



Kintetsu World Express
Sustainability Report

2022



A member of the *KWE* Group





Contents

Introduction

| | |
|--|---|
| KWE in Progress | 2 |
| Philosophy and Policies | 3 |
| Message from President & CEO | 4 |
| KWE Stakeholders/Sustainability Governance Framework ... | 6 |
| Materiality Assessment | 7 |

Environment

| | |
|--|----|
| Material Topics | 10 |
| Emissions & Energy | |
| — Our Initial Response to the TCFD Recommendations | 12 |
| Emissions & Energy — Specific Initiatives/Topics | 14 |

Social

| | |
|--|----|
| Material Topics | 19 |
| Data Security | 20 |
| Diversity and Equal Opportunity | 22 |
| Occupational Safety and Health | 25 |
| Social Impacts in the Supply Chain | 26 |
| Social Contribution Activities | 27 |
| KWE and the COVID-19 Pandemic | 28 |

Governance

| | |
|----------------------------|----|
| Material Topic | 31 |
| Anti-Corruption | 32 |
| Corporate Governance | 33 |
| Risk Management | 34 |

Information

| | |
|----------------------|----|
| ESG Data | 36 |
| Corporate Data | 37 |

Editorial policy

Report scope

Organizations: Kintetsu World Express, Inc. and its consolidated and equity method subsidiaries (includes KWE Japan non-consolidated information)

Period: Fiscal 2021 (April 1, 2021 - March 31, 2022) (includes some information outside this period)

Caution regarding forward-looking statements

The forward-looking statements in this report are based on information currently available to us and certain assumptions that we believe to be reasonable, and are not intended to be a promise by us that we will achieve these goals. Actual results may differ significantly due to various factors.

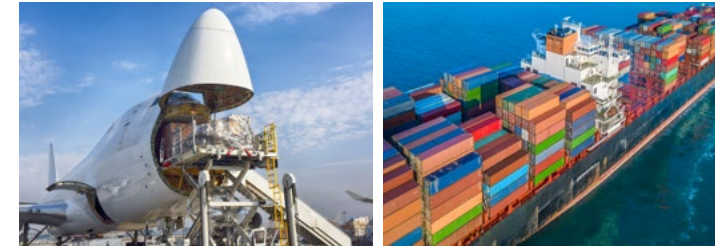
Referenced guidelines

- GRI Sustainability Reporting Standards
- Environmental Reporting Guidelines 2018, Ministry of the Environment, Japan

KWE in Progress

We focus on both business growth and sustainability to help create a better future

KWE Group business measured in net sales has nearly quadrupled over the past 10 years through active global expansion. Over the same period of time our greenhouse gas emissions have remained almost level despite the significant growth in net sales and freight volumes. The KWE Group is committed to helping create a better future with a focus on both business growth and sustainability.



| | FY2011 | | FY2021 |
|---|--------------------------|-------------|--------------------------|
| Net sales | ¥264,403 million | ↑ 3.7 times | ¥980,441 million |
| Air freight exports (Weight) | 473,000 tons | ↑ 1.6 times | 740,000 tons |
| Sea freight exports (Volume) | 290,000 TEUs | ↑ 2.5 times | 718,000 TEUs |
| Employees | 9,671 | ↑ 1.8 times | 17,069 |
| Countries | 32 countries | ↑ 1.4 times | 46 countries |
| Logistics facility area | 1,080,181 m ² | ↑ 1.9 times | 2,047,540 m ² |
| CO ₂ emissions* ¹ | 6,790 t | ↗ Up 9.9% | 6,941 t* ² |

*1. KWE Japan non-consolidated

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



Philosophy and Policies

Moving ahead on sustainability based on our Corporate Philosophy and the KWE Group Sustainability Basic Policy

We established the KWE Group Sustainability Basic Policy in 2020 and are moving ahead on sustainability as a group.

Corporate Philosophy

Contribute to the development of a global community through logistics services by creating new values, sustaining the environment and collaborating with our clients, shareholders and employees.

KWE Group Corporate Guidelines

1. We strive to further increase corporate value by delivering customers quality services that meet their needs and earn their confidence.
2. We strive to be an organization that grows and expands through logistics business.
3. We promote communications with stakeholders and disclose corporate information accurately and appropriately.
4. We are committed to comply with external regulations, and compliance monitoring and assessment are built into all levels of the business.
5. We ensure a safe and healthy work environment where people are treated respectfully and fairly.
6. We contribute in sustainable community development, with attention to global environmental issues.



KWE Group Code of Conduct
<https://www.kwe.com/about/whoweare/policy/code-of-conduct/>
KWE Vendor Code of Conduct
<https://www.kwe.com/about/whoweare/policy/vendor-code-of-conduct/>
Full text of KWE Domestic Compliance Standards (Japanese version only)
<https://www.kwe.com/jp/about/whoweare/policy/kwe-domestic-compliance/>

KWE Group Sustainability Basic Policy

The KWE Group endeavors to create a sustainable society for a better future based on the "Corporate Philosophy" and "KWE Group Corporate Guidelines".



Message from President & CEO

Creating a Sustainable Society for a Better Future

Amid a rapidly changing business environment, the KWE Group is moving forward on sustainability in line with global standard.

Nobutoshi Torii
President & CEO

Overview of FY2021

As KWE marks over 50 years as a leading freight forwarder, we imagine how we can put sustainability at the forefront of everything we do. We have had a busy past two years doing just that. In FY2020, we established the KWE Group Sustainability Committee and the KWE Group Sustainability Basic Policy. In FY2021, we conducted our first GRI-compliant Materiality Assessment. This process helped us identify and publish our material topics, set our improvement targets, and start taking action to reach those targets. We have been pushing out our sustainability initiatives globally across the company, using our company newsletter and other means to make sure each and every person in the workplace is aware that sustainability is critical to our business agenda. We are working with our partner airlines to spread the use of Sustainable Aviation Fuel (SAF), raising awareness among our external stakeholders as well as our employees. We are moving our sustainability initiatives forward in line with globally recognized GRI and TCFD standards in close coordination with APL Logistics, a major player in achieving our sustainable goals.

Material Topic Initiatives

In FY2021, we took concrete steps to address the environmental, social, and governance (ESG) areas of our company, creating a strong foundation for more action and progress in the coming years. Specifically, we will be increasing our participation in partner airlines' SAF programs to address our material topic of emissions. On the topic of emissions, KWE is also actively collecting energy and fuel consumption data from our global sites to create Scope 1 and 2 baselines. We will then get KWE Japan non-consolidated Scope 1 and 2 CO₂e emissions certified by a third-party auditor. Once we have collected 12 months of Scope 1 and 2 data, we will publish these baselines and our absolute reduction goals for the entire KWE Group. In FY2023, we will work toward third-party certification of our global Scope 1 and 2 CO₂ emissions, KWE will publish the 2030 targets for reducing our operational emissions, and we will work to collect our global Scope 3 CO₂e emissions data.

In the area of social sustainability, we took the past fiscal

year to work on both data security and diversity and equal opportunity. To reduce potential data risks, we have taken steps to enhance cybersecurity measures, rolled out employee data security training, started conducting periodic security assessments, and we created a cyber-risk insurance scheme. These initiatives will be expanded in the coming year. On the topic of diversity and equal opportunity, we are targeting an increase in the number of women in management positions, and our goal is for all employees to participate in diversity and inclusion training. Next fiscal year we will be focusing on implementing these employee training sessions and exploring retention strategies.

To bolster our governance strategies, we have taken action to combat anti-corruption with the appointment of a Group General Counsel in April 2021. The Group General Counsel functions to provide accurate advice on how to mitigate the risks faced by the KWE Group globally, navigating the differing legal systems and business practices in every country. This fiscal year, all KWE Group employees will

participate in a compliance training program designed by the Group General Counsel.

Taking Action

We are committed to contributing to a sustainable society by taking action in line with global standards. KWE will become a privately held company in October 2022. In close coordination with Kintetsu Group Holdings, we will continue to move forward to achieve our long-term vision of becoming a Global Top 10 Solution Partner by implementing our strategy to meet diverse international logistics needs in a rapidly changing business environment. We remain committed to contributing to a sustainable society, working in collaboration with APL Logistics and global frameworks to achieve our ESG targets.

We ask for ongoing support from our stakeholders in these endeavors.

KWE Stakeholders/Sustainability Governance Framework

KWE Stakeholders

Achieving a sustainable society based on stakeholder expectations

Throughout the 70 years that the KWE Group has been working in international logistics, we have built strong relationships with our stakeholders that have enabled sustainable growth. Based on the KWE Group Sustainability Basic Policy (see [p. 3](#)) adopted in November 2020, we are moving forward to keep contributing to a sustainable society based on the expectations of our stakeholders. These efforts include listening and incorporating input from our customers, employees, business partners and suppliers, local communities, governments, shareholders, and investors.*



Sustainability Governance Framework

The KWE Group Sustainability Committee

The KWE Group Sustainability Committee is chaired by the President & CEO of KWE, Nobutoshi Torii, and the Committee members include the board of directors, regional headquarters general managers, corporate department general managers, APLL representatives, and temporary members as needed. The committee ensures KWE pursues effective and decisive action on sustainability with regular monitoring, evaluation, accountability, and feedback on ongoing initiatives.



* As a result of a tender offer for its company shares to be conducted by Kintetsu Group Holdings Co., Ltd., Kintetsu World Express, Inc. will become a privately held company in October 2022.

Materiality Assessment

Materiality assessment was conducted in two ways: Stakeholder Engagement and Impact Assessment.

Stakeholder Engagement

Engaged stakeholder groups covered customers, suppliers, contractors, KWE management, employees, organized labor representatives, and investors. 51 stakeholders provided feedback via online surveys, and more than a dozen stakeholders supplied additional information through interviews and facilitated group discussions.

The top five aspects prioritized by stakeholders responding to the survey are shown below:

Stakeholder Engagement Results: Top 5 Aspects

| Priority | Description | Score | Category |
|----------|--------------------------------|-------|-----------------------|
| 1 | Anti-Corruption | 8.57 | Economic & Governance |
| 2 | Occupational Safety and Health | 8.52 | Social |
| 3 | Data Security | 8.38 | Social |
| 4 | Training and Education | 8.29 | Social |
| 5 | Forced or Compulsory Labor | 8.21 | Social |

Risks and Opportunities

Stakeholder interviews supported the findings from both the surveys and impact assessments.

| | Key Issues/Risks | Opportunities |
|-------------|---|---|
| Environment | <ul style="list-style-type: none"> Climate change & carbon reduction Regulatory risks (EU, U.S.) IMO CO₂ emissions targets for the shipping industry Supply chain management | <ul style="list-style-type: none"> Efficient container use Low-carbon options for customers Further utilization of alternative shipping mode including rail. Alternative trucking solutions (e.g., electric vehicles) |
| Social | <ul style="list-style-type: none"> Employee's safety and health (overtime) Diversity and inclusion Women in leadership Community engagement | <ul style="list-style-type: none"> Enhanced technology to improve efficiency and reduce over-time |
| Other | <ul style="list-style-type: none"> Demand for further transparency and reporting Emerging competition (among GAFA etc.) (Lack of) technology Continuous conflict between U.S. and China | <ul style="list-style-type: none"> Improve customer relationships and increase sales Enhanced technology to improve customer experience More proactive management |

Impact Assessment

We evaluated more than 20 material aspects to assess the magnitude of potential impact on those issues, using over 60 metrics representing indicators of social, economic, and/or environmental impacts. Indicators were assessed using an industry and geography perspective, using the relative impact of the transport sector and the major countries in which KWE operates compared to global results. There was a broad range of impact levels for the material aspects assessed. The top five impact areas are shown below.

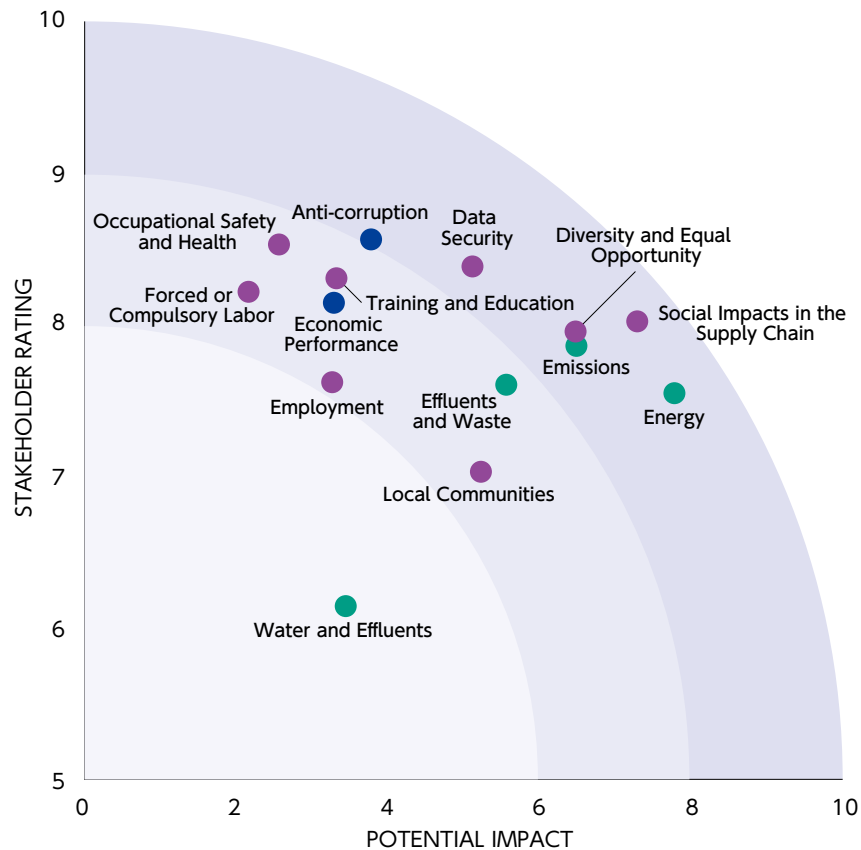
Impact Assessment Results: Top 5 Aspects

| Priority | Description | Score | Category |
|----------|------------------------------------|-------|-------------|
| 1 | Energy | 7.80 | Environment |
| 2 | Social Impacts in the Supply Chain | 7.30 | Social |
| 3 | Diversity and Equal Opportunity | 6.51 | Social |
| 4 | GHG Emissions | 6.49 | Environment |
| 5 | Effluents and Waste | 5.57 | Environment |

Overall Results















The materiality assessment process combines the results of the stakeholder feedback and impact analysis to determine KWE's top priority aspects - those topics that are important to both stakeholders and where KWE has a high potential impact on the environment or society.

KWE MATERIALITY RESULTS



Identification of Materiality

We have identified the six materialities of the KWE Group, which are topics that are of high importance to both stakeholders and society, the economy, and the environment, using objective indicators. Currently, KWE is working to set and implement measures and targets for each materiality.

| Description | GRI Category | Map to SDGs |
|------------------------------------|-----------------------|---|
| Anti-Corruption | Economic & Governance |  |
| Data Security | Social |  |
| Diversity and Equal Opportunity | Social |     |
| Emissions | Environment |   |
| Energy | Environment |    |
| Social Impacts in the Supply Chain | Social |    |

Environment

Material Topics

Emissions

Energy



Material Topics

Emissions Energy



| Objectives | Progresses in FY2021 | Initiatives in FY2022 and proposed future measures, etc. |
|---|--|---|
| <ul style="list-style-type: none"> ■ Reduce CO₂ emissions ■ Promote clean energy use | <ul style="list-style-type: none"> ■ Created a 3-year environmental action plan ■ Announced support of Task Force on Climate-related Financial Disclosures (TCFD) recommendations ■ Started gathering group-wide energy use data ■ Started participating in Sustainable Aviation Fuel (SAF) programs ■ Started using the Green Power Certificate System ■ Moved ahead on shifting from fuel burning to electric forklifts ■ Promoted lower greenhouse gas emission rail transport instead of air, sea, or truck ■ Reduced use of paper ■ Switched to limestone based material instead of paper for business cards ■ Installed solar energy generating system at Narita Terminal, moved ahead on high efficiency air conditioners ■ Scope 1 emissions 462 tons* ■ Scope 2 emissions 6,479 tons* <p><small>*KWE Japan non-consolidated. Based on the result of the third-party verification conducted in December 2022, the figure disclosed in August 2022 was corrected retrospectively.</small></p> | <ul style="list-style-type: none"> ■ Switching Japan HQ office electricity use to 100% renewable energy sources ■ Performing scenario analysis based on TCFD recommendations ■ Increasing participation in SAF programs ■ Releasing KWE CO₂ Calculator estimating emissions associated with freight transport ■ Continuing shift to electric forklifts ■ Continuing to promote rail transport ■ Continuing to reduce paper use ■ Updating air conditioning equipment at No.4 Baraki Terminal ■ Shifting to LED lighting inside Yokkaichi Terminal, No. 4 Baraki Terminal, No. 2 Baraki Terminal, and Narita Terminal ■ Updating to high efficiency elevators at No. 2 Baraki Terminal and Osaka Nanko Terminal |

Emissions & Energy

Concept/Policy

KWE Group's Environmental Policy

In addition to our corporate philosophy to contribute to the development of a global community through logistics services, KWE Group sets forth the following policy to conserve the earth's valuable natural resources and to preserve the environment:

1. We promote global pollution prevention.
2. We comply with the environmental protection laws, regulations, and requirements in each country in which we operate.
3. We define the following items as the key environmental management objectives related to business activities:
 - **Reducing greenhouse gas emissions**
 - Reducing electricity consumption
 - Reducing exhaust from vehicles and equipment
 - **Reducing waste and promoting recycling**
4. We work to prevent environmental pollution in cooperation with clients, affiliated companies, and subcontractors.
5. We make KWE group employees and the public aware of our environmental protection policy through internal and external communications.

Path to Net-Zero Emission

Phase I –2022–

- Start worldwide data collection (Electric Power, Fuels, Water, Paper)
- Get 3rd party accreditation for KWE Japan non-consolidated Scope 1 & 2 emissions
- Convert 1st year of overseas data to GHG
- Decide actual Scope 1 & 2 reduction measures

Phase II –2023–

- Get 3rd party accreditation for overseas Scope 1 & 2
- Set up reduction target for Scope 1 & 2 (-XX% by year XXXX)
- Start worldwide data collection for Scope 3

Phase III –2024–

- Get 3rd party accreditation for global Scope 3
- Establish an absolute emission reduction target
- Pledge Net-Zero emissions by 2050

Our Short-, Medium-, and Long-Term Perspectives on Environmental Action

The KWE Group has an extensive global network of 688 sites in 298 cities and 46 countries. In playing our part in the worldwide effort to decarbonize the logistics sector, we identify transportation and warehousing emissions and energy use as critical focus areas. In the short term, we are tracking current CO₂e emissions across all global sites, while acting immediately on initiatives promoting sustainable aviation fuel (SAF) and renewable energy

sources. As we look ahead to 2024, the KWE Group will declare our long term commitment to becoming carbon neutral (including Scope 3) by 2050.

Yoshikazu Yashiki
Managing Officer
General Manager
Corporate Planning &
Administration



QUOTE

Emissions & Energy — Our Initial Response to the TCFD Recommendations

Support of Task Force on Climate-related Financial Disclosures (TCFD) Recommendations

In December 2021 KWE announced its support of the recommendations made by the Task Force on Climate-related Financial Disclosures, an organization established by the Financial Stability Board to consider the financial impacts of climate change on business and financial planning. We are now engaged in analyzing the risks and opportunities associated with climate change and providing information to our stakeholders about the financial impacts on our business. Currently we are gathering basic data on group-wide CO₂ emissions in order to set goals for reduction, and working in the other areas described below.



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 FY2021.)

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.

Strategy

We identify climate change as a medium to long term risk. We have analyzed long term 2°C^{*2} or below and 4°C scenarios^{*3} 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.

Risk Management

We established a working group to start an initial risk analysis of climate change scenarios from February 2022. We prioritize 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 (see [P.13](#)). In the future, the KWE Group Sustainability Committee will continue updating them on an ongoing basis.

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 FY2021 were:

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















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

*1. Corporate Management Meeting: A meeting composing of standing Directors, standing Audit & Supervisory Board Members, managing officers, division managers, and office managers which meets twice monthly as a rule and it serves as a forum to resolve important matters related to overall management policies and business execution

*2. 2°C scenario: Sustainable Development Scenario (SDS) by IEA, Fifth Assessment Report (AR5) by IPCC, RCP2.6, etc.

*3. 4°C scenario: AR5, RCP8.5, etc. by IPCC

Disclosure Aligned with TCFD Recommendations -Assessing and Managing Climate-related Risks and Opportunities

| 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  | <ul style="list-style-type: none"> Based on stable partnership with air carriers who are positively promoting use of SAF, we can improve our customers' 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  | <ul style="list-style-type: none"> 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  | <ul style="list-style-type: none"> Operating costs increase with the implementation of a carbon tax | <ul style="list-style-type: none"> Consider these initiatives both in Japan and globally: <ul style="list-style-type: none"> 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  | <ul style="list-style-type: none"> Costs increase to manage and address risks, including information gathering and calculating systems, with the generalization of demand for disclosure and estimates of CO₂ 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  | Medium  | <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> Build relationships with partners moving ahead on SAF, carbon offset programs, and other decarbonization initiatives Our internal initiatives <ul style="list-style-type: none"> Reduce our own CO₂ emissions, including using electric and hydrogen-powered truck transport and shifting to electric forklifts |
| 4°C | Climate change | Lower revenues and higher costs due to disaster damage to ports and surrounding facilities | Risk  | Medium  | <ul style="list-style-type: none"> Rising sea level or severe weather closes ports and surrounding warehouses temporarily and interrupts operations, resulting in reduced revenues 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 Group Risk Management Committee |
| | | Lower revenues and higher costs due to disaster damage to logistics sites | Risk  | Medium  | <ul style="list-style-type: none"> Rising sea level or severe weather floods logistics sites, resulting in negative impacts on revenues, 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 Group Risk Management Committee |

Emissions & Energy —Emissions—

The Misato Green Warehouse

The KWE Group is adopting renewable energy sources as part of our decarbonization efforts. In 2021, we purchased a Green Power Energy Certificate^{*1} for 1,200,000 kWh of electric power for KWE Japan's Misato Green Warehouse. The Misato Green Warehouse has an ISO 14001 certified environmental management system, and the building's design, construction, and operation are LEED^{*2} certified. The Warehouse has green roofing and walls, LED lighting, and other environmentally conscious features. KWE also promotes local sustainable practices by reporting monthly environmental action and organizing community cleanups around the Misato Green Warehouse.

Sustainable Aviation Fuel

Sustainable aviation fuel (SAF) is produced from either dry biomass, discarded cooking oil, animal fat, or another renewable hydrocarbon. Compared to conventional jet fuels, SAF reduces life cycle CO₂e emissions by an average of 80%.

Air freight forwarding accounts for almost 50% of KWE Group consolidated net sales and it is the biggest source of its' Scope 3 emissions. Active promotion and use of SAF directly contributes to reducing our Scope 3 emission footprint, as well as providing a large number of our customers with low-carbon options.

Recently, KWE used the very first SAF freighter flight out of Japan as part of the All Nippon Airways SAF Flight Initiative Program in September 2021.

In April 2022, KWE became a launch partner in the

Cathay Pacific Airways Corporate Sustainable Aviation Fuel Programme for air freight: an initiative where Cathay Pacific will issue emission reduction certificates to help companies reduce their business and cargo transportation emissions. The KWE Group's promotion of SAF is an important part of our efforts to reduce GHG emissions and achieve carbon neutrality.

^{*1} Green Power Energy Certificate: The Green Power Certificate System aims to translate Environmental Added Values of electricity generated from renewable sources, including energy conservation (reducing fossil fuel consumption) and the reduction of CO₂ emissions. The Green Power Certificate allows companies and other organizations to use these values as metrics of their voluntary conservation measures.

^{*2} LEED: Leadership in Energy and Environmental Design certification issued by the U.S. Green Building Council based on building operations, site management, energy efficiency, and other evaluation categories.



Misato Green Warehouse



All Nippon Airways SAF Flight Initiative: For the Next Generation



Cathay Pacific Airways

Electric Forklifts

As with passenger cars, the shift to electric powered vehicles is critical in the global effort to reduce greenhouse gas emissions. Within the KWE Group, 75% of the forklifts essential for warehouse operations have been electrified. We will continue our efforts to convert forklifts that are powered by fossil fuels to electric. These conversions helped KWE Ireland, for example, to achieve:



Electric forklift and charger

- Reduced operational emissions
- Reduced fuel costs
- Reduced maintenance costs
- A greener, healthier work environment

Modal Shift to Rail

Shifting transport modes from air to sea, and from truck to rail are effective options in reducing CO₂e emissions and decarbonizing the logistics industry. In May 2021, KWE Japan began shipping by rail from the Tokyo area to western Japan, both to reduce environmental impacts and to secure domestic cargo capacity.

Cargo arriving by air at Tokyo/Narita International Airports, or by sea at the Port of Tokyo can be transported west by rail, in collaboration with Japan Freight Railway Company (JRF). KWE also has the ability to deliver containers by truck from Kudara Freight Terminal in Osaka “as is” or

after devanning.

Our customers are very pleased with this new eco-friendly rail option. Not only does this mode reduce CO₂e emissions, the critical alternative transport mode increases the environmental value and sustainability of customer supply chains and aids in corporate business continuity planning.

QUOTE

Decarbonization and Cost Reduction

KWE Ireland handles a variety of consumer healthcare products for their customers, from contact lenses to bulk drug powder. For the past 18 years, we have seen reduced emissions and cost savings whenever we electrify our forklifts in KWE Ireland facilities.



William Corcoran
Warehouse Manager
Dublin Office
KWE Ireland



Loading cargo at JRF Tokyo Freight Terminal



Train arrives at JRF Kudara Freight Terminal in Osaka



Container transported as is by truck

Visualizing Scope 3 Emissions with the KWE CO₂ Calculator

The KWE CO₂ Calculator (the “Calculator”) was rolled out in June 2022. The Calculator provides customers with CO₂ emissions for air and sea shipments, meeting the growing need to visualize greenhouse gas emissions (GHGs) as part of the worldwide push to decarbonize. The Calculator uses data from Smart Freight-accredited EcoTransIT World*: a tool by IVE mbH that provides well-to-wheel GHG emission data for shipping and logistics operations. The Calculator output includes the shipment’s emissions footprint, as well as shipment origin, destination, cargo volume, and transport mode. All KWE customers have access to the Calculator, and they can simply enter their shipment waybill number to get an estimate.

In addition to setting specific targets and goals to reduce our Scope 1 and 2 CO₂ emissions, helping our customers visualize their GHG emissions with the KWE CO₂ Calculator is a critical step in minimizing the global Scope 3 air and ocean shipping footprint.



KWE CO₂ Calculator

* The EcoTransIT World CO₂ calculator is used by over 120 international freight forwarders and other global enterprises to estimate greenhouse gas emissions attributable to cargo transport.

Reducing Our Use of Paper Products

The KWE Group is working to drastically reduce the use of paper documents within our day-to-day operations. This initiative will not only reduce our company’s environmental impact, but it will also improve document quality, reduce processing time, and lead to higher employee satisfaction. All of these positive impacts will culminate in higher customer satisfaction and freight volume increase. Digitizing our document production also creates an opportunity to streamline verification and other manual operations to en-



sure higher quality outputs in the future.

For example, KWE Japan has taken the last year to begin digitizing internal forms and procedures, and we are already seeing improved efficiency while saving about 50,000 sheets of A4 paper a year.

KWE recently conducted a trial run of sending select documents to customers in electronic format instead of paper. This trial proved beneficial to both parties involved, with fewer delays on the KWE side and less reminders from the customers.

Business Cards from More Sustainable Resources

Starting in October 2021, KWE Japan transitioned to using more sustainable business cards made from Limex*, a limestone-based paper alternative. Compared to traditionally produced paper business cards, Limex saves 10 liters of water for every box of 100 cards. Advertising the use of Limex cards internally and externally helps raise employee and business partner awareness of the need for environmental conservation.

* Limex is developed, produced, and distributed by TBM Co., Ltd.



Business card printed on Limex

Other Initiatives at Domestic Sites

These are some of the initiatives we are taking to reduce greenhouse gas emissions at our facilities in Japan.

Narita Terminal

We started generating solar power for use at our Narita Terminal in 2009. And, from 2017 to 2019 we replaced a total of 40 warehouse air conditioners with more efficient models and updated the office air conditioning equipment in 2020, resulting in yearly emissions reductions of 190.08 tCO₂.

LED Lighting and Updated Elevators

LED lighting is more energy efficient than fluorescent, resulting in lower CO₂ emissions. We are now shifting to LED lighting inside all our terminals in Japan. Since LED bulbs last longer than fluorescent ones, the change reduces safe-

ty and quality risks due to dim lighting as bulbs age, replacing bulbs at a height, and having to frequently move freight around in order to replace bulbs.

We are also planning to update to high efficiency elevators at No. 2 Baraki Terminal and Osaka Nanko Terminal.

Decarbonization Initiatives at Terminals in Japan Starting FY2022

| Where | What | When | Expected reduction in emissions (tCO ₂ /year) |
|---|------------------|---------------------------|--|
| No. 4 Baraki Terminal | Air conditioners | July 2022/September 2023 | 463.32 tCO ₂ /year |
| Yokkaichi Terminal (KINTETSU LOGISTICS SYSTEMS, INC.) | LED lighting | April 2022/July 2022 | 1.137 tCO ₂ /year |
| No. 4 Baraki Terminal | LED lighting | September 2022/March 2025 | 249.48 tCO ₂ /year |
| No. 2 Baraki Terminal | LED lighting | September 2022/March 2025 | 68.31 tCO ₂ /year |
| Narita Terminal | LED lighting | April 2023/March 2025 | 264.33 tCO ₂ /year |
| No. 2 Baraki Terminal | Elevators | October 2022/July 2023 | 35.64 tCO ₂ /year |
| Osaka Nanko Terminal | Elevators | October 2022/July 2023 | 26.73 tCO ₂ /year |



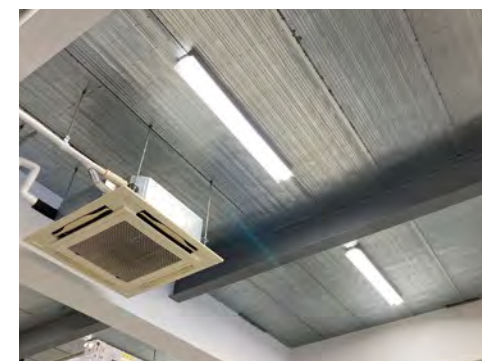
Narita Terminal solar power generating system



Narita Terminal solar power monitor



Narita Terminal



Kintetsu Logistics Systems Yokkaichi Terminal LED lighting

Social

Material Topics

Data Security

Diversity and Equal Opportunity

Social Impacts in the Supply Chain



4
QUALITY
EDUCATION



5
GENDER
EQUALITY



8
DECENT WORK AND
ECONOMIC GROWTH



10
REDUCED
INEQUALITIES



16
PEACE, JUSTICE
AND STRONG
INSTITUTIONS

Material Topics

Data Security



| Objectives | Progresses in FY2021 | Initiatives in FY2022 and proposed future measures, etc. |
|--|---|--|
| <ul style="list-style-type: none"> Strengthen IT security/architecture Raise IT security awareness | <ul style="list-style-type: none"> Set target security levels and moved ahead on putting them in place; started building framework for immediate emergency response Held periodic information security training for all employees (87% participation) | <ul style="list-style-type: none"> Continuing cyber-security measures Continuing employee training Planning and implementing periodic security assessments Continuing risk reduction for data center, server, network, and other risks |

Diversity and Equal Opportunity



| Objectives | Progresses in FY2021 | Initiatives in FY2022 and proposed future measures, etc. |
|--|--|--|
| <ul style="list-style-type: none"> Promote appointment of women to management positions Promote recruitment from minority groups Promote employee education on human rights and equal opportunity | <ul style="list-style-type: none"> Women in management positions across the group: 32% Surveyed harassment prevention and diversity and inclusion training across the group Worked on global training program to start next fiscal year | <ul style="list-style-type: none"> Setting diversity and inclusion policy and regulations Continuing to promote advancement of women to management Continuing to promote hiring from minority groups Continuing to promote human rights and equal opportunity training |

Social Impacts in the Supply Chain



| Objectives | Progresses in FY2021 | Initiatives in FY2022 and proposed future measures, etc. |
|---|---|---|
| <ul style="list-style-type: none"> Fulfill ethical, social, and environmental responsibilities in the supply chain | <ul style="list-style-type: none"> Informed vendors worldwide of the KWE Vendor Code of Conduct (82% signed) | <ul style="list-style-type: none"> Continuing to inform vendors of the KWE Vendor Code of Conduct Creating guidelines for safety and health, labor, vendor management, and environmental compliance Monitoring and surveying vendors |

Data Security

Concept/Policy

The KWE Group protects the confidentiality, integrity, and availability of information assets with ongoing improvements to information security in order to run our business operations smoothly and earn the trust of our stakeholders. In 2020 the KWE Group established the KWE Group IT Security Policy conforming to the ISO 27001 management framework to improve security globally.

KWE Group Basic Policy on Information Security

KWE Group will run our business operations successfully and continuously improve its information security in order to increase stakeholders' trust, while maintaining confidentiality, integrity, and availability of information assets. Our Basic Policy includes the following:

- 1 Build organizational structure to improve our information security
- 2 Comply with all information security laws, regulations, and other internal rules
- 3 Regularly evaluate and re-examine measures for information security
- 4 Reliably protect information assets against threats (unauthorized access, computer virus, etc.)
- 5 Take measures aimed at enabling the rapid recovery of business activities from setbacks and natural disasters

KWE Group IT Security Policy

Outline

- Establishing appropriate local IT security policy, planning, and governance
- Implementing appropriate security controls
- Regularly reviewing the suitability, adequacy, and effectiveness of the security controls
- Improving the suitability, adequacy, and effectiveness of the security controls.

QUOTE

We are always improving our information security in order to be a trusted business partner.

We've been making sure that our information security keeps pace with changing work styles. We need to take quick and effective action to counter increasingly sophisticated security threats in rapidly evolving environments. We are moving forward on building a zero trust security platform, utilizing services that can guarantee security in the cloud, and educating

users about how to counter threats. We are committed to ongoing improvement of our information security in order to earn the trust of our customers and business partners.

Makoto Saito
Managing Executive Officer
General Manager (CIO)
Corporate Information Technology



Progress & Plan

Phase I —2020—

- KWE Group IT Security Policy

Phase II —2021—

- Security levels
- Security management framework
- Drills and training

Phase III —2022—

- Standardized infrastructure
- Periodic security assessments

Cyber Security

We implement hardware and software cyber-security including entrance control, exit control, and anti-virus measures.

In addition, we monitor potential security anomalies 24/365.

Employee Education

All KWE Group employees undergo phishing email

drills with follow-up e-learning once every quarter.

Security Assessments

KWE Group data security undergoes regular third-party assessments, with any required improvements planned and implemented by information security experts.

Other Risk Reduction Measures

We use decentralized data centers, cloud resources, and re-

dundant network lines in order to reduce the risk of system failures and ensure stability. Each group company's outward facing servers undergo vulnerability scans to reduce the risk of breach of confidential information.

Employee Education (in and after FY2021)

| Period | Contents |
|----------|--|
| Sep 2021 | Phishing email drill: For 9,614 employees (All locations except Europe) Link embedded in email text, request to enter ID and password on the linked page |
| Dec 2021 | E-learning course based on drill outcome Completion rate: 87% |
| Mar 2022 | Phishing email drill: For 10,765 employees (All locations) |



Status of data security goals

Followup e-learning completion rate

Objective: **100%**

Completion rate for FY2021: **87%**

Diversity and Equal Opportunity

Concept/Policy

We do not tolerate discrimination in any form, whether by race, ethnicity, nationality, gender, or disability, and we provide equal opportunities for everyone to play an active role. The KWE Global HR Guidelines established in 2020, which lay out the important common concepts in human resources for all KWE companies around the world, include the promotion of diversity and equal opportunity as a fundamental value. And in 2022, we enacted the KWE Group Diversity Basic Policy to embody the initiatives.

KWE Group Code of Conduct 8. Equal Employment Opportunity

The Company has always been, and continues to be, committed to providing equal employment opportunity to all its employees and applicants for employment.

QUOTE

We respect the individuality of our employees and their diverse cultures.

The diversity of our employees, men and women from a wide variety of cultures around the world, is fundamental to the success of KWE's global business. We depend on our employees leveraging their individuality to move forward with their mission and grow professionally at the same time. Teamwork is very important because we need to work together with individuals from all kinds of backgrounds, in many different countries, to serve our customers well. Corporate Human Resources Department is providing

education programs to lead the way for all our employees to value diversity and inclusion in their daily work.

Yoshitaka Furukawa
Managing Officer
General Manager
Corporate Human Resources



Priority Measures, KPIs, etc.

Increase the ratio of women in managerial positions

- Increase the ratio of women in managerial positions by increasing the ratio at regional headquarters and subsidiaries

Achieve an organization that is rich in diversity and mutual respect

- Maintain a workplace environment with no discrimination or harassment
- Promote HR management without regard to

citizenship, age, gender, sexual orientation, gender identity, or other attributes and values so that every employee can excel in his or her role

Enhance employee training in harassment prevention and diversity and inclusion

- 100% participation in harassment prevention training
- 100% participation in diversity and inclusion training

QUOTE

We will continue to work together as one team to achieve further growth for our employees and the company.

I started with KWE back in 2007 in a sales capacity and moved over to an operational role in 2014. I currently lead the international operations for all of KWE Canada. Having exposure to both sales and operations has really helped me to gain perspective, build cooperative relationships and integrate solutions to strengthen our service. Ensuring that we remain profitable and compliant while driving growth within our organization are key areas of focus for me.

It is truly rewarding to work with a group of industry leaders who actively collaborate as a team to ensure our success in the marketplace. Standards, expectations, and deliverables are set high

which sets KWE apart from our competition in the marketplace. Creating and maintaining an optimal work environment for our team members which allows for growth, recognition, innovation, and collaboration has and will continue to be very important to ensure KWE Canada's success.

Leah Hepburn
Vice President,
International Operations,
International Freight Department
KWE Canada



KWE Group Percentage of Women in Management Positions
(as of March 31, 2022)

| | |
|------------------------------|--------------|
| Japan | 10.9% |
| The Americas | 53.5% |
| Europe, Middle East & Africa | 23.2% |
| East Asia | 41.1% |
| South East Asia & Oceania | 33.0% |
| APL Logistics | 39.6% |
| Total | 32.5% |

Diverse Talent Acquisition

The KWE Group is committed to promoting diversity in talent acquisition in line with local demographics and cultures.

For example, in Japan where the population is aging, we have introduced the KWE Life Shift Support Regulatory Guidelines in FY2021 facilitating the hiring of people over the age of 60. And in the U.S., APLL offices are actively hiring underrepresented Americans under a special internship program.

KWE Global HR Guidelines

Our employees are our most valuable asset. The KWE

Global HR Guidelines established in December 2020 are based on a concept of talent management that respects diversity and enables employees to demonstrate their autonomy, innovation, and adaptability.

Attracting, Retaining, and Developing Outstanding Talent

The KWE Group talent management platform is designed to attract, retain, and develop outstanding talent around the world to achieve our long-term vision and the sustainable growth of our business.

1 KWE Leadership Competencies

The leadership competencies describe the type of leadership KWE is looking for, a leader who represents KWE core values, and who will forward the achievement of our long-term vision. The leadership compe-



tencies are a useful tool in securing successors to key positions, developing talent, and maintaining the KWE corporate culture.

Our talent management platform consists of 5 components around the core of leadership competencies: performance management, talent identification and succession planning, learning and development, total rewards, and talent acquisition, supported by the corporate HR vision and mission.



2 HR Vision

The KWE corporate HR vision is to attract, retain, and develop the best employees, and be a company that employees are proud of. We are committed to increasing employee engagement, resulting in the sustainable growth of both individuals and the organization.

3 HR Mission

The KWE corporate HR mission is to ensure that every employee can enjoy a long and fulfilling career by creating a work environment where each individual is mo-

tivated to develop him or herself and contribute to the organization.

Learning and Development

The KWE Group uses a 70-20-10 learning model, which consists of on-the-job training through challenging assignments (70%), social learning through developmental relationships (20%), and formal learning through coursework and training (10%). All these types of learning assist in aligning individual and organizational aims.

On-the-job Training

On-the-job training includes challenging assignments to increase individual skills, strengths, and efficiency. Assignments such as small projects and start-ups emphasize persuasion, learning new content quickly, working under time pressure, and dealing with groups of people not worked with before.

Social Learning

Social learning consists of coaching and mentoring.

Talking with a coach can help with gaining new insights and a broader range of conceptual and behavioral options, as part of the effort to improve the individual's performance. Coaches are assistants who help the individual in formulating his or her own thoughts by listening, observing, asking questions, and occasionally offering suggestions.

While a mentor supports the mentee's career, he or she by no means does the thinking for the mentee. Instead, the

ongoing mentoring process of discussion and advice enables the mentee to make his or her own discoveries. The mentoring process promotes the development of both the mentor and the mentee.

Formal Learning

Formal learning is customized training and development that uses facilitated programs and learning events to help

grow employees into peak contributors and to build on their experiences and expectations.



Business leadership training (2015)

Some Examples of Formal Learning Programs

Programs/Contents

KWE corporate onboarding program

Forwarding and logistics industry regulations

Legal and regulatory compliance

Job skill training (manager-approved training based on individual needs)

New manager orientation

Performance management

Training for hiring teams

Diversity and inclusion

Corporate learning programs (led by CHR)

Cyber security training (led by CIT)

LinkedIn Learning

Self-development using correspondence courses, such as foreign languages, information technology, and culture

Occupational Safety and Health

The KWE Group has always prioritized the health and safety of all employees based on the KWE Group Code of Conduct. Now, our company is making even more focused efforts at the workplace level with ISO 45001 certified occupational safety and health management systems.

In order to promote these efforts throughout the KWE Group, we established the KWE Group Occupational Safety and Health Policy and Regulations in August 2022. This guidance provides the KWE Group with safety and health management frameworks and operational policies, enabling appropriate management of the risk of occupational injuries and illnesses. The KWE Group Safety and

Health Committee meets regularly to oversee ongoing improvements in our work environments.

KWE Group Code of Conduct 12. Safety and Health

The safety and health of each employee is critical to the Company and all employees are encouraged to share in the commitment to a healthy and safe work environment. Each employee is responsible for immediately reporting any accidents, injuries and/or unsafe working conditions and maintaining a healthy and safe work environment. Workplace violence, any threatening behavior and all forms of unlawful conduct will not be tolerated.

KWE Group Occupational Safety and Health Policy

The KWE Group aims to enable employees to work in a healthy and safe environment where they can fully demonstrate their abilities, and provide maximum value to our customers and to society as a whole.

1. KWE Group directors and employees act with safety and health as their first priority.
2. KWE Group directors and employees comply with laws and company regulations related to safety and health.
3. The KWE Group identifies hazardous factors and takes measures to avoid or reduce the risk of harm to safety and health.

KWE Thailand

KWE Thailand has developed a training program and implemented other measures to help reduce the risk of accidents.



Implementation of safety education program

KWE Thailand initiatives

Training program

- Onboarding training for truck drivers
- Safe driving classes held every other month

Safer environment

- Dash cams
- Designated rest areas for breaks every four hours

Kintetsu Logistics Systems

Kintetsu Logistics Systems, located in Japan, is addressing safety in its road transport business in a number of ways.

Kintetsu Logistics Systems initiatives

Safety conferences

- 1 Twice a year all employees undergo safety training

Regular training

- 2 Checking blind spots and anticipating potential dangers when driving a truck
- 3 Regular drills in how to use freight handling equipment

Operations management

- 4 All vehicles equipped with digital tachographs and dash cams
- 5 Alcohol checks

Recognized excellence in safety

- 6 "G-Mark" recognition for excellent safety by the Japan Trucking Association since 2003



Social Impacts in the Supply Chain

Concept/Policy

KWE Vendor Code of Conduct

The KWE Group established our Vendor Code of Conduct in January 2020. The Vendor Code of Conduct sets standards for sustainable, fair, and ethical business practice for all KWE Group vendors and partnerships around the world. The objectives of our Vendor Code of Conduct and the action plans below are to set clear vendor evaluation criteria while promoting reduced risks and improved performance.

<INDEX>

- STATEMENT OF POLICY
- GENERAL PRINCIPLES AND STANDARD OF CONDUCT
 1. COMPLIANCE WITH LAWS
 2. BUSINESS PRACTICES
 3. ETHICAL PRINCIPLES AND CONFLICT OF INTEREST
 4. SAFETY AND HEALTH
- 5. LABOUR
- 6. VENDOR MANAGEMENT
- 7. ENVIRONMENTAL COMPLIANCE
- CONSEQUENCES OF BREACH
- KWE ETHICS REPORTING RESOURCE

Full text of KWE Vendor Code of Conduct ▼

<https://www.kwe.com/about/whoweare/policy/vendor-code-of-conduct/>

Action Policy

Share best practices for ongoing improvement in the social, environmental, and ethical areas. Ensure that KWE vendors, as well as KWE offices and warehouses, strive to implement these best practices throughout the entire supply chain

Objective

Set clear vendor evaluation criteria and promote reduced risks and improved performance

Progress

As of March 2022, 82% of our vendors have signed acknowledgment of the KWE Vendor Code of Conduct. We are continuing to work to increase this number, and we are also currently drafting uniform vendor safety and health standards aligned with the KWE Group Occupational Safety and Health Regulations.

QUOTE

Sustainable growth together with our vendors

The number of KWE Group vendors has been rapidly growing, along with our business worldwide. The KWE Group is working to maintain sustainable growth and to uphold our global social, environmental, and ethical responsibilities. This growth

trajectory ultimately depends on our vendors' mindsets and practices, and their growth on ours. This is why we are asking them to uphold our KWE Vendor Code of Conduct. We are co-creating value.

Takashi Ito
Managing Officer
General Manager
Corporate Sales, Marketing & Operation



Plan and progress

Phase I: 2020 - 2021

- Inform all vendors worldwide of the KWE Vendor Code of Conduct

Phase II: 2021 - 2022

- Select the general principle safety and health, in particular, for warehouse operations, for priority action. Our stakeholders are highly interested in this area

Phase III: 2023 - Present

- Establish uniform vendor safety and health standards aligned with the KWE Group Occupational Safety and Health Regulations

Phase IV: 2024 - forward

- Monitor and survey vendors

Social Contribution Activities

The KWE Group fulfills its responsibilities as a good corporate citizen through social contribution activities meeting the needs of local communities in support of environmental protection, public welfare, and culture.

In FY2021 KWE Group companies participated in over 100 social contribution activities, among them APLL India and KWE Thailand.

APLL India

APLL India contributes to the PM National Relief Fund. The fund is used to help victims of natural disasters such as floods, cyclones, and earthquakes and emergencies such as major accidents and riots, as well as to assist with medical expenses for heart surgery, kidney transplants, and treatment for cancer or oxygen deficiency. In FY2021 APLL India contributed INR 2,550,239.



PM National Relief Fund website banner

KWE Thailand

In June 2021, KWE Thailand marked the 10th anniversary of its merger with TKK Logistics. On this occasion the company made a contribution to a non-profit charity fund established by the Thai royal family. In October, ten members of KWE Thailand management were invited to an audience with Her Royal Highness Princess Sirindhorn, the head of

the charity, who expressed her thanks for KWE Thailand's long history of social contribution.



Audience with Her Royal Highness Princess Sirindhorn

Other Social Contribution Activities by KWE Thailand

| Where | What | Contribution |
|--|---|--------------------------------------|
| Educational Technology for the Blind Center, Nonthaburi Province | Braille book production | THB 8,000 |
| Tako Pid Tong Border Patrol Police School, Ratchaburi Province | Donation of goods | THB 9,000 (including from employees) |
| Bangkok School for the Blind | Donation of paper for Braille book production | Employee used desktop calendars |

QUOTE

Contribution to the community means sustainability of our business

Social Contributions are about improving the well-being of every individual in society so we can reach their full potential and every citizen. Working team always need to be with high quality to succeed. When people know that their society are being well taken care of, they can be more productive in their jobs. When employers have good employees their business is more likely to succeed. When businesses succeed, the economic situation of a community is improved.

KWE Thailand would go beyond business's sustainability with our Vision ***"Contributing to Thai Society and Driving the Sustainable Growth of the Group through Logistics"***.

Dr. Rinruedee Plaipetch
Manager
Human Resources Department
KWE Thailand



KWE and the COVID-19 Pandemic

Since the COVID-19 pandemic began, the KWE Group has been prioritizing the well-being of our customers, business partners, employees, and their families above all else. As an essential global forwarder, we continually support international supply chains by protecting customer freight and business opportunities and maintaining the critical functions of transport, customs clearance, storage, loading and unloading, packaging, distribution, and information management.

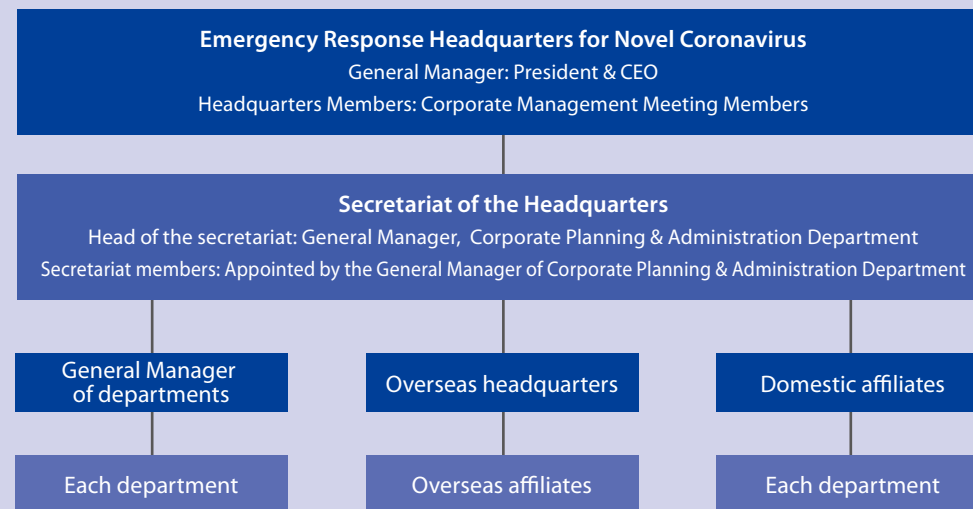
This section describes a few examples of how we have been protecting the well-being of our stakeholders and supporting global supply chains throughout the COVID-19 pandemic.

Protecting the Lives of Our Stakeholders

Timeline in Japan

| | |
|----------|--|
| Feb 2020 | Set up Emergency Response Headquarters for Novel Coronavirus |
| | Expanded applicability of KWE Japan work-from-home regulations as a preventative measure |
| | Distributed supplies of masks to KWE Group companies |
| Mar 2020 | Announced criteria for infection prevention activity |
| | Distributed supplies of masks (2nd time) |
| Apr 2020 | Announced KWE activity in response to the 1st state of emergency in Japan |
| May 2020 | Distributed supplies of masks (3rd time) |
| Jun 2021 | Started workplace vaccination program in Tokyo |

Organizational Structure



Major Initiatives



Work from home
Expanded applicability to all employees



Physical condition management
Temperature check on arrival at work



Vaccination
Started workplace vaccination

KWE will uphold its essential global citizen role in protecting our employees, customers, and other stakeholders as the COVID-19 pandemic continues to evolve.

Supporting Supply Chains

Delivering Vaccines to Japan

KWE's experienced pharmaceutical transport teams in Europe and Japan were responsible for the international transport, customs clearance, and delivery of COVID-19 vaccines from Europe to Japan. Working closely with a Japan-based carrier and other business partners, the team established the service routes and operations necessary to meet strict temperature-control requirements and ensure the safe and secure delivery of COVID-19 vaccines.



Providing Stable Capacity to Customers While Minimizing Staff Infections in China

KWE China has been focusing its efforts on providing a stable supply of capacity to customers with regular and/or ad-hoc charters to compensate for shortages caused by the COVID-19 pandemic. While we are maintaining the critical social infrastructure of customer supply chains, our workers



are protecting themselves and their colleagues against infection with regular PCR testing, COVID-19 vaccinations, PPE, and masking.

Delivering Oxygen Concentrators to India

In June 2021, KWE partnered with the Nippon Foundation to deliver 100 oxygen concentrators to Manipur, India. These medical devices are essential for treating COVID-19 patients. KWE decided to utilize land transportation from Delhi Airport in consideration of lead-time management. The shipment by truck was constantly monitored by GPS to ensure safe arrival at the final destination.



Our actions to combat the COVID-19 pandemic reflect KWE's commitment to fulfilling our essential mission to support a safe global society.

Virtual Transformation in Five Days

At the start of the COVID-19 pandemic, companies were strongly challenged to establish social-distancing practices that would permit up to 25% of the workforce to remain on-site as others transitioned to working from home (WFH). In the Americas Region, KWE's IT department was tasked with quickly rolling-out a WFH structure that promoted greater accessibility, security, and efficiency across the company. Culminating in a five-day, department-wide collaboration, the IT department created a WFH culture and capabilities for all our branches

across the U.S. a feat once thought to be a six-month effort.

Employees from all across the company supported KWE's mission to provide the highest level of service to its customers throughout the COVID-19 WFH transition. We cannot express enough appreciation to the entire KWE family, corporate staff, and the frontline workers who continue to make KWE an extremely rewarding place to work and grow.

QUOTE

Glen Belostock
Senior Director,
Global Data Integration
KWE U.S.A.



Governance

Material Topic

Anti-Corruption



Material Topic

Anti-Corruption



| Objective | Progress in FY2021 | Initiatives in FY2022 and proposed future measures |
|---|---|---|
| <ul style="list-style-type: none"> Promote communication about anti-corruption policy and procedures | <ul style="list-style-type: none"> Started quarterly group-wide compliance training for employees in 40 countries around the world in April 2022 | <ul style="list-style-type: none"> Conducting group-wide compliance training “Ethics and the Code of Conduct” to increase employee understanding of compliance |
| <ul style="list-style-type: none"> Identify risks of misconduct in the workplace, identify confirmed cases of misconduct, and implement appropriate measures | <ul style="list-style-type: none"> Moved ahead on linking the compliance training platform and the internal hotline (as of June 2022) | <ul style="list-style-type: none"> Implementing the KWE Group integrated internal hotline |

Concept/Policy

KWE Group Compliance Policy

The KWE Group governs itself with company-wide accountability and high ethical standards. We conduct our corporate activities to the greatest degree of legitimacy to maintain internal and external trust and credibility.

1. All KWE 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 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 KWE Group risk management framework (see p. 34).

- The Chief Risk Officer has overall responsibility for ensuring compliance in the KWE Group and for addressing any instance of non-compliance that occurs.
- Regional 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 instance of non-compliance that occurs.
- Regional General Managers and the Presidents of affiliates 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 affiliate 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.

In April 2021, the KWE Group established a new role for the Group General Counsel to advise the KWE Group on the increasingly complex and diverse legal and regulatory requirements in our global business, including wide-spread extraterritorial application.

Strict compliance and governance

The Corporate Planning and Administration Department works closely with our General Counsel to identify and manage potential company risks and to implement employee training on compliance-related topics. Our employees are the first line of defense against non-compliance, so it is very important that we educate them on appropriate

anti-corruption measures. We're also improving our internal hotline to make it more effective. We are working to make stronger governance a reality.

Yoshikazu Yashiki

Managing Officer
General Manager
Corporate Planning & Administration



QUOTE

Anti-Corruption

Ensuring Compliance at the KWE Group Level

In April 2021, the KWE Group's Corporate Departments began working with the newly appointed Group General Counsel to implement governance and compliance frameworks across the Group.

Restructuring the Whistleblower System

We will implement a group-wide whistleblower system to facilitate 100% employee accessibility. The new system is an independent compliance hotline capable of handling reports in multiple languages. We are moving to standardize the system across our global workforces and to increase employee awareness.

We have also taken steps to increase complaint visibility by aggregating, analyzing, and observing complaint data trends.

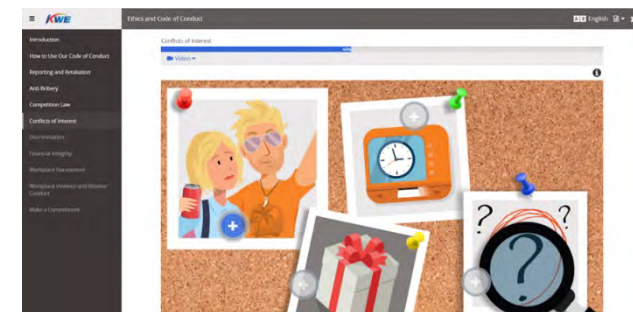
Compliance Training

Employee knowledge and awareness is critical for ensuring that internal controls function properly and effectively. KWE kicked off Group-wide compliance training in April 2022, and we will continue to create additional training programs in the coming years. The objective of these sessions is to in-

crease employee understanding of compliance issues and the internal hotline system throughout the KWE Group.

Outline of KWE Group Compliance Training Program (e-learning)

| | Scheduled period | Course |
|------|--------------------|---|
| 2022 | April – June | Ethics & Code of Conduct |
| | July – September | Antitrust & Competition Law (Basics) |
| | October – December | 1. Workplace Harassment 9th Edition (Employee Complete) 2. Diversity, Equity and Inclusion 3rd Edition (Manager) |
| 2023 | January – March | Global Anti-Bribery & Corruption (Basics) |
| | April – June | Workplace Violence & Bullying |
| | July – September | Conflicts of Interest |
| | October – December | Global Workplace Harassment 2 - Employee |
| | January – March | Antitrust & Competition Law (Advanced) |
| 2024 | April – June | Global Anti-Bribery & Corruption (Advanced) |
| | July – September | Financial Integrity |



E-learning screen image

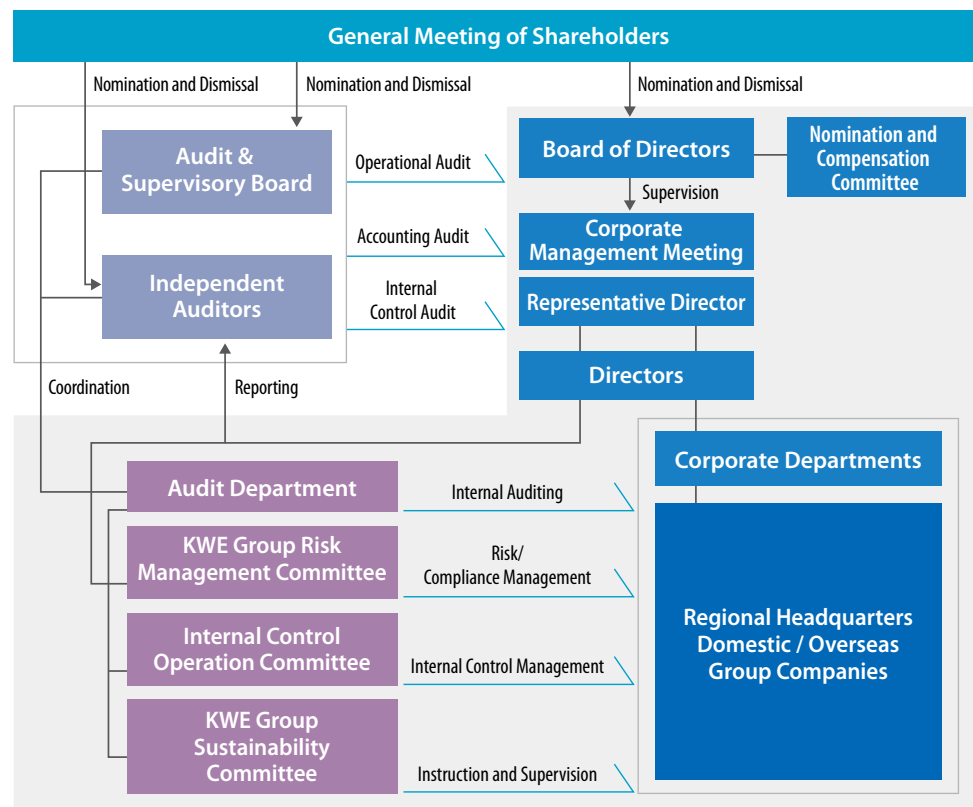
About Non-Compliance in FY2021

In FY2021, there were no cases of legal action for anticompetitive conduct, violation of antitrust laws, or violation of antimonopoly laws.

Corporate Governance

The KWE Group's corporate philosophy is to "Contribute to the development of a global community through logistics services—by creating new values, sustaining the environment and collaborating with our clients, shareholders and employees". As the primary management goal of the KWE Group, we will improve corporate value while maintaining good relationships with all stakeholders. From this perspective, it is important that our management strengthens corporate governance and makes its decision-making processes more transparent and fair.

Corporate Governance System



Overview of Corporate Governance (as of June 15, 2022)

| Type of System | Number of Directors | Term of Office of Directors |
|--|---|--|
| Company with Audit & Supervisory Board Members | 8 Including three outside directors One female director | 1 year |
| Number of Audit & Supervisory Board Members | Number of Independent Officers | Number of meetings of the Board of Directors |
| 4 Including two Outside Audit & Supervisory Board Members | 4 | 13 (FY2021) |
| Voluntary Committees | Succession Planning | Performance-Based Compensation |
| Established (Nomination and Compensation Committee) | Introduced | Introduced (Stock) |

For more information on our corporate governance, please refer to the following site.

<https://www.kwe.com/about/sustainability/governance/>

Risk Management

The KWE Group Risk Management Basic Policy provides the foundation for unified, ongoing risk management on a global basis.

The KWE Group Risk Management Regulations set out the responsibilities of each position involved in risk management, including the appointment of a board director as Chief Risk Officer. The CRO heads the KWE Group Risk Management Committee, which reviews risks that should be addressed at the group level and ensures they are handled appropriately. In addition, the KWE Group Basic Policy on Business Continuity and specific business continuity plans are in place in the event of emergencies posing a critical threat to our business.

The KWE Group Risk Management Committee met four times in FY2021, sharing information and working on avoiding and reducing major risks to the group overall. Regional Risk Management Committees met twice at regional headquarters outside Japan and four times at Japan headquarters, identifying and addressing risks in their region.



KWE Group Risk Management Basic Policy

KWE Group strives for the long-term continuation of business and to increase its corporate value under this basic policy in order to fulfill its social responsibilities as a corporate group and to live up to the social trust placed in it by all of its stakeholders.

- 1) We continuously, actively, and in a unified manner manage risks that materially affect the continuation of its business and cause loss.
- 2) We investigate and bring to light risks, accurately recognize the material risks through analysis, and prepare and implement countermeasures for reducing the possibility of those risks being realized and countermeasures for avoiding and mitigating loss if we are.
- 3) If a risk actualizes, we will act responsibly as an organization, strive to quickly recover and resolve it through appropriate responses, and keep loss relating to the safety, health, and profits of related parties to a minimum.

KWE Group Basic Policy on Business Continuity

KWE Group will restore quickly and continue business operations, following an incident or circumstances that could prevent the continuity of our businesses such as natural disasters, while giving the highest priority to respecting human life. Our basic policy includes:

- 1) Ensure the safety of customers, suppliers, employees and their families a top priority
- 2) Minimise the damage or impact to business operations by the above-mentioned incident in order to protect a customer's cargo and to avoid loss of business opportunity of such customer
- 3) Strive to prevent further or secondary damage, while grasping damage situations quickly and distributing necessary information
- 4) Collaborate with the local community and actively contribute to it as members of such community
- 5) Continuously implement and improve Business Continuity Management systems

Information

ESG Data

Corporate Information

ESG Data (FY2021)

Environment^{*1}

| Description | Item | KWE Japan non-consolidated | Year on Year |
|-----------------------------|-------------------------------------|----------------------------|--------------|
| Energy | Electricity (kwh) | 16,199,114 | 100.8% |
| | CO ₂ e (t) ^{*2} | 6,479 | 93.5% |
| | City Gas (m ³) | 6,015 | 111.3% |
| | CO ₂ e (t) | 13 | 111.3% |
| Water | Usage (t) | 17,743 | 91.2% |
| Fuel | Gasoline (ℓ) | 45,058 | 91.6% |
| | CO ₂ e(t) | 105 | 91.6% |
| | Diesel fuel (ℓ) | 29,403 | 153.3% |
| | CO ₂ e(t) | 76 | 153.3% |
| | Propane gas (kg) | 76,823 | 123.3% |
| | CO ₂ e (t) | 230 | 232.3% |
| | Fuel oil A (ℓ) | 14,000 | — |
| | CO ₂ e (t) | 38 | — |
| Office paper (box) | Usage (box) (2,500 pcs/box) | 21,348 | 96.0% |
| Waste | Flammable (kg) | 138,344 | 115.4% |
| | Non-flammable (kg) | 16,327 | 70.2% |
| | Plastics (kg) | 113,108 | 92.8% |
| Resources emissions | Cardboard (kg) | 797,433 | 109.2% |
| | Paper (kg) | 213,650 | 104.5% |
| | Wrap (kg) | 54,353 | 96.2% |
| | Wooden pallet (kg) | 556,037 | 95.4% |
| | Iron scraps (kg) | 0 | 0.0% |
| CO ₂ e total (t) | | 6,941 | 96.4% |
| | Of which, Scope 1 | 462 | |
| | Scope 2 | 6,479 | |

^{*1} Resources used in FY2021 by Kintetsu World Express all offices and warehouses. Based on the result of the third-party verification conducted in December 2022, the figure disclosed in August 2022 was corrected retrospectively.

^{*2} CO₂ emissions calculated from electricity consumed using rates provided by the electric power companies. Calculated excluding renewable energy purchased through a Green Power Energy Certificate.

Social

| Item | KWE Group total (Japan and overseas) |
|--|--------------------------------------|
| Number of employees (persons) | 17,069 |
| Countries | 46 |
| Information security e-learning completion (%) | 87 |
| Women in management positions (%) | 32.5 |
| Vendors acknowledging the KWE Vendor Code of Conduct (%) | 82 |

Governance

| Item | As of June 15, 2022 |
|--|---------------------|
| Number of Directors (persons) | 8 |
| Number of Audit & Supervisory Board Members (persons) | 4 |
| Number of Outside Directors (persons) | 3 |
| Number of Outside Audit & Supervisory Board Members (persons) | 2 |
| Number of Independent Officers (persons) | 4 |
| Number of Officers (persons) | 20 |
| Officers who are Board Directors (persons) | 4 |
| Ratio of Outside Directors (%) ^{*3} | 37.5 |
| Ratio of Female Directors (%) ^{*4} | 12.5 |
| Board of Directors meetings in FY2021 (times) | 13 |
| Independent Directors on the Nomination and Compensation Committee (%) | 60 |

^{*3} Ratio of Outside Directors= Number of Outside Directors/Number of Directors

^{*4} Ratio of Female Directors= Number of Female Directors/Number of Directors

Corporate Data (as of March 31, 2022)

Business Overview

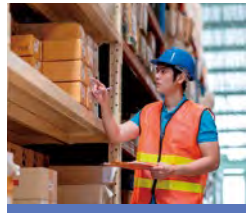
Air freight forwarding



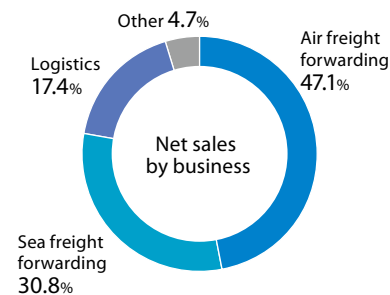
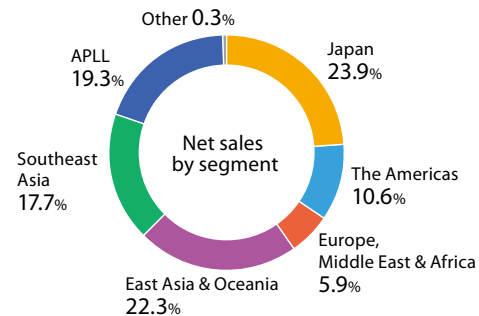
Sea freight forwarding



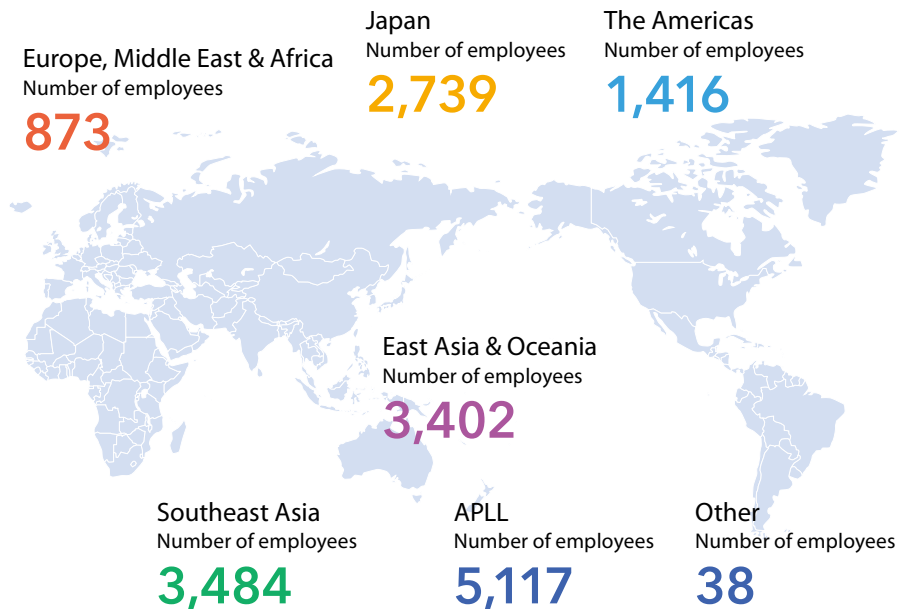
Logistics



Other

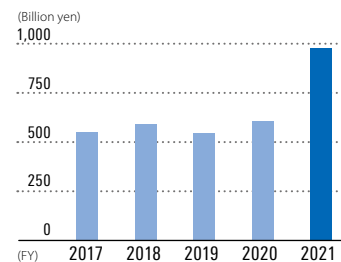


Global Network

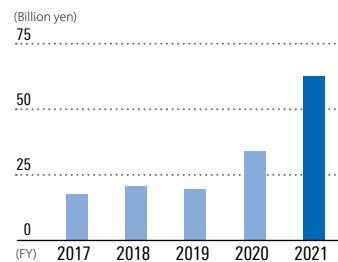


Consolidated Financial Highlights (FY2017-FY2021)

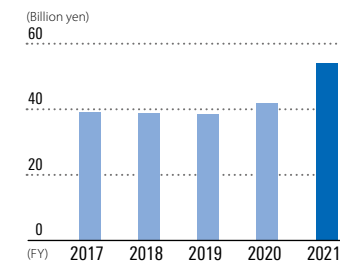
Net sales



Operating income



Total assets



Certifications

- ISO 9001 (Quality management system)
- ISO 14001 (Environmental management system)
- ISO 13485 (Quality management system for medical equipment)
- ISO 45001 (Occupational health and safety management system)
- Transported Asset Protection Association (TAPA) Certification
- Good Distribution Practice (GDP) Certification
- Authorized Economic Operator (AEO) Certification

Kintetsu World Express, Inc.

Corporate Planning & Administration Department

Shinagawa Intercity TowerA-24Fl. 2-15-1 Konan, Minato-ku, Tokyo 108-6024, Japan

TEL: +81-3-6863-6441 (Inquiries about this report)

<https://www.kwe.com>