR6-RCP8.5

3. Risk Management

Our climate change-related risk working group is planning, implementing, and managing the progress of our response to the risks and opportunities we have identified. Scenario analysis began in February 2022 and is reviewed at least once a year. We are focusing on addressing the risks and opportunities shown below on p.14 based on likelihood and degree of impact. Climate change related risks will continue to be analyzed by the KWE Group Sustainability Committee, reported to the Corporate Management Meeting, and integrated into our overall risk management.

4. Metrics and Targets

We are using GHG emissions (CO₂e) as a metric to assess and manage the impact of climate-related risks on our business. We set the following 2030 reduction targets for the KWE Group in August 2023. Scope 1 and Scope 2 emissions in FY2021 and FY2022 were:

Emissions Reduction Targets

Targets (Scope 1 and 2)	
FY2030	35% Reduction from FY2022
FY2050	Carbon Neutrality

Recent Actual Emissions

Results	Emissions (tons)	
	Scope 1	Scope 2
FY2021	462	6,479
FY2022	345	6,251
(Group Wide)	50,612	46,720

Assessing and managing climate-related risks and opportunities (Scenario analysis)

	Category	Risk	Business Impact	Timeframe	1.5°C Scenario	4°C Scenario	Strategy
Transition Risk	Policy and Legal	Carbon tax	Risk: Higher operating costs due to stricter national environmental regulations	Mid - long term	High	Low	<ol style="list-style-type: none"> 1) Set GHG emissions targets and fulfill them on an ongoing basis 2) Shift to eco-friendly vehicles and electric forklifts 3) Change to renewable energy source electric power 4) Pass along freight charges appropriately
	Technology	Next generation air, sea, and land vehicles	Risk: Higher operating costs due to development and introduction of new technologies	Short - long term	High	Low	<ol style="list-style-type: none"> 1) Plan investments while monitoring social trends and new technology 2) Participate in pilot programs and consider implementation while evaluating cost
			Opportunity: Lower carbon tax and other regulatory costs with reduced GHG emissions	Short - long term	High	Medium	
		New fuels (such as SAF and bio-fuel)	Risk: Slower adoption and higher procurement costs with inadequate supply	Short - mid term	High	Low	<ol style="list-style-type: none"> 1) Actively participate in SAF programs and promote social implementation 2) Approach governments and associations toward increasing adoption in the industry
			Opportunity: Lower carbon tax and other regulatory costs with reduced GHG emissions	Mid - long term	Medium	Low	
	Market	Modal Shift	Risk: Reduced revenue due to increase in use of sea and rail with higher demand for transport modes with less impact on the environment	Short - mid term	High	Medium	<ol style="list-style-type: none"> 1) Develop sea and rail transport services in line with customer needs and build a business model adapted to the changing market 2) Develop low environmental impact air transport products leveraging SAF in collaboration with airlines 3) Propose low CO₂ emission routes and transport modes leveraging AI
			Opportunity: Development of new services and expanded business areas	Short - mid term	Medium	Low	
	Reputation	Corporate environmental reputation	Risk: Reduced revenue due to loss of orders and exclusion from bidding with falling reputation, negative impact on recruiting	Short - mid term	High	Low	<ol style="list-style-type: none"> 1) Work on improving reputation with customers by including active environmental initiatives in business strategy
Opportunity: Increase in revenue by acquiring more business with improved reputation, increase in opportunities to hire talented human resources			Short - mid term	High	Low		
Physical Risk	Acute	Extreme weather	Risk: Reduced revenue with fall in freight volume due to difficulty in providing transport services and increased recovery costs	Short - mid term	Low	High	<ol style="list-style-type: none"> 1) KWE and service providers respond to flood and other damage in the case of logistics warehouses owned by KWE, and KWE coordinates with lessors to respond in the case of rented warehouses 2) Select alternative forwarding warehouse facilities and routes to build a stable logistic network 3) Manage risks in coordination with the KWE Risk Management Committee
	Chronic	Rising sea levels with rising average air temperature	Risk: Difficulty using ports and airports in low elevation areas. Also limited usable facilities.	Mid - long term	Low	High	<ol style="list-style-type: none"> 1) Work with local authorities and business partners to respond to flood and other kinds of damage 2) Manage risks in coordination with the KWE Risk Management Committee



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