



Creating a Sustainable Society for a Better Future

Kintetsu World Express
Sustainability Report

2023

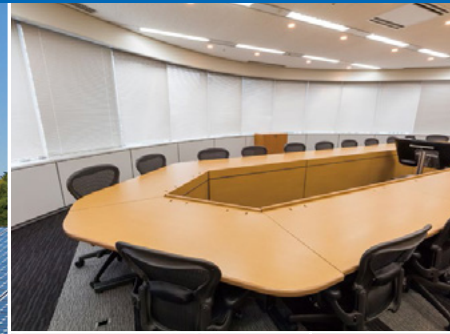


A member of the **KWE** Group



Our Sustainability Efforts in Progress

Striving to create a sustainable society for a better future



Contents

Introduction

KWE at a Glance	3
Philosophy & Policies	4
Executive Summary	5
KWE Stakeholders & Sustainability Governance Framework	7
Materiality Assessment	8

Environment

Material Topics	11
Emissions & Energy — Disclosures Based on the TCFD Recommendations	13
Emissions & Energy — Specific Initiatives & Topics	15
Emissions & Energy — Upcoming Initiatives	20

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 2022 from April 1 2022 to March 31 2023 (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.

Social

Material Topics	22
Data Security	23
Diversity and Equal Opportunity	25
Occupational Safety and Health	27
Social Impacts in the Supply Chain	29
Social Contribution Activities	30

Governance

Material Topics	32
Anti-Corruption	33
Corporate Governance	34

Information

ESG Data	36
Corporate Data	37

Referenced guidelines

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

KWE at a Glance

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

The KWE Group conducts international logistics business through a network of 136 subsidiaries with 683 sites in 300 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 create a better future with a focus on both business growth and sustainability.

Consolidated net sales and number of employees (FY2022)

1,080,949,000,000 yen

(Up 10.3% year on year)

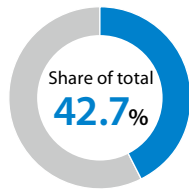
18,552

(Up 8.7% year on year)

Net sales and number of employees by business segment (FY2022)

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

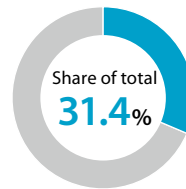
Air freight forwarding



461,835,000,000 yen

(Up 0.0% year on year)

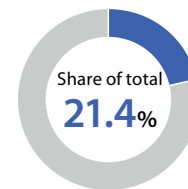
Sea freight forwarding



339,281,000,000 yen

(Up 12.5% year on year)

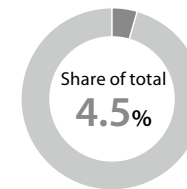
Logistics



231,424,000,000 yen

(Up 35.7% year on year)

Others



48,409,000,000 yen

(Up 4.3% year on year)

Sustainability highlights (Since FY2022 on)

We made progress on our material topics across the three ESG pillars in FY2022.

Environment

- Increased participation in Sustainable Aviation Fuel (SAF) programs
- Obtained third-party verification of greenhouse gas emissions in Japan
- Established FY2030 reduction targets for Scope 1 and 2 CO₂ emissions

Social

- Established KWE Group Occupational Safety and Health Policy
- Established KWE Group Diversity and Equal Opportunity Policy
- Announced Health and Productivity Management Declaration (Kintetsu World Express (non-consolidated))

Governance

- Appointed Head of Group Compliance
- Established a new Audit & Supervisory Board in place of prior Audit & Supervisory Board
- Established our global whistleblower hotline

Number of employees by segment (FY2022)

With a strong sense of responsibility and our customer-first approach, each employee will be focused on corporate sustainability and enhancing our on-site capabilities.

Europe, Middle East & Africa

887
employees

Southeast Asia & Oceania

3,670
employees

East Asia

3,476
employees

Japan

2,769
employees

The Americas

1,521
employees

APL Logistics

6,188
employees

Others

41
employees

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

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.

Executive Summary

Steady and ongoing efforts in sustainability lead to stronger competitive advantage and brand power, enabling continuing growth and increased corporate value.

President & CEO

Nobutoshi Torii



Action on Sustainability So Far

The KWE Group Sustainability Committee, established in FY2020, has been leading initiatives on sustainability, including establishing the KWE Group Sustainability Basic Policy, conducting a materiality assessment, and setting KPIs from FY2021 onwards. Our corporate culture prioritizes a customer-first approach. It has been the foundation for addressing sustainability in the context of daily customer contact by our employees around the world, while at the same time we have moved ahead with prioritizing sustainability on an integrated, group-wide basis. In particular, the younger generation who carry the future of the KWE Group are now highly aware of the importance of sustainability and have a strong will to focus on sustainability with a sense of personal responsibility.

Our global corporate efforts in sustainability with a customer-first approach and on-site capabilities are leading to stronger competitive advantage and brand power, enabling continuing growth and increased corporate value.

Material Topic Initiatives:

Looking Back at FY2022 and Creating New Priorities in FY2023

Working in line with global standards is a continuing priority in our material topic initiatives.

Regarding our environmental initiatives, in FY2022 we successfully sourced 100% renewable energy for our sites across Japan with the purchase of Renewable Energy Certificate. These efforts significantly reduced our Scope 2 emissions.

And moving toward Scope 3 reductions, we have been increasing our participation in Sustainable Aviation Fuel (SAF) programs worldwide in our air freight business. We are also promoting container round use and matching systems in our sea freight business, expanding the use of hydrotreated vegetable oil (HVO) fuel for truck transport.

We will continue these efforts in FY2023 to reduce CO₂ emissions. KWE has set our FY2030 reduction targets for Scope 1 and 2 emissions and implemented a data tracking

system to mark our progress. We are working toward becoming carbon neutral by 2050. At this time we are also looking at initiatives to target biodiversity, which is closely linked to decarbonization.

In the social pillar, for our material topic data security in FY2022 we focused on improving employee training in cyber-security. In FY2023 we will be conducting security assessments in line with the local requirements at our subsidiaries around the world.

For our material topic of diversity and equal opportunity, in FY2022 we drafted the global KWE Group Diversity and Equal Opportunity Policy and we implemented global employee training in human rights and equal opportunity. We also recommended that our male employees take childcare leave and expanded our continued education programs.

In FY2023 we will formally establish the KWE Group Diversity and Equal Opportunity Policy and increase disclosures related to human resource investments. For our material topic of social impacts in the supply chain, we prepared and rolled out vendor requirements last year. In 2023, we will work on setting up a framework for improving our human rights initiatives, such as formally establishing a human rights policy. For

occupational safety and health, we established the KWE Group Occupational Safety and Health Policy and the KWE Group Occupational Safety and Health Regulations. These form the basis for our activity in FY2023 which includes setting up a new Safety and Health Management Center as a group-wide structure. In Japan, we will be announcing our Health and Productivity Management Declaration - Kintetsu World Express (non-consolidated), to pave the way for future health management initiatives.

For our governance initiatives and regarding the material topic of anti-corruption, we conducted unified group compliance training last year under the lead of our General Counsel. In FY2023, we will appoint a Head of Compliance and our global whistleblower hotline will launch.

In line with our Management Plan 2027, our vision to be a global top 10 solutions partner, and the drive to be a global brand born in Japan, we are following our business growth strategy and driving corporate sustainability. These efforts will ensure ongoing growth and increasing corporate value.

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



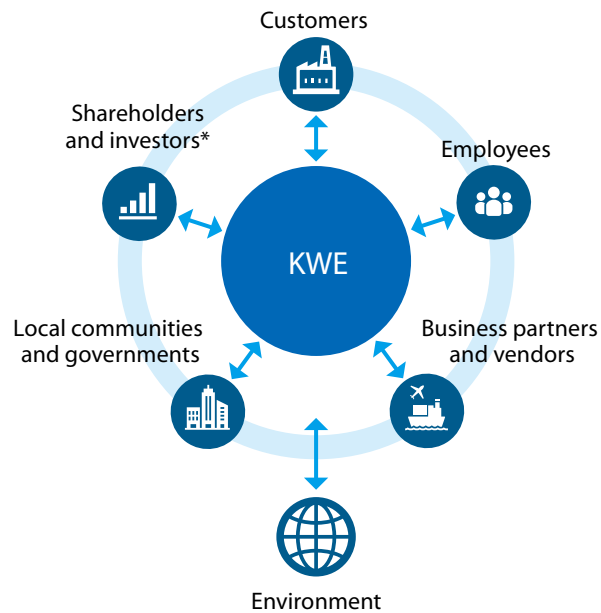
KWE Stakeholders & Sustainability Governance Framework

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.4), we are moving forward and contributing to a sustainable society for our customers, employees, business partners and vendors, local communities, governments, shareholders and investors*, and other stakeholders.



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



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

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

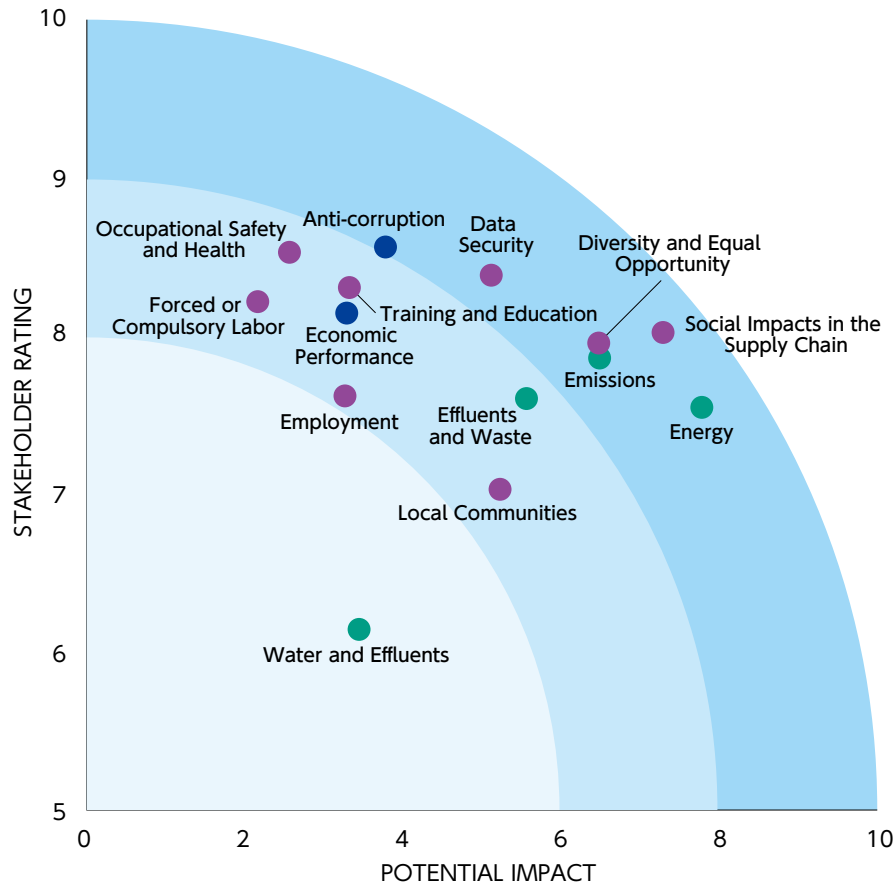
Impact Assessment

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 business. 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, moving ahead step by step on a variety of measures to achieve carbon neutrality by 2050.

In FY2022 we took concrete action to reduce our Scope 1 and 2 CO₂ emissions, and in August 2023 we set FY2030 reduction targets for the entire KWE Group.

We will continue to focus on environmental issues that must be addressed by freight forwarders, in line with global standards.



Material Topics

Emissions Reduce CO₂ emissions to address climate change

Energy Promote the use of green energy



Objectives	Progresses in FY2022	FY2023 Onward
<ul style="list-style-type: none"> ■ Reduce CO₂ emissions ■ Promote the use of green energy 	<ul style="list-style-type: none"> ■ Started collecting Scope 1 and 2 data for subsidiaries worldwide ■ Obtained third-party verification of FY2021 Scope 1 and 2 data (Kintetsu World Express (non-consolidated)) ■ Achieved 100% renewable energy sourced power consumption at our sites in Japan with the purchase of FIT non-fossil fuel energy certificates ■ Released KWE CO₂ Calculator estimating emissions associated with freight transport ■ Participated in 3 airline and 1 fuel supplier SAF programs ■ Promoted shift to LED lighting ■ Promoted rail transport ■ Started using trucks fueled by hydrotreated vegetable oil (HVO) ■ Promoted container round use for sea freight 	<ul style="list-style-type: none"> ■ Setting KWE Group FY2030 Scope 1 and 2 emission reduction targets ■ Considering measures to further reduce Scope 1 and 2 emissions ■ Continuing to promote SAF and participate in SAF programs ■ Implementing Scope 1 and 2 data collection system ■ Promoting shifts to LED lighting ■ Promoting rail transport ■ Promoting the use of trucks fueled by hydrotreated vegetable oil (HVO) ■ Promoting reusable containers for sea freight ■ Submitting Science Based Targets initiative (SBTi) commitment letter

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

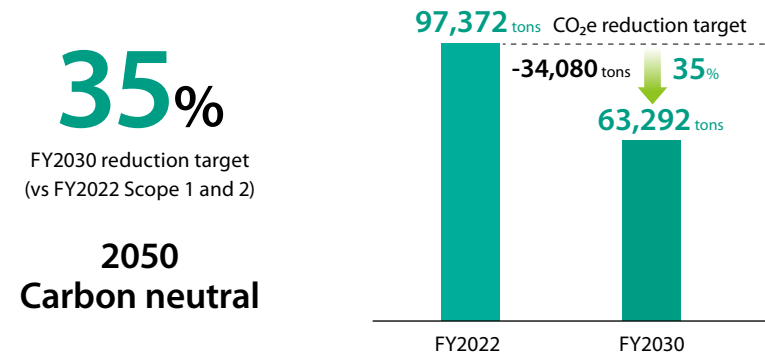
4. We work to prevent environmental pollution in cooperation with clients, affiliated companies, and subcontractors.
5. We make KWE group employees and the public aware of our environmental protection policy through internal and external communications.

Progress

Over the 75 years since its founding, the KWE Group has built an extensive global forwarding business network of 683 sites across 300 cities and 45 countries (as of March 31, 2023). All our sites worldwide are focused on the short, mid, and long term targets that will result in achieving carbon neutrality by 2050. Short term initiatives in FY2022 included collecting data on a consolidated basis for group-wide electric power consumption, fuel use, and CO₂ emissions for our subsidiaries worldwide. We obtained third party verification of Kintetsu World Express (non-consolidated) Scope 1 and 2 emissions. We also made progress in SAF use and promoting reusable ocean container use in an effort to reduce our Scope 3 emissions.

In the medium term, we set group-wide Scope 1 and 2 reduction targets in August 2023. The targets are to reduce our emissions by 35% by FY2030 from FY2022. We submitted our commitment letter to SBTi. We will be seeking third party verification of our Scope 1 and 2 CO₂ emissions worldwide while also aggregating and verifying our global Scope 3 baseline.

By consistently pursuing our short and medium term goals, we will achieve our long term target 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 follows.

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 FY2022. The topics related to climate change that were discussed are shown below (FY2022 Agenda).

Committee members include our company directors, corporate department general managers, regional 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.

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°C² and 4°C³) 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 below on [p.14](#) based on likelihood and degree of impact. Climate change related risks will continue to be analyzed by the KWE Group Sustainability Committee, reported to the Corporate Management Meeting, and integrated into our overall risk management.

Metrics and Targets

We are using GHG emissions (CO₂e) as a metric to assess and manage the impact of climate-related risks on our business. We set the following FY2030 reduction targets for the KWE Group in August 2023. Scope 1 and Scope 2 emissions in FY2021 and FY2022 were:

FY2022 Agenda related to climate change	
•	Deliberation on Sustainable Aviation Fuel (SAF)
•	Deliberation on TCFD recommended disclosures
•	Deliberation on committing to SBTi (Science Based Targets initiative)
•	Report on greenhouse gas emissions calculator for customer use
•	Report on activity to reduce greenhouse gas emissions, including shift to LED lighting, shift to electric forklifts, and purchasing of non-fossil fuel energy certificates
•	Progress report on collection of greenhouse gas emission data

	Emissions		Targets
	Scope 1	Scope 2	Scope 1 and 2
FY2021	462 t	6,479 t	FY2030 35% reduction from FY2022 FY2050 Carbon neutrality
FY2022	345 t 50,649 t*	6,251 t 46,723 t*	

*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.

* Include KWE Group companies. The rest are Kintetsu World Express (non-consolidated).



Assessing and Managing Climate-related Risks and Opportunities (Scenario Analysis)

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

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 fueled vehicles with electric-powered vehicles and rechargeable electric forklifts in order to achieve:

- 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 Now 100% Renewable Energy Sourced

We are working on a number of initiatives to reduce Scope 2 CO₂ emissions associated with our energy consumption. In March 2023 Kintetsu World Express (non-consolidated) purchased FIT non-fossil fuel energy certificates (with tracking)^{*1} totaling 29 million kWh, which reduced our Scope 2 CO₂ emissions by approximately 11,600 tons^{*2} in FY2022 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

Using the Green Power Certificate System and Supporting Renewable Energy

In 2022 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

^{*1} FIT non-fossil fuel 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.
^{*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 the Shinagawa Intercity in Tokyo. The building has earned superior ranking from the environmental performance Comprehensive Assessment System for Built Environment Efficiency (CASBEE) 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*, when the environmental value is certified and tracked with renewable fuel certificates² leading to further reductions in our Scope 2 emissions.

Third-party Verification of GHG Emissions

In December 2022, our FY2021 GHG emissions and energy consumption figures (KWE non-consolidated) were verified by SGS Japan based on ISO14064-3:2019 standards. We will continue to ensure accuracy and reliability of our emissions data through third party verification as we move ahead on reducing CO₂ emissions.

April 1 2021–March 31 2022 Scope 1 and 2 greenhouse gas emissions and energy consumption (Kintetsu World Express (non-consolidated))

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 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, resulting in reduced CO₂ emissions.

Our Penang Logistics Center in Malaysia installed a so-

lar power generating system in January 2023, generating enough energy to cover about 40% of the center’s electricity consumption.

LED Lighting and Updated Elevators

LED bulbs are more energy efficient and have longer lifespans than their fluorescent counterparts, resulting in lower CO₂ emissions. We are now shifting to LED lighting inside all our terminals worldwide. The change reduces safety and quality risks. We are also planning to update to high efficiency elevators at No.2 Baraki Terminal and Osaka Nanko Terminal.



Narita Terminal solar power generation



Penang Logistics Center solar panels



Kintetsu Logistics Systems Yokkaichi Terminal LED lighting

*1 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.

*2 Non-fossil fuel 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. Tracking information includes the identification of the type of energy source and the specific power plant generating the energy.

LED Lighting - FY2022

Country	Expected Reduction in Emissions
Japan ^{*1}	5.63t CO ₂ /yr
U.S.	5.48t CO ₂ /yr
China ^{*2}	14.1t CO ₂ /yr
Taiwan	9.51t CO ₂ /yr
Singapore	10.45t CO ₂ /yr
Malaysia	0.23t CO ₂ /yr
Philippines	0.89t CO ₂ /yr
Total	46.29t CO₂/yr

*1. Kintetsu Logistics Systems Yokkaichi Terminal, Kintetsu Cosmos HQ office
 *2. KWE Shenzhen, KWE Zhongshan

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



Truck transport using HVO

The widespread use of this type of alternative fuel is advancing, particularly in Europe. We are promoting the use of

HVO to reduce our Scope 3 CO₂ emissions.

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

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^{*3} at customer site A

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

*3 Devanning: Unloading a container

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.

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*¹ 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.



Rail transport (terminal station image)

*1. 2024 problem: Truck driver overtime will be limited starting in 2024 by the Work Style Reform Law, creating problems for the logistics industry.

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 mbH^{*2}, 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 for other charities. In October 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 or 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



Plastic bottles collected for recycling

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 efficien-

cy while saving over 50,000 sheets of paper annually.

KWE recently performed a trial run of automatically select 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 Cards from More Sustainable Material

In October 2021 Kintetsu World Express in Japan changed to business cards made from the limestone based material Limex* instead of paper. Using Limex saves 10 liters of water for every box of 100 cards compared to paper, and unused cards - for example, due to HR transfers - can be recycled into new cards. This helps raise awareness of global warming and other environmental issues among employees as well as contribute to KWE's sustainability efforts.



Business card printed on Limex

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

Biodiversity

KWE Thailand Participates in Wild Bird Protection and Tree Planting

In October 2022 KWE Thailand participated with Canon Marketing (Thailand) in a joint corporate social responsibility activity with the Bird Branch Project to protect wild birds at the Si Nakhon Khuean Khan Botanical Garden in the outskirts of Bangkok. KWE employee constructed birdhouses from recycled wooden pallets donated to the botanical garden. Over 70 participants, including 9 from KWE Thailand, put up birdhouses around the botanical garden, planted trees, and fertilized the land. KWE Thailand intends to continue participating in these kinds of activities to promote biodiversity.



Bird Branch Project

Emissions & Energy — Upcoming Initiatives

Participating in SAF Programs to Reduce Scope 3 CO₂ Emissions

To fulfill our responsibility as a freight forwarder, we are addressing Scope 3 emissions by expanding our participation in sustainable aviation fuel (SAF^{*1}) programs. Scope 3 emissions account for the large majority of our emissions profile.

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

SAF Program Participation and Scope 3 Emissions Reduction Projects

					
Date		September 2021 October 2022	April 2022	October 2022	March 2023
Business partner		All Nippon Airways	Cathay Pacific Airways	Lufthansa Cargo AG	Shell Aviation
Program		SAF Flight Initiative: For the Next Generation	Corporate SAF Pilot Programme	Sustainable Choice - Bulk Agreement	SAF Book-and-Claim Pilot Program
Highlight		KWE used the first SAF cargo flight out of Japan	The first full-scale corporate customer SAF program in Asia (both passenger and cargo)	100% carbon neutral transport accounting for emissions from fuel production to departure airport	Uses blockchain technology to ensure secure allocation of SAF's environmental attributes to companies and airlines

Promoting SAF Use in the Future

Air freight accounts for just under 50% of KWE Group consolidated net sales, but it is the majority contributor to our emissions profile. We will continue actively leveraging SAF programs to reduce our Scope 3 emissions and to provide our customers with low carbon options.

At this time the Japanese SAF program business model, that KWE is a part of is still undeveloped compared to European and the U.S. markets. We are taking several different approaches in the industry in Japan and neighboring countries.

As part of our creative effort, in February 2023, we participated as a forwarding industry representative in a SAF symposium panel discussion held by the Ministry of Land, Infrastructure, Transport and Tourism and the Agency of Natural Resources and Energy. The panel discussed the future of aviation decarbonization, with regards to SAF, and KWE offered our opinion and discussion points on the presented issues.



Left: Toshiya Teramoto, Sustainability Group, Corporate Planning and Administration, speaking as a representative of the forwarding industry. Right: The lively panel discussion on the topic of what is needed to increase opportunities for SAF use.

Social

The KWE Group is addressing three material topics within the social pillar: data security, diversity and equal opportunity, and social impacts in the supply chain. In FY2022 the Group moved forward on cyber security, diversity, and occupational safety and health, while Kintetsu World Express (non-consolidated) began taking action on health and productivity management. The KWE Group will continue working on these material topics to enable ongoing corporate growth and increasing corporate value while contributing to a sustainable society.



Material Topics

Data Security



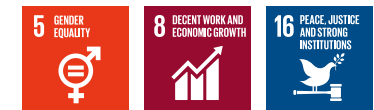
Objectives	Progresses in FY2022	FY2023 Onward
<ul style="list-style-type: none"> Improve information security architecture Increase employee awareness of information security 	<ul style="list-style-type: none"> Implemented cyber-security measures Periodic security assessments by a third-party Reduced data center, server, and network risks Educated and trained employees (phishing email drills and security training, each three times a year) 	<ul style="list-style-type: none"> Implementing cyber-security measures Periodic security assessments by a third-party Reducing data center, server, and network risks Educating and training employees (phishing email drills and security training, each four times a year)

Diversity and Equal Opportunity



Objectives	Progresses in FY2022	FY2023 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"> Women in management positions across the Group: 34.3% Educated employees about human rights and equal opportunity through e-learning 	<ul style="list-style-type: none"> Establishing KWE Group Diversity and Equal Opportunity Policy Moving ahead on activity in line with local characteristics

Social Impacts in the Supply Chain



Objectives	Progresses in FY2022	FY2023 Onward
<ul style="list-style-type: none"> Fulfill supply chain ethical, social, and environmental responsibilities 	<ul style="list-style-type: none"> Assessed procurement and identified priority areas (occupational safety and health, labor, vendor management, and environmental compliance) Occupational safety and health checklist (37 items in 7 areas) 	<ul style="list-style-type: none"> Providing checklist to suppliers and do survey Supplier management framework

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 is committed to ongoing improvement of our information security to maintain the confidence of our customers, business partners, and other stakeholders.

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.

The business environment continues to change rapidly, and threats to corporate IT security are becoming more clever and more advanced. Appropriate and timely measures must be exercised on an ongoing basis.

Specifically, we are moving forward and building a zero trust security platform, utilizing services that can guarantee security in the cloud, and educating users such as employees and business partners about how to counter threats.

IT security remains an important area to be addressed, and it is critical to the sustainability of the KWE Group and its stakeholders.



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 three times in FY2022. Considering the rising trends in phishing emails, drills were held three times in FY2022 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.

Employee Education (FY2022 on)

When	Content
June - July 2022	Phishing email drills: All sites (10,765 employees) Information security e-learning
November - December 2022	Phishing email drills: All sites (11,994 employees) Information security e-learning
February - March 2023	Phishing email drills: All sites (12,363 employees) Information security e-learning



Diversity and Equal Opportunity

Concept & Policy

We respect the individuality of our employees, do not tolerate discrimination in any form, and provide equal opportunities for everyone to play an active role. The KWE Group Code of Conduct explicitly provides for equal employment opportunity, and the KWE Global HR Guidelines (established in 2020) for diversity and equal opportunity. In FY2023 we established the KWE Group Diversity and Equal Opportunity Policy as a concrete basis for moving ahead on this important material topic.

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 employees from various backgrounds is a significant factor in our corporate culture, reputation, and achievement. 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/>

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 promotion to managerial positions
- Promote the recruitment and retention of employees from minority, marginalized, and underrepresented groups
- Educate employees about human rights and equal opportunity

The following are our diversity and equal opportunity KPIs:

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

- Establish KWE Group Diversity and Equal Opportunity Policy

Create an environment of diversity and mutual respect

- Create a workplace environment with no discrimination or harassment

- Implement human resources measures that respects 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: 94.66% (October - December 2022)
- Participation in diversity and inclusion training: 95.57% (October - December 2022)

Percent of childcare leave of absence taken by male employees (Kintetsu World Express (non-consolidated))

36.4%

QUOTE

I gained a lot from childcare leave.

The birth of my second child was going to drastically increase the amount of time needed for child care and housework at home. So I believed I needed some time to devote to my wife and my family. The new law in Japan promoting paternity leave in October 2022 created support from society and public opinion. I felt that taking paternity leave was a “must do” and didn’t hesitate. I talked with my supervisor about 6 months beforehand about when and how long I would be gone on leave, and about 2 months beforehand I spent time preparing people to cover my job. I’m grateful to everyone who covered for me and allowed me to spend valuable time with my family. During the month I was on leave, I experienced how much work child care is, and now that I am back in the office I can arrange my schedule to work more efficiently and better balance my responsibilities on the job and at home. I feel that I gained a lot from taking childcare leave as I continue to work in the future.



Keihin Export Sales Office
Assistant Manager
Ryuto Komatsu

Promoting Diversity and Inclusion, and Preventing Harassment

Between October and December 2022, we conducted e-learning for all KWE Group employees on diversity and inclusion and preventing harassment. Training was also held for Kintetsu World Express employees in FY2022 on understanding and preventing power harassment. We are aiming for everyone in both management and employee roles to take individual action to build a workplace that is welcoming to all persons.

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, there is a large aging population in Japan, so we introduced the KWE Life Shift Support Regulatory Guidelines in FY2021 to support employment of older employees. In the U.S., APPL offices are actively hiring members of diverse groups through an internship program.

Formal Learning and Career Development as Investment in Human Resources

Through investments in our human resources, KWE has promoted formal learning. Programs consist of customized training and development courses that use facilitated programs and learning events to help grow employees into top contributors and to build on their experiences and expectations. For example, we encourage the use of LinkedIn Learning for reskilling (when the technical requirements required for a job have significantly changed) and for upskilling (to upgrade performance at one’s current job).

In April 2022 we started a new career development program for employees who have been at Kintetsu World Express (non-consolidated) for a minimum of 3 years. The program’s purpose is to effectively leverage our human resources and grow both the individual and the organization. The program has no prerequisites for enrollment, and the goal is to encourage our employees to think about their own career and provides a place where individual aspirations are respected.



Training image

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 employee-level protections and concerns, earning an ISO 45001 certification in Hong Kong, etc. In August 2022, we established the KWE Group Occupational Safety and Health Policy and Regulations to address improving employee safety and health at the global level. Based on these Regulations, the KWE Group Safety and Health Committee meets regularly to oversee ongoing improvements in the work environment.

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.

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 Health and Safety Committee has several agenda items. The Committee regularly 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:

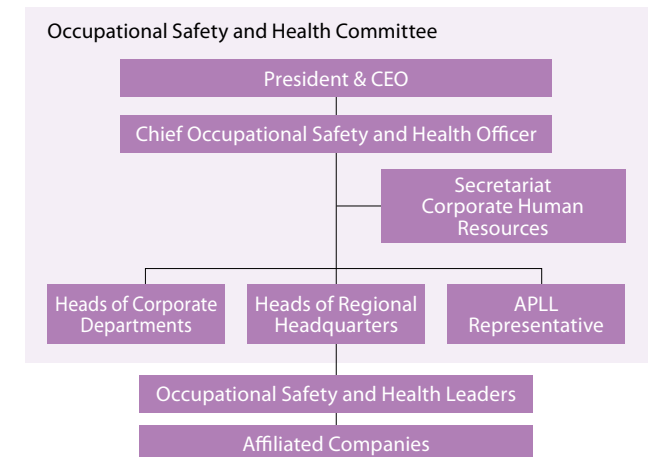
- Deliberate measures required for safety and health management Track progress while evaluating and planning improvements in initiatives

- 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

FY2022 Action

In FY2022, we surveyed the status of safety and health measures provided 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.

Occupational Safety and Health Organizational Framework



Health Management

In April 2023, Kintetsu World Express (non-consolidated) issued its Health and Productivity Management Declaration, stating the commitment of top management to address this important area. The Declaration comes as the health of KWE employee is a tenet of the company's business philosophy.

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

The foundation of our organization approach to employee occupational health and safety relies on an occupational health physician, the occupational safety and health committee, occupational health administrators, and leaders established in compliance with the Industrial Safety and Health

Health Activities

<p>Increase rate of employees taking health exams, recommend full health exam</p> <ul style="list-style-type: none"> • Employees taking health exams: 100% • Increase rate of employees taking full health exam 	<p>Share information on preventing lifestyle-related disease</p> <ul style="list-style-type: none"> • 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 	<p>Recommend health exams to high risk employees</p> <ul style="list-style-type: none"> • Set notifications for post-exam measures • Recommend health exams to high risk employees
<p>Support balance between illness and work</p> <ul style="list-style-type: none"> • Establish support through return to work after leave of absence • Inform employees of support structure 	<p>Adapt to diverse work styles</p> <ul style="list-style-type: none"> • Labor-management discussion (Article 36 Agreement) • Collect employee opinions via the occupational safety and health committee 	<p>Mental health self-care and line care awareness</p> <ul style="list-style-type: none"> • Talks on self-care and line care by managers • Stress check organization diagnosis feedback • Call for high stress interviews
<p>Women's health support</p> <ul style="list-style-type: none"> • Female hormones and life stages • Call to take cancer screening exams 	<p>Health consultation</p> <ul style="list-style-type: none"> • Interview and guidance from the occupational health physician and public health nurses 	<p>Work engagement</p> <ul style="list-style-type: none"> • Identify issues based on employee data held by Corporate Human Resources

Helping improve health literacy

We've been working here at Kintetsu World Express as full-time health nurses since January 2023. KWE's business environment has been notably changing due to the impact of the COVID-19 pandemic, the invasion of Ukraine, and other events, and there are some employees who are suffering mental and physical illnesses. We want to make use of our expertise as public health nurses to help employees to fully excel in their roles by creating a mentally and physically healthy environment for work. We are members of the Safety and Health Management Center that was established in April 2023, and we hope to improve employee health through improved health literacy and to increase corporate value.

Public Health Nurse
Yasuko Komori



Public Health Nurse
Mami Kawano



QUOTE

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 placement 6 Working conditions 7 Others

KWE Vendor Code of Conduct ▼

Progress

To address the material topic of social impacts in the supply chain, the KWE Group shares best practices for on-going 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. In 2023, we moved forward on uniform vendor safety and health standards aligned with the KWE Group Occupational Safety and Health Regulations.

We plan to do vendor assessments in 2024. The entire KWE Group is working to strengthen collaboration with vendors and creating value together.

As an example, the Japanese logistics industry is currently facing a “2024 problem” that can be summarized as stricter regulation of truck driver overtime. We are creating mechanisms to reduce business partner vehicle wait time at airports for air freight, and visiting vendors to see how they are ensuring compliance. For Kintetsu Logistics Systems trucking business, we are also working on the appropriate disclosure of freight operational costs in direct cost calculation, alongside the receipt of fair and proper compensation.

The KWE Group is now establishing a human rights policy for our vendors and all of our stakeholders, which will be announced some time in FY2023. We will continue working on the material topic social impacts in the supply chain as part of our effort to ensure ongoing growth and increasing corporate value.

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 FY2022 KWE Group companies participated in over 75 social contribution activities. Employees from KWE in Japan, the Europe, Middle East & Africa Regional Headquarters, KWE Vietnam, and KWE India got involved.

KWE Japan and the Europe, Middle East & Africa Regional Headquarters

A major earthquake hit the Türkiye-Syria border in February 2023. We offer our deepest condolences to the families of the victims and our sympathy to those who suffered in other ways. In response to the subsequent humanitarian crisis, the KWE Group contributed over 9 million yen to rescue and recovery efforts via the International and Japanese Red Cross Societies. We hope for a speedy recovery from the disaster.

Contributions made to

Japanese Red Cross Society 5 million yen Kintetsu World Express

International Red Cross Society 30,000 euros (about 4.12 million yen) Kintetsu World Express, Europe, Middle East & Africa HQ 12 subsidiaries



KWE Vietnam

KWE Vietnam joined with project sponsor TOTO VIETNAM to complete the construction of a new school building and playing field for Primary School Number 2 in Kon Chiêng Commune, Mang Yang District, Gia Lai Province. Alongside rapid economic and population growth, certain remote Vietnamese communities lack proper educational facilities and opportunities. KWE Vietnam has been participating in the project since 2021 with a strong urge to improve this situation and contribute to local community. The new school building and playing field at Primary School Number 2 can support over 300 children; they can now live to live and study in a safe environment. KWE Vietnam plans to continue actively contributing to the project.



New school building



New classroom

KWE India

Almost two years ago KWE India started working with an NGO dedicated to providing orphans with living facilities and educational environments, and has so far donated biogas plants to 15 orphanages in the city of Chennai. Biogas is primarily methane generated from household and other organic wastes, which can be used instead of LPG for cooking with high thermal efficiency. Using biogas can reduce the use of fossil fuels. In addition, the residue is a nutrient-rich, safe organic fertilizer that can be used to grow grains, flowers, and agricultural products. KWE India participated in the same CSR activity in the Gurugram area in June 2023, and intends to continue this activity in the future.



Donation ceremony in Chennai



Cooking with biogas

Governance

The KWE Group is focusing on the material topic of anti-corruption in regards to governance to continue to earn the trust of our customers, employees, business partners, vendors, local communities and governments, and other stakeholders. In April 2023, we appointed a dedicated Head of Group Compliance, and in May we opened our global whistleblower hotline. We continue to make improvements in compliance.

Material Topics

Anti-Corruption



Goal	Progresses in and after FY2022	2023 Onward
<ul style="list-style-type: none"> Promote communication about anti-corruption policy and procedures 	<ul style="list-style-type: none"> Group-wide compliance training for employees in 40 countries around the world starting April 2022 (see p 33) 	<ul style="list-style-type: none"> Hosting quarterly training sessions (see p 33)
<ul style="list-style-type: none"> Identify risks and confirmed cases of misconduct in the workplace, and implement preventative measures 	<ul style="list-style-type: none"> Implemented the KWE Group integrated internal hotline 	<ul style="list-style-type: none"> Appoint Head of Global Compliance Global whistleblower hotline beginning operations

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.

- All Board Members, Officers, and employees sincerely and sensibly comply with all applicable laws and regulations, including but not limited to internal regulations.
- 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.
- 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:
 - When a significant instance of non-compliance related to company business is discovered or suspected.
 - When a question of compliance cannot be determined for a matter for approval.
- The president of an affiliated company outside Japan pro-

motes 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 division in April 2023. This person is advising on compliance and ethics, establishing group regulations, conducting training, and investigating reports of non-compliance.

Restructuring the Internal Hotline

In May 2023 we debuted a global whistleblowing hotline to provide a more appropriate way for employees to report problems. All KWE Group employees worldwide can access the hotline to report known or potential infringements of laws or group policies. The hotline enables anonymous reporting in different languages online or via phone, email, or fax. Widespread accessibility has made it easier to share concerns and promotes the early detection and addressing of potential problems.



Global whistleblower hotline web site (image)

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 basis of the unified global compliance training program shown below, KWE Group companies may add

KWE Group Compliance Training Program (e-learning)

	Scheduled	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)
2024	January – March	Antitrust and competition law (advanced)
	April – June	Global anti-bribery and corruption (advanced)
	July – September	Financial integrity

their own program tailored to the company's specific legal and regulatory environment to improve the effectiveness of the training. Two examples are KWE Japan's stratified training program and APLL's global anti-corruption interactive webinar program.

No Incidents of Non-compliance

In FY2022, there were no cases of legal action for anti-competitive practices or infringement of antitrust or antimonopoly law.

QUOTE

Ongoing development of ethical and legal business standards

I'm very pleased to be working as a member of KWE. My goal as Head of Group Compliance is first to identify our compliance risks, including corruption risks, and then provide our employees and business partners with the knowledge and tools needed to control and resolve them.

KWE will be building a responsible compliance program that adapts to changes in global business activity and laws, and will maintain a good reputation for its conduct based on compliance and ethics.

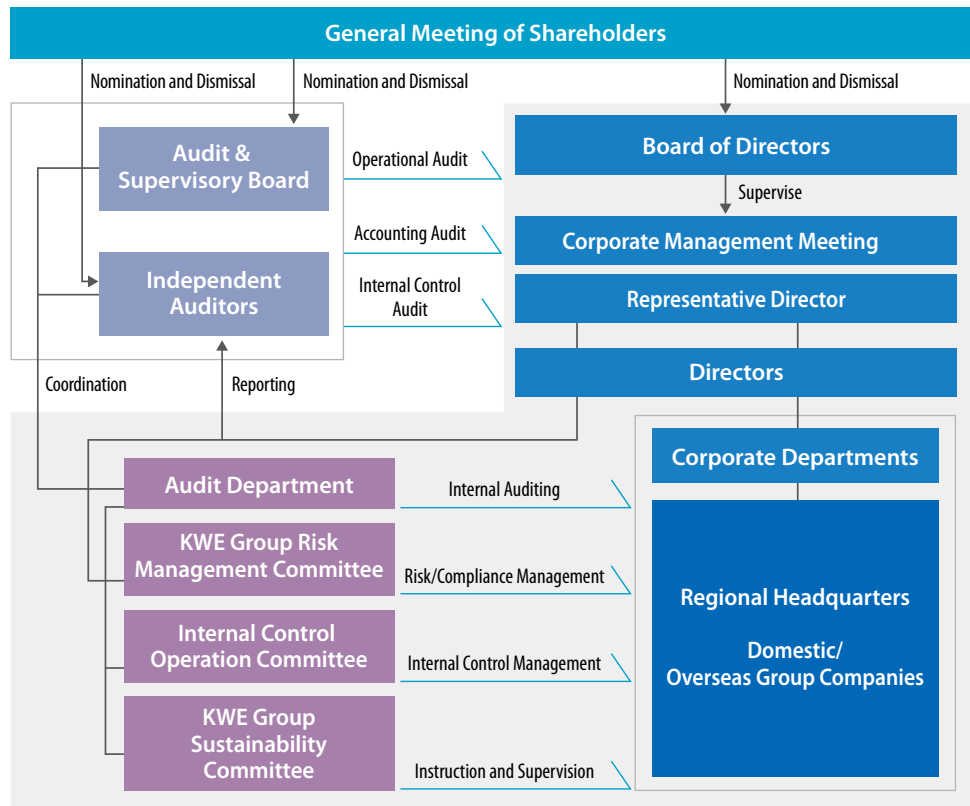
Head of Group Compliance
Stephen Walton



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 12, 2023)

Number of Directors

6
of which 2 are outside directors

Number of Audit & Supervisory Board Members

3
*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 Business Continuity Basic Policy and specific business continuity plans are in place in the event of emergencies posing a critical threat to our business.

The KWE Group Risk Management Committee met four times in FY2022, sharing information on major risks to the Group overall and working on avoiding or reducing those risks. Regional Risk Management Committees met twice at regional headquarters outside Japan and four times at Japan headquarters, identifying and addressing risks in their region.

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

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

Information

ESG Data

Corporate Data



ESG Data (FY2022)

Environment*1

Type	Item	Kintetsu World Express (non-consolidated)	Year on Year
Energy	Electricity (kwh)	15,405,578	95.1%
	CO ₂ e (t) ²	6,251	96.5%
	City gas (m ³)	5,874	97.7%
	CO ₂ e (t)	15	111.8%
Water	Usage (t)	17,191	96.9%
Fuel	Gasoline (l)	39,711	88.1%
	CO ₂ e (t)	92	88.0%
	Diesel fuel (l)	30,816	104.8%
	CO ₂ e (t)	80	105.5%
	Propane gas (kg)	26,471	34.5%
	CO ₂ e (t)	158	68.6%
	Fuel oil A (l)	0	0.0%
	CO ₂ e (t)	0	0.0%
Office paper (box)	2,500 pc/box	20,605	96.5%
Waste	Flammable (kg)	132,225	95.6%
	Non-flammable (kg)	13,345	81.7%
	Plastics (kg)	114,750	101.5%
Resource waste	Cardboard (kg)	793,916	99.6%
	Paper (kg)	212,373	99.4%
	Wrap (kg)	63,931	117.6%
	Wooden pallets (kg)	356,438	64.1%
	Iron scraps (kg)	2,080	-
CO ₂ e total (t)		6,596	95.0%
	Of which Scope 1	345	74.6%
	Scope 2	6,251	96.5%

*1 Resources used in FY2022 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
CO ₂ e (t)	Of which Scope 1	50,649
	Scope 2	46,723

Item	Category	Kintetsu World Express (non-consolidated)
Scope 3 emissions (t)	Category 1 (purchased goods and services)	12,112
	Category 3 (energy related)	1,696
	Category 4 (upstream transportation and distribution)	195
	Category 5 (waste)	459
	Category 6 (employee business travel)	662
	Category 7 (employee commuting)	640

Social

Item	KWE Group Total (Worldwide)
Employees (persons)	18,552
Countries	45
Diversity and inclusion e-learning participation (%)	95.57
Women in management positions (%)	34.3

Governance

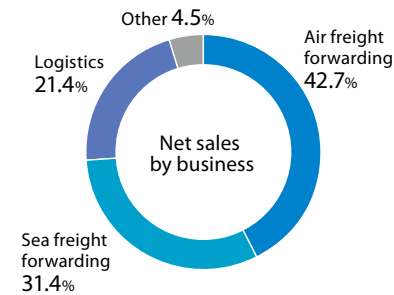
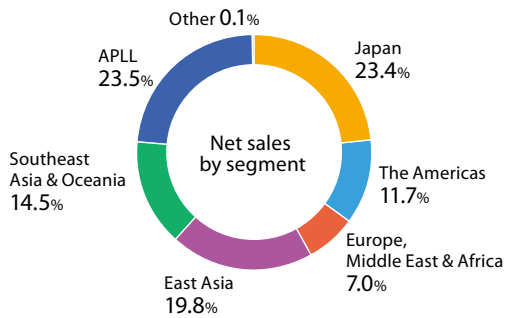
Item	As of June 12, 2023
Board Directors (persons)	6
Auditor and Supervisory Board Members (persons)	3
Outside Directors (persons)	2
Managing Officers (persons)	18
Directors who are also Managing Officers (persons)	2
Outside Director ratio (%) ³	33.3
Women Director ratio (%) ⁴	16.7
Board of Directors meetings in FY2022 (times)	12

*3 Number of outside directors divided by total number of directors

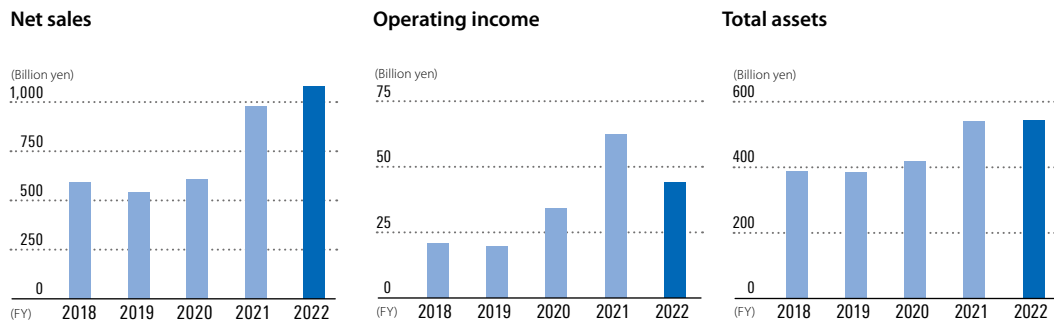
*4 Number of women directors divided by total number of directors

Corporate Data (As of March 31 2023)

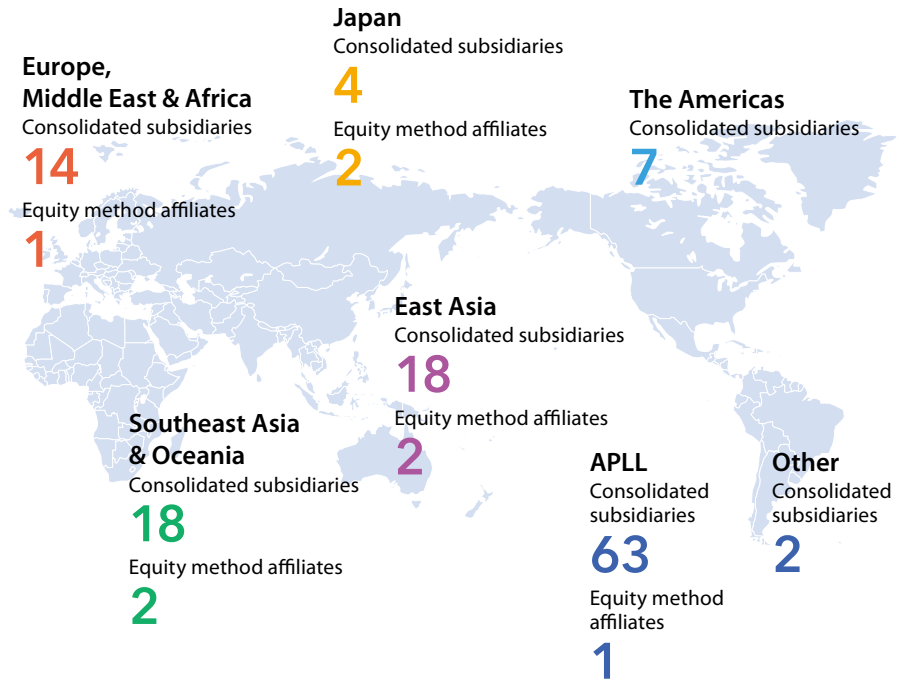
Business Overview



Consolidated Financial Highlights (FY2018 - 2022)



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

Kintetsu World Express, Inc.

Corporate Planning & Administration

24th Floor Shinagawa Intercity Tower A, 2-15-1 Konan, Minato-ku, Tokyo 108-6024 Japan

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

<https://www.kwe.com>