

# Corporate Social Responsibility

Corporate social responsibility (CSR) starts from our basic recognition that a corporation exists in a broad and deep relationship with society through business it conducts. With a view to that relationship, a corporation should contribute to society as a natural result.

Before considering what to do for CSR, we must fully understand what is required in our corporate principles:

As a business group centering on shipping, the “K” LINE Group requires: a) Diligent efforts for safety in navigation and cargo operations as well as for environmental preservation, b) Sincere

response to customer needs through applying every possible effort, c) Contributing to the world’s economic growth and stability through continual upgrading of service quality. What must be pursued for CSR under the above corporate principles can be articulated as follows:

- 1) Reinforcing corporate governance
- 2) Grappling with safe ship/cargo operations and preservation of the earthly environment in line with our crisis management system
- 3) Establishing a risk management system against business risks incurred

by worsening of market

- 4) Promoting establishment of a stable dividend payment.

## Organizational Chart of Crisis Management System

### Crisis Management Committee

Examining and planning against management crisis and risk with simultaneous supervision over activities of crisis/risk-response organization

### Ship Safety Promotion Committee

Crisis management related to ship operation

### Disaster Response Committee

Crisis management against disaster

### Compliance Committee

Risk management related to compliance

### Management Risk Committee

Any other risk management for corporate management

## Safety in Navigation

Under the mandate of securing safety of human beings and cargo, as well as protecting the earthly environment, “K” LINE, at the group level, is actively endeavoring to enhance the Company’s system for safe navigation and environmental preservation into a solid and more thorough program.

Along this direction, all ships of the

“K” LINE Group are being operated according to a Safety Management System whereby all responses are consistent with a company manual according to ISM Code. We also have a “Ship Safety Promotion Committee,” members of which are comprised of directors of “K” LINE and its group ship management companies. The Committee aims at:

- a. Mapping out various measures for safe navigation
- b. Providing customers with transport service of stable quality by an ongoing practice of sending experts onboard our ships for scrutiny of safety enforcement in compliance with our Company’s own “KL-QUALITY.”

## Crisis Management

We are in a position to put our functional “Crisis Management System” into operation at any time. Emergency Response Headquarters is ready to be implemented at any time under the President as the Chief for prompt examination, decision and execution of

countermeasures in the event of any emergency such as marine pollution, collision, fire, grounding, etc.

In addition to that, instructions are given to every ship in operation against any possible terrorist attack about which anyone concerned may have

anxiety, such instructions being an accurate measure and response in accordance with \*ISPS Code.

\*ISPS stands for International Ship and Port-facility Security.

## Education and Training

We have developed an educational system into which we have introduced a simulator-aided training course, etc., a system aimed at positively upgrading awareness of the Company’s fundamental directions for safe navigation and cargo management among all crews and also aiming to elevate their

knowledge and understanding of marine technology. The educational activities are based in two places, “K” LINE Training Center in Tokyo, and “K” Line Maritime Training Corporation in Manila where crews of various nationalities are educated and trained.



## Preservation of the Environment

We are firmly committed to addressing the issue of environmental preservation as an integral management assignment of eternal importance.

In May 2001, the Company established "K" LINE Group's Environmental Policy.

In February 2002, we were awarded the certification of ISO 14001 and set up "K" LINE's Environmental Management System (EMS).

We have been dedicating consistent efforts for this issue. Along the lines of our Environmental Policy, we have been challenging our Group companies to strive to be awarded certification of ISO 14001 as well.

During Fiscal 2003, we started applying the certification of ISO 14001 to our chartered-in ships under the Company's EMS in order to provide environmentally friendly marine transport service.

We also have been acting positively to ensure our customers and others concerned are assisted in gathering and

collecting necessary information on environmental issues.

For this, we established EMS GLOBAL NETWORK covering all "K" LINE overseas subsidiaries so that we would be able to carry out a timely information supply service to our stakeholders anywhere around the clock.

### "K" LINE's approach to the issue of environmental preservation

#### Main achievements during Fiscal 2003

- ▶ Entire abolishment of refrigerated containers using R-12\*1 to combat depletion of the Ozone layer
- ▶ Success in smoothly phasing in double-hulled tankers as scheduled to avoid marine pollution, and in adopting main engines that reduce emission of NOx, thereby minimizing air pollution

#### Targets for Fiscal 2004

- ▶ Promoting a reduction of refrigerated containers, refrigerators and air conditioners using R-22\*2 to protect against depletion of the Ozone layer

- ▶ Setting a standard for sulfur content in fuel oil at the same level as ruled in MARPOL VI (not yet effective) of the International Convention, instead of our traditional ISO standard to reduce emission of SOx that causes acid rain. This action is being taken prior to enforcement of MARPOL VI in view of our actual sulfur content in 2003 being approximately 2.9 %, considerably lower than the MARPOL limit.
- ▶ Further efforts for introducing more eco-friendly merchandise (especially stationery) to save natural resources

\*1: R-12 stands for Chlorofluorocarbon

\*2: R-22 stands for Hydrochlorofluorocarbon



Sustainability Report 2004

## Social Contributions

The "K" LINE Group has been performing on a stage provided by the sea. We well know the importance and necessity for cleanliness and preservation of this

stage. We have been cooperating in various oceanic observations in the operation of our fleet.

In that regard, we will continue

to do our best possible by participating in a variety of voluntary activities as a part of fulfilling our social contributions.

### Cooperation for Research into Bacteria in Ballast Water

It has been a rule to change ballast water in the ocean. Further study is in progress for preservation of marine environment.

In cooperation with universities and research institutes commissioned by the Ministry of Education, Culture, Sports, Science and Technology, crewmembers are gathering ballast water onboard "Zekreeta," an LNG carrier. Our activities are aimed to help enhance scientific analyses of ballast water components.

### Cooperation with an NPO for Monitoring Surface Water in the Pacific Ocean

At the request of the non-profit organization named VOS Nippon, we have been cooperating with them since June 2002 to monitor surface water in the Pacific Ocean with monitoring equipment installed on "Chubu Maru," a thermal coal carrier, thanks to cooperation extended by Chubu Electric Power Co., Inc.

### Cooperation in Assessing Emission of NOx

No simple and practical method of assessment of NOx contained in emissions of diesel engines has yet been established. Cooperating with "The Shipbuilding Research Association of Japan" in their research activities, the "K" LINE Group is serving the Association by assessing nitrogen oxide emitted from engines with measuring equipment installed onboard "Mediterranean Highway," a car carrier. Importance is being attached to each and every data collected on the frontline itself, and in this way, studies on curtailment of NOx are advancing steadily and practically.