

The “K” Line Group Companies Purchasing Policy and CSR Guidelines for Supply Chain


Table of Contents

Introduction.....	2
“K” Line Group Companies Purchasing Policy	3
“K” Line Group Companies CSR Guidelines for Supply Chain.....	4
Scope of Guidelines	4
Matters that Require Business Partners’ Efforts	4
1. Respect for Human Rights	4
2. Compliance and Business Ethics.....	5
3. Earning Trust from Customers and Society by Providing Safe and Beneficial Services.....	6
4. Commitment to Environmental Issues	6
5. Protection and Management of Information and Intellectual Property.....	7
Actions Expected of Our Business Partners	8

Introduction

The “K” Line Group established the Purchasing Policy and is working to build relationships of mutual trust and cooperation with our business partners as an indispensable partner in providing services that our customers trust.

In addition, as a company integral to the entire supply chain, the “K” Line Group has formulated the new CSR Guidelines for Supply Chain in order to promote corporate social responsibility with our business partners.

Under our corporate principle (～ : trust from all over the world～ As an integrated logistics company grown from shipping business, the “K” Line Group contributes to society so that people live well and prosperously), the Company has formulated the Charter of Conduct for “K” Line Group Companies as standards of behavior for the entire Group. In order to put this charter of conduct into practice and realize this corporate principle based on fulfilling our corporate social responsibilities, we believe that not only the effort of each of our Group companies, but also the understanding and cooperation of our business partners, are essential. Your kind attention to these matters is highly appreciated.

July, 2016
Kawasaki Kisen Kaisha, Ltd.

“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 a fair and sound relationship 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.

“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 operation
- 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 with 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 over-long 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; 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.

* Employees in this section include those on fixed-term employment and temporary staff as well.

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 regions
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, and 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 operation
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 conduct 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 our 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 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 the 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.

For inquiries about these Guidelines, please contact:

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