

Sustainability Report 2022

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Message from management



Realizing our corporate philosophy and fulfilling our mission to move closer toward a sustainable society

In 2017, we marked the 150th anniversary of our founding in 1867, the same year in which the Port of Kobe opened. At that time, when few ports in Japan were open to the outside world, we got our start as a cargo handling organization exclusively serving the agency that supervised export/import cargo—in short, the agency performing the equivalent of today's customs operations. Today, we've grown into an integrated logistics firm that handles operations ranging from warehouse storage to land transport, heavy cargo transport, and container terminal operations. We're active in major ports across Japan as the nation's leading harbor transport firm.

Japan is an island nation surrounded by water in every direction. Naturally enough, sea transport plays a key role in Japan's international trade, accounting for 99.7% of the nation's export/import cargo. As a company involved in a sector of such highly public nature, we seek to maintain the important social infrastructure of harbor transport. The stability and progress of our business activities contribute to the stability and progress of Japan's logistics infrastructure. For this reason, in addition to maintaining business stability through debt-free management, we've continued to invest in enhancing our facilities and cargo handling equipment and in tackling the challenge of providing new services. We will remain committed to this approach.

Our Corporate Philosophy states: By keeping up with the times and carefully responding to the demands of an ever-changing business environment, we will take on challenges one step ahead of today's needs while striving to enhance our corporate value and the stability of our management, with the ultimate goal of helping to build an affluent society. We believe our efforts to implement this philosophy will in itself promote the sustainability of both our Company and society. In putting this philosophy into practice, it is vital that we fulfill our responsibilities to diverse stakeholders and earn their understanding and cooperation. Kamigumi will maintain its course moving forward while stressing the fundamentals: providing rewarding work in which our employees can demonstrate their individual abilities in safety and with peace of mind; delivering services that satisfy our customers; building relations of trust with our business partners; maintaining timely and appropriate disclosure and stable dividends to shareholders; fulfilling our duties to regulators; building strong ties to local communities; and minimizing our environmental impact.

Yoshihiro Fukai
President & Representative Director

Charter of Corporate Behavior

Principle 1. Enhancing Customers Satisfaction

We will gain customers satisfaction, reliance and also to promote social contribution by offering quality of distribution services based on experience and know-how accumulated since our establishment.

Guidelines

- As a professional of total logistics partner, We will provide to customers diversifying needs with our original services, and with professional spirit.

Principle 2. Fair and Transparent Business Practices

In our business, we will engage in fair, transparent and free competition and proper business transactions.

Guidelines

- We do not engage in collusive relationships with antisocial forces or with any particular organizations.
- Conduct fair business activities in compliance with all applicable laws and regulations.
- Conduct fair transactions, abiding by all applicable laws and regulations including the Antimonopoly Act and the Act against Delay in Payment of Subcontract Proceeds.
- Do not engage in collusive bidding.
- Properly manage confidential information of the Group as well as customer information acquired through business activities.
- Conduct transactions with clients on an equal footing, based on the contract agreed upon.

Principle 3. Communication Activities

We will actively communicate with our stakeholders and disclose information timely and in appropriate way.

Guidelines

- Promote communication with stakeholders through general shareholders' meetings, and public relations and investor relations activities.
- Achieve highly transparent management through timely and accurate information disclosure.
- Fulfill accountability to stakeholders by providing adequate information to make them understand about corporate activities.

Principle 4. Creating an Open and Active Corporate Culture

We respect human rights and will not commit or permit discrimination in and outside the company: on the grounds of gender, creed, physical conditions and social status. We will also strive to create a positive work environment where employees can feel comfortable and find fulfillment.

Guidelines

- Create a work environment where diverse employees can demonstrate their abilities to the fullest.
- Improve the occupational health and safety system to eradicate industrial accidents.
- Respect the personality of employees and support their career and skills development.
- Recognizing that the existence of a company is supported by its employees, respect individual employees as fellow members working together, without discriminating on the grounds of gender, age, position, birth origin, and other factors.

Principle 5. Promotion of Environmental Management

Recognizing that addressing environmental problems is essential to corporate existence and activities, we will not only observe environmental laws, regulations and standards in all aspects of our business activities, but also actively and voluntarily engage in activities to protect the environment.

Guidelines

- Set environmental targets for the Group and implement group-wide initiatives to reduce the environmental impact of our business activities, and continuously improve environmental management through periodical reviews of the Group's environmental performance.
- Promote effective use of limited resources by actively engaging in energy-saving, resource-saving, recycling, reuse, and waste reduction activities.
- Offer environmentally sound distribution services, as a highly professional total distribution service provider.
- Strive to reduce, as much as possible, the environmental impacts of the use of automobiles and business activities including the operation of warehouses and terminals.
- Increase employee knowledge and awareness of environmental conservation through environmental education and publicity activities.

Principle 6. Contribution to the Local Community

We will actively engage in social contribution activities to coexist harmoniously with the local communities, as a well corporate citizen.

Guidelines

- As a community-based company, actively participate in community events and activities to contribute to the local community.
- Respect the culture and norms of the community in which we operate and conduct business activities that will contribute to the development of the community, taking into consideration its specific circumstances.

Principle 7. Response to Antisocial Forces

We shall resolutely confront antisocial forces and organizations that threaten the order and security of civil society.

Guidelines

- Ensure the three principles on antisocial forces (not to fear, not to give money, and not to use) are fully understood and implemented throughout the Group.
- Establish an internal system to systematically deal with antisocial forces.

Principle 8. Cooperation with International Society

In international business activities, we not only comply with international rules and the laws and regulations of the countries and regions where we operate, but also conduct business respecting local culture and customs, so as to strengthen cooperation and build mutual trust with the international community.

Guidelines

- Promote international business activities, by fully understanding and complying with the international rules as well as the laws and regulations of the countries and regions where our business operations are based.
- Check overseas business sites through internal audit by our internal audit team to determine whether their management strategies and business plans are in conformity with the Group's management policy, so as to enhance the transparency of the management.

- Encourage employees working in overseas locations not only to learn local languages, but also to deepen their understanding of local culture and customs.

Principle 9. Implementation of the Spirit of the Charter

Top management of the Kamigumi Group companies must recognize that it is their roles to take the lead in ensuring that all affiliated companies and business partners are fully aware of and understand this Charter. Furthermore, top management should always try to keep abreast of the opinions of those both inside and outside the corporation and establish an effective system throughout the corporation to ensure thorough implementation of the Charter.

Guidelines

- Top management should display leadership to the fullest possible extent, clearly lay out the management philosophy and codes of conduct, and ensure thorough implementation of the philosophy and codes within the Group.
- From the point of risk management, top management must set up internal systems to prevent an emergency situation from occurring and to respond effectively in the event of an emergency situation, and review and modify these systems as appropriate.

Principle 10. Responsibility of Top Management

In the case that the Charter is violated, top management of the Group companies should demonstrate, both internally and externally, their determination to resolve the problem, identify the cause and take measures to prevent the recurrence of similar violations in the future. At the same time, top management should promptly make full public disclosure, explain fully what has occurred, and, upon clarifying the relevant authority and responsibility, impose strict disciplinary action against those held responsible, including top management itself.

Guidelines



- When an emergency arises, promptly conduct an investigation under the leadership of top management, identify the facts and causes, and implement appropriate policies and measures as a responsible corporation to deal with the situation.
- Top management should give the public as promptly as possible an explanation of the facts, the policies adopted to address the matter, and the measures needed taken to prevent a recurrence.

Our basic perspective on sustainability

Japan depends on imports for a significant share of the goods, energy, and industrial raw materials needed for food, clothing, and shelter. Japan is also a major power in international trade, with various major export industries including motor vehicles and other industrial products. Japan's total international trade is equivalent to about 1.7 times its national budget (general account). Since 99.7% of its export/import cargo is transported by sea, activities such as harbor transport and warehouse storage for such cargo are key infrastructures in livelihoods and industry.

As a leading player in port logistics and accounting for the highest share of cargo handled at Japan's six largest ports, our mission is to maintain the continuity and progress of our businesses to maintain the delivery of the goods society needs. Key factors in doing so include building stronger ties to shareholders, customers, partner companies, employees, local communities, and other stakeholders and strengthening our consideration for the environment, legal and regulatory compliance, safety, and governance. We aim to pursue creation of new value capable of further enriching society, keeping in mind the sustainability of both society and the Company at all times.

Our sustainability initiatives involve putting into practice our Charter of Corporate Behavior.

	Charter of Corporate Behavior	Related items
	<p>5. Promoting Environmental Management</p> <p>Recognizing that addressing environmental problems is essential to corporate existence and activities, in addition to complying with all applicable environmental laws, regulations, and standards in our business activities, we will take a proactive and voluntary role in activities that protect the environment.</p>	<ul style="list-style-type: none"> • Environmental management • Environmental Philosophy • Environmental Policies • Rules on Environmental Protection • Preventing global warming • Total energy use and carbon intensity in domestic businesses • Managing CFCs • Promoting eco-friendly driving • Adopting energy-conserving and low pollutant vehicles • Energy conservation activities in offices, warehouses, and other facilities • Switching to LED lighting • Reducing CO₂ emissions through the solar power business • Effective resource use • Reducing waste generation and ensuring appropriate waste treatment • Water conservation initiatives
	<p>1. Enhancing Customer Satisfaction</p> <p>We will win the satisfaction and trust of our customers and promote social contributions by offering quality distribution services based on the experience and know-how gathered since our establishment.</p>	<ul style="list-style-type: none"> • Provision of optimal logistics solutions
	<p>2. Fair and Transparent Business Practices</p> <p>We will engage in fair, transparent and free competition and proper business transactions.</p>	<ul style="list-style-type: none"> • Building equitable trading relationships
	<p>3. Communication Activities</p> <p>We will communicate actively with our stakeholders and disclose information in timely and appropriate ways.</p>	<ul style="list-style-type: none"> • Communication with shareholders and investors
	<p>4. Creating an Open and Active Corporate Culture</p> <p>Our perspective is grounded in respect for human rights. We will not engage in or permit discrimination in or outside the company on the grounds of gender, creed, physical condition, or social status. We will also strive to create positive work environments in which employees can work in comfort and seek fulfillment.</p>	<ul style="list-style-type: none"> • Health and safety • Basic policy on transport safety • Transport safety management rules • General Safety Manager/safety management organizational structure • Gaining G-Mark certification as an outstanding safety business • Safety initiatives • Implementing safe-driving training • Implementing periodic health exams and stress checks

	Charter of Corporate Behavior	Related items
 <p>SOCIETY</p>		<ul style="list-style-type: none"> • Our mission as a logistics business • Reducing CO₂ emissions through third-party logistics (3PL) • Drawing on various modes of transport to contribute to customer business continuity planning (BCP) • Respect for human rights • Employee training and education • Employing those with disabilities • Promoting women in the workplace • Encouraging employees to take childcare leave • Managing working hours to promote work-life balance • Labor management dialogue • Healthy Company Statement
	<p>6. Contribution to Local Communities</p> <p>We will take an active role in social contribution activities to ensure harmonious coexistence with local communities in our role as good corporate citizens.</p>	<ul style="list-style-type: none"> • Coexistence with local communities • Kobe Port facilities experiential tour • Mori no Sewanin forestry activities • Cleanup activities • Participation in community events • Social contributions • Sponsorship of social contribution activities • Sponsorship of the Kobe YMCA
	<p>8. Cooperation with International Society</p> <p>In our international business activities, in addition to full compliance with international rules and the laws and regulations of the countries and regions in which we operate, we conduct business with all due respect for local cultures and customs, with the ultimate goal of strengthening cooperative ties and building mutual trust within the international community.</p>	<ul style="list-style-type: none"> • Contributing to local communities through international businesses
 <p>GOVERNANCE</p>	<p>7. Response to Antisocial Forces</p> <p>We are committed to resolutely confronting antisocial forces and organizations that threaten the order and security of civil society.</p>	<ul style="list-style-type: none"> • Basic stance on exclusion of antisocial forces
	<p>9. Implementing the Spirit of the Charter</p> <p>Top management of Kamigumi Group companies must recognize its leadership role in ensuring that all affiliated companies and business partners are fully aware of and understand this Charter. Additionally, top management must seek to keep abreast of the opinions of those both inside and outside the corporation at all times and revise the Charter accordingly, as well as establish effective systems throughout the Group and thoroughly implement the Charter's provisions.</p>	
	<p>10. Responsibility of Top Management</p> <p>In the event of violations of the Charter, the top management of Group companies must demonstrate, both internally and externally, their determination to resolve the problem, identify the cause, and take measures to prevent the recurrence of similar violations. At the same time, top management must make prompt and full public disclosure of the incident, thoroughly explain the incident, and, upon clarifying the relevant authority and responsibility, take strict disciplinary action against those held responsible, including top management itself.</p>	<ul style="list-style-type: none"> • Basic concept of corporate governance • Basic policy on internal controls systems • Appointing external Directors and Audit & Supervisory Board members • Composition and meetings of the Board of Directors • Compliance structures and state of operations • Promoting compliance risk management activities • Export/import controls • Operation and widespread awareness of the internal whistleblower system • Internal audits • Business continuity planning (BCP) initiatives <ul style="list-style-type: none"> • Countermeasures in anticipation of major earthquakes • Deployment of IP transceivers and periodic communication drills • Responding to COVID-19 • Responsible tax payment • Information security initiatives



ENVIRONMENT

We make efforts to optimize our environmental management and to minimize the environmental impact of our business activities.

Period covered by report: April 1, 2021 – March 31, 2022

Scope of report: Kamigumi Co., Ltd.



Environmental management

- 7 Environmental Philosophy
- 7 Environmental Policies
- 7 Rules on Environmental Protection



Preventing global warming

- 10 Total energy use and carbon intensity in domestic businesses
- 10 Managing CFCs
- 10 Promoting eco-friendly driving
- 10 Adopting energy-conserving and low pollutant vehicles
- 10 Energy conservation activities in offices, warehouses, and other facilities
- 10 Switching to LED lighting
- 11 Reducing CO₂ emissions through the solar power business



Effective resource use

- 11 Reducing waste generation and ensuring appropriate waste treatment
- 11 Water conservation initiatives



Disclosures based on TCFD recommendations

- 12 Disclosures based on TCFD recommendations

Environmental management

Environmental Philosophy

Recognizing that protection of the global environment is a vital theme common to all human beings, Kamigumi Co., Ltd. seeks to achieve harmony between business activities and protection of the environment. The Company strives to reduce its environmental impact through the implementation of environmentally conscious business practices and to promote continuous Group-wide environmental protection activities, thereby contributing to society.

Environmental Policies

1. To protect the global environment, the Company shall comply with laws, regulations, ordinances and rules relating to environmental conservation.
2. The Company shall strive to use limited natural resources effectively and prevent environmental pollution by promoting resource saving, energy saving, recycling, reuse, waste reduction and proper treatment, and pollution emission reduction.
3. The Company shall strive to continually improve its environmental performance, by setting environmental targets, taking into account various environmental impacts associated with our business activities; by implementing planned environmental activities in a systematic manner to achieve the set targets; and by periodically reviewing its activities.
4. The Company shall implement environmental education, training and internal publicity activities to raise employees' understanding of global environmental awareness issues, and increase their participation in environmental activities, to promote smooth environmental management.
5. The Company shall disclose this environmental policy widely to the public through its website and other means.

Rules on Environmental Protection

Chapter 1. General Provisions

■ Article 1 : Purpose

The Rules shall define the matters necessary to implementing the Company's environmental philosophy which, based on the recognition that protection of the global environment is a vital common theme to all human beings, seeks to contribute to society by minimizing environmental impact through the implementation of environmentally conscious business practices, and by promoting continuous Group-wide environmental protection activities.

■ Article 2 : Scope of Application

The Rules shall apply to the Company and its Group companies. The Company shall require its Group companies to formulate their own environmental rules (including environmental policies)

tailored to their respective businesses, in conformity with these Rules, thereby pursuing Group-wide environmental activities on a continuous basis.

■ Article 3 : Environmental Policy

As a distribution service provider, the Company shall strive to offer a comprehensive range of environmentally friendly distribution services, by promoting transportation efficiency improvement measures and modal shifts. The Company shall implement environmental management in accordance with the following principles.

- (1) Endeavor to protect the global environment, by complying with laws, regulations, ordinances and rules relating to environmental conservation.
- (2) Endeavor to make effective use of limited natural resources and prevent environmental pollution, by promoting resource saving, energy saving, recycling, reuse, waste reduction and proper treatment, and pollution emission reduction.
- (3) Endeavor to continually improve its environmental performance, by setting environmental goals, taking into account various environmental impacts associated with our business activities; by implementing planned environmental activities in a systematic manner to achieve the set targets; and by periodically reviewing our activities.
- (4) Implement environmental education, training and internal publicity activities to raise employees' understanding and awareness of global environmental issues and increase their participation in environmental activities, thereby promoting smooth environmental management.
- (5) Disclose the Environmental Policy widely to the public through our website and other means.

■ Article 4 : Environmental Protection Promotion System

1. The Chief Executive Officer of the Company shall oversee the environmental management of the Kamigumi Group.
2. The Company's Chief Executive Officer shall establish the Environmental Protection Promotion Headquarters ("the Headquarters"), composed by members of the Management Department of the Company's Registered Head Office, to promote effective environmental management across the Group. Also Chief Executive Officer must appoint a director in charge of the Management Department, or an equivalent director, to serve as the Chief of the Headquarters ("the Headquarters Chief").
3. The Headquarters Chief shall act on behalf of the Chief Executive Officer to promote the Group's environmental activities. The Headquarters Chief shall establish an environmental protection promotion system, as per the Attachment. The Headquarters Chief shall also, in accordance with the Environmental Policy prescribed in the preceding article, ensure that environmental targets for the entire Group are set, that environmental activities planned to achieve the set targets are implemented systematically and smoothly, and that environmental activities are periodically reviewed.

The Headquarters Chief shall direct, supervise and oversee the planning and implementation of the Group's environmental protection programs, so as to ensure continuous improvement in environmental performance.

4. The Headquarters Chief shall establish an Environmental Protection Promotion Chapter ("the Chapter") at each branch, etc., and appoint the head of each branch, etc., (including Department Managers at the Registered Head Office, Branch Managers, Division Managers and representatives of the Group companies) to serve as the Chief of the Chapter ("the Chapter Chief").
5. To support the duties of the Headquarters Chief, the Chapter Chief shall cooperate with the Headquarters to manage, supervise environmental education, and train employees for environmental activities at their respective chapters. In addition, the Chapter Chief shall carry out the duties described in the following clauses:
 - (1) In the case of a Group company, establish an environmental protection promotion system which modeled after the Company's system, and promote environmental protection activities in cooperation with the Headquarters.
 - (2) Every branches has to setup their own business activities goals for the achievement of the Group's goals based on the advance notification from the HQ. After, submit the goals to the Headquarters before executing environmental protection activities.
 - (3) Summarize the implementation status and results of the environmental activities mentioned from Chapter 2 to Chapter 5 in "Environmental Reports", and submit to the Headquarters either periodically or upon request from the Headquarters.
 - (4) Establish a system to collect and organize data necessary to implement continuous environmental protection activities, and to submit these data to the Headquarters, periodically or upon request from the Headquarters.
6. The Headquarters shall review the reports submitted from each Chapter, pursuant to the provisions of Clause 3 of the preceding paragraph, and assess and record each Chapter's performance (achievement level against the targets, implementation status against the plan, and status of compliance with legal requirements). The assessment results shall be submitted to the Headquarters Chief.
7. If nonconformance is detected during the examination of the results submitted pursuant to the provisions of the preceding paragraph or if the occurrence of nonconformance is predicted, the Headquarters Chief must promptly advise the relevant Chapter to take appropriate remedial or preventive measures. Based on the assessment results, the Headquarters shall review the Group's environmental protection activities and make improvements, and establish environmental targets for the next term. The Headquarters Chief shall report these facts to the Company's Chief Executive Officer, whom oversees the environmental management of the Group.

Chapter 2. Vehicle-Related Environmental Protection

Section 1 : Environmental Protection through Eco-Driving

■ Article 5 : Promotion of ECO-Driving

The Chapter Chief shall appoint appropriate persons at his/her chapter to serve as Eco-Driving Promoters. The Chapter Chief shall have the Eco-Driving Promoters conduct education and training programs on eco-driving techniques. The Chapter Chief shall oversee and supervise the implementation of those training programs.

■ Article 6 : Eco-Driving Methods

Employees of the Company and its Group companies shall apply the eco-driving techniques listed below, when driving a vehicle—whether it be a company vehicle or a private vehicle, to reduce environmental impact while driving as well as to save energy.

- (1) Idling stop.
- (2) Drive at an economical speed.
- (3) Avoid jack-rabbit starting and unnecessary acceleration.
- (4) Shift up earlier when driving manual transmission cars.
- (5) Use engine braking effectively.
- (6) Avoid gunning the engine when unnecessary.
- (7) Avoid unnecessary parking or stopping.
- (8) Do not carry unnecessary luggage.
- (9) Reduce the use of air conditioning.
- (10) Select a route with the minimum distance.
- (11) Receive regular check-ups and maintenance and keep tire pressure at an appropriate level.

Section 2 : Compliance Efforts for Regulations on the Types of Vehicles

■ Article 7 : Development of Vehicle Plan

The Chapter Chief shall develop a plan regarding the introduction of new vehicles, the replacement/retirement of existing vehicles, etc., taking into account legal restrictions on vehicle types and the Company's environmental impact reduction and energy saving policies. The Chapter Chief shall also manage the vehicles in the Chapter's fleet appropriately in accordance with the vehicle plan developed.

■ Article 8 : Introduction of Low-Emission, Fuel-Efficient Vehicles

The Chapter Chief shall endeavor to introduce low-emission, fuel-efficient vehicles with less environmental impact (vehicles types listed below). In introducing new vehicles, the Chapter Chief shall take advantage of government incentive programs such as subsidies and tax-breaks, whenever possible.

- (1) Natural gas vehicles
- (2) Electric vehicles
- (3) Hybrid vehicles

- (4) Methanol-fueled vehicles
- (5) Gasoline-fueled vehicles (fuel-efficient, low-emission)
- (6) Diesel-fueled vehicles (fuel-efficient, low-emission)

Section 3 : Management of Vehicle Inspection & Maintenance and Vehicle Operation Status

■ Article 9 : Inspection and Maintenance of Vehicles

The Chapter Chief shall oversee and manage the inspection and maintenance of Chapter-owned or -operated vehicles. The Chapter Chief shall endeavor to maintain emissions of air pollutants within the regulatory limitations through proper implementation of statutory regular inspections, and daily pre-work inspections by drivers.

■ Article 10 : Management of Vehicle Operation Status

The Chapter Chief shall manage and analyze the operation status of the Chapter-owned or -operated vehicles. In an effort to reduce environmental load and save energy, the Company shall actively implement measures, such as increasing loading ratio, securing backhauls and minimizing travel distance, and promote continuous improvement on vehicle operation.

Chapter 3. Facility- and Equipment-Related Environmental Protection

■ Article 11 : Energy Saving of Facilities, etc.

1. The Chapter Chief shall strive to promote energy saving of the facilities (including incidental facilities; hereinafter the same) that the Chapter owns or operates, through proper maintenance, management, and improvements (refers to improvements and repairs of facilities, new installation and replacement of equipment, etc.). The Chapter Chief shall also promote rationalization and efficiency improvement of the relevant facilities.
2. When installing or replacing equipment in a facility which the Chapter owns or operates, the Chapter Chief shall introduce the energy-saving equipment most appropriate for the relevant facility, and for business activities. In introducing new equipment, the Chapter Chief shall take advantage of government incentive programs such as subsidies and tax-breaks, whenever possible.

Chapter 4. Promotion of Waste Reduction, Proper Waste Treatment and Recycling, etc.

■ Article 12 : Waste Emission Reduction, etc.

The Chapter Chiefs shall endeavor to reduce environmental impact resulting from their business activities by promoting waste reduction and proper waste disposal.

■ Article 13 : Efficient Use of Natural Resources

The Chapter Chiefs shall endeavor to make effective use of limited natural resources, promoting by recycling and reuse of waste arising from the business activities.

■ Article 14 : Separation of Waste

To facilitate proper waste disposal, the Chapter Chiefs shall endeavor to ensure that all waste discharged from their business sites is separated properly in accordance to the waster separation rules of their respective municipalities.

Chapter 5. Comprehensive Efficiency Improvement

■ Article 15 : Improvement of Comprehensive Efficiency

In response to the government's move to advance the integration and streamlining ("comprehensive efficiency improvement") of distribution businesses, as a distribution company offering a comprehensive range of services-from transportation, storage, and container handling to distribution processing ("comprehensive distribution company")-the Company shall, in cooperation with its customers (refers to shippers, etc.; hereinafter the same), take various measures to improve comprehensive distribution efficiency, thereby reducing impact on the environment. Such measures include: integration of transportation networks, shared distribution, increasing loading ratio, promotion of modal shifts, etc., as described in the subsequent article, and improvement and construction of distribution base facilities. Furthermore, when it is deemed possible to apply for the certification of a comprehensive efficiency improvement plan, as defined in the laws (refers to the Act on the Advancement of Integration and Streamlining of Distribution Businesses, etc.), the Company shall make a relevant application in order to receive special treatment, including a tax break for distribution center facilities.

■ Article 16 : Promotion of Modal Shifts, etc.

As a comprehensive distribution company, the Company shall cooperate with its customers to strive to reduce its environmental impact by actively promoting modal shifts, combining truck transport with inland waterways and rail in a cost-effective and efficient manner, and by increasing the use of larger transport equipment and vehicles in accordance with the increased cargo volume.

Chapter 6. Revision and Abolition of the Rules

■ Article 17 : Revision and Abolition of the Rules

The Rules shall be revised or abolished after an affirmative vote of more than two-thirds of the Headquarters Chief and Chapter Chiefs by the approval of the Chief Executive Officer of the Company, who oversees the Company's environmental management. When the Rules are revised or abolished, Group companies shall, accord with the intentions of the revision or abolition of the Rules, promptly revise or abolish their environmental protection rules, established under Article 2.

Supplementary Provision

■ Article 1 : Revision and Abolition of the Regulations

These Rules shall take effect on December 1, 2006.

Preventing global warming

Carbon dioxide (CO₂) emissions and carbon intensity generated by our domestic businesses activities

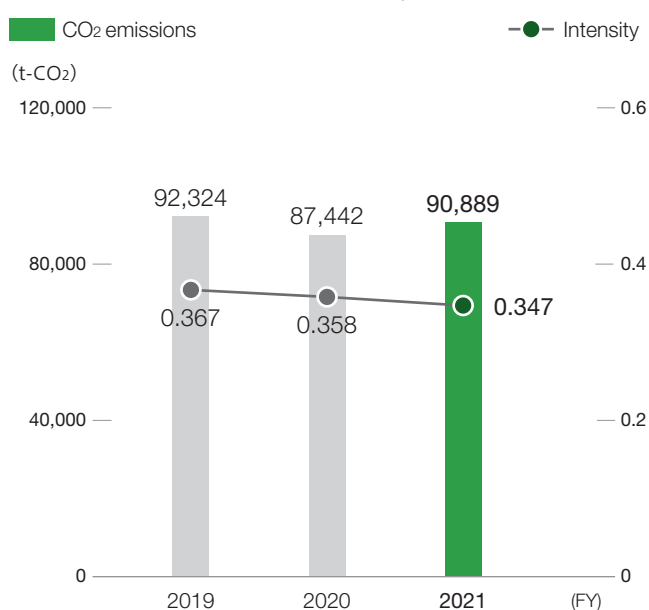
We strive to reduce carbon dioxide (CO₂) emissions in our domestic business activities through efficient use of energy. We take a proactive approach to promoting initiatives that reduce our environmental impact.

<Formula for calculating carbon intensity>

Numerator: CO₂ emissions (t-CO₂)

Denominator: Nonconsolidated operating income (millions yen)

CO₂ emissions and carbon intensity



Managing CFCs

We use refrigeration and freezer equipment to store cargo requiring low temperature management. Refrigeration and freezer equipment requires CFC gas coolant. In addition to periodic equipment inspections, we perform equipment maintenance and repairs in accordance with the provisions of the Act on Rational Use and Proper Management of Fluorocarbons. We also submit annual records of these activities and reports on leak volumes to the relevant authorities.

Promoting eco-friendly driving

We promote eco-friendly driving in accordance with our Rules on Environmental Protection. At all of our branch offices in Japan, one individual is appointed to promote eco-friendly driving efforts. This individual administers training and guidance on eco-friendly driving when employees need to drive company vehicles and checks tachographs to manage and supervise driving.

Adopting energy-conserving and low pollutant vehicles

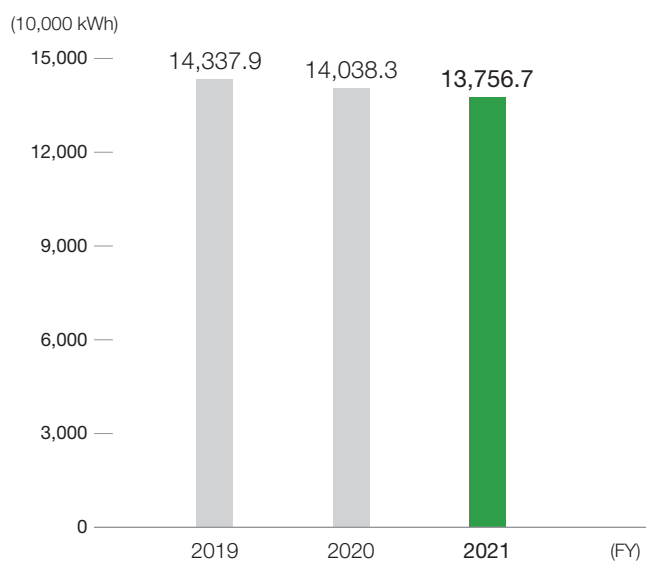
As one measure to help prevent global warming, we purchase vehicles characterized by low levels of pollution and fuel consumption.

Energy conservation activities in offices, warehouses, and other facilities

We implement the Cool Biz and Warm Biz activities recommended by the Ministry of the Environment of Japan to encourage employees to wear clothing that will help us reduce energy use. We set office thermostats to roughly 28° C during the summer months (May-September) and to 20° C in the winter months (November-March).

We also stagger lighting to the extent not to impede business operations and shut off lights in rooms that are not in use and during lunch breaks.

Electricity use



Switching to LED lighting

We're making steady progress toward switching to LED lighting in our offices and warehouses to conserve energy and reduce CO₂ emissions.

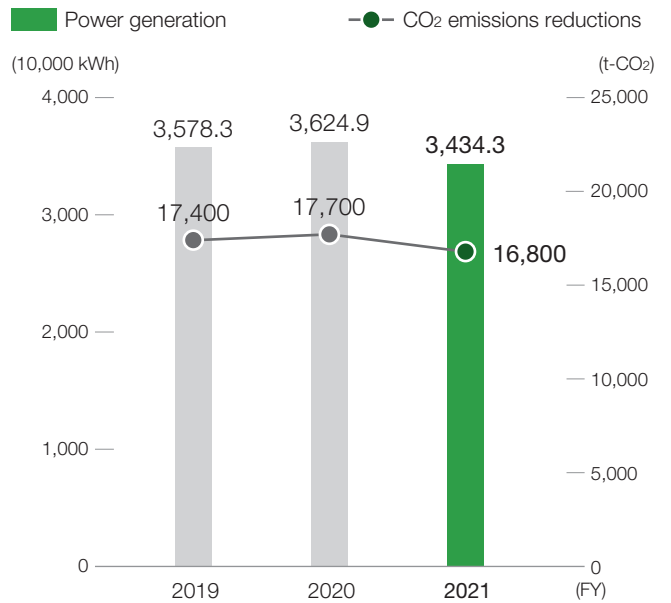
Reducing CO₂ emissions through the solar power business

In February 2013, using the roofs of Company warehouses, we ventured into solar power generation and sales to promote use of renewable energy and help reduce CO₂ emissions.

To date, we've installed solar power capacity of 7,351 kW on the roofs of six Company warehouses in the Kobe district. We also operate solar power plants in the cities of Oita (893 kW) and Kasai (21,253 kW).

Each year, this business generates approximately 34 million kWh of electricity—equivalent to the annual power consumption of some 11,000 typical households. The business helps reduce CO₂ emissions by around 16,800 tons.

Generating power and reducing CO₂ emissions through solar power



Effective resource use

Reducing waste generation and ensuring appropriate waste treatment

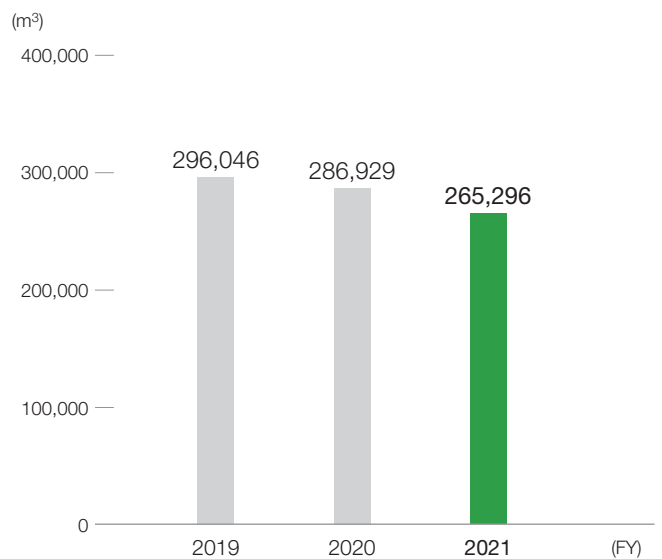
In our business activities, we use large volumes of various materials, including stretch films, cardboard, flexible containers, lumber, and plastic. To make the most effective use of limited resources, we seek to reduce waste generation and to reuse and recycle materials.

Waste is disposed of in compliance with all local ordinances. As required, we retain manifests that clearly indicate volumes of industrial waste and undertake related internal audits.

Water conservation initiatives

The Company strives to conserve water on a day-to-day basis to protect and sustainably use water resources. The volume of water we used in FY2021 totaled 265,296 cubic meters.

Water usage



Disclosures based on TCFD recommendations

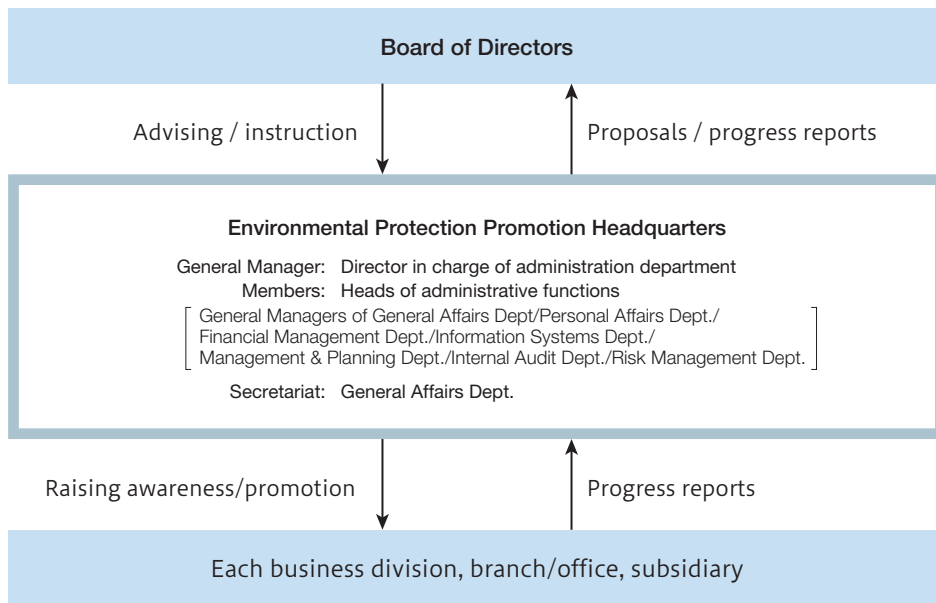
Recognizing protection of the global environment as an important topic for all humanity, Kamigumi strives to minimize its environmental impact through business activities that account for the environment. Kamigumi seeks to achieve harmony between its business activities and environmental conservation.

We support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), a task force established in 2015 by the Financial Stability Board (FSB). We analyze and assess the risks presented by climate change to financial markets and disclose information in accordance with the recommendations of the TCFD: governance, risk management, strategy, and indicators and targets.



Governance

Kamigumi has established an Environmental Protection Promotion Headquarters, for which the Director responsible for administrative sections serves as General Manager, to consider and make decisions on matters related to environmental change. The Environmental Protection Promotion Headquarters considers and makes decisions on related policies and measures, and reports on important matters or refers them as necessary to the Board of Directors for consideration. This Headquarters also manages progress and results related to the Company’s identified materiality items, including decarbonization targets, and reports to the Board of Directors at least once a year on the need for improvements and related issues.



Risk management

The Environmental Protection Promotion Headquarters plays a central role in Kamigumi’s efforts to identify risks and opportunities related to climate change over the medium to long term based on both the 2°C and 4°C scenarios. The Environmental Protection Promotion Headquarters periodically reassesses risks and opportunities thus identified and reports on or submits them for consideration to the Board of Directors at least once a year.

Strategy

Kamigumi has analyzed the potential financial and business impact of climate change risks and opportunities over the medium to long term based on various parameters, envisioning a 2°C scenario (under which strong countermeasures to climate change keep the temperature rise since prior to the Industrial Revolution within 0.9–2.3°C) and a 4°C scenario (under which no further countermeasures to climate change are taken and the temperature rise since prior to the Industrial Revolution is 3.2–5.4°C).

Category		Anticipated risks and opportunities		Impact on profit/loss* (estimated for FY2030)	
		Risks	Opportunities	2°C	4°C
Transition risks	Policies and regulations	Increasing costs due to carbon taxes, etc.		- -	
		Increasing cost of securing certification of Company emissions targets (e.g., non-fossil-fuel certificates)		-	-
	Technologies	Increasing costs of adopting ecofriendly machinery and equipment		- - - -	- - - -
		Lower energy costs		+ +	+ +
	Markets	Reduced operations due to revised energy mix		-	
			Increased operations due to efforts to promote renewable energy		+ + +
		Increased operations due to efforts to promote low carbon transport (e.g., for domestic maritime shipping)		+ +	+
Physical risks	Acute	Service interruptions due to damage caused by abnormal weather to Company facilities and longer times required for recovery			-
	Chronic	Increased labor costs accompanying lower work efficiency as working conditions worsen in the summertime / rising environmental improvement costs			-

* Impact on profit/loss is indicated by positive (+) or negative (-) symbols. The larger the number of symbols, the greater the impact is expected to be.

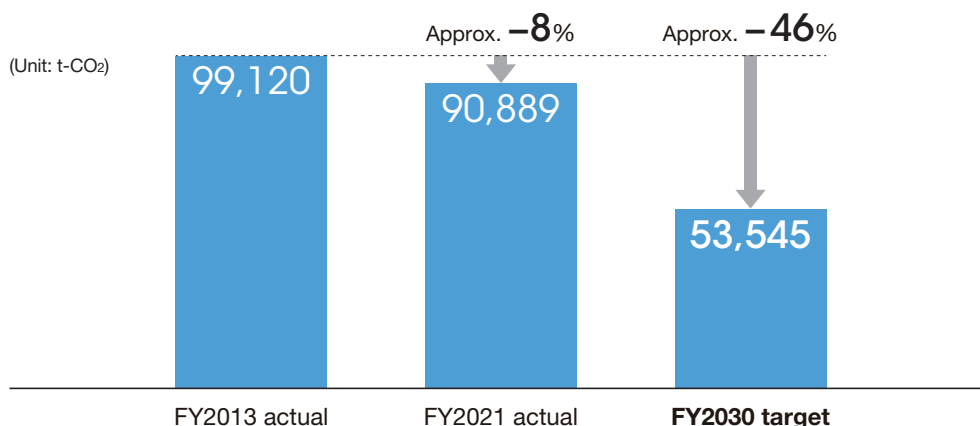
Indicators and targets

■ Reducing emissions of CO₂ (a greenhouse gas)

Amid the accelerated global movement toward a carbon-zero society, the Japanese government has identified CO₂ reduction targets as part of efforts to achieve carbon neutrality.

Together with the government targets, Kamigumi has identified the medium-term target to be achieved by FY2030 of reducing CO₂ emissions (domestic Scope 1 + Scope 2 emissions) by 46% vs. 2013 levels.

We will continue to consider long-term targets (FY2050) from the perspective of efficacy, reflecting the understanding that achieving carbon neutrality is a global goal.





SOCIETY

Logistics represents a lifeline sector for the economy and livelihoods. In addition to our logistics activities, as a member of the community, we fulfill our responsibilities to society by addressing various societal issues.

Period covered by report: April 1, 2021 – March 31, 2022

Scope of report: Kamigumi Co., Ltd.



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Health and safety

Basic policy on transport safety

■ Basic philosophy

As an industry-leading integrated logistics firm, the Company is keenly aware of its role in securing transport safety. Under the leadership of the Board of Directors and the General Safety Manager, it strives to strengthen its safety culture through internal training and education and publicity activities. In addition, to ensure safe and reliable transportation, it sets shared targets for all employees and implements systematic safety management in activities toward these targets.

■ Basic policy

1. We're committed to complying with all laws and regulations and internal Company rules related to safety.
2. We're committed to prioritizing transport safety above all else in our business operations.
3. We're committed to implementing safety management in which top management plays a leading role.
4. Each business year, we set transport safety targets and implement systematic safety management toward their achievement.
5. We analyze various aspects of safety efforts, including target achievement. We strive at all times to improve the safety management system.
6. We take steps to confirm that all employees understand this Policy and various safety rules and provisions. We disclose these efforts to the general public in various ways, including posting them to our website.

Established: December 1, 2006

Transport safety management rules

Chapter 1. General provisions

■ Article 1 : Purpose

Based on the provisions of Article 16 of the Motor Truck Transportation Business Act as amended by the Act on partial Amendment of the Railway Business Act etc. to Improve Transport Safety, these Rules ("Rules" hereinafter) seek to stimulate initiatives to further transport safety. By clearly establishing compliance requirements, these Rules advance efforts to implement and continually update safety management to further strengthen the Company's safety culture and to ensure transport safety.

■ Article 2 : Scope

1. These Rules apply to business activities related to the Company's general truck transportation business.
2. These Rules apply to Company executives, permanent full-time employees, part-time employees, temporary employees, and contracted employees.

Chapter 2. Business management policies for securing transport safety

■ Article 3 : Basic policies

1. Based on the keen understanding that securing transport safety is a vital part of Company management, the Company's Board of Directors will play a leading role in taking action on building internal safety systems while seeking out and incorporating the viewpoints of the General Safety Manager and all employees. In addition, over the course of the full cycle consisting of implementation, inspection, and improvement of internal safety management, all employees will work together as one under the leadership of the Board of Directors to secure transport safety.
2. To secure transport safety, the Company will prepare Companywide targets and plans and strive to achieve these targets. It will also proactively publish information related to transport safety through the Company website and other media.

■ Article 4 : Priority transport safety measures

1. Based on the basic policy described in the preceding article, the following measures will be continually implemented as priority measures:
 - (1) Compliance with these Rules and with laws and regulations related to transport safety
 - (2) Proactive investment in transport safety
 - (3) Periodic internal audits and corrective and preventive measures based thereon
 - (4) Building internal communication and reporting structures for transport safety and striving to communicate and share information
 - (5) Planning and implementing internal training and education related to transport safety
2. In cooperation with Company subsidiaries and affiliate companies, the Company will strive to secure transport safety throughout the Company's entire Group of companies.
3. The Company will refrain from actions that impede the transport safety of subcontractors to whom it entrusts business activities.

■ Article 5 : Targets and plans related to transport safety

1. Companywide targets related to transport safety will be prepared based on the basic policy under Article 3. In addition, each branch office will set targets based thereon in accordance with its own specific requirements and conditions.
2. Plans related to transport safety will be formulated to achieve the targets described in the preceding paragraph and to ensure the steady implementation of the priority measures described in the preceding article.

Chapter 3. Organizational structure for securing transport safety

■ Article 6 : Duties of the Board of Directors

1. The Board of Directors will bear ultimate Company responsibility for securing transport safety.
2. The Board of Directors will take all necessary measures in connection with securing transport safety, including developing structures, implementing measures, and securing budgeting.
3. The Board of Directors will respect the opinions of the General Safety Manager and other employees in securing transport safety.

■ Article 7 : Internal organization related to transport safety

An overview of the Company's internal organization for securing transport safety is provided below.

Board of Directors

As described in the preceding article, the Board of Directors bears ultimate responsibility for transport safety and plays a leading role in securing transport safety.

General Safety Manager

Elected from Directors satisfying statutory requirements, the General Safety Manager will guide and manage measures implemented to secure transport safety and oversee Company operations management and maintenance management structures.

Assistant General Safety Manager

Handles operations related to transport safety in place of the General Safety Manager when the General Safety Manager is unable to do so due to unforeseen events.

Secretariat

Under the leadership of the General Safety Manager and the Assistant General Safety Manager and staffed by Head Office administrative personnel, the Secretariat will handle administrative operations related to transport safety.

Coordinating Operations Supervisors/Assistant Coordinating Operations Supervisors

Coordinating Operations Supervisors/Assistant Coordinating Operations Supervisors oversee operations management structures and maintenance management structures at each Company branch office and business site.

General Operations Supervisors/Assistant General Operations Supervisors

General Operations Supervisors/Assistant General Operations

Supervisors assist the Coordinating Operations Supervisors/ Assistant Coordinating Operations Supervisors and oversee operations management structures and maintenance management structures at each Company branch office and business site.

Operations Managers/Maintenance Managers

Operations Managers/Maintenance Managers are statutory managers appointed in accordance with the Motor Truck Transportation Business Act, Road Transport Vehicle Act, and other applicable legal provisions to manage vehicle operations and maintenance at each branch office.

■ Article 8 : Appointing and dismissing the General Safety Manager

1. A Company Director who satisfies the conditions under Article 2-6 of the Motor Truck Transportation Safety Regulations will be appointed as the Company's General Safety Manager.
2. The General Safety Manager will be dismissed from the position of the General Safety Manager if any of the following comes to apply to him or her:
 - (1) The Minister of Land, Infrastructure, Transport and Tourism of Japan orders his or her dismissal.
 - (2) Physical disability or other such factors make it difficult for him or her to continue to perform his or her duties.
 - (3) It is recognized that the continuing undertaking by the General Safety Manager of his or her duties may impair transport safety, whether due to violations of applicable laws and regulations, neglect in confirming matters related to transport safety, or other such reasons.

■ Article 9 : Duties of the General Safety Manager

1. Under the leadership of the Company Board of Directors, the General Safety Manager will have the following duties:
 - (1) Work toward the widespread promulgation and thorough understanding of awareness of transport safety among all Company employees.
 - (2) Implement and manage basic policies, priority measures, and plans related to transport safety.
 - (3) Develop and review internal communication and reporting structures and organizational structures for securing transport safety.
 - (4) Implement internal audits and improvement/corrective measures for transport safety.
 - (5) Supervise Operations Managers and Maintenance Managers.
 - (6) Plan and implement employee training and education related to transport safety.
 - (7) Undertake other coordination and management related to transport safety.

Chapter 4. Implementation and management of operations to secure transport safety

■ Article 10 : Periodic review of rules related to transport safety

To ensure that the structures for securing transport safety are suited to actual current conditions and to the Company at all times, the Company will periodically review and revise as necessary its safety management rules, basic policy on transport safety, priority measures, targets and plans, and organizational structure.

■ Article 11 : Implementing priority measures related to transport safety

To ensure transport safety, the Company will set targets and formulate plans related to transport safety as described in Article 5 of these Rules and, in so doing, implement priority measures as described in Article 4 of these Rules.

■ Article 12 : Sharing and communicating information related to transport safety

Based on the organizational structures described in Article 7 of these Rules, the Company will secure two-way communication and information sharing between the Board of Directors and the General Safety Manager on the one hand and Company employees on the other. The Company will develop structures to secure transport safety that reflect the views of its employees. Employees who discover and report any circumstances with safety implications will suffer no disadvantages for having done so.

■ Article 13 : Communication and reporting structures for accidents and injuries

1. Coordinating Operations Supervisor of the branch office or business site will report accidents or injuries occurring at his or her site to the General Safety Manager via the Central Health and Safety Council as specified in the internal communication structure.
2. In the event of an accident, injury, or other incident subject to the Vehicle Accident Reporting Rules, an appropriate report will be submitted without delay to the Minister of Land, Infrastructure, Transport and Tourism in accordance with those Rules.

■ Article 14 : Implementing priority measures related to transport safety

The Company will plan and implement training and education to train the human resources needed to secure transport safety.

■ Article 15 : Internal audits of transport safety

1. Under the leadership of the Board of Directors, the General Safety Manager will conduct periodic internal audits of transport safety to assess the state of safety management implementation within the Company.
2. Internal audits will be overseen by the General Safety Manager jointly with the Internal Audit Department.
3. Emergency internal audits will be undertaken as deemed necessary by the Board of Directors or the General Safety

Manager in cases involving serious accidents or injuries or recurrence of past accidents or injuries.

4. The General Safety Manager will report to the Board of Directors on the results of internal audits and propose to the Board of Directors any due improvement and corrective measures.
5. The Board of Directors will deliberate on the proposals described in the preceding paragraph, make decisions on improvement and corrective measures, and have the General Safety Manager carry out the relevant measures.

■ Article 16 : Managing documents and records to secure transport safety

The Company will establish methods for recording and retaining and properly retain and manage minutes of meetings in business operations related to transport safety; related basic policies; priority measures; communication and reporting structures; reports on accidents and injuries; results of internal audits; and other information concerning transport safety.

■ Article 17 : Matters related to release of information

1. The Company will release the information enumerated below without delay via the Company website in accordance with the timing stipulated in applicable laws and regulations:
 - (1) basic policies related to transport safety
 - (2) targets related to transport safety and the state of their achievement
 - (3) plans related to transport safety
 - (4) priority measures related to transport safety
 - (5) information concerning these Rules and the General Safety Manager
 - (6) organizational structure and command-and-control structure related to transport safety
 - (7) communication and reporting structure for accidents, injuries, etc.
 - (8) accident statistics as described in Article 2 of the Vehicle Accident Reporting Rules
 - (9) actual budgets for transport safety
 - (10) plans for training and education related to transport safety
 - (11) results of internal audits related to transport safety and related improvements and corrective measures
2. On reporting to the Ministry of Land, Infrastructure, Transport and Tourism the state of improvements implemented to secure transport safety following administrative sanctions, such as measures implemented after an accident to prevent similar accidents, the Company will issue notification of such action via the Company website.

Chapter 5. Additional provisions

■ Article 18 : Amendment and abolition of these Rules

1. Amendment and abolition of these Rules will be proposed by the General Safety Manager and deliberated on by the Board of Directors.

2. The preceding paragraph will also apply to the methods of review and amendments of the basic policy, organizational structures, and other matters under Article 10 of these Rules.

Article 19 : Effective date

These Rules will take effect as of December 1, 2006.

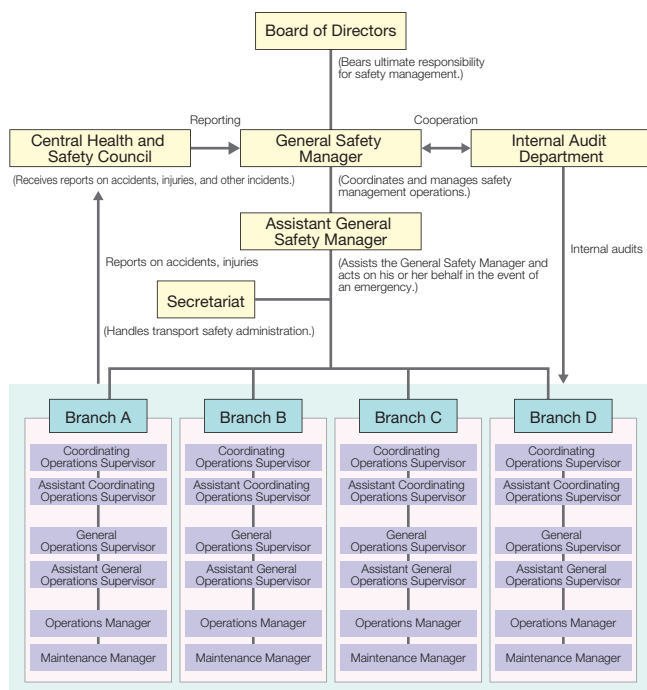
General Safety Manager/safety management organizational structure

General Safety Manager

Pursuant to the provisions of Article 16, Paragraph 2, Subparagraph 4 of the Motor Truck Transportation Business Act, the Company has appointed Representative & Managing Director Toshihiro Horiuchi as the General Safety Manager to oversee the Company's management of transport safety. The Company has notified the Ministry of Land, Infrastructure, Transport and Tourism of his appointment.

* Toshihiro Horiuchi meets the requirements to serve as General Safety Manager under Article 2-6 of the Motor Truck Transportation Safety Regulations.

Safety management organizational structure



Gaining G-Mark certification as an outstanding safety business

G-Mark certification as an outstanding safety business is a program established by the Japan Trucking Association to recognize trucking companies that meet specific standards for traffic safety and other matters. We're currently in the process of gaining certification under this program as another way to strengthen transport safety. We've already won G-Mark Certification for 24 of our branches.

Safety initiatives

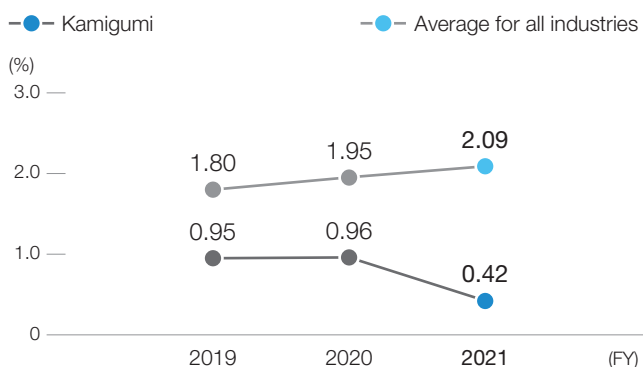
The Company regards safety as fundamental to its business activities. A responsible representative director serves as the Chief Safety Officer. A safety manager is appointed at the head office and at each branch office. Twice a year, the Company holds companywide safety conferences. These events are attended by the President, directors responsible for safety, and safety managers from all branches.

Branch safety activities are implemented by dividing all branches into five regional groups. In each group, the safety patrol team visits all sites every three months (quarterly).

In addition, by accumulating experience through sharing of information among all branches concerning accidents and near-accidents that have occurred in the individual workplaces of each branch, we strive to prevent similar accidents from occurring.

Thanks to such activities, our accident incident rate (an indicator of the frequency of accidents involving death or injury on the job) over the most recent three years is lower than the average for all industries.

Incident rate



Implementing safe driving training

To manage driving safety, the Company is proactively installing dash cameras on its vehicles. As of May 2022, dash cameras had been installed on 829 vehicles (a total of 1,089 vehicles in the Group companies). Managers use these devices to review braking, steering, and other events and to provide guidance on improving driving safety.

In a key part of operations management, we also confirm that all drivers without exception are checked for alcohol consumption in roll calls before and after they drive. The results of these checks are recorded and the state of their implementation confirmed in internal audits.

Implementing periodic health exams and stress checks

We provide periodic health exams and stress checks for all employees to ensure they can continue to work in good health.

Our mission as a logistics business

Reducing CO₂ emissions through third-party logistics (3PL)

After customs clearance, in general, cargo unloaded from a vessel is transported to a remote warehouse for storage. The necessary quantity of cargo is delivered from the warehouse to the designated locations in accordance with the order from the shipper. At the designated location, the shipper processes the cargo—by adjusting quantities, packaging, and delivery to retailers for sale to consumers.

We can handle all these processes on the shipper's behalf. If so, cargo unloaded from a ship is transported to adjoining warehouses. After customs clearance, we manage the cargo in storage and, upon the order from the shipper, prepare for delivery (quantity adjustments and packaging) and ship the cargo directly to retailers. This reduces transport and indirect operations, reducing CO₂ emissions.

Drawing on various modes of transport to contribute to customer business continuity planning (BCP)

To contribute to business continuity planning (BCP) of our customers and secure supply chain functions in the event of a major disaster, we can unload cargo in ports across Japan and transport cargo via various modes, including trucking, domestic sea transport, and rail.

We're currently testing a new state-of-the-art transport system in which customer cargo that would have been unloaded at the Port of Tokyo during normal times is unloaded at the Port of Kobe, then transported to the Tokyo area by rail.

Respect for human rights

Employee training and education

Through various educational and training programs, we support employee career building and skills development. In particular, we provide the following training tailored to individual career stages to convey the knowledge employees should have in light of the Company's business activities.

Examples of training programs suited to the Company's business activities

- Classroom training for new hires
 - Safety training
 - Training on the Warehousing Business Act
 - Training on the Port and Harbor Transportation Business Act
 - Compliance training
- Training for midlevel managers
 - Training led by licensed social insurance consultants, certified public accountants, former customs personnel, etc.
 - Training for earning registered customs specialist qualifications

In addition, as part of compliance training, we've adopted the Horei Focus* program at the head office and each branch office. This compliance support program will make it possible to obtain the latest information on legal and regulatory amendments.

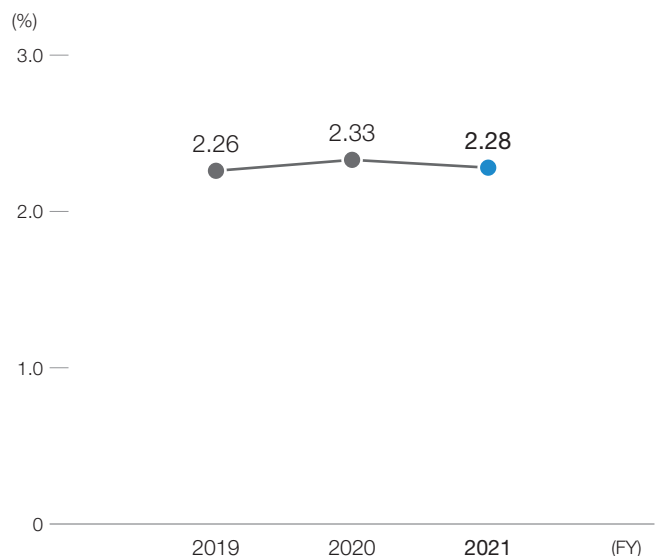
* Horei Focus program: Program operated by Dai-Ichi Hoki Co., Ltd. that automatically sends information on legal and regulatory amendments to registered email addresses

Employing those with disabilities

We strive to comply with the business employment obligations of the Act to Facilitate the Employment of Persons with Disabilities.

We properly report on the state of employment activities to Public Employment Security Offices in accordance with regulations.

Percentage of employees with disabilities



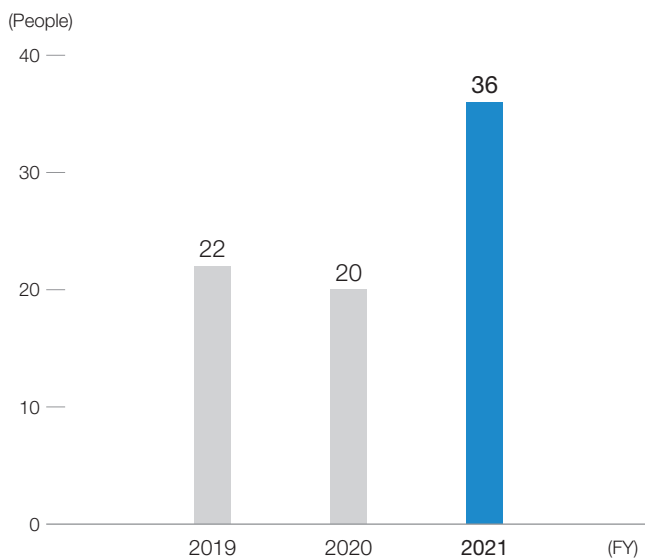
Promoting women in the workplace

We maintain various programs, including childcare leave and shortened working hours after childcare leave, to ensure the Company is a welcoming place for women employees and a place where women can thrive. We also promote these programs through internal bulletins and other means. Through these and other measures, we strive to increase the representation of women in management ranks.

Encouraging employees to take childcare leave

To avoid cases in which employees feel they must leave the Company to care for children, we publicize the details of childcare leave programs through internal bulletins to deepen understanding of our programs not just among those who may use the programs, but their coworkers.

Employees newly taking childcare leave



Communication

Communication with shareholders and investors

By posting financial highlights and securities reports on the website and by other means, the Company strives to communicate information to shareholders and investors in a timely manner.

In addition, the Company seeks to win understanding of its business conditions, strategies, and other matters through annual briefings on financial results for institutional investors and analysts.

Managing working hours to promote work-life balance

Maintenance of a working environment in which employees can continue to work with a sense of vitality, in sound mental and physical health, is vital to sustained and stable business progress. In addition to managing working hours to enable management to target a work-life balance, we also take steps to ensure the auditing sections of each branch office and the head office verify related matters from a compliance perspective.

Labor management dialogue

Seeking to achieve workplaces comfortable for all our workers, we engage in labor management negotiations with the Kamigumi Employees' Labor Union. We strive to reflect the views of employees in management.

Healthy Company Statement

As part of efforts to be an outstanding business enterprise in matters related to health, we've issued a statement pledging to strive to improve health companywide. Our goal is to build workplace environments in which each and every employee can work in sound mental and physical health with a sense of vitality.



The Ordinary General Meeting of Shareholders is held in late June of each year. To encourage shareholder participation at and to review proposals submitted to this meeting, the Company issues notices of convocation well in advance. We also maintain a system that enables the exercise of voting rights via the Internet.

(Related information)
Disclosure Policy

Coexistence with local communities

As a member of the community, we strive to contribute to harmony and coexistence based on profound respect for local culture and norms.

Kobe Port facilities experiential tour

This initiative strives to help familiarize the children of Kobe residents with work in the port by guiding them on tours of the container terminal, logistics center, and other facilities.



Mori no Sewanin forestry activities

Since 2009, we have aimed to prevent soil-related disasters and develop natural, abundant forests through tree-planting and preservation activities in Usaginomori Forest, a part of the Rokko Mountain system in Kobe.



Cleanup activities

We carry out regular cleanup activities at our branch offices nationwide to improve our community environments.



Participation in community events

People in our branch offices nationwide participate in local events and festivals, as part of efforts to help revitalize, and strengthen our ties to, local communities.



Oshaka Festival (Shibushi)



Community Festa (Fukuyama)



Tug-of-war tournament (Oita)

Contributing to local communities through international businesses

We support improvements to the social infrastructure and diet in Myanmar through our logistics activities.

As it undergoes rapid economic growth together with democratization and economic liberalization, Myanmar is seeing increasing entry of foreign firms, rapid growth in personal consumption, and Westernization as well as diversification of its diet and increasing dietary intake.

Myanmar relies on imports for most of its food. Accordingly, we have established a joint venture with a Myanmar firm involved in various food-related businesses to help build systems that will lead to more stable and lower-cost imports of food products.

Social contributions

Sponsorship of social contribution activities

Based on an emphasis on community partnerships, we pursue various ongoing initiatives to aid society, including donations that further the social and public good.

■ Example of initiatives

[Sponsorship of Vissel Kobe's Social Seats \(seats that help contribute to society\)](#)

We sponsor the Social Seats program (seats that help contribute to society) for the professional soccer team in our home market of Kobe.

The Social Seats program invites earthquake orphans and people from welfare facilities, including facilities serving mothers and children, via Kobe City and Hyogo Prefecture to view official matches at Vissel Kobe's home stadium.

Sponsorship of the Kobe YMCA

We support and sponsor various programs and activities of the Kobe YMCA, a nonprofit organization that supports youth through a wide range of initiatives in wellness, language education, and other spheres.



GOVERNANCE

In accordance with our Corporate Philosophy, we strive to enhance our management structures to ensure sustained, stable growth.



Corporate governance

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- 24 Basic policy on internal controls systems
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- 26 Composition and meetings of the Board of Directors



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- 27 Promoting compliance and risk management activities
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- 27 Basic stance on exclusion of antisocial forces



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- 28 Responsible tax payment



Information security

- 29 Information security initiatives



Supply chain

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Corporate governance

Basic concept of corporate governance

We strive to enhance and strengthen corporate governance under a basic policy that calls for establishing efficient management systems to realize stable long-term growth founded on swift and appropriate decision-making and business execution, with the interests of diverse stakeholders in mind at all times, including shareholders. To ensure Group member companies are managed in accordance with laws and regulations under consolidated management, we've developed an internal controls system based on the management of various risks in business operations. These are part of our good-faith efforts to fulfill our corporate social responsibility.

Basic policy on internal controls systems

In line with our management philosophy, we seek to realize sustained growth and fulfill our social responsibilities as an integrated logistics provider. We've established a basic policy on internal controls systems under which we develop and operate related systems and structures and periodically review and improve them.

■ State of the risk management structure

The Kamigumi Group has established Risk Management Rules to identify various risks in everyday business execution and to prevent potential problems. In accordance with these rules, the Compliance/Risk Management Committee meets regularly to ascertain risks in the Group and to draft and implement measures to address them. (The Compliance/Risk Management Committee met 12 times in FY2021.)

■ State of initiatives related to securing efficacy and efficiency in business execution

In FY2021, the Board of Directors consisted of ten members (including two external Directors) and met 15 times. The four Audit & Supervisory Board members (including three external Auditors) also attended these meetings. Board meetings are generally characterized by a lively exchange of opinions on each of the motions submitted. We seek to ensure the efficacy of its decision-making and oversight.

We have also adopted an executive officer system. The Board of Executive Officers, attended by all Company executive officers, met 12 times in FY2021 to make timely decisions on business matters.

■ Systems to ensure the propriety and status of Group business operations

Under the Affiliate Company Management Rules, important matters related to Group management are deliberated on or reported to the Company's Board of Directors and meetings of other internal management bodies. The Company's Internal Audit Department audits major subsidiaries in accordance with audit plans to ensure the propriety of Group business operations.

■ Initiatives related to ensuring the efficacy of auditing by Audit & Supervisory Board members

The Company's Audit & Supervisory Board members attend meetings of the Board of Directors and other important meetings. Board members also meet regularly with the Representative Director to ensure opportunities for the exchange of opinions concerning management. Board members receive important reports and materials from related Company sections, including reports from the Internal Audit Department on the results of internal audits. They review reports and materials from Group member companies as needed and periodic reports from the accounting auditor concerning audit results. Board members check with the accounting auditor regarding audit status, as needed. These activities help ensure the efficacy of audits overseen by Audit & Supervisory Board members.

Appointing external Directors and Audit & Supervisory Board members

External Directors (four Directors)

Name	Reasons for appointment
Nobuko Ishibashi	<p>Ms. Ishibashi brings wide-ranging experience and extensive knowledge as an attorney. While she does not have experience with direct involvement in corporate management except as an external director, she was appointed an external Director in the expectation that she will provide valuable advice, mainly from a compliance perspective, and will contribute to the strengthening and advancement of the Company's governance through meetings of the Board of Directors and other opportunities.</p> <p>No known conflicts of interest exist between the Company and Ms. Ishibashi. Her appointment as an external Director reflects the fact that she satisfies the independence criteria of the stock exchange and criteria established by the Company for determination of independence.</p>
Mitsuo Suzuki	<p>Mr. Suzuki brings considerable knowledge of compliance and organizational management gained from experience in key positions with various prefectural police departments during his long career in police administration. While he lacks experience with direct involvement in corporate management in the past, Mr. Suzuki was appointed an external Director in the expectation that he will contribute to the strengthening and advancement of the Company's governance through meetings of the Board of Directors and other opportunities.</p> <p>No known conflicts of interest exist between the Company and Mr. Suzuki. His appointment as an external Director reflects the fact that he satisfies the independence criteria of the stock exchange and criteria established by the Company for determination of independence.</p>
Osamu Hosaka	<p>Mr. Hosaka brings considerable knowledge, primarily related to resupply and transport, gained from experience as a high-ranking officer in the Japan Ground Self-Defense Force. While he lacks experience with direct involvement in corporate management in the past, Mr. Hosaka was appointed an external Director in expectations that he will help strengthen and advance Company governance through meetings of the Board of Directors and other opportunities.</p> <p>No known conflicts of interest exist between the Company and Mr. Hosaka. His appointment as an external Director reflects the fact that he satisfies the independence criteria of the stock exchange and criteria established by the Company for determination of independence.</p>
Harumi Matsumura	<p>Ms. Matsumura brings considerable knowledge based on her experience in managing a snacks maker and a manufacturer of residential equipment. Ms. Matsumura was appointed an external Director in expectations that she will help strengthen and advance Company governance through meetings of the Board of Directors and other opportunities.</p> <p>No known conflicts of interest exist between the Company and Ms. Matsumura. Her appointment as an external Director reflects the fact that she satisfies the independence criteria of the stock exchange and criteria established by the Company for determination of independence.</p>

External Audit & Supervisory Board members (three members)

Name	Reasons for appointment
Takumi Nakao	<p>Mr. Nakao was appointed an external Audit & Supervisory Board member based on the judgment that he will contribute to the strengthening and advancement of the Company's governance through various activities, including audit implementation and viewpoints expressed at meetings of the Board of Directors and other opportunities, reflecting his high degree of independence vis-a-vis the Company and experience gained from a long career as a prosecutor and expertise as an attorney.</p> <p>No known conflicts of interest exist between the Company and Mr. Nakao. His appointment as an external Audit & Supervisory Board member reflects the fact that he satisfies the independence criteria of the stock exchange and criteria established by the Company for determination of independence.</p>
Ai Kuroda	<p>Ms. Kuroda brings considerable experience and extensive knowledge as an attorney, as well as practical experience in corporate law, including experience with the Companies Act and work in overseas offices. While she lacks experience with direct involvement in corporate management, she was appointed an external Audit & Supervisory Board member in the expectation that she will contribute to overall audits of business activities as an external Audit & Supervisory Board member of the Company, which engages in business activities in global markets, and to the strengthening and advancement of the Company's governance through meetings of the Board of Directors and other opportunities.</p> <p>No known conflicts of interest exist between the Company and Ms. Kuroda. Her appointment as an external Audit & Supervisory Board member reflects the fact that she satisfies the independence criteria of the stock exchange and criteria established by the Company for determination of independence.</p>
Tomokazu Hideshima	<p>Ms. Kuroda brings considerable experience and extensive knowledge as an attorney, as well as practical experience in corporate law, including experience with the Companies Act and work in overseas offices. While she lacks experience with direct involvement in corporate management, she was appointed an external Audit & Supervisory Board member in the expectation that she will contribute to overall audits of business activities as an external Audit & Supervisory Board member of the Company, which engages in business activities in global markets, and to the strengthening and advancement of the Company's governance through meetings of the Board of Directors and other opportunities.</p> <p>No known conflicts of interest exist between the Company and Ms. Kuroda. Her appointment as an external Audit & Supervisory Board member reflects the fact that she satisfies the independence criteria of the stock exchange and criteria established by the Company for determination of independence.</p>

Composition and meetings of the Board of Directors

To achieve swift and appropriate decision-making on important management issues and on the oversight of business execution in Company business activities, the basic policy on the composition of the Board of Directors calls for membership to include internal Directors who are highly familiar with each of its business fields, as well as multiple external Directors who are capable of offering opinions on improving management efficiency and governance from diverse stakeholder perspectives. As of July 2022, the Board included 12 Directors (including four external Directors) and four Audit & Supervisory Board members (including three external Audit & Supervisory Board members), for a total of 16 members.

During FY2021, the Board met 15 times. The following table gives the attendance of each Director in Board meetings.

Numbers of Directors and Audit & Supervisory Board members

Fiscal year	Directors		Audit & Supervisory Board members	
	Internal	External	Internal	External
2022	8	4	1	3
2021	8	2	1	3
2020	8	2	1	3

Board of Directors meetings and attendance rates

(Results for FY2020)

Name	Position	Board of Directors meetings attended
Masami Kubo	Representative Director	15/15 times (100%)
Yoshihiro Fukai	Representative Director	15/15 times (100%)
Norihito Tahara	Representative Director	15/15 times (100%)
Toshihiro Horiuchi	Representative Director	15/15 times (100%)
Katsumi Murakami	Representative Director	15/15 times (100%)
Koichi Hiramatsu	Director	15/15 times (100%)
Yukihiro Nagata	Director	15/15 times (100%)
Kazuhisa Shiino	Director	15/15 times (100%)
Nobuko Ishibashi	Director (external)	15/15 times (100%)
Mitsuo Suzuki	Director (external)	15/15 times (100%)
Osamu Hosaka	Director (external)	–
Harumi Matsumura	Director (external)	–
Yasuo Kobayashi	Standing Audit & Supervisory Board member	15/15 times (100%)
Takumi Nakao	Audit & Supervisory Board member (external)	15/15 times (100%)
Ai Kuroda	Audit & Supervisory Board member (external)	15/15 times (100%)
Tomokazu Hideshima	Audit & Supervisory Board member (external)	–

Note:

* Directors Osamu Hosaka and Harumi Matsumura, and Audit & Supervisory Board member Tomokazu Hideshima were newly appointed at the 83rd Ordinary General Meeting of Shareholders on June 29, 2022, so they had not participated in any meetings of the Board of Directors.

Compliance

Compliance structure and state of operations

The Company's Compliance/Risk Management Committee is charged with establishment and promotion of internal controls systems and with ensuring a thorough understanding of compliance with regard to internal rules and applicable laws and regulations in local committees through various means, including the Company's internal bulletin board and newsletters. It also receives periodic self-inspection reports from local committees and pursues various ongoing measures to strengthen compliance based on the results of these efforts.

Promoting compliance and risk management activities

Raising employee awareness of compliance issues

Since FY2010, the Company has published the Risk Management Bulletin (with the publication of its 325th issue as of the end of July 2022) to keep employees abreast of various compliance matters, alongside activities in which employees read these together in the workplace. The Risk Management Bulletin is also used as teaching materials in internal training.



Risk Management Bulletin

Developing effective compliance systems

To promote risk management, the Company's Compliance/Risk Management Committee (at the head office) and its subsidiary local committees (organized in each branch office) carry out continual training with the goal of improving ethical standards within the organization and awareness of various risks. Monthly activities are based on Risk Management Periodic Inspection Records and Compliance Textbooks, as well as lessons gained from monitoring the response to risks and compliance training (mutual checks and balances), to ensure corporate management characterized by integrity.



Risk Management Periodic Inspection Records



Compliance Textbook

Export/import controls

To maintain security in international logistics and help facilitate international trade, the Company has established various programs concerning compliance with applicable laws and regulations, as well as ensuring security and

appropriate export/import customs clearance for international cargo. It maintains a management system based on these programs and goals.

In addition, as an authorized economic operator (AEO) recognized for outstanding compliance structure and security management, the Company was approved as a special bonded warehouse business in June 2011 and authorized as a certified customs clearance agent in January 2014.

Special bonded warehouse business: Registered bonded storage location (52 sites nationwide)
 Certified customs clearance agent: 37 sites nationwide
 (As of July 2022)



AEO warehouse operator
 AEO customs broker

Operation and widespread awareness promotion of the internal whistleblower system

The Kamigumi Corporate Ethics Helpline is as an internal whistleblower system designed to swiftly detect and prevent violations of laws and regulations, improprieties, and similar issues and to improve the Company's internal self-governing functions. The Compliance/Risk Management Committee and the Audit & Supervisory Board serve as whistleblowing contact points under this system, responsible for investigating and addressing matters reported. In 2021, eight incidents were reported under this system.

Also, ensure that all employees are aware of the internal whistleblower system, we made Pposters and, so all officers and employees can use the system with peace of mind, a guidebook, A.B.C. of the Kamigumi Group Corporate Ethics Helpline, and are working to see to it that the system is operated appropriately.



Poster for Kamigumi Corporate Ethics Helpline

Internal audits

The Internal Audit Department, an independent organization under the direct supervision of the President & Representative Director, handles internal audits. These audits are the department's sole responsibility.

The Department prepares an audit plan for each fiscal year and audits various aspects of Company business operations, including accounting (to ensure reliability of financial reports) and asset management (to verify legal and regulatory compliance), as well as the effective function of internal controls systems needed to ensure the propriety of business operations at the head office and all branch offices.

Immediately after the audit, an audit report is prepared and submitted to those responsible for management. Follow-up activities address the current status of corrective measures for issues identified in the audit.

Basic stance on exclusion of antisocial forces

The Charter of Corporate Behavior explicitly calls for the Company to renounce any interactions with antisocial forces. The Company includes wording on exclusion of antisocial forces in various contracts and maintains internal systems to

audit compliance with such provisions. The Company strives to help secure order and safety in civil society by advocating the principle of the “Three No’s (no fear, no monetary payment, no use)” vis-a-vis antisocial forces and by ensuring thorough understanding and implementation of this principle throughout the Group.

Risk management

Business Continuity Planning (BCP) initiatives

■ Countermeasures in anticipation of major earthquakes

The Company prepared a BCP manual in anticipation of major earthquakes, including the projected Tonankai and Nankai Trough earthquakes. All sections, branch offices, and operations have developed their own individual emergency response measures to ensure business continuity.

In addition, once a year, the Risk Management Department requests each branch office to carry out a self-inspection to check for any shortfalls in its earthquake readiness measures and also verifies, by itself, the state of the maintenance of related systems.

■ Deployment of IP transceivers and periodic communication drills

In addition to the need to collect information rapidly for purposes such as checking on staff safety and ascertaining damage in the event of large-scale disasters, the reliable delivery of instructions and communications from the disaster task force are vital. Based on experiences with past earthquakes, the Company has deployed IP transceivers at each facility in Japan. IP transceivers can be used for communication even in cases such as power failures or restricted telephone service. Periodic communication drills ensure all employees know how to use the IP transceivers.

■ Responding to COVID-19

As a corporation which supports social infrastructure, the Kamigumi Group has implemented a variety of measures led by the COVID-19 Countermeasures Taskforce. We are striving to prioritize business continuity by emphasizing the health and

safety of our customers and other stakeholders, our employees, and their families.

Company-wide measures

- Ensuring observance of staggered working hours
- Implementation of telework for some employees
- Wearing of masks, installation of acrylic panels around seats, and disinfection
- Utilization of teleconferencing and telephone meetings
- Implementation of temperature checks prior to attendance at work
- Voluntary restraint on business travel and visits to business partners
- Decentralization of offices, etc.

Offices with confirmed COVID-19 cases

- Disinfection of work areas under guidance of health center
- PCR testing for contacts

* The above measures are implemented in addition to “Company-wide measures.”

Responsible tax payment

The Company lacks subsidiaries with head offices located in tax havens.

Information security

Information security initiatives

In addition to complying with various laws and regulations concerning the protection of personal information, the Company has established its own Information Security Standards.

Personal information and other information concerning third parties is rigorously managed under the leadership of the Chief Privacy Officer to safeguard against leaks and use for other than intended purposes.

Supply chain

Building equitable trading relationships

In accordance with the Act Against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, which restricts misuse of positions of advantage as described in the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, the Company fully complies with its obligations under the Act to exchange documents and specify payment

deadlines in transactions with subcontractors.

By auditing payments and document retention, an independent internal auditing section and the Financial Management Department ensure that related operations are implemented in compliance with the Act.

Materiality items (priorities)



Environment

Materiality item (subcategory): Lessening environmental impact		
Topic	KPI(s)	Numerical target
<ul style="list-style-type: none"> Reducing CO₂ emissions 	Emissions reduction rate	46% reductions (vs. FY2013; reduction volume :45,575t-CO ₂) * Emissions target for end of FY2030: 53,545 t-CO ₂
Switching warehouse lighting to LED	Percentage of Company warehouses transitioned to LED lighting	100% (end of FY2030)
Renewable power generation (Installation of solar panels at controlled-temperature warehouses)	Percentage of Company controlled-temperature warehouses equipped with solar panels	100% (end of FY2030)
Switching from diesel- to battery-powered forklifts	Percentage of sub-4t forklifts converted to battery power	100% (end of FY2030)
Use of electricity from renewable energy sources	Electricity from renewable energy sources as a percentage of all power used	30% (end of FY2030)
<ul style="list-style-type: none"> Promoting environmental management 	Earning ISO 14001 certification	ISO 14001 certification earned at multiple facilities, including head office










Society

Materiality item (subcategory): Creating attractive workplace environments in which diverse human resources can thrive		
Topic	KPI(s)	Numerical target
<ul style="list-style-type: none"> Promoting health management 	Rate of use of paid vacation time	65% (end of FY2025)
<ul style="list-style-type: none"> Enhancing human resource development 	Enhancing employee training by level	Enhancing the menu of training programs
<ul style="list-style-type: none"> Respect for human rights and diversity 	Women as a percentage of those in management positions	4% (end of FY2035)
	Number of women officers and employees (including managerial positions)	20% increase vs. end of FY2022 (at end of FY2025)
	Number of officers promoted from midcareer hires (including managerial positions)	20% increase vs. end of FY2022 (at end of FY2025)
	Percentage completing training on unconscious bias (managerial positions)	10% (end of FY2025)
	Percentage of men taking childcare leave	100% (end of FY2024)








Materiality item (subcategory): Safety initiatives as a responsible enterprise		
Topic	KPI(s)	Numerical target
<ul style="list-style-type: none"> Accident prevention and mitigation in business 	Promoting earning the "G Mark" for trucking safety	Earned at all sites
	Number of serious accidents	Maintained at zero
	Number of traffic accidents	30% reduction (YoY)
	Number of workplace accidents	Workplace accident indicators Frequency: 0.80 or lower Severity: 0.03 or lower
	Percentage of vehicles equipped with drive recorders	100%
<ul style="list-style-type: none"> Enhancing resilience 	Business Continuity Plan (BCP) development	Completion of BCP formulation at all facilities
	Number of facilities with IP wireless phones installed	All facilities (end of FY2030)
	Drills for serious disasters	Once/year
	Installation of emergency power supplies or largecapacity batteries	Installed at major facilities (head office, Tokyo Office, Nagoya Branch, Fukuoka Branch) (end of FY2030)
	Stocking of emergency supplies	Number of employees × 1.1 × 3 days' supply * Subject facilities: 27 (number of facilities located in regions subject to promotion of countermeasures to Nankai Trough earthquake)



Materiality item (subcategory): Enhancing joint activities with local communities						
● Expanding corporate citizenship activities	Number of social contribution activities implemented	(Growing)				
	Expanding contributions to athletics and cultural education	(Growing)				
Materiality item (subcategory): Promoting business activities to meet society's needs						
● Responding to customer needs and social issues	Promoting transport for facilities related to social infrastructures *Growing track record on transport for facilities related to new energy/mobility infrastructure	–				
● Promoting digital transformation (DX)	Expanding DX measures adopted	–				

Governance

Materiality item (subcategory): Enhancing governance			
Topic	KPI(s)	Numerical target	
● Maintaining and developing optimal systems for the Company	Percentage of principles of the amended Corporate Governance Code complied with	100%	
● Improving the efficacy of Board of Directors and audit functions	Efforts related to assessing and improving the efficacy of the Board	One assessment completed by an external agency by FY2025	
● Enhancing the oversight functions of the Board of Directors	Implementing sustained efforts to enhance the oversight functions of the Board of Directors	Establishing an advisory committee pertaining to nomination and remuneration Pursuing an appropriate structure for the Board of Directors	
● Enhancing and improving the transparency of disclosures related to corporate governance	Enhancing and improving the transparency of disclosures to improve understanding among stakeholders	Enhancing and improving the transparency of disclosures	
Materiality item (subcategory): Thorough compliance			  
● Raising awareness of compliance among all employees ● Preventing inappropriate behavior and interactions in corporate activities	Number of serious compliance violations	0/year	
	Enhancing compliance education	Measures such as implementing compliance training using e-learning and other means	
	Reducing operational risk	Risk management in business office units Preventing similar errors by sharing information internally	
	Fostering understanding of business compliance	Using compliance textbooks and assessing their effectiveness	
	Awareness rate based on compliance surveys	Improving awareness rates	
● Awareness and use of compliance hotline	Number of cases handled by hotline	Disclosure of number of cases	
Materiality item (subcategory): Risk management			
● Enhancing information security	Number of times information security training held	5-10 times/year	
	Number of incidents (e.g., information leaks, service downtime)	0/year	
	Promoting information security measures	Disclosing details of promotional efforts (currently being examined chiefly by the Cybersecurity Committee)	