

The cover of the ESG Data Book 2022 features a large, stylized red 'K' on a red background that resembles a ship's hull, set against a light blue background with abstract, curved shapes. The text "ESG DATA BOOK 2022" is centered in the lower half of the page.

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ESG DATA BOOK
2022
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Editorial Policy

The "K" LINE Group is an integrated logistics company that owns and operates various fleets tailored to worldwide marine transportation needs. We also engage in land transportation and warehousing businesses. The "K" LINE Group has defined **K** Value ("K" LINE Value) as a symbol of its corporate value. We produce the "K" LINE REPORT, which provides explanations from both a financial and non-financial perspective, to ensure that our wide range of stakeholders understand **K** Value.

We produce this data book to supplement the "K" LINE REPORT. This data book will mainly summarize environmental, social, and governance (ESG) information and act as a communication tool for sharing this data with our stakeholders, who have a particularly high awareness of the "K" LINE Group's ESG initiatives.

Reporting Period

Fiscal 2021 (April 1, 2021–March 31, 2022)

Some information regarding activities and initiatives will be from before this period or more recent than other information.

Scope of Reporting

In principle, this data book covers the activities and data of Kawasaki Kisen Kaisha, Ltd., and its subsidiaries and affiliates. When there are limits to the scope of our activities and data, we will add the information in notes throughout this report.

Guidelines Referred to

- Integrated Reporting Framework
- GRI Standards for sustainability reporting
- ISO 26000
- United Nations Global Compact
- Environmental Reporting Guidelines 2018, Ministry of the Environment of Japan
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation, Ministry of Economy, Trade and Industry of Japan

Forward-Looking Statements

The Company's plans, strategies, and future financial results indicated in this data book reflect the judgment made by its management based on information currently available and include risk and uncertainty factors. Consequently, the actual financial results may be different from the Company's forecasts due to changes in the business environment, among other factors.



SECTION

01

| **Special Feature:
The "K" LINE Group's Materiality**

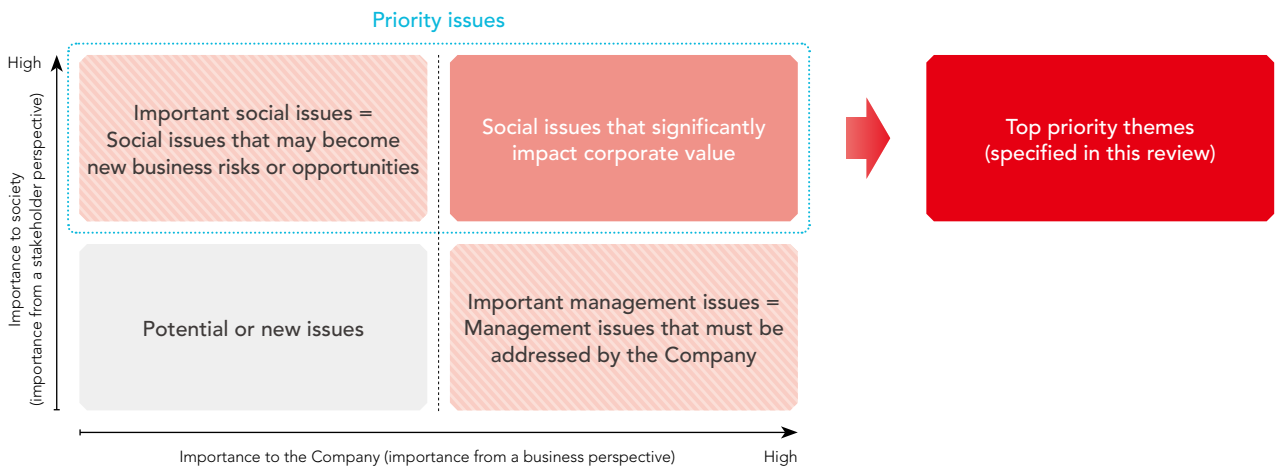


Review of Materiality

Process to Identify Materiality

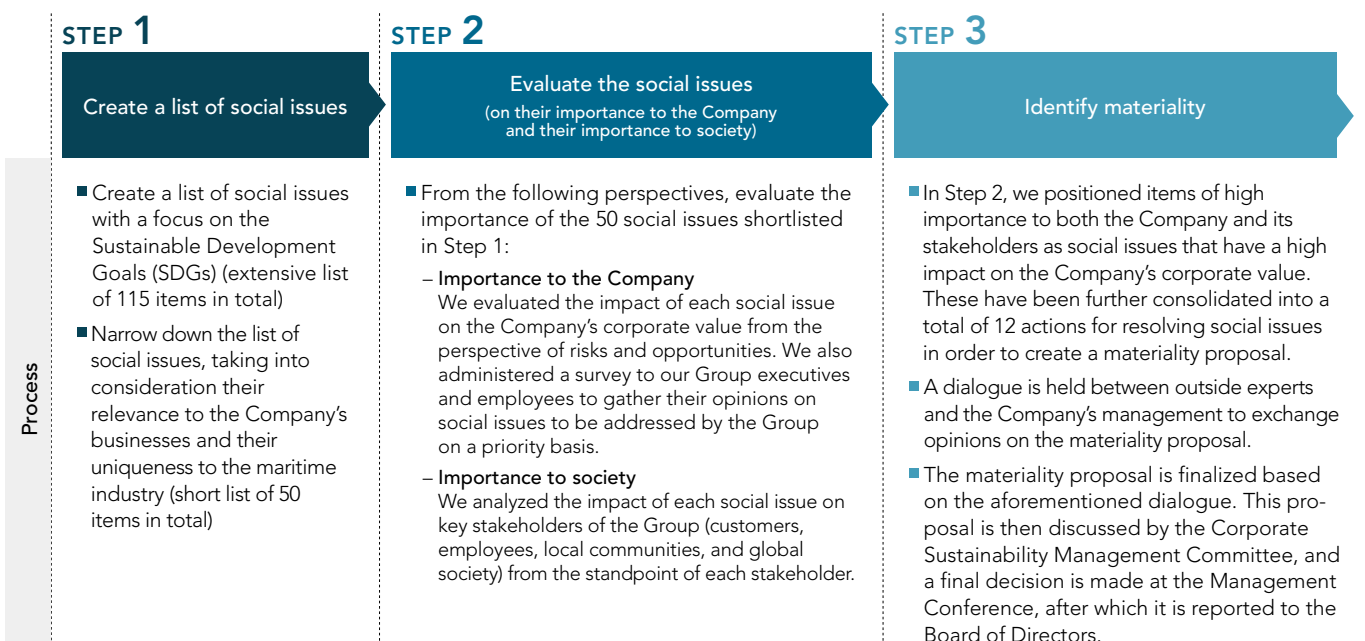
Background

In fiscal 2022, the Company reviewed its materiality and identified 12 new material issues across five areas. The "K" LINE Group's previous materiality—established in 2014—was identified by referring to various sources of guidance related primarily to corporate social responsibility (CSR), including ISO 26000 and the OECD Guidelines for Multinational Enterprises. This review, however, was conducted in light of changes to the business environment and social conditions that arose over the subsequent eight years. In addition to using the conventional CSR approach, we analyzed and evaluated materiality from the two perspectives of importance to the Company (importance from a business perspective) and importance to society (importance from a stakeholder perspective), while considering factors such as their alignment with our business strategy and their impact on value creation.



Steps for Analyzing Materiality

In this year's review, we conducted materiality analysis using the following three steps:



Material Issues and Related SDGs

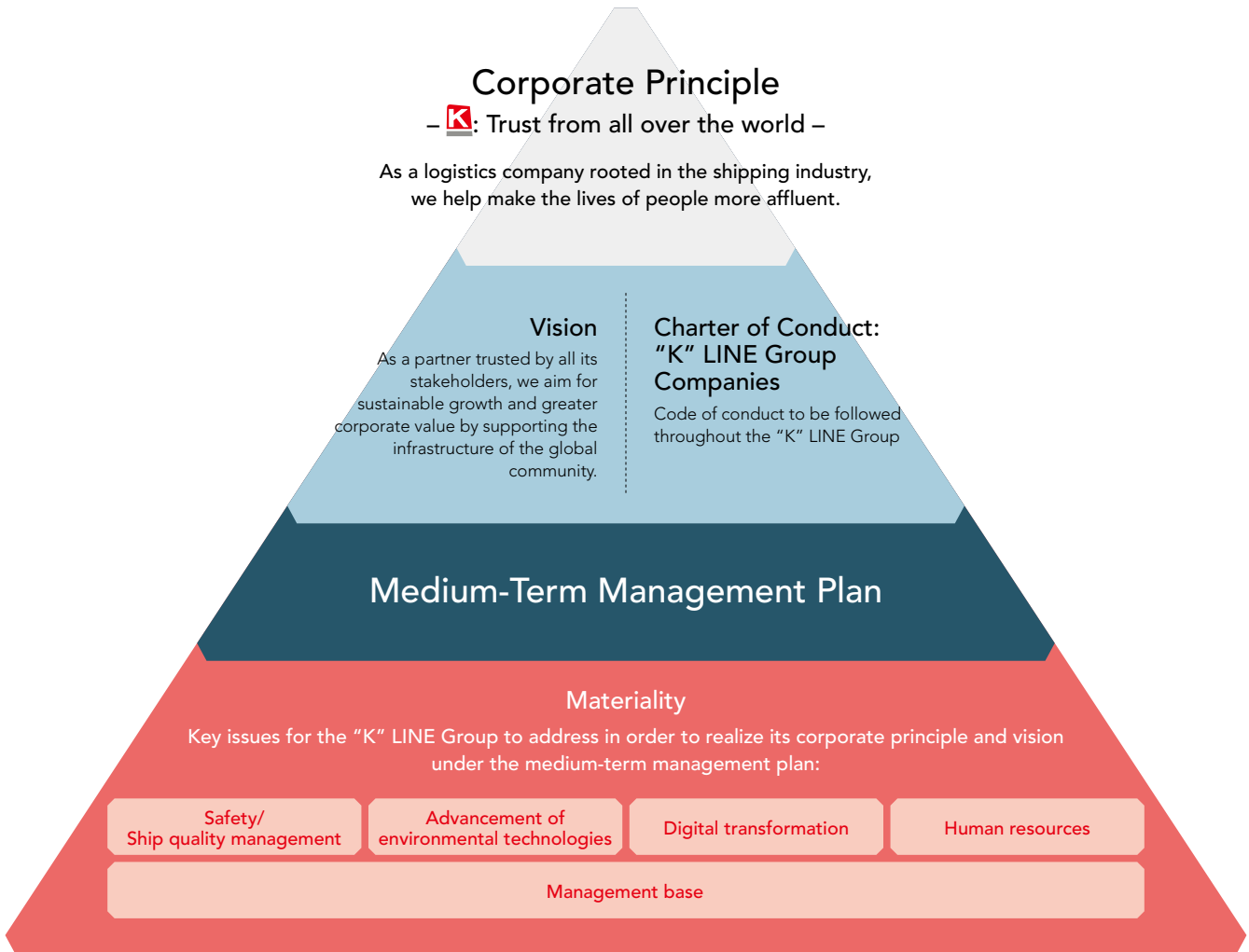
The 12 material issues identified in fiscal 2022 have been categorized into five areas, including safety/ship quality management, advancement of environmental technologies, digital transformation, and human resources—the four pillars of our functional strategy set forth in our medium-term management plan—and management base, which serves as the foundation of the four pillars. The Group positions materiality as a set of important issues to be addressed in order to realize its corporate principle and vision under the medium-term management plan.

Our approach and initiatives for each material issue are described on the relevant pages for each theme in this ESG Data Book.

Category	Material Issues (Actions for resolving social issues)	Related SDGs
Management base	Respect for human rights (P.60)	
	Reinforcement of corporate governance (P.70)	
	Promotion and reinforcement of compliance (P.86)	
Safety/Ship quality management	Promotion of safety in navigation and cargo operations (P.56)	
Advancement of environmental technologies	“K” LINE low-carbon and carbon-free transition (P.33)	
	Supporting the development of a low-carbon and carbon-free society (P.35)	
	Reducing “K” LINE’s impact on the sea and air to zero (P.37)	
	Promotion of innovation (P.18)	
Digital transformation	Reinforcement of response to digital transformation (DX) (P.89)	
Human resources	Diversity & inclusion (P.54)	
	Shaping of working environment and promotion of health management (P.42)	
	The securing and development of human resources (P.49)	

Connection between Materiality and Corporate Principle, Vision, and Medium-Term Management Plan

"K" LINE's materiality is positioned as key issues to address in order to realize our corporate principle and vision based on the medium-term management plan, achieve sustainable growth, enhance corporate value, and contribute to social issues. Namely, we aim to ensure the sustainability of the "K" LINE Group, society, and the environment.



Stakeholder Dialogue

Background to and Thoughts behind Revising Materiality

In 2022, the "K" LINE Group revised its materiality for the first time in eight years since its formulation in 2014. Accordingly, we invited outside experts to a stakeholder dialogue, and asked for the candid opinions and recommendations of Toshihiko Goto and Yuki Kimura to organize the significance of revising materiality and the outlook going forward.



Yukio Toriyama

Representative Director
Senior Managing Executive Officer
Kawasaki Kisen Kaisha, Ltd.



Toshihiko Goto

Chief Executive Officer,
Sustainability Forum Japan
After entering a major general insurance company, Toshihiko Goto's work history includes being a member of the Management Board for Global Reporting Initiative (GRI), an international organization that develops guidelines for sustainability reports. In 2002, he founded GRI Japan Forum (currently the Sustainability Forum Japan) and was appointed its chief executive officer (current position).



Yuki Kimura

Representative Executive Director and Chairman of the Institutional Investors Collective Engagement Forum
After working as a securities analyst at a major think tank, Yuki Kimura transferred to Nomura Investment Management Co., Ltd. (currently Nomura Asset Management Co., Ltd.). His work history includes being a manager responsible for corporate governance in the Pension Investment Department of Pension Fund Association (PFA) and a specialist attached to the Corporate Accounting and Disclosure Division in the General Affairs and Planning Bureau of the Financial Services Agency. He founded the Japan Stewardship Forum and was appointed as its representative executive director. This has been his current position since October 2017.



Noriaki Yamaga

Managing Executive Officer
Kawasaki Kisen Kaisha, Ltd.

Q. Please explain the background leading up to reviewing "K" LINE's materiality.

Yamaga: Since we last identified our materiality in 2014, the business environment and social circumstances surrounding the "K" LINE Group have changed significantly. At that time, we identified our materiality as priority CSR issues, referring to ISO 26000, GRI Standards, and other standards. However, as society and investors now require more consistency with and relationship to our business activities each year and perspectives on how materiality is connected to corporate growth and value, we are aware that our materiality to date has been insufficient to address these issues. This became an opportunity to review materiality as a step in formulating our medium-term management plan for fiscal 2022.

In particular, we clarified our response to environmental issues in the "K" LINE Group by formulating this plan. During the process of formulating the medium-term management plan, we confirmed the close relationship between fulfilling our responsibilities as a member of the shipping industry, which as a whole emits the same amount of CO₂ as the whole of Germany, and enhancing corporate value through the value we provide to customers. Accordingly, we have created a policy that expands the business by leveraging the environment, such as by achieving low-carbon and carbon-free transition and contributing to a low-carbon and carbon-free society.

Goto: While the ideas of environmental conservation and sustainable development have been actively discussed since the 1992 United Nations Conference on Environment and Development (Earth Summit), they culminated in the SDGs and the Paris Agreement*¹ adopted in 2015. With this moment as a turning point, we were able to visualize the concrete ways in which corporations would respond to climate change. It makes sense that revisions move to the next stage in response to such changes.

Kimura: A significant change since 2015 is that the focus has shifted from the CSR-based perspective of the impact corporations have on society to the impact they have on social issues. Investors feel that the background to this shift was the idea of integrated reporting. I believe that revisions are being made at a very important point in terms of changes in the position of materiality. Additionally, despite the difference in level of importance of social issues for companies and stakeholders, I believe that it is important to follow social trends and make flexible revisions since they could become materiality in the future, depending on the social circumstances.

Toriyama: In terms of the business environment, it is true that for over a decade we were dealing with financial issues that became apparent as a result of a recession in the shipping industry following the 2008 global financial crisis. During that time, the reality was that reviewing materiality was not necessarily viewed as our top management priority. However, following the integration of our containership businesses in 2018, we have achieved our anticipated business structural reform and made a fresh start with a stable and profitable structure. We took the medium-term management plan, which was formulated at the new stage of management, as an opportunity to redefine materiality.

Q. The new materiality has been identified from both an in-house perspective and a stakeholder perspective. What kind of issues have you become aware of when identifying materiality through an evaluation method that utilized these two perspectives?

Yamaga: The in-house perspective is that we must grow our business, which captures the needs of our customers, and enhance corporate value. Meanwhile, as a business that supports social infrastructure, we are expected to fulfill our responsibilities to a wide range of stakeholders. I believe their fulfillment will lead to business opportunities for "K" LINE. At a glance, the Company and its stakeholders appear to exist separately, however they can also be seen as facing the same direction. For example, in some instances our initiatives for addressing in-house issues, such as low-carbon and carbon-free initiatives, lead to scenarios where we can respond to customer needs at the same time as resolving social issues. We will aim to achieve even higher targets, that both enhance corporate value and fulfill our social responsibility.

Kimura: The phrases "single materiality" and "double materiality" have become common among investors. Identification of materiality from two perspectives is widely used and, within this context, I feel comfortable in creating methods for setting these perspectives for each company. The reasons for choosing these perspectives must be clarified and actively explained to stakeholders.

Q. The new materiality has been divided into five categories: safety/ship quality management, advancement of environmental technologies, digital transformation, human resources, and management base. Please explain the reasoning behind and details of identifying materiality in each category.

Yamaga: The first category is safety/ship quality management, under which we have adopted the promotion of safety in navigation and cargo operations. The reason for this is that it is the most essential element for "K" LINE, which plays a role in social infrastructure by accepting and transporting our customers' important cargo. If an incident occurs, there is a significant impact on the environment, and it damages not only corporate value but also social credibility. Accordingly, the "K" LINE Group will further reinforce the global ship safety and quality management system that includes in-house ship management companies to enhance seamanship knowledge and expertise, as well as provide unique added value and organizational sales strategies to build even deeper connections with customers' organizational sales strategies. Furthermore, I believe we can contribute to preserving the environment and ecosystems by preventing accidents through safe and optimal navigation, appropriate treatment of ballast water, and other measures.

Goto: Companies are being asked to take responsibility for their entire value chain, not just their supply chain, and for their social presence through non-enforceable standards, such as the Task Force on Climate-related Financial Disclosures (TCFD). In other words, there is a rapid shift away from the era where companies only had to consider compliance with laws and the minimum responsibility of legal compensation in the event of an emergency. If an incident occurs, the era demands that we fulfill our ethical responsibility as a major corporation.

Yamaga: Under advancement of environmental technologies, we adopted shifting our own operations and society toward becoming low carbon and carbon free. While I am repeating myself, as a marine transportation company, we see shifting our own operations toward becoming low carbon and carbon free as not only our responsibility as a social

infrastructure company but also as an important aspect of our customers’ needs. We have placed it at the core of our efforts to enhance corporate value in our medium-term management plan. In addition to Liquefied Natural Gas (LNG) and biofuels, we are working toward low-carbon and zero-emission vessels using ammonia and hydrogen, as well as new alternative fuel shipping technologies. We are also promoting fuel-efficiency and low-carbon initiatives using wind power, the ultimate renewable energy source, by launching Seawing, our unique giant kite. Furthermore, we are engaging in commercialization of services, such as support vessels, to play a role in wind power propulsion, which is gaining attention around the world.

Goto: The latest developments surrounding the TCFD call for transition plans.*² Since “K” LINE has adopted the target of net-zero greenhouse gas (GHG) emissions by 2050, we suggest you should put together a plan that summarizes the opinions of young people who will be responsible for the future. I have heard from managers who have engaged in employee-led planning themselves that ideas were given in rapid succession.

Further, the Ministry of the Environment announced*³ that the potential of wind power generation is more than twice Japan’s total energy supply, and the market is expected to grow in the future. If offshore wind power facilities continue to be built in five to 10 years’ time, you can expect significant business opportunities.

Kimura: Since reducing CO₂ emissions is a serious issue for marine transportation companies, they are expected to continue putting in a lot of effort. However, we are concerned about how the global situation, particularly Russia’s invasion of Ukraine, will impact key LNG-fueled vessels.

Yamaga: While we are still establishing an LNG fuel network for vessels, “K” LINE is participating in an LNG bunkering business. Competition surrounding the securing of LNG may become intense in the future, but we hope to make a stable supply more reliable by contributing to the construction of supply chains for new fuels.

The third category, digital transformation (DX), is currently an essential initiative since we cannot promote innovation in terms of the environment and technology, let alone DX, without digitalization. We are advancing initiatives such as “K” LINE’s unique system, Kawasaki Integrated Maritime Solutions, which supports the selection and optimization of shipping routes that balance the reduction of CO₂ emissions and navigation expenses by reducing fuel consumption, a system that supports maneuvering by utilizing data, including AI and video analysis, and converting the status of each vessel’s main engine plant into data to understand the circumstances through AI. Naturally, there is also a significant connection to workstyles in the office, such as the development of a new environment in response to diverse workstyles, including teleworking, introducing a new administrative system.

Goto: Without digitalization, a business simply cannot grow. The issues are what the content of DX is, what can be connected to what through digitalization, and how to transform businesses. One factor is connecting “K” LINE’s big data with customer data, and what kind of new system you build is vital. Meanwhile, since the risk to cybersecurity will increase if you advance digitalization and DX, I hope that you will move forward while applying sufficient countermeasures.

Yamaga: One example of DX is leveraging the knowledge of experts in digital technology while promoting the use of AI and digital technology in a navigation support system for crew. Enhancing the working environment does not just consist of improving onboard operational efficiency and reducing the burden on the crew. I believe that it has become the foundation for generating new added value and even greater transportation quality. In a domain in which there are limits to in-house resources, we will aim for a synergistic output by collaborating with outside experts after clarifying our targets and combining our particular strengths with external knowledge.

Toriyama: There are a wide range of issues that can be improved through digitalization, but in terms of drastically changing the business model, it is a topic that will have an impact significant enough to change our business entities, the core of DX, as we look to the future of automatic ship navigation. In that sense, I hope that we can develop a frontier of innovation.

The fourth category is human resources. At “K” LINE, we are aware that human resources are our source of competitiveness and value and have identified shaping of working environment and promotion of health management, and other measures as priority issues. In particular, I believe that the securing and development of human resources is a management issue we must address consciously to realize our medium-term management plan. This is because human resources are essential in realizing our strategy of building deep relationships with customers and generating high added value through the refinement of the previously mentioned “K” LINE unique technologies and expertise. Specifically, from fiscal 2022 we aim to implement a plan for high-level training and development to enhance the quality of human resources and increase the number of new graduate hires by approximately double the number from previous years to compensate for shortages, in addition to introducing mid-career hires.

Kimura: “K” LINE may have fewer Japanese characteristics than other industries because it employs global human resources, but as the number of specialist human resources and mid-career hires increases, the challenge for Japanese companies is how to utilize them. What do you have in mind for the future, including for the personnel system and the wage system?

Toriyama: “K” LINE utilizes a membership system*4 to recruit human resources based on capability, without creating a distinction between administrative and technical employees. Utilizing the principle of equal pay for equal work, we are considering a structure where results can become an incentive based on promotions when performance increases, and a remuneration system for increasing wages.

Regarding diversity, we have always had an awareness of nationalities and racial diversity as a company that expands its business globally. However, I believe that it is extremely important for management to wholeheartedly focus on initiatives and measures for inclusion, such as increasing the number of women in management, to produce concrete results, namely increasing acceptance and the degree of inclusion for actual diversity, since diversity is a necessary but insufficient condition.

Goto: “K” LINE considers human resources to be the source of creating added value and your company’s intangible assets, which you are putting a lot of effort into. Going forward, I believe diversity will continue to become an important management topic in the future. I understand that “K” LINE is prepared and has excellent organizational capabilities, with its willingness to promote such diversity, and having historically been led by a multinational workforce.

Toriyama: The fifth category, management base, refers to human rights, governance, and compliance. We recognize that human rights, which are the source of various values, governance, which is the basis for operating as a company, and compliance, which facilitates observance of social norms, are common foundations for all functional strategies. In February 2022, we finally formulated a basic human rights policy based on the UN Guiding Principles on Business and Human Rights. Based on this policy, we are engaging in measures by initiating human rights due diligence and have completed interviews of Group companies both inside and outside Japan.

Goto: The organization of which I am chief executive officer was involved in the creation of Japan’s national action plan (NAP)*5 in 2020 but the task force received the same opinion from all sectors—the Japanese government’s proposals are tepid. Whether looking into environmental rights as human rights or the issue of technical intern trainees, I recognize that if we follow Japan’s policies, we will fall behind global developments in human rights issues. “K” LINE is a global company, so it is necessary to make considerations from an international perspective based on these guiding principles while looking at NAPs of leading countries, such as those in Europe.

Toriyama: Since we have only just launched human rights due diligence, we did not recognize the perspective of understanding environmental rights as human rights. As you have identified, we will consider human rights issues from an international perspective.

Q. Please explain how you will position materiality and utilize it in the future.

Toriyama: Since the materiality formulated in 2014 was identified from a CSR perspective, it was difficult to relate it to our medium-term management plan and management vision. This time, we clarified the relationship between materiality and our prior concepts since the strategies in our medium-term management plan were connected. First, we hope to integrate the relevance of materiality in ongoing explanations of our medium-term management plan for external stakeholders and utilize it to disclose “K” LINE’s value creation process through engagement.

Goto: This is a highly valid viewpoint because when determining materiality, it is important to include the perspective of consistency with “K” LINE’s vision and principles and whether it will help to realize them. Regarding the disclosure of information, the TCFD framework has become extremely important, and it would be more strategic if material items could be well linked with the framework.

Kimura: I feel the same. If we apply “K” LINE’s materiality chart,*6 it is possible to explain that the TCFD works from the bottom up in the form of governance, strategies, and specific indices. From an investor perspective, the chart, which positions the corporate principle at the top, the vision below that, then specific management plans, and materiality as specific items, is a value creation story in itself and will be evaluated highly.

Toriyama: As you have stated, we also hope to connect materiality with the TCFD recommendations, among other factors. As a way of utilizing materiality within “K” LINE, we will share its relationship with existing quantitative targets with each responsible division, and notify them of results of monitoring targets linked to materiality. This ensures that all Group employees will be aware of the status of their achievement. Since there are analysts outside the Company that utilize various evaluation standards, we will promote disclosure to ensure they understand the consistency with our medium-term management plan.

Goto: To be honest, materiality in disclosure and initiatives do not match perfectly. Since the TCFD recommendations are written from the perspective of a financial service, it is important to focus on accurate disclosure of information investors want. When disclosing information, it is important to understand why the information is being disclosed and who it is being reported to, although this is not generally discussed in the case of operating companies.

Kimura: From an investor’s point of view, we want to know how materiality relates to corporate value. “K” LINE’s materiality to date has been decided from a CSR perspective and has been treated separately from finance. Incorporating financial explanations into materiality will convey to stakeholders that the Company is positioned in a growth process. Since methods and devices for dialogue with stakeholders will become even more necessary in the future, I would recommend increasing opportunities for dialogue with people in different positions as much as possible. The method of disclosure can also be updated during this process.

Goto: Disclosure in the form of storytelling is important. Materiality shows a consistent connection with the president’s commitments, principles, and other factors and investors appreciate stories that lead to the creation of corporate value. TCFD recommendations also highlight storytelling and the importance of explaining the premise of individual items in terms of reasoning.

Toriyama: First, we must create a story, understand it, and believe in it. Accordingly, we need to hold in-house discussions and explain it to investors with sufficient persuasive skills after we ourselves have understood our materiality. During this round-table discussion, we have clarified the issues we should address going forward and I feel that it was extremely meaningful. Thank you very much for your participation.

*1 An international framework for measures including the reduction of GHG emissions from 2020, which was adopted at the United Nations Framework Convention on Climate Change (COP 21) held in Paris, France

*2 A framework that refers to the climate-related aspects of an organization’s overall business strategy, including actions such as reducing GHG emissions. A taskforce was announced to legislate disclosure obligations in the United Kingdom in April 2022.

*3 <https://www.renewable-energy-potential.env.go.jp/RenewableEnergy/doc/gaiyou3.pdf> (Japanese only)

*4 An employment system where people being recruited sign an employment contract before being hired, regardless of job duties, place of work, or other factors, and engage in assigned tasks

*5 Action plans established for each country, based on the UN Guiding Principles on Business and Human Rights, which encourage respect for human rights in business activities

*6 Please refer to the chart showing the connection between “K” LINE’s materiality and corporate principle, vision, and medium-term management plan on page 5.



SECTION

02 | Corporate Principle



Corporate Principle and Vision

In May 2022, the "K" LINE Group reconfirmed its targets and reviewed its corporate principle, vision, and values the "K" LINE Group prizes with an awareness of the scale and significance of the impact brought on the Group by changes to the business environment.

During this process, we also reaffirmed that the Group's business area is logistics, with the shipping business at the core, and we aim to enhance corporate value by promoting the shift toward a low-carbon and carbon-free society and operations in this business area. To achieve this target, we have clarified our direction to be a company that will concentrate management resources on businesses that will drive growth in the future and will pursue growth opportunities with customers with whom we can work together to achieve the shift toward becoming low carbon and carbon free.

Corporate Principle

– **K**: Trust from all over the world –

As a logistics company rooted in the shipping industry,
we help make the lives of people more affluent.

Vision

As a partner trusted by all its stakeholders, we aim for sustainable growth
and greater corporate value by supporting the infrastructure of the global community.

Values the "K" LINE Group Prizes

Providing safe and optimized services that put the customer first

Tireless attitude toward problem solving

Providing the value only "K" LINE can in pursuit of expertise

Relentless efforts to achieve innovation

Contributing to the global environment and a sustainable society

Respecting individuals and ensuring fair business activities by embracing diverse values

SECTION

03

| **The "K" LINE Group's
Sustainability Management**



The "K" LINE Group's Sustainability Management

Approach to Sustainability

Charter of Conduct: "K" Line Group Companies

The "K" LINE Group has adopted the following Charter of Conduct for the "K" LINE Group companies as standards of behavior for the entire Group.

Charter of Conduct: "K" Line Group Companies

Kawasaki Kisen Kaisha, Ltd. and its group companies (hereinafter "K" Line Group) reemphasize that due respect for human rights and compliance with applicable laws, ordinances, rules are the fundamental foundations for corporate activities and that group companies' growth must be in harmony with society and therefore, in order to contribute toward sustainable development of society, we herein declare to abide by "Charter of Conduct" spelled out below:

1. Human rights

The "K" Line Group will consistently respect human rights and we will positively consider personality, individuality and diversity of its corporate members and improve work safety and conditions to offer them comfort and affluence.

2. Compliance

The "K" Line Group promises to comply with applicable laws, ordinances, rules and other norms of behavior both in the domestic and international community and conduct its corporate activities through fair, transparent and free competition.

3. Trustworthy company group

The "K" Line Group continues to pay special attention to safety in navigation, achieving customer satisfaction and garnering trust from the community by providing safe and beneficial services.

4. Proactive environmental efforts

The "K" Line Group recognizes that global environmental efforts are a key issue for all of humanity and that they are essential both in business activities and existence of the company and therefore we are committed to a voluntary and proactive approach to such issues to protect and preserve the environment.

5. Protection, proper management and disclosure of information and communication with society

The "K" Line Group will protect personal and customer data, properly manage corporate information through timely and appropriate disclosure, widely promoting bi-directional communication with society including shareholders.

6. Contribution to society

The "K" Line Group as a Good Corporate Citizen will make ongoing efforts to contribute to social development and improvement and support employees' voluntary participation in such activities.

7. Harmony in the international society

The "K" Line Group will contribute to the development of international society in pursuance of its business pertaining to international logistics and related businesses, respecting each country's culture and customs.

8. No relations with anti-social forces

The "K" Line Group will resolutely confront any anti-social force or organization which may threaten social order and public safety and never have any relationship with them.

The management of each "K" Line Group Company recognizes that it is its role to realize the spirit of the Charter and takes the lead in an exemplary manner to implement the Charter while setting up effective mechanics throughout the company. The management also seeks cooperation from its business counterparts. The management, from the viewpoint of risk management, sets up an internal system to prevent incidents in breach of this Charter and should such an event occur, the management of respective "K" Line Group member companies will demonstrate decisiveness to resolve the problem, conduct a thorough investigation to determine the cause and take preventative measures. Additionally, such management will expeditiously and accurately release information and fulfill its accountability to society.

Adopted December, 2006
Revised August, 2012

The "K" LINE Group monitors the compliance status of its Charter of Conduct within the Group on a regular basis, and reviews the contents of the Charter as necessary to ensure that it keeps up with the times.

Group companies have their own guidelines conforming to their respective country's regulatory mandates, business fields, and area characteristics. There are necessary but not fundamental differences in wording between the Charter of the Group and those of individual Group companies.



["K" Line Implementation Guideline for Charter of Conduct](#)

Promotion System for Sustainability

Sustainability Governance

Amid global changes in values and behavior, as well as increasing awareness of the need to reduce the burden of climate change on the environment, "K" LINE considers sustainability management a priority issue for enhancing corporate value over the medium to long term and discusses the issue as necessary at Board of Directors' meetings. To strengthen our management focus on these issues, we have established the Corporate Sustainability Management Committee and the GHG Reduction Strategy Committee.

The Corporate Sustainability Management Committee, chaired by the president & CEO, is enhancing corporate value by reviewing and formulating a promotion system for the "K" LINE Group's sustainability management.

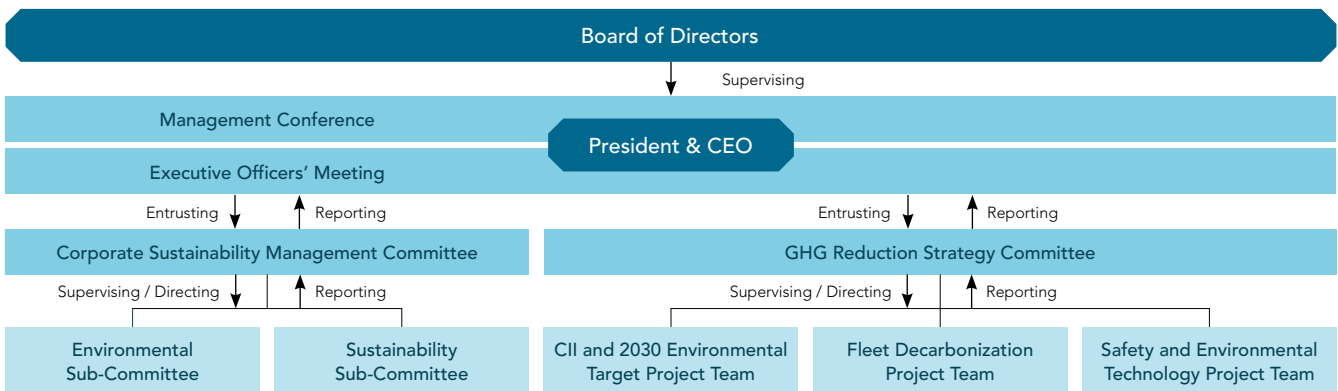
The Environmental Sub-Committee, a subcommittee under the Corporate Sustainability Management Committee, is responsible for operating the environmental management system (EMS) formulated in accordance with the "K" LINE Group Environmental Policy and the standards of the International Organization for Standardization (ISO). The subcommittee is also responsible for promoting other environmental activities.

The second committee, the Sustainability Sub-Committee, is responsible for promoting management that will contribute to the sustainability of "K" LINE's businesses and the enhancement of corporate value. This is achieved by developing ship safety navigation technology, economic

navigation technology, and environmental technology, including next-generation fuel compatibility, and thorough initiatives for low-carbon and carbon-free businesses, digital transformation (DX) compatibility, and our response to social issues, as well as further reinforcement of governance and compliance.

The GHG Reduction Strategy Committee formulates GHG reduction strategies, primarily focusing on fuel conversion, for the Group in response to the urgent need for various environmental countermeasures. The committee is also responsible for formulating policies for, and overseeing the implementation of, comprehensive response strategies, technical measures such as equipment selection, and preparations for smooth operations.

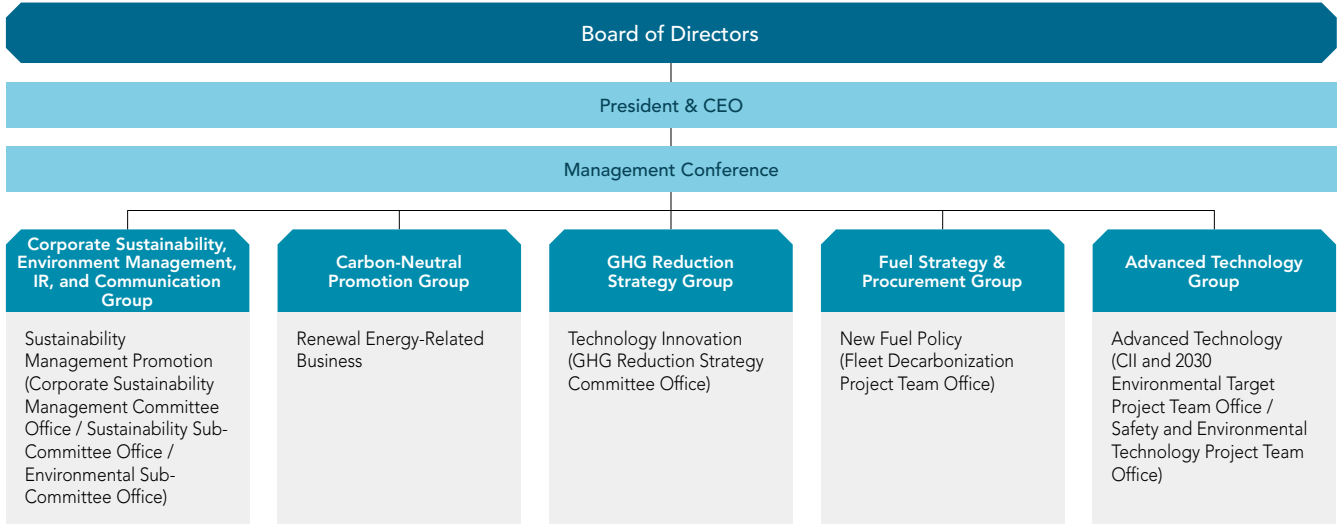
Specifically, we established three project teams, the CII and 2030 Environmental Target Project Team, the Fleet Decarbonization Project Team, and the Safety and Environmental Technology Project Team, as subcommittees under the GHG Reduction Strategy Committee. They are responsible for reinforcing the organizational response to urgent issues, such as the Energy Efficient Existing Ship Index (EEXI) and the Carbon Intensity Indicator (CII), accelerating initiatives to develop ships fueled by liquefied natural gas (LNG) and the LNG fuel supply business and examine next-generation fuels and new technologies, and formulating the latest measures for compliance with environmental guidelines, including technical aspects.



Sustainability Management Structure

As an organization responsible for promoting sustainable management, we are accelerating sustainability efforts through the activities of the Corporate Sustainability, Environment Management, IR and Communication Group,

the Carbon-Neutral Promotion Group, the GHG Reduction Strategy Group, the Fuel Strategy & Procurement Group, and the Advanced Technology Group.



<p>Corporate Sustainability, Environment Management, IR, and Communication Group Corporate Sustainability Management Committee Office Sustainability Sub-Committee Office Environmental Sub-Committee Office</p>	<p>By integrating the Environment Management Group into the existing Corporate Sustainability, IR, and Communication Group, we have consolidated our environmental, social, and governance (ESG) efforts into one group and strengthened our sustainability management system. We have formulated basic policies relating to corporate sustainability, environmental management, investor relations (IR), and communications, and are working to realize such policies with the aim of increasing corporate value.</p>
<p>Carbon-Neutral Promotion Group</p>	<p>The demand for carbon-neutral businesses is increasing. This includes businesses related to renewable energy, including offshore wind power, carbon capture, usage and storage (CCUS) businesses, fuel conversion (LNG value chain) businesses, and the emissions trading system. This group promotes business development to achieve net-zero CO₂ emissions in collaboration with relevant internal organizations and affiliated companies to respond to these trends and launch businesses as soon as possible.</p>
<p>GHG Reduction Strategy Group GHG Reduction Strategy Committee Office</p>	<p>This group supervises the technical aspects of next-generation environmental vessel strategies, with GHG reduction as the focus. Engages in research and implementation of GHG reduction initiatives, such as new fuels, including ammonia and hydrogen, electric vessels (EVs), carbon capture and storage (CCS), and methanation. Also promotes the introduction of LNG-fueled vessels, which are in the practical stage of development.</p>
<p>Fuel Strategy & Procurement Group</p>	<p>This group carries out procurement of fuel oil, LNG fuel, and lubricating oil to ensure safe navigation and cargo operations of "K" LINE and "K" LINE Group companies and improve earnings. Also examines and drafts basic policies for new fuel compatibility aimed at reducing GHG and CO₂ emissions in the future.</p>
<p>Advanced Technology Group</p>	<p>This group promotes the examination and development of innovative technology that contributes to improving ship safety and economic efficiency and reducing environmental impact. Also carries out appropriate energy management for chartered ships and vessels controlled by "K" LINE and formulates and implements specific measures to reduce fuel consumption.</p>

Promotion of Innovation

Approach

For the "K" LINE Group, refining our unique strengths of safety, environmental performance, and quality to provide new value to customers and society is an important issue.

In addition to the expertise accumulated over many years, we will work together with our business partners to introduce new hardware and software technology, develop innovative customer-oriented technology, provide technical support for new businesses, and carry out appropriate energy management, including performance management, for all of "K" LINE's vessels in operation. As a result, we

have been promoting "K" LINE's differentiation strategy and increase in profitability by improving the Group's added value and environmental preservation by reducing fuel costs and CO₂ emissions.

Furthermore, we will refine the Group's core values and boost competitiveness through initiatives for both the pursuit of new technology and the strengthening of our response from study and demonstration to implementation.

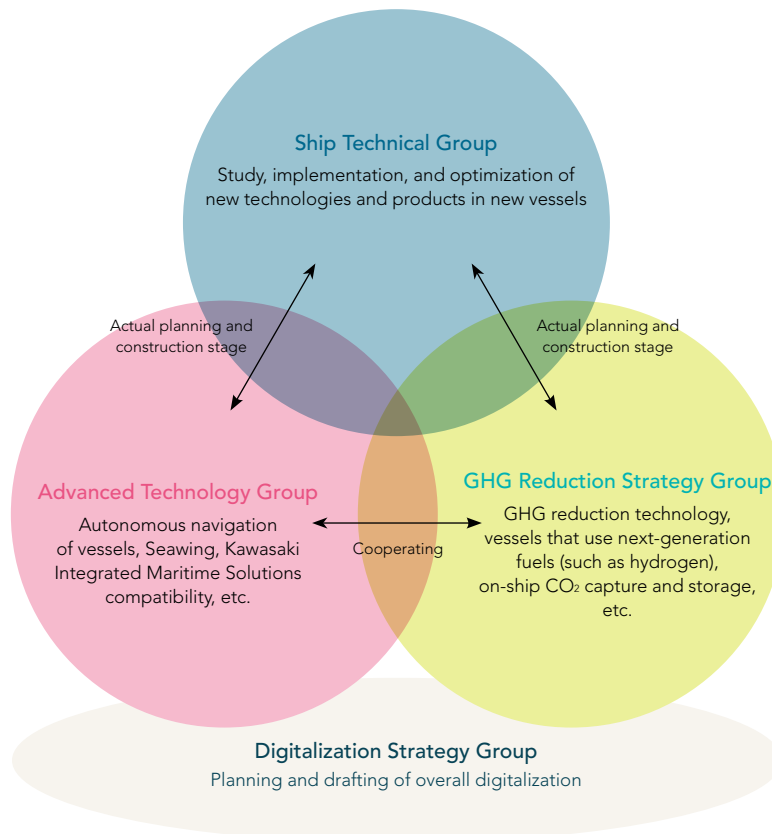
Promotion System

"K" LINE is engaged in technological research and development that contributes to strengthening competitiveness and enhancing corporate value to promote innovation, which is the central focus of the Advanced Technology Group, the GHG Reduction Strategy Group, and the Ship Technical Group.

The Advanced Technology Group carries out research related to technology that has not been commercialized or generalized, such as autonomous navigation of vessels, CO₂ transportation, and hydrogen transportation. The GHG Reduction Strategy Group carries out research and

development on alternative fuel technologies, such as ammonia and hydrogen, CO₂ capture and storage equipment, GHG reduction technology, vessels that use next-generation fuels, and other technologies. The Ship Technical Group is responsible for all aspects of the study and implementation of new technologies and products in new vessels.

These groups work in collaboration with the Digitalization Strategy Group, which plans and drafts strategies for digitalization and promotes innovation that contributes to enhancing "K" LINE's corporate value.



Initiatives

Introduction of Seawing, the Automated Kite System That Harnesses Natural Energy

"K" LINE has already decided to equip five ships, including two cape-size bulkers, with the Seawing automated kite system, which was developed by Airseas, and it expects to reduce its CO₂ emissions by over 20% by harnessing wind power. Additionally, "K" LINE and Airseas signed a technology development agreement with the goal of effectively utilizing renewable energy-based traction through Seawing. This agreement will maximize the performance of Seawing by combining "K" LINE's operational technology and Kawasaki Integrated Maritime

Solutions (integrated vessel operation and performance management system), which is installed on vessels, with Airseas' Seawing development technology and operational data. We will promote the reduction of our environmental impact by actively introducing environmental preservation technology, next-generation fuels, and other technologies and aim to realize net-zero GHG emissions by 2050 as stated in the "K" LINE Environmental Vision 2050, thereby achieving a sustainable society and improving corporate value.



The kite, which is installed on the bow of the vessel, is operated and deployed from the bridge.



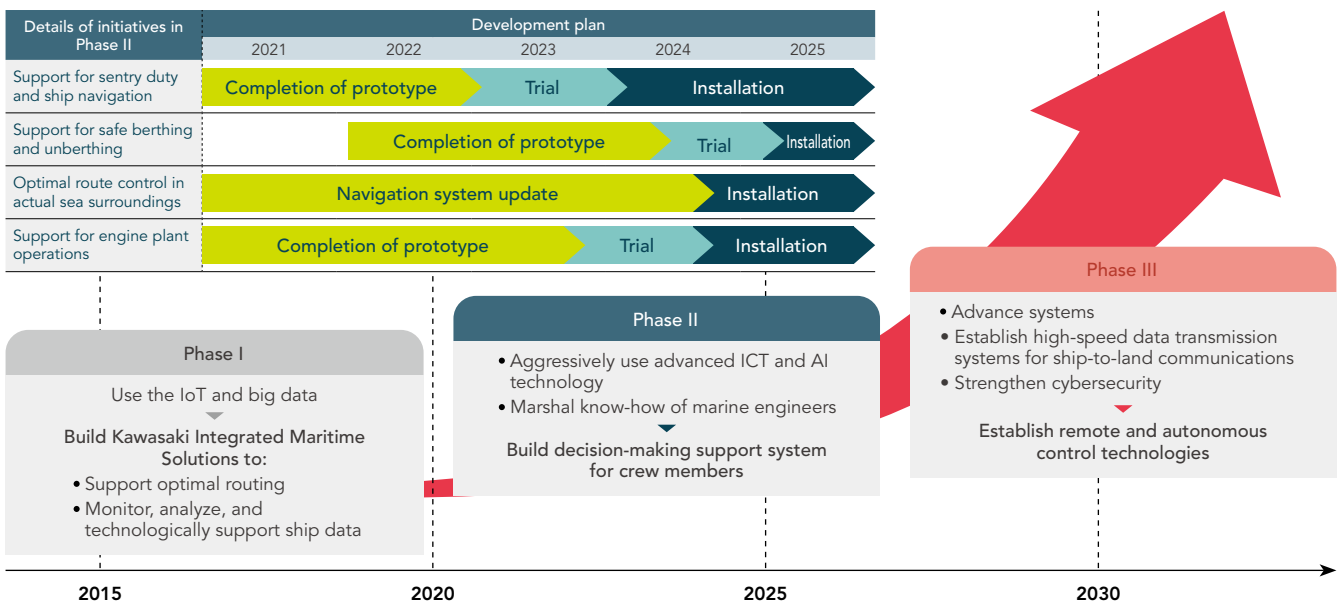
It assists the propulsion power of the vessel by utilizing wind power under fixed conditions for wind strength and direction.

"K"-Assist Project Initiatives

"K" LINE is engaging in the "K"-Assist project and is combining knowledge related to safety in navigation cultivated over many years and cutting-edge technology with the aim of maintaining safety in navigation. We aim to achieve this goal by reducing the environmental impact of crews through highly intelligent vessels and the achievement of autonomous operation of vessels in the future. This includes (1) support for sentry duty and ship

navigation, (2) support for safe berthing and unberthing, (3) optimal route control in actual sea surroundings, and (4) support for engine plant operations.

We will accelerate developments that contribute to enhancing safety, transportation quality, and environmental performance, including basic technology essential for autonomous operation of vessels in the future, with an eye to collaboration both inside and outside of the industry.

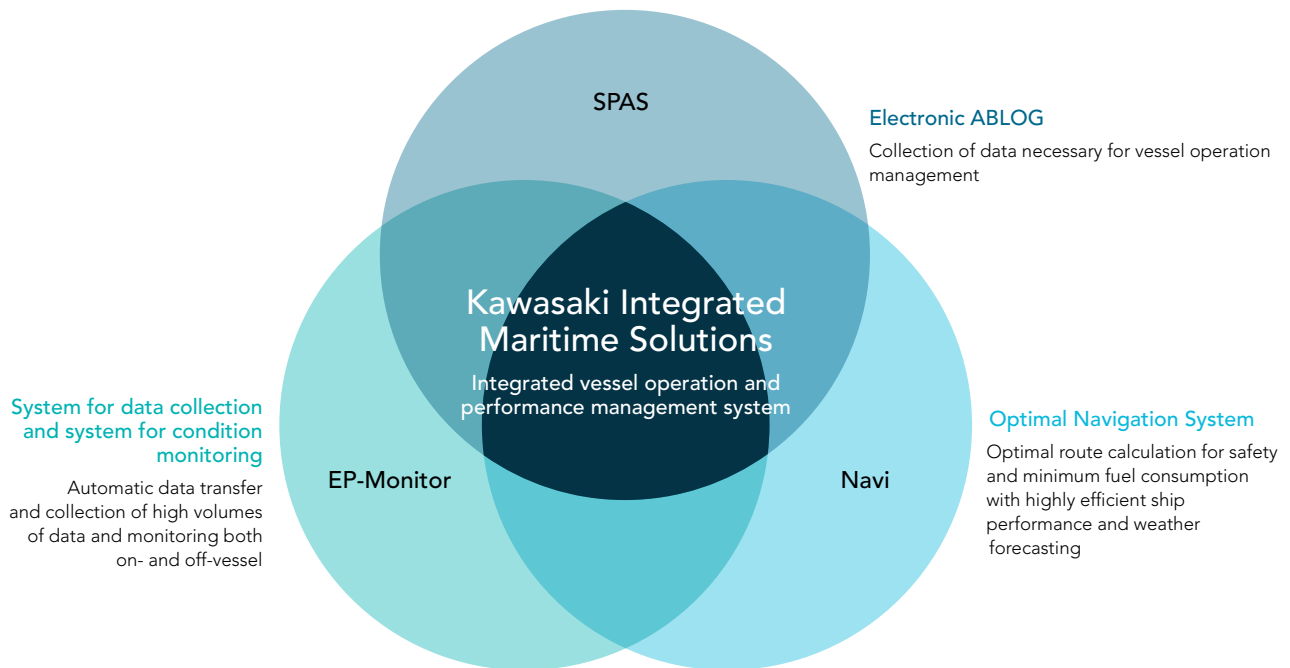


Kawasaki Integrated Maritime Solutions

"K" LINE utilizes Kawasaki Integrated Maritime Solutions (integrated vessel operation and performance management system) to maintain and improve safe and economic navigation of vessels in operation and environmental preservation. This comprehensive system, which we developed with the Kawasaki Heavy Industries Group, integrates a ship performance analysis system that evaluates the performance degradation of individual and series vessels, and an optimal navigation system that calculates safe and fuel-efficient recommended routes based on the latest meteorological data and actual ocean performance analysis models, with a data collection and monitoring system at the core. We are considering coordinating Seawing and the "K"-Assist project in the future.

Furthermore, from 2021 we have been expanding installation to medium- to long-term charter vessels and are installing Kawasaki Integrated Maritime Solutions on approximately 170 vessels, including owned vessels and charter vessels. We share the navigation data collected from these vessels through a common platform in the cloud with the vessel owner and management companies, in addition to the related departments at "K" LINE, with the aim of grasping the operating conditions in real time and in both directions, further advancing the operational management of the vessel. The system is also compatible with the CII rating system that begins in 2023. Additionally, introducing artificial intelligence (AI) data analysis technology has enabled highly accurate evaluation of operational performance.

Kawasaki Integrated Maritime Solutions (Integrated Vessel Operation and Performance Management System) Structure



ESG Performance

Latest Major Initiatives

Conducting Test Voyages Using Marine Biofuel

Using marine biofuel, “K” LINE conducted test voyages of a car carrier in November 2021, and a Supramax bulker in August 2022. In addition, Kawasaki Kinkai Kisen Kaisha, Ltd., one of our Group companies, also conducted a demonstration voyage of its large-scale, high-speed RORO vessel using next-generation biodiesel fuel.

Biofuels are made from renewable organic resources such as biomass and can be used in existing marine-use diesel engines without any need to alter specifications. Biofuels emit CO₂ after combustion, but the biomass that

serves as the raw material for such fuels can absorb CO₂ during its growth process. Furthermore, biofuels can be manufactured using waste and residuals such as used cooking oil and animal fat collected from restaurants and households. As a result, we can avoid the use of raw materials that compete with the food and animal feed markets. Biodiesel alone is expected to reduce CO₂ emissions by approximately 80% to 90% over its life cycle (from cultivation to end use as fuel) compared with conventional fossil fuels.

Commencement of Joint Research with Customers Aimed at Decarbonization

In July 2022, the “K” LINE Group signed a memorandum of understanding with Emirates Global Aluminium (EGA) to establish a working committee for collaborative research on decarbonization. The “K” LINE Group has long been engaged in the seaborne transportation of raw materials for EGA since 1979, when Dubai Aluminium, its predecessor company, was founded. The relationship between the two companies has deepened with the start of a long-term contract to transport five million tons of bauxite per year by cape-size bulker starting in 2019. Recently, the two companies agreed to collaborate together to reduce GHG emissions in marine transportation by leveraging their respective knowledge of new technologies, alternative fuels, and other fields potentially growing in the near future to achieve the common goal of net-zero emissions by 2050.

The “K” LINE Group also signed a memorandum of understanding with JSW Steel Ltd. in September 2022

to establish a working committee for collaborative research on decarbonization

The “K” LINE Group has been engaged in the seaborne transportation of raw materials for the JSW Group since 2006 and has deepened its partnership with the company through long-term contracts. Presently, a wide range of medium to large vessels are used to transport approximately 10 million tons of coal, iron ore, limestone, and other materials each year, including the abovementioned coastal transportation.

To respond accurately and flexibly to changing customer needs, “K” LINE will further deepen its partnerships with customers on a Groupwide basis by pursuing low-carbon and carbon-free activities related to marine transportation and will work together with partners to contribute to the global environment and society.

Formulation of the “K” LINE Group Basic Policy on Human Rights

“K” LINE formulated the “K” LINE Group Basic Policy on Human Rights using the UN Guiding Principles on Business and Human Rights as a guideline. This policy was formulated as a more concrete guideline for pursuing respect for human rights as set forth in the Group Charter

of Conduct, which is observed throughout the Group. Based on this policy, “K” LINE has begun implementation of full-scale human rights due diligence initiatives (see pages 60–62 for details).

Sustainable Finance

Significance of Sustainable Finance

Since setting 2030 interim milestones in the “K” LINE Environmental Vision 2050, we have been trying to minimize all kinds of environmental impacts resulting from our business activities. In this vision, we set the following interim milestones:

- Improve CO₂ emission efficiency by 50% compared with 2008 (beyond the International Maritime Organization [IMO] target of 40%)
- Pursue transportation and supply of new energy for a low-carbon society

Case Study: Climate Transition Loan

In March 2021, "K" LINE arranged an operating lease for its next-generation environmentally friendly LNG-fueled car carrier through a climate transition loan with Mizuho Bank Ltd. (MHBK) and Sumitomo Mitsui Trust Bank, Limited (SMTB). This loan is recognized as the very first climate transition finance transaction in Japan.

The loan was evaluated by the Japan Credit Rating Agency, Ltd., in line with the Climate Transition Finance Handbook published by the International Capital Market Association (ICMA) and it achieved the highest recognition, Green 1 (T), as an overall evaluation.

The aim of climate transition finance is to accelerate the efficient flow of financing to companies that address climate

change risks as material issues for their core business activities, and to move beyond conventional business procedures to achieve their GHG emission reduction targets to contribute to global goals for decarbonization.



[Transition Loan Framework](#) (Japanese only)



[Outline of Climate Transition Loan Framework](#)

► Use of Loan Proceeds

- The loan was used toward the purchase of an LNG-fueled car carrier, one of the concrete action plans in our environmental strategy.
- When compared with vessels powered by conventional heavy fuel oil, the vessel carrier is expected to be about 45% more energy efficient (Energy Efficiency Design Index [EEDI] basis), reduce sulfur oxides by about 100%, and reduce nitrogen oxides by 80% to 90% through the use of exhaust gas recirculation (EGR).
- The project is officially supported by the Ministry of the Environment and the Ministry of Land, Infrastructure, Transport and Tourism as "a model business using alternative fuels to reduce ship CO₂ emissions."

► Project Evaluation and Selection Process

- Following an evaluation and selection process by relevant departments to ensure that it met eligibility criteria, the project was approved by the Board.

► Management of Loan Proceeds

- The proceeds of the loan will be managed by cash flows determined by contracts among the relevant parties.
- All loan proceeds are tied to this specific project.
- Proceeds are tracked and managed through our internal accounting system.

► Reporting

- All funds procured from the loan have been used toward the purchase of the LNG-fueled vessel.
- GHG (CO₂) emissions from the vessel will be disclosed to the lenders annually.
- Our environmental strategy KPIs will be updated on our website accordingly.

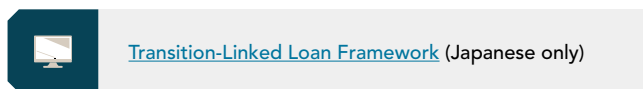
► Finance Outline

Finance scheme	Operating lease
Charterer	"K" LINE
Owner/Borrower	Leasing companies' special purpose company (SPC)
Agreement date	March 10, 2021
Loan amount	About ¥5.9 billion
Loan arranger	Mizuho Bank, Ltd. (MHBK)
Loan co-arranger	Sumitomo Mitsui Trust Bank, Limited (SMTB)
Transition structuring agent	MHBK, Mizuho Securities Co., Ltd., SMTB
Lender	MHBK, SMTB
Use of proceeds	Purchase of a next-generation environmentally friendly LNG-fueled car carrier
Evaluator	Japan Credit Rating Agency, Ltd.
Overall evaluation	Green 1 (T)



Transition-Linked Loan

Below are details of Japan's first transition-linked loan, and one of the largest-scale unspecified purpose loans to be linked with sustainability performance targets (SPTs).



► Sustainability Performance Targets (SPTs)

This transition-linked loan stipulates the following three SPTs:

- SPT 1:** Total yearly GHG emissions throughout the loan term
(Target: 50% reduction by 2050 compared with 2008)
- SPT 2:** Yearly CO₂ emissions per ton-mile throughout the loan term
(Target: 50% reduction by 2030 compared with 2008)
- SPT 3:** CDP rating of A- or higher

Note: All of the above SPTs are connected with a matrix table of loan interest to promote our transition strategy.

► Finance Outline





Finance scheme	Transition-linked loan
Borrower	"K" LINE
Loan amount	About ¥110 billion
Loan term	Five years
Loan agreement date	September 27, 2021
Loan arranger	Mizuho Bank, Ltd. (MHBK)
Loan co-arranger	Development Bank of Japan Inc. (DBJ), Sumitomo Mitsui Trust Bank, Limited (SMTB)
Lender	Kansai Mirai Bank, Limited, THE SAIKYO BANK, LTD., THE SAN-IN GODO BANK, LTD., San ju San Bank, Ltd., Shinkin Central Bank, Suruga Bank Ltd., The Chugoku Bank, Limited, THE TOCHIGI BANK, LTD., DBJ, The Norinchukin Bank, The Hachijuni Bank, Ltd., The Higo Bank, Ltd., The Hyakujushi Bank, Ltd., The Hokuriku Bank, Ltd., MHBK, Mizuho Trust & Banking Co., Ltd., SMTB, The Yamaguchi Bank, Ltd., The Bank of Yokohama, Ltd., and other lenders
Transition structuring agent	Mizuho Securities Co., Ltd., MHBK
Evaluator	Japan Credit Rating Agency, Ltd.
Target SPTs	① Total GHG emissions ② CO ₂ emissions per ton-mile ③ CDP rating



Note: By linking all of the above SPTs and interest rate terms in a matrix, it becomes a system for committing to the implementation of each of our transition strategies.

■ External Recognition





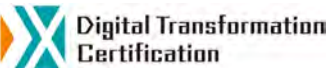


"K" LINE has received recognition for its efforts in non-financial areas such as CSR and ESG activities, including inclusion in major global ESG investment indices and the receipt of various awards.

Inclusion in ESG Investment Indices

Overview	
 <p>Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA</p>	<ul style="list-style-type: none"> • Dow Jones Sustainability Asia/Pacific Index <p>Provided by U.S.-based S&P Dow Jones Indices LLC, this ESG index evaluates the sustainability of the world's leading companies based on economic, environmental, and social criteria.</p> <p>https://www.spglobal.com/esg/performance/indices/djsi-index-family</p>
 <p>FTSE4Good</p>	<ul style="list-style-type: none"> • FTSE4Good Index <p>This investment index was developed by FTSE Russell, which is wholly owned by the London Stock Exchange Group, and its constituents are selected from companies around the world that have demonstrated outstanding performance in their environmental, social, and governance (ESG) efforts. It is also widely used to create and evaluate sustainable investment funds and other financial instruments.</p> <p>https://www.ftserussell.com/products/indices/ftse4good</p>
 <p>FTSE Blossom Japan</p>	<ul style="list-style-type: none"> • FTSE Blossom Japan Index <p>Using FTSE Russell's ESG rating methodology, this index is designed to measure the performance of Japanese companies that demonstrate outstanding responses from an ESG perspective and is widely used to create and evaluate sustainable investment funds and other financial instruments.</p> <p>https://www.ftserussell.com/products/indices/blossom-japan</p>
 <p>FTSE Blossom Japan Sector Relative Index</p>	<ul style="list-style-type: none"> • FTSE Blossom Japan Sector Relative Index <p>Created by FTSE Russell, this index is designed to be sector neutral as, in addition to ESG assessments, it screens eligible companies using an assessment of the size of a company's environmental footprint and its management of corporate climate change risks.</p> <p>https://www.ftserussell.com/products/indices/blossom-japan</p>









<p>2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)</p>	<ul style="list-style-type: none"> • MSCI Japan Empowering Women Index (WIN) <p>Developed by U.S.-based Morgan Stanley Capital International Inc. (MSCI), this is a stock price index that was created to classify companies with outstanding gender diversity based on MSCI's unique Gender Diversity Score.</p> <p>https://www.msci.com/our-solutions/indices/japan-empowering-women-index</p> <p>Note: THE INCLUSION OF KAWASAKI KISEN KAISHA, LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF KAWASAKI KISEN KAISHA, LTD. BY MSCI OR ANY OF ITS AFFILIATES.</p>
	<ul style="list-style-type: none"> • S&P/JPX Carbon Efficient Index <p>One of the ESG indices adopted by the Government Pension Investment Fund (GPIF), this index focuses on environmental issues and measures the performance of companies by evaluating their levels of information disclosure on carbon emissions, as well as their carbon emissions per unit of revenue.</p> <p>https://www.jpjx.co.jp/english/markets/indices/carbon-efficient/index.html</p>
	<ul style="list-style-type: none"> • Sompo Sustainability Index <p>This ESG-focused management product, which Sompo Asset Management Co., Ltd. began operating in August 2012, consists of approximately 300 stocks that have outstanding ESG performance and is used to build a sustainable management portfolio.</p> <p>https://www.sompo-am.co.jp/institutional/product/06/ (Japanese only)</p>

Major Awards and Recognition

Contents	
	<ul style="list-style-type: none"> • CDP 2022 Climate Change A List <p>"K" LINE has been selected for the 7th consecutive year on the Climate Change A List, achieving an A, the highest score in the CDP's Climate category.</p> <p>https://www.cdp.net/en/companies/companies-scores</p>
	<ul style="list-style-type: none"> • Nikkei SDGs Management Survey <p>Nikkei Research Inc. evaluated "K" LINE with a 4.0-star rating.</p> <p>https://www.nikkei-r.co.jp/service/survey/sdgs_survey/ (Japanese only)</p>
	<ul style="list-style-type: none"> • Ministry of Health, Labour and Welfare <p>"K" LINE was granted Kurumin certification for the third time, as a company that provides superior support for childcare.</p> <p>https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/kodomo/shokuba_kosodate/kurumin/index.html (Japanese only)</p>
	<ul style="list-style-type: none"> • Ministry of Economy, Trade and Industry / Japan Health Council <p>"K" LINE has been recognized for the fourth time in three consecutive years under the 2022 Health & Productivity Management Organization Recognition Program (large enterprise category), which is jointly hosted by the Ministry of Economy, Trade and Industry and the Japan Health Council. The program recognizes companies for their outstanding health and productivity management efforts.</p> <p>https://www.kyoukaikenpo.or.jp/~media/Files/shiga/kenkou/ev/r03zoom-kkeiei0811.pdf (Japanese only)</p>
	<ul style="list-style-type: none"> • Ministry of Economy, Trade and Industry <p>"K" LINE was selected as a "DX Certified Business Operator" under the DX Certification established by the Ministry of Economy, Trade and Industry in April 2022.</p> <p>https://www.meti.go.jp/policy/it_policy/investment/dx-nintei/dx-nintei.html (Japanese only)</p> <p>https://www.kline.co.jp/ja/news/other/other-705399405708498818/main/0/link/220404JA.pdf (Japanese only)</p>
	<ul style="list-style-type: none"> • Daiwa Investor Relations Co. Ltd. <p>"K" LINE was granted the Excellence Award in 2022. Each year, Daiwa Investor Relations Co. Ltd. evaluates and grades the online disclosure of information by listed companies through their investor relations (IR) websites, granting awards to the top-performing companies.</p> <p>https://www.daiwair.co.jp/news/internet_IR2022.html (Japanese only)</p>
	<ul style="list-style-type: none"> • EcoVadis <p>"K" LINE was awarded a Bronze rating for overall sustainability initiatives in 2022 by EcoVadis, an internationally recognized provider of business sustainability ratings based in France.</p> <p>https://ecovadis.com/</p>

Participation in External Initiatives

"K" LINE aims to strengthen its sustainability efforts by deepening its partnerships with various institutions, companies, and organizations by participating in external initiatives.

Initiative / Name of organization	Overview
	<p>United Nations Global Compact</p> <p>The United Nations Global Compact (UNGC) is a voluntary initiative in which companies and organizations act as good members of society and participate in the creation of a global framework for sustainable growth by demonstrating responsible and creative leadership. The signatory companies and organizations are required to support and practice the Ten Principles of the UNGC in the four areas of human rights, labor, environment, and anti-corruption.</p> <p>"K" LINE endorses this initiative and has been a participant since April 2020. We are also a member of the Global Compact Network Japan (GCNJ), and actively participate in their subcommittees in which member companies and organizations engage in theme-based discussions and information exchanges on how to proceed with relevant efforts.</p> <p>https://www.unglobalcompact.org/</p>
	<p>GX League</p> <p>The GX (Green Transformation) League Basic Concept, announced by the Ministry of Economy, Trade and Industry in February 2022, is a platform for supporting companies in collaborating with industry, government, and academia to discuss visions for a sustainable future, market creation and rule-making, and voluntary emissions trading with the aim of achieving carbon neutrality and social change by 2050. "K" LINE has participated as an endorsing company since 2022 and will continue to hold discussions and pilot initiatives in collaboration with other companies.</p> <p>https://gx-league.go.jp/ (Japanese only)</p>
	<p>TCFD Consortium</p> <p>The TCFD Consortium was established as a platform for companies that endorse the TCFD's recommendations to discuss effective information disclosure and initiatives for linking disclosed information to facilitate appropriate investment decisions by financial and other institutions.</p> <p>https://tcf-consortium.jp/en</p>
	<p>Japan Climate Initiative</p> <p>The Japan Climate Initiative (JCI) is a network established in July 2018 with the aim of improving the dissemination of ideas and exchange of opinions among corporations, municipalities, NGOs, and other institutions that are actively working to implement climate change countermeasures. "K" LINE has participated in the initiative since 2020 and is working together with participating members to achieve the target of net-zero emissions.</p> <p>https://japanclimate.org/english/</p>
	<p>Getting to Zero Coalition</p> <p>The Getting to Zero Coalition is a business alliance established with the aim of promoting decarbonization in the maritime industry and comprises key stakeholders from across the maritime sector, including shippers, ship classification societies, financial institutions, and shipbuilders. The Company has been a member since 2019, and the organization has set a goal to realize zero-emissions fuel operations for vessels on a commercial basis by 2030 in order to meet the 2050 target of zero GHG emissions.</p> <p>https://www.globalmaritimeforum.org/getting-to-zero-coalition</p>
	<p>Plastics Smart</p> <p>The Ministry of the Environment has launched a campaign called Plastics Smart—for Sustainable Oceans to encourage a wide range of entities, including individuals, municipalities, NGOs, corporations, and research institutions, to work together to solve the problem of plastics in the world's oceans. The Company participates in this initiative through efforts such as collecting and recycling plastic bottle caps and conducting joint research on microplastics with Tokyo University of Marine Science and Technology.</p> <p>http://plastics-smart.env.go.jp/ (Japanese only)</p>
	<p>Keidanren Initiative for Biodiversity Conservation</p> <p>This is a compilation of future-oriented policies and concrete examples of initiatives submitted by companies and organizations that endorse the Declaration of Biodiversity by Keidanren, a declaration formulated by Keidanren (the Japanese Business Federation) and the Keidanren Committee on Nature Conservation. The Company has endorsed this initiative since 2020 and will continue to promote efforts to conserve biodiversity under the guidelines set forth in the "K" LINE Environmental Vision 2050.</p> <p>https://www.keidanren-biodiversity.jp/logo_en.php</p>
	<p>Challenge Zero</p> <p>Challenge Zero is an initiative in which Keidanren works in partnership with the Japanese government to strongly communicate both within Japan and overseas the innovative initiatives that companies and organizations are pursuing to realize a carbon-free society. The initiative also encourages collaboration among industry, academia, and government to attract ESG investment and spur innovation. Since endorsing the initiative in June 2020, the Company has announced several specific initiatives such as demonstration tests of Seawing, an automatic kite system that uses natural energy, and a liquefied hydrogen carrier.</p> <p>https://www.challenge-zero.jp/en/</p>

SECTION

04 | Environmental



Environmental Management

“K” LINE Group Environmental Policy

“K” LINE Group Environmental Policy

The “K” LINE Group is aware that our business activities can impact on the global environment, and we therefore set forth in our environmental policy our determination and commitment to minimize the impact of our business activities on the global environment.

So that we can successfully promote our environmental activities in accordance with the environmental policy, the Corporate Sustainability Management Committee, which is led by the president & CEO, discusses and develops policies for promoting the sustainability activities of the entire “K” LINE Group with two subcommittees: the Sustainability Sub-Committee and the Environmental Sub-Committee. The Environmental Sub-Committee meets twice a year,

bringing together top management and the environmental managers, assistant environmental managers, and sub-assistant environmental managers from each division of the Company to prepare basic plans and set targets on environmental matters for the Group, monitor progress toward these targets, evaluate the results, and reconfirm or review the targets.

In addition, all Group companies come together so that the entire staff working for the “K” LINE Group unites to promote environmental activities, and we hold a Group Environmental Conference every year to discuss and share awareness of current environmental issues.

“K” LINE Group Environmental Policy

► Core Concept

The “K” LINE Group is aware and recognizes that addressing environmental concerns is an issue shared by all mankind. Therefore, the “K” LINE Group is taking proactive measures as an essential condition for its existence and for conducting a business enterprise, striving to reduce the environmental impact of its business activities, and seeking to contribute to the development of a sustainable society.

► Conduct Guidelines

1. We are setting objectives and targets for environmental preservation and making improvements on an ongoing basis to reduce the impact on the environment from our business activities. Furthermore, we are complying with all environmental treaties, laws, and regulations as well as policies and voluntary standards to which the “K” LINE Group has consented.
2. We are striving to protect the global and marine environment through fleet-wide implementation of safe operation practices and are establishing the organizations and structures necessary for such implementation.
3. We are promoting research, development, and introduction of ship facilities and equipment to improve ship energy efficiency and operating efficiency, which results in reduction of greenhouse gas emissions and the prevention of atmospheric pollution.
4. In consideration of biodiversity, we are maintaining an awareness of the impact that the transport of ballast water and living organisms that attach to ship hulls have on ecosystems and are working to protect those ecosystems.
5. We are contributing to establishing a recycle-based society by promoting the 3Rs (reduce, reuse, and recycle) and promoting the effective re-use of resources, including ship recycling.
6. The entire “K” LINE Group is and will continue to support and participate in social contribution activities intended to protect the environment.
7. We are conducting education and training programs to elevate awareness and understanding of environmental preservation issues among each member of the entire “K” LINE Group.

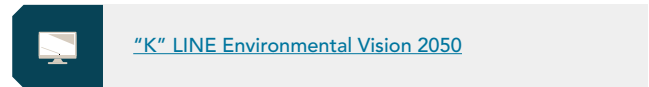
Revised in August 2012

"K" LINE Environmental Vision 2050: Long-Term Environmental Guidelines for 2050

Revised "K" LINE Environmental Vision 2050: 2050 Goals and 2030 Interim Milestones

We successfully achieved most of the 2019 interim milestones of the "K" LINE Environmental Vision 2050, which was formulated by the "K" LINE Group in March 2015. At the same time, we recognize that the business environment and demands of customers have changed since the formulation of the vision and there is a need to respond to the impact of climate change and the increasing demands for decarbonization. Accordingly, in June 2020, we announced our revised "K" LINE Environmental Vision 2050,

with targets reorganized around the two issues of decarbonization and the aim for zero environmental impact. This vision shows the formulation of new 2050 goals and 2030 interim milestones.

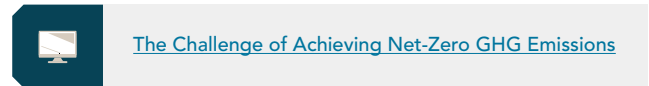


["K" LINE Environmental Vision 2050](#)

Revision of 2050 Targets: The Challenge of Achieving Net-Zero GHG Emissions

In November 2021, we revised the 2050 goals for decarbonization in the "K" LINE Environmental Vision 2050. Reinforcement of global climate change countermeasures has become an urgent issue and the drive to achieve net-zero greenhouse gas (GHG) emissions by 2050 is gaining momentum in every country and every industry. Amid these circumstances, the Group is also taking on the challenge of

raising our target even further to net-zero GHG emissions by 2050.



[The Challenge of Achieving Net-Zero GHG Emissions](#)

System

Environmental Management System

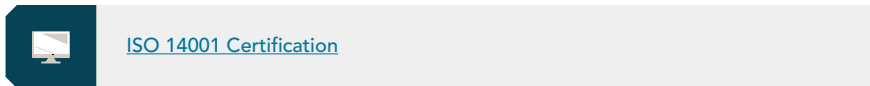
► Establishment of an Environmental Management System (EMS)



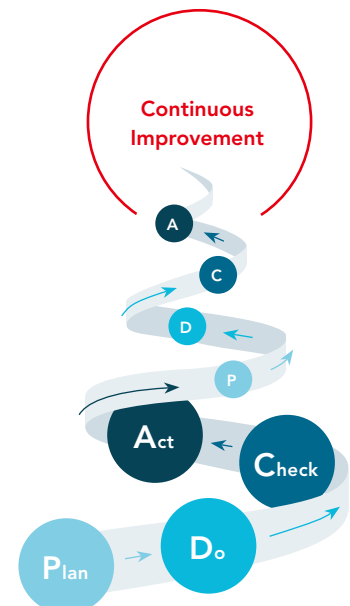
We have established an EMS based on ISO 14001*1 and operate it to make constant improvements by identifying environmental impacts and minimizing them. We implemented the EMS in February 2002, after obtaining certification from a third-party organization. Since then, we have been striving to enhance our environmental activities by using annual reviews and renewal periods to check and ensure that our EMS complies with the ISO 14001 standard, is conducted in line with the PDCA cycle,*2 and is improved and corrected accordingly.

*1 ISO 14001 is an international EMS standard set by the International Organization for Standardization (ISO). Requirements for the EMS are stipulated in ISO 14001.

*2 Processes are separated into four steps: plan, do, check, and act. Following this cycle is one management method to continuously improve business activities.



[ISO 14001 Certification](#)



► Acquisition Status of Environmental Certification

"K" LINE Group companies have acquired various environmental certifications, including ISO 14001, and we are making a Groupwide commitment to environmental protection. Group companies that have acquired ISO 14001 certification account for around 79% of our Groupwide net sales.



[Acquisition Status of Environmental Certification](#)

■ Environmental Targets and Results

Action Plan / Environmental Targets

Based on our environmental management system (EMS), we continuously run our PDCA cycle. We have set our environmental targets for the year in line with the "K" LINE Environmental Vision 2050 and "K" LINE Group Environmental Policy. We have appropriately reviewed our achievements and have used these outcomes to set our targets for next year. These environmental targets include

not only measures related to ship operations but also specific measures for office sites, such as the reduction of both water consumption and waste.



[Environmental Targets for 2022](#)

Results of Our Environmental Activities



[2021 Results](#)

Response to Climate Change

Approach

Environmental Initiatives and Response to the TCFD

Climate change is expected to expose humankind to major physical risks, such as serious natural disasters.

In June 2020, we reviewed our “K” LINE Environmental Vision 2050, and based on the results of the scenario analysis proposed by the Task Force on Climate-related Financial Disclosures (TCFD), identified issues to be addressed and revised some targets.

Furthermore, in November 2021, we recognized global climate change countermeasures as an issue that must be

strengthened by the entire international community, and we therefore set a higher challenge of net-zero GHG emissions by 2050.

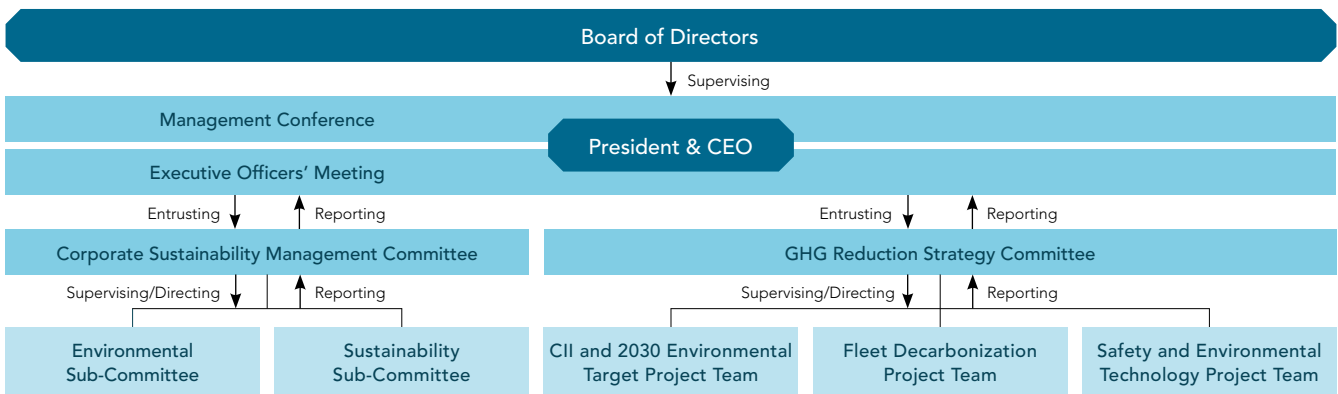
In addition, as a long-term vision in our medium-term management plan announced in May 2022, we are committed to smoothly switching to other forms of energy for our company and society. We will promote the realization to a low-carbon and carbon-free society.

Environmental Governance

Governance System for Environmental Risks and Opportunities

In April 2021, the “K” LINE Group restructured the existing organization and reformed the promotion system for sustainability to ensure it is a key management objective. The Corporate Sustainability Management Committee, chaired by the president & CEO, is enhancing corporate value by reviewing and formulating a promotion system for the “K” LINE Group’s sustainability management. Additionally, in October 2021, we established the new GHG Reduction Strategy Committee by integrating the Alternative Fuel Project Committee, which is in charge of accelerating initiatives for conventional vessels fueled by liquefied natural gas (LNG) and the LNG fuel supply business and examining next-generation fuel and new technologies,

with the Environment/Technology Committee, which formulates measures for compliance with environmental regulations, including technical aspects. Each of these two committees functions as a forum for strategic discussions. The Environmental Sub-Committee, a subcommittee under the Corporate Sustainability Management Committee, is responsible for operating the environmental management system (EMS) formulated in accordance with the “K” LINE Group Environmental Policy and the standards of the International Organization for Standardization (ISO). The subcommittee is also responsible for promoting other environmental activities.



Risks and Opportunities

Implementing Scenario Analysis

The Paris Agreement sets out a long-term target to pursue efforts to limit the average global temperature rise to 1.5°C, well below 2°C, compared to preindustrial levels.

In the spirit of the Paris Agreement, the International Maritime Organization (IMO), a specialized United Nations agency for maritime issues, has set targets and measures for international shipping activities. We are working to reduce the GHG emissions from our business activities in line with the IMO's policies, but we recognize that efforts to

reduce GHG emissions may be insufficient, and that the 4°C warming scenario and the intensification of physical risk is a possibility. The Group must build the resilience to adapt to those conditions to ensure that its business operations will continue. We have formulated road maps for how the Group should prepare for the anticipated negative (risks) and positive (opportunities) aspects of both the below 2°C warming scenario and the 4°C warming scenario.

Scenario 1 Mainly transition risks related to the shift to a carbon-free society

- Stricter regulations, such as a carbon tax
- Customer actions to realize low or zero-carbon emissions
- Carbon capture and reuse, hydrogen, and other technologies enabling low-carbon and carbon-free energy
- Need for new low-carbon and carbon-free energy supply and transportation

Scenario 2 Mainly physical risks due to climate change

- | | |
|---|--|
| <p>Natural disasters (acute risk)</p> <ul style="list-style-type: none"> • More typhoons and cyclones • Intensifying natural disasters | <p>Changes in the natural environment (chronic risk)</p> <ul style="list-style-type: none"> • Rising sea levels • Changes in the land environment • Changes in the ocean environment |
|---|--|

What We Must Do

- Hardware**
- Install energy-saving equipment to improve ship operating efficiency
 - Launch ships with low-carbon or zero-emissions new fuels and propulsion technologies
 - Make ships physically stronger

- Software**
- Enhance digital and automation technologies to make operations safer and more efficient
 - Raise employee awareness and provide training in new technologies
 - Construct a corporate structure capable of flexibly responding to needs, such as for reconstruction assistance

- Business activities**
- Develop and enter new energy supply and transportation businesses
 - Prepare fleet for new transportation technologies
 - Increase capability for green ship recycling
 - Participate in collection and study of marine plastic pollution
 - Increase dialogue with administrators involved in improving port facilities, roads, and other infrastructure
 - Increase involvement in policy-making with governments, the United Nations, and NGOs

Indicators and Targets

Aim for Net-Zero GHG Emissions

We will steadily promote an action plan for achieving the interim milestones for 2030 that have been set out in our "K" LINE Environmental Vision 2050.

We will take on the new challenge of achieving net-zero GHG emissions as a target for 2050. We will aim to help enrich the lives of people by also promoting support for the shift to a carbon-free society.

2030 Interim Milestones

- "K" LINE low-carbon transition:
Improve CO₂ emissions efficiency by 50% compared with 2008 levels
- Support development of a low-carbon society:
Transport and supply new energy for a low-carbon society

2050 Targets

- "K" LINE decarbonization:
The challenge of net-zero GHG emissions
- Support the shift to a carbon-free society:
Be the transporter and supplier of new energy

Strategies and Initiatives

“K” LINE Low-Carbon and Carbon-Free Transition

While taking on the challenge of achieving net-zero GHG emissions in 2050, we will first work toward achieving the 2030 interim milestones set out in the “K” LINE Environmental Vision 2050 by making the shift toward ships fueled by LNG, ships fueled by liquefied petroleum gas (LPG), and ships that use new zero-emission fuels such as ammonia and hydrogen, from the perspective of achieving low-carbon and carbon-free transition at “K” LINE. Additionally, we will promote initiatives for reducing CO₂ emissions, such as using the Seawing automated kite system (wind propulsion) and Kawasaki Integrated Maritime Solutions (integrated vessel operation and performance management system).

1. New Fuels (Fuel Conversion)

Expand introduction of LNG-fueled ships

- Expanding introduction of LNG-fueled ships in the 2020s, investing in approximately 40 vessels by 2030
 - Delivered “K” LINE’s first LNG-fueled car carrier, *CENTURY HIGHWAY GREEN*, in March 2021
 - Plan to deliver “K” LINE’s first LNG-fueled cape-size bulk carrier in 2024
 - Decided to invest in a further eight LNG-fueled car carriers by 2025

Approximately 25% to 30% reduction in CO₂ emissions compared with heavy-oil fueled vessels



CENTURY HIGHWAY GREEN

Introduce LPG-fueled ships

- A very large gas carrier (VLGC), which is mainly fueled by LPG and capable of carrying LPG or ammonia, with a view to transporting ammonia in the future (planned delivery in 2023)

Approximately 20% reduction in CO₂ emissions compared with heavy-oil fueled vessels



Photograph provided by Kawasaki Heavy Industries, Ltd.

Introduce zero-emission vessels that use new fuels such as ammonia and hydrogen

- Considering the introduction of zero-emission fuels, such as ammonia and hydrogen, and carbon-neutral fuels, such as bio-LNG and synthetic fuel
- Implementing trial voyages using biofuels for vessels
- Participating in a joint study framework for researching the use of ammonia as a maritime fuel that crosses industrial boundaries, such as those between shipping companies, trading companies, shippers, and manufacturers, with the aim of using ammonia-fueled vessels
- Considering the target of commercialization and the introduction of zero-emission vessels in the second half of the 2020s
- Launching collaborative research on decarbonization with JSW STEEL
- Launching collaborative research on decarbonization with Emirates Global Aluminium
- Confirming construction of hybrid EV tugboats equipped with large-capacity lithium-ion batteries and generators

Zero CO₂ emissions



Photographs provided by the Japan Ship Technology Research Association

▶ 2. Seawing Automated Kite System That Utilizes Wind Power Propulsion

- Developed in collaboration with French company Airseas, a spin-off from Airbus
- Considering expanding the use of this new technology, which can be installed on any type of vessel, including existing ones, to all vessels
 - ▶ Installation on a cape-size bulk carrier scheduled to begin in fiscal 2022

Expecting a reduction in CO₂ emissions of more than 20%
Pursuing a 45% to 50% reduction in CO₂ emissions through the synergistic effect of installation on LNG-fueled vessels



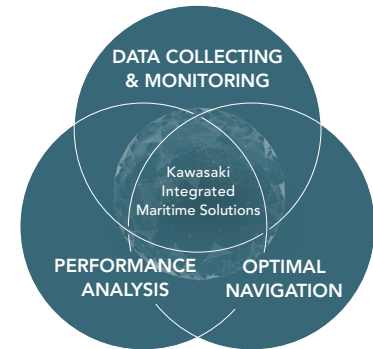
LNG-fueled cape-size bulk carrier

▶ 3. Improvement of Operational Efficiency

Kawasaki Integrated Maritime Solutions (Integrated vessel operation and performance management system)

- Collects vessel operation data in real time, including fuel consumption, output power, and ship speed, and pursues the improved operational management of the vessel by using an optimal navigation system that calculates safe and fuel-efficient recommended routes
- Recently achieved visualization of performance degradation and impact of external disruption for each individual vessel using AI data analysis technology to further maintain and improve operational efficiency

Approximately 3% to 5% reduction in CO₂ emissions through installation of Kawasaki Integrated Maritime Solutions

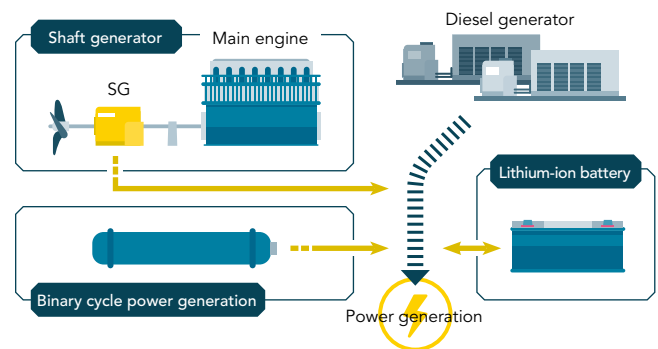


▶ 4. Other Energy-Efficient and Decarbonization Technology and Equipment

Hybrid propulsion system

- Considering a hybrid propulsion system that combines a shaft generator, binary cycle power generation,* and lithium-ion batteries

* A method of generating electricity by heating and evaporating a working fluid with a low boiling point through low-level heat sources, such as warm water, low-pressure steam, or air, and using the steam to turn a turbine



CO₂ capture plant on a vessel

- World's first CO₂ capture plant on a vessel installed on coal carrier *CORONA UTILITY* as part of demonstration projects for Carbon Capture on the Ocean (CC-OCEAN), an offshore CO₂ capture and storage plant, together with Mitsubishi Shipbuilding Co., Ltd., and Nippon Kaiji Kyokai (ClassNK)
- CC-OCEAN project wins Marine Engineering of the Year (Doko Memorial Award) 2021



▶ 5. Raising Funds through Climate Transition

- Raised funds through Japan's first climate transition loan (purpose specified finance) for the LNG-fueled car carrier, *CENTURY HIGHWAY GREEN*, in March 2021
- Raised approximately ¥110 billion through Japan's first transition-linked loan (TLL) (purpose unspecified finance) in September 2021. Funds to be used to finance a range of environmental countermeasures aimed at decarbonization

▶ 6. Launch of Internal Carbon Pricing

- Full-scale internal launch of operation in April 2021. From fiscal 2022, this has been calculated with reference to an economic index that takes into account a future earnings contribution of ¥7,000 per ton of CO₂
- Promote low-carbon transition and decarbonization projects by using them as an indicator for the evaluation of investment projects

Supporting the Development of a Low-Carbon and Carbon-Free Society

We will promote initiatives, such as supporting the offshore wind power business, participating in and creating a fuel supply network for the hydrogen and ammonia transportation business, and participating in the CO₂ transportation business, as a target for supporting the development of a low-carbon and carbon-free society set out in the "K" LINE Environmental Vision 2050, which aims to achieve net-zero GHG emissions by 2050.

▶ 1. Support Offshore Wind Power Business

- Establishment of "K" Line Wind Service, Ltd., together with Kawasaki Kinkai Kisen Kaisha, Ltd., and provision of offshore support vessels and transport vessels for offshore wind farm businesses
- Supporting of target set by the Japanese government for the introduction of offshore wind power generation of 30 gigawatts to 45 gigawatts by 2040 from an operational and transportation perspective
- Launching of collaboration with Penta-Ocean Construction Co., Ltd., on ship management and other activities in the field of offshore wind power construction and maintenance



Offshore support vessel

▶ 2. Participate in Transportation of Hydrogen and Ammonia, and Create Fuel Supply Network

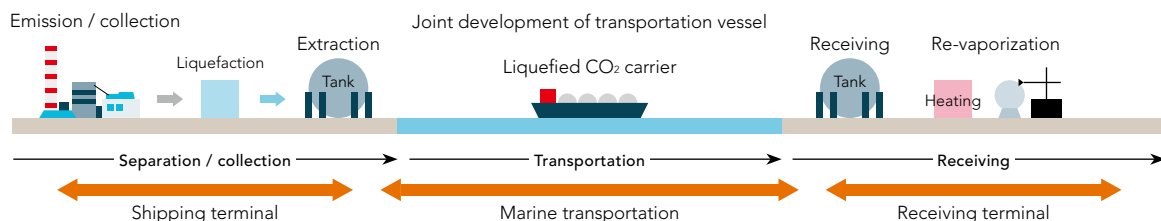
- Participation in CO₂-free Hydrogen Energy Supply-chain Technology Research Association (HySTRA) with the aim of creating an international supply chain for the transportation to Japan of CO₂-free hydrogen made from Australian brown coal. Implemented the world's first verification tests for long-distance marine transportation in February 2022
- Considering re-entry into the ammonia transportation business
- Considering participation in the project to create a supply network for hydrogen and ammonia at all sites



Photograph provided by Kawasaki Heavy Industries, Ltd.

▶ 3. Participate in CO₂ Transportation Business

- Participation in R&D and demonstration project for CO₂ marine transportation together with the Engineering Advancement Association of Japan, Nippon Gas Line Co., Ltd., and Ochanomizu University. Completion of construction for demonstration project vessel scheduled for December 2023



- Entry into long-term contracts with Northern Lights for two liquefied CO₂ vessels. The ships will be delivered in 2024 and will contribute to the world's first full-scale carbon capture and storage (CCS) value chain.

▶ 4. Other Initiatives

- Collaborate with Chubu Electric Power Co., Inc., on a tidal energy project in Canada (aim to begin operation in 2023)
- Looking into carbon credits, carbon offsets, etc.
- Participate in international think tank Global CCS Institute
- Participate in joint CCS study in Malaysia

Note: The offsetting of carbon emissions may be carried out through an internationally accepted method in the future

Response to Digital Transformation (DX)

Reduction of Environmental Impact by Utilizing DX

▶ 1. Enhance Platform for Analyzing Data from Ship Operations and Visualize CO₂ Emissions

Kawasaki Integrated Maritime Solutions (integrated vessel operations and performance management system) gathers, analyzes, and compiles ship operations data from each ship. It monitors in real time not only their propulsion performance and engine plant status but also the real-time

visualization and confirmation of various environmental factors, including volume of fuel consumption, CO₂ emissions, and current Carbon Intensity Indicator (CII) rating. Furthermore, we are engaging in modernizing the current system and reinforcing it as a core system that supports DX.

▶ 2. Utilize Data Analysis Technology That Employs AI

By integrating the latest AI analysis technology introduced in 2021 with high-quality operational data that "K" LINE has accumulated from vessels over the past 20 years, we have been able to visualize the impact of external disruptions for each individual vessel and accurately evaluate performance without this impact. Additionally, using data on weather

and sea conditions, as well as a performance analysis model of each vessel, our optimal ship operations support systems calculate recommended routes for ships, enabling safe and economical ship navigation while reducing the burden on the environment.

Related Data

CO₂ Emissions of "K" LINE Group

Category		2017	2018	2019	2020	2021
Scope 1		13,417,625	12,536,134	10,325,224	9,202,613	6,583,464
Scope 2	Location basis	30,505	27,306	26,397	25,191	13,769
	Market basis	25,019	23,135	26,220	21,780	13,515
Scope 3		1,516,445	1,424,198	1,304,803	1,219,525	4,566,051

Note: The scope of aggregation has been revised from 2021. Vessels not under our operations are excluded for Scope 1 and container vessels are included for Scope 3.

Fuel Oil Consumption

	2017	2018	2019	2020	2021
Fuel oil	4,101,514	3,823,776	3,140,039	2,809,074	1,980,630

Note: The scope of aggregation has been revised from 2021. Vessels not under our operation are excluded.

Greenhouse Gas (GHG) Emissions per Deadweight Ton-Mile*

	2017	2018	2019	2020	2021
All types of vessels	5.36	5.32	4.82	4.49	4.10

* Index for transporting one ton of cargo one nautical mile (1,852 meters), based on deadweight tonnage (DWT).

Note: The scope of aggregation has been revised from 2021. Vessels not under our operation are excluded.

Reducing "K" LINE's Impact on the Sea and Air

Approach

Basic Principle

Safety in navigation and cargo operations is an immutable mission in a shipping business. The "K" LINE Group contributes to society through safety in cargo and navigation operations by providing safe and optimized services, as stated in our corporate principle and vision. At the same

time, we will contribute to reducing our impact on the sea and air, continue promoting efforts to reduce oil spill accidents to zero, and reduce the environmental impact from vessel operations.

Key Targets

Promoting Efforts to Reduce Oil Spill Accidents to Zero

- Strengthen safety in navigation (use the optimal navigation support system and develop automatic ship navigation for vessel steering and engine plant operation)
- Enhance ship resilience, such as seaworthiness, and maneuverability
- Strengthen all other safety measures, including safety training for staff

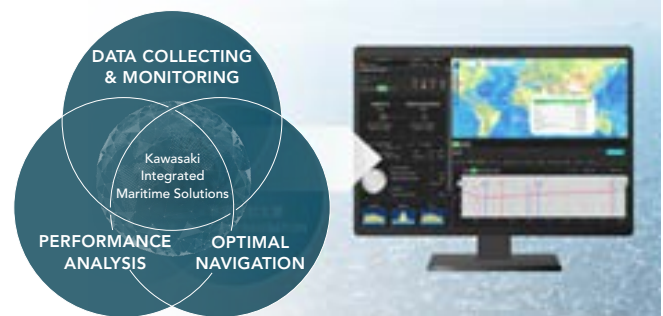
Reducing the Environmental Impact of Ship Operations

- Continue measures to manage ballast water, reduce emissions of sulfur oxide (SOx) and nitrogen oxide (NOx), and install equipment to comply with regulations
- Reduce the impact of shipping operations on marine mammals
- Increase staff environmental awareness

Initiatives

Safe Operations with Kawasaki Integrated Maritime Solutions (Integrated Vessel Operation and Performance Management System)

Kawasaki Integrated Maritime Solutions, which was rolled out across our fleet in March 2016, continues to focus on developing engine plant operation support and failure prediction and diagnosis. Together, these enhance our safety in navigation and environmental protection measures.



The "K" LINE Group Environmental Award

The "K" LINE Group Environmental Award recognizes Group officers and employees who take action to protect the environment and biodiversity and provide a significant contribution to the sustainability of our business operations.



Raising Environmental Awareness through E-Learning

The "K" LINE Group's environmental management system (EMS) provides education and training programs to maintain and raise the environmental awareness of Group staff.



Related Data

CO₂, SO_x, and NO_x Emissions from Vessels

	2017	2018	2019	2020	2021
CO ₂ emissions	12,796,649	11,932,022	9,799,932	8,761,756	6,174,863
SO _x emissions	195,166	188,102	129,786	35,983	30,166
NO _x emissions	284,326	262,226	202,678	181,429	117,864

(Tons)

Note: The scope of aggregation has been revised from 2021. Vessels not under our operation are excluded.

SO_x and NO_x Emissions per Deadweight Ton-Mile

	Unit	2017	2018	2019	2020	2021
SO _x emissions	g-SO _x /ton-mile	0.081	0.080	0.067	0.022	0.020
NO _x emissions	g-NO _x /ton-mile	0.115	0.112	0.097	0.089	0.078

Other Environmental Data of "K" LINE's Vessels

► Waste Generation, Etc. (All Types of Vessels)

	2017	2018	2019	2020	2021
Bilge	4.14	5.54	4.15	4.02	4.04
Sludge*	3.6	4.1	3.9	4.0	2.0
Garbage on board	4.0	4.0	3.5	3.5	5.4

(m³/ship-month)

* The residue left over after cleaning and processing fuel and lubricating oil

► Gray Water from "K" LINE Vessels (Owned Ships)

	2017	2018	2019	2020	2021
All types of vessels (owned ships)	78,768.8	90,841.8	82,485.0	64,421.6	74,929.9

(Metric tons)

Supporting the Environmental Activities of Society

Approach

Basic Principle

To contribute to the realization of a sustainable future, we are reinforcing collaboration between industry, academia, and government, including central government, local governments, and universities, to carry out various environmental preservation initiatives.

Key Targets

- Promote volunteer environmental protection activities
- Increase the capability to accommodate green ship recycling
- Participate in the collection and study of marine plastic pollution

Initiatives

Promotion of Environmental Volunteer Activities

We engage in various activities to raise the environmental consciousness of our employees further, including initiatives to protect biodiversity and create pleasing landscapes. We also are collaborating with the NPO Chiba University Students Committee for Environmental Management System to protect community nature areas and to clean up business sites and seashores.



Reinforcement of Response to Green Ship Recycling

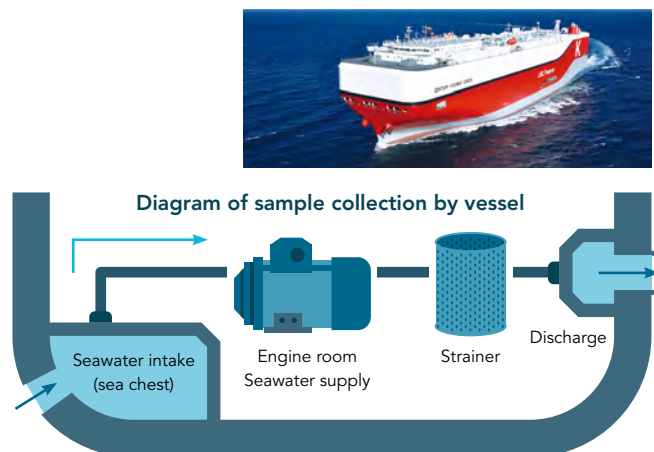
Ship dismantling enables the recovery of metals that can be recycled into new products and services and provides work and community economic activity. When disposing of our vessels, we follow our own environmental impact assessment checklist to select dismantling yards, taking into account occupational health and safety and environmental performance.



Participation in Collection of and Research on Marine Plastic Waste

"K" LINE has signed an agreement with Tokyo University of Marine Science and Technology to start joint research on marine plastics. The joint research will evaluate how much plastic waste can be collected from common seawater intake that is filtered by ships on voyages. Specifically, "K" LINE vessels will take samples from the seawater intake line with a strainer while the ship is running, and then the university will collect plastic particles from the samples and analyze their material, size, and other properties. The aim for this project is that it will lead to further research, such as the collection of microplastics in the open sea using ocean-going vessels and the establishment of a system for monitoring the density of microplastics in specific areas.

Proposed method for sample collection to be carried out by "K" LINE vessels



Related Data

Office Environmental Data

► Electricity

	2017	2018	2019	2020	2021
Annual consumption	825,971	821,109	789,971	736,212	708,811
Annual consumption per person	881	866	860	836	793

(kwh)

► Office Paper

	2017	2018	2019	2020	2021
Annual consumption	4,619,249	4,406,968	3,852,224	2,178,527	2,157,950
Annual consumption per person	4,951	4,649	4,196	2,473	2,414

(Sheets)

► Water

	2017	2018	2019	2020	2021
Annual consumption	584	546	509	318	313
Annual consumption per person	0.86	0.79	0.75	0.50	0.48

(m³)

Total Quantity of Recycling

► Ship Recycling

	2017	2018	2019	2020	2021
All types of vessels	18,509	5,923	13,774	114,055	0

(Tons)

Waste

► Waste

	2017	2018	2019	2020	2021
All offices	1,564	1,022	823	571	420

(Tons)

	2017	2018	2019	2020	2021
All vessels	8,475	9,110	7,477	6,361	5,192

SECTION

05 | Social



Shaping of Working Environment and Promotion of Health Management

Approach

Basic Principle (On Land)

The "K" LINE Group has established Groupwide guidelines, the Charter of Conduct. Under these guidelines, we respect the human rights of all employees, regardless of whether they are in Japan or overseas, consider the

personality, individuality, and diversity of our corporate members, and improve work safety and conditions to offer them comfort and affluence.

Basic Principle (At Sea)

Eradication of occupational accidents is fundamental to safe and economical operations. In order to raise each member's safety awareness and ensure safety on board, the Company has introduced safety experience training and/or hazard prediction training. The Company also gathers examples of incidents, through near-miss reports, etc., that have not been tangible but have posed potential risks. Such information is shared internally to help enhance safety in navigation and cargo operations. In the meantime, the "K" LINE Group strives not to violate the fundamental rights of seafarers on board by complying with the Maritime Labour Convention, 2006 (MLC, 2006). The convention was adopted in February 2006 by the International Labour Organization (ILO), as a comprehensive international

employment convention containing seafarers' fundamental rights, as set out below:

1. Freedom of association and the effective recognition of the right to collective bargaining;
2. the elimination of all forms of forced or compulsory labour;
3. the effective abolition of child labour; and
4. the elimination of discrimination in respect of employment and occupation.

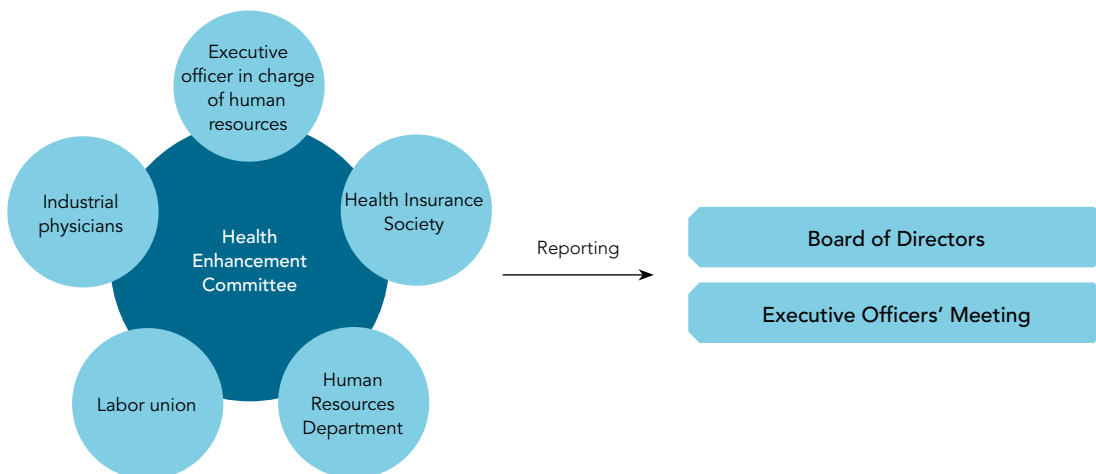
We shall comply with this convention across our entire fleet so as not to infringe on the fundamental rights of our crew members

System

Management System (On Land)

We strive to continuously improve health and safety at onshore offices and bases and the mental and physical health of our employees. The Company established the Health Enhancement Committee, chaired by an executive officer in charge of human resources (overall health

controller), which functions as a health committee, as required by the Industrial Safety and Health Act. We share information by regularly communicating the matters discussed and reported at these committee meetings to the Board of Directors and Executive Officers' Meeting.



Management System (At Sea)

Based on legal standards, we have set up a seafarers' health and safety system, with the Seafarers' Health and Safety Committee onshore and the Onboard Health and Safety Committee on our vessels. We promote operational health and safety in cooperation with ship management companies and relevant departments. The Seafarers' Health and Safety Committee studies and deliberates how to best maintain seafarers' living and working conditions on

board and prevent occurrences or recurrences that may affect seafarers' health, as well as providing proper training in health and safety. We were certified as a good company for seafarers' industrial accident prevention in 2008.



Initiatives

Work-Life Balance (On Land)

Ensuring that employees can maintain a good work-life balance is integral to encouraging employee skill development and to spurring the sustainable growth of the "K" LINE Group. We are actively adopting flexible workstyles as a measure to allow employees to continue working amid the changes that accompany different life

stages. For example, the Company had a teleworking system in place even before the COVID-19 pandemic. In addition, we offer robust systems for supporting employees, including maternity, childcare, and long-term care systems that surpass legal requirements.

► Our Actions for Enabling Work-Life Balance

We have been very successful in establishing an excellent relationship with our labor union, and we are jointly seeking opportunities to realize a better work environment and implement measures to enable work-life balance. These include the implementation of a teleworking system, infertility treatment leave, maternity leave, and childcare leave. In addition to childcare leave for mothers, we have introduced childcare leave for fathers, enabling them to take leave of up to 10 consecutive working days to care for their children. Furthermore, we have established various systems, such as shorter working hours and flextime, to promote our employees' work-life balance.

► Overview of Systems That Support Work-Life Balance

Primary systems			Outline of our systems		Legal standards		(Number of people) Number of users in fiscal 2021
Health care during pregnancy	Reduced hours granted during pregnancy		Same as our system				0
	Hospital visits granted during work hours		Same as our system				2
Maternity leave	Granted from 8 weeks before the due date		Granted from 6 weeks before the due date				10
	Maternity allowance granted during the period of 6 to 8 weeks prior to birth		No established standards				10
Childcare leave	Granted until the child turns 3 years old		Granted until the child turns 18 months old	Men			0
				Women			27
Childcare leave for fathers	Granted for 5 to 10 working days		No established standards				6
Leave for advanced infertility treatment	Granted for up to 18 months		No established standards				1
Nursing care leave	Granted for up to 2 years		Granted for up to 93 days				0
Support programs during childcare or nursing care	Loan program	Available for an employee who has a pre-school child or a person requiring nursing care in their family (up to ¥2,000,000)	No established standards				0
	Reduced working-hour program	Granted until a child completes the third grade of elementary school	Granted before a child enters elementary school				28
Flexible working hours	Introduced by various divisions, with core hours of 11 a.m. to 3 p.m.		Depends on the labor-management agreement				-
Refreshment leave	Available in the 11th year at the company (7 consecutive days)		No established standards				16
	Available in the 21st year at the company (10 consecutive days)		No established standards				6
Administrative leave for accompanying a spouse on an overseas or domestic assignment	Granted for 2 years for an overseas assignment or 1 year for a domestic assignment		No established standards				5

► Kurumin: The Accreditation Mark Granted to Companies That Support the Raising of the Next Generation of Children

"K" LINE was evaluated for its proactive measures to support the balance between work and raising children and received Kurumin 2022 certification (for its efforts from April 1, 2019, to March 31, 2022,) as a childcare support company by the Tokyo Labor Bureau of the Ministry of Health, Labour and Welfare. We also received Kurumin certification in 2016 and 2020.

In addition, KMDS CO., Ltd., one of our consolidated subsidiaries, achieved Kurumin 2021 certification, for its efforts from April 1, 2017, to March 31, 2020. Women comprise 90% of employees at this company, which is engaged in trade administration including documentation for ocean freight transportation, outsourced contracting, and worker dispatching services. We are striving to improve the working environment and diversify workstyles so that both women and men can play an active role.



Work–Life Balance (At Sea)

► Creating Opportunities to Contact Families

To help our seafarers work with peace of mind despite being far away from their families, we established onboard internet access enabling individuals to use smartphones and computers to contact their families and friends via email, social media, and other apps. We also help cover travel and accommodation expenses so that the families of workers can come to our vessels when they berth at ports in Japan and overseas.

In addition, we have established a system allowing families to board our vessels during certain periods, which gives peace of mind both to our personnel and their families. In these ways, we strive to ensure that our maritime technical personnel can do high-quality work.

► Living Conditions on Vessels

Since ship-based living quarters and working environments are so close together, seafarers need to be able to adjust between being on duty and off duty. We endeavor to help seafarers take proper rest in various ways. This includes giving them opportunities to exercise, read books, and watch DVDs in their free time. Our vessels include onboard gymnasiums, to help seafarers keep fit, and recreation rooms, the cost of which we subsidize by purchasing recreational equipment.

Daily meals play an important role in ship-based living, and for this reason we employ non-Japanese cooks to prepare onboard meals. Our cooks are trained at the “K” Line Maritime Academy (KLMA) in Manila, the Philippines, underscoring our efforts to provide well-balanced, highly nutritious meals for our seafarers on our vessels.

We also provide crew members on each vessel with a recipe book of their national cuisine so that they can eat a wide variety of meals. In order to create a bright and pleasant working environment for our seafarers, from time to time we organize recreational events and parties for all crew members to participate in, regardless of their nationality.

Health and Safety Considerations (On Land)

► Physical Health

Our employees must receive a physical examination once a year, and we assist with the costs for those who wish to receive a second examination. We have a medical clinic at our head office in Tokyo that provides medical examinations, and employees can visit a doctor when they are feeling unwell. In addition, we have a “health keeper” who provides massages for employees to relieve them and help them recover from fatigue. Thus, we proactively support our employees’ health management.

► Mental Health

To assist with mental health issues, we have adopted an internet-based stress check program that employees can use to manage their mental health and improve their stress tolerance. In addition, we hold annual seminars on mental health for executives and employees at the Tokyo head office. Furthermore, we have put in place a range of support systems including mental health consultations with a medical specialist and the Employee Assistance Program (EPA), which provides external counselors to tend to employees’ physical and mental health conditions.

► Prevention of Overwork

To reduce overlong working hours, we are implementing training for managers on the relationship between overwork and health and reinforcing measures to prevent employees from becoming overworked. In terms of managing working hours, when an employee does any work outside of regular working hours, an email is automatically sent to their superior after a fixed amount of time has elapsed. This system enables managers to understand the working hours of their employees in a timely manner and respond quickly, such as by reducing their workload. Additionally, we endeavor to reduce overlong working hours by managing the overtime work results for each employee on a daily basis. We will carry out interviews with employees, when necessary, who have the most overtime work Groupwide, as well as with their managers. Furthermore, reporting the average overtime working hours for each department to the Executive Officers’ Meeting on a monthly basis enables us to work together with management and make even more effective improvements.

► Health Support for Overseas Assignees

We support medical examinations and vaccinations for employees who are transferring overseas, as well as for their family members. Once they have been posted overseas, employees can also receive support from our partner emergency medical assistance companies.

Health and Safety Considerations (At Sea)

► Initiatives to Prevent Occupational Accidents

While at sea, we conduct pre-work/tool-box meetings every morning to help prevent occupational accidents. We also hold monthly working management committee meetings to ensure that we are thoroughly prepared in the event of an emergency and dangerous situations on board. In addition, we regularly distribute letters from our marine safety supervisors to all vessels to keep our seafarers mindful and aware of issues related to occupational accidents, health, and safety. We also distribute radio calisthenics CDs to encourage employees to do pre-work warm-up exercises to prevent injuries.

In addition, our seafarers are required to attend health- and safety-related training.

► Prevention of Overwork

To prevent overwork at sea, we have introduced a labor management and reporting system to consider appropriate distribution of tasks so that our seafarers do not take on excessive workloads. We also arrange ship operational schedules and increase the number of personnel on board as necessary to prevent unreasonable working situations.

► Physical Examinations

Since it is not possible to visit onshore medical facilities while at sea, it is extremely important that our maritime technical personnel are both physically and mentally healthy. They are required to undertake a medical examination prior to embarkation, as well as annual examinations covering items beyond those mandated legally. We keep secure records of medical examination data at the Company in order to refer to and understand the health status of our various maritime technical personnel.

Regarding the mental health of maritime technical personnel, in addition to training courses conducted by externally qualified people, the superintendent regularly announces safety-related information in collaboration with our own industrial physicians.

► Initiative to Prevent Passive Smoking

In our new containerships, each with a capacity of 14,000 containers, we are modifying the specifications to facilitate the trialed separation of smoking and non-smoking areas. We will also set up smoking rooms to prevent passive smoking. Our aim is to offer pleasant environments where both smokers and nonsmokers can spend their time comfortably while on board.

► Health and Safety Management Guidance through Ship Visits

Seeking to improve the overall health and safety of our seafarers, we have assigned marine safety supervisors to our Maritime Strategy Group. The marine safety supervisors visit the ships when at port and provide guidance related to health and safety management. During such visits, we also conduct individual interviews to ensure our seafarers are in good mental health. In addition, we encourage our seafarers to engage in radio calisthenics before starting work each day to keep fit and prevent injuries.

► Enhancement of Interviews Conducted by HR Personnel

Unlike regular workplaces, our maritime technical personnel experience closed living conditions while working at sea. Once on board, moreover, they are normally at sea for six-month periods. For this reason, we always have HR personnel conduct telephone interviews with our seafarers to gain feedback focusing on life at sea and, after disembarkation, personal relationships, and anything else they feel is worth mentioning. When deemed necessary, moreover, we conduct face-to-face interviews. Through these actions, we strive to alleviate the concerns of our maritime technical personnel while monitoring the condition of Company workplaces.

► Onboard Workstyle Reforms

Maintaining safety in navigation and cargo operations is the most important duty for maritime technical personnel on board our vessels. However, they also take responsibility for numerous administrative tasks, including procedures that accompany entering and exiting ports. We are working on the IT development and digitalization of our vessels, installing high-spec computers, which already support IT development, and promoting the introduction of a communications infrastructure capable of handling large amounts of data to reduce workloads.

On *CENTURY HIGHWAY GREEN*, which was delivered in March 2021, we introduced a Long-Term Evolution (LTE) network that uses IP/MPLS (IP/multiprotocol label switching) solutions, in addition to the traditional satellite communication system. By realizing a balance of sufficient communication speed and highly encrypted communication through a Field Area Network (FAN) environment between onshore and offshore points, we can utilize a range of digital technologies at ports of call, both domestic and overseas, to make onboard work more efficient.

Response to Digital Transformation (DX)

Realization of Work–Life Balance through DX

▶ Development of a Network Security Platform That Enables Peace of Mind

We recognize the effectiveness of teleworking from the perspective of supporting work–life balance, in addition to the importance of face-to-face communication. We are promoting the reinforcement of a network security platform that does not interfere with operations, even when teleworking, through measures including the introduction of communication tools and strengthening of end-point security.

We will reform workstyles not only onshore but also offshore. We aim to further advance the digitalization of information and administrative processes, as well as the vessels in the marine sector, achieve information sharing between onshore and offshore operations in a timely manner, and realize work–life balance by reforming the environment in which seafarers must live.

▶ Introduction of IT Equipment in Line with Workstyles

Due to COVID-19 pandemic, online meetings have become the norm, regardless of whether inside or outside the Company. To enhance teleworking, it is essential to ensure the sound and video quality during online meetings and further expand the advantages that can only be found online. To make online meetings at “K” LINE more efficient, we have installed camera microphones in conference rooms and are considering the introduction of tools for taking minutes from online meetings and virtual office services to resolve communication issues during teleworking.

Improvement of Office Environment through DX

▶ Meeting the Challenge of Changing Communication Styles

We are advancing the integration of analogue and digital through technological reform. While analogue technology has the advantage of facilitating free thinking, it is difficult to preserve information. For digital technology, although ideas may be limited by the tools being used, data can be easily preserved and searched for. At “K” LINE, we are advancing the introduction of digital whiteboards, interactive projectors, and touch-panel computers to create a workstyle environment in which information generated through freethinking using analogue technology can be used in a digital form.

▶ Promotion of Digitalization of Operating and Administrative Processes

We are advancing the introduction of the latest digital equipment; but this is only part of the process. We are continuously working through the PDCA cycle, which reviews administrative processes by utilizing digital technology. We will digitalize corporate-related operations, such as the digitalization of in-house procedures for expense reimbursements, the process for ordering paper business cards—while promoting the use of online business cards—and the promotion of digital signatures for contracts. We will also further advance the digitalization of operating and administrative processes in each business division by utilizing the latest technology, such as AI and the IoT.

Related Data

Health Management Data

Our corporate principle is to help enrich the lives of people as a logistics company rooted in the shipping industry, and we conduct our business activities accordingly. Crucial to realizing this principle is providing safe and optimized services which calls for us to constantly maintain the physical and mental health of the individuals involved in our business and to help them fully demonstrate their potential

abilities. We believe that health is the source of individual happiness and is indispensable for realizing the Group's principle. As the health of each and every Group employee is of paramount importance, we will work hard to maintain and enhance the health of employees in cooperation with health insurance associations, labor unions, and clinics (occupational health physicians).

► Priority Health-Related Initiatives

- Establishing the Health Enhancement Committee and holding regular meetings (the minutes of which are disclosed to employees)
- Offering stress check consultations and follow-ups
- Holding in-house walking events
- Holding seminars about sleep (e-learning)

Stress check examination rate

FY2018	FY2019	FY2020	FY2021	FY2022
85.1%	82.6%	84.3%	90.1%	88.0%

Work engagement and percentage of employees with high levels of stress

Items	FY2019	FY2020	FY2021	FY2022
Comprehensive health risk* ¹	88	87	87	84
Percentage of employees with high levels of stress* ²	9.6%	10.8%	8.9%	9.4%
Work engagement* ³	2.5 points	2.5 points	2.5 points	2.6 points
Presenteeism* ⁴	–	–	–	4.1 points

Note: Scores taken from The Brief Job Stress Questionnaire

*1 Comprehensive health risk is derived from the scores of the following four factors: work burden (quantity), discretion over work, support from superiors, and support from co-workers. It is a quantification of the degree of health risk that occurs due to the work environment. The national average is 100, and the lower the number, the lower the risk.

*2 Employees with high levels of stress were evaluated based on the average score of mental and physical stress response, work stress factors, and support from colleagues and superiors, converted into a five-point evaluation. The national average is 10%.

*3 Work engagement is an indicator of how energized, proud of, and enthusiastic about their work employees are. The scores given to each response to the following statements are as follows: "I feel full of vitality when I work" and "I feel proud of my work": Yes = 4 points, Most of the time = 3 points, Sometimes = 2 points, and No = 1 point. The score shown above is calculated based on the average score of all examinees. The national average is 2.5 points.

*4 Presenteeism means working while suffering from some form of health issue, resulting in low productivity. (Japan has an average of 3.9 out of 5.0 points. A low number equals low productivity.)

► Ensuring Employees Take at Least Five Days of Annual Paid Leave

Average days of annual paid leave taken

FY2019	FY2020	FY2021
10.5 days	8.3 days	8.9 days

Average of seven days' vacation* taken

FY2019	FY2020	FY2021
6.1 days	5.3 days	5.0 days

* In a fiscal year, up to seven days of non-statutory leave are available.

► Managing Overtime Working Hours

Overtime working hours (monthly average)*

FY2019	FY2020	FY2021
5.6 hours	7.9 hours	8.9 hours

* Full-time employees only; excludes transferees and those on reduced working hours

As a result of the above initiatives, we have been recognized under the Certified Health and Productivity Management Organization Recognition Program, designed and promoted by the Japan's Ministry of Economy, Trade, and Industry (METI) and the Nippon Kenko Kaigi, to honor companies that practice

good health management. Recognition as a 2022 certified Health & Productivity Management Outstanding Organization marks the third year in a row and the fourth time overall that we have won in the large enterprise category.



Data Related to Occupational Accidents

Item	Unit	FY					
		FY2019		FY2020		FY2021	
		Onshore	Seafarer	Onshore	Seafarer	Onshore	Seafarer
Number of occupational accidents* ¹	Cases	0	0	0	0	0	0
Number of fatal occupational accidents	Cases	0	0	0	0	0	0
Number of accidents requiring leave* ²	Cases	0	0	0	0	0	0
Lost time incident rate (LTIR)* ³	–	0	0	0	0	0	0

*1 Excludes accidents while commuting

*2 Number of injuries/illnesses caused by occupational accidents and requiring one or more days of leave

*3 Accidents that result in time off work beyond the day or shift that the injuries or illnesses occurred / 1 million total working hour ratio

The Securing and Development of Human Resources

Approach

Basic Principle (On Land)

The "K" LINE Group is developing human resources and shaping workplace environments with the aim of allowing all employees to heighten their skills and achieve greater results.

Our approach toward career planning positions the first 10 years after joining the Company as one leg of an employee's career, during which they should be provided with various experiences and opportunities to learn,

"K" LINE Group's Global Initiatives

- Nurturing individuals who have professional knowledge, high management skills, and integrity
- Maintaining a corporate culture that appreciates mutual respect, freedom, and vigor; these traits enable each employee to use their ability proactively and allow the organization to overcome difficulties and grow continuously

equipping them to develop their careers through on-the-job experience. After the first 10 years, employees move on to a stage at which they are expected to build on their specialties, with an emphasis on autonomy, and to gain management skills and pursue career development. We have also prepared a number of training programs to help employees acquire the skills needed for their specific career plans.

- Creating an environment where employees share what the Company should be in the future and keep nurturing new abilities
- Establishing efficient business procedures that bring maximum results with minimum effort; accordingly, employees can enjoy both work and life

Basic Principle (At Sea)

In order to provide safe and optimized transportation services, which is the core of the "K" LINE Group's business management, it is important to secure maritime technical personnel and to foster them effectively. To attract diverse human resources, we dispatch our maritime technical personnel to various maritime universities and schools to participate in lectures and round-table discussions. We also welcome interns from various schools in an effort to spark their broad interest in becoming maritime technical personnel. In addition, we take on people from non-maritime universities and train them in-house to become maritime technical personnel.

Our maritime technical personnel do much more than work as captains, deck officers, chief engineers, or engineers on ships. They make full use of their high-level skills, knowledge, and experience gained through work on board vessels for a variety of activities that are indispensable to providing safe and optimized services onshore. To enable maritime technical personnel to demonstrate their full potential, we not only provide numerous technical training courses but also conduct stratified training. This training enables the Company and its maritime technical personnel to fulfill their potential with common objectives in mind.

Structure

Human Resource Development Program (On Land)

"K" LINE's training structure for human resource development was designed with the goal of developing human resources who embody the values "K" LINE requires for the realization of its corporate principle and vision.

The training program was primarily designed with the aim of enhancing four types of skills. Although those skills—core skills, practical maritime skills, general skills,

and management skills—can be improved through work, we prepared this training program to encourage growth in employees. The training program is mainly divided into position-based training and maritime training for young employees, management training for managers, and general training for all employees.

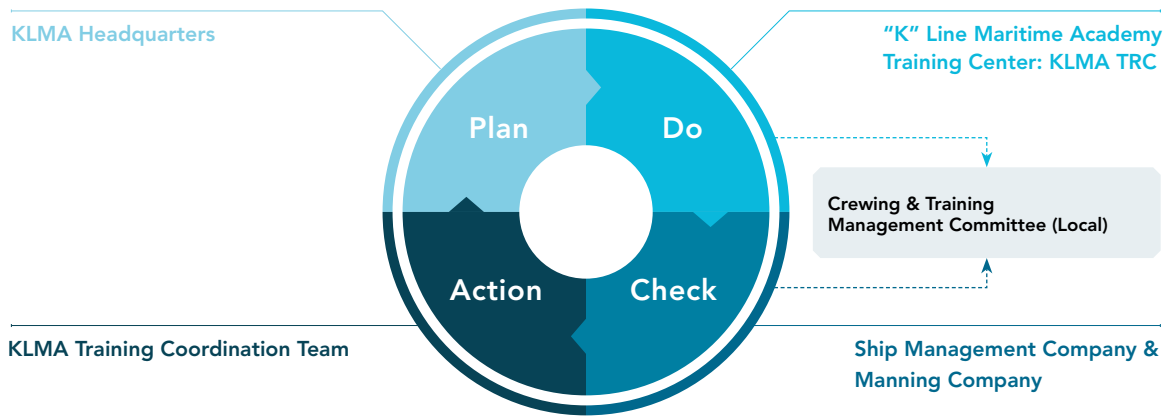
Human Resource Development Program (At Sea)

Development of Maritime Technical Personnel

The “K” Line Maritime Academy (KLMA) is a generic term for our educational philosophy, which includes educational policies for fostering personnel indispensable to implementing the Group’s basic commitment to “safety in navigation and the protection of human lives, cargoes, and the natural environment at sea.” These personnel include ships crews (officer and rating) and seafarers (“K” LINE seafarers) who have the knowledge and skills that enable them to excel in

onshore duties (ship management, crew management and training, and sales division support).

Under the KLMA, we foster maritime technical personnel according to our KLMA Master Plan and transfer knowledge of the Group’s maritime technical expertise, amassed over many years, to the next generation. All Group companies are united in the goal of fostering exceptional seafarers.



Initiatives

Embedding Our Corporate Principle

Exercising “K” LINE’s corporate principle and vision requires the development of human resources who can practice teamwork in their daily activities to give form to the “K” LINE spirit (independence and autonomy, broad-mindedness, and an enterprising spirit), which has supported our ambitions and value creation for a century, and the six values the “K” LINE GROUP prized (see corporate principle on page 12). In the current era, which is characterized by volatility, uncertainty, complexity, and

ambiguity, “K” LINE will continue to foster maritime professionals who can compete on the global stage. We are committed to developing human resources so that they can become professionals with a propensity for self-growth—with a continual awareness of how circumstances affect them no matter how the operating environment may change—and to making them proficient at coordinating their work with others.

Initiatives for Human Resource Development (On Land)

► Acquisition of Core Skills: Position-Based Training

“K” LINE offers stratified training programs for each level of employee to learn the fundamental skills and ways of thinking required by businesspeople playing important roles in global businesses. In particular, employees who join as new graduates must take these programs each year for their first five years with the Company.

► Acquisition of Practical Maritime Skills: Maritime Training

We implement training for learning specialized knowledge of the marine transportation business, such as an explanation of operations by each department head, the structure of vessels, insurance, clerical duties, bills of lading, and the environment, to enable employees to grow in the most important training period and intensively acquire maritime skills.

► Acquisition of Management Skills: Management Training

Managers are expected to maximize the performance of their organization and fulfill their roles. To ensure this, we implement training for managers with the aim of acquiring management skills that ensure psychological safety by respecting individual diversity, increasing self-efficacy, and providing a comfortable place to work. Additionally, we implement labor management and compliance training to ensure compliance with laws.

► Acquisition of General Skills: Cafeteria Method*

We implement training with the aim of acquiring knowledge of accounting, finance, English, and IT. We aim to develop human resources capable of understanding "K" LINE's current corporate value and considering measures for its enhancement by looking at the Company from a general perspective.

*A method that allows employees to select the seminars they want to participate in from a number of topics.

► On-the-Job Training and Job Class-Specific Training

We carry out an impartial comparison of goals set by employees and their actual achievements. Evaluation results are fed back to each staff member to improve the transparency of the evaluation process and to encourage their development. We assist this development primarily with two programs: on-the-job training (OJT) for mastering knowledge, skills, and procedures on-site and job class-specific group training (OFF-JT). Other training programs we offer include in-house language training, training at our overseas subsidiaries, and assistance for employees taking correspondence courses for personal development. We also provide onboard training for our onshore workers, a program specifically tailored for shipping companies. This helps individual participants improve their skills by providing them with a variety of opportunities, including experiencing work performed by seafarers on ships at sea.

► "K" Line University

"K" LINE Group employees from all over the world are invited to our "K" Line University training sessions, which are held at one of our three bases in Tokyo, London, or Richmond (Virginia, USA). These training sessions, held several times a year, deal with themes such as the "K" LINE Group's vision and its future business development. "K" Line University provides participants with a valuable opportunity to speak face-to-face with colleagues they would usually communicate with through mostly online tools, and to deepen their shared understanding.

Initiatives for Human Resource Development (At Sea)

► Securing Maritime Technical Personnel

Securing maritime technical personnel is important for providing safe and optimal transportation services. Seeking to secure diverse human resources, we dispatch our maritime technical personnel to give lectures at various maritime universities and schools. We also accept internships from various schools to encourage a broader interest in the work of maritime technical personnel, and we engage in the training of individuals from non-maritime universities to foster them as maritime technical personnel at the Company.

► In-House Training Program

We introduced the in-house maritime employees training program for university graduates outside of maritime-related universities. Graduates of regular universities are required to participate in a two-year training program at the Maritime Technical College managed by the Japan Agency of Maritime Education and Training for Seafarers. Under this program, graduates attend classroom and practical training, onboard training on training vessels, basic training at our training center, and onboard training on "K" LINE-operated vessels. If the graduates pass the state third maritime officer examination, they are appointed as a third officer or a third engineer. Following this, they will be able to build a career as maritime technical personnel in the same manner as graduates from a maritime-related university and experience work as an onshore employee, including at overseas offices, in addition to working as officers and engineers on board our vessels.

► Enhancing Interviews Conducted by HR Personnel

Maritime technical personnel experience closed living conditions when working offshore. As soon as our maritime technical personnel disembark after an offshore stint, they participate in telephone interviews with HR personnel to discuss their lives on board the ship, as well as human relationships and anything else that comes to mind. When necessary, we also conduct face-to-face interviews. Through these efforts, we endeavor to not only relieve anxiety among our maritime technical personnel but also gain a better understanding of conditions on the front lines.

► Obtaining the Latest Knowledge and Skills to Support Safety in Navigation and Cargo Operations

Under the "K" Line Maritime Academy (KLMA), we conduct various training programs to foster maritime technical personnel ("K" LINE Seafarers) with essential knowledge and skills to implement the "K" LINE Group's basic commitment to safety in navigation and the protection of human lives, cargoes, and the natural environment at sea. As part of our seafarers' training, we have introduced a state-of-the-art ship maneuvering simulator to help trainees respond to re-enacted accidents and the like. For institutional training, KLMA (the Philippines) conducts training using an actual main engine to help trainees obtain knowledge of and skills in new technologies. In these ways, Group companies are united in their quest to develop excellent maritime technical personnel.

▶ KLMA Master Plan

KLMA is based on the KLMA Master Plan for preserving the Group's seamanship, which we have cultivated over many years, for the next generation. We will reliably preserve the knowledge and skills that support safety in navigation and environmental preservation and "K" LINE's business foundation, as well as meet the needs of a new era, such as advanced technology. Specifically, our maritime engineers are given onshore training at our six training facilities, in Japan, Philippines, India, Bangladesh, Eastern Europe, and Central Europe, and onboard training programs. They also receive advancement in both onshore and offshore careers. KLMA (Philippines) is positioned as the core of training for Filipino seafarers, who comprise approximately 70% of "K" LINE Group crew members, and it accepts a total of 10,000 seafarers every year.

Furthermore, during the COVID-19 pandemic, we promoted a shift to online training and created a system that enabled employees to participate from home.

■ Response to Digital Transformation (DX)

DX Human Resource Development

▶ Approach

DX needs to take hold at business sites before it can become a growth driver. IT human resources, which are key to making DX work, are often lumped together in discussions. To date, in-house training has been limited to general knowledge of IT.

"K" LINE aims to advance DX further and came up with measures to train employees, who will be responsible for the actual work, in the finer details of DX. In order to instill the DX strategy across the Group, "K" LINE is strengthening its core DX personnel who are able to communicate effectively with digital engineers, and is promoting these human resources as an essential step in sharpening its competitiveness.

▶ Training Program

We are engaging in human resource development in three layers and are promoting the assignment of digital human resources in each department. The three layers comprise human resources who will be the driving force behind DX and keep up with trends in IT and cybersecurity technologies, human resources who are analysts able to envision the use of ship operations data and who will lead the application of DX in all layers of the organization, and human resources able to proactively adopt digital technologies to improve work processes.

More specifically, since May 2022, the Company has offered DX training seminars called "K" LINE D+ Salon for employees. Around 20 people participate in the five-day seminar at a time. The first seminar was attended by employees in charge of DX who were appointed by each unit and group. In November, we launched our third seminar and we would continue the seminar till over 100 people graduated from the program to lead internal initiatives in DX as the layer of personnel in our organization with an understanding of the finer details of DX.

Related Data

Personnel Data (This data applies to Kawasaki Kisen Kaisha, Ltd., and its employees.)

Item	Unit	Fiscal year							
		2019		2020		2021			
		Onshore	Seafarer	Onshore	Seafarer	Onshore	Seafarer		
Number of employees	Men	Persons	368	202	370	200	372	204	
	Women	Persons	194	3	195	4	213	5	
	Subtotal	Persons	562	205	565	204	585	209	
	Total	Persons	767		769		794		
	Percentage of employees who are women	%	34.5	1.5	34.5	2.0	36.4	2.4	
Employees in management positions	Men	Persons	126		120		128		
	Women	Persons	5		5		8		
	Percentage of employees in management positions who are women	%	3.82		4.00		5.88		
	Employees in management positions (general managers or higher)	Men	Persons	37		33		31	
		Women	Persons	1		0		0	
		Percentage of general managers or higher who are women	%	2.63		0.00		0.00	
Directors (including officers)	Men	Persons	31		27		25		
	Women	Persons	2		2		2		
	Percentage of directors who are women	%	6.06		6.90		7.41		
Average years employed*1	Men	Years	13.1		13.4		13.5		
	Women	Years	12.2		12.5		12.4		
Percentage of employees with disabilities*2	%	1.96		1.82		2.09			
Recruitment of new graduates	Men	Persons	12	17	20	12	17	17	
	Women	Persons	4	0	10	0	8	1	
	Percentage of new graduates who are women	%	25.0	0.0	33.3	0.0	32.0	5.6	
Training	Cost of training per employee	Yen	58,000	283,794	63,107	198,652	107,000	154,664	
	Average training days per employee	Days	10	19	10	9	0.5	8	
	Average training hours per employee	Hours	50	152	50	73	13	64	
Labor union participation rate	%	77.2	77.5	78.6	75.8	76.2	75.8		
Employees retiring	Reached retirement age	Persons	4	1	6	0	9	3	
	Voluntary retirement	Persons	29	8	11	15	12	10	
	Involuntary retirement	Persons	3	1	3	1	5	3	
	Others (including those who became officers)	Persons	4	1	0	0	2	0	

*1 The scope of reporting covers "K" LINE's permanent employees (excluding overseas and domestic transferees)

*2 These figures conform to the Act to Facilitate the Employment of Persons with Disabilities. According to the Act, a 90% exclusion rate applies to and is calculated for seafarers (excluding those on duty onshore).

Diversity & Inclusion

01

02

03

04

05

Social

06

07

Approach

Promotion of Diversity: Utilization of Diversity as a Wellspring of Competitiveness

With subsidiaries and affiliates in more than 20 countries around the world, the "K" LINE Group is composed of diverse employees. Even at the Japan head office, we conduct group and mid-career hiring of employees of diverse nationalities, educational backgrounds, genders,

and work areas (administrative, technical, etc.). We have also established the Action Plan for Promoting the Advancement of Women to achieve a more ideal workplace gender balance, and we are promoting other diversity initiatives.

Targets and Progress

Action Plan to Promote the Active Participation of Women and Support the Development of the Next Generation

In order to create an environment in which everyone can fully demonstrate their individual abilities while balancing work and family life, we formulate the following action plan

with the aim of becoming a company where all employees can work with a sense of motivation and self-confidence.

▶ 1. Plan Period: April 1, 2022, to March 31, 2025

▶ 2. Challenges for the Company to Promote the Active Participation of Women and Support the Development of the Next Generation

- (1) Although the number of women in managerial positions continues to increase, it is still small, and it is difficult for female employees who return to work after life events to imagine their career development when aiming for managerial positions while balancing childcare and work.
- (2) Some employees are choosing to change their work duties after life events because they find it difficult to balance childcare and work.
- (3) As the percentage of male employees taking childcare leave is low and understanding of childcare among male employees is not sufficient, understanding of women returning to work after maternity and childcare leave is not improving.

▶ 3. Goals and Initiatives

<Goal 1> Goal to provide opportunities related to work life

Increase the percentage of female employees in managerial positions to 15% by the end of the plan period.

<Implementation schedule and initiative details>

- From April 2022 onward: Provide opportunities for female employees to consider their own career plans through round-table discussions with female Director and Audit & Supervisory Board member.
- From April 2022 onward: Enhance the training content for managerial employees and raise awareness that they should develop human resources as management personnel regardless of gender.
- From April 2022 onward: Implement e-Learning to help employees on maternity or parental leave improve their skills, and promote communication between supervisors and employees returning to work after such life events to facilitate support for short-term business operations (work and childcare) and career planning from a long-term perspective.

<Goal 2> Goal to balance work life and family life

Limit the average monthly overtime working hours per employee to 40 hours or less.

< Implementation schedule and initiative details >

- From April 2022 onward: Calculate the average overtime hours by business division on a monthly basis and report them to the Executive Officers' Meeting, thereby making efforts for improvement after management recognizes issues (to maintain the status quo and strengthen efforts to reduce overtime hours).

- From April 2022 onward: Encourage employees to actively make use of teleworking and flextime systems.
- From April 2022 onward: Monitor the use of annual paid leave and share the information within the Company regularly (once a year) to help increase the utilization rate compared with the previous year.

<Goal 3> Goal set under the Act on Advancement of Measures to Support Raising Next-Generation Children

Increase the percentage of male employees taking leave for childcare to 20% or more.

< Implementation schedule and initiative details >

- From April 2022 onward: Inform employees who are or whose spouses are pregnant or have given birth of the childcare leave system, etc. and confirm their intention to take leave on an individual basis (in line with the revised Child Care and Family Care Leave Law that took effect in April 2022).
- From April 2022 onward: Relax some of the requirements for taking special leave and allow employees to take special leave consecutively with childcare leave, thereby encouraging male employees to participate in childcare.
- From April 2022 onward: Revise the current employee handbook on childbirth and childcare to include information on taking childcare leave for male employees.

Related Data

	Unit	FY2019	FY2020	FY2021
Percentage of employees returning to work after using the childcare leave system	%	93	100	100
Retention rate after using the childcare leave system	%	100	100	100
Number of women in managerial roles	Persons	5	5	8
Percentage of employees in management positions who are women	%	3.82	4.00	5.88
Percentage of employees in leadership positions who are women	Persons	23	22	25
Percentage of women in leadership roles	%	6.9	6.7	7.6
Percentage of employees with disabilities	%	1.96	1.82	2.09

Crew members by nationality	Officers		Ratings		Total	
	Number of seats allocated (people)	Percentage (%)	Number of seats allocated (people)	Percentage (%)	Number of seats allocated (people)	Percentage (%)
Japan	171	6.5	0	0.0	171	2.7
Philippines	1,238	47.5	3,197	84.5	4,435	69.4
India	236	9.1	120	3.2	356	5.6
Bangladesh	136	5.2	80	2.1	216	3.4
China	72	2.8	115	3.1	187	2.9
Europe	708	27.2	190	5.0	898	14.1
Southeast Asia	44	1.7	81	2.1	125	1.9
Total	2,605	100.0	3,783	100.0	6,388	100.0

(As of September 30, 2022)

Promotion of Safety in Navigation and Cargo Operations

Approach

Basic Principle

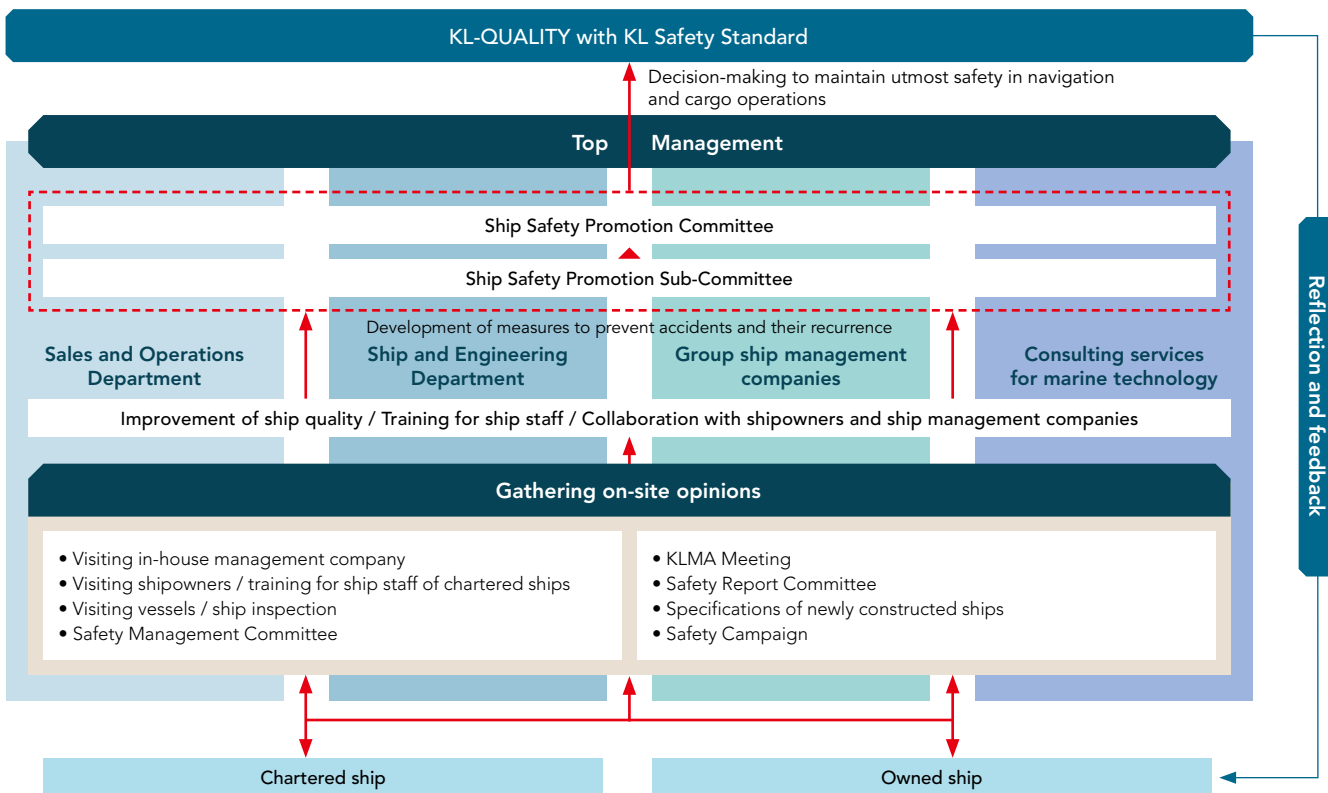
Safety in navigation and cargo operations is an immutable mission in running a shipping business. The “K” LINE Group includes “providing safe and optimized services” in its corporate principle and vision and has established the following three policy pillars in order to fulfill its social responsibility through safety in navigation and cargo operations:

- (1) Enhancing management structure for ensuring safety in navigation (P.56)
- (2) Strengthening the ship management system (P.57)
- (3) Reinforcing the securing and training of maritime technical personnel (P.51)

Promotion System

Enhancing Management Structure for Ensuring Safety in Navigation

The Ship Safety Promotion Committee, chaired by the president & CEO, is the top decision-making body covering safety. It determines accident prevention and safety measures for all ships operated by the Company—including owned, chartered, and entrusted vessels—and handles everything from basic policy formulation to implementation of measures under the system shown below.



Establishment of New Companies

Based on the 2022 medium-term management plan, with the aim of providing high-quality and trusted ship management services, establishing a region-based customer support system, and flexibly responding to diversifying needs, “K” LINE aims to strengthen its global functional strategy structure that encompasses maritime technology, human resources, and regional bases, which are the business domains of ship management companies. Accordingly, we have established two new companies.

▶ (1) K MARINE SHIP MANAGEMENT PTE. LTD.

K MARINE SHIP MANAGEMENT PTE. LTD. has been established in Singapore, and the management of oil tankers, Liquefied petroleum gas (LPG) carriers, and LNG carriers has been transferred from "K" Line Energy Ship Management Co., Ltd. In addition, as one of the global bases that support the activities of our business divisions in Asia, we will accelerate efforts to become carbon free and introduce DX technology.

▶ (2) "K" Line Marine Solutions Co., Ltd.

"K" Line Marine Techno Service Co., Ltd., which operates the maritime consulting business for the "K" LINE Group, was renamed "K" Line Marine Solutions Co., Ltd., on July 1, 2022. Furthermore, our maritime technical functions—which were previously dispersed among the Safety and Ship Quality Management Division and each business division—have been consolidated into the new company for responding adroitly and flexibly to newly arising needs, such as maritime support for existing businesses, consulting services for new businesses that are required to strengthen Companywide efforts, troubleshooting related to new technologies such as LNG fuel engines, and the provision of training of seafarers.

"K" ARE Program

The "K" ARE Program is an initiative that aims to improve the non-technical skills of our employees, such as communication and decision-making, in addition to technical skills, to ensure safety in navigation and cargo operation.

To date, we have focused on the non-technical skills for bridge resource management to build more effective teamwork among ship operators, but the "K" ARE Program aims to enhance non-technical skills in a wide range of situations on and offshore.

From managers to front-line crew, we will work together across land and sea to foster a corporate culture of safety and prevent and eliminate accidents.

Initiatives

Strengthening the Ship Management System

Through in-house ship management companies that share our corporate principle, we provide higher-quality, safer, and more secure services by making full use of our expertise with regard to different vessel types.

Ship management company	Vessel type
K MARINE SHIP MANAGEMENT PTE. LTD.	Oil tanker, LPG carrier, LNG carrier
"K" Line Ship Management (Singapore) Pte. Ltd.	Containership
"K" Line LNG Shipping (UK) Ltd.	LNG carrier
"K" Line RoRo Bulk Ship Management Co., Ltd.	Car carrier, dry bulk carrier
Stargate Shipmanagement GmbH	Car carrier

Pre-Embarkation Briefing

Prior to embarkation, the head office and in-house management companies conduct a pre-embarkation briefing for senior officers (captain, chief engineer, chief officer, and first engineer). This is an opportunity to explain the Company's basic policies on safety, as well as to provide the latest specific information and instruction through safety management manuals and related written procedures adopted by each management company.

Maintaining KL-QUALITY through Ship Inspections

Ship inspection supervisors regularly visit operating vessels and implement inspections with our unique quality policy called KL-QUALITY as a guideline. During the COVID-19 pandemic, we launched remote inspections utilizing IT and digital tools. Additionally, we hold a Safety Management Committee meeting once a year to share information and exchange opinions with long-term chartered ship owners and ship management companies. Outstanding ship owners will be recognized for their performance in the Committee meeting.

K-DNA: Our Unique Safety Equipment Installation Guidelines

"K" Line-Drive to No Accident (K-DNA) is our unique policy for safety equipment installation that reflects accumulated knowledge and lessons learned from past accidents. K-DNA consists of equipment installation standards for Navigation, Engine, Safety and piracy countermeasures. By gathering expertise from all segments, we are continuously developing and strengthening hardware safety in our fleets. Namely, this is the very DNA of "K" LINE's history of safety in operations.

Accident Information Management System (AIMS)

In 2015, we launched our new Accident Information Management System (AIMS), with the aim of processing accident cases appropriately and swiftly, analyzing accident trends, and formulating effective prevention measures.

We are taking various steps to eliminate accidents, using this system to analyze accident details and trends and to explore in depth the root causes of accidents. By creating a database of accident information, moreover, we are able to share information with our worldwide network in a timely manner and establish optimal safety measures.

Safety Campaign

"K" LINE holds an annual Safety Campaign under the theme of safety in navigation and environmental preservation.

When our ships call at a port, the persons in charge of the ship operation department and marine safety department, safety supervisors, supervisors in charge of ship management companies, and other personnel visit the ship to conduct activities necessary for ensuring safe navigation and cargo operations, including discussions with crew members and inspection of the ship's hull and onboard equipment.

During the Safety Campaign period, meanwhile, we step up various activities, including ship visits by the president & CEO and directors and officers to have face-to-face discussions with ship captains and crews. This provides an opportunity to further raise awareness about both safety in navigation and environmental protection across all of the Company's operating vessels. During the COVID-19 pandemic, online meeting systems were used to facilitate two-way communication and brisk exchanges of opinions between onshore and maritime employees.

Safety Report System

Reports of near misses resulting from unsafe behavior on vessels are carefully analyzed by seasoned maritime technical personnel stationed onshore, and the results are communicated back to these vessels. By embedding a no-blame culture, where the party who made the near miss is not held responsible, we receive thousands of reports annually, which helps safety awareness to take root on the front lines.

Emergency Response Drill

To ensure the timely and accurate responses that are crucial in the unfortunate event of an accident, we regularly conduct drills based on worst-case scenarios involving ships under our operation. This drill involves practical training and covers everything from assembling an early emergency response team to establishing an accident response headquarters and internal information-sharing systems, as well as setting up systems for communicating with overseas parties and verifying media responses.

Anti-Piracy Activities

The number of piracy incidents off the coast of Somalia and in the Gulf of Aden has remained low in recent years due to countermeasures undertaken by troops from various nations, including the Japan Maritime Self-Defense Force (JMSDF). Nevertheless, the situation could easily be reversed if the international community weakens its efforts. Moreover, piracy-related losses still occur frequently in the Gulf of Guinea (West Africa) and in Southeast Asia. Accordingly, conditions for merchant ship navigation remain unpredictable.

Off the coast of Somalia and in the Gulf of Aden, we endeavor as much as possible to receive protection from the JMSDF and the navies of various countries. For our own self-defense, we do everything possible to ensure the safety of crew as our top priority. This includes avoiding problematic areas, maintaining high speeds, using high-pressure water nozzles for defense, and installing razor wire to prevent unauthorized embarkation.

Because it is difficult to prevent pirates from gaining access to slow-speed and low-freeboard vessels, we take various other countermeasures, such as having private armed security guards on board our vessels as a deterrent.

Response to Digital Transformation (DX)

Promotion of Safety in Navigation by Utilizing DX

► Realization of Automatic Ship Navigation

“K” LINE is engaging in the “K”-Assist Project, which combines the knowledge of safety in navigation that we have built up over many years with the latest technology. The aim of the project is to reduce the burden on crews by firmly maintaining safety with highly intelligent ships and realize automatic ship navigation in the future. We will promote the further enhancement of safety in navigation by utilizing cutting-edge technology, including sensing technology, digital twins, and artificial intelligence (AI) for vessels. At the same time, we aim to address social issues, including ocean environment issues caused by serious maritime accidents, such as collisions and grounding, reduce the burden on crews, and secure talented marine human resources through the social implementation of automatic ship navigation.

► Initiatives Aimed at Optimizing Automated Cargo Loading

By developing a shared system for automatic creation of plans for loading iron ore and coal, “K” LINE aims to maximize loading volume, optimize cargo loading, and introduce labor-saving measure for onboard operations through fulfillment of the various needs and different conditions of customers. Currently, we create loading plans based on knowledge of the officers and marine engineers on board. However, we are carrying out verification tests for a system that automatically creates plans, which utilize advanced mathematical optimization technologies to achieve the same loading volume as an experienced marine engineer, in a short time and have seen favorable results. By utilizing DX, we are promoting the creation of an environment that reduces the burden on officers on board and enables us to focus on safety in navigation, which is our most important mission.

Related Data

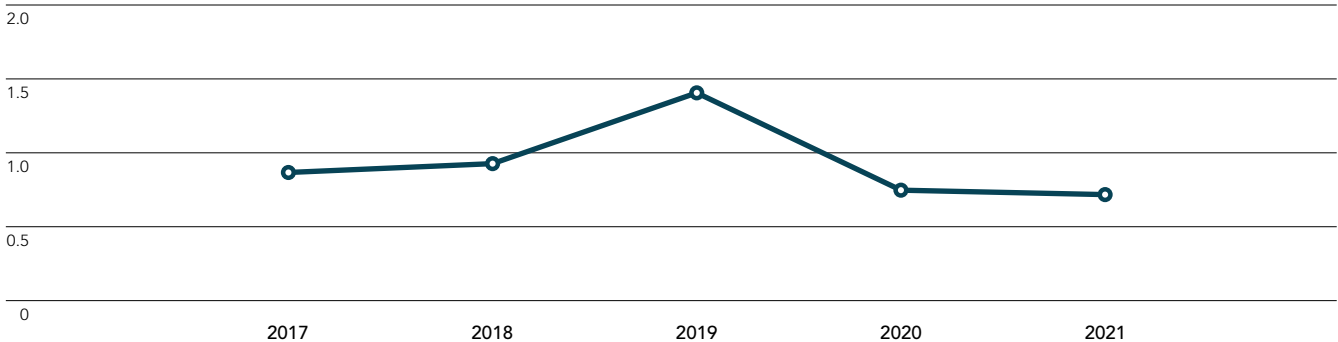
Number of Major Accidents*

Fiscal year	2017	2018	2019	2020	2021
Cases	0	1	1	0	0

Safety in navigation and cargo operations is an immutable mission in running a shipping business. Over the past five years, two oil spills have resulted from one grounding and one collision. In both cases, we took appropriate measures to minimize damage.

Percentage of deficiencies* by Port State Control (PCS)

Ratio (cases/number of vessels)



* The scope of this data is “K” LINE’s scope of consolidation, which corresponds to 100% of sales.

Respect for Human Rights

Approach

Basic Principle

As a basic principle of human rights, the “K” LINE Group stipulates at the start of its Charter of Conduct that it will consistently respect human rights and thoroughly consider the personality, individuality, and diversity of its corporate members and improve work safety and conditions to offer them comfort and affluence. Each Group company shares this principle and strives to enhance human rights awareness in its working environment and business activities. Furthermore, the Company clearly states in the “K” Line Implementation Guideline for Charter of Conduct that it does not tolerate child labor or forced labor, while upholding the principle that it will eliminate any discrimination in employment or compensation based on nationality, gender, religion, social class, or other attributes such as race, age, sexual orientation, disability, etc., and ensuring equal

opportunity in the implementation of human resource management.

In April 2020, we signed the UN Global Compact and declared our support for the principles related to human rights, “to support and respect the protection of human rights” and “to make sure that we are not complicit in human rights abuses,” and the principles related to labor, “elimination of forced and compulsory labour,” “effective abolition of child labour,” and “elimination of discrimination in respect of employment and occupation.”

Furthermore, we formulated the “K” LINE Group Basic Policy on Human Rights, using the United Nations Guiding Principles on Business and Human Rights as a guideline, to reinforce our initiatives for respecting human rights.

“K” LINE Group Basic Policy on Human Rights

As a corporate group conducting its business activities globally, Kawasaki Kisen Kaisha, Ltd., and its Group companies (hereinafter the “K” LINE Group) believe that one of the important aspects of corporate social responsibility is to promote its business activities, being aware of their impacts on communities, both local and international. Based on the United Nations Guiding Principles on Business and Human Rights, the Group has established the Basic Policy on Human Rights (hereinafter referred to as the “Policy”) and shall promote initiatives to respect the human rights of all stakeholders associated with the Group’s business activities. This policy complements the Charter of Conduct of the “K” LINE Group companies and applies to all executives and employees working in the Group.

1. Respect for and Compliance with International Norms and Laws Related to Respect for Human Rights

The “K” LINE Group supports and respects the principles on fundamental rights listed in the International Bill of Human Rights and international norms related to human rights, such as the ILO Declaration on Fundamental Principles and Rights at Work. In addition, the “K” LINE Group complies with laws and regulations related to human rights applicable in each country and region where it conducts its corporate activities.

Where there is any conflict between internationally recognized human rights and national or regional laws and regulations, the “K” LINE Group will pursue ways to honor the principles of international human rights based on this policy.

2. Respect for Human Rights

The “K” LINE Group respects the dignity and rights of all people and addresses important issues in human rights and labor practices, such as preventing discrimination, respecting basic labor rights, preventing forced labor and child labor, preventing long working hours, promoting diverse workstyles, and improving occupational health and safety. In addition, the “K” LINE Group will not violate or discriminate against human rights of people affected by its business activities, and will endeavor not to be indirectly complicit in human rights violations. Furthermore, we will continue to encourage our business partners to support this policy.

3. Human Rights Due Diligence and Remedy

The “K” LINE Group will conduct human rights due diligence in order to minimize the adverse impact on human rights. The “K” LINE Group will understand the actual or potential adverse impacts on human rights that may arise in relation to its business activities and prevent or mitigate them before they occur. Where it is identified that the “K” LINE Group has caused or directly contributed to adverse impacts on human rights, it shall work on a remedy through appropriate measures. In addition, even if the “K” LINE Group does not directly contribute to adverse impacts on human rights, it shall work on improvement in cooperation with stakeholders if our business partners and/or other related parties are directly linked to such impacts. Meanwhile, the “K” LINE Group will establish a system that enables stakeholders inside and outside the Group to report and consult on acts that may have adverse impacts on human rights.

4. Education and Training

In order to instill and comply with this policy, the "K" LINE Group shall conduct appropriate training and education programs for all executives and employees.

5. Information Disclosure

The "K" LINE Group transparently discloses the progress of its human rights initiatives through its website and integrated reports.

6. Dialogue with Stakeholders and Review of the Policy

The "K" LINE Group will continue to engage in dialogue and consultation with stakeholders and external experts. It shall review human rights issues through these dialogues and the human rights due diligence process, and review this policy as necessary.

This policy was approved by the Board of Directors on February 24, 2022.
Implemented on February 24, 2022

System

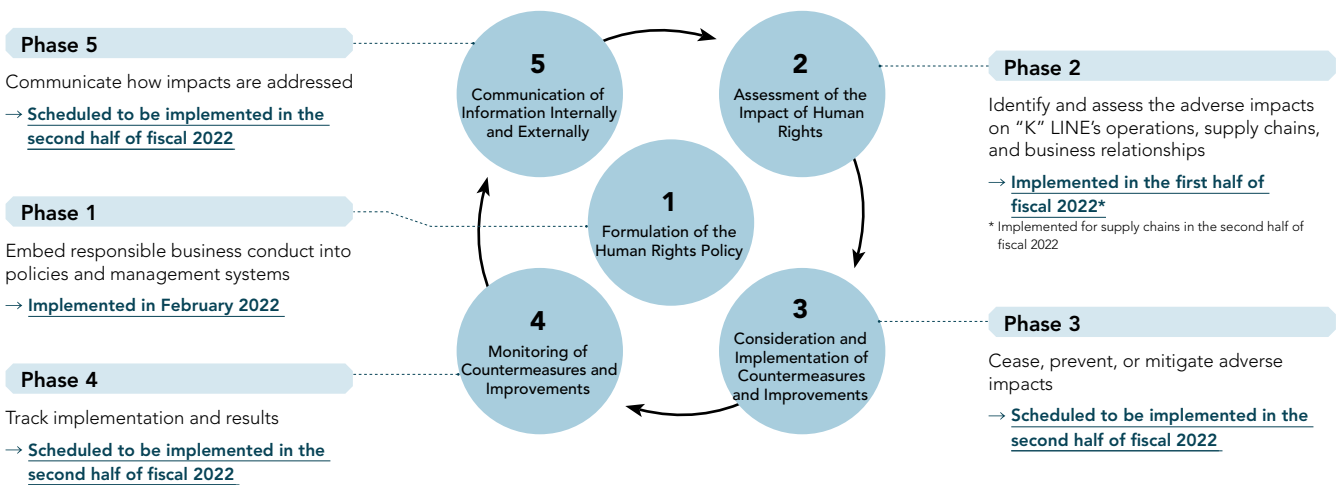
System for Implementing Human Rights Due Diligence

Based on the policy above, under the supervision of the officer in charge of promoting "K" LINE's sustainability, the Corporate Sustainability, Environment Management, IR and Communication Group has become responsible for implementing human rights due diligence in "K" LINE's business activities. Additionally, the Group is responsible for conducting risk analysis for "K" LINE's business activities and supply chain and enacting prevention measures and countermeasures when necessary.

System for Implementing Human Rights Due Diligence



Big Picture of Human Rights Due Diligence



Initiatives

Assessment of Human Rights Impacts

First, we implemented the following to understand the apparent and latent adverse impacts arising in relation to the “K” LINE Group’s business activities in the first half of fiscal 2022.

- (1) Conducted paper survey at Group companies in Japan and overseas (May to June 2022)
- (2) Analysis of survey results and identification of weak points (July to August 2022)
- (3) Examination of priority issues and countermeasures in response to the results of (2) (August to September 2022)

Respect for Basic Labor Rights

The Company aims to maintain and improve working environments and to build good relationships between workers and management. We engage in constructive dialogue combining reciprocal perspectives to generate ideas, which we

Respect for Diversity

The “K” LINE Group has been increasing its diversity in terms of gender, nationality, and so on, corresponding to the globalization of its business activities, with the expectation that improved diversity may contribute to the creation of new ideas that result in future business growth and the sustainable growth of the Company. It will continue to improve HR systems and work environments so that it can support and promote diversity further.

Preventing Harassment

“K” LINE has established a dedicated consultation service to address issues of sexual harassment, power harassment, and mental health. Information on how to use these services is provided on the corporate portal site, along with contact details for the consultation service. The Company has set up a system that allows it to solve problems quickly while giving maximum consideration to the privacy of persons who wish to have a consultation, for example, by offering access to both male and female consultants and industrial physicians and so on. In addition, we hold seminars for executives and employees on the subject of preventing harassment.

Modern Slavery Act

In accordance with the United Kingdom’s Modern Slavery Act 2015 legislation, Group companies in the U.K. have published the Modern Slavery Act Transparency Statement.

As a result of the aforementioned, we identified the following as priority issues that should be addressed.

Target Rights Holders	Priority Issue
Employees of “K” LINE and Group companies	Health and safety
	Prevention of harassment
	Prevention of excessive overtime

incorporate into our systems to support work–life balance and other aspects of workers’ lives. (For more details, please see Shaping Workplace Environments and Promoting Health Management on page 42.)

In addition, seafarers working on board vessels come from different parts of the world, including the Philippines, India, Bangladesh, China, and elsewhere in Asia, as well as Bulgaria, Croatia, and other European nations. United as one, they work day and night to ensure the safety in navigation and cargo operations of our fleet. (For more details, please see Diversity & Inclusion on page 54.)

Attendance rates for harassment prevention seminars

	FY2017	FY2018	FY2019	FY2020	FY2021
Regular employees	91%	88%	—*1	87%	—*2
Managers	86%	61%	78%		

*1 Postponed due to the impact of the COVID-19 pandemic
 *2 In fiscal 2021, the seminars did not target all employees, but limited participation to specific management positions. Training for all employees is scheduled for January 2023.

[“K” Line Holding \(Europe\) Limited
Modern Slavery Act Transparency Statement](#)

Supply Chain Management

Approach

Purchasing Policy and CSR Guidelines for Supply Chain

We have established the "K" Line Group Companies Purchasing Policy and are working to build relationships of mutual trust and cooperation with our business partners as an indispensable partner in providing services that our customers trust.

"K" Line Group Companies Purchasing Policy

To provide our customers with trustworthy and reliable services, support and cooperation from our business partners are essential. We thus strive to build mutual trust with our business partners so that we can coexist with each other in mutual prosperity.

► Purchasing Policy

"K" LINE will always transact business based on appropriate purchasing practices, as outlined below, and maintain fair and sound relationships with our business partners.

1. Making purchasing decisions by providing fair opportunities and conducting impartial evaluations
2. Complying with laws, ordinances, and social norms and building mutually trusting and cooperative relationships with business partners
3. Giving due consideration to social responsibilities such as respect for human rights and safety, conservation of natural resources, and environmental preservation
4. Striving to achieve the best quality at a reasonable cost

In addition to the "K" Line Group Companies Purchasing Policy, we formulated "K" Line Group Companies CSR Guidelines for Supply Chain to promote CSR across the entire supply chain and work together with our customers to realize a sustainable society.

"K" Line Group Companies CSR Guidelines for Supply Chain

At the "K" LINE Group, we aspire to ensure that our business activities contribute to a sustainable society where people live well and prosperously. We cannot achieve this through our own efforts alone; the cooperation of our business partners is essential. The "K" Line Group Companies CSR Guidelines for Supply Chain (hereafter, "Guidelines") describe various matters for building a sustainable society. We want to thank our business partners for their understanding of these various matters and their voluntary commitment to them.

► Scope of Guidelines

The Guidelines apply to the following entities with which the "K" LINE Group companies conduct business.

- Business partners involved in our sales activities
- Business partners involved in vessel navigation and cargo operations
- Business partners involved in ship management, repair, and dismantling
- Business partners involved in other services

► Matters That Require Business Partners' Efforts

1. Respect for Human Rights

The "K" LINE Group consistently respects human rights and carefully considers the personality, individuality, and diversity of every person working in the Group, while working to improve work safety and conditions in order to offer them comfort and affluence. We ask that our business partners comply with and take action regarding the following points in the pursuit of business.

- **Respect for the basic human rights of employees**
Respect the basic human rights of employees and do not violate their rights
- **Abolition of forced labor and child labor**
Conduct no forced or compulsory labor, including overlong working hours for employees, strive to eliminate all forced labor including bonded labor, human trafficking, and slave labor, including any unintentional complicity in such activities, and work to effectively abolish child labor
- **Compliance with local applicable labor-related laws and regulations in each country**
Comply with applicable local labor laws and regulations in each country and prevent violations of them. Respect freedom of association and collective bargaining of employees and obey the local laws and regulations in countries and/or regions where your business is operated
- **Equality in employment and treatment**
Strive for equal treatment of employees without discrimination in terms of employment and worker treatment
- **Maintain a safe and healthy workplace environment**
Ensure the safety and health of employees and prevent occupational accidents and diseases and strive to improve the workplace environment
- **Payment of decent wages**
Pay employees decent wages commensurate with actual labor performed and in compliance with applicable wage laws and regulations

Note: Employees in this section include those on fixed-term employment and temporary staff.

2. Compliance and Business Ethics

The "K" LINE Group promises to comply with applicable laws, ordinances, rules, and other norms of behavior both in the domestic and international community and conducts corporate activities with fair, transparent, and free competition. In addition, the Group is working hard to resolutely confront and avoid all relations with groups and individuals that may threaten social order and public safety, which includes efforts directed at anti-money laundering and counter-terrorism financing. In the process of providing services and products to the "K" LINE Group, we ask that our business partners comply with and take action regarding the following points.

- **Compliance with laws, regulations, and other social norms in each country and region**
Comply with relevant laws, regulations, and other social norms in each country and region where you operate. Such laws and regulations include competition law, anti-corruption/bribery law, laws on subcontracting, foreign exchange and foreign trade control law, personal information protection law, copyright law, intellectual property rights law, etc.
- **Elimination of fraud and improper gain**
Strive for honest and fair conduct in the operation of business and eliminate the acceptance of improper gain through bribery and fraud
- **Prevent money laundering and avoid all relations with groups or individuals that may threaten social order and public safety**
Avoid all relations with groups and individuals (including those suspected of having such relations) that may threaten social order and public safety, take a resolute stand against unreasonable demands from them, and completely reject those involved in money laundering and/or the financing of terrorism.

3. Earning Trust from Customers and Society by Providing Safe and Beneficial Services

The "K" LINE Group continues to pay special attention to safety in navigation, achieving customer satisfaction and garnering trust from society by providing safe and beneficial services. We ask that our business partners, in the process of providing services and products to the "K" LINE Group, comply with and take action regarding the following points.

- **Ensuring of safety in navigation and cargo operations**
Based on a Companywide safety management system, internally disseminate policies on safety, educate and train employees, use facilities and equipment with full consideration for safety, and systematically take initiatives to ensure safety while continuously making improvements

- **Establishment of emergency response capability**

To prepare for a state of emergency, such as a serious accident, put in place an internal system and prepare manuals so that needed measures can be taken appropriately and flexibly, and also conduct adequate training

4. Commitment to Environmental Issues

The “K” LINE Group recognizes that global environmental efforts are a key issue for all of humanity and that they are essential both for business activities and for the continued existence of the Company. Therefore, we are committed to taking a voluntary and proactive approach to such issues in order to protect and preserve the environment. In addition, as a world-leading transport operator, “K” LINE will endeavor to establish a business that allows more people around the world to maximize the advantages of marine transportation. That is to say, under the “K” LINE Environmental Vision 2050, Securing Blue Seas for Tomorrow, the Company provides customers with a lower environmental load and higher efficiency than any other means of transport. In the process of providing services and products to the “K” LINE Group, we ask that our business partners comply with and take action regarding the following points.

- **Reduction of environmental impact**

To preserve the global environment, be mindful of and take proactive approaches in reducing the environmental impact generated by your business activities

- **Reduction of resource and energy consumption**

To protect limited resources and energy, be mindful of and take proactive approaches in reducing the consumption of resources and energy necessary for the conducting of business

- **Proactive advice and proposals for reducing environmental impact related to the “K” LINE Group’s business activities**

To preserve the global environment and protect resources and energy, be mindful of and offer proactive advice and proposals in reducing the environmental impact related to the business activities of the Group.

5. Protection and Management of Information and Intellectual Property

The “K” LINE Group properly protects and manages business and personal information and intellectual property. We ask that our business partners comply with and take action regarding the following points.

- **Management and protection of confidential information obtained through transactions with the “K” LINE Group**

Commit to managing and protecting confidential information obtained through transactions with the “K” LINE Group and do not leak or reveal such information

- **Proper protection of intellectual property**

Respect the intellectual property of relevant parties and ensure that the transfer of technology and know-how is conducted in a manner that protects intellectual property rights

► Actions Expected of Our Business Partners

The matters above that we ask of you, our business partners, are not only actions for you to take by yourselves. We also ask that you appropriately request and provide guidance to each of the suppliers with whom you work.

In addition, when deploying the Guidelines within your organization or your suppliers, we ask that you ensure that they are included in the internal control system and conduct proper management while raising awareness of executives and employees.

When the contents of the Guidelines differ from laws, regulations, or other rules and standards in the country where you conduct your business, we request you to follow the stricter requirements.

The “K” LINE Group seeks to build relationships of mutual trust and cooperation with business partners by requesting that they act appropriately, following the Guidelines. For this reason, we may ask for your cooperation in interviewing you to hear about the current status and progress you are making, and we may provide guidance on making improvements if needed.

Initiatives

Initiatives for Promoting CSR in the Supply Chain

We launched the following initiatives to ensure awareness of the above “K” Line Group Companies CSR Guidelines for Supply Chain within the Group and among business partners.

- Publication of a newsletter to increase awareness within “K” LINE and the “K” LINE Group
- Examination of implementation of the Self-Assessment Questionnaire, a questionnaire for business partners that uses a checklist
- Collection of information regarding prior cases through the activities of the Global Compact Network Japan subcommittees

Stakeholder Engagement

Approach

Basic Policy

Since the "K" LINE Group conducts business activities around the world, it is essential to build good and solid relationships with various stakeholders, including shareholders and other investors, customers, business partners, employees, people in local communities, and global society. Through interactive communication with stakeholders, we strive continuously to meet the expectations and the needs of society and incorporate them into our business activities in order to fulfill our corporate social responsibility.

Additionally, as stated in chapter three of the Kawasaki Kisen Kaisha, Ltd., CORPORATE GOVERNANCE GUIDELINES, "in order to achieve its sustainable growth and help enhance its corporate value further, the Company shall endeavor to appropriately hold dialogue and cooperate with various stakeholders, including its employees, customers, business partners, creditors, and local communities, and to establish a corporate culture and climate where

the rights and positions of such stakeholders are respected and sound business ethics are ensured."



Stakeholders	Basic policy
Customers	We do our best to respond to customer needs by developing systems for ensuring timely shipping and striving to provide our customers with a wide range of information. We will improve the quality of our services by maintaining safety in navigation and cargo operations to transport the cargo entrusted to us by our customers safely and surely.
Shareholders and investors	We have adopted an IR policy designed to meet the expectations of our shareholders and investors. Under this policy, we strive to improve our corporate value further by properly disclosing corporate information on a timely basis and communicating with our shareholders and investors at briefings of every kind, for example.
Business partners	We do business based on our "K" Line Group Companies Purchasing Policy. This policy is written to ensure compliance and is aimed at maintaining fair and constructive relationships with our business partners. We thus strive to build trust with our business partners and coexist with them as good partners.
Local communities and global society	We contribute to society as a good corporate citizen and work with people around the world toward development.
Employees	We respect the basic human rights of our employees and develop training programs to maximize the ability of each employee. We also strive to enhance benefit programs and improve working environments to enable each employee to work vigorously and with a sense of safety.

Related Data

Expenditure on Trade Associations and Social Contributions

(millions of yen)

Expenditures for trade associations and social contributions (FY2021)				
Political associations	Economic associations	Other associations	Social contributions (donations)	Total
3.1	0.0	7.4	6.5 (6.5)	17.0

Results of Investor Relations (IR) Activities

Field	Item	Unit	Fiscal year		
			2019	2020	2021
IR activities	Domestic IR and SR (shareholder relations)*1	Companies (persons)	161 (210)	148 (179)	145 (223)
	Overseas IR and SR*1	Companies (persons)	11 (13)	15 (17)	27 (38)
	Small meetings	Companies (persons)	35 (35)	57 (57)	90 (103)
	Business briefings and site tours	Times	1	0	2
	IR for private investors*2	Times	3	2	2

*1 Includes ESG Meeting as of fiscal 2020

*2 Includes an online session and a session for the persons in charge of sales in securities

Relationship with the Community

Approach

Basic Principle

The "K" LINE Group, as a good corporate citizen, will make ongoing efforts to contribute to social development and improvement and support employees' voluntary participation in such activities.

- "K" LINE will identify social issues through dialogue with stakeholders and contribute to local communities by making use of its resources.
- "K" LINE will further and proactively contribute to society through cooperation and collaboration with a broad range of stakeholders, including NPOs/NGOs, local communities, government agencies, and international organizations.
- "K" LINE will support its employees' voluntary participation in social activities such as volunteer work.
- "K" LINE will prepare for possible relief and aid for disasters or marine accidents and extend social contributions by taking advantage of its know-how and technology, including by transporting necessary resources when needed.
- "K" LINE will provide financial assistance, such as donations, as needed, to help recovery of disaster-stricken areas in the event of a disaster in countries or regions that have close relationships with our business, while supporting education and activities that contribute to the development of the shipping industry.

The "K" LINE Group believes that contributing to the medium- and long-term development of local communities and international society through educational support and job creation is also an important corporate social responsibility. With this in mind, we contribute to the development of excellent seafarers around the world through our support of maritime technical personnel education. We also foster job creation and skills development in the areas where we operate businesses.

Initiatives

Social Contribution Activities through Our Businesses

► Collaboration on Transportation to Areas Affected by Natural Disasters

To assist with prompt recovery in areas affected by natural disasters, we collaborate through free transportation of cargo to support people affected by natural disasters, mainly for regions within our service area.

► Free Ocean Transportation of Fire Engines and Ambulances for Latin American Countries

The "K" LINE Group has established a close relationship with Latin American countries over many years, assuming the role of honorary consul of El Salvador since 1969, as well as past chairmanship of the Japan–Chile Association (established in 1940) and the Japan–Peru Association (established in 1954). It has therefore been providing free ocean transportation of fire engines and ambulances donated by Japanese authorities to countries such as Peru and El Salvador. When we first started free ocean transportation in 2014, El Salvador had just 19 fire engines for the whole country. By 2020, however, we had delivered a total of 22 fire engines and ambulances to enhance the country's fire control service.

► Various Study Tours

We offer visits to and tours of our vessels and terminals for children from the local communities where our vessels call. We also host study tours of our Machida Training Center in Tokyo for children who live nearby.

► Employment Support for People with Disabilities with a New Recycling Scheme for Used Lashing Materials

Since April 2021, "K" LINE has been helping create working opportunities for people with disabilities by outsourcing a part of the recycling process for used lashing materials used in pure car carriers (PCCs) to the workplace of Continuous Employment Support Type B.*

Lashing materials are used to tightly secure vehicles on decks of PCCs to keep stability during transportation at sea. These materials need to be replaced with new ones due to deterioration over time. In the past, these materials were treated as industrial waste, but since 2016, we have been recycling them with cooperation from Global Technos, Ltd., in Yokohama and Daito Corporation, a Group company, in order to reduce the environmental burden. The whole recycling process is completed in Kanagawa Prefecture to minimize road transportation and contribute to reducing CO₂ emissions. Furthermore, by outsourcing the disassembling process of lashing materials to Seiten, a workplace of Continuous Employment Support Type B operated by Dekkaisora, an NPO in Yokohama, we are helping create employment opportunities for people with disabilities.

* A welfare service that allows people who have difficulty finding employment at general companies to work in workplaces that offer a certain level of support. There is neither an employment agreement nor a working period limit.

Supporting the Development of the Next Generation

▶ Internship Programs to Develop Human Resources Who Will Lead the Next Generation of the Shipping Industry

The "K" LINE Group organizes annual internship programs for students of nautical colleges. The program consists of an introduction to our business operations and lectures related to the operation and management of ships, as well as visits to our vessels and workshops to discuss issues related to the shipping industry.

▶ Sending Lecturers for Securing Maritime Technical Personnel

The "K" LINE Group has been participating in a task force established in 2008 by the Japanese Shipowners' Association (JSA) to secure maritime technical personnel for the future. The number of Japanese seafarers is in decline, so it is essential for the shipping industry to secure professional maritime technical personnel who can lead the world of shipping. We have been sending lecturers to "open campuses" at maritime academies and sharing information with educational institutions.

Volunteer Activities

▶ Volunteer Leave System

"K" LINE has a volunteer leave system under which employees can take leave for a maximum of 10 days a year to participate in volunteer activities in places affected by large-scale natural disasters.

▶ Community Contribution Activities / Environmental Preservation Activities

In cooperation with other companies located in the same building as its head office, the "K" LINE Group has been conducting a litter cleanup activity—a voluntary lunchtime activity—since fiscal 2014. Through casual participation in lunchtime activities, this has become an opportunity for employees to build awareness of environmental preservation and contribute to the local community. Additionally, from fiscal 2021 we have been implementing coastal cleanup activities in collaboration with NPOs and other groups.

▶ Raising Awareness of Social Contribution: "K" LINE's Intranet Portal

In order to raise awareness of social contribution among employees and management, "K" LINE has a special section on its intranet portal that highlights social contribution activities, including volunteer opportunities, circular reports on volunteer activities, and an opinion box. We also have a post-volunteering questionnaire, the feedback from which we use to inform future activities.

Support for Restoration of Disaster-Affected Areas

▶ Donations

The "K" LINE Group provides donations as needed to support the recovery of disaster-stricken areas in the event of a disaster in countries or regions that have close relationships with our business. We made financial contributions for the purpose of providing relief for people and launching recovery and reconstruction efforts in the areas affected by a typhoon that hit the central Philippines in fiscal 2021 through Rayomar Outreach Foundation, Inc., a charity established by the Rayomar Group, one of "K" LINE's business partners in the Philippines.

Related Data

Results of Social Contribution Activities

Field	Item	Unit	Fiscal year			
			2018	2019	2020	2021
Social contribution	Disaster relief donations	¥10,000	1,000	583	0	200
	Lunchtime volunteers*1	Persons	134	69	—*2	—*2
	Volunteer leave	Persons	3	1	0	0
	Free transportation	Times	3	3	0	1

*1 Includes officers and employees of Group companies

*2 Postponed to prevent the spread of COVID-19

SECTION

06 | Governance



Reinforcement of Corporate Governance

Approach to Corporate Governance


Basic Principle

“K” LINE is developing and strengthening its corporate governance and risk management structures to fulfill its social responsibility and its commitment to its shareholders and stakeholders, and to achieve sustainable growth. While

thoroughly enforcing its corporate ethics across the entire Group, “K” LINE will continue developing an organic and effective governance framework, strengthening its earning and financial structures, and enhancing its corporate value.

Kawasaki Kisen Kaisha, Ltd. CORPORATE GOVERNANCE GUIDELINES


Under Japan’s Corporate Governance Code formulated by Tokyo Stock Exchange, Inc., we are enhancing our corporate governance structure and formulating Kawasaki Kisen Kaisha, Ltd. CORPORATE GOVERNANCE GUIDELINES to clarify our approach and management policy.



[Kawasaki Kisen Kaisha, Ltd. CORPORATE GOVERNANCE GUIDELINES](#)

Corporate Governance Report

Please refer to the Corporate Governance Report submitted to the Tokyo Stock Exchange where the Company’s stock is listed for details of its corporate governance.

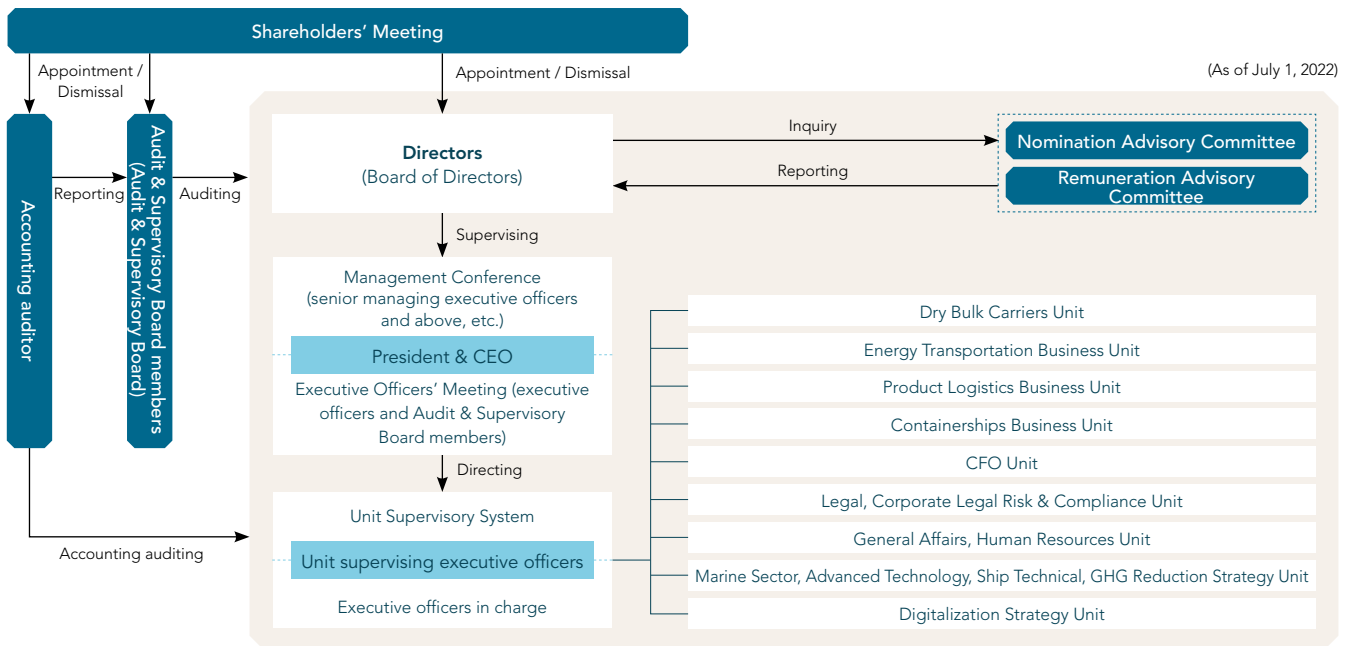


[Corporate Governance Report](#)

Corporate Governance Structure

Corporate Governance Structure Chart

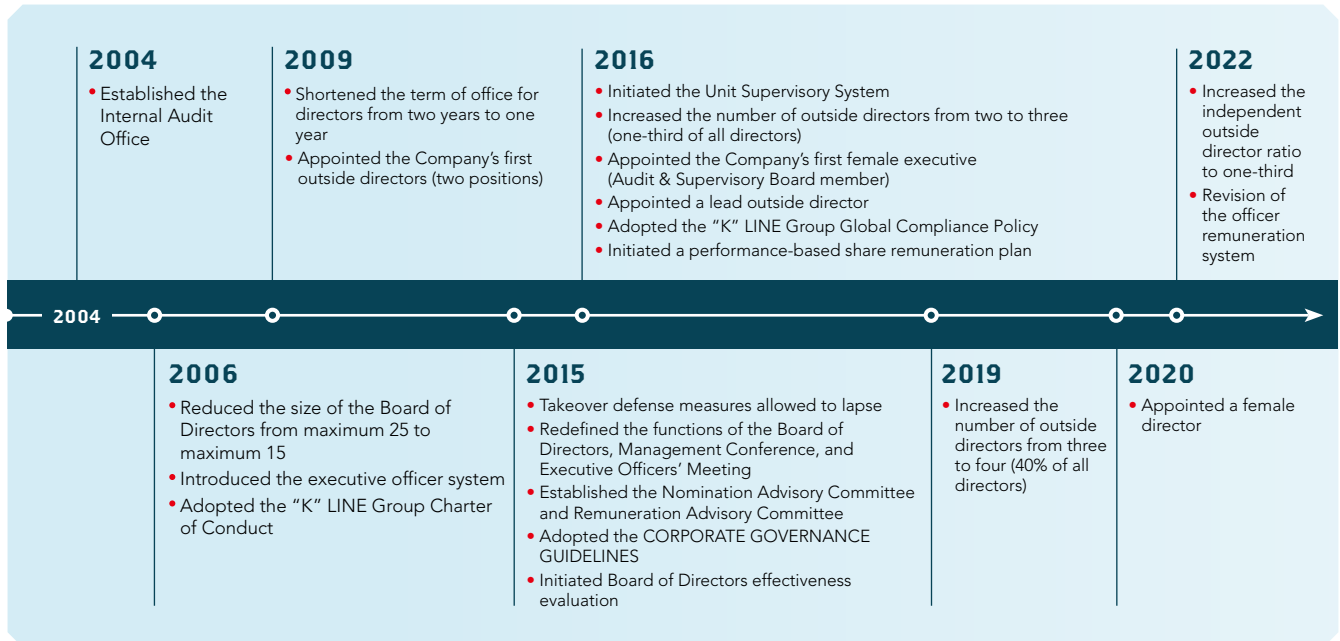
The Board of Directors and the Audit & Supervisory Board construct, apply, and monitor the corporate governance system, and several committees and other offices contribute to enhancing the system.



Corporate Governance Reform

"K" LINE has promoted the active development of our governance structure by connecting the sustainable increase of corporate value with corporate governance reform, such as the appointment of several people as

outside directors in 2009. We will continue to enhance internal discussions regarding the governance structure and steadily deepen governance reforms.



Board of Directors

The Board of Directors is an organ of the Company that meets at least once a month and determines fundamental management policies, matters required by laws and regulations, and other important management-related matters, as

well as supervises the execution of duties by directors. Four of the 10 directors are outside directors (of whom, three are independent outside directors). Audit & Supervisory Board members also attend Board of Directors' meetings.

► Board of Directors' Meetings Attended / Meetings Held (Fiscal 2021)

	Board of Directors		Board of Directors		Board of Directors
Yukikazu Myochin	18/18	Seiichi Tanaka*1	5/5	Yutaka Akutagawa*2	13/13
Atsuo Asano	18/18	Keiji Yamada	18/18	Atsumi Harasawa	18/18
Yukio Toriyama	18/18	Ryuhei Uchida	18/18	Shinsuke Kubo	18/18
Kazuhiko Harigai	18/18	Kozue Shiga	18/18	Tsuyoshi Yamauchi*1	5/5
Yasunari Sonobe	18/18	Tsuyoshi Kameoka*2	13/13		
Makoto Arai	18/18	Kunihiko Arai	18/18		

*1 Retired in June 2021

*2 Appointed in June 2021

Director Skill Matrix

To achieve the medium-term management plan, the Company's Board of Directors shall consist of a variety of individuals, including those with experience in managing corporations and other large organizations and those with expertise in the operational, technical, financial, and other aspects of the shipping industry. This is to ensure

constructive discussions and supervision based on diverse backgrounds and knowledge. The Company shall give extra consideration to such diversity when selecting candidates for directors and Audit & Supervisory Board members.

Please see the skill matrix below for a list of the expertise and knowledge of each director.

	Expertise and experience				
	Corporate management & strategy	Legal & risk management	Finance & accounting	Technology	Global
Yukikazu Myochin	●	●			●
Atsuo Asano	●			●	●
Yukio Toriyama	●	●	●		●
Kazuhiko Harigai	●				●
Yasunari Sonobe	●				●
Keiji Yamada		●			●
Ryuhei Uchida	●		●		●
Kozue Shiga		●			●
Tsuyoshi Kameoka	●	●			●

Criteria for Independence of Outside Officers

In addition to the requirements stipulated in the Companies Act, "K" LINE has established specific criteria relating to independence for the appointment of outside officers and outside Audit & Supervisory Board members for the purpose of electing them. The criteria are as follows.

An outside officer shall be judged to be independent if none of the following criteria apply.

1. A person who has been a business executor (meaning a business executor as provided for in Article 2, Paragraph (3), Item (6) of the Regulation for Enforcement of the Companies Act; the same shall apply hereinafter) of a corporate group for whom the "K" LINE Group ("the Group") is a major client within the past three years. "A corporate group for whom the Group is a major client" refers to a corporate group that has recorded sales to the Group in each of the years in this three-year period accounting for over 2% of consolidated sales in each such year for that corporate group.
2. A person who has been a business executor of a corporate group that is a major client of the Group within the past three years. "A corporate group that is a major client of the Group" refers to a corporate group to whom the Group has recorded sales in each of the years in the three-year period accounting for over 2% of the Group's consolidated sales in each such year.
3. A person who has, within the past three years, been a business executor of a financial institution or another principal creditor, or its parent company or important subsidiary that plays a critical role in the Group's financing to such a degree that it is irreplaceable for the Group.
4. A person who annually has been paid ¥10 million or more or has received other assets in an amount equivalent thereto other than officer's remuneration from the Group in the past three years; or a person who has, within the past three years, belonged to an audit firm, tax accounting firm, law firm, consulting firm, or other professional advisory firm that has annually been paid ¥10 million or more or other assets in an amount equivalent thereto by the Group accounting for over 2% of the total revenues of such juridical person, etc., in the latest fiscal year. However, this shall not apply to a person who belongs to such juridical person in outline but has substantially no conflict of interest with the Group (a person who does not receive any compensation from such juridical person, for example).
5. A shareholder holding over 10% of the voting rights of the Company. If the shareholder is a juridical person, a person who has been a business executor of the shareholder or its parent company or subsidiary within the past three years.
6. A person who is a spouse or a relative of the second or less degree of a person falling under any of the above criteria.

Board of Directors Effectiveness Evaluation

As “K” LINE believes an effective corporate governance function is essential for sustainable growth and the enhancement of corporate value over the medium to long term, the Board of Directors analyzes and evaluates the Board’s effectiveness each year, with the results disclosed in a timely and appropriate manner. Independent third-party evaluations are conducted once every three years, with the latest third-party evaluation conducted in fiscal 2021.

Please refer to the following for the latest results.



[Information on “K” LINE’s Board of Directors Effectiveness Evaluation](#)

Nomination Advisory Committee

The Nomination Advisory Committee is composed of all independent outside directors, the Chairperson of the Board, and the President & CEO, while the Chairperson of the Board is appointed from among the outside directors

through mutual election among themselves. The committee conducts deliberations on the reasonableness of proposals for the appointment or dismissal of the Company’s officers upon consultation with the Board of Directors.

Succession Planning

Under Article 12 of the Group’s Corporate Governance Guidelines formulated in 2015, “the Board of Directors shall cause the Nomination Advisory Committee to deliberate on the draft version formulated each fiscal year by the incumbent president & CEO for the plan for his/her successor, receive the results of said deliberation, and confirm the

reasonableness of the draft version.” At the Nomination Advisory Committee, which focuses on independent outside directors and has an independent outside director as chairperson, we strive to sustainably increase corporate value by discussing the succession plan for the next president & CEO.

Remuneration Advisory Committee

The Remuneration Advisory Committee is composed of all independent outside directors, the Chairperson of the Board, and the President & CEO, while the Chairperson of the Board is appointed from among the outside directors through mutual election among themselves.

The committee conducts deliberations on the institutional design of the officers’ remuneration system and the level of officers’ remuneration upon consultation with the Board of Directors.

Memberships of Committees (As of July 2022)

The Nomination Advisory Committee and the Remuneration Advisory Committee are membered by a majority of outside directors designated as independent directors.

Nomination Advisory Committee

Chairperson Kozue Shiga

Members Keiji Yamada, Tsuyoshi Kameoka, Yukikazu Myochin

Remuneration Advisory Committee

Chairperson Keiji Yamada

Members Kozue Shiga, Tsuyoshi Kameoka, Yukikazu Myochin

► Nomination Advisory Committee Meetings Attended / Meetings Held (Fiscal 2021)

	Nomination Advisory Committee	Remuneration Advisory Committee
Yukikazu Myochin	8/8	6/6
Seiichi Tanaka*1	3/3	3/3
Keiji Yamada	8/8	6/6
Kozue Shiga	8/8	6/6
Tsuyoshi Kameoka*2	5/5	3/3

*1 Retired in June 2021

*2 Appointed in June 2021

Officers' Remuneration System

► Policy and Procedures for the Determination of Officers' Remuneration

Remuneration for executive directors shall be appropriate, fair, and balanced so as to reflect the Company's medium- to long-term business performance and the latent risks borne by said executive directors and to further enhance their willingness and motivation to bring about the Company's sustainable growth and maximize its corporate value. In addition, the remuneration for outside directors shall reflect the amount of time devoted to the Company's business, and the responsibilities borne by them, and shall not include business performance-linked factors. The institutional design and level of remuneration shall be deliberated on, resolved, and recommended to the Board of Directors by the Remuneration Advisory Committee pursuant to the aforementioned policies. The Board of Directors shall respect the recommendations of the Remuneration Advisory Committee, and the representative director, President & CEO shall ultimately determine the amount to be paid to each director.

► Remuneration System

The Company's Board of Directors determines remuneration levels for executives in consideration of the recommendations of the Remuneration Advisory Committee, which deliberates and determines the structure and level of compensation and reports its counsel to the Board. Director remuneration comprises a monthly remuneration, performance-based compensation, and the Board Benefit Trust (BBT) Performance-Based Share Remuneration Plan. BBT compensation is linked to the Company's total shareholder return (TSR) to provide incentives for directors to contribute to the medium- and long-term growth in earnings and corporate value. See below for an overview of the remuneration system.

Classification	Type of remuneration	Nature of remuneration	Method of determination	Maximum limit of remuneration
Directors	(1) Monthly remuneration	Fixed remuneration	Remuneration is determined in accordance with position	Within ¥600 million/year
	(2) Bonuses based on consolidated performance*	Variable remuneration	Linked to the degree of achievement of consolidated performance targets and individual performance evaluations in single fiscal years	
	(3) Performance-based share remuneration (BBT)*		Linked to the Company's medium- to long-term total shareholder return (TSR) TSR = Rate of increase of the Company's shares over a fixed period + Dividend rate over the fixed period (Total dividend ÷ Initial share price)	Over the four fiscal years from FY ending March 31, 2022, until FY ending March 31, 2025: (1) Amount contributed to the trust by the Company: ¥480 million (2) Maximum points awarded to directors in any one fiscal year: 620,000 points (equivalent to 62,000 shares)
Audit & Supervisory Board members	Monthly remuneration only	Fixed remuneration	Determined following deliberation among Audit & Supervisory Board members	Within ¥12 million/month

* Limited to executive directors

Audit & Supervisory Board

The Audit & Supervisory Board formulates and implements audit policies and plans, and undertakes to conduct efficient, expeditious auditing. As an independent organ, the Audit & Supervisory Board audits the execution of duties by the directors through attendance at meetings of the Board of Directors and other important meetings and the inspection of important decision-making documents. "K" LINE assigns dedicated staff as assistants to the Audit & Supervisory Board members.

► Audit & Supervisory Board Meetings Attended / Meetings Held (Fiscal 2021)

	Audit & Supervisory Board
Kunihiko Arai	16/16
Yutaka Akutagawa* ¹	12/12
Atsumi Harasawa	16/16
Shinsuke Kubo	16/16
Tsuyoshi Yamauchi* ²	4/4

*¹ Appointed in June 2021

*² Retired in June 2021

Management Conference

The Management Conference functions as a system to help the president & CEO and/or their representatives make decisions, through lively discussion. The conferences are held every week, attended by the Chairperson of the Board of Directors, senior managing executive officers and above, unit supervising executive officers, the executive officers in charge of corporate planning, finance, and accounting, and members of the Audit & Supervisory Board.

Executive Officers' Meeting

Executive Officers' Meetings are held once a month in principle, attended by all the executive officers, including those concurrently serving as directors, and Audit & Supervisory Board members, where progress of business executions (including monthly performance) and decision matters are reported and discussed.

Investment Committee

Meetings of the Investment Committee, consisting of executive officers in charge of corporate planning and finance, and other executive officers and general managers appointed by the president & CEO, are held periodically to deliberate on basic plans and important initiatives for maximizing investment effects, while taking the Company's investment capacity into consideration. The committee also monitors past investment effects and considers the termination or cessation of such investments.

Unit Supervisory System

From April 2016, we introduced the Unit Supervisory System and established unit supervising executive officers to further improve the efficiency of and reinforce the system for business execution. Under the Unit Supervisory System, which falls under the direction of the president & CEO, as a head of business execution, are six unit supervising executive officers who control and supervise multiple business departments or administration departments have been placed. Under the control of each unit supervising executive officer, executive officers in charge of each department have been placed. Each unit is as follows.

- Dry Bulk Carriers Unit
- Energy Transportation Business Unit
- Product Logistics Business Unit (Car Carriers, Logistics, Port, Short Sea and Coastal Business, Affiliated Business)
- Containerships Business Unit
- CFO Unit (Corporate Planning, Research, Corporate Sustainability, Environment Management, IR and Communication, Finance, Accounting, Taxation)
- General Affairs, Human Resources Unit
- Legal, Corporate Legal Risk & Compliance Unit
- Marine Sector, Advanced Technology, Ship Technical, GHG Reduction Strategy Unit
- Digitalization Strategy Unit

Stock

Basic Stock Information

Fiscal period	April 1–March 31
Ordinary General Meeting of Shareholders	June
Date of record for Ordinary General Meeting of Shareholders	March 31
Date of record for dividends	Year-end dividend: March 31 Interim dividend: September 30
Share trading unit	100 shares
Public notices	Public notices of the Company are made electronically and posted on the Company's website below. https://www.kline.co.jp (Japanese only) If the notice cannot be made electronically due to accident or other causes beyond the control of the Company, the notice will be posted in the Nihon Keizai Shimbun (the Nikkei), published in Tokyo.

Stock and Shareholders Data

► Stock Data

(As of September 30, 2022)

Authorized	200,000,000 shares of common stock
Issued	94,749,463 shares of common stock
Number of shareholders	46,462

► Principal Shareholders (10 Largest)

(As of September 30, 2022)

Shareholders	Number of shares held (thousands)	Percentage of shares held (%)
ECM MF	10,716	11.32
GOLDMAN SACHS INTERNATIONAL	9,779	10.33
The Master Trust Bank of Japan, Ltd. (trust account)	9,128	9.64
MLI FOR SEGREGATED PB CLIENT	5,651	5.97
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR ACCT	5,132	5.42
Custody Bank of Japan, Ltd. (trust account)	2,922	3.08
IMABARI SHIPBUILDING CO., LTD.	2,354	2.48
CGML-LONDON EQUITY	2,100	2.21
Custody Bank of Japan, Ltd. (Kawasaki Heavy Industries, Ltd. retirement benefit trust account re-entrusted by Mizuho Trust & Banking Co., Ltd.)	2,035	2.15
Mizuho Bank, Ltd.	1,868	1.97

Note: The percentage of shares is calculated excluding treasury stock (122,438 shares)

► Share Breakdown by Owner Type

(As of September 30, 2022)

Classification	Number of shareholders	Ratio (%)	Number of shares held (thousands)	Ratio (%)
Japanese individuals and others	45,282	97.46	14,820	15.64
Government and local governments	0	0.00	0	0.00
Japanese financial institutions	48	0.10	23,985	25.31
Other Japanese corporations	520	1.11	7,594	8.01
Foreigners	562	1.20	44,067	46.50
Securities companies	49	0.10	4,159	4.38
Treasury shares	1	0.00	122	0.12

■ Conflicts of Interest and Related-Party Transactions

The Company has established the following procedures with respect to related-party transactions, and finds that management is capable of supervising such transactions based on such procedures.

- (1) The Regulations on Decision-Making Standards stipulate that the Company is to refer matters to be addressed by and seek prior approval from the Board of Directors with respect to certain matters irrespective of monetary amount, such as: transactions with major shareholders whose holdings account for more than 10% of the Company's voting rights or transactions between the Company and its directors; transactions conducted by a director with the Company for a third party; transactions involving a conflict of interest; and debt guarantees of directors made by the Company. The Regulations on Decision-Making Standards also stipulate that key developments must be reported to the Board of Directors subsequent to having carried out a transaction. As such, the Board of Directors supervises appropriateness of transactions.
- (2) The Company shall treat all of its shareholders impartially, and accordingly must not make special considerations for specific shareholders.
- (3) The Company shall determine the presence or absence of related-party transactions upon submission of confirmation documents for all of the Company's officers each fiscal term, and shall furthermore verify transaction details if related-party transactions have taken place.

■ Cross-Shareholding

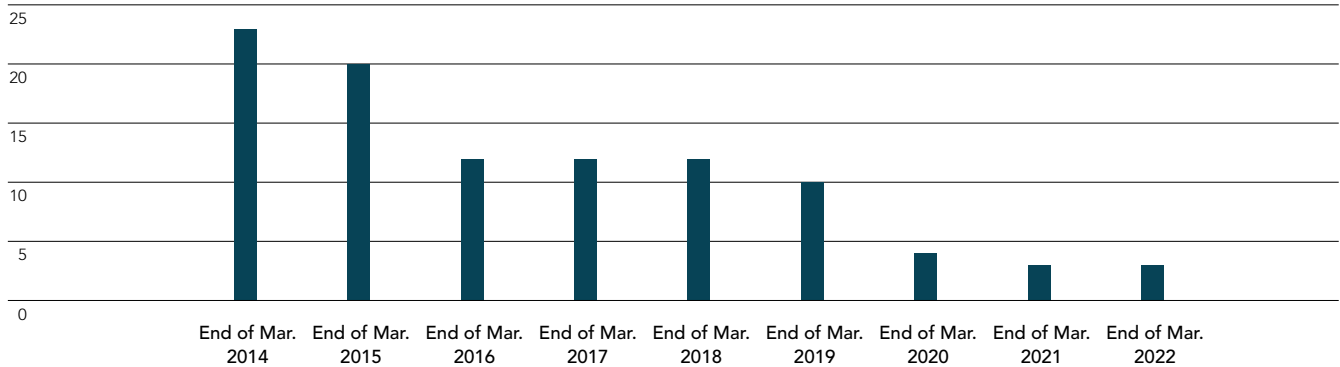
Cross-Shareholding Policy

In accordance with "K" LINE Corporate Governance Guidelines, the Board of Directors carefully examines cross-shareholdings of listed shares at least once per year to determine whether holdings should be continued based on a concrete assessment of the holding purpose and medium- to long-term economic rationale of individual holdings. In examining economic rationale, the Board will consider liquidating shares if returns from the holdings have

fallen below the cost of shareholders' equity in a given fiscal year. The sale of cross-shareholdings that have become applicable under the relevant criteria will be discussed each year at meetings of the Board of Directors to determine which holdings will be sold. The Company has been reducing cross-shareholdings, and as of March 31, 2022, the number of cross-shareholdings of listed shares was three.

Cross-shareholdings

(Holdings)



Specified investment shares

Issues	FY2021	FY2020	Purpose of holding, quantitative effect of holding, and reason for increase in number of shares	Holds "K" LINE shares
	Shares Balance sheet amount (millions of yen)	Shares Balance sheet amount (millions of yen)		
JFE Holdings, Inc.	5,062,170	5,062,170	As JFE Holdings is a major shipper in the Dry Bulk segment, "K" LINE continues to hold shares in JFE Holdings to enhance long-term and sustainable growth by maintaining and strengthening its business relationship with this company.	No
	8,722	6,899		
Kawasaki Heavy Industries Ltd. (KHI)	1,001,699	1,001,699	As KHI is a collaborator in the field of advanced technologies and a major shipbuilding business partner in the Dry Bulk, Energy Resource Transport, and Product Logistics segments, "K" LINE continues to hold KHI shares to enhance long-term and sustainable growth by maintaining and strengthening its business relationship with this company.	Yes
	2,229	2,746		
Kamigumi Co., Ltd.	118,404	118,404	"K" LINE continues to hold Kamigumi shares to enhance long-term and sustainable growth by maintaining and strengthening its business relationship with this company in light of transactions in the Product Logistics segment, the co-establishment of a holding company, and other factors.	Yes
	260	248		

Notes 1. If the holder of "K" LINE shares is a holding company, the number of shares held by major subsidiaries (number of shares actually held) is indicated.

2. As it is difficult to quantify the effect of shareholdings, the method used to verify the rationale behind said holdings is described. The "K" LINE Board of Directors verifies the appropriateness of individual holdings on a fiscal year-end basis.

Internal Control and Group Governance

Overview

► Establishment and Maintenance of the Internal Control System

The Board of Directors is responsible for establishing the internal control system, evaluating its effectiveness, and ensuring that it functions properly. In addition, through monitoring and verifying the status of the internal control system, the Internal Audit Group plays a role in supporting the Board of Directors in carrying out its responsibilities for the development, maintenance, and enhancement of the internal control system. Audit & Supervisory Board members oversee the processes by which directors establish the internal control system and confirm that it is functioning effectively.

Further, while respecting the autonomy of each of the Group companies, "K" LINE supports and supervises the establishment and effective management of internal control systems within each of these Group companies to ensure that activities conducted across all Group companies are appropriate.

► Group Governance

To ensure proper business operations of "K" LINE Group companies, we have established the Charter of Conduct for "K" LINE Group Companies as a keystone for both corporate governance and compliance of the entire Group. Based on this Charter, each Group company has established its own Implementation Guideline for the Charter of Conduct.

Accounting Audit and Internal Audit

Status of Accounting Auditor

(1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

(2) Amount of Remuneration Payable to Accounting Auditor for the Fiscal Year under Review

Item	Amount
(1) Amount of remuneration to be paid to the accounting auditor by the Company	¥90 million
(2) Total amount of money and other financial benefits to be paid to the accounting auditor by the Company and its subsidiaries	¥168 million

Note: The audit contract between the Company and the accounting auditor does not classify the remuneration amounts separately for audits pursuant to the Companies Act and for audits pursuant to the Financial Instruments and Exchange Act, partially given the impracticality of deriving such classifications. Therefore, the amount listed in 1) is not classified in this way. Of the Company's principal subsidiaries, etc., accounting auditors other than the accounting auditor of the Company audit documents relating to accounts of "K" LINE BULK SHIPPING (UK) LIMITED, "K" LINE LNG SHIPPING (UK) LIMITED, "K" LINE PTE LTD., and OCEAN NETWORK EXPRESS PTE. LTD

(3) Reason for the Consent to the Amounts of the Remuneration for the Accounting Auditor, etc.

The Audit & Supervisory Board obtained necessary materials and received reports from directors, the related internal departments, and the accounting auditor, and after conducting the necessary verification and deliberations on whether the content of audit plans conducted by the accounting auditor, the execution status of the accounting auditor's duty, and the basis for calculation of estimates for their remuneration, etc., are appropriate, the Board gave the consent provided for in Article 399, Paragraph 1 of the Companies Act.

(4) Details of Non-Audit Services (Services Other Than Those of Article 2, Paragraph 1 of the Certified Public Accountants Act) Performed by the Accounting Auditor

No items to report.

(5) Policy for Decisions on Dismissal or Non-Reappointment of the Accounting Auditor

If deemed necessary by the Audit & Supervisory Board in cases such as where an accounting auditor has difficulty in the execution of their duties, the Audit & Supervisory Board shall determine the content of a proposition regarding the dismissal or non-reappointment of the accounting auditor to be submitted to the General Meeting of Shareholders. If circumstances involving an accounting auditor are deemed to fall under any of the items of Article 340, Paragraph 1 of the Companies Act, the accounting auditor shall be dismissed subject to unanimous approval by the Audit & Supervisory Board. In any such case, an Audit & Supervisory Board member designated by the Audit & Supervisory Board shall report the dismissal of the accounting auditor and the grounds for dismissal at the first General Meeting of Shareholders to be convened after the dismissal.

Status of Internal Audit

The internal audit of "K" LINE is carried out by the Internal Audit Group, which has eight full-time employees. They audit the execution of duties for "K" LINE and the "K" LINE Group, in terms of internal control, such as enhancing the effectiveness and efficiency of operations, improving the trustworthiness of financial information, and ensuring compliance. Audit & Supervisory Board members, the Audit

& Supervisory Board, and the Internal Audit Group regularly and irregularly exchange information regarding details of audits and auditing firms that act as accounting auditors. They maintain close contact and exchange opinions regarding the results of the audit, the status of internal control as understood by the auditing firm, and risk evaluations.

Related Data

Governance Data (This data applies to Kawasaki Kisen Kaisha, Ltd.)

Field	Item	Breakdown	Unit	Fiscal year		
				2019	2020	2021
Governance	Board of Directors	Number of directors	Persons	10	10	10
		Men	Persons	10	9	9
		Women	Persons	0	1	1
		Ratio of women	%	0	10	10
		Number of outside directors	Persons	4	4	4
		Ratio of outside directors	%	40	40	40
		Average age of directors	Years	61.6	61.7	62.3
		Age of youngest director	Years	42	43	44
		Age of oldest director	Years	72	72	73
		Number of meetings held	Times	14	18	18
	Average attendance ratio	%	98.9	99.6	100.0	
	Audit & Supervisory Board	Number of members	Persons	4	4	4
		Men	Persons	2	3	3
		Women	Persons	2	1	1
		Ratio of women	%	50	25	25
		Number of outside members	Persons	2	2	2
		Ratio of outside members	%	50	50	50
	Nomination Advisory Committee	Number of meetings held	Times	14	16	16
		Number of members	Persons	5	4	4
		Number of outside members	Persons	3	3	3
		Ratio of outside members	%	60	75	75
	Remuneration Advisory Committee	Number of meetings held	Times	13	7	8
		Number of members	Persons	5	4	4
		Number of outside members	Persons	3	3	3
		Ratio of outside members	%	60	75	75
	Remuneration	Number of meetings held	Times	6	4	6
		Total remuneration paid to directors (number of payees)*	¥ million (persons)	312 (12)	319 (12)	340 (10)
		Total remuneration paid to Audit & Supervisory Board members (number of payees)*	¥ million (persons)	73 (6)	84 (5)	81 (5)

* Total remuneration paid (number of payees) includes directors and Audit & Supervisory Board members who have resigned during the fiscal year (at the General Meeting of Shareholders).

Governance Data (As of June 23, 2022)

	Title	Name	Gender	Independence	Tenure (years)	Board meeting attendance rate (FY2021)	Executive officer	Nomination Advisory Committee member	Remuneration Advisory Committee member	Important concurrent positions
Board of Directors	Representative Director, President & CEO	Yukikazu Myochin	Male	No	6	100%	●	●	●	
	Representative Director	Atsuo Asano	Male	No	4	100%	●			
	Representative Director	Yukio Toriyama	Male	No	3	100%	●			
	Representative Director	Kazuhiko Harigai	Male	No	3	100%	●			
	Director	Yasunari Sonobe	Male	No	2	100%	●			
	Outside Director	Keiji Yamada	Male	Yes	3	100%		●	●	Yes
	Outside Director	Ryuhei Uchida	Male	No	3	100%				Yes
	Outside Director	Kozue Shiga	Female	Yes	2	100%		●	●	Yes
	Outside Director	Tsuyoshi Kameoka	Male	Yes	1	100%		●	●	Yes
Audit & Supervisory Board	Audit & Supervisory Board Member	Kunihiko Arai	Male	No	3	100%				
	Audit & Supervisory Board Member	Yutaka Akutagawa	Male	No	1	100%				
	Outside Audit & Supervisory Board Member	Atsumi Harasawa	Female	Yes	3	100%				Yes
	Outside Audit & Supervisory Board Member	Shinsuke Kubo	Male	Yes	2	100%				Yes

Risk Management

Approach

Risk Management Policy

The logistics business, including the shipping business, is exposed to various risks in its operations.

Accordingly, the "K" LINE Group has established a risk and crisis management system based on our vision and values. We established this system so that we can recognize and prepare for various risks in management and fulfill our corporate social responsibility even if risks materialize.

Of the major risks listed from those on the right, risks associated with vessel operations, disaster risks, compliance risks, and other management-related risks are classified into four categories, and corresponding committees have been established.

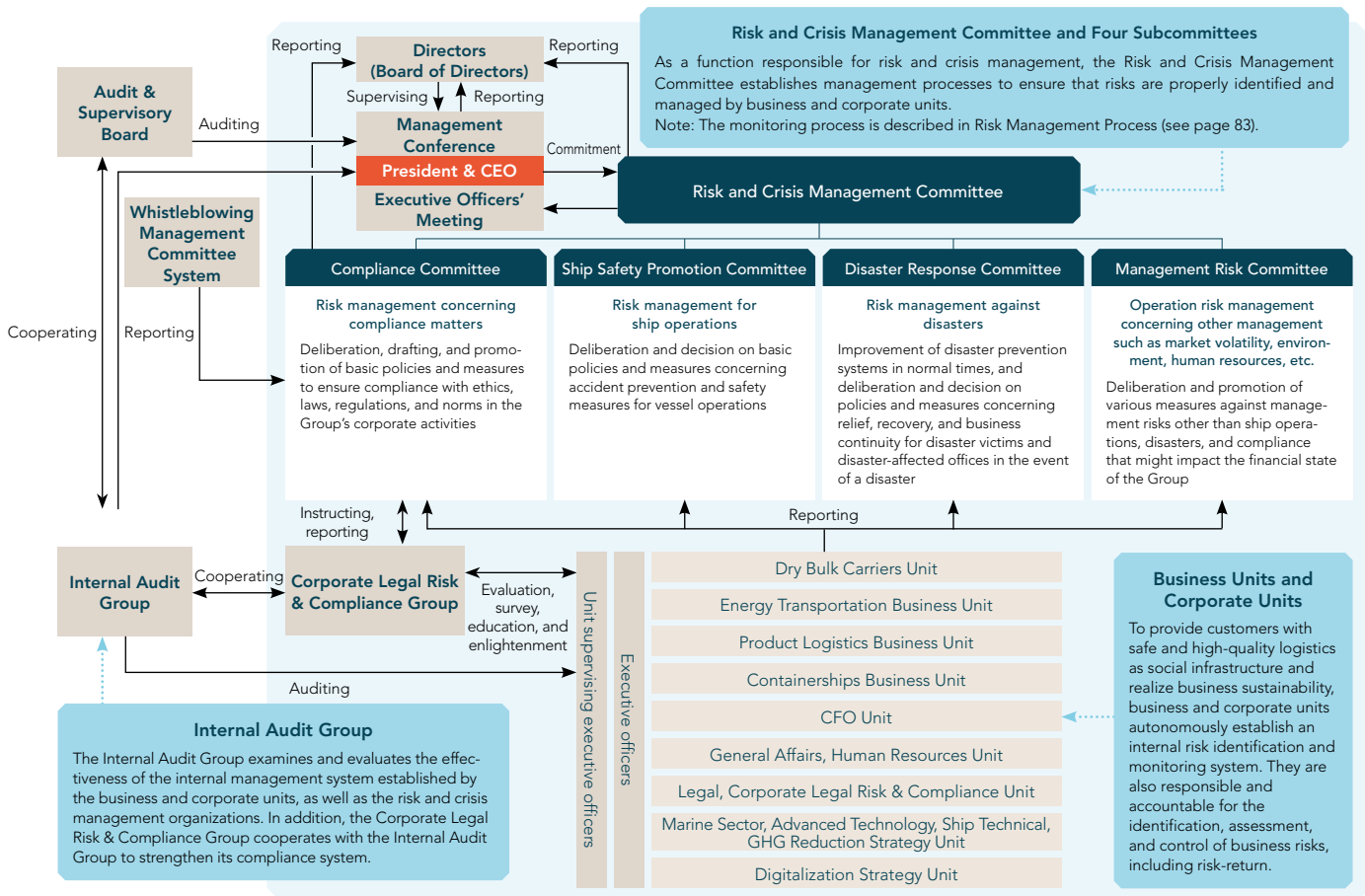
In addition, the Risk and Crisis Management Committee was established to unify these four committees and to control and promote overall risk management.

The CEO serves as the chair of all these committees, which meet regularly. The four major risk management committees conduct regular and ongoing training activities to promote risk management. One example of such activities is the implementation of large-scale accident drills and participation in risk management workshops held by other companies. The Company designates each November as "Compliance Month" to reinforce awareness of the importance of compliance.

Major Risk			
Ship Operation	Legal and Compliance	Human Resource and Labor Management	Information Systems and Information Security
Disaster	Market Volatility	Environmental	Investment

System

Risk Management System



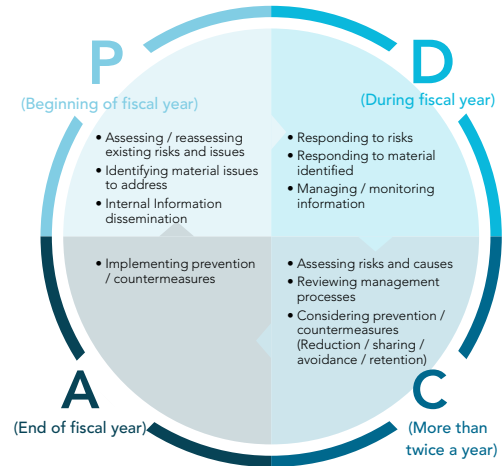
Risk Management Process

To ensure thorough risk management within the Group, we identify Groupwide risks and work to address them through management and monitoring of information. At the beginning of each fiscal period, we specify and identify comprehensive risks. We determine serious issues to be addressed based on the effectiveness of the risk management system and key risks, and utilize a PDCA system to carry out regular reviews within each committee, perform re-assessments, and implement measures after re-evaluating risks.

To understand the impacts on our businesses in the case of sudden changes, such as geopolitical risks, in a timely manner, we not only carry out regular reviews to evaluate and identify risks but also gather the necessary information through related divisions, compile information on the expected impacts, and consider necessary measures.

Additionally, each business unit provides information on risk management throughout the PDCA cycle. Progress of risks and measures reported by each unit, as well as the

serious issues and their countermeasures identified at the beginning of the fiscal year, are communicated internally on a daily basis through Board of Directors' meetings and the Executive Officers' Meeting.



Initiatives

Ongoing BCP Formulation

The "K" LINE Group has established a business continuity plan (BCP) in preparation for impediments that could be caused by natural disasters or infectious diseases, including new strains of influenza. With respect for human life as our first priority, we aim to ensure business continuity and thereby meet the responsibility we have to support society's lifelines. To this end, we are transferring the management of

operations to regional offices in Japan and overseas, storing backup data in remote locations, and utilizing teleworking. In preparation for an earthquake occurring directly beneath the Tokyo metropolitan area, we conduct regular evacuation drills and improve the BCP based on simulations of the scale and damage of such an earthquake. In these ways, we are making Companywide efforts to improve our disaster resilience.

Risks Associated with the COVID-19 Pandemic and Our Measures in Response

"K" LINE has implemented a range of COVID-19 pandemic countermeasures. In the management of onshore operations, we expanded and enhanced teleworking and took thorough measures to prevent infection at offices. As for vessels and crew members, we monitored the health of crew members before they boarded vessels, issued an order requiring crew members to spend time in quarantine before boarding vessels, conducted PCR tests, and supplied anti-infection equipment and materials. In fiscal

2022, the Company's business operations may continue to be affected by unexpected events, such as the emergence of variants of viruses or the discovery of new strains. However, by reviewing measures taken over the past two years and in accordance with a response manual for future pandemics caused by viruses, including COVID-19, we will establish capabilities for maintaining business continuity even during emergencies. We will then take measures suited to each business.

The Risk of Large-Scale Accidents and Our Measures in Response

As rigorously ensuring the safety of vessel operations is one of our highest priorities, we are maintaining and heightening operational safety levels and crisis management capabilities. However, an unexpected accident, particularly one involving an oil spill or other major accidents leading to environmental pollution, could occur and have a negative impact on the Group's financial position and operating results. Furthermore, piracy losses, operation in areas affected by political unrest or military conflict, and the increased risk to vessels from terrorism could cause major damage to the Group's vessels and jeopardize the lives of crew members. This, in turn, could

have a negative impact on the Group's safe operation of vessels, voyage planning, management, and overall marine transportation business. To counter the aforementioned risks, the Ship Safety Promotion Committee, chaired by the president & CEO, meets periodically to conduct multifaceted investigations and initiatives for all matters related to the safety of vessel operations. Also, we have prepared an Emergency Response Manual, which sets out the accident response measures to be taken in the event of an emergency, and we continually improve our accident responses by holding regular drills for responses to large-scale accidents.

Fostering of a Risk Management Culture

To encourage and reinforce an effective risk management culture throughout the organization, there are risk management sections in guidelines determined at each level of hierarchy, and we have created a personnel assessment system to ensure these standards are reflected. This assessment also has an impact on salary and promotions. Senior executives have a responsibility to

implement risk management initiatives across the entire Company.

Furthermore, we enlighten employees on risk management by publishing other risk management regulations, BCP information, and other related information on the home page of our intranet.

Environmental Protection and Climate Change

The "K" LINE Group is keenly aware of the importance of sustainability as a lifeline infrastructure that supports human life and the economy, and we formulated the "K" LINE Environmental Vision 2050 in response to risks and opportunities related to environmental protection and climate change.

We formulated the "K" LINE Environmental Vision 2050 in March 2015 and we set forth specific milestones to reach by 2019, the 100th anniversary of our founding, and we have achieved many of them.

Additionally, as the global movement toward net-zero GHG emissions by 2050 accelerates, we revised the goals set out in our 2050 vision in November 2021 and will take on the challenge of further increasing our goal to achieve net-zero GHG emissions by 2050.

Please refer to the following for scenario analysis of climate change.



["K" LINE Environmental Vision 2050](#)

Based on the above business plans and strategies, we are implementing various environmental preservation initiatives, including the introduction of the Seawing automated kite system (wind propulsion), which uses natural energy.

Please refer to the following for more information about the Group's environmental activities.



[Environmental](#)

Information Regarding Risks

Please refer to the following for information regarding the risks faced by "K" LINE.



[Business Risk](#)

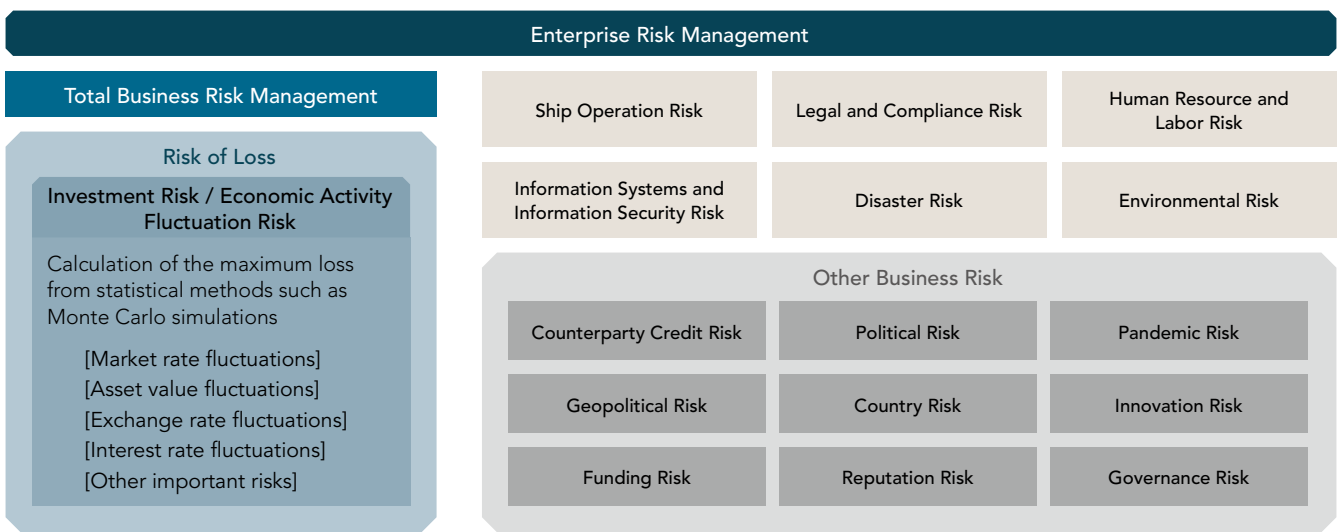
Concept of Risk-Return and Business Portfolio Rebuilding

Aiming to realize business portfolio rebuilding through maintaining and expanding stable income businesses, strengthening the competitiveness of market-exposed businesses, and expanding investments in strategic growth areas, we have introduced "Advanced Business Management", which focuses on the following two points.

Total Business Risk Management

We control the estimated maximum losses within consolidated shareholders' equity and pursue both stability and growth by maintaining the proper size of investments. We measure business risk as the estimated maximum loss for each business utilizing statistical methods such as Monte Carlo simulations.

The risks facing the Company's businesses are varied and diverse. Total business risk management targets any "risk of loss" that would lead to capital impairment. The risks not subject to total business risk management shall be controlled by each business unit, and enterprise risk management shall be managed by the Risk and Crisis Management Committee and its subordinate organizations.



Performance Indicators

We have introduced investment and business performance indicators that emphasize business risk-return ("K" VaCS / "K" RIC) and realize an optimal business portfolio by utilizing them.

"K" VaCS ("K" LINE Value after Cost of Shareholders' Equity)

- ▶ A profit indicator that represents economic value corresponding to the cost of shareholders' equity

Formula

$$\text{"K" VaCS} = \text{Net income after tax} - (\text{Volume of business risks} \times \text{Cost of shareholders' equity})$$

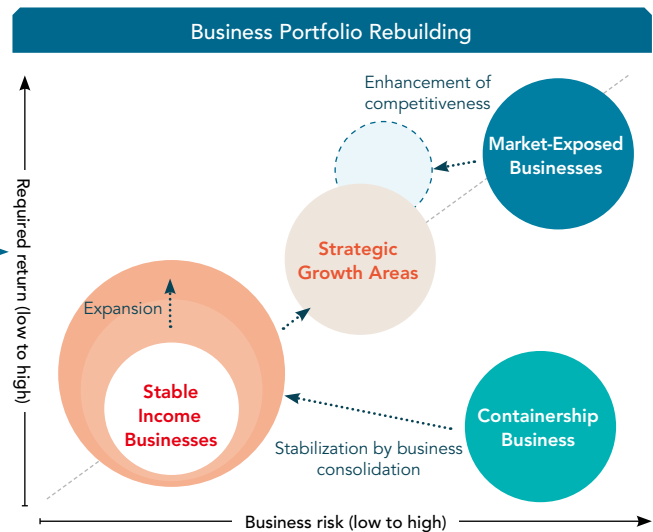
"K" RIC ("K" LINE Return on Invested Capital)

- ▶ An efficiency indicator promoting corporate value enhancement that factors in the cost of capital
- ▶ An indicator that accelerates return on invested capital by establishing a profitability baseline

Formula

$$\text{"K" RIC} = \frac{\text{Earnings before interest after taxes}}{\text{Invested capital}}$$

Note: As a general rule, "K" RIC should be above the hurdle rate; among viable hurdle rate candidates is the weighted-average cost of capital (WACC) for each department, which is risk-based.



Promotion and Reinforcement of Compliance

Approach

Policy

We will comply with domestic and foreign laws and social norms, and carry out fair, transparent, and free competition, as well as appropriate business conduct.

We established the "K" LINE Group's Charter of Conduct and under this Group charter we adopt compliance with




laws, regulations, and corporate ethics as principles for action for the "K" LINE Group. Additionally, we established the "K" LINE Group Global Compliance Policy (the Global Policy) as more specific guidelines, which all officers and employees must comply with.



System

Strengthening the Group Compliance System

The Global Policy, which was established in January 2017, is to strengthen the Group compliance system on a global level. We oblige all executives and employees in "K" LINE and our Group companies to comply with the Global Policy. Through holding seminars by the dedicated department,

distributing guidebooks, and activities of dedicated committees, we put much effort into having the Global Policy be the guidepost of our daily business for all executives and employees in "K" LINE and our Group companies.

-  ["K" LINE Group Global Compliance Policy](#)
-  [Individual Policy I Competition Law](#)
-  [Individual Policy II Anti-Corruption Law](#)

-  [Individual Policy III Sanctions & Anti-Money Laundering](#)
-  [Individual Policy IV Data Protection Law](#)

Compliance Promotion System

We discuss our policy for securing compliance throughout "K" LINE and its Group companies, as well as measures for compliance violations, through our Compliance Committee, chaired by the president & CEO. Under the

chief compliance officer (CCO), who has the ultimate responsibility for compliance, we are strengthening compliance throughout our organization.

Initiatives

Our Efforts to Ensure Compliance with the Antimonopoly Act

Regarding compliance with domestic and foreign competition laws, we ensure that executives and employees comply with Regulations for Compliance with the Antimonopoly Act. Furthermore, we are making efforts to ensure compliance awareness concerning competition laws by conducting training programs and promoting educational activities through the dedicated department. In addition, we conduct audits and monitor the state of implementation of compliance measures. With respect to contact with competing companies, we strictly enforce regulations on prior reporting and approval depending on the nature of the contact, as well as record and store details of each contact.

► Main Efforts in Recent Years

- Established the Guidelines on Participation in Meetings and Gatherings Attended by Competing Companies (October 2012)
- Established Regulations for Compliance with the Antimonopoly Act (April 2014)
- Established Rules Regarding Contact with Competing Companies (April 2014)
- Set up the Fair Competition Promotion Committee (April 2014)
- Set up a course on the Antimonopoly Act as part of stratified personnel training (April 2014)
- Issued and distributed the Guidebook for Antimonopoly Act Compliance (Vol. 1) - Cartel Q&A - (first edition) (May 2014)
- Established Audit Procedures (Regulations for Compliance with the Antimonopoly Act) (January 2015)
- Established Individual Policy I Competition Law (January 2017)
- Issued and distributed the Guidebook for Antimonopoly Act Compliance (Vol. 2) (June 2021)

Our Efforts to Prevent Bribery and Corruption

To effectively strengthen measures to prevent bribery and corruption, based on the Global Policy (which includes Individual Policy II Anti-Corruption Law), we put much effort into the prevention of corruption and bribery as a member of the Maritime Anti-Corruption Network (MACN), which is a global business network working toward the vision of a maritime industry free of corruption.



► Main Efforts in Recent Years

- Established Regulations for Prevention of Bribery (November 2013)
- Established Regulations for Gifts (January 2014)
- Joined the MACN (June 2014)
- Established the General Policy against Bribery and Corruption (August 2014)
- Established Individual Policy II Anti-Corruption Law (January 2017)
- Issued and distributed the Guidebook for Prevention of Bribery (Vol. 1) (first edition) (May 2017)

Our Efforts to Ensure Compliance with Economic Sanctions

In November 2019, we revised the Global Policy with the addition of Individual Policy III Sanctions & Anti-Money Laundering. We ensure that all executives and employees in "K" LINE and its Group companies comply with regulations regarding economic sanctions, as well as rules and measures for anti-money laundering and the counter financing of terrorism that are applicable to the business of the "K" LINE Group.

► Main Efforts in Recent Years

- Established Individual Policy III Sanctions & Anti-Money Laundering (November 2019)
- Established Rules for Compliance with the Regulations Regarding Economic Sanctions (November 2019)

Protection of Personal Information

We revised the Global Policy (with the addition of Individual Policy IV Data Protection Law) in October 2021, based on the recent strengthening of personal information protection laws and enforcement in each country, and we are reinforcing our initiatives for appropriately protecting personal information.

Our Efforts to Raise Compliance Awareness

We set every November as “Compliance Month” when we distribute the president & CEO’s message to executives and employees of “K” LINE and its Group companies to remind them of the importance of compliance. We also hold compliance e-learning training and compliance seminars featuring lecturers invited from outside the Company.

Enhancement of Whistleblowing System

For prevention, early detection, and correction of compliance problems at “K” LINE and its Group companies, we established the Hotline System for “K” LINE and its domestic Group companies and the Global Hotline System for its

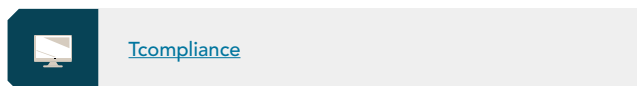
Tcompliance Certification

Tcompliance successfully completed a certification due diligence review of Kawasaki Kisen Kaisha, Ltd., on February 1, 2017, and updates it annually. Tcompliance has granted Kawasaki Kisen Kaisha, Ltd., a certificate signifying that the Company has completed internationally accepted due diligence procedures and has been forthcoming and cooperative during the review process. Tcompliance certification underscores Kawasaki Kisen Kaisha, Ltd.’s commitment to transparency in international commercial transactions.

Tcompliance Certification ID: TC3172-6090

Tcompliance is a globally recognized anti-bribery business organization and leading provider of cost-effective third-party risk management solutions. Members and clients include hundreds of multinational companies headquartered worldwide.

For more details, please see the link below.



► Main Efforts in Recent Years

- Established Rules for Management of Personal Data (April 2005)
- Established Rules for Management of Personal Data in Europe (April 2018)
Note: Integrated with Rules for Management of Personal Data in October 2021.
- Established Individual Policy IV Data Protection Law (October 2021)
- Revised Rules for Management of Personal Data (October 2021)

As part of our stratified personnel training system, we conduct compliance training and hold seminars on individual themes (such as rules for insider trading and harassment prevention), as appropriate. In addition, we distribute important compliance-related matters in a compliance newsletter that requires particular attention, as appropriate.

overseas Group companies. Both systems ensure thorough protection for the reporter and confidentiality of the report so that the reporter can safely consult and make a report.



Related Data

Related Data	Fiscal 2021
Number of reports and consultations via the Hotline system	4 (1 report and 3 consultations)
Number and percentage of participants attending compliance training	803 attendees (93% of all officers and employees in Headquarters)

Reinforcement of Response to Digital Transformation (DX)

Approach

Outline of "K" LINE's DX Strategy

In its medium-term management plan, unveiled in May 2022, "K" LINE set forth its policy to hone the unique technologies and specializations of the "K" LINE Group and transform and evolve them into added value in line with the specific needs of customers. "K" LINE is advancing DX as a specific functional strategy of this objective.

Central facets of "K" LINE's DX strategy are the enhancement of value provided to customers by developing its DX foundation and deploying digital technologies, and navigation support to refine its core values of safety, the environment, and quality. By enhancing the added value of our services in this way, we aim to increase corporate value while deepening our relationships with customers by building competitive advantages through the creation of new value, and transforming our business.

As for upgrades to our DX platform, we are reviewing existing work processes, strengthening cybersecurity

measures on ships and on land, and digitizing ship operations, where progress has been slower than for the digitizing of land operations. On this platform, we are broadening the scope for using data and digital technologies, advancing the digitalization of information, work processes, and ships, and polishing our competitiveness in the creation of new value based on this DX platform. We are setting up specialized organizations to advance our DX strategy and to hire and train human resources. We will execute measures in line with this strategy and strengthen our competitiveness while continuously updating our strategies to reflect the latest trends in technology.

"K" LINE formulated and unveiled its DX strategy in December 2021 and was selected as a DX-certified operator in April 2022 by the national certification initiative together with the Ministry of Economy, Trade and Industry, based on the Act on Facilitation of Information Processing.

Promotion System

DX Promotion Structure

Integrating the AI / Digitalization Strategy Group with the Information System Group, the Company created the Digitalization Strategy Group (DSG) within the Digitalization Strategy Unit in February 2022. This put into place a structure for advancing DX, while updating and applying its security policies and secure IT infrastructure and consolidating knowledge of IT and digitalization that had been spread around the Company. As a result, the Company is now able to promptly conduct the necessary

surveys, research, proposals, promotion, and environmental maintenance for DX promotion in a one-stop manner.

In addition, the AI / Digitalization Promotion Committee, chaired by the president & CEO and vice chaired by the chief information officer (CIO), meets regularly to make prompt decisions on DX promotion policies in line with Companywide business strategies and to establish a system to execute such policies via the DSG.

Initiatives

Cybersecurity

"K" LINE continues to reinforce its cybersecurity. To date, we have strengthened the security of our communications networks and endpoints such as PCs and servers, and rolled out security monitoring systems using the latest technology. Furthermore, by reviewing the configuration of the global authentication infrastructure and increasing the level of multifactor and account management authentication, we have strengthened IT governance, improved levels of authentication, and bolstered measures against malware and information leaks on a Groupwide basis, thereby

establishing a system that can respond quickly and accurately to cyber incidents. In addition to technological countermeasures, we are training employees on cybersecurity to foster a security-first mindset, and we are advancing DX based on secure, safe, and robust IT infrastructure. As a security measure for ships operated and managed by the "K" LINE Group, in July 2022 we installed on ships a cyber-attack response platform and security monitoring services that use AI.

Strengthening DX Initiatives across All Divisions

Following the establishment of the DSG in February 2022 through reinforcement of the DX promotion structure, we assigned the role of DX leader to each of the Company's departments in April of the same year. In addition to leading DX promotion, DX leaders are responsible for generating ideas via brainstorming sessions that take on a

Companywide perspective. Through these efforts, each division is moving forward with several demonstration tests in parallel, and some ideas are already in the development stage for advancing new services. We will continue to promote the creation of value in our services and business by exchanging a variety of ideas across each of our divisions.

Strengthening Our Efforts with External Partners

With expert personnel skilled in integrated logistics operations within the Group, "K" Line Business Systems Co., Ltd., is driving the Group's IT and digitalization with a focus on the Company's core business systems. However, in the fast-changing and dynamic digital world, implementing the latest technologies entirely within our own group of companies is not always the optimal choice. We maintain a flexible structure that allows us to receive support from outside

professionals in specialized fields and to occasionally collaborate with them as project members. In addition to the area of business, we are also promoting collaborative research with academic groups and individuals. We are working in cooperation with a wide range of external partners not only in pursuit of profits for the Company but also in our endeavors to resolve social issues in the maritime and logistics industries.

SECTION

07

| Reference Table and Index



GRI Standards Reference Table

Kawasaki Kisen Kaisha, Ltd., ("K" LINE) references the GRI Standards of the Global Reporting Initiative (GRI), and reports the information listed in this GRI Standards reference table for the period from April 1, 2021, to March 31, 2022.

Note: The report also includes some developments after April 2022.

GRI 1: Foundation 2021

Universal Standard

Disclosed information on	Content	Relevant information / Place of publication	
		ESG DATA BOOK 2022	Website and relevant media

General Disclosures

GRI 2: General Disclosures 2021

1 The organization and its reporting practices

2-1	Organizational details	–	–	Corporate Profile
2-2	Entities included in the organization's sustainability reporting	–	–	Securities reports (Japanese only)
2-3	Reporting period, frequency and contact point	CONTENTS	P.1	"K" LINE REPORT
2-4	Restatements of information	–	–	–
2-5	External assurance	–	–	Environmental Data > Third-Party Verification of Greenhouse Gas (GHG) Emissions Data

2 Activities and workers

2-6	Activities, value chain and other business relationships	–	–	Securities reports (Japanese only)
2-7	Employees	05 Social > The Securing and Development of Human Resources > Related Data	P.53	ESG Data > Social Data
		05 Social > Shaping of Working Environment and Promotion of Health Management > Related Data > Data Related to Occupational Accidents	P.48	
2-8	Workers who are not employees	–	–	–

3 Governance

2-9	Governance structure and composition	06 Governance > Reinforcement of Corporate Governance > Corporate Governance Structure	P.70	Reinforcement of Corporate Governance > Corporate Governance Structure
		03 The "K" LINE Group's Sustainability Management > Promotion System for Sustainability	P.16	The "K" LINE Group's Sustainability Management > Promotion System for Sustainability
2-10	Nomination and selection of the highest governance body	06 Governance > Reinforcement of Corporate Governance > Corporate Governance Structure > Nomination Advisory Committee	P.73	Reinforcement of Corporate Governance > Corporate Governance Structure > Nomination Advisory Committee
2-11	Chair of the highest governance body	06 Governance > Reinforcement of Corporate Governance > Corporate Governance Structure	P.70	Reinforcement of Corporate Governance > Corporate Governance Structure

Disclosed information on	Content	Relevant information / Place of publication	
		ESG DATA BOOK 2022	Website and relevant media
2-12	Role of the highest governance body in overseeing the management of impacts	03 The "K" LINE Group's Sustainability Management > Promotion System for Sustainability	P.16 The "K" LINE Group's Sustainability Management > Promotion System for Sustainability
2-13	Delegation of responsibility for managing impacts	06 Governance > Reinforcement of Corporate Governance > Corporate Governance Structure	P.70 Reinforcement of Corporate Governance > Corporate Governance Structure
		03 The "K" LINE Group's Sustainability Management > Promotion System for Sustainability	P.16 The "K" LINE Group's Sustainability Management > Promotion System for Sustainability
2-14	Role of the highest governance body in sustainability reporting	03 The "K" LINE Group's Sustainability Management > Promotion System for Sustainability	P.16 The "K" LINE Group's Sustainability Management > Promotion System for Sustainability
2-15	Conflicts of interest	06 Governance > Reinforcement of Corporate Governance > Conflicts of Interest and Related-Party Transactions / Cross-Shareholding	P.77 Reinforcement of Corporate Governance > Conflicts of Interest and Related-Party Transactions / Cross-Shareholding
2-16	Communication of critical concerns	06 Governance > Promotion and Reinforcement of Compliance > Initiatives > Enhancement of Whistleblowing System	P.88 Promotion and Reinforcement of Compliance > Initiatives > Enhancement of Whistleblowing System
2-17	Collective knowledge of the highest governance body	06 Governance > Reinforcement of Corporate Governance > Corporate Governance Structure > Director Skill Matrix	P.72 Reinforcement of Corporate Governance > Corporate Governance Structure > Director Skill Matrix
2-18	Evaluation of the performance of the highest governance body	06 Governance > Reinforcement of Corporate Governance > Corporate Governance Structure > Board of Directors Effectiveness Evaluation	P.73 Reinforcement of Corporate Governance > Corporate Governance Structure > Board of Directors Effectiveness Evaluation
2-19	Remuneration policies	06 Governance > Reinforcement of Corporate Governance > Corporate Governance Structure > Officers' Remuneration System	P.74 Reinforcement of Corporate Governance > Corporate Governance Structure > Officers' Remuneration System
2-20	Process to determine remuneration	06 Governance > Reinforcement of Corporate Governance > Corporate Governance Structure > Officers' Remuneration System	P.74 Reinforcement of Corporate Governance > Corporate Governance Structure > Officers' Remuneration System
2-21	Annual total compensation ratio	06 Governance > Reinforcement of Corporate Governance > Related Data	P.80 ESG Data > Governance Data

4 Strategy, policies and practices

2-22	Statement on sustainable development strategy	03 The "K" LINE Group's Sustainability Management	P.14 The "K" LINE Group's Sustainability Management > Message from the President
2-23	Policy commitments	05 Social > Respect for Human Rights > Approach > "K" LINE Group Basic Policy on Human Rights	P.60 "K" LINE Group Basic Policy on Human Rights
2-24	Embedding policy commitments	05 Social > Respect for Human Rights > Initiatives	P.62 Respect for Human Rights > Initiatives
2-25	Processes to remediate negative impacts	05 Social > Respect for Human Rights > Initiatives	P.62 Respect for Human Rights > Initiatives
2-26	Mechanisms for seeking advice and raising concerns	06 Governance > Promotion and Reinforcement of Compliance > Initiatives > Enhancement of Whistleblowing System	P.88 Promotion and Reinforcement of Compliance > Initiatives > Enhancement of Whistleblowing System

Disclosed information on	Content	Relevant information / Place of publication		
		ESG DATA BOOK 2022		Website and relevant media
2-27	Compliance with laws and regulations	06 Governance > Promotion and Reinforcement of Compliance > Initiatives	P.87	Promotion and Reinforcement of Compliance > Initiatives
2-28	Membership associations	03 The "K" LINE Group's Sustainability Management > ESG Performance > Participation in External Initiatives	P.26	Participation in External Initiatives
5 Stakeholder engagement				
2-29	Approach to stakeholder engagement	05 Social > Stakeholder Engagement > Approach	P.66	Stakeholder Engagement > Approach
2-30	Collective bargaining agreements	05 Social > The Securing and Development of Human Resources > Related Data	P.53	ESG Data > Social Data

Material Topics**GRI 3: Material Topics 2021**

3-1	Process to determine material topics	01 Special Feature: The "K" LINE Group's Materiality > Review of Materiality > Process to Identify Materiality	P.3	The "K" LINE Group's Sustainability Management > Materiality
3-2	List of material topics	01 Special Feature: The "K" LINE Group's Materiality > Review of Materiality > SDGs Related to Materiality	P.4	The "K" LINE Group's Sustainability Management > Materiality
3-3	Management of material topics	01 Special Feature: The "K" LINE Group's Materiality > Review of Materiality > Process to Identify Materiality	P.3	The "K" LINE Group's Sustainability Management > Materiality

Topic-Specific Standards (200: Economic / 300: Environmental / 400: Social)**200: Economic****GRI 201: Economic Performance 2016**

201-1	Direct economic value generated and distributed	–	–	Securities reports (Japanese only) Consolidated Financial Statements
201-2	Financial implications and other risks and opportunities due to climate change	04 Environmental > Response to Climate Change > Risks and Opportunities	P.32	Response to Climate Change > Risks and Opportunities
201-3	Defined benefit plan obligations and other retirement plans	–	–	Securities reports (Japanese only) Consolidated Financial Statements (P.33 9. Retirement Benefits)
201-4	Financial assistance received from government	–	–	–

GRI 202: Market Presence 2016

202-1	Ratios of standard entry level wage by gender compared to local minimum wage	–	–	–
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Disclosed information on	Content	Relevant information / Place of publication		
		ESG DATA BOOK 2022	Website and relevant media	
202-2	Proportion of senior management hired from the local community	–	–	–
GRI 203: Indirect Economic Impacts				
203-1	Infrastructure investments and services supported	–	–	–
203-2	Significant indirect economic impacts	–	–	–
GRI 204: Procurement Practices 2016				
204-1	Proportion of spending on local suppliers	–	–	–
GRI 205: Anti-Corruption 2016				
205-1	Operations assessed for risks related to corruption	06 Governance > Promotion and Reinforcement of Compliance	P.86	Promotion and Reinforcement of Compliance
205-2	Communication and training about anti-corruption policies and procedures	06 Governance > Promotion and Reinforcement of Compliance	P.86	Promotion and Reinforcement of Compliance
205-3	Confirmed incidents of corruption and actions taken	06 Governance > Promotion and Reinforcement of Compliance	P.86	Promotion and Reinforcement of Compliance
GRI 206: Anti-Competitive Behavior 2016				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	06 Governance > Promotion and Reinforcement of Compliance	P.86	Promotion and Reinforcement of Compliance
GRI 207: Tax 2019				
207-1	Approach to tax	–	–	–
207-2	Tax governance, control, and risk management	–	–	–
207-3	Stakeholder engagement and management of concerns related to tax	–	–	–
207-4	Country-by-country reporting	–	–	–
300: Environmental				
GRI 301: Materials 2016				
301-1	Materials used by weight or volume	04 Environmental > Response to Climate Change > Related Data > Fuel Oil Consumption	P.36	Response to Climate Change > Related Data
301-2	Recycled input materials used	04 Environmental > Supporting the Environmental Activities of Society > Related Data > Total Quantity of Recycling	P.40	Supporting the Environmental Activities of Society > Related Data
301-3	Reclaimed products and their packaging materials	04 Environmental > Supporting the Environmental Activities of Society > Related Data > Total Quantity of Recycling	P.40	Supporting the Environmental Activities of Society > Related Data
GRI 302: Energy 2016				
302-1	Energy consumption within the organization	04 Environmental > Response to Climate Change > Related Data > Fuel Oil Consumption	P.36	Response to Climate Change > Related Data

Disclosed information on	Content	Relevant information / Place of publication		
		ESG DATA BOOK 2022		Website and relevant media
302-2	Energy consumption outside of the organization	04 Environmental > Response to Climate Change > Related Data > Fuel Oil Consumption	P.36	Response to Climate Change > Related Data
302-3	Energy intensity	04 Environmental > Response to Climate Change > Related Data > Fuel Oil Consumption	P.36	Response to Climate Change > Related Data
302-4	Reduction of energy consumption	04 Environmental > Response to Climate Change > Related Data > Fuel Oil Consumption	P.36	Response to Climate Change > Related Data
302-5	Reductions in energy requirements of products and services	04 Environmental > Response to Climate Change > Related Data > Fuel Oil Consumption	P.36	Response to Climate Change > Related Data
GRI303: Water and Effluents 2018				
303-1	Interactions with water as a shared resource	–	–	–
303-2	Management of water discharge-related impacts	–	–	–
303-3	Water withdrawal	–	–	–
303-4	Water discharge	04 Environmental > Reducing “K” LINE’s Impact on the Sea and Air > Related Data > Other Environmental Data of “K” LINE’s Vessels	P.38	Reducing “K” LINE’s Impact on the Sea and Air > Related Data
303-5	Water consumption	04 Environmental > Supporting the Environmental Activities of Society > Related Data > Office Environmental Data	P.40	Supporting the Environmental Activities of Society > Related Data > Office Environmental Data
GRI 304: Biodiversity 2016				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	–	–	–
304-2	Significant impacts of activities, products, and services on biodiversity	–	–	Reducing “K” LINE’s Impact on the Sea and Air
304-3	Habitats protected or restored	–	–	–
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	–	–	–
GRI 305: Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	04 Environmental > Response to Climate Change > Related Data > CO ₂ Emissions of “K” LINE Group	P.36	Response to Climate Change > Related Data
305-2	Energy indirect (Scope 2) GHG emissions	04 Environmental > Response to Climate Change > Related Data > CO ₂ Emissions of “K” LINE Group	P.36	Response to Climate Change > Related Data
305-3	Other indirect (Scope 3) GHG emissions	04 Environmental > Response to Climate Change > Related Data > CO ₂ Emissions of “K” LINE Group	P.36	Response to Climate Change > Related Data
305-4	GHG emissions intensity	04 Environmental > Response to Climate Change > Related Data > CO ₂ Emissions of “K” LINE Group	P.36	Response to Climate Change > Related Data

Disclosed information on	Content	Relevant information / Place of publication		
		ESG DATA BOOK 2022		Website and relevant media
305-5	Reduction of GHG emissions	04 Environmental > Response to Climate Change > Related Data > CO ₂ Emissions of "K" LINE Group	P.36	Response to Climate Change > Related Data
305-6	Emissions of ozone-depleting substances (ODS)	–	–	–
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	04 Environmental > Reducing "K" LINE's Impact on the Sea and Air > Related Data > CO ₂ , SO _x , and NO _x Emissions from Vessels	P.38	Reducing "K" LINE's Impact on the Sea and Air > Related Data

GRI 306: Waste 2020

306-1	Waste generation and significant waste-related impacts	04 Environmental > Supporting the Environmental Activities of Society > Initiatives	P.39	Supporting the Environmental Activities of Society > Initiatives
306-2	Management of significant waste-related impacts	04 Environmental > Supporting the Environmental Activities of Society > Initiatives	P.39	Supporting the Environmental Activities of Society > Initiatives
306-3	Waste generated	04 Environmental > Supporting the Environmental Activities of Society > Related Data > Waste	P.40	Supporting the Environmental Activities of Society > Related Data
306-4	Waste diverted from disposal	–	–	–
306-5	Waste directed to disposal	04 Environmental > Supporting the Environmental Activities of Society > Related Data > Waste	P.40	Supporting the Environmental Activities of Society > Related Data

GRI 307: Environmental Compliance 2016

307-1	Non-compliance with environmental laws and regulations	–	–	–
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GRI 308: Supplier Environmental Assessment 2016

308-1	New suppliers that were screened using environmental criteria	–	–	–
308-2	Negative environmental impacts in the supply chain and actions taken	–	–	–

400: Social**GRI 401: Employment 2016**

401-1	New employee hires and employee turnover	05 Social > The Securing and Development of Human Resources > Related Data	P.53	ESG Data > Social Data
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	05 Social > Shaping of Working Environment and Promotion of Health Management > Initiatives > Work–Life Balance (On Land) > Overview of Systems That Support a Work–Life Balance	P.44	Shaping of Working Environment and Promotion of Health Management > Initiatives
401-3	Parental leave	05 Social > Shaping of Working Environment and Promotion of Health Management > Initiatives > Work–Life Balance (On Land) > Overview of Systems That Support a Work–Life Balance	P.44	Shaping of Working Environment and Promotion of Health Management > Initiatives

GRI 402: Labor / Management Relations 2016

402-1	Minimum notice periods regarding operational changes	–	–	–
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Disclosed information on	Content	Relevant information / Place of publication	
		ESG DATA BOOK 2022	Website and relevant media
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	05 Social > Shaping of Working Environment and Promotion of Health Management > System	P.42 Shaping of Working Environment and Promotion of Health Management > System
403-2	Hazard identification, risk assessment, and incident investigation	05 Social > Shaping of Working Environment and Promotion of Health Management > Initiatives > Health and Safety Considerations (On Land)	P.45 Shaping of Working Environment and Promotion of Health Management > Initiatives > Health and Safety Considerations (On Land)
		05 Social > Shaping of Working Environment and Promotion of Health Management > Initiatives > Health and Safety Considerations (At Sea)	P.46 Shaping of Working Environment and Promotion of Health Management > Initiatives > Health and Safety Considerations (At Sea)
403-3	Occupational health services	05 Social > Shaping of Working Environment and Promotion of Health Management > Initiatives > Health and Safety Considerations (On Land)	P.45 Shaping of Working Environment and Promotion of Health Management > Initiatives > Health and Safety Considerations (On Land)
		05 Social > Shaping of Working Environment and Promotion of Health Management > Initiatives > Health and Safety Considerations (At Sea)	P.46 Shaping of Working Environment and Promotion of Health Management > Initiatives > Health and Safety Considerations (At Sea)
403-4	Worker participation, consultation, and communication on occupational health and safety	05 Social > Shaping of Working Environment and Promotion of Health Management > System	P.42 Shaping of Working Environment and Promotion of Health Management > System
403-5	Worker training on occupational health and safety	05 Social > Shaping of Working Environment and Promotion of Health Management > Initiatives > Health and Safety Considerations (On Land)	P.45 Shaping of Working Environment and Promotion of Health Management > Initiatives > Health and Safety Considerations (On Land)
		05 Social > Shaping of Working Environment and Promotion of Health Management > Initiatives > Health and Safety Considerations (At Sea)	P.46 Shaping of Working Environment and Promotion of Health Management > Initiatives > Health and Safety Considerations (At Sea)
403-6	Promotion of worker health	05 Social > Shaping of Working Environment and Promotion of Health Management > Initiatives > Health and Safety Considerations (On Land)	P.45 Shaping of Working Environment and Promotion of Health Management > Initiatives > Health and Safety Considerations (On Land)
		05 Social > Shaping of Working Environment and Promotion of Health Management > Initiatives > Health and Safety Considerations (At Sea)	P.46 Shaping of Working Environment and Promotion of Health Management > Initiatives > Health and Safety Considerations (At Sea)
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	05 Social > Shaping of Working Environment and Promotion of Health Management > Initiatives > Health and Safety Considerations (On Land)	P.45 Shaping of Working Environment and Promotion of Health Management > Initiatives > Health and Safety Considerations (On Land)
		05 Social > Shaping of Working Environment and Promotion of Health Management > Initiatives > Health and Safety Considerations (At Sea)	P.46 Shaping of Working Environment and Promotion of Health Management > Initiatives > Health and Safety Considerations (At Sea)
403-8	Workers covered by an occupational health and safety management system	05 Social > The Securing and Development of Human Resources > Related Data	P.53 ESG Data > Social Data
403-9	Work-related injuries	05 Social > Shaping of Working Environment and Promotion of Health Management > Related Data > Data Related to Occupational Accidents	P.48 ESG Data > Social Data

Disclosed information on	Content	Relevant information / Place of publication		
		ESG DATA BOOK 2022		Website and relevant media
403-10	Work-related ill health	05 Social > Shaping of Working Environment and Promotion of Health Management > Related Data > Data Related to Occupational Accidents	P.48	ESG Data > Social Data
GRI 404: Training and Education 2016				
404-1	Average hours of training per year per employee	05 Social > The Securing and Development of Human Resources > Related Data	P.53	ESG Data > Social Data
404-2	Programs for upgrading employee skills and transition assistance programs	05 Social > The Securing and Development of Human Resources > Initiatives	P.50	The Securing and Development of Human Resources Recruit (Japanese only)
404-3	Percentage of employees receiving regular performance and career development reviews	–	–	–
GRI 405: Diversity and Equal Opportunity 2016				
405-1	Diversity of governance bodies and employees	05 Social > The Securing and Development of Human Resources > Related Data	P.53	ESG Data > Social Data
		06 Governance > Reinforcement of Corporate Governance > Related Data > Governance Data	P.80	Reinforcement of Corporate Governance > Related Data > Governance Data
405-2	Ratio of basic salary and remuneration of women to men	–	–	–
GRI 406: Non-Discrimination 2016				
406-1	Incidents of discrimination and corrective actions taken	–	–	–
GRI 407: Freedom of Association and Collective Bargaining 2016				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	–	–	–
GRI 408: Child Labor 2016				
408-1	Operations and suppliers at significant risk for incidents of child labor	–	–	–
GRI 409: Forced or Compulsory Labor 2016				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	–	–	–
GRI 410: Security Practices 2016				
410-1	Security personnel trained in human rights policies or procedures	–	–	–

Disclosed information on	Content	Relevant information / Place of publication		
		ESG DATA BOOK 2022		Website and relevant media
GRI 411: Rights of Indigenous Peoples 2016				
411-1	Incidents of violations involving rights of indigenous peoples	–	–	–
GRI 412: Human Rights Assessment 2016				
412-1	Operations that have been subject to human rights reviews or impact assessments	05 Social > Respect for Human Rights > Initiatives > Assessment of Human Rights Impacts	P.62	Respect for Human Rights > Initiatives > Assessment of Human Rights Impacts
412-2	Employee training on human rights policies or procedures	05 Social > Respect for Human Rights > Initiatives	P.62	Respect for Human Rights
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	–	–	–
GRI 413: Local Communities 2016				
413-1	Operations with local community engagement, impact assessments, and development programs	–	–	–
413-2	Operations with significant actual and potential negative impacts on local communities	–	–	–
GRI 414: Supplier Social Assessment 2016				
414-1	New suppliers that were screened using social criteria	–	–	–
414-2	Negative social impacts in the supply chain and actions taken	–	–	–
GRI 415: Public Policy 2016				
415-1	Political contributions	05 Social > Stakeholder Engagement > Related Data > Expenditure for Trade Associations and Social Contributions	P.66	Stakeholder Engagement
GRI 416: Customer Health and Safety 2016				
416-1	Assessment of the health and safety impacts of product and service categories	–	–	–
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	05 Social > Promotion of Safety in Navigation and Cargo Operations > Related Data	P.59	Promotion of Safety in Navigation and Cargo Operations > Related Data
GRI 417: Marketing and Labeling 2016				
417-1	Requirements for product and service information and labeling	–	–	–
417-2	Incidents of non-compliance concerning product and service information and labeling	–	–	–

Disclosed information on	Content	Relevant information / Place of publication		
		ESG DATA BOOK 2022		Website and relevant media
417-3	Incidents of non-compliance concerning marketing communications	-	-	-
GRI 418: Customer Privacy 2016				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	-	-
GRI 419: Socioeconomic Compliance 2016				
419-1	Non-compliance with laws and regulations in the social and economic area	-	-	-

ISO 26000 Comparison Table

This data book and our corporate website show items corresponding to the seven core subjects of ISO 26000: Guidance on social responsibility.

Core subjects	Relevant information / Place of publication		
	ESG DATA BOOK 2022		Website
Organizational Governance			
1. Organizational governance	03 The "K" LINE Group's Sustainability Management	P.14	Message from the President
	03 The "K" LINE Group's Sustainability Management > Sustainability Governance	P.16	Promotion System for Sustainability
	04 Environmental > Response to Climate Change > Environmental Governance	P.31	Response to Climate Change > Environmental Governance
	06 Governance > Reinforcement of Corporate Governance	P.70	Reinforcement of Corporate Governance
	06 Governance > Risk Management	P.82	Risk Management
	–	–	Top Management
	–	–	Reinforcement of Corporate Governance > Related Data
Human Rights			
1. Due diligence	05 Social > Respect for Human Rights > System	P.61	Respect for Human Rights
2. Human rights risk situations	–	–	–
3. Avoidance of complicity	05 Social > Respect for Human Rights > Approach	P.60	Respect for Human Rights
4. Resolving grievances	05 Social > Respect for Human Rights > Initiatives	P.62	Respect for Human Rights
	06 Governance > Promotion and Reinforcement of Compliance > Initiatives	P.87	Promotion and Reinforcement of Compliance
5. Discrimination and vulnerable groups	05 Social > Respect for Human Rights > Approach	P.60	Respect for Human Rights
6. Civil and political rights	05 Social > Respect for Human Rights > Approach	P.60	Respect for Human Rights
7. Economic, social, and cultural rights	05 Social > Respect for Human Rights > Approach	P.60	Respect for Human Rights
8. Fundamental principles and rights at work	05 Social > Respect for Human Rights > Approach	P.60	Respect for Human Rights
Labor Practices			
1. Employment and employment relationships	05 Social > Shaping of Working Environment and Promotion of Health Management	P.42	Shaping of Working Environment and Promotion of Health Management
	05 Social > Respect for Human Rights	P.60	Respect for Human Rights
2. Conditions of work and social protection	05 Social > Shaping of Working Environment and Promotion of Health Management	P.42	Shaping of Working Environment and Promotion of Health Management
	05 Social > Respect for Human Rights	P.60	Respect for Human Rights
3. Social dialogue	05 Social > Shaping of Working Environment and Promotion of Health Management	P.42	Shaping of Working Environment and Promotion of Health Management
	05 Social > Respect for Human Rights	P.60	Respect for Human Rights

Core subjects	Relevant information / Place of publication	
	ESG DATA BOOK 2022	Website
4. Health and safety at work	05 Social > Shaping of Working Environment and Promotion of Health Management	P.42 Shaping of Working Environment and Promotion of Health Management
5. Human development and training in the workplace	05 Social > The Securing and Development of Human Resources	P.49 The Securing and Development of Human Resources
The Environment		
1. Prevention of pollution	04 Environmental > Reducing "K" LINE's Impact on the Sea and Air	P.37 Reducing "K" LINE's Impact on the Sea and Air
2. Sustainable resource use	04 Environmental > Supporting the Environmental Activities of Society	P.39 Supporting the Environmental Activities of Society
3. Climate change mitigation and adaptation	04 Environmental > Response to Climate Change	P.31 Response to Climate Change
4. Protection of the environment, biodiversity, and restoration of natural habitats	04 Environmental > Reducing "K" LINE's Impact on the Sea and Air	P.37 Reducing "K" LINE's Impact on the Sea and Air
Fair Operating Practices		
1. Anti-corruption	06 Governance > Promotion and Reinforcement of Compliance	P.86 Promotion and Reinforcement of Compliance
2. Responsible political involvement	05 Social > Stakeholder Engagement	P.66 Stakeholder Engagement
3. Fair competition	06 Governance > Promotion and Reinforcement of Compliance	P.86 Promotion and Reinforcement of Compliance
4. Promoting social responsibility in the value chain	05 Social > Supply Chain Management	P.63 Purchasing Policy and CSR Guidelines for Supply Chain (PDF)
5. Respect for property rights	03 The "K" LINE Group's Sustainability Management > Approach to Sustainability	P.14 "K" Line Implementation Guideline for Charter of Conduct (PDF)
Consumer Issues		
1. Fair marketing, factual and unbiased information and fair contractual practices	05 Social > Stakeholder Engagement	P.66 Stakeholder Engagement
2. Protecting consumers' health and safety	05 Social > Promotion of Safety in Navigation and Cargo Operations	P.56 Promotion of Safety in Navigation and Cargo Operations
3. Sustainable consumption	04 Environmental > Environmental Management	P.28 Environmental Management
4. Consumer service, support, and complaint and dispute resolution	05 Social > Stakeholder Engagement	P.66 Stakeholder Engagement Contact Us
5. Consumer data protection and privacy	06 Governance > Promotion and Reinforcement of Compliance > Initiatives	P.87 Global Compliance Policy > Individual Policy IV Data Protection Law (PDF)
6. Access to essential services	05 Social > Promotion of Safety in Navigation and Cargo Operations	P.56 Promotion of Safety in Navigation and Cargo Operations
7. Education and awareness	05 Social > Relationship with the Community	P.67 Relationship with the Community

Core subjects	Relevant information / Place of publication		
	ESG DATA BOOK 2022		Website
Community Involvement and Development			
1. Community involvement	05 Social > Relationship with the Community	P.67	Relationship with the Community
2. Education and culture	05 Social > Relationship with the Community	P.67	Relationship with the Community
3. Employment creation and skills development	05 Social > Relationship with the Community	P.67	Relationship with the Community
4. Technology development and access	05 Social > Relationship with the Community	P.67	Relationship with the Community
5. Wealth and income creation	05 Social > Relationship with the Community	P.67	Relationship with the Community
6. Health	05 Social > Relationship with the Community	P.67	Relationship with the Community
7. Social investment	05 Social > Relationship with the Community	P.67	Relationship with the Community



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