

Our Initial Response to the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations

August 9th, 2022
Kintetsu World Express, Inc.



1. Governance

- The KWE Group Sustainability Committee, headed by the President & 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 2021.)
- Committee members include our company directors, Corporate Department general managers, Regional Headquarters general managers, and representatives from APL Logistics, 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 throughout the organization and reflected in their management plans and business operations.

2. Strategy

- We identify climate change as a medium to long term risk. We have analyzed long term 2°C or below and 4°C scenarios through 2050, with reference to IEA and IPCC scenarios, for risks and opportunities in order to identify and assess the impact on our business, strategy, and financial planning, and the resilience of our organization's strategy.

Note: 2°C or lower scenario: IEA-SDS, IPCC-AR5-RCP2.6

Note: 4°C scenario: IPCC-AR5-RCP8.5

3. Risk Management

- We established a working group to do an initial risk analysis of climate change scenarios. We prioritized the climate-related risks according to their likelihood of occurrence and impact. As a result, we have listed priority risks and opportunities shown in the chart. In the future, the KWE Group Sustainability Committee will continue updating them on an ongoing basis.


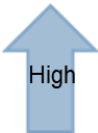

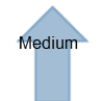





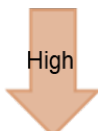
4. Metrics and Targets




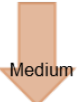
- We use GHG emissions (CO₂e) as a metric to assess and manage the impact of climate-related risks and opportunities on the organization. We are currently in the process of determining our targets for reduced emissions. We will publish our targets as soon as they are finalized.
- Our Scope 1 and Scope 2 emissions in 2021 were:

Scope 1	Scope 2
462 tons CO ₂	6,479 tons CO ₂

*Note: Data of KWE/Japan only.

*Based on the result of the third-party verification conducted in December 2022, the figure disclosed in August 2022 was corrected retrospectively.

Scenario	Cause	Change	Risk or Opportunity	Degree of Impact	Business Impact	Response
2°C	Demand to reduce CO ₂	Enhanced reputation among customers due to adopting SAF	Opportunity 	High 	●Based on stable partnership with air carriers who are positively promoting use of SAF, we can improve our clients' evaluation of us and increase business opportunities	<ul style="list-style-type: none"> Currently KWE is participating in these programs. We consider participation in additional programs in the future. October 2021 ANA "SAF Flight Initiative: For the Next Generation" April 2022 Cathay Pacific "Corporate Sustainable Aviation Fuel Programme"
		Enhanced reputation among customers due to applying carbon offset in collaboration with carriers	Opportunity 	Medium 	●Supporting and participating in air carriers' carbon offset schemes positively may also have good impact to our business	<ul style="list-style-type: none"> After adequately scrutinizing carbon credit quality, we plan to strategically participate in partner airline offset programs, in the same way as SAF programs
	Carbon tax	Higher operating costs due to carbon tax	Risk 	Medium 	●Operating costs increase with the implementation of a carbon tax	<ul style="list-style-type: none"> Consider these initiatives both in Japan and globally: Shift to LED lighting inside facilities Shift to electric forklifts Shift from fossil fuel to electric and hydrogen-powered vehicles Install renewable energy generating equipment, including solar and wind
	Demand to reduce CO ₂	Higher operating costs due to enhanced emissions-reporting obligations	Risk 	Medium 	●Costs increase to manage and address risks, including information gathering and calculating systems, with the generalization of demand for disclosure and estimates of CO ₂ emissions per individual shipment	<ul style="list-style-type: none"> Provide a simple way for customers to check GHG emissions attributable to air, sea, and truck transport on the company website, and a system to provide regular reports with highly accurate data as needed Aid existing customers in managing their Scope 3 emissions as a new value-added service. Provide emission estimates for planned shipments by air and sea as a new approach to prospective customers.
		Lower revenues due to inability to meet demand for low GHG transport modes	Risk 	High 	●More customers demand low-GHG transport modes but our carrier connectivity and related knowledge are inadequate, leading to customer attrition	<ul style="list-style-type: none"> Our initiatives with carriers: Build relationships with partners moving ahead on SAF, carbon offset programs, and other decarbonization initiatives Our internal initiatives Reduce our own CO₂ emissions, including using electric and hydrogen-powered truck transport and shifting to electric forklifts

Scenario	Cause	Change	Risk or Opportunity	Degree of Impact	Business Impact	Response
4°C	Climate change	Lower revenues and higher costs due to disaster damage to ports and surrounding facilities	Risk 	Medium 	● Rising sea level or severe weather closes ports and surrounding warehouses temporarily and interrupts operations, resulting in reduced revenue and increased costs	<ul style="list-style-type: none"> • Work with local authorities and business partners to respond to flood and other kinds of damage • Manage risks in coordination with the KWE Risk Management Committee
		Lower revenues and higher costs due to disaster damage to logistics sites	Risk 	Medium 	● Rising sea level or severe weather floods logistics sites, resulting in negative impacts on revenue, inventory, and facilities	<ul style="list-style-type: none"> • KWE and service providers respond directly in the case of flood or other damage to logistics warehouses owned by KWE, and KWE coordinates with lessors to respond in the case of rented warehouses. • Select alternative forwarding warehouse facilities and routes to build a stable logistics network • Manage risks in coordination with the KWE Risk Management Committee



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