



Creating a Sustainable Society for a Better Future

Kintetsu World Express
Sustainability Report

2024



A member of the **KWE** Group

Philosophy & Policies

Prioritizing and integrating sustainability based on our Corporate Philosophy and the KWE Group Sustainability Basic Policy

We established the KWE Group Sustainability Basic Policy and started prioritizing sustainability as a Group in 2020.

Corporate Philosophy

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

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 while 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 to sustainable community development, with attention to global environmental issues.



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.

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Editorial policy

Report scope

Organizations: Kintetsu World Express, Inc. and its consolidated and equity method affiliates (includes Kintetsu World Express (non-consolidated)).

Period: Fiscal year 2023 from April 1, 2023 to March 31, 2024 (includes some information outside this period).

Disclaimer 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 at a Glance & Sustainability Highlights

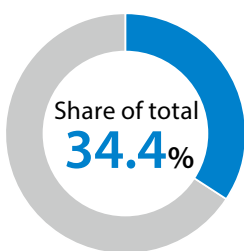
Initiatives from a business perspective for the sustainable growth of global society

The KWE Group conducts international logistics business through a network of 132 subsidiaries with 665 locations in 302 cities and 45 countries. KWE continues to see ongoing growth and increasing corporate value realized through active expansion and globalization. The KWE Group is committed to helping the sustainable growth of global society by focusing on initiatives from a business perspective.

Net sales and number of employees by business segment (FY2023)

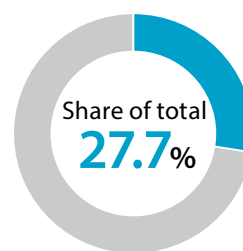
We are increasing the scale of our business and freight volumes to achieve our vision to be a global top 10 solution partner, a global brand born in Japan.

Air freight forwarding



252.27 billion yen

Sea freight forwarding



203.42 billion yen

Sustainability highlights (FY2023 on)

We made progress on our material topics in each ESG area in FY2023.

Environment

- Reduced Scope 2 emissions in Japan to virtually zero
- Started KWE Green Consolidation service
- Entered SMF partnerships

Social

- Expanded cyber-security training for employees
- Established Human Rights Due Diligence Committee
- Earned Health and Productivity Management Outstanding Organization 2024 (Large Organization) certification



Number of employees by segment (FY2023)

With a strong sense of responsibility based on a customer-first approach and local on-site capability, our employees around the world focus on corporate sustainability initiatives from a business perspective.

Europe, Middle East & Africa

919 employees

Southeast Asia & Oceania

3,642 employees

East Asia

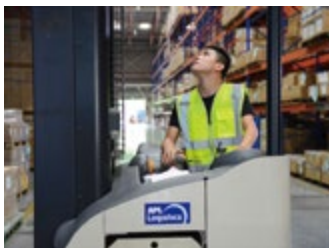
2,762 employees

Consolidated net sales and number of employees (FY2023)

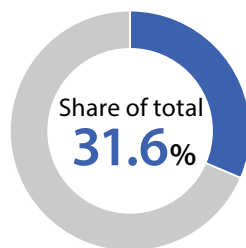
733.82 billion yen

18,651 employees

Logistics



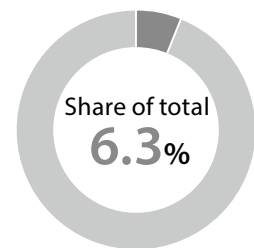
231.75 billion yen



Others



46.38 billion yen



Governance

- Our Head of Group Compliance and General Counsel continued to lead employee training to ensure that the global whistleblowing system is operating effectively



Fry to Fly Project

Japan, Taiwan & Korea

3,439 employees

The Americas

1,478 employees

APL Logistics

6,267 employees

Others

144 employees

Executive Summary

Our global corporate efforts in sustainability from a business perspective continue to lead to stronger competitive advantage and brand power.

President & CEO

Nobutoshi Torii



Action on Sustainability So Far

In April this year we reorganized and enlarged our previous Sustainability Group into the Sustainability Development Division, in order to accelerate our progress. In FY2020, after establishing the KWE Group Sustainability Committee, we published our KWE Group Sustainability Basic Policy and in FY2021 we started materiality assessment and setting our KPI. Now, three years later, our sales staff and other employees have a strong interest in learning more about sustainability, and they are increasing their knowledge through regular training sessions and study groups. Awareness of the importance of working toward sustainability has taken root across the KWE Group worldwide, with a number of our group companies starting up their own working groups to take action. We are proud to say our customers and other stakeholders are reacting favorably to these steps forward. On the other hand, over the past years our customers in the United States and Europe have been increasing their demands in wide range of areas including the environment, human capital, and human rights. The KWE Group will continue to leverage its strengths in customer-first approach and local on-site capability to take action on sustainability that originates in meeting our customer's needs, leading to ongoing growth and increasing corporate value.

Material Topic Initiatives:

Looking Back at FY2023 and Creating New Priorities in FY2024

The Kintetsu Group joined the UN Global Compact, the world's largest corporate sustainability initiative, in FY2023, and we have made steady progress on addressing our material topics. We will continue to focus on the following priority areas in FY2024.

In our environmental initiatives, we reduced Scope 2 emissions in Japan to virtually zero in FY2023 with ongoing purchases of renewable energy certificates. In order to reduce Scope 3 emissions, we started the KWE Green Consolidation service allocating the environmental value of sustainable aviation fuel (SAF) to our customers, as well as increasing our participation in SAF programs and entering a partnership for sustainable maritime fuels (SMF). The KWE Group submitted a commitment letter to SBTi in FY2023, with Scope 1 and 2 emission reduction targets for FY2030 and the goal of achieving carbon neutrality by 2050, and in FY2024, we have drafted a roadmap to meet those goals and applied to SBTi for validation. In addition,

our group companies are shifting to EV trucks, and the group is making progress on improving disclosure of information as our parent company Kintetsu Group Holdings moves toward compliance with Europe's Corporate Sustainability Reporting Directive (CSRD) by 2028.

In the social area, for our material topic data security, in FY2023 we expanded employee training in cyber-security and conducted periodic security assessments. In FY2024 we will be building a system to detect the truth of information, based on our on-site capability cultivated over many years, in response to the emerging risk posed by generative AI, and at the same time we will continue moving ahead on digital innovation to improve competitive advantage and operational efficiency.

For our material topic diversity and equal opportunity, in FY2023 we expanded educational programs to increase awareness of our KWE Group Diversity and Equal Opportunity Policy established in 2023 and to invest in our human capital. In FY2024 we will be issuing guidelines based on that policy, and setting goals and action plans by region around the world.

In social impacts in the supply chain, KWE routinized supplier requirements based on the KWE Vendor Code of Conduct in FY2023, as well as established our Human Rights Due Diligence Committee to start activity based on the KWE Group Human Rights Policy. Our Safety and Health Management Center, established in FY2023 based on the KWE Express (non-consolidated) Health and Productivity Management Declaration, took the lead in promoting employee safety and health, resulting in the Company earning recognition as a Health and Productivity Management Outstanding Organization 2024 (Large Organization) in March 2024. We will continue to help manage employee health, for example, by encouraging 100% of our people to take regular health exams.

For the material topic anti-corruption in the governance area, our Head of Group Compliance and General Counsel continued to lead employee training to ensure that the global whistleblowing system established in May 2023 operates effectively.

With our vision to be a global top 10 solution partner, a global brand born in Japan, and our Management Plan 2027, the KWE Group is moving ahead on initiatives from a business perspective to help the sustainable growth of global society.

We ask for the continuing support of our stakeholders in these endeavors.

KWE Stakeholders & Sustainability Governance Framework

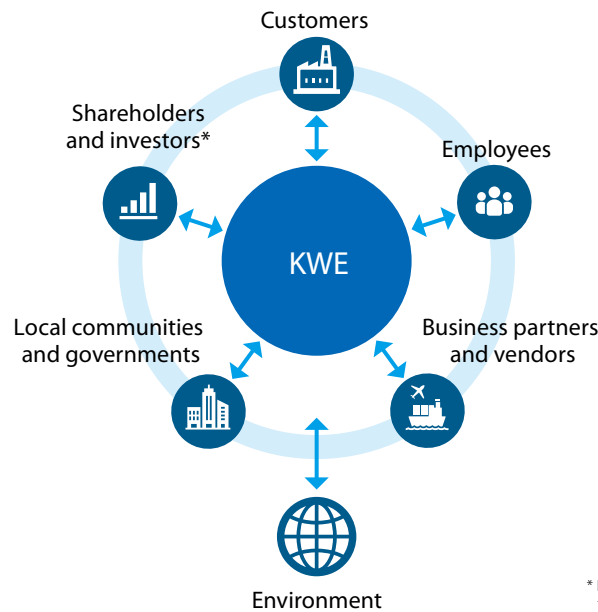
KWE Stakeholders

Aiming to achieve a sustainable society from the standpoint of our stakeholders

Over the 70 years the KWE Group has been working in international logistics, we have built good relationships with our stakeholders that enable sustainable business growth.

Based on the KWE Group Sustainability Basic Policy established in November 2020 (see p.1), we are moving for-

ward and contributing to a sustainable society for our customers, employees, business partners and vendors, local communities, governments, shareholders and investors*, and other stakeholders.



* KWE became a privately held company on August 26, 2022 through a tender offer for the Company's shares.

Sustainability Governance Framework

The KWE Group Sustainability Committee led by the President & CEO

The KWE Group Sustainability Committee is chaired by KWE's President & CEO. Members include the Company's full-time board directors, regional headquarters general managers, corporate department general managers, a rep-

resentative from APLL, and temporary members appointed as needed. The committee drives effective action on sustainability with regular monitoring, evaluation, and feedback surrounding ongoing initiatives.



Chair	President & CEO
Members	Full-time board directors, regional headquarters general managers, corporate department general managers, and a representative from APLL
Secretariat	KWE Corporate Planning & Administration Sustainability Development Division APLL Strategy Management & Administration

Materiality Assessment

We conducted our materiality assessment through stakeholder engagement and impact assessment.

Stakeholder Engagement

Survey response

A total of 51 stakeholders, including customers, suppliers, service providers, KWE managers and employees, labor union representatives, and investors answered an online survey on

21 important topics. The top 5 highest priority categories are shown below.

Priority	Category	Score	ESG
1	Anti-corruption	8.57	Economic and 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

Interviews

Additionally, we interviewed over a dozen of the survey respondents, getting their opinion as follows on specific risks and opportunities.

	Key Issues/Risks	Opportunities
Environment	<ul style="list-style-type: none"> Climate change and CO₂ reduction Stricter regulation in EU and the U.S. IMO CO₂ reduction targets for shipping Supply chain management 	<ul style="list-style-type: none"> Sea container efficiency Low-carbon options for customers Alternative transport modes including rail Alternative trucking solutions (such as EV)
Social	<ul style="list-style-type: none"> Employee safety and health (overtime) Diversity and inclusion Women at leadership level Involvement with local communities 	<ul style="list-style-type: none"> Technology to improve efficiency and reduce overtime
Other	<ul style="list-style-type: none"> Demand for transparency and reporting Emerging competition such as GAFA Delays in technological innovation U.S.-China trade friction 	<ul style="list-style-type: none"> Improving customer relationships and increasing sales Improving customer experience with new technology More proactive management

Impact Assessment

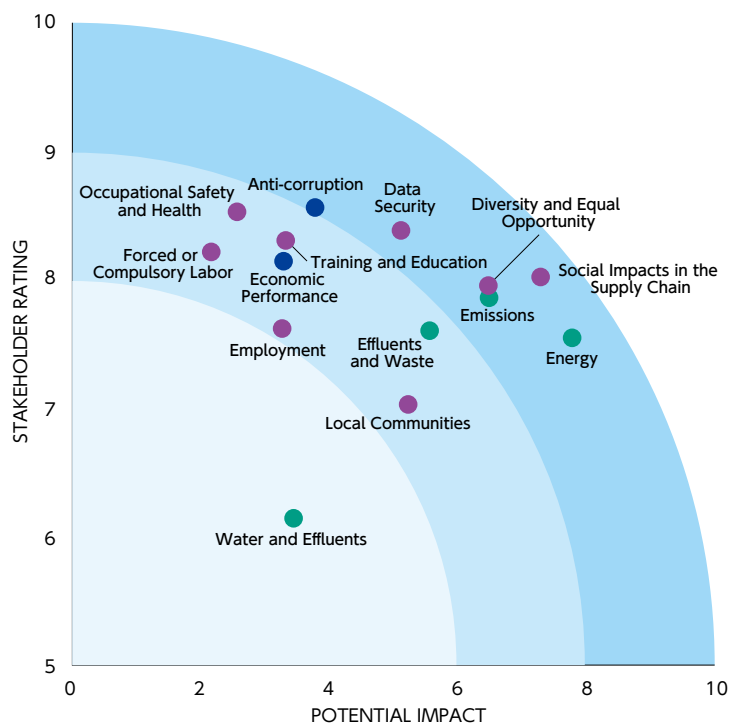
We assessed material topics for the potential degree of impact of KWE business activities on the environment and on society. We used over 60 different metrics to evaluate the

potential impact on society, the economy, and the environment from industrial and geographic perspectives. The top 5 highest priority categories are shown below.

Priority	Category	Score	ESG
1	Energy	7.80	Environment
2	Social impacts in the supply chain	7.30	Social
3	Diversity and equal opportunity	6.51	Social
4	CO ₂ emissions	6.49	Environment
5	Effluents and waste	5.57	Environment

Analysis of Material Topics















KWE determined the highest priority categories to be addressed using a combination of feedback from our stakeholders and assessment of potential impact.



Identification of Material Topics

We identified the following six material topics most important to our stakeholders and could have the highest social, economic, and environmental impacts related to our busi-

ness. We have set goals and are implementing action plans for each topic.

Description	GRI Category	SDG Mapping
Anti-Corruption	Economic and governance	
Data Security	Social	
Diversity and Equal Opportunity	Social	   
Emissions	Environment	 
Energy	Environment	  
Social Impacts in the Supply Chain	Social	  

Environment

The KWE Group is addressing the material topics of emissions and energy in the environmental area, moving ahead step by step on a variety of measures to achieve carbon neutrality by 2050.

In FY2023 we reduced Scope 2 emissions in Japan to virtually zero with ongoing purchases of renewable energy certificates, started the KWE Green Consolidation service allocating the environmental value of sustainable aviation fuel (SAF), as well as acting on other environmental initiatives from a business perspective. We will continue to focus on solving environmental issues through our business as we move closer to realizing our long-term vision to become a global top 10 solution partner.



Material Topics

Emissions Reduce CO₂ emissions to address climate change

Energy Promote the use of green energy



Objectives	Progress in FY2023	FY2024 Onward
<ul style="list-style-type: none"> ■ Reduce CO₂ emissions ■ Promote the use of green energy 	<ul style="list-style-type: none"> ■ Started measuring KWE Group CO₂ emissions on a consolidated basis ■ Submitted SBTi (Science Based Targets Initiative) commitment letter, formally accepted ■ Earned CDP score of B, our highest so far ■ Reduced Scope 2 emissions in Japan to virtually zero with ongoing purchases of renewable energy certificates ■ Started KWE Green Consolidation service allocating the environmental value of SAF to customers in order to reduce Scope 3 emissions ■ Expanded participation in SAF programs with an additional contract with Cathay Pacific Airways and a new program with Shell Aviation ■ Participated in SAF promotion “Fry to Fly Project” using waste cooking oil as feedstock ■ Promoted modal shift to anti-vibration transport with Zero-G Cargo ■ Formally joined the Smart Freight Centre ■ Promoted shift to interior LED lighting and updated elevators ■ Promoted shift to LED lighting ■ Promoted rail transport ■ Promoted using trucks fueled by hydrotreated vegetable oil (HVO) ■ Promoted container round use for sea freight 	<ul style="list-style-type: none"> ■ Receive third party certification of Scope 1 and 2 CO₂ emissions at KWE locations outside Japan ■ Collect Scope 3 data on a consolidated basis, received third party certification, set reduction targets ■ Draft roadmap to achieve carbon neutrality by 2050 ■ Expand participation in SAF programs, including new IAG Cargo program, and in demonstration projects ■ Keep on promoting SAF using waste cooking oil as feedstock. ■ Keep on promoting SMF use ■ Contribute to more widespread use of biofuels and establishment of international standard by providing knowledge on SAF to the Smart Freight Centre ■ Promote shift to LED lighting ■ Promote rail transport ■ Promote using trucks fueled by hydrotreated vegetable oil (HVO) ■ Promote container round use for sea freight

Emissions & Energy

Concept/Policy

KWE Group 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 strive 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.

Progress

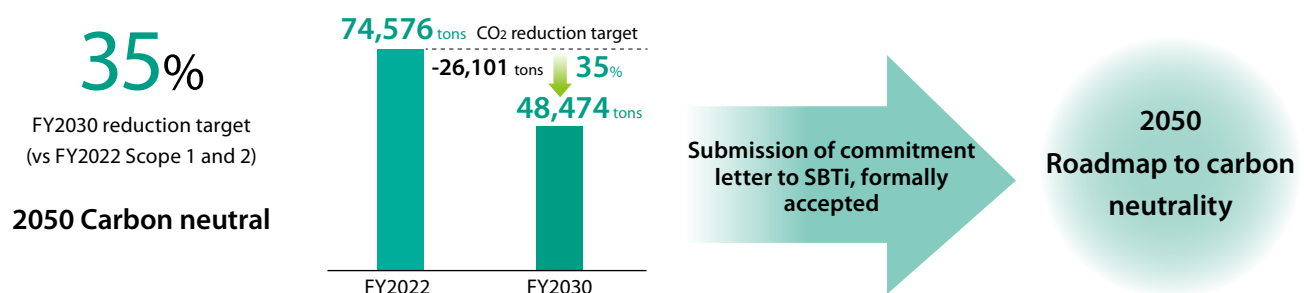
Over the 76 years since its founding, the KWE Group has built an extensive global network for its forwarding business of 665 locations in 302 cities and 45 countries (as of March 31, 2024). All our locations worldwide are focused on the short, mid, and long term targets that will result in achieving carbon neutrality by 2050.

Of our short term goals, we received third party certification of Kintetsu World Express (non-consolidated) Scope 1 and 2 CO₂ emissions for FY2022, started measuring those emissions on a consolidated basis group-wide in FY2023, and earned a CDP score of B in 2024. And in order to reduce Scope 3 emissions, we were the first forwarder in Japan to participate in sustainable aviation fuel (SAF) programs. In December 2023

we launched our KWE Green Consolidation service that allocates SAF environmental value to customers.

In the mid term, in FY2023 we set group-wide Scope 1 and 2 FY2030 reduction targets of at least 35% from FY2022 and issued a commitment letter to SBTi, which was formally accepted. Next we will be seeking third party verification of our Scope 1 and 2 CO₂ emissions at locations outside Japan as well as collecting data, getting verification, and setting reduction targets for our Scope 3 emissions on a consolidated basis.

We are steadily pursuing our short and mid term goals, and we are drafting a roadmap to ensure that we will achieve our long term goal of carbon neutrality by 2050.



Emissions & Energy — Disclosures Based on 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 analyzed the risks and opportunities for our business associated with climate change and continue to provide information to our stakeholders about the potential financial impacts. At this point in time our scenario analysis is as shown on the following page.

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 FY2023. The topics related to climate change that were discussed are shown below (FY2023 Agenda).

Committee members include our company directors, corporate department general managers, regional headquarters 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^{*1} 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.

FY2023 Agenda Related to Climate Change

- Deliberation on Sustainable Aviation Fuel (SAF)
- Deliberation on committing to SBTi (Science Based Targets initiative)
- Deliberation on initiative plans
- Report on activity to reduce greenhouse gas emissions, including shift to LED lighting, shift to electric forklifts, and purchasing of renewable energy certificates
- Deliberation on GHG visualization tool

^{*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.

^{*2}: Below 1.5°C: IEA SDS, IPCC AR6, RCP2.6, etc.

^{*3}: 4°C: IPCC AR6, RCP8.5, etc.

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 International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC) scenarios (Below 1.5°C^{*2} and 4°C^{*3}) for risks and opportunities in order to consider the resilience of our business strategy and organization (see [p.14](#)).

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 on the next page (see [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.

Metrics and Targets

We are using GHG emissions (CO₂) as a metric to assess and manage the impact of climate-related risks on our business. We set the following FY2030 reduction targets for the KWE Group in August 2023. Scope 1 and 2 emissions in FY2022 and FY2023 were:

	Emissions	
	Scope 1	Scope 2
FY2022	27,464 t	47,112 t
FY2023	25,379 t	47,871 t

^{*}All KWE Group companies (including APLL)

Targets	
Scope 1 and 2	
FY2030	35% reduction from FY2022
FY2050	Carbon neutrality

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	<div><div>1</div>Set GHG emissions targets and fulfill them on an ongoing basis</div> <div><div>2</div>Shift to eco-friendly vehicles and electric forklifts</div> <div><div>3</div>Change to renewable energy source electric power</div> <div><div>4</div>Pass along freight charges appropriately</div>
	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	<div><div>1</div>Plan investments while monitoring social trends and new technology</div> <div><div>2</div>Participate in pilot programs and consider implementation while evaluating cost</div>
			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	<div><div>1</div>Actively participate in SAF programs and promote social implementation</div> <div><div>2</div>Approach governments and associations toward increasing adoption in the industry</div>
			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	<div><div>1</div>Develop sea and rail transport services in line with customer needs and build a business model adapted to the changing market</div> <div><div>2</div>Develop low environmental impact air transport products leveraging SAF in collaboration with airlines</div> <div><div>3</div>Propose low CO2 emission routes and transport modes leveraging AI</div>
			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	<div><div>1</div>Work on improving reputation with customers by including active environmental initiatives in business strategy</div>
			Opportunity: Increase in revenue by acquiring more business active environmental initiatives in business strategy 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
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	<div><div>1</div>Work with local authorities and business partners to respond to flood and other kinds of damage</div> <div><div>2</div>Manage risks in coordination with the KWE Risk Management Committee</div>

Feature

Sustainable Cargo Transport

KWE Green Consolidation Using SAF

We are making progress on reducing Scope 1 and 2 CO₂ emissions, however, most of our emissions as a forwarder are Scope 3, arising from cargo transport outsourced to airlines and shipping lines. We have been participating in sustainable aviation fuel (SAF)*¹ programs since 2021 in order to reduce those Scope 3 emissions.

We launched our new KWE Green Consolidation service in Japan in December 2023 to promote wider utilization of SAF, making use of its environmental value. This service offers our consolidation customers allocation of SAF environmental value along with third party verified emissions reduction certificates issued once a year. As a first step, the service is available

for consolidation cargo outbound to Hong Kong every Tuesday from Kansai International Airport.



*1 Sustainable aviation fuel (SAF) is produced from biomass, waste cooking oil, tallow, and other replenishable resources, reducing life cycle CO₂ emissions by approximately 80% compared to conventional jet fuels.

Promoting SAF in the Industry

Major airlines have set a goal of replacing 10% of fuel used with SAF by the year 2030, however, that is still less than 1% of aviation fuel consumption worldwide. Increased awareness and active participation by all stakeholders involved in air transport is needed to promote the use of SAF. Air freight accounts for almost 40% of KWE Group consolidated sales, and we will continue moving forward on reducing our Scope 3 emissions by

participating in SAF programs and offering related services as a low-carbon transport option for our customers who are working to lower their impact on the environment. This will support the reduction of CO₂ emissions throughout the supply chain, the decarbonization of international transport, and assist in achieving carbon neutrality by 2050.

SAF Program Participation

			
Date	September 2021 October 2022	April 2022 August 2023	October 2022
Business partner	All Nippon Airways	Cathay Pacific Airways	Lufthansa Cargo AG
Program	SAF Flight Initiative: For the Next Generation	Corporate SAF Programme	Sustainable Choice – Bulk Agreement
Highlight	KWE used the first SAF cargo flight out of Japan and executed additional contracts for further CO ₂ reductions	Executed additional contracts after participating in the first full-scale corporate customer SAF program in Asia (both passenger and cargo)	100% carbon neutral transport (Well to Wake) accounting for emissions from fuel production to departure airport

Promoting Modal Shift with Zero-G Cargo Anti-Vibration Transport

KWE has a wide range of transport service options, and we are working on a modal shift^{*2} to address the increasing risk of the “2024 problem”^{*3} facing Japan’s trucking industry. As part of that effort, KWE is collaborating with Japan Freight Railway Company (JR Freight) and other businesses in the development of anti-vibration containers for railway transport, and we are now offering customers Zero G-Cargo service on the JR Freight network.

While rail is a promising alternative to trucking for cargo transport, problems caused by vibration such as product damage, scratching, and paper dust have been impeding a modal

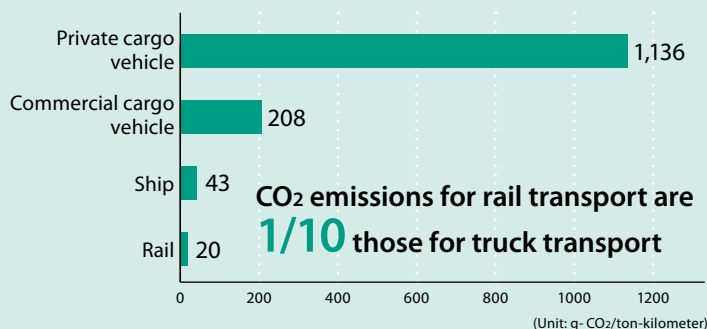
shift. Zero G-Cargo provides superior anti-vibration protection, making rail transport possible for precision equipment such as medical devices, electronic, telecom, and similar equipment easily damaged by vibration, and for food products vulnerable to shocks.

We are working with our customers to resolve problems such as greenhouse gas emissions and truck driver shortages by increasing the safety and reliability of rail transport in order to promote a modal shift, looking ahead to a sustainable future of stable and efficient logistics.

^{*2} The 2024 problem refers to the possibility that work-style reform laws effective April 1, 2024 capping vehicle driver overtime at a maximum of 960 hours a year may result in driver shortages, increased trucking charges, and higher logistical costs.

^{*3} The modal shift is a change in transport mode from truck and other vehicle transport to rail and ship with less environmental impact.

CO₂ emissions for transport (FY2022 cargo)



Source: Greenhouse Gas Inventory Office of Japan “GHG Emissions Data of Japan”, and materials created by the MLIT Environmental Policy Division based on MLIT “Motor Vehicle Transport Statistics”, “Air Transport Statistics”, and “Railway Transport Statistics”.

For more information about Zero G-Cargo anti-vibration transport service and the Zero G-Cargo series, see:

<https://www.kwesales.co.jp/service/anti-vibration.html> (Japanese version only)



Date	April 2023	March 2024	June 2024
Business partner	Shell Aviation	Japan Airlines	IAG Cargo
Program	SAF Book-and-Claim Pilot Program	SAF Pilot Program	SAF Purchase Contract
Highlight	Uses blockchain technology to ensure secure allocation of SAF's environmental value to the parties involved	Demonstration project from SAF procurement through CO ₂ reduction certificate issuing	Purchase environmental value for about 640,000 liters of SAF

Emissions & Energy— Specific Initiatives & Topics

Decarbonizing with Electric Forklifts

Almost 75% of the forklifts required for KWE Group terminal operations are already running on battery power. We are continuing to change those still relying on fossil fuels such as gasoline, diesel oil, and LPG to electric power. KWE Ireland has been moving ahead on replacing fossil fuel with electric powered forklifts in order to achieve:



Electric forklift and charging station

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

Power Consumption by All KWE Sites and Affiliated Companies in Japan is 100% Renewable Energy Sourced

We are working on a number of initiatives to reduce Scope 2 CO₂ emissions, the greenhouse gases associated with our energy consumption worldwide. In March 2024 Kintetsu World Express purchased renewable energy certificates as we did in FY2022 (with tracking)^{*1} totaling 25 million kWh, which reduced our Scope 2 CO₂ emissions of approximately 11,015 tons^{*2} in FY2023 to essentially zero. We will continue this initiative to shrink our CO₂ emissions in Japan, as well as others to reduce emissions from our business activities worldwide.



Renewable Energy Certificate

^{*1} FIT (Feed-in-Tariff) Renewable Energy Certificate: A certificate attesting to the environmental value of not emitting CO₂, including through electricity generated from non-fossil fuel sources such as solar power, wind power, and biomass.

^{*2} Greenhouse gas tonnage calculated using electric power company adjusted emission factors.

Using the Green Power Certificate System and Supporting Renewable Energy

In 2023 we purchased a Green Power Energy Certificate^{*3} for 1,200,000 kWh of electric power for use at our Misato Green Warehouse in Japan. The Misato Green Warehouse is ISO 14001 certified for environmental management and has obtained LEED certification^{*4} for its green roof and walls, LED lighting, and other measures to protect the environment.



Green Power Certificate

^{*3} The Green Power Certificate System is a framework for trading renewable energy certificates that represent the environmental value of renewable energy. Certification is conducted by the Japan Quality Assurance Organization.

^{*4} 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.

100% Renewable Energy at Our Headquarters in Japan

Our headquarters in Japan are located in Shinagawa Intercity in Tokyo. The building has earned superior ranking from the environmental performance Comprehensive Assessment System for Built Environment Efficiency (CAS-BEE) certification, and all the power consumption at this location from April 2022 onward is obtained from 100% renewable energy sources. In addition to improvements in the energy efficiency of the local area heating-cooling system, KWE switched to LED bulbs for shared lighting. Renewable energy sources for electric power, such as solar, can also be leveraged for RE100^{*6}, when the environmental value is certified and tracked with renewable energy certificates^{*5} leading to further reductions in our Scope 2 emissions.

^{*5} Non-fossil certificate with tracking: A certificate attesting to the environmental value of not emitting CO₂, including through electricity generated from non-fossil fuel sources such as solar power, wind power, and biomass. Tracking information includes the identification of the type of energy source and the specific power plant generating the energy.

^{*6} RE100: A collaborative initiative in which businesses commit to 100% renewable energy for the electricity they use in their operations. By bringing together businesses as consumers, it is intended to send a signal to policymakers and investors to accelerate the energy transition.

Third Party Verification of GHG Emissions

Our GHG emissions and energy consumption figures have been verified and certified since FY2021.

In FY2021 verification was conducted for Kintetsu World Express on a non-consolidated basis, and in FY2022 for all KWE locations in Japan.

In FY2023, our 2023 GHG emissions and energy consumption figures for all locations outside Japan were verified and certified by LRQA Group Limited based on ISO14064-3:2019 standards.

In the future we will expand the scope of third party verification to include Scope 3 emissions in order to increase the accuracy and reliability of our CO₂ emissions data.

【Period covered by the FY2023 verification】

April 1, 2023 - March 31, 2024

【Scope of verification】

Scope 1 and 2 greenhouse gas emissions and energy consumption for all locations outside Japan, including Kintetsu World Express on a non-consolidated basis

Other Initiatives Across Our Global Sites

Below are some other initiatives we are taking to reduce emissions at our facilities worldwide with the aim of decarbonizing and reducing the risks of climate change.



Narita Terminal solar power generation

Narita Terminal and Penang Logistics Center

We started generating solar power for use at our Narita Terminal in 2009. 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, result-

ing in reduced CO₂ emissions.

Our Penang Logistics Center in Malaysia installed a solar power generating system in January 2023, generating enough energy to cover about 40% of the center's electricity consumption.



Penang Logistics Center solar panels

Participation in Japan Airlines SAF Pilot Program

In March 2024 KWE began participating in the JAL Corporate SAF Program as a launch customer. JAL has set a target of switching 10% of its aviation fuel consumption to SAF by the year 2030. This program for cargo transport and business travel visualizes actual CO₂ emission amounts, and issues third party SAF certificates for its corporate customers, aiming to reduce Scope 3 emissions. We will continue to partner with JAL to help promote the use of SAF and decarbonize the industry as a whole.



Contract with IAG Cargo to Expand SAF Use

In June 2024 KWE signed a contract for expanded SAF use with IAG Cargo, International Airlines Group's cargo division, and purchased the environmental value for 640,000 liters of SAF. The SAF purchased is certified by ISCC (International Sustainability and Carbon Certification) and produced from used cooking oil and food waste, reducing lifecycle emissions by over 90% compared to conventional jet fuel. KWE will continue to leverage this kind of opportunity to decarbonize.

Contract with ANA and Kyocera to Reduce CO₂ Emissions with SAF

In July 2024 KWE signed a contract with All Nippon Airways and Kyocera for the SAF Flight Initiative: For the Next Generation cargo program run by ANA. In 2021 KWE participated as a launch customer in ANA's SAF Flight Initiative to visualize and reduce indirect CO₂ emissions in the industrial value chain through air cargo transport using SAF. Since then, we have continued to purchase SAF CO₂ emission reduction environmental value from ANA to reduce our supply chain Scope 3 emissions. At the same time, we had discussions with ANA and other stakeholders, resulting in certification of the validity of the CO₂ emission reduction certificate issuance process, making it possible for ANA to issue certificates to the attention of both KWE and the shipper. The certificates are issued by ANA to shippers that use KWE consolidation services on ANA flights, after calculating the emissions based on actual usage and allocating SAF environmental value required for reduction. The shipper can then report their Scope 3 emission reductions to CDP and SBTi.

Selected by Tokyo Metropolitan Government as Designated Forwarder for SAF Promotion and Corporate's Scope 3 Reduction Project

KWE applied for the Tokyo Metropolitan Government's SAF Promotion and Corporate's Scope 3 Reduction Project as part of its efforts to promote SAF, and was selected as a designated forwarder in August 2024. Under the program, TMG subsidizes part of the cost of SAF environmental value, which is in addition to the normal freight cost, on the premise that our customers purchase and use the SAF environmental value for air cargo transport to and from Haneda and Narita airports and receive a CO₂ emission reduction certificate issued by KWE (certified by a third party organization).

Strategic SMF Partnership with Roper Rhodes

In August 2023 KWE UK entered into a strategic partnership with UK bathroom furniture and product supplier Roper Rhodes for the use of sustainable maritime fuel (SMF)*1. Under the program, SMF is used for cargo transport from China to Portbury, Somerset, in southwest UK, replacing conventional maritime fuel. KWE has been actively promoting SAF for some time (see [p.15-16](#)), and is now moving forward on promoting SMF in order to reduce CO₂ emissions in both air and sea transport.

*1 Sustainable maritime fuel is produced from biomass, waste cooking oil, tallow, and other sustainable resources, reducing life cycle CO₂ emissions.



KWE Participates in Fry to Fly Project

KWE participated in the Fry to Fly Project in December 2023. The project was established by the participation and partnership between JGC Holdings and a wide variety of businesses, local governments, and associations, with the aim to create a world where aircraft fly fueled by SAF made from used cooking oil. Almost no waste cooking oil from individual households is recycled in Japan, unlike that from restaurants, and about 100,000 tons of the waste oil actually collected is exported outside the country. KWE is actively involved in promoting participation from individual consumers and all other stakeholders in the stable manufacture and supply of SAF, and in creating the environment for the collection of waste cooking oil.

FRY to FLY Project



Official Member of the Smart Freight Centre

In July 2023 KWE officially joined the Smart Freight Centre, an international non-profit organization in The Netherlands dedicated to reducing greenhouse gas emissions from freight transportation. With an ambitious goal of reducing global greenhouse gas emissions from freight transport by 1 billion



tons by 2023, and zero emissions by 2050, the SFC is developing guidelines for calculating emissions and setting reduction targets specific to various sectors of the logistics industry. Before becoming an official member, KWE participated in the SFC's SAF Book & Claim demonstration project*2 in April 2023. KWE provided its knowledge on SAF to the SFC, helping to promote SAF and other biofuels and set international standards.

*2 The Book & Claim demonstration project verified the reliability of the book and claim model allocation SAF environmental attributes to users, utilizing the block chain technology system developed by Shell Aviation, the aviation fuel division of the major petrochemical company Shell PLC.

HVO Fuel for Truck Transport

We are promoting the use of hydrotreated vegetable oil (HVO) fuel for trucks to reduce our Scope 3 CO2 emissions. The use of HVO vegetable and waste cooking oil as a sustainable, non-fossil fuel for trucking has many benefits:

- Up to 90% reduction in GHG emissions compared to conventional diesel fuel
- Functions well in every kind of diesel engine, without modifications
- HVO is odorless, contributing to a pleasant working environment
- Easy to use in lower temperatures with reduced exhaust outputs
- Easy to store without diminished quality
- Helps reduce noise levels by 1 - 3 dB at all times compared to conventional fuel

The widespread use of this type of alternative fuel is advancing, particularly in Europe.

KWE Benelux started providing HVO fueled truck transport to major high-tech customers in February 2023, reducing trucking emissions by 90%.



Truck transport using HVO

KWE Thailand Gets New EV Trucks

In June 2024 KWE Thailand introduced electric vehicle trucks (one van, two 4-wheel trucks, and two 6-wheel trucks) and installed charging stations at KWE Thailand headquarters and the Navanakorn Distribution Center. The Thai government has set a goal of 30% of domestic automobile production being EV by the year 2030, so more and more delivery vehicles are sure to be EV in the future. The KWE Group is moving forward on reducing CO₂ emissions by using EV trucks for pickup and delivery in Bangkok and the Navanakorn district.



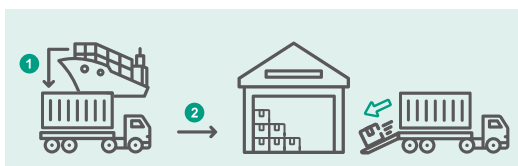
New EV trucks

Reusable Containers and Matching Services

We are promoting reusable container use and matching service for sea freight to help reduce Scope 3 emissions. Reusable containers in this context means using empty import containers for export from the destination instead of immediately returning them to the origin. This technique reduces the cost of shipping and the burden on the environment. Container matching services find the optimal match between an empty container and export cargo, facilitating container reuse.

KWE Indonesia was able to reduce annual GHG emissions by 35 tons in FY2022 by reusing containers with the help of matching services. We will roll out the use of this technique to more sites worldwide to reduce our Scope 3 CO₂ emissions.

Container Matching Services



After arrival, imported freight is devanned*1 at customer site A

*1 Devanning: Unloading a container



The empty container is moved to customer site B, matched to optimal export cargo and then exported

Promoting Shift to Rail Transport

Shifting shipping transport modes from air, sea, and truck to rail where possible is an effective way to reduce KWE's Scope 3 CO₂ emissions. In May 2021, KWE Japan began actively pursuing domestic rail shipping options, both to reduce environmental impacts and to secure domestic cargo capacity.



Rail transport (terminal station image)

In collaboration with Japan Freight Railway Company, we provided rail transport to a customer in July 2022 that had previously been using trucking to ship from Tokyo to Niigata. This solution was possible in light of increasing awareness of the importance of decarbonization, and as a way to address the 2024 problem concerning trucking in Japan. The customer was eager to collaborate, stating that they wanted to help fulfill their social responsibility as a corporation, despite lead times for rail being longer than those associated with trucking. Niigata is about 350 km away from the Port of Tokyo. Using rail instead of trucking between these locations reduced per-shipment emissions by 75%. We will continue to actively offer our customers the option of rail instead of truck for long-distance transport in order to reduce Scope 3 CO₂ emissions.

KWE CO₂ Calculator

The KWE CO₂ Calculator went online in June 2022, providing customers with estimated CO₂ emissions for their air and sea shipments and helping to visualize Scope 3 emissions, as part of our worldwide decarbonization efforts. The online calculator uses data from EcoTransIT World provided by IVE mbH², using shipment origin, destination, and cargo volume inputs. KWE customers can enter their shipment waybill number to

get an estimate. As part of its responsibility as a freight forwarder, KWE is working on setting specific targets and goals to reduce direct CO₂ emissions from its operations (Scope 1 and 2). We are also taking the first step to reduce our indirect emissions (Scope 3) that result from customer use of KWE-purchased airline and ocean carrier services by enabling the visualization of greenhouse gas emissions using the KWE CO₂ Calculator.

KWE CO₂ Calculator

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

KWE Thailand is Recycling Resources

In June 2022 KWE Thailand joined Canon Marketing (Thailand) Co., Ltd. in a corporate social responsibility activity, presenting Canon with plastic bottle caps for its charitable recycling program. The bottle caps are recycled, after which the plastic is re-processed to make items like tableware. These items are then donated to orphanages or other charities. In November 2022, KWE Thailand donated plastic drink bottles to a Buddhist temple that is in charge of a recycling program to help protect the environment and recover resources. The plastic bottles are made into synthetic fiber which is used to make clothing and small cloth items. KWE Thailand will continue participating in these kinds of activity in the future and increase its efforts to recycling resources.



Canon Marketing (Thailand) and KWE Thailand employees

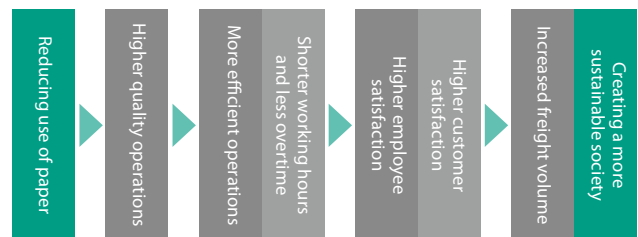


Reduced Use of Paper

KWE is actively reducing the use of paper documents in its operations. This initiative serves not only to reduce the environmental impact of operations but also to improve service quality with reduced operation times, higher employee and customer satisfaction, and more business in the future.

Kintetsu World Express in Japan has been working on digitizing internal forms and procedures since 2021. The Company is seeing positive results from improved efficiency while saving over 50,000 sheets of paper annually.

KWE recently performed a trial run of automatically sending selected documents to the customer in electronic format instead of paper. This trial resulted in clear benefits including fewer delays at KWE and fewer reminders from customers. "Going paperless" also creates the opportunity to streamline verification and other manual operations as well, for even higher quality in the future.



Business Card Material Contributes to Sustainability

KWE started using FSC* certified paper for business cards for KWE employees in Japan in March 2024. Using FSC certified paper indirectly helps address climate change by preserving biodiversity. And showing the FSC logo on the cards helps raise awareness of environmental issues and KWE sustainability efforts among employees and customers.



FSC certification logo

* FSC is the Forest Stewardship Council established in 1994. The FSC logo shows that lumber, wood products, and paper products come from forests managed under global standards for sustainability.

Biodiversity— Specific Initiatives & Topics

KWE Indonesia Plants 100 Mangroves

In July 2023 thirty KWE Indonesia employees helped plant 100 mangroves at Mangrove Ecotourism Centre PIK in North Jakarta. Mangrove forests play an important role in lowering the risk of climate change and preserving biodiversity with the capacity to absorb and store carbon dioxide, and providing

a rich environment for living organisms. After learning about the benefits of mangrove forests, the participants had the opportunity to deepen their understanding by actually planting mangrove saplings. KWE Thailand intends to continue participating in this kind of activity to promote biodiversity.



KWE Indonesia staff



Planting mangroves



The newly planted mangroves

KWE Thailand Plants Mangroves in Klong Kone

In March 2024 ten KWE Thailand employees participated in planting trees at the Klong Kone Mangrove Forest Conservation Center in Samut Songkhram in central Thailand. The KWE Thailand employees worked alongside staff from Canon Marketing (Thailand) and its affiliated companies as well as other participants to plant 1,000 mangrove saplings. The KWE Thailand domestic transport team also gifted the conservation center with tables constructed from wood leftover from pallet construction.



KWE Thailand staff

Social

For our material topic diversity and equal opportunity, we expanded our education programs to increase awareness of our KWE Group Diversity and Equal Opportunity Policy established in FY2023, and established a Human Rights Due Diligence Committee under the KWE Group Human Rights Policy for our material topic social impacts in the supply chain. We will continue to establish guidelines and plan and implement activity to increase our corporate value and contribute to a sustainable society.



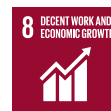
Material Topics

Data Security



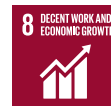
Objectives	Progress in FY2023	FY2024 Onward
<ul style="list-style-type: none"> ■ Improve information security architecture ■ Increase employee awareness of information security 	<ul style="list-style-type: none"> ■ Elearning for all KWE Group employees was held four times ■ Phishing email drills were held 5 times ■ Expanded employee training in cyber-security and conducted periodic security assessments ■ Improved security assessment of data center, server, and network environments under the Unus Project to establish a group-wide IT platform and improve security across the group ■ Improved measures for suspicious emails, in addition to existing malware and spam email measures 	<ul style="list-style-type: none"> ■ Implement regular third-party assessments, with improvements planned and implemented by information security experts ■ Continue fast and effective measures to improve IT security ■ Utilize generative AI to improve competitive advantage and operations efficiency, and build framework to improve risk management

Diversity and Equal Opportunity



Objectives	Progress in FY2023	FY2024 Onward
<ul style="list-style-type: none"> ■ Promote equal opportunity in promotion to management ■ Promote hiring from minority groups ■ Promote educating employees about human rights and equal opportunity 	<ul style="list-style-type: none"> ■ Started employee engagement surveys ■ Women in management positions across the group 34.0% ■ Educated employees about human rights and equal opportunity through elearning ■ Expanded frameworks for telework and reduced work hours for child care 	<ul style="list-style-type: none"> ■ Increase employee awareness of KWE Group Diversity and Equal Opportunity Policy ■ Move ahead on activity in line with local characteristics

Social Impacts in the Supply Chain



Objectives	Progress in FY2023	FY2024 Onward
<ul style="list-style-type: none"> ■ Fulfill supply chain ethical, social, and environmental responsibilities 	<ul style="list-style-type: none"> ■ Moved ahead on establishing unified supplier safety and health standards ■ Participated as KWE Group in the UN Global Compact ■ Participated in Partnership Building Declaration ■ Established Human Rights Due Diligence Committee 	<ul style="list-style-type: none"> ■ Move ahead on the KWE Group Human Rights Policy ■ Move ahead on supplier survey with a checklist including human rights due diligence

Data Security

Concept & Policy

The KWE Group handles customer, personal, and business-related information during the conduct of business and established the KWE Group Information Security Basic Policy in 2007. In 2020 the KWE Group established the KWE Group IT Security Policy conforming to the ISO 27001 standard to improve the security management framework.

KWE Group Basic Policy on Information Security

KWE Group will run our business operations successfully and continuously improve 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 structures 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 viruses, etc.)
- 5 Take measures aimed at enabling the rapid recovery of business activities from setbacks and natural disasters

KWE Group IT Security Policy

Summary

- 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

Progress

The KWE Group continues to improve IT security in order to address the threats becoming increasingly more sophisticated with accelerating change in the business environment.

After establishing the KWE Group IT Security Policy in 2020, in 2021 we assessed security levels, built a security management framework, and began employee education and training. In 2022, we focused on standardizing our IT infrastructure and implementing periodic assessments.

We are moving forward on building a zero trust security platform, utilizing services that can guarantee security in the cloud, and educating users including employees and business partners.

In March 2023 we started up the Unus Project to establish a group-wide IT platform. Under the important theme of improving security across the group, we are performing security assessments of our data center, server, and network environments.

We will continue taking fast and effective measures to im-

prove IT security in order to be a reliable business partner for our stakeholders, and contribute to the ongoing growth of the KWE Group.



Cyber-security

We install and implement hardware and software cyber-security including entrance control, exit control, and vulnerability prevention measures. In addition to server management, we always monitor potential security anomalies 24/365, with prompt discovery and corrective action in the event of an incident.

Employee Education

E-learning for employees on information security was held four times in FY2023. And in light of the increasing number of cyber-attacks via email and the risk of fake news created by generative AI, phishing email drills were held five times as well.

Periodic 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 redundant network lines to minimize cyber security risks and ensure availability. Each Group company's outward facing servers undergo vulnerability scans to reduce the risk of breach of confidential information.

We are also implementing functions that use AI and big data to counter malware and spam email, and KWE uses automated processes to speedily deal with threats that are detected. In October 2023 we added scenarios to the Microsoft 365 chatbot to assist users in identifying suspicious email. This helps prevent security incidents by enabling employees to use the chatbot to decide what to do with suspicious emails in a timely manner.

Employee Education (FY2023 on)

When	Content
June - July 2023	Phishing email drills
July - August 2023	Information security e-learning
August 2023	Phishing email drills
September - October 2023	Phishing email drills
October 2023	Information security e-learning
December 2023	Phishing email drills
	Information security e-learning
February 2024	Phishing email drills
March 2024	Information security e-learning



Diversity and Equal Opportunity

Concept & Policy

The KWE Group's most important asset is its people. We are working on promoting diversity and equal opportunity in order to achieve the corporate HR vision and mission defined in the KWE Global HR Guidelines established in 2020. The basic premise of the KWE Group is to respect the individuality of our employees, not to tolerate discrimination in any form, and to provide opportunities for everyone to play an active role under equal conditions. The KWE Group Code of Conduct 8. Equal Employment Opportunity expressly states this ethical standard, and in FY2023 we also established the KWE Group Diversity and Equal Opportunity Policy and Guidelines. In FY2024, our KWE Group companies refer to these guidelines as they endeavor to promote diversity and equal opportunity in the most appropriate and effective way for their unique situation and with regard for the law and culture of their country.

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.

As a result, it is the policy of the Company to hire, train, promote, compensate, and to administer all of its personnel policies without regard to race, color, national origin, citizenship, religion, sex, age, disability, marital status, veteran status, sexual orientation, genetic information or any other characteristics protected by applicable laws.

All employees are responsible for complying with this policy. As a condition of employment, every employee is to treat all other employees equally and fairly.

KWE Group Diversity and Equal Opportunity Policy (excerpt)

1. Purpose

The KWE Group strongly believes that the values of diversity, equity, and inclusion are essential for our corporate sustainability. Collaboration among diverse employees from various backgrounds is a significant factor in our corporate culture, reputation, and achievement. The KWE Group respects diversity, equality, equity, and inclusion in its business and management. It is a part of the KWE Group DNA, which has driven the growth of our business globally from the beginning. As in the past and so into the future, our people are the most valuable asset we have. We firmly believe that this policy will increase the power of our diverse employee base worldwide. As KWE Group business continues to grow, our commitment to equal opportunity will enable our companies to contribute to local and global society as a good corporate citizen.

2. Scope

This policy applies to all employees of KWE Group companies, to the workplace and to work-related events organized or sponsored by the Company.

3. Basic Policy

- (A) Diversity - respect for diverse individuality
- (B) Equity - equity and equal opportunity
- (C) Inclusion - an inclusive work environment

4. Employee Responsibility

For more information about diversity initiatives, see:

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

Corporate 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.

Corporate 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 motivated to develop him or herself and contribute to the organization.

For more information about the KWE Global HR Guidelines, see:

<https://www.kwe.com/about/workingatkwe/talent/>

Action Plans and KPI

We are focusing on the following actions:

- Support, develop, and engage a pipeline of talented women in order to encourage equality in advancement to managerial positions
- Promote recruitment from and retention of employees from minority, marginalized, and underrepresented groups
- Educate employees about human rights and equal opportunity

The following are our action areas and KPI.

Support, develop, and engage a pipeline of talented women in order to encourage equality in advancement to managerial positions

- Establish KWE Group Diversity and Equal Opportunity Guidelines
- Each KWE Group company makes concrete progress in line with the legal, cultural, and social characteristics of the country in which they do business

Create an environment of diversity and mutual respect

- Create a workplace environment with no discrimination or harassment
- Implement human resources measures that respect diversity and individuality so that every employee can demonstrate superior competency in their role

Improve training on preventing harassment and on diversity and inclusion

- Participation in harassment prevention training: 100%
- Participation in diversity and inclusion training: 99.92%

Achievements in FY2023 (Kintetsu World Express (non-consolidated))

Disabled persons hired	2.53%
Men taking childcare leave	36.7%
Men and women wage differential	67.9%

Promoting Diversity and Inclusion, and Preventing Harassment

Between April and June 2023 we conducted e-learning for all KWE Group employees on the topic of preventing harassment. Training is also held for KWE Japan employees on understanding and preventing harassment. We are aiming for everyone to take action on their own initiative to build a workplace that is easy to work in.

Talent Acquisition in Line with Diverse Local Demographics and Cultures Around the World

The KWE Group is committed to promoting diversity in talent acquisition in line with local demographics and cultures to promote business growth and secure human resources. For example, in Japan where the population is aging, we are supporting hiring people over the age of 60. And in the USA, APLL offices are holding training and events to promote employee diversity, and hiring graduates from Historically Black Colleges and Universities (HCBUs) under an internship program.

Employee Engagement Surveys

Kintetsu World Express started engagement surveys in FY2023 in order to track improvement in employee satisfaction and engagement. The results of the yearly engagement surveys of all employees are reported to the general managers of every department. In addition to KWE Japan, KWE Singapore, KWE Philippines, and APLL are also doing engagement surveys. The topic of how to improve engagement on an ongoing basis is discussed at monthly regional headquarter HR staff meetings and measures tailored to the local situation are being implemented.

Investment in Human Capital

We are providing frameworks and training programs as part of investment in human capital to increase employee engagement, including the following. The programs and learning events are designed for specific job grades and objectives, to help grow employees into peak contributors and help support their individual development.

Career Challenge System

Since April 2022 we have been offering a career development system for employees who have been at Kintetsu World Express (non-consolidated) for a minimum of 3 years to effectively leverage our human resources and grow both the individual and the organization. The system allows employees to apply for a position in a different department anonymously and

without any conditions, promoting employee autonomy in career development.

LinkedIn Learning

We are offering LinkedIn Learning across the KWE Group, for reskilling when the skills required for the job have significantly changed, and for upskilling to upgrade performance at one's current job. KWE is actively using the platform as a way to address the learning needs of diverse employees and help them gain the skills required for global business.

Self-Development Program Using Correspondence Courses

Kintetsu World Express provides a self-development program enabling increased efficiency on the job and improved job skills. The Company pays for 80% of the cost of completed courses, supporting self-directed learning. Correspondence courses make it possible for each employee to study at their own pace, without restrictions on time and place.

Global Human Resource Development Program

Successor Training

This is a six month training program for persons recommended by KWE locations outside Japan, intended to develop leadership capability under the guidance of expert lecturers from outside the Company. On the final day of training the president and other top executives of KWE Japan also participate in

Human resource training and development (as of April 2024, Kintetsu World Express (non-consolidated))

Job grade	Job grade training	Career training	International training	Management strategy	Themed training	Self-directed learning
Executive management						
Management	New Office Manager training New Manager training	Career training by peer group		Selective training	Management skills improvement training	Correspondence courses Registered customs specialist exam correspondence course Foreign language learning LinkedIn Learning
Leadership	Skills improvement training New Leader training					
General	New Chief training		International training		New hire mentor training	
	New skills training					
	Skills improvement training					
	New hire training					

advising the trainees. Over the past 3 years 21 employees have gone through this program.

Successor Training



Sharing our business philosophy and brand image at onboarding with the Corporate Movie

At Kintetsu World Express, all our new employees receive training including viewing the Corporate Movie and the Corporate Onboarding Video in order to enable smooth entry to the

company and provide the basis for future operations, compliance, and sustainability initiatives. All KWE Group employees view the Corporate Onboarding Video when they join a group company to learn more about the group and KWE culture.



KWE Group Corporate Movie 2023
<https://www.youtube.com/watch?v=5XruMglntrA>

Working Style Reform

Basic Policy

Our Management Plan 2027 includes “introduce flexible working styles that respect the individual lifestyles of employees” as an important human resources action area, and our KWE regional headquarters and group companies are moving forward on their own initiatives.

We are aiming to achieve a workplace that is easy to work in, by supporting diverse working styles for diverse human resources, regardless of gender or age. The KWE Group will continue to contribute to ongoing corporate growth by moving ahead on working style reform in line with individual group company circumstances and creating workplaces where all employees can work with satisfaction.

Formal Reform Organization

With rising demand in Japan for fundamental reform in working styles with the advancing age of the population and the impact of the covid-19 pandemic, the KWE Group Working Style Reform Project started up in May 2023 to review and revise HR framework conditions and content, under the lead of Human Resources.

Initiatives

Telework

The telework system that become widespread in general society during the covid-19 pandemic is being adopted as a permanent framework as part of working style reform at KWE.

In FY2023 KWE Japan department leaders and HR staff from affiliated companies in Japan moved forward on setting telework rules, and among other changes, based on employee opinion raised the cap on the number of times telework could be used each month. This has helped promote telework and made it easier for employees to work.

Reduced Work Hours for Childcare

In FY2023 we extended reduced work hours for childcare to parents with children through 6th grade from the previous 3rd grade, providing more flexibility to meet varied family circumstances. Helping support a balance of work with childcare in this way improves employee peace of mind and ease of work.

“Maternity Guide” Video and “Mama and Papa Guidebook”

In February 2024 we updated the Maternity Guide video explaining the Company childcare and childbirth leave of absence systems and how fathers can apply for childcare leave of absence, as well as publishing the new Mama and Papa Guidebook summarizing all the procedures related to pregnancy, childbirth, and childcare. These and other initiatives support employees with childbirth and childcare so that they can work with peace of mind.



Achievements and Outlook

With ongoing efforts to reduce overtime work hours, average overtime at Kintetsu World Express in FY2023 was about 15 hours a month, a decrease of 6% from the previous year. This improves employee work-life balance and reduces employee separation for childbirth and caregiving, and our flexibility is highly rated by new graduates searching for jobs, making employment at our company more attractive.

FY2023 Average Monthly Overtime Hours (Kintetsu World Express (non-consolidated))

April	16.1	August	14.0	December	15.5
May	14.9	September	16.5	January	15.4
June	15.2	October	17.3	February	15.2
July	14.9	November	16.8	March	17.3
Total for FY2023					189.1
Average for FY2023					15.8

VOICE

Top Management Involvement in Successor Development

Successor development in the KWE Group is not simply training in new skills, it also prioritizes development of talent in the flexible response and customer-first approach that characterize KWE culture. We began programmatic successor development training in 2021, with direct guidance provided by top management as well as external expert lecturers. The president and other top executives attending participant presentations on the final day emphasizes the importance of KWE's management philosophy and corporate culture.

Corporate culture is the foundation of employee decision making and behavior, and an indispensable factor for the entire company in conducting business as one. Thinking about how to ensure the continuation and propagation of the KWE DNA is one of my personal priorities, and I know that communicating our unique corporate culture to the next generation of leaders is critical for the ongoing growth and increased value of the KWE Group. We will continue to focus on passing the KWE culture on to the next generation through programs tailor-made to develop KWE's future leadership.

Managing Executive Officer
Yoshihiro Kusakabe



Occupational Safety and Health

Basic Policy

The KWE Group Code of Conduct explicitly provides for the safety and health of all our employees. The KWE Group focused on the front line level while earning ISO 45001 certification, and in August 2022 established the KWE Group Occupational Safety and Health Policy in order to address improving

KWE Group Code of Conduct 12. Safety and Health

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

safety and health at the global level. Based on regulations supporting the policy, the KWE Group Occupational Safety and Health Committee meets regularly to oversee ongoing improvements in the work environment.

KWE Group Occupational Safety and Health Policy

The KWE Group aims to enable employees to work in a safe and healthy 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.

Driving Force

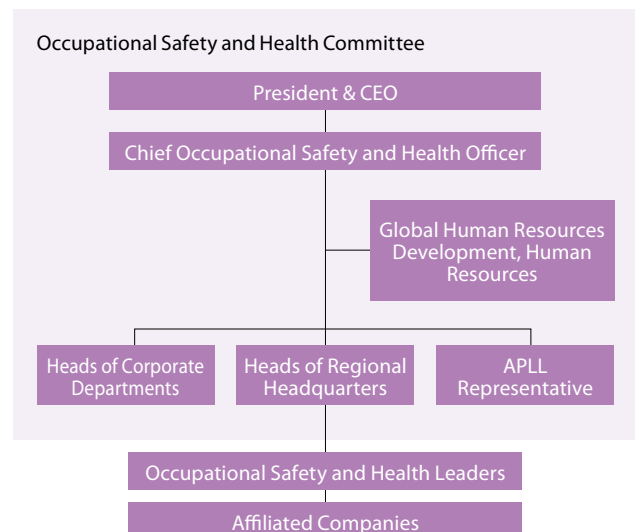
The KWE Group Occupational Health and Safety Committee reviews reports from regional headquarters and APLL on major work-related injuries and illnesses, sets group goals related to occupational safety and health, plans and monitors the progress of action plans, and evaluates and plans improvements in safety and health initiatives. The regional headquarters and APLL have the following responsibilities with respect to their affiliated companies:

- Deliberate measures required for safety and health management, track progress, evaluate and plan improvements in initiatives.
- Collect safety and health risk assessments performed by their affiliated companies and give guidance as needed.
- Track the status of work-related accidents and incidents and check the status of preventative measures.
- Report any major work-related injury or illness (death or absence from work of one month or longer) to the chief safety and health officer without delay, with Japan Affiliates Headquarters performing these responsibilities for affiliated companies in Japan.

FY2023 Action

In FY2023, we continued to track the status of safety and health measures provided for by the KWE Group Occupational Safety and Health Regulations, assessed occupational safety and health risks and drafted improvement plans, and created a reporting framework for work-related injuries and illnesses.

KWE Group Occupational Safety and Health Committee



Health Management

In April 2023, Kintetsu World Express (non-consolidated), in the consideration that the health of employees is the major prerequisite for the Company's business philosophy, issued its Health and Productivity Management Declaration stating the commitment of top management to addressing this important area.

Kintetsu World Express Health and Productivity Management Declaration

- The physical and mental health of our employees supports the core of our business, and maintaining and improving employee health is an important ongoing management initiative.
- Our healthy and energetic employees create new value and contribute to global society.

Health and Productivity Management Organizational Framework



Initiatives

Based on the existing foundation of occupational health physician, occupational safety and health committee, occupational health administrators and leaders established in compliance with the Industrial Safety and Health Act, we began working on improving the organizational structure to include full-time health nurses and a health management center as well as identifying and addressing health management issues. The Safety and Health Management Center, established in April 2023, is

steadily moving ahead on measures such as encouraging 100% of employees to take regular health exams, holding seminars on working women's health, and seminars in regard to line care by managers. As a result, KWE Japan was recognized as a Health and Productivity Management Outstanding Organization 2024 (Large Organization) in March 2024. We will continue to implement a variety of measures to increase health literacy and improve health management throughout the Company.

Health Activities

Increase rate of employees taking health exams, recommend full health exam

- Employees taking health exams: 100%
- Increase rate of employees taking full health exam

Support balance between illness and work

- Establish support through return to work after leave of absence
- Inform employees of support structure

Women's health support

- Female hormones and life stages
- Call to take cancer screening exams
- Seminars for all employees

Share information on preventing lifestyle-related disease

- Health insurance association public relations
- Talks on lifestyle-related diseases by health nurse at the occupational safety and health committee
- Call to participate in specific health guidance
- Health guidance



Adapt to diverse work styles

- Labor-management discussion (Article 36 Agreement)
- Collect employee opinions via the occupational safety and health committee

Recommend health exams to high risk employees

- Set notifications for post-exam measures
- Recommend health exams to high risk employees

Mental health self-care and line care awareness

- Talks on self-care and line care by managers
- Stress check organization diagnosis feedback
- Call for high stress interviews

Work engagement

- Identify issues based on employee data held by Corporate Human Resources

Dangerous Goods Handling

Kintetsu Logistics (Vietnam) earned C-TPAT (Customs Trade Partnership Against Terrorism (USA)) certification in 2022, and was also certified for the ISO 13485 international standard for medical device quality management systems in June 2023. KWE Korea is

now in the construction phase for its new Pyeongtaek Distribution Center Number 3 Terminal designed for dangerous goods, including semiconductor materials, as the KWE Group overall continues to build and improve dangerous goods handling systems.

Social Impacts in the Supply Chain

Concept & Policy

KWE Vendor Code of Conduct

The KWE Group established the vendor code of conduct in January 2020. The code sets standards for sustainable, fair, and ethical business practice for all KWE Group partner vendors around the world.

Summary

■ Policy

■ General principles and standards of conduct 7 principles

1. Compliance with laws
2. Business practices
3. Ethical principles and conflict of interest
4. Safety and health
5. Labor
6. Vendor management
7. Environmental compliance

■ In the event of non-compliance

■ Where to report ethical matters

Requirements

- 1 Working environment
- 2 Machinery and equipment (forklifts, material handling equipment)
- 3 Emergency action plan
- 4 Personal protective equipment
- 5 Cargo layout
- 6 Working conditions
- 7 Others

KWE Vendor Code of Conduct ▼

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

KWE Group Code of Conduct 10. Human Rights

The Company strictly prohibits any forced, bonded or compulsory labor, any employment of workers under the minimum legal employment age and all other abuses of labor standards.

All rights and remedies available under applicable labor and employment laws will be available to all employees.

Our Progress

To address the material topic of social impacts in the supply chain, the KWE Group shares best practices for ongoing improvement in the social, environmental, and governance dimensions, and applies them at KWE sites and vendors throughout the entire supply chain.

At the core of this initiative is the KWE Vendor Code of Conduct which has been available to our global vendors since 2021. During 2021 and into 2022, we prioritized a topic our stakeholders were highly interested in: safety and health. Specifically, we looked at safety and health in KWE's warehouse operations. Through this analysis, we determined seven requirements for our vendors' work environments. Starting in 2023, we have been formulating uniform vendor safety and health standards aligned with the KWE Group Occupational Safety and Health Regulations. In February 2024 we started surveying suppliers based on a checklist including human

rights due diligence, in cooperation with KWE regional headquarters. Currently in 2024, the KWE Vendor Code of Conduct applies to about 90% of KWE Group suppliers.

In order to build sustainable supply chains with our suppliers, the Kintetsu Group joined the UN Global Compact, and we participated in the Partnership Building Declaration in 2023.

The KWE Group has published the KWE Group Human Rights Policy documenting our respect for the human rights of our suppliers and all our stakeholders, and has established a new Human Rights Due Diligence Committee to provide a venue for discussion and the exchange of opinions in regard to human rights due diligence initiatives. We will continue working on the material topic of social impacts in the supply chain as part of our effort to ensure responsible procurement and build sustainable supply chains.

Participating as Kintetsu Group in the UN Global Compact

In order to strengthen sustainability initiatives, KWE's parent company Kintetsu Group Holdings became a participant in the UN Global Compact in October 2023. The United Nations Global Compact is the world's largest corporate sustainability initiative, and its 10 principles reflect the fundamental responsibilities of a business in the areas of human rights, labor, environment, and anti-corruption. Participation in this initiative accelerates realization of a sustainable global society.

WE SUPPORT



Participating in Partnership Building Declaration

Endorsing the objectives of the Council for the Promotion of Partnership Building for the Future, whose members include the chair of the Japan Business Federation, the chair of the Japan Chamber of Commerce and Industry, the chair of the Japanese Trade Union Confederation, and the ministers involved (Cabinet Office, Ministry of Economy, Trade and Industry, Ministry of Health, Labor and Welfare, Ministry of Agriculture, Forestry and Fisheries, Ministry of Land, Infrastructure, Transport and Tourism), the KWE Group participated in the Partnership Building Declaration in September 2023. This is a declaration by the representative of a company of the company's transaction policy from the position of an ordering party, aiming to increase the value of the entire supply chain and to promote the coexistence and co-prosperity of large and small and medium size businesses, regardless of company



size. Participating in the declaration presents the opportunity to actively work in new partnerships to build sustainable relationships with supply chain transaction partners and other businesses creating value.

Established Human Rights Due Diligence Committee

As laws related to human rights and the supply chain increase, particularly in Europe and the United States, the KWE Group is also moving forward on respect for human rights, such as occupational safety and health in the supply chain and improved disclosure of information to customers. As a part of that effort we reorganized our existing working group into a formal Human Rights Due Diligence Committee, for the purpose of setting appropriate policy, identifying priority areas, and analyzing issues. Members include Corporate Planning & Administration, Human Resources, Corporate Sales, Marketing & Operation, and the regional headquarters. The KWE Group is committed to fulfilling our responsibility to respect human rights in our business activity overall, including our supply chains, in order to earn the trust of our customers, business partners, and other stakeholders.

Social Contribution Activities

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

In FY2023 KWE Group companies participated in 34 social contribution activities, among them the following in Japan and Thailand.

Japan

In April 2024 there was a major earthquake off the east coast of Taiwan. We offer our deepest condolences to the families of the victims and our sympathy to those who suffered in other ways. The KWE Group donated 2 million yen to the Taiwan government to help with disaster relief and recovery in the affected areas. We hope for a speedy recovery from the disaster.

A major earthquake hit the Noto Peninsula on the west coast of Japan in January 2024. We offer our deepest condolences to the families of the victims and our sympathy to those who suffered in other ways. The KWE Group donated a total of 10 million yen to help with disaster relief and recovery in the affected areas. We hope for a speedy recovery from the disaster.

Donations made to:

Japanese Red Cross Society 1 million yen

Ishikawa Prefecture personal computers for school children and other supplies 9 million yen

In April 2022 KWE donated a total of 8 million yen in humanitarian support to Médecins Sans Frontières ("Doctors Without Borders") and the Japan Committee for UNICEF in response to the severe circumstances afflicting many people in Ukraine. A major earthquake hit the Turkey-Syria border in February 2023, and we donated a total of over 9 million yen in humanitarian aid through the International Red Cross Society and the Japanese Red Cross Society. The KWE Group intends to continue to



make charitable contributions in the event of earthquake, conflict, or other disaster, and our group companies will continue responding with action rooted in the local community so that we can fulfill our responsibility as good corporate citizens.

KWE Thailand

Cleaning and Renovating Local School Facilities

In June 2023, 17 employees from KWE Thailand joined with volunteers from Canon Marketing (Thailand) to clean and renovate Bann Pu Muang Radbumrung School in Ratchaburi Province, near the western Thai-Myanmar border. The school is for students that would be pre-school age in Japan. The facilities were not in good condition after many years of neglect, and needed cleaning and renovation. KWE Thailand intends to continue participating in this kind of activity to support local communities.



Donating Daily Necessities and Instructing Children in Oral Health

In November 2023 KWE Thailand employees donated daily necessities, candy, and stationary supplies to the children of the Tago Pid Thong Border Patrol Police School in Ratchaburi, and showed the children how to brush their teeth and care for their oral health. The school, under the management of the Royal Thai Border Patrol Police, is attended by many Myanmar and Karen pre-school and elementary school age children living in the Thai-Myanmar border area. The popular and trusted Queen of Thailand also supports this school. KWE Thailand has been donating daily necessities and holding educational events there since 2019.

Governance

The KWE Group General Counsel, a qualified attorney, has been actively addressing the material governance topic of anti-corruption since FY2021, and our Head of Group Compliance has been conducting uniform compliance training for all our employees in 40 countries since FY2022. In May 2023 the global whistleblowing system started in operation, and compliance managers are being assigned and the Head of Group Compliance is continuing to lead employee training to ensure that the system is operating effectively.

Material Topics

Anti-Corruption Ensure compliance with anti-corruption policy



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

Concept & Policy

KWE Group Compliance Policy

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

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

Compliance Framework

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

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

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

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

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

Anti-Corruption

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

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

Improved Internal Hotline Operations

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

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

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

KWE Group Compliance Training Program (e-learning)

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

Compliance Training

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

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

No Incidents of Non-compliance

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



QUOTE

Improved Compliance and Risk Management

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

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

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

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

Head of Group Compliance
Stephen Walton

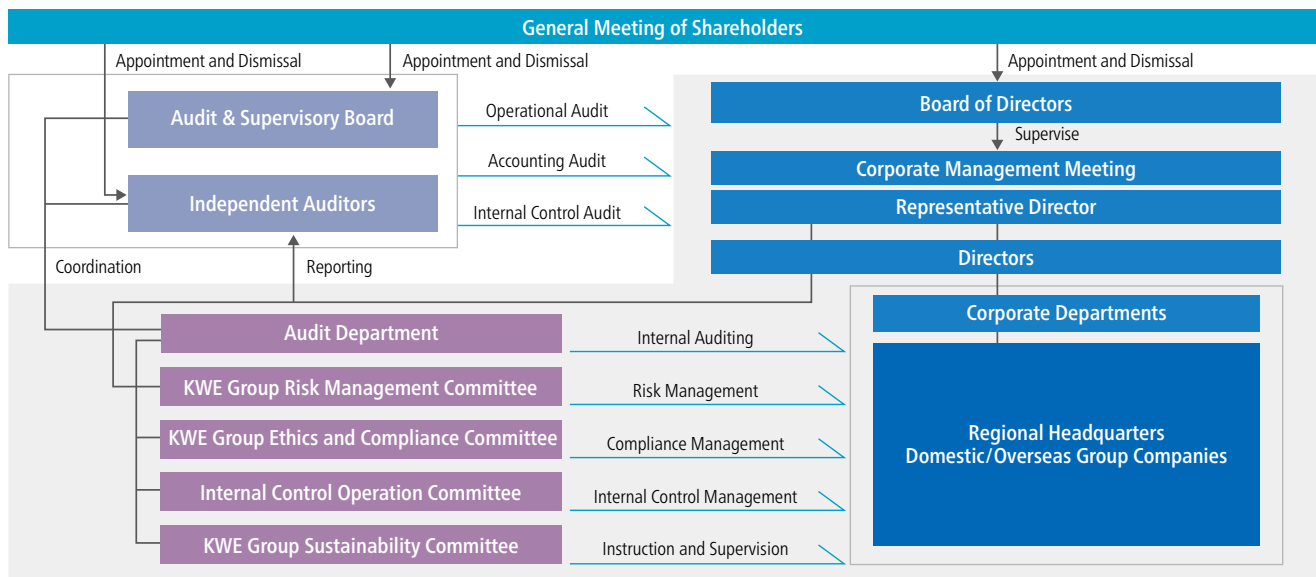


Corporate Governance

The KWE Group's corporate philosophy is to "Contribute to the development of a global community through logistics services—by creating new value, sustaining the environment and collaborating with our clients, shareholders and employees." The primary management goal of the KWE Group is to

improve corporate value while maintaining good relationships with all stakeholders. To achieve this goal, it is important to strengthen corporate governance and enhance the transparency and fairness of decision-making processes.

Corporate Governance Framework



Governance Summary (as of June 14, 2024)

Number of Directors

6 of which **2** are outside directors and **1** is a woman

Number of Audit & Supervisory Board Members

2 *Established a new Audit & Supervisory Board

For more information about corporate governance, see:

<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.

A board director is appointed as the chief risk officer as provided for by the KWE Group Risk Management Regulations.

These Regulations clearly state the responsibilities of each position involved in risk management. The KWE Group Risk Management Committee reviews risks that should be addressed at the Group level and ensures they are handled appropriately.

In addition, the KWE Group Crisis Management Regulations and crisis plans are in place in the event of emergencies posing

a critical threat to our business.

The KWE Group Risk Management Committee, composed of 3 full-time directors, 11 managing officers, 4 heads of Corporate Departments, and 5 heads of regional headquarters, met four times in FY2023, with 2 full-time corporate auditors, the head of the Audit Department, and the head of the Internal Control Division also in attendance to define risks brought up by international regional headquarters as critical risks for the KWE Group. Centralized risk management continued using the PDCA cycle, with the regional headquarters drafting risk maps and action plans to avoid and reduce the risks.

For more information about the KWE Group risk management framework, see:

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

A blurred background image of a business meeting. In the foreground, a person's hand is pointing at a tablet held by another person. In the background, a man in a dark suit and blue tie is looking down. The overall scene suggests a professional collaboration or data review.

Information

ESG Data

Corporate Data

ESG Data (FY2023)

Environment^{*1}

Type	Item	Kintetsu World Express (non-consolidated)	Year on Year
Energy	Electricity (kwh)	15,077,673	97.9%
	CO ₂ e (t) ^{*2}	5,968	95.5%
	City gas (m ³)	5,124	87.2%
	CO ₂ e (t)	11	70.0%
Water	Usage (t)	19,374	112.7%
Fuel	Gasoline (l)	34,781	87.6%
	CO ₂ e (t)	80	86.6%
	Diesel fuel (l)	27,225	88.3%
	CO ₂ e (t)	71	89.2%
	Propane gas (kg)	54,742	206.8%
	CO ₂ e (t)	361	206.8%
	Fuel oil A (l)	24,000	-
	CO ₂ e (t)	66	-
Office paper (box)	2,500 pc/box	18,012	87.4%
Waste	Flammable (kg)	177,468	134.2%
	Non-flammable (kg)	10,305	77.2%
	Plastics (kg)	124,957	108.9%
Resource waste	Cardboard (kg)	732,560	92.3%
	Paper (kg)	204,621	96.3%
	Wrap (kg)	78,701	123.1%
	Wooden pallets (kg)	419,204	117.6%
	Iron scraps (kg)	6,368	306.2%
CO ₂ e total (t)		6,359	96.4%
	Of which Scope 1	391	113.3%
	Scope 2	5,968	95.5%

*1 Resources used in FY2023 by Kintetsu World Express offices and warehouses.

*2 CO₂e calculated from electricity consumed using rates provided by the electric power companies. Calculated excluding renewable energy purchased through Green Power Certificate.

Type	Item	KWE Group Total (including APLL)
CO ₂ e (t)	Of which Scope 1	25,379
	Scope 2	47,871
	Scope 3	1,875,255

Item	Category	KWE Group Total (including APLL)
Scope 3 emissions (t)	Category 1 (purchased goods and services)	108,450
	Category 2 (capital goods)	4,256
	Category 3 (fuel and energy related activities not included in Scope 1 and 2)	1,029
	Category 4 (upstream transportation and distribution)	1,753,526
	Category 5 (waste generated in operations)	235
	Category 6 (business travel)	7,078
	Category 7 (employee commuting)	681

Social

Item	KWE Group Total (Worldwide)
Employees (persons)	18,651
Countries	45
Diversity and inclusion e-learning participation (%)	99.92
Women in management positions (%)	34.0
Item	Kintetsu World Express (non-consolidated)
Disabled persons hired (%)	2.53
Men taking childcare leave (%)	36.7
Men and women wage differential (%)	67.9

Governance

Item	As of June 12 2023
Board Directors (persons)	6
Audit & Supervisory Board Members (persons)	2
Outside Directors (persons)	2
Managing Officers (persons)	23
Directors who are also Managing Officers (persons)	2
Outside Director ratio (%) ^{*3}	33.3
Women Director ratio (%) ^{*4}	16.7
Board of Directors meetings in FY2023 (times)	13

^{*3} Number of outside directors divided by total number of directors

^{*4} Number of women directors divided by total number of directors

ESG External Evaluations



CDP "B" score, February 2024



Health and Productivity Management Outstanding Organization 2024 (Large Organization) certification, March 2024

Corporate Data (As of March 31 2024)

Business Overview

Air freight forwarding



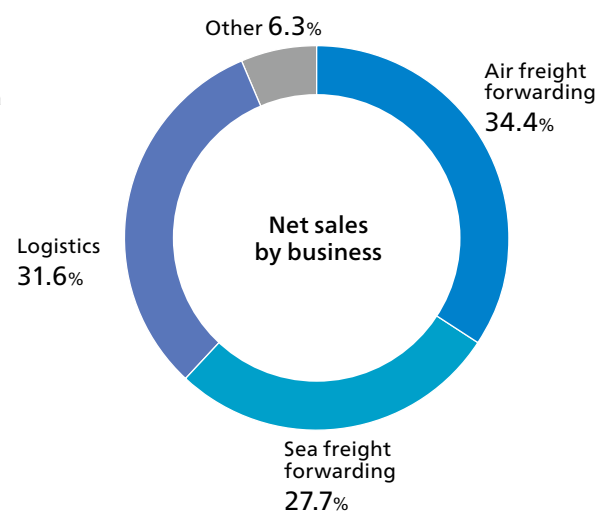
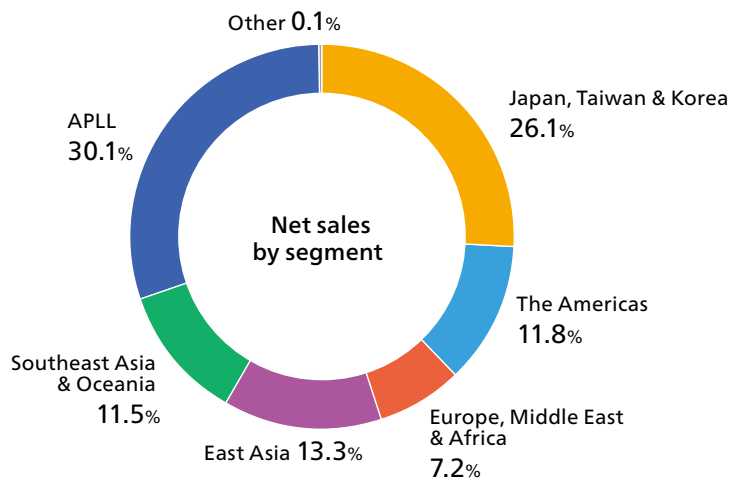
Sea freight forwarding



Logistics

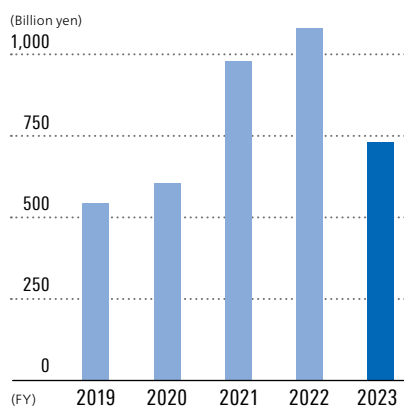


Other

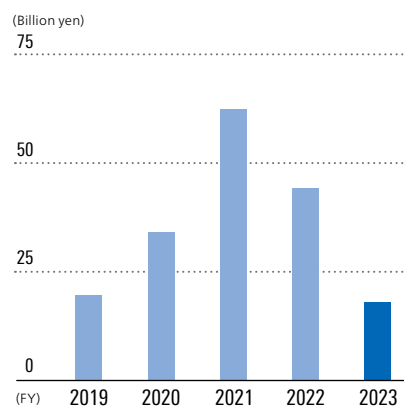


Consolidated Financial Highlights (FY2019 - 2023)

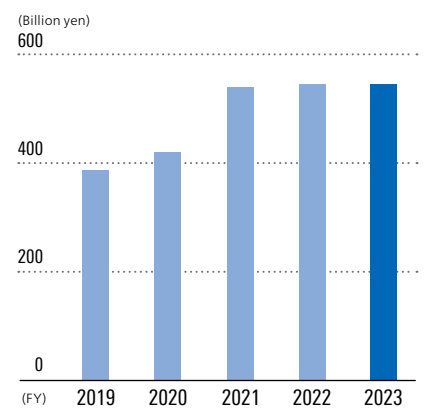
Net sales



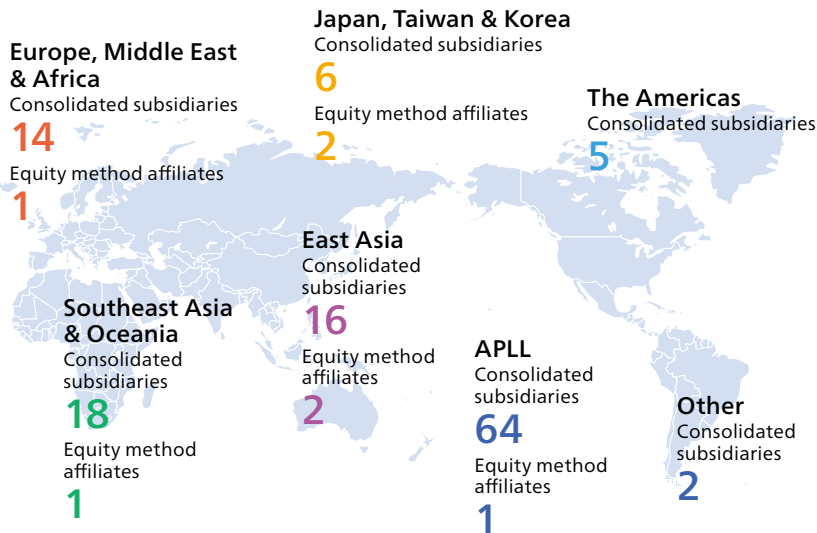
Operating income



Total assets



Global Network



Certifications

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

Participation in External Initiatives

Partnership Building Declaration

KWE is focusing on initiatives in line with its Partnership Building Declaration made in September 2023, with the aim of creating value throughout the entire supply chain and achieving coexistence and co-prosperity with transaction partners. Specifically, we are aiming to include not only our direct transaction partners, but also their transactions partners, in order to increase value throughout the entire supply chain. In addition to improving cooperation surpassing our existing transaction relationships and company size, we also help enable the sustainable business foundation of our transaction partners by supporting their disaster BCP and telework frameworks. We

can increase the potential for co-creation by tracking status and sharing information throughout the supply chain, as well as help to improve transaction partner operations efficiency by promoting the adoption of electronic transactions. We will continue to work to achieve fair and equitable transactions and contribute to building a sustainable supply chain.



Smart Freight Center

The Smart Freight Centre is an international non-profit organization based in The Netherlands dedicated to reducing greenhouse gas emissions from freight transportation. In addition to expanding the use of SAF and other biofuels in our core business of air, sea, and land freight forwarding, it is also critical to create standards for sharing and increasing that environmental value with all our stakeholders. By

sharing our information with the Smart Freight Centre, we can contribute to addressing climate change throughout the industry globally.



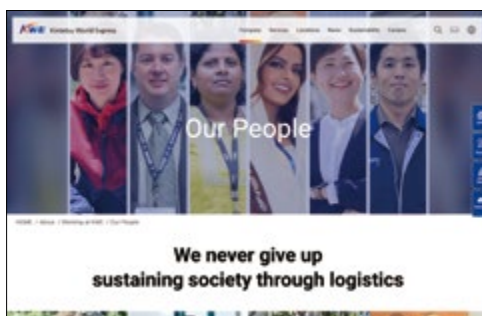
KWE Global Website

Visit Our Website for the Latest Information

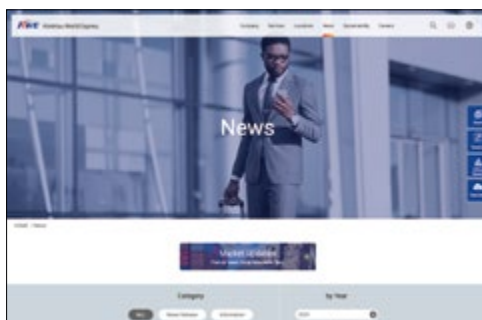
Please see our website for the latest information on KWE operations and sustainability initiatives. We keep the site up-to-date with all types of information about employee

activity around the world and our latest initiatives to realize a sustainable global society.

Our People: <https://www.kwe.com/about/workingatkwe/people/>



News: <https://www.kwe.com/news/>



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