



A member of the *KWE* Group

# 2022 Sustainability Report OUR IMPACTS, OUR RESPONSIBILITIES





# NOTE FROM THE PRESIDENT



We are proud to present the inaugural Sustainability Report of APL Logistics.

Sustainability is deeply embedded in our company's culture, as reflected in the company Values and Maxims you'll read about. Those Maxims highlight that we are committed to creating opportunities for our employees, improving communities where we operate, and holding ourselves accountable to our employees and customers.

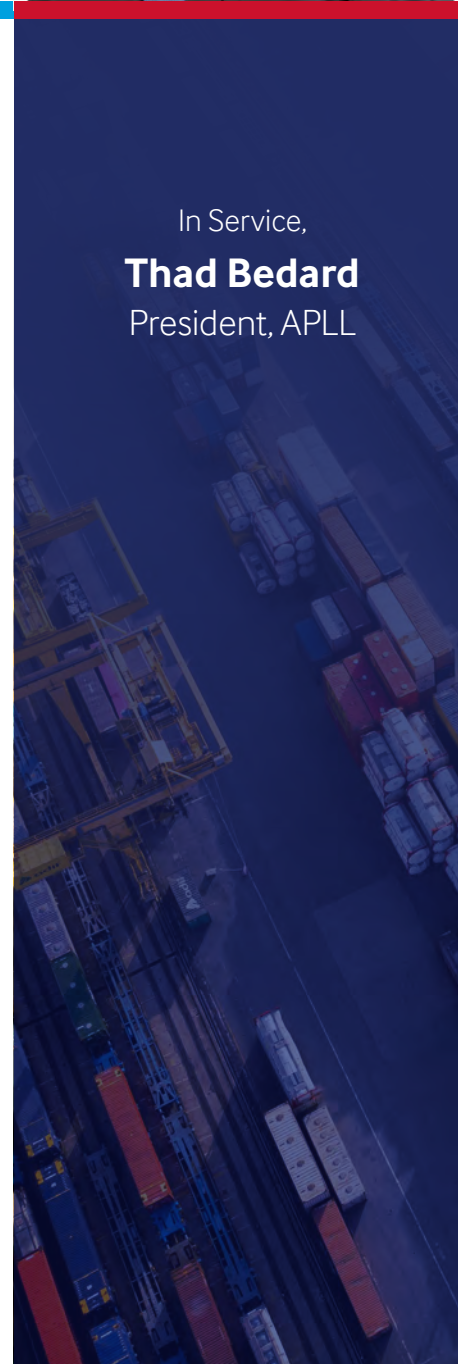
Part of that accountability is taking action—not just talking about it. So you'll see that we have been undertaking significant efforts to reduce our environmental footprint and promote a diverse, equitable and inclusive culture and team for some time – not just in 2022! Over the last two years, on the heels of significant growth and leadership change, APLL has doubled down on its sustainability efforts. We have committed to identifying our sustainability priorities, building a strategic action plan, and increasing transparency to our stakeholders around our efforts and progress.

These efforts span nearly 4,000 employees and 170 countries across the globe. It provides us a unique opportunity to live out the powerful and unique benefits that including our diverse workforce across the world can provide. Given our global footprint, we are guided by the overarching and universal framework of the UN Sustainable Development Goals (UNSDGs) and the GRI Standards to structure, drive, and report on our efforts to become more sustainable every year.

I'd like to thank the team for their dynamic coordinated effort across the world to create this report and bring our sustainability efforts to life. We have an important role to play in being a responsible 3PL and corporate partner, and with this information and team behind us, we are ready for the challenge.



In Service,  
**Thad Bedard**  
President, APLL



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# OUR IMPACTS



Nearly **6,000** employees globally



**Gender balance**



**Emissions Profile**

Scope 1 & 2  
**47,422.67 MTCO<sub>2</sub>e**

Scope 3  
**289,902.55 MTCO<sub>2</sub>e**

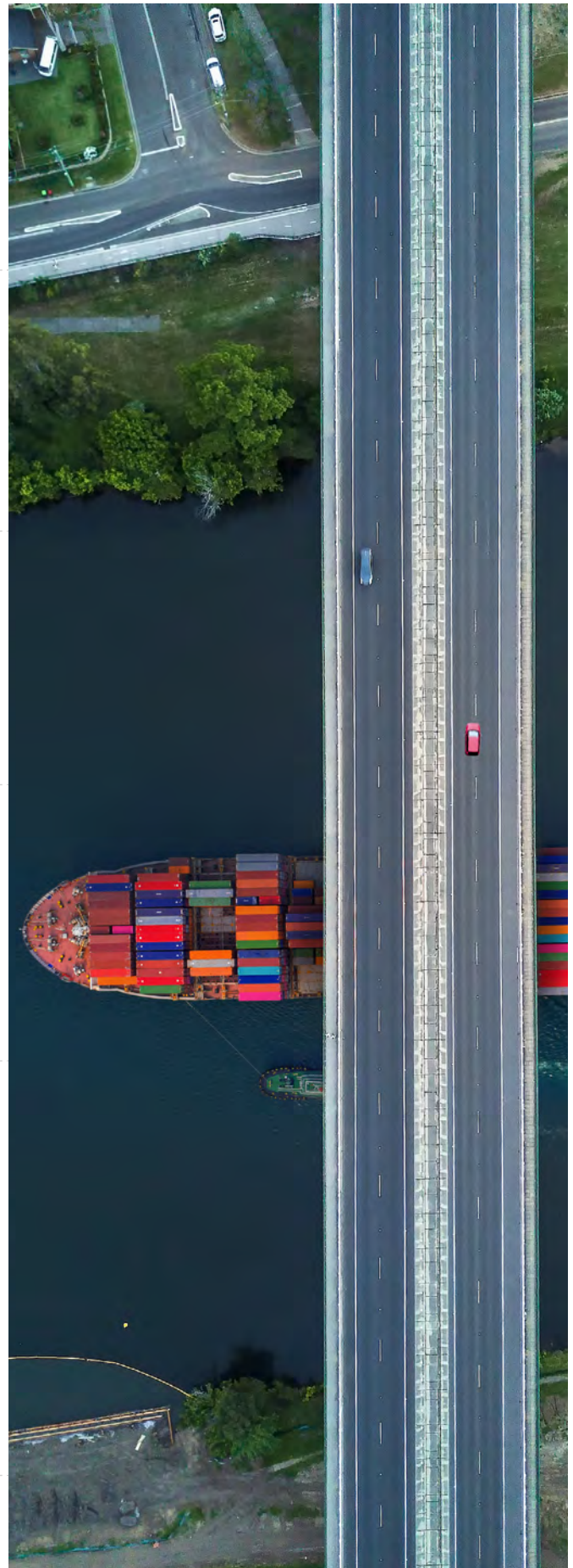


**Corporate Social Responsibility**

Participation in over  
**30** projects across the globe



**0** breaches of customer privacy





# OUR COMMITMENTS

## Who We Are

We are APL Logistics Ltd. (APLL) – a wholly owned subsidiary of the [KWE Group](#), who provides innovative, global supply-chain solutions for transportation and logistics across Automotive, Commercial, Industrial and Retail markets. We specialize in end-to-end order management, distribution and fulfillment, transportation, and customs brokerage and global trade compliance.


Our significant global reach translates into three Headquarters: Scottsdale, Arizona in the United States,

London in the United Kingdom, and Singapore. The information in this report represents stories and metrics across our global locations.

In this report, many ways in which we care for our global community will be illustrated. One of those manners is through our [Code of Conduct](#) and [Vendor Code of Conduct](#), which requires the highest of ethical standard from our employees, vendors and suppliers

## Maxims


As a global company, our Maxims serve as the guiding light for our activities no matter where we are. The Maxims reflect accountability and service to communities we impact, which we consider critical to prioritizing and advancing our sustainability efforts.




**Maxim #1**  
Strive to be the premier **order management** provider in the world.



**Maxim #2**  
**Create opportunities** for all employees and commit to **improving the communities** in which we operate.



**Maxim #3**  
**Be accountable** to our employees, each other and our customers.



**Maxim #4**  
We will be an **employer of choice** in our chosen markets.



In 2022, APLL won Employer of Choice Awards in China, Hong Kong, and Singapore

## Values

Building on our Maxims, our Values demonstrate our company’s implicit and explicit commitment to sustainability. This commitment is being built into our culture literally from the ground up as we integrate community engagement programs (see tree planning, [p. 18](#)), diversity efforts (link to Diversity & Inclusion, [p. 14](#)) and an innovative sustainability mindset in our organization that creates pathways to a diverse set of

job seekers while addressing sustainability challenges (see Ideathons, [p. 16](#)).

As this graphic indicates, we have five key values in our organization: Accountability, Diversity, Fairness, Innovation and Sustainability. They are woven throughout our sustainability efforts and create a backbone of intent and guidance as we move forward.

### We fulfill our promises

We are committed to being reliable and accountable to all our stakeholders through discipline and fulfilling our promises. Everyone of us will take ownership of doing the right things, righting the wrongs and delivering the appropriate solution in the best interest of our stakeholders.

### Everyone has a voice

We pledge to treat all our stakeholders with fairness and equality. We will empower our associates through developmental and growth opportunities that are mutually beneficial. Together, we create a work environment of teamwork and collaboration where recognition will be commensurate with performance.



### We embrace our differences

We instill an environment of diversity and inclusion where all our stakeholders are treated with respect and humility. Ideas and opinions from different cultures are valued and respected. Through flexible adaptation and localisation, we empower the different locations where we are represented.

### We envision tomorrow

We embrace advances in technology and in the supply chain industry to bring new capabilities and value to our customers to help them excel in their mission. We introduce solutions that are innovative, sustainable, scalable and economical across the globe.

### We are reducing our footprint

We are working hard to create a less wasteful, more decarbonized, and eco-conscious global business model. Through collaborative industry and customer partnerships, we will stay committed to our shared planet.

## Approach to Sustainability

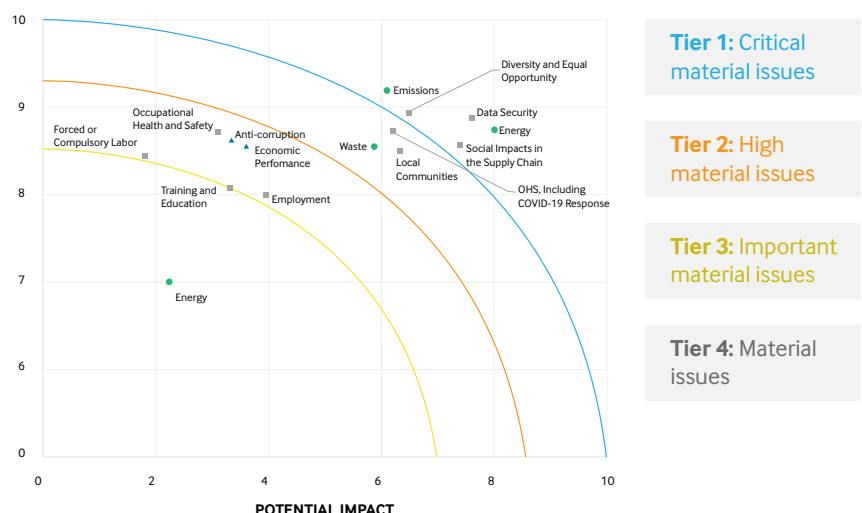
Over the past two years, APL Logistics has committed significant time and resources to create an informed, accurate and strategic approach to sustainability. A key part of this effort is having dedicated staff and employee-led initiatives to carry out our sustainability efforts.

## Materiality Assessment

APL's sustainability efforts are led by a comprehensive sustainability strategy and roadmap, which began with a GRI-compliant Materiality Assessment that outlined the issues that matter most to our company. Eight areas were deemed most material to our company, as seen in the Materiality Matrix to the right.

An Executive Summary of the assessment can be found [here](#).

APLL MATERIALITY RESULTS



- Tier 1: Critical material issues**
- Tier 2: High material issues**
- Tier 3: Important material issues**
- Tier 4: Material issues**

## Our Goals

As a result of this initial materiality assessment, the following goals have been created with a focus on climate action and decarbonizing our operations:



### Emissions Reduction Targets

By 2030, reduce our Scope 1 & 2 emissions by 42% and Scope 3 by 42% from a 2022 baseline.



### Renewable Energy

Grow our use of renewable energy through renewable energy procurement, partnerships with our landlords, and integration of alternative fuels throughout our logistics network.



### Climate Reporting

Identify and report on emissions reduction initiatives after finalizing our emissions inventories.



### Energy Efficiency

Consult with green facility experts to explore energy efficiency projects; pursue LEED and green building certifications to mandate energy-efficient new builds.



### Waste Reduction

Pilot waste diversion and tracking programs at select facilities, and begin tracking facility-level waste footprints.



### Sustainability Education

Provide sustainability information and education materials to all new hires during on boarding. Conduct annual trainings for all employees to support energy efficiency, renewable energy, and climate reporting action.





# ENVIRONMENT

Closely tied to Maxim 3 (Accountability) and our Sustainability Value, our environmental goals seek to successfully prioritize and minimize both APLL's resource footprints and the environmental impacts of our customer's global supply chains. We have invested in a significant multi-year effort to calculate multiple environmental baselines (GHG emissions, energy use, waste and diversion footprints, etc.) that will enable us to set more specific goals rooted in data and science. Read on to learn more about APLL's environmental sustainability profile, initiatives and decarbonization capabilities.



## Emissions & Climate Action

A huge part of APLL's sustainability reporting and accountability journey has been the setting of Scope 1, 2, and 3 emissions reduction targets in accordance with the Science-Based Targets initiative (SBTi) for FY2022 and subsequent verifications for our emissions inventories. The data we have collected in this process has revealed that while there is opportunity to minimize our Scope 1 and 2 emissions sources, the majority of our emissions are Scope 3 (driven by the emissions that come from APLL-purchased freight). Hence, the biggest change that we can make is helping our customers reduce their supply chain emissions.

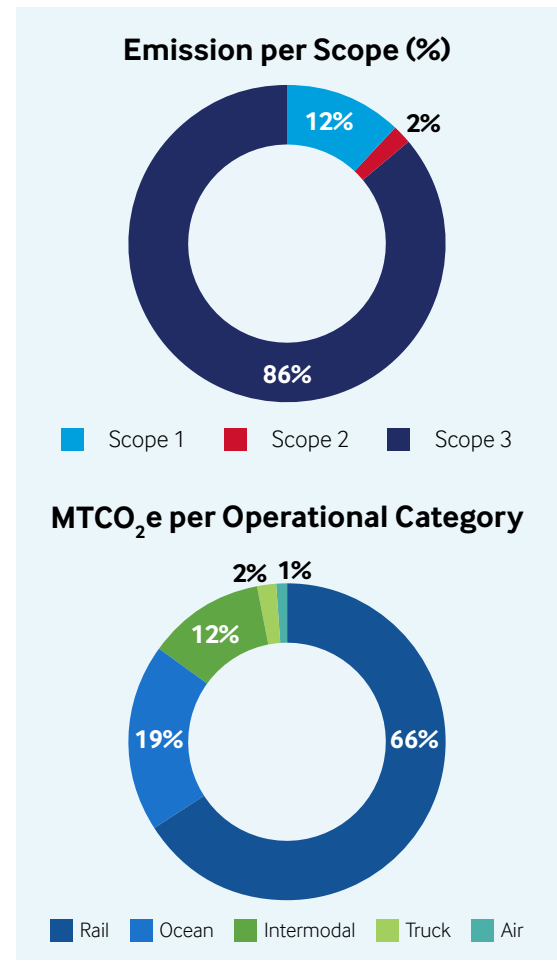
### Emissions Baselines

With the help of an Environmental Defense Fund Climate Commitments Fellow and NSF Sustainability Consulting services, APLL developed Scope 1, 2, and 3 inventories using 2022 emissions data as a baseline. Collection of the data to develop these inventories was a huge task that involved support from team members across the entire company. These calculations are compliant with the Greenhouse Gas Protocol Corporate Reporting Standard, and our Scope 1 and 2 emissions were independently verified by a third party entity. Additionally, we are proud to say that APLL submitted its SBTi commitment letter in December of 2022, and we have submitted our aggressive Science-Based Targets for review and approval!

Our Scope 3 emissions correspond to 86% of our overall emissions, while Scope 1 and 2 emissions account for about 14% of our total footprint.

As expected, Scope 3 emissions make up the largest portion of APLL's emissions profile. Emissions from APLL-purchased transportation movements make up 70% of our Scope 3 emissions (Category 4). Pure rail transportation corresponds to 66% of the emissions in Category 4, followed by ocean transportation at 19%, and the intermodal (rail and truck combination) movements making up 12%. Highway trucking and air transportation make up very small portions of APLL's Scope 3 Category 4 Upstream Transportation emissions.

The next largest contributor to APLL's Scope 3 emissions is Purchased Goods and Services (Category 1). Information Technology (IT) related services and supplies, and other operational activities, correspond to 72% of the emissions in Category 1.

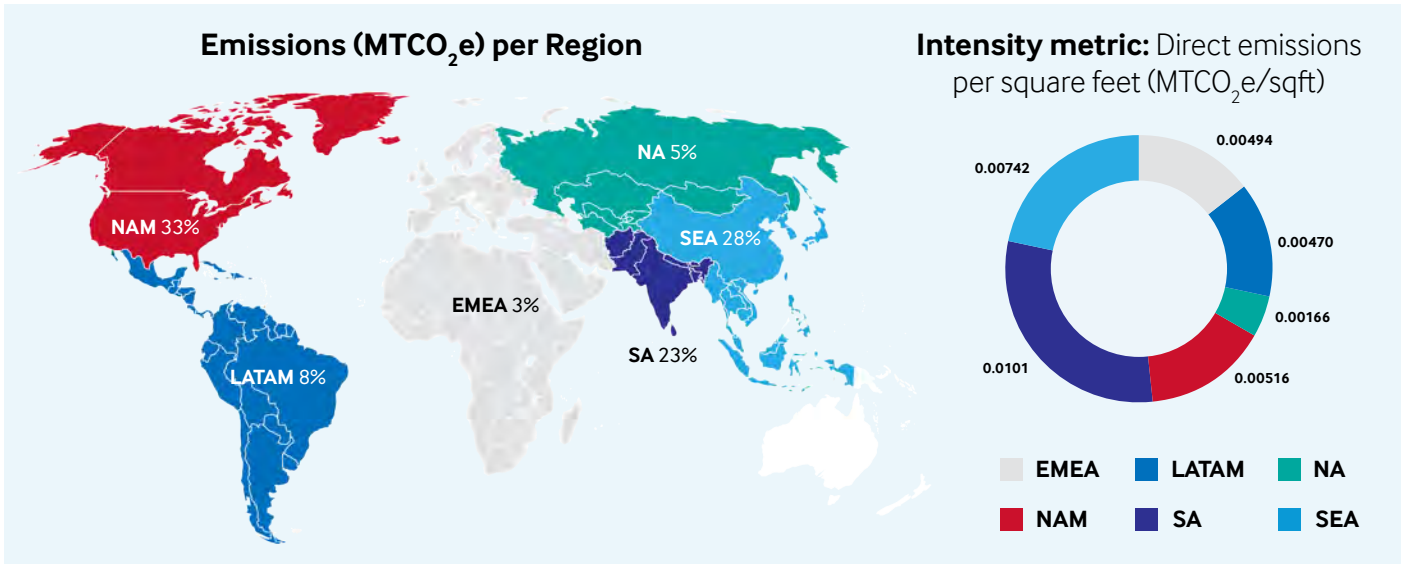




## How We're Reducing Emissions

Though APLL officially set its 2022 GHG baseline in early 2023, we spent the year still working hard to reduce our Scope 1, 2, & 3 emissions via thoughtful initiatives across our global operations.

We divided our emissions calculations to mimic our operational geographies: EMEA (Europe, Middle East and Africa), LATAM (Latin America), NA (North Asia), NAM (North America), SA (South Asia), and SEA (South East Asia).



### Emissions Analysis

Upon review of our emissions inventory results, it's clear that NAM – the region where we have the most infrastructure — is the largest contributor to our direct emissions, followed by SEA and SA. The majority of our warehouses are located across these three regions, and these facilities combine to contribute to 84% of our direct emissions. The highest intensity of emission per square foot is in South Asia. A deeper analysis shows that this is due to the electricity mix in this region, which generally uses less renewable or clean energy when compared with NAM and SEA. This type of information helps us understand that looking towards renewable energy and warehouse efficiencies are key to reducing our direct emissions.

### Scope 1 & 2 Reduction Initiatives

For some companies, Scope 1 and 2 reduction initiatives are relatively "simple" in that they are able to control and influence the outcomes of those initiatives. For APLL, Scope 1 and 2 emissions reduction initiatives involve the coordination of landlords, customers, governments, 2PL partners, and other actors who have direct influence over our physical operations.

APLL has started investing more into low carbon facility projects, one of the most prominent being our new LEED Silver warehouse in Jakarta, Indonesia. The multi-stakeholder effort included a partnership with PT. Kawasan Berikat Nusantara and Prima Logistik to co-develop the largest modern export consolidation warehouse in Indonesia! You can read more about the

new facility [here](#), and how this green warehouse will help to cut APLL's Scope 1 and 2 emissions annually.



Groundbreaking for APLL's first LEED certified facility in Jakarta, Indonesia.

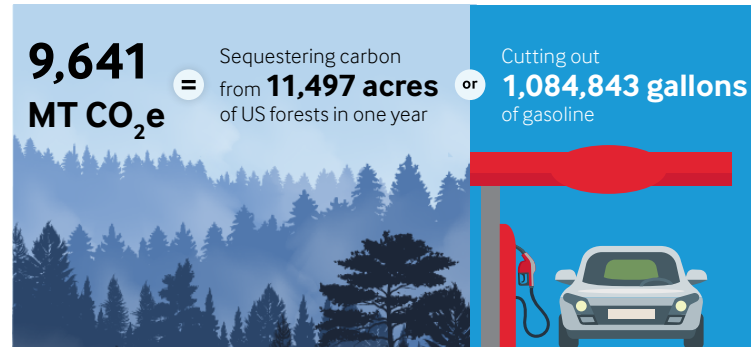
### Collaborative Scope 3 Reductions

Turning to our customers, APLL employs four decades of expertise to support their efforts to find the intersection of operational and environmental efficiency. Reducing their Scope 3 emissions, as well as our own, is intrinsic to our business model as an assetlight and neutral 3PL. We offer interactive emissions visibility dashboards, lane and carrier-specific insights, intermodal solutions, and route optimization scenarios.

APLL worked with customers across all geographies in 2022 to run emissions efficiency projects. One such project optimized high-volume trucking routes in North America, cutting the customer's Scope 3 emissions by a whopping 9,641 MT over the project duration.

### Climate Leadership & Community

We are active in climate groups across the world that tackle emissions and climate concerns relevant to the logistics industry. Memberships and Communities of Practice we are a part of include the Smart Freight Center and its Clean Cargo Working Group, Sustainable Air Freight Alliance, SmartWay, Green Freight Asia for Reimagined Mobility, and the Sustainable Freight Buyers Alliance. We were especially excited to have had the opportunity to participate in the Smart Freight Center meetings during Climate Week in New York City, joining influential and forward-thinking partners of the Smart Freight Center to advance thought leadership and climate guidance for our sector.



To support our emissions efficiency projects, APLL partners with EcoTransIT, a 3<sup>rd</sup> party carbon data aggregator, to ensure our emissions data follows GHG Protocol, GLEC, and EN 16258 frameworks.

Our world and climate science is changing so fast, it is critical that our customers and employees both are informed about updates in climate science and empowered with technology to navigate these changes successfully. Last year, 22 APLL employees in Vietnam attended a workshop led by French NGO Climate Fresk. The Climate Fresk mission is to raise public awareness about climate change. The three-hour workshop was a collaborative, game-based learning session that educated the team on the fundamental science behind climate change and the actions we can take.





## Climate Reporting

APLL reports emissions and other environmental performance data to the following platforms. This reporting helps us clearly track progress and identify improvement opportunities:

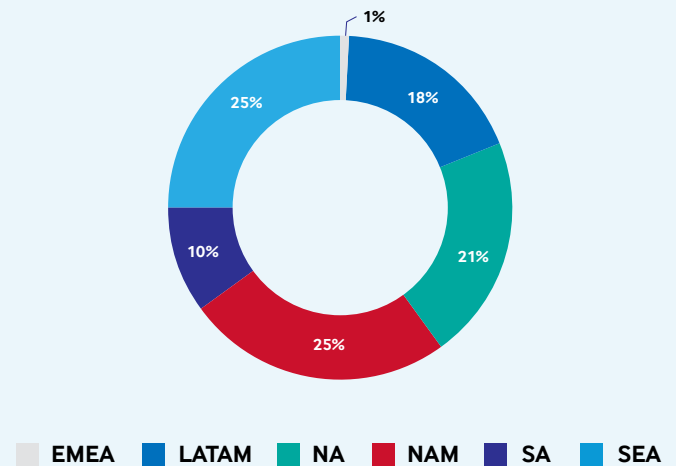
- **CDP:** Formerly known as the Climate Disclosure Project, CDP is an NGO that has standardized climate reporting for companies and cities across the world. Using a double materiality lens, CDP helps companies understand both the risks they face internally (financial, supply chain interruptions, etc.) from climate, as well as the impacts they have on climate (i. e. emissions).
- **EcoVadis:** EcoVadis is an ESG reporting and rating platform used to assess companies' sustainability policies and performance, including but not limited to environmental, labor, ethics, and sustainable procurement.
- **SAQ 5.0:** The Sustainability Assessment Questionnaire 5.0 verifies compliance of sustainability topics by suppliers within the automotive industry.
- **SmartWay:** SmartWay is an EPA program in the United States that helps the freight transportation sector improve its efficiency through meticulous data and reporting. APLL has maintained SmartWay compliance for over 15 years.

## Energy

Our ability to reduce our Scope 1 and 2 emissions is closely related to how smart we are with our energy use. Energy efficiency projects are a top development priority at the sites APLL owns and operates, and eight (8) different efficiency projects were underway in 2022 across our global locations. Our facility managers coordinate across global teams to share best practices, align on initiatives, and track successes.

For the first time, we have calculated our energy baseline, using the year 2022. This is a very exciting first step for us to understand our environmental impacts and also begin to manage our climate impacts. These charts break down our energy usage by region with absolute (total kWh) metrics.

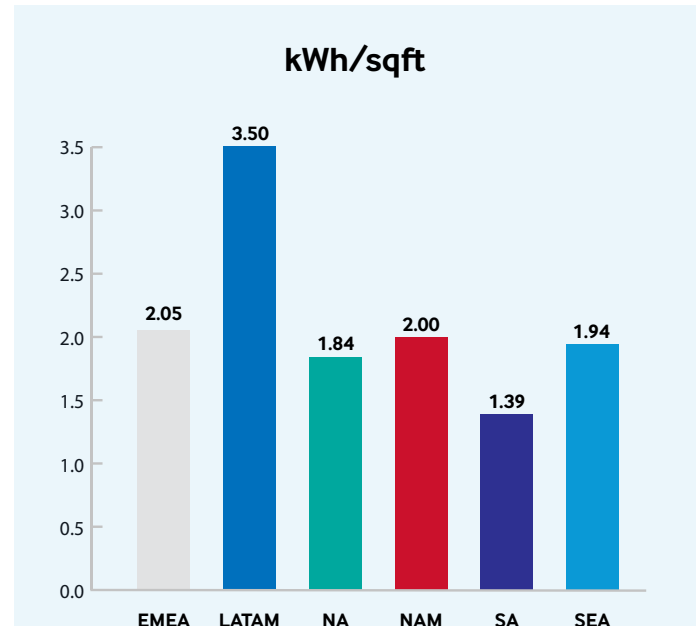
Electricity Consumption per region



## Energy Analysis

APLL's data clearly shows that SEA and NAM consume the most energy. This again can be attributed to the fact that these two regions, followed by NA, are the regions with the highest number of warehouses. When we review energy usage per square-foot (kWh/sqft), we have the most room for increased efficiency in LTAM. The main drivers for some of these results and dynamics include:

- Warehouses and offices in NAM have moved towards more energy efficient buildings, and may incur less energy use given a higher concentration of offices versus operational/warehouse facilities.
- EMEA, where APLL has only offices, has the lowest MWh/FTE emissions rates; these consume less electricity per square foot compared to distribution centers.
- Lower office energy footprints tend to be driven by global policies to seek out LEED certified buildings, space efficient offices, Energy Star certified equipment, and retrofitting buildings or equipment to improve efficiencies.



These calculations help us understand where opportunities may exist to reduce APLL's Scope 2 emissions, which can be more under our control. We have goals dedicated to sourcing more renewable energy and investing in renewables projects.

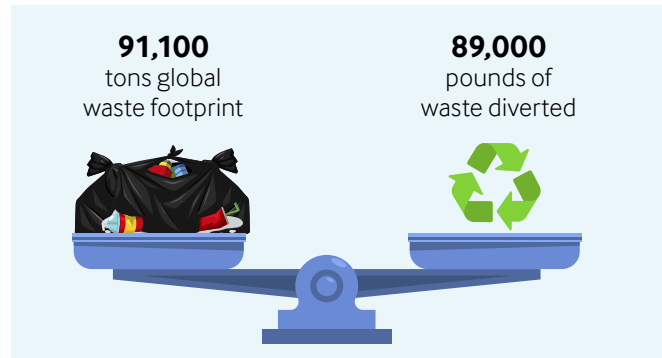




## Waste Reduction

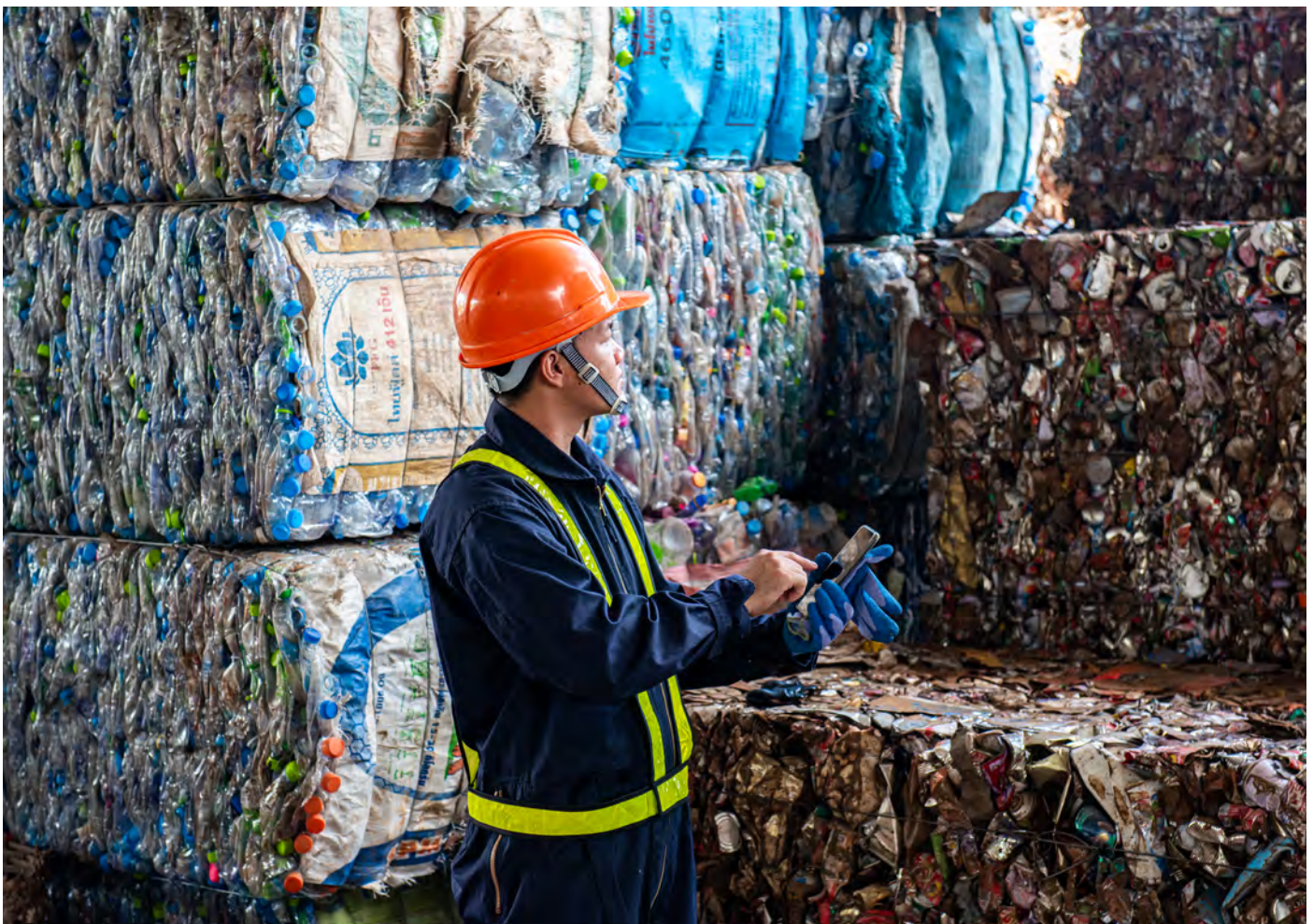
Reducing waste and avoiding waste sent to landfill is a critical piece of our efforts to reduce our environmental footprint. Waste diversion and overall reduction helps decrease GHG emissions in three major ways:

- avoiding the inefficient breakdown of materials in landfills;
- reducing waste hauler transportation emissions; and
- reducing our consumption on the front end means fewer resources and emissions have to go into producing products in the first place.



A key step towards reducing our waste is auditing our waste streams to help understand their composition, which helps us to identify source reduction and diversion management strategies. Our goal is to keep improving our diversion rate and reduce waste sent to landfill to zero.

We are always on the lookout for creative solutions for donations and reuse of products from our operations as well. For example, we have been donating wood used for blocking and bracing trailers in our Shepherdsville, Kentucky USA location to a local Habitat for Humanity chapter. Habitat for Humanity uses this wood during their homebuilding efforts or sells the pieces in their workshops to fund their good work.





# DIVERSITY, EQUITY & INCLUSION (DEI)



APLL is working to address the global need for a comprehensive Diversity, Equity, and Inclusion (DEI) program. Our efforts support Maxims 3 (Accountability) & 4 (Employer of Choice), and two of our core Values (Diversity and Fairness). We promote a welcoming, fair, respectful, and discrimination-free environment for our employees, customers, and partners. Please read on to learn ways we provide support, foster a sense of inclusion, and dedicate resources for our employees’ engagement and emotional wellbeing.

## Diversity and Equal Opportunity

The priority of DEI in our organization is reflected in how its program structure is integrated into in our organization, our education initiatives, and performance metrics.

### DEI Program

Five regional champions drive our DEI efforts, led by the motto of “Turning Me into We.” DEI at APLL is guided by the following combined Mission and Vision:

*We have a shared responsibility to create and sustain an enriching and diverse workplace for all APL Logistics employees and partners. APL Logistics actively promotes a company culture where people are respected for who they are, all contributions are valued, and our employees are united to achieve common goals.*

- 3. facilitating corporate vision sessions with global representation, and
- 4. developing a three-year global DEI strategic plan.

We have put a special focus on equity as a global organization, ensuring proper alignment of compensation, health and welfare, and benefits. Prioritizing equity throughout our workforce has had a big impact on the communities we employ around the world. We also are working hard through our annual summer internship program to help build a leadership pipeline around the world that is diverse and inclusive, and mirrors the truly diverse demographics of our company.

### We are strengthening our program by:

- 1. analyzing workforce demographics;
- 2. integrating DEI-related questions into our annual Employee Experience Survey;

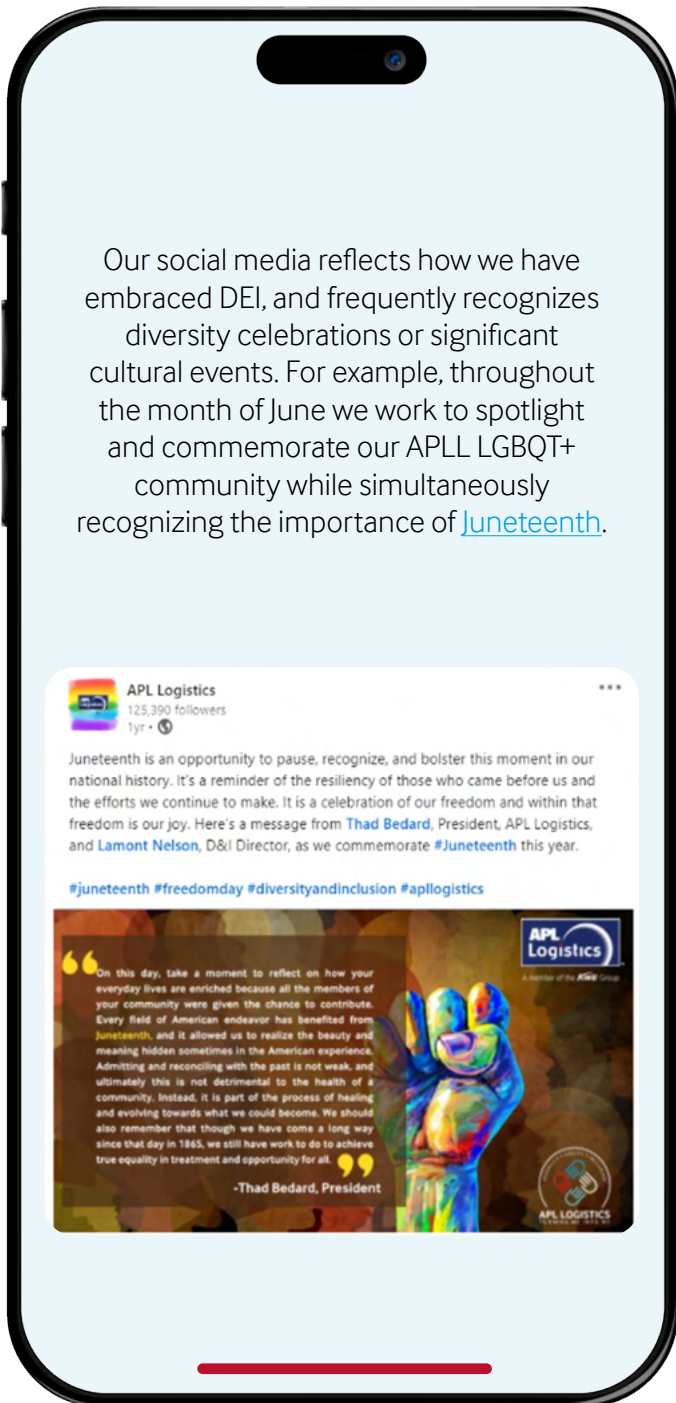




## Education & Outreach

Outreach and education are key activities in supporting our DEI strategy and delivering on our Maxims.

One of the cornerstone activities is our “Turning Me into We” internal educational campaign. Designed to provide an opportunity for our diverse workforce to learn from and celebrate each other with the help of external, expert speakers. This program consists of virtual sessions, global observances, and in-person events at our warehouse sites. In 2022, we hosted 4 podcasts, 2 in-person events, and 9 virtual programs!



## Employee Resource Groups

To provide additional support to our employees around the world, we have established multiple Employee Resource Groups (ERGs) to allow APLL colleagues to connect with peers that represent unique demographics or shared interests in the organization. Two of these groups are global, and they all create community through support, mentorship, group activities and/or internal advocacy for:



Global group for female-identifying individuals



USA-based group for lesbian, gay, bisexual, queer, transgender individuals



USA-based group for individuals with Latin American heritage and/or nationalities



Global group for individuals in the Gen Z and Gen X generations



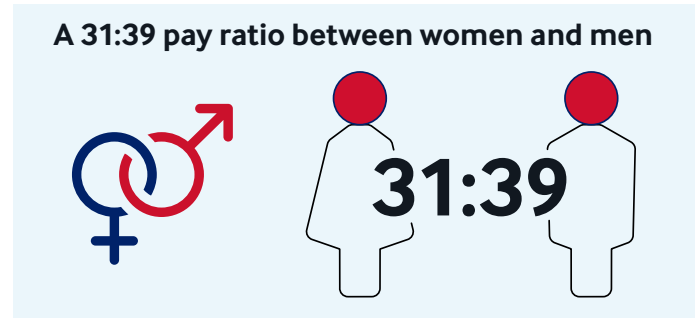
USA-based group for individuals with African American heritage

## Diversity and Equity in Numbers

Our global workforce count in 2022 was just under 6,000 individuals. We are proud to say that our workforce is comprised of 46% women and 54% men, which brings a robust perspective to our activities. Other key statistics include:

### Age Demographics & Regions

| Region        | #of years  |            |            |
|---------------|------------|------------|------------|
|               | <30        | 30-50      | >50        |
| EMEA          | 0%         | 2%         | 1%         |
| LATAM         | 6%         | 13%        | 4%         |
| NA            | 3%         | 12%        | 1%         |
| NAM           | 6%         | 18%        | 11%        |
| SA            | 2%         | 7%         | 1%         |
| SEA           | 3%         | 9%         | 1%         |
| <b>Totals</b> | <b>21%</b> | <b>61%</b> | <b>18%</b> |



## Cultivating Talent

### Ideathons

As a part of connecting with and creating opportunities for diverse communities around the world, APL Logistics hosts a series of intensive brainstorming and recruitment events designed for college-age students interested in breaking into the supply chain industry! Students have one weekend to team up with their peers to solve logistics-related business challenges. APLL's Ideathons are designed to provide scholarship, internship, and networking opportunities to students, while helping participants learn more about career opportunities with APLL.

In 2022, APLL was pleased to host two sustainability-focused Ideathons. We are also grateful for our sponsors Oracle and Microsoft, whose technologies enabled the Ideathon to happen. One event took place in the United States with participants in Texas and South Carolina from two historically black colleges and universities (HBCUs) and one military college. The second took place with the [University of Singapore](#). Each Ideathon helped identify and create technical solutions to tackle sustainability challenges in simulated supply chain scenarios, while students collectively won over \$20,000 in prizes throughout the competitions. Engaging with communities across the world reinforces our vendor relationships while strengthening the connection we have with the future generations of the logistics industry.

### Internships

To ensure that a diverse set of ideas and cultures continue to embed themselves within APLL, we expanded our summer internship recruitment efforts to include HBCUs and institutions serving predominantly Hispanic populations. We also offer virtual or flexible work options for a majority of our internships to widen our talent pool even further. As a culmination of these efforts, our 2022 class of interns consisted of eight individuals from underrepresented groups, and 63% of our interns were offered full-time positions at the end of their program.

### Recognition Programs

We are proud to have launched our "Rising Stars" program - an opportunity for Gen Z employees can share their skills and talents with the wider employee-base.

Last but not least, we are so proud to announce that APLL-Chile was nominated for the [WISTA](#) (Women's International Shipping & Trading Association) CHILE Corporate Diversity Award in 2022! Key to this nomination is APLL-Chile's Inclusion Ambassador program. The program supports efforts to promote gender equality and incorporate workers with disabilities. You can learn more about the [Inclusion Ambassador Program here](#).



# COMMUNITIES

There is a huge potential to unite our world through ethical and supportive business practices. APLL strives to connect with and positively impact our supply chain partners and the communities where we live and operate. The power of our efforts are clear and aligned with all of our Maxims and Values. Please read on to understand how APLL has invested significant time and resources to address our supply chain's integrity and improve the social and environmental fabric of the communities where we work and live.

## Social Impacts in the Supply Chain

It is critical to our ESG efforts that we ensure the rights of our global team members and our industry partners are protected. We work diligently to ensure no human trafficking, forced labor, and/or other basic human rights are violated. Our Vendors are required to adhere to a strict Vendor [Code of Conduct](#) that mandates compliance with international laws related to corruption, antitrust, environmental practices, and data protection (amongst others). The Vendor Code of Conduct also prohibits discrimination, requires safe working conditions, and prohibits child labor. We have invested in screening software to ensure that our vendors are free of legal violations and concerns.

We are working to formalize metrics to track our suppliers, including tracking related to ESG screening as well as risk mapping exercises.



## Local Communities & CSR inMotion

In 2022, APLL revamped its corporate social responsibility (CSR) program, called APLL inMotion. The new APLL inMotion campaign focuses on promoting Accountability, People, Leadership, and Longevity across our global workforce. Our CSR work builds up camaraderie and a more sustainable mindset while aiding communities in which we live and operate. Our programs cover:

- Ecosystem restoration, preservation, and cleanups;
- Natural disaster recovery and mitigation;
- School and educator sponsorships;
- Healthcare assistance programs;
- Many other causes our employees are passionate to address!

In 2022, groups of anywhere from 5 to 50 employees gathered to plant mangroves, run races, lead food drives, collect plastic from the ocean floor, paint community centers, and more!

The following are few of these projects from 2022 in action.

### Red Sea Cleanup in Jordan

- In June 2022, APLL sponsored an ocean floor cleanup in Aqaba, Jordan, led by our very own Beisan Al Sharif. Beisan is the leader of [ProjectSea](#), a local, community-driven operation to clean up and conserve the Red Sea and its marine ecosystems. Over 20 people participated in this event, diving to the seafloor to collect plastics and litter. You can [watch more about this effort here](#), and find out more about ProjectSea on [Instagram](#) (@thisprojectsea), and [LinkedIn](#).



### Mangrove Planting & Education Scholarships in Vietnam

- In August 2022, APL Logistics employees helped plant over 200 mangrove seedlings in Tra Vinh, Vietnam. Mangroves are native to the area and help to prevent coastal erosion, reduce flooding, increase biodiversity and offset global warming. Eventually the project will include over 2,500 trees!
- APLL Vietnam also provided 10 scholarships to local school children to encourage their continued education.
- You can [read more about this projects here](#).





## Flood Relief in Pakistan

- In August, 25 APLL employees volunteered time and money to tend to flood victims outside Karachi, Pakistan. Intense flooding displaced many residents of Karachi, leaving them with little fresh food and water.



# SAFETY & SECURITY

Logistics providers face a spectrum of health and safety risks, borne from the cross-pollination of global goods (pest and disease control) and the physical demands of distribution centers. On top of these risks, our clients face highly competitive commercial pressures and must manage delicate and complicated information systems. Protecting the safety of our global team and the security of our customers' data is a point of pride at APLL. This is closely related to Maxim 1 (to become the premier order management provider in the world) and Maxim 3 (to be accountable to ourselves and to our customers). Read on to understand how we are prioritizing the Safety and Security of our employees and clients.

## Occupational Health & Safety (OHS)

We use a combination of technology, know-how, and ethics to ensure that the working conditions for all our employees are top-notch. We're proud to say that out of nearly **6,000 employees and 4,370,319 hours worked, we had only 1.5 recordable incidents.**



————— **1.5 recordable incidents** —————



## OHS Management

In 2022, APLL began upgrading our existing OHS management system, integrating a new Safety Management System (SMS). Final implementation will take place by fall of 2023, and this real-time reporting system will help us leap forward in our understanding of the types of risks our employees may face on the job and how to mitigate them.

Occupational health services reports are maintained by APLL's Human Resources department. The reports comply with all governmental regulations for privacy of health data. Each site has a safety team or committee comprised of operational management leaders who represent the voice of our workers, the perspective of day-to-day challenges, and have the power to enact positive change in the OHS system.

Hazard identification is a cornerstone of our program, including but not limited to, proactive safety auditing and responsive root cause analysis (5 Whys, Fishbone) and corrective action implementation. The quality of each process is ensured by Safety Leads in every geography who follow up with any local site that reports a hazard.

OHS training occurs regularly and all employees are required to participate. Training includes an emergency action plan, PPE, hazard communication, powered industrial truck, first aid (CPR & AED) (employees on first aid team), lock-out tag-out (energy isolation), fall protection, hazard identification and risk mitigation, heat stress awareness, warehouse safety, incident reporting, preventing eye injuries, active threat preparedness, electrical safety, pallet safety, fire prevention, ladder safety, and illness prevention.

APLL has a zero retaliation policy for reporting health and safety hazards. Hazards can be reported to multiple authorities, including on-site supervisors and managers, who are supported by regional Health, Safety, Security and Environment (HSSE) teams. Additionally, all employees have access to APLL's ethics hotline to report unsafe work conditions. Every employee has the right to "stop the job" for unsafe situations that pose an injury or health risk. Once they have notified the on-site management team, they will address the hazard or contact the HSSE team as need.



## Data Security

APL Logistics has a strong commitment to cyber security and business continuity, and maintains robust policies, procedures and guidelines surrounding these areas. APL Logistics has adopted a multi-layered approach to manage, focusing on prevention first, followed by eliminating and mitigating risks. We accomplish this by utilizing a combination of our Technology, People & Process controls. As a result, APLL has never received any substantiated complaints concerning breaches of customer privacy from outside parties or regulatory bodies.



## Cyber Security

At APL Logistics we follow the National Institute of Standards and Technology (NIST) cyber security framework, which is similar to ISO 27001. By conducting annual internal and external assessments, we continue to strengthen our cyber security resilience.

Our Cyber Security team works with external partners, such as governmental agencies, industry experts and technology providers, to introduce security innovation that protects the data of our customers, partners and employees. Additionally, our teams regularly conduct disaster recovery and business continuity simulations to ensure readiness.

In order to continue to improve our employees' knowledge of cyber security risks and ways to protect APLL and its customers from these risks, our teams implement awareness training, simulated phishing campaigns and disaster recovery exercises. A comprehensive, strategic cyber security plan gets reviewed by the management team and APLL Board on a regular basis.

## Data Privacy and Protection

The need to maintain the privacy of personal data related to APLL's employees, vendors, operating partners, customers, and other individuals in our business operations and services is extremely important. Protecting their personal data and using it in a fair and trustworthy manner is key to APLL's core values and is an important part of maintaining our relationships and reputation.

Data protection is particularly important in many jurisdictions and special requirements are imposed on the processing of personal data. APLL policies, processes and procedures govern these activities to comply with applicable data protection laws.

Data privacy policies are based on the following principles: lawfulness, fairness & transparency, purpose limitation, data minimisation, data retention, security, and individuals' rights and accountability. Data protection issues are coordinated by the designated Data Protection Manager and the Legal Department; enterprise-wide compliance with data privacy and protection policies and practices is monitored and enforced by the IT Department.

These privacy policies and practices help APL Logistics adhere to the General Data Protection Regulation (GDPR) and other similar regulations that are in place in the countries we operate.

# LOOKING FORWARD

There are so many good things on the horizon for APLL's sustainability efforts. With our energy and emissions calculated, we are looking forward completing an in-depth analysis of our data in 2023 and being able to identify targeted and impactful emissions reduction efforts in 2024.

We are in the process of setting Science-Based Targets and better tracking our progress. We are also continuing forward in our DEI efforts and will continue to recognize and award the behavior that holds us accountable and turns us into the employer of choice where we work and operate.

Onwards!





# ANNEXES

## Annex 1: List of Subsidiaries Included in Report

|  |  |   |
|--|--|---|
| APL Logistics Chile S.A.   | Shenzhen Zhiqin Electronics Co., Ltd.<br>(APL Logistics (Shenzhen) Electronics Co.,<br>Ltd. for internal purposes) | India Infrastructure and<br>Logistics Private Limited     |
| APL Logistics de Mexico, S.A. de C.V.                                  | APL Logistics Supply Chain Services<br>(Shenzhen) Co., Ltd   | APLL Global Support Services<br>(India) Private Limited   |
| APL Logistics Panama S. de R.L.  | APL Logistics Bonded Supply Chain<br>Services (Shenzhen) Co., Ltd.   | APLL Properties (Thailand) Co., Ltd.                      |
| APL Logistica de Costa Rica,<br>Sociedad Anonima                       | APL Logistics Supply Chain Services<br>(Shanghai) Co., Ltd   | APL Logistics (Cambodia) Pte., Ltd                        |
| APL Logistics de Guatemala S.A.  | APL Logistics Import &<br>Export (Shanghai) Co., Ltd   | APL Logistics (Myanmar)<br>Company Limited                |
| APLL Honduras, S. de R.L.  | APL Logistics Investments Co., Ltd.  | PT. APL Logistics   |
| APL Solucoes de Logistica Ltda   | APL Logistics Distribution Services<br>(Hong Kong) Company Limited   | APL Logistics Sdn. Bhd.                                   |
| APL Logistics Warehouse Management<br>Services de Mexico, S.A. de C.V. | APL Logistics Bonded Supply Chain<br>Services (Shanghai) Co., Ltd.   | APL Logistics Svcs (Thailand) Co., Ltd.                   |
| APL Logistics Chile Freight<br>Forwarders Limitada                     | APL Logistics Ltd, Japan Branch  | APL Logistics Viet Nam Company Limited                    |
| Vascor de Mexico, S.A. de C.V.   | APL Logistics Korea, Ltd   | APLL Global Support<br>Services (M) Sdn. Bhd.             |
| APL Logistics Holdings de Chile S.A.                                   | APL Logistics SCS Hong Kong Limited  | APL Logistics Properties, Inc.                            |
| APL Logistics GCC FZE  | APL Logistics Taiwan, Ltd  | APL Logistics Freight Systems, Inc.                       |
| APL Logistics Middle East LLC  | Changan Minsheng APLL Logistics<br>Company, Ltd.   | APL Logistics Americas, Ltd.                              |
| APL TASIMACILIK VE LOJISTIK<br>LIMITED SIRKETI                         | APLL Global Support Service<br>(Chongqing) Ltd.  | APL Logistics of Canada, Ltd                              |
| APL Logistics Deutschland<br>GmbH & Co. KG                             | APL Logistics Lanka (Private) Limited  | APL Logistics Land<br>Transportation Services, Ltd.       |
| APLL UK Ltd. (previously APL Logistics<br>Europe BV, UK branch)        | APL Logistics Lanka Freight Forwarding<br>(Private) Limited  | APL Logistics Warehouse<br>Management Services, Inc.      |
| APL Logistics Deutschland<br>Verwaltungs GmbH                          | APL Logistics (India) Private Limited  | APL Logistics International Services, Ltd.                |
| APL Logistics Oman SAOC  | APL Logistics Pakistan (Private) Limited   | APL Logistics Transportation<br>Management Services, Ltd. |
| APL Logistics Europe B.V.  |  |   |
| APL Logistics Supply Chain Services<br>(Beijing) Co., Ltd              |  |   |

## Annex 2: Governance & Reporting Background

The below information is shared in the spirit of transparency, guided by GRI reporting requirements. It contains background on our legal structure, financial practices, and sustainability oversight and reporting.

### 2-2: Entities included in the organization's sustainability reporting

- This sustainability report covers all of APLL's entities that are included in our consolidated financial statements. Our financial report make adjustments for the impact of minority interest and compliance with IFRS accounting standards, and all transactions in our company are handled in accordance with IFRS accounting standards. All disclosures in our financial statements are developed in collaboration with EY Singapore and applicable requirements/standards.

### 2-5: External assurance

- This sustainability report is not being verified/assured this year, although some information reported, such as our climate calculations, were verified (Scope 1 & 2) and/or calculated (Scope 3) by independent third party NSF.

### 2-6: Value chain and other business relationships

- Other relevant business relationships we have include the subcontractors and service providers we engage to assist in providing our services.

### 2-11: Chair of the highest governance body

- The Chair of the APLL Board is a representative from our parent company, Kintetsu World Express (KWE), and this person is not a senior executive at APLL.

### 2-12: Role of the highest governance body in overseeing management of impacts

- APLL's success is dependent on its accountability as embedded in our Maxims. Our Board of Directors dictates and approves our corporate and sustainability strategies. When issues arise, they are escalated to the Board level and include an ongoing open dialogue between the company's subject matter experts. The Board is tasked with addressing problems with reasonable care and skill while considering the larger entity.
- The impacts, risks and opportunities, and reporting related to all ESG and sustainability matters are discussed and reviewed by the Board of Directors annually or on an ad hoc basis during quarterly meetings. The company's CSR strategy is in their hands and written into our Board's charter. Data and progress related to APLL's energy and fuel consumption (converted to correlate to emissions reduction goals) is reported monthly to our parent company, KWE.
  - In 2022, APLL hired a third-party consulting agency, NSF, to assist in identifying and managing the organization's impacts on the economy, environment, and people, through a materiality assessment. Their job was to give feedback and aid with APLL's sustainability agenda, materiality assessment, CO<sub>2</sub> reduction target setting, and general ESG reporting.
- APLL has an external Enterprise Risk Management system that requires the highest Board approvals. Senior management is polled for the company's top risks, and this list was distilled down to 23 primary global risks. Within those 23, seven were external risks. Risks associated with climate change were among the 13 "operational" primary risks, a risk of "physical, force majeure perils" for flood, fire, quake, and extreme weather events, such as heat waves and drought. Updates on these risks and their importance are reported to the Board and senior management on a quarterly basis.



- The stakeholders involved in this process start with a Risk subcommittee, which is made up of regional, senior level representatives from around the company. This committee reports up to Management Ethics, Compliance, & Social Responsibility Committee, who then report up to the Board's Ethics, Compliance, & Social Responsibility Committee. The highest governance body in this chain is then the Board itself.
- The Board takes direction from the relevant subcommittees mentioned above. They review issues that are escalated to the highest level on a quarterly basis.

#### **2-14: Role of the highest governance body in sustainability reporting**

- APLL's sustainability report is reviewed and approved by the Board before publishing, as the Board has a vested interest in the material topics covered.

#### **2-15: Conflicts of interest**

- The APLL Group Code of Conduct ("CoC") and Vendor Code of Conduct ("VCoC") each set out APLL's expectations regarding avoiding conflicts of interest. Under the CoC, APLL Group employees are expected to disclose possible conflicts of interest for assessment, and are required to declare on an annual basis that they have complied with the requirements in the CoC. Under the VCoC, APLL Group vendors are also required to avoid any conflict of interest, and to disclose any potential or actual conflicts. In addition, individuals who sit on the board of APLL Group entities are required to comply with applicable corporate governance standards and laws, which typically require the disclosure of relevant conflicts of interest. On an annual basis, and in accordance with Singapore law, each director of APL Logistics Ltd makes a conflicts disclosure. These disclosures are distributed to the other Board members and, where relevant, appropriate controls would be put in place to control such conflicts. Such disclosures would also be visible to the sole shareholder of APL Logistics Ltd (Kintetsu World Express, Inc.). Related party transactions are disclosed in APL Logistics Ltd's annual financial statements in accordance with applicable accounting standards.

#### **2-17: Collective knowledge of the highest governance body**

- Each member on the Board is a subject matter expert in their respective fields and is entrusted with guiding APLL with due diligence, reasonable care, and skill. Even the lowest level of stakeholder concerns is taken seriously and can be elevated to reach the Board's agenda. APLL's president holds quarterly town halls as a conduit and educational session between Board decision making, operational trends, market updates, and the company's entire employee base.