



ESG DATA BOOK 2023



CONTENTS

01 | Corporate Principle

- 3 Corporate Principle and Vision

02 | The “K” LINE Group’s Materiality

- 5 Materiality

03 | The “K” LINE Group’s Sustainability Management

- 9 The “K” LINE Group’s Sustainability Management
- 13 Promotion of Innovation
- 16 ESG Performance

04 | Environmental

- 24 Environmental Management
- 27 Response to Climate Change
- 36 Reducing “K” LINE’s Impact on the Sea and Air
- 41 Supporting the Environmental Activities of Society

05 | Social

- 44 Shaping of Working Environment and Promotion of Health Management
- 51 The Securing and Development of Human Resources
- 56 Diversity & Inclusion
- 58 Promotion of Safety in Navigation and Cargo Operations
- 63 Respect for Human Rights

- 67 Supply Chain Management

- 72 Stakeholder Engagement

- 74 Relationship with the Community

06 | Governance

- 77 Reinforcement of Corporate Governance

- 88 Risk Management

- 95 Promotion and Reinforcement of Compliance



- 98 Reinforcement of Response to Digital Transformation (DX)

07 | Reference Tables and Index

- 102 GRI Standards Reference Table

- 114 ISO 26000 Comparison Table

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  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  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 2022 (April 1, 2022–March 31, 2023)

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

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.

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.

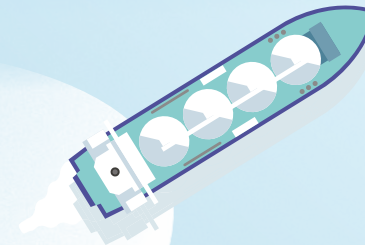
Guidelines Referred to

- 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

SECTION

01

| 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

– : 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

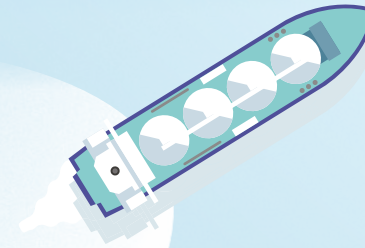
Contributing to the global environment and a sustainable society

Respecting individuals and ensuring fair business activities by embracing diverse values

SECTION

02

| The "K" LINE Group's Materiality



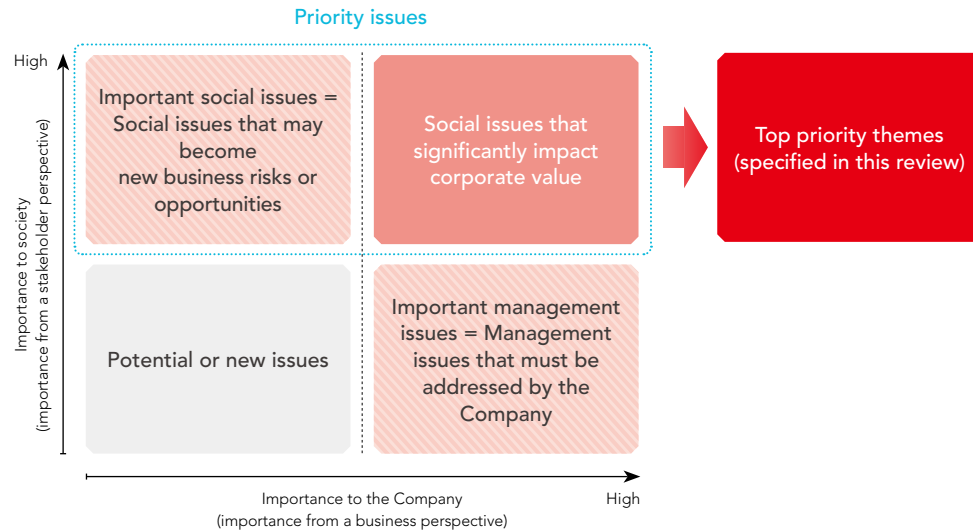
Materiality

In fiscal 2022, the "K" LINE Group reviewed its materiality and identified 12 new material issues across five areas. In this section, we explain the process for identifying materiality and provide an overview of the newly identified materialities.

Process to Identify Materiality

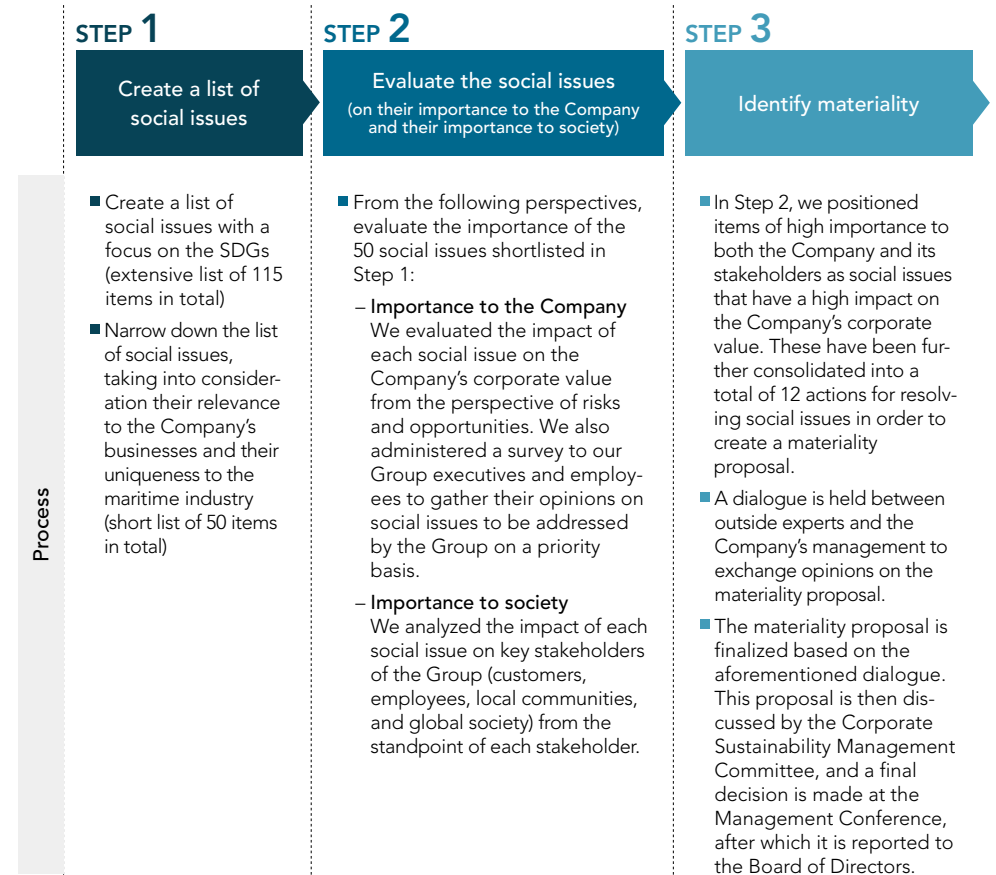
Process to Identify Materiality

When identifying materialities, the Group referred to various sources of guidance related primarily to corporate social responsibility (CSR), including ISO 26000 and the OECD Guidelines for Multinational Enterprises. While considering Sustainable Development Goals (SDGs) and other social issues, 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), in addition to factors such as their alignment with our business strategy and their impact on value creation.



Steps for Analyzing Materiality

We conducted materiality analysis using the following three steps:



Material Issues and Related SDGs

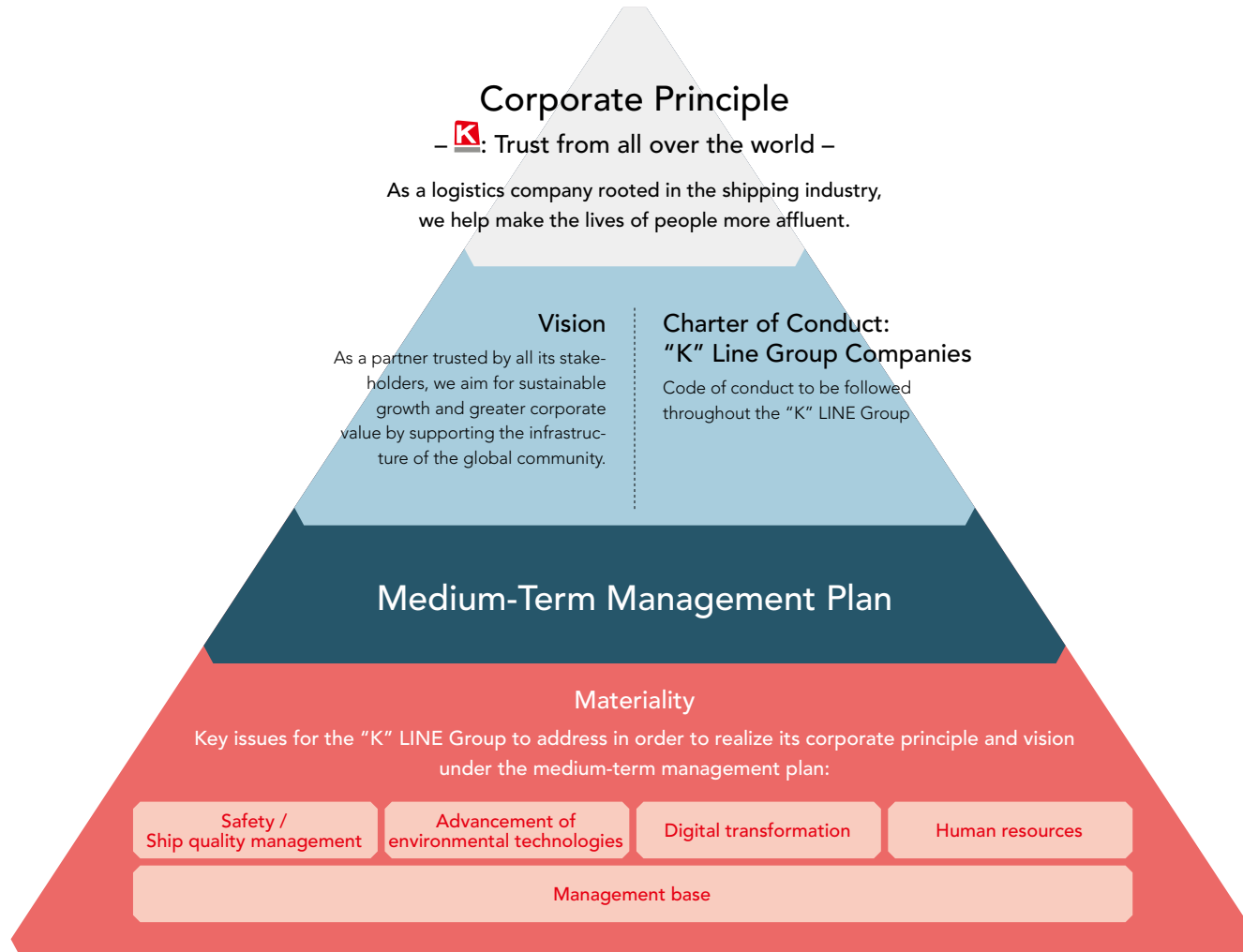
These 12 material issues have been categorized into five areas, including safety / ship quality management, advancement of environmental technologies, digital transformation, and human resources—the four pillars of our functional strategy for a solid business foundation to realize the business strategies 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 key issues to be addressed in order to realize its corporate principle and vision, contribute to solutions for social issues, and achieve sustained growth and improve corporate value 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.63)	
	Reinforcement of corporate governance (P.77)	
	Promotion and reinforcement of compliance (P.95)	
Safety / Ship quality management	Promotion of safety in navigation and cargo operations (P.58)	
Advancement of environmental technologies	"K" LINE low-carbon and carbon-free transition (P.31)	
	Supporting the development of a low-carbon and carbon-free society (P.33)	
	Reducing "K" LINE's impact on the sea and air to zero (P.36)	
	Promotion of innovation (P.13)	
Digital transformation	Reinforcement of response to digital transformation (DX) (P.98)	
Human resources	Diversity & inclusion (P.56)	
	Shaping of working environment and promotion of health management (P.44)	
	The securing and development of human resources (P.51)	

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

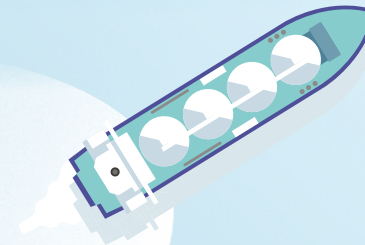
"K" LINE's materiality is positioned as key issues to address in order to realize its corporate principle and vision based on the medium-term management plan, achieve sustainable growth, enhance corporate value, and contribute to overcoming social issues. Namely, we aim to ensure the sustainability of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



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, chaired by the President & CEO, and the GHG Reduction Strategy Committee.

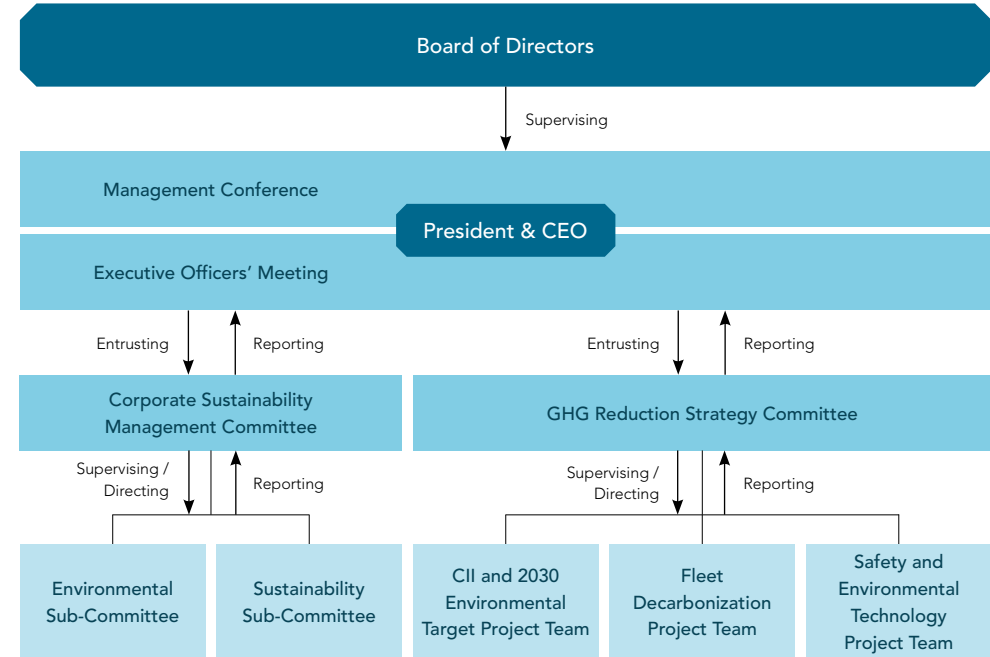
The Corporate Sustainability Management Committee is enhancing corporate value by reviewing and formulating a promotion system for the "K" LINE Group's sustainability management.

The general managers of each business group are members of the Sustainability Sub-Committee, a subcommittee under the Corporate Sustainability Management Committee that addresses materialities identified by the Group. The Sustainability Sub-Committee monitors the implementation of initiatives related to materialities and regularly reports on their progress to the Corporate Sustainability Management Committee.

The second committee, the Environmental Sub-Committee is responsible for operating the environmental management system formulated in accordance with the "K" LINE Group Environmental Policy and the standards of the International Organization for Standardization (ISO), and engaging in other environmental activities.

Meanwhile, 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 Fleet Decarbonization Project Team Office</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 CII and 2030 Environmental Target Project Team Office / Safety and Environmental Technology Project Team Office</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

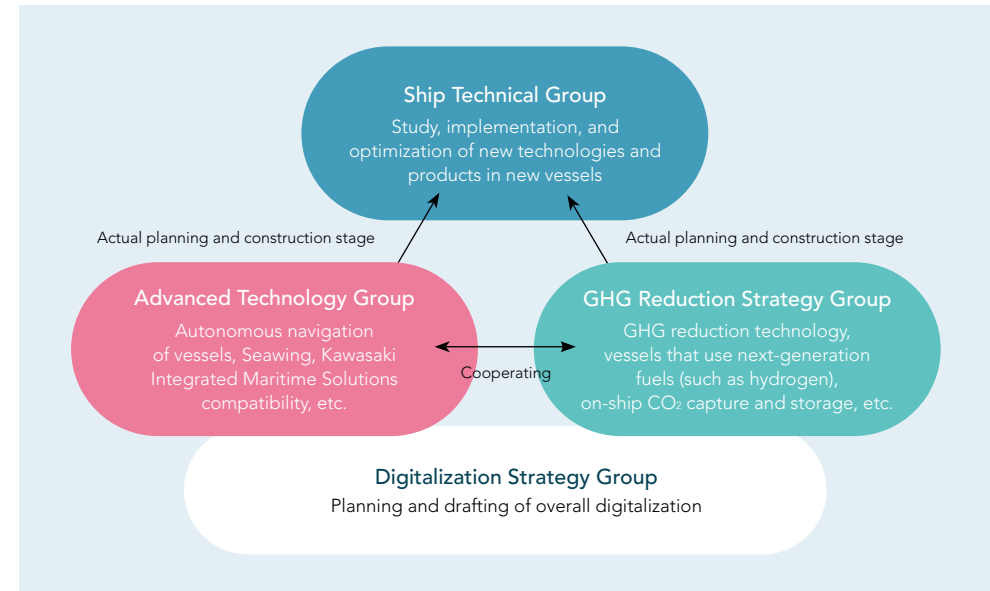
"K" LINE is engaged in technological research and development that contributes to strengthening competitiveness and enhancing corporate value to promote innovation, which is the central focus of the Advanced Technology Group, the GHG Reduction Strategy Group, and the Ship Technical Group.

The Advanced Technology Group carries out initiatives related to new technology that has not been commercialized or generalized and technology that utilizes big data, such as the development of autonomous vessels, and AI analysis of navigation data gathered from its fleet of ships.

The GHG Reduction Strategy Group carries out research and development on maritime transportation services that use GHG reduction technology, such as CO₂ capture technology, and alternative fuel technologies, such as ammonia and hydrogen. The GHG Reduction Strategy Group also carries out research and development on services that support the reduction of GHG emissions in society, such as CO₂ and hydrogen transportation.

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 promote innovation that contributes to enhancing "K" LINE's corporate value.



Initiatives

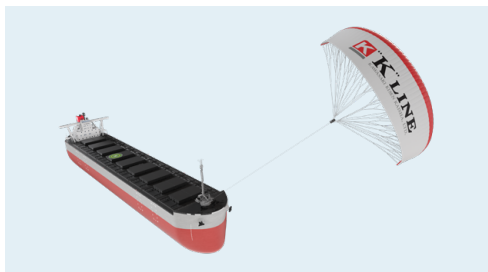
Introduction of Seawing, the Automated Kite System That Harnesses Natural Energy

Seawing is a wind power propulsion system that utilizes wind force to gain traction by letting out a large kite that is attached to the bow of a vessel. Seawing flies at 300 meters, where the wind is stronger than at sea level and much more stable. The aim of Seawing is to reduce the GHG emissions associated with ship operations by using wind. The first Seawing for "K" LINE was retrofitted on our cape-size bulk carrier. After conducting commissioning and several flight tests onboard, we plan to begin normal operation of the first Seawing unit.

A feature of Seawing is that its operation is fully automated, from deployment of the kite and flight management to storage after use. Furthermore, since the kite is operated with a simple button on the bridge, there is no additional burden on ship crew members for operating the kite except maintenance work. Another feature is the Seawing's high flexibility in terms of the types of vessels it can be installed on, which even extends to existing ships.

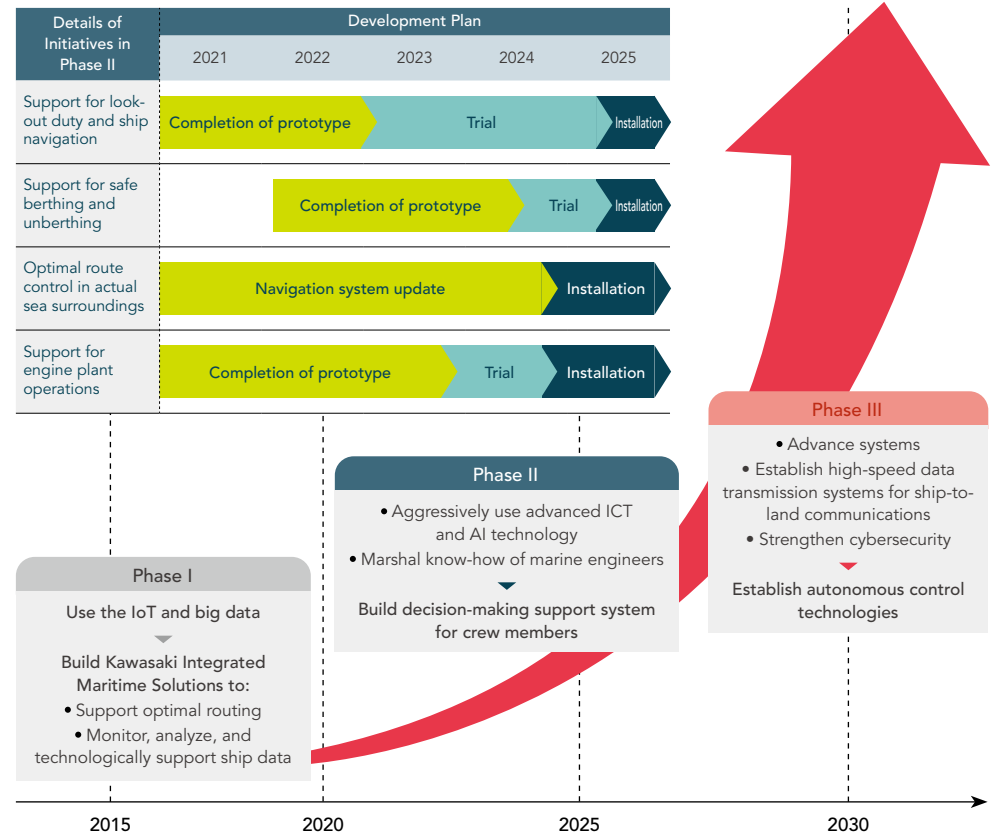
Compared with vessels only fueled by heavy oil, we expect to reduce GHG emissions by approximately 20% on large bulk carriers equipped with Seawing, but this depends on the vessel type, the route, and the speed of the vessel. The maritime shipping business as a whole is currently exploring a conversion from heavy oil to alternative fuels, with the aim of achieving the targets set by the International Maritime Organization for reducing the volume of GHG emissions to zero by around 2050. However, to expand the use of alternative fuels, a worldwide supply network needs to be developed. Meanwhile, the advantage of Seawing is that "K" LINE can independently and proactively advance initiatives for reducing GHG emissions without waiting for the realization of such circumstances.

Lowering GHG emissions naturally means that less fuel is used for that purpose, which leads to a reduction in fuel costs. The use of alternative fuels instead of heavy oil is expected to expand in the future, but the price of these new fuels would be higher than that of heavy oil. In this light, the installation of Seawing also has value.



"K"-Assist Project

The "K"-Assist Project is a moniker for all our technology development projects related to the autonomous navigation of vessels. In the four fields of support for lookout duty and ship navigation, safe berthing and unberthing, optimal route control in actual sea surroundings, and support for engine plant operations, the "K" LINE Group is advancing developments that will lead to their practical realization in the future. This is achieved by incorporating knowledge and technologies from not only the marine transportation and shipbuilding industries but also other industries. To realize advanced safety and quality that the "power of people" alone cannot achieve, we are actively utilizing AI and other cutting-edge technologies while advancing DX on ships.

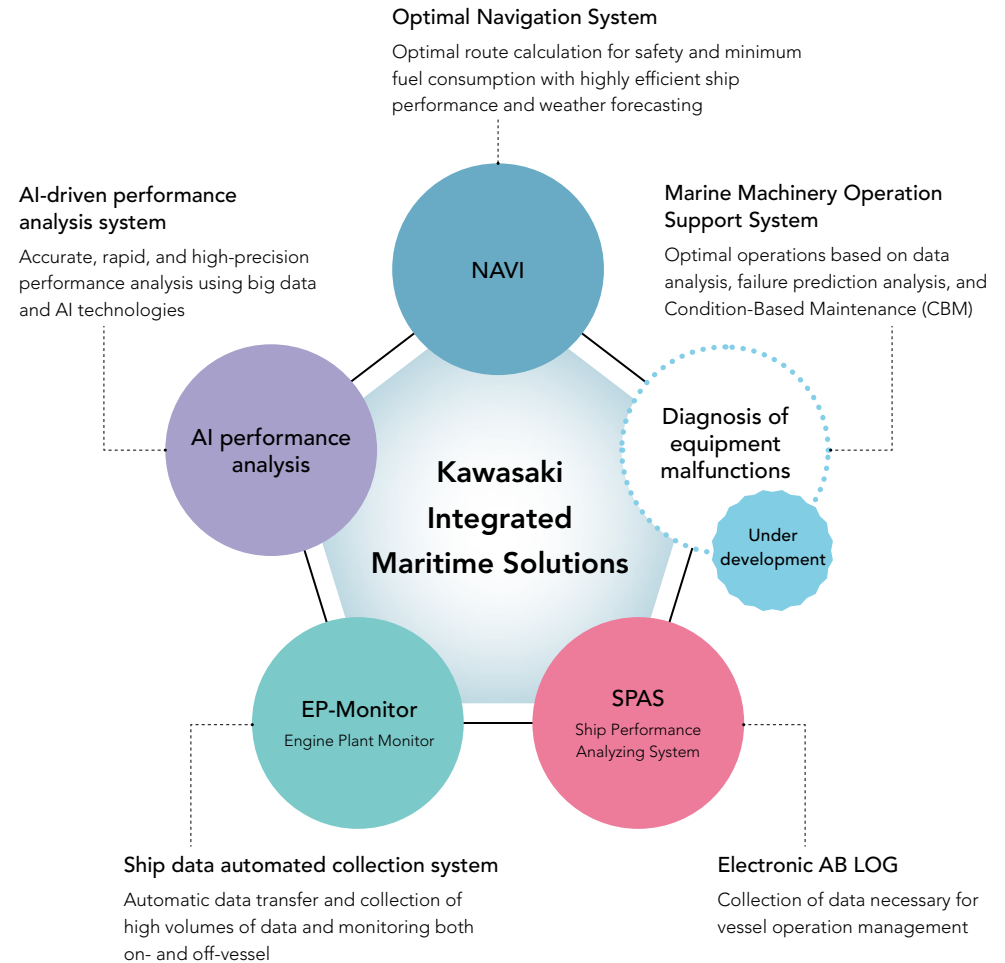


Kawasaki Integrated Maritime Solutions

"K" LINE utilizes Kawasaki Integrated Maritime Solutions (an 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 on medium- to long-term charter vessels and are installing Kawasaki Integrated Maritime Solutions on approximately 190 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 began in 2023, and we are preparing to comply with the European Union Emissions Trading System that starts in 2024. Additionally, introducing 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

KPI and Milestones for Sustainability Management

Theme	Category	KPI	FY22	Target	
Environmental protection rooted in low-carbon / decarbonization	Result indicators	CO ₂ emission efficiency (vs 2008)	42% improvement	50% reduction by 2030	
		Total CO ₂ emission volume (vs 2008)	51% reduction	Achieve net zero by 2050	
	Fuel conversion	Number of LNG- / LPG-fueled vessels introduced*1	1 vessel	2030: 45, 2040: 40, 2050: 10	
		Number of ammonia- / hydrogen-fueled vessels introduced*1	0 vessels	2030: 20, 2040: 130, 2050: 200-250	
	Wind power and others	Installation of Seawing*1	0 vessels	2030: 50 vessels	
	Operation efficiency	Installation of Kawasaki Integrated Maritime Solutions to owned / medium- to long-term charter vessels	85%	100%*2	
	Biodiversity	Marine pollution	Oil spill accidents	0 cases	Zero oil spill accidents
		Reduce impact	Installation of ballast water treatment systems	94%	100% by June 2024
Safety in navigation	Accidents	Serious maritime accidents	0 cases	Zero serious maritime accidents	
	Delay	Delay time due to mechanical failure	11.56h per vessel p.a.	10h per vessel p.a.	
Recruiting and developing human resources	Active participation by diverse personnel	Gender	Female employees comprising managerial positions	7.4%	15% (by FY26)*3
		Recruitment format	Ratio of mid-career hires among managers	18.4%	-
			Ratio of mid-career hires among employees in service	14.5%	-
	Occupational safety	Labor	Average monthly overtime working hours	6.8 hours	Within 40 hours*3
		Flexible workstyle	Ratio of male employees taking childcare leave	88.5%	20%*3
	Health management	Mental well-being	Stress check examination rate	88.0%	90%

*1 KPIs are based on "K" LINE's assumption on development of related technology and infrastructure, related regulation, and economics as of May 2023 and subject to change depending on future trends.

*2 Already installed on owned vessels in operation. Kawasaki Integrated Maritime Solutions is planned to be basically installed on all the newly built vessels. By the end of FY23, Kawasaki Integrated Maritime Solutions will be installed on all medium- to long-term chartered vessels (excluding short-term chartered vessels).

*3 Source: "Action Plan to Promote the Active Participation of Women and Support Raising of the Next Generation Children" established on April 1, 2022

Latest Major Initiatives

Ammonia-Fueled Bulk Carrier Obtained AiP from Classification Society ClassNK

In November 2022, "K" LINE, together with ITOCHU Corporation, Nihon Shipyard Co., Ltd., Mitsui E&S Co., Ltd., and NS United Kaiun Kaisha, Ltd., have obtained an Approval in Principle (AiP) from Classification Society, Nippon Kaiji Kyokai, for the design of an ammonia-fueled ship (200,000 deadweight ton class bulk carrier, and hereinafter "the Vessel").

At this time, there are no international guidelines for the use of ammonia as a marine fuel, so "K" LINE and its partners are looking toward obtaining Alternative Design Approval* for the shipbuilding of the Vessel. A risk assessment (Hazard Identification Study) was recently conducted on the safety of using ammonia as a marine fuel, and the basic design of the Vessel was evaluated as "capable of ensuring the same level of safety as ships operating with existing fuel."

The acquisition of the AiP is an important milestone for the implementation of ammonia-fueled ships, a new challenge for the maritime industry, and also an important step toward the further promotion of the "Integrated Project" being facilitated by ITOCHU Corporation. "K" LINE and partners will proceed with the development of the Vessel based on the basic design for which the AiP has been obtained, and aims to take delivery of the Vessel and begin its social implementation in 2026.

* Alternative Design Approval is to prove that the ship is as safe as a ship built in accordance with existing international regulations and to obtain approval from the competent authorities when the ship is designed without any international guidelines. Ships designed in accordance with ClassNK guidelines, such as the Vessel, may use ammonia as a marine fuel if they are approved by the competent authorities in accordance with the SOLAS Convention (International Convention for the Safety of Life at Sea) and are built according to an approved alternative design.

Seawing Automated Kite System to Be Installed on CORONA CITRUS, a Coal Carrier for Electric Power Development Co., Ltd.

"K" LINE and Electric Power Development Co., Ltd. (J-POWER), have decided to install the Seawing, an automated kite system using wind power, on CORONA CITRUS, an 88,000 DWT-type special coal carrier for J-POWER. Completed on September 11, 2019, CORONA CITRUS is equipped with a ballast water treatment system for protecting marine ecosystems. The coal carrier also comes with a SOx scrubber, which eliminates sulfur oxides in exhaust gas from its engine, so as to comply with the regulations on SOx emissions that came into effect globally in January 2020. The newly installed Seawing is expected to reduce CO₂ emissions from the ship by at least 20%. Thus, it is one of "K" LINE's main initiatives to achieve its GHG reduction target. Please turn to page 14 for more information on Seawing.



Image of Seawing on CORONA CITRUS

MoU Signed with NAVTOR A.S. on Fleet Monitoring and Support System

"K" LINE has adopted NavFleet as a fleet monitoring system platform provided by NAVTOR A.S., and witnessed by the Norwegian Embassy in Japan. "K" LINE signed an MoU with NAVTOR A.S. regarding the development of a "K" LINE 24/7/365 global fleet monitoring and support system through the use and functional expansion of NavFleet on August 25, 2023.





NavFleet is a total ship operations platform that provides monitoring of vessel position, weather, and route information onshore through automatic and seamless data communication via the cloud, and automatically alerts users of potential navigational risks to prevent navigational accidents. In the future, NavFleet will be capable of combining critical business data from various systems and providing an overview of the fleet operation at a glance, while assisting with automating tasks, simplifying regulatory compliance, and ensuring safe navigation of the fleet at all times.


"K" LINE is promoting the strengthening of a worldwide organizational system covering safety and quality management to achieve the business strategy in its medium-term management plan announced in 2022. "K" LINE will continue to develop its competitiveness and corporate value by targeting extremely safe navigation and transport quality management, supported by the contributions of the knowledge and experience of competent human resources and the technologies complementing the human factors.

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. As of September 22, 2023, our company ranked in the 89th percentile in the Transportation industry in the S&P Global Corporate Sustainability Assessment.</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>2023 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.jpx.co.jp/english/markets/indices/carbon-efficient/index.html</p>

Overview	
<p>2023</p>  <p>Sompo Sustainability Index</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/ (in Japanese only)</p>

Major Awards and Recognition






Contents	
 <p>CDP A LIST 2023 CLIMATE</p>	<p>"K" LINE has been selected for the eighth consecutive year to be on the Climate Change A List, achieving an A, the highest score in the CDP's Climate category. CDP is an international non-profit organization (NGO) headquartered in London, which conducts a survey on climate change risks and opportunities and the responses of companies and other entities.</p> <p>The results of the survey are used as a universal indicator to measure corporate value.</p> <p>https://www.cdp.net/en</p>
 <p>CDP SUPPLIER ENGAGEMENT LEADER 2023</p>	<p>"K" LINE has been recognized for the sixth consecutive year as a Supplier Engagement Leader, the top rating on the Supplier Engagement Rating from the CDP. Supplier Engagement Rating evaluates the companies' initiatives for climate change and greenhouse gas emissions throughout the supply chain and ranks the companies in line with their efforts.</p> <p>https://www.cdp.net/en</p>
 <p>MSCI ESG RATINGS BBB</p>	<p>Morgan Stanley Capital International (MSCI) is a U.S. finance company headquartered in New York City. It is an investment research firm that provides stock indexes and portfolio analytics.</p> <p>In 2023, "K" LINE received a rating of BBB in the MSCI ESG Ratings assessment.</p> <p>http://www.msci.com/our-solutions/indexes/esg-indexes</p> <p>Note: THE USE BY KAWASAKI KISEN KAISHA, LTD., OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF KAWASAKI KISEN KAISHA, LTD., BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.</p>
 <p>Rated MORNINGSTAR SUSTAINALYTICS</p>	<p>Sustainalytics is a part of the Morningstar group, which provides high-quality analytical ESG research, ratings, and data to institutional investors and companies.</p> <p>In September 2023, "K" LINE received an ESG Risk Rating of 20.3 and was assessed by Morningstar Sustainalytics to be at Medium risk of experiencing material financial impacts from ESG factors.</p> <p>http://www.sustainalytics.com/esg-ratings</p> <p>Note: Copyright 2023 Morningstar Sustainalytics. All rights reserved. This article contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at https://www.sustainalytics.com/legal-disclaimers.</p>
 <p>NIKKEI SDGs Management Survey 2023 ★★★★</p>	<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/ (in Japanese only)</p>





Contents

	<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 (in Japanese only)</p>
	<p>"K" LINE has been recognized for the fifth time in four consecutive years under the 2023 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.meti.go.jp/policy/mono_info_service/healthcare/kenkoueiei_yuruyhouzin.html (in Japanese only)</p>
	<p>"K" LINE was selected as a "DX Certified Business Operator" under the Digital Transformation (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 (in Japanese only)</p> <p>https://www.kline.co.jp/ja/news/other/other-20220404.html (in Japanese only)</p>
	<p>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>In 2023, "K" LINE was granted the Commendation Award for the sixth consecutive year and an Excellence Award in Sustainability Disclosure for the first time.</p> <p>http://www.daiwair.co.jp/news/internet_IR2023.html (in Japanese only)</p>
	<p>"K" LINE was awarded a Bronze rating for overall sustainability initiatives in 2023 by EcoVadis, an internationally recognized provider of business sustainability ratings based in France.</p> <p>https://ecovadis.com/</p>

Participation in External Initiatives

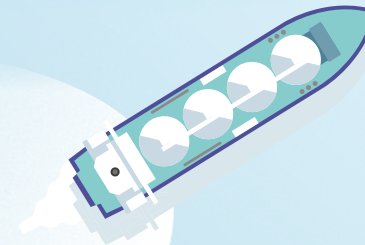
"K" LINE aims to strengthen its sustainability efforts by deepening its partnerships with various institutions, companies, and organizations by participating in external initiatives.

Initiative / Name of Organization	Overview
 <p>WE SUPPORT UN GLOBAL COMPACT</p>	<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 its 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 2022 League</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/ (in Japanese only)</p>
 <p>TCFD Consortium</p>	<p>TCFD Consortium</p> <p>The TCFD Consortium was established as a platform for companies that endorse the recommendations by Task Force on Climate-related Financial Disclosures (TCFD) to discuss effective information disclosure and initiatives for linking disclosed information to facilitate appropriate investment decisions by financial and other institutions.</p> <p>https://tcfid-consortium.jp/en</p>
 <p>JAPAN CLIMATE INITIATIVE</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>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>

Initiative / Name of Organization	Overview
	<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/ (in 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 automated kite system that uses natural energy, and a liquefied hydrogen carrier.</p> <p>https://www.challenge-zero.jp/en/</p>
	<p>TNFD Forum</p> <p>The Taskforce on Nature-related Financial Disclosures (TNFD) is an international initiative that aims to create an appropriate evaluation and disclosure framework for risks and opportunities related to natural capital and biodiversity.</p> <p>The TNFD Forum is a gathering of stakeholders, composing companies, financial institutions, and research organizations, that have organized for the purpose of advancing discussions and the creation of frameworks for the TNFD.</p> <p>"K" LINE has been a member of this consortium since October 2023, and is taking initiatives to preserve the environment and proactively disclose information.</p> <p>https://tnfd.global/</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 have an 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, environmental managers, and 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 humankind. 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

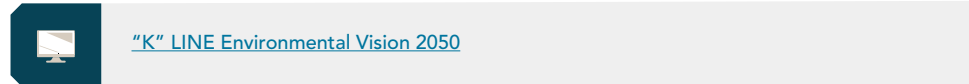
1. We are setting objectives and targets for environmental preservation and making improvements on an ongoing basis to reduce the impact on the environment from our business activities. Furthermore, we are complying with all environmental treaties, laws, and regulations as well as policies and voluntary 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 the 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 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

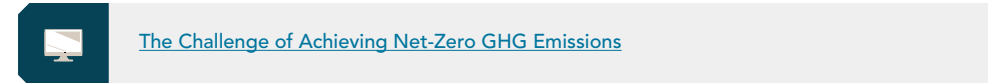
We successfully achieved most of the 2019 interim milestones of the "K" LINE Environmental Vision 2050, which was formulated by the "K" LINE Group in March 2015. At the same time, we recognize that the business environment and demands of customers have changed since the formulation of the vision and 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 its target even further to net-zero GHG emissions by 2050.



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

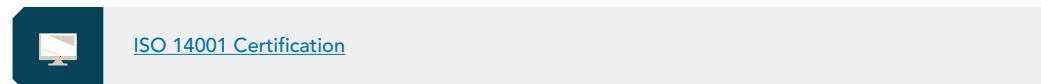
System

Environmental Management System

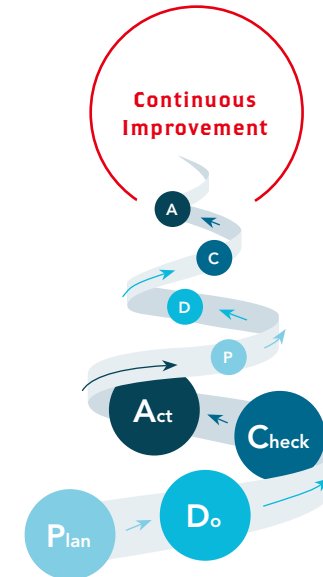
► Establishment of an Environmental Management System (EMS)

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 (PDCA). 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 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 2023](#)

► DRIVE GREEN NETWORK

Guided by “K” LINE Environmental Vision 2050, our long-term environmental management vision, we are building and operating DRIVE GREEN NETWORK, a framework to promote environmental management for the entire Group.

We are using DRIVE GREEN NETWORK to centrally control our environmental management initiatives (such as setting environmental policies and targets and working to achieve them) through internal audits and the like. We aim to continuously pursue environmental protection activities by actively using the PDCA cycle while ensuring environmental compliance across the entire Group.

The name DRIVE GREEN NETWORK reflects our desire of inheriting the spirit put into the construction of the DRIVE GREEN HIGHWAY, our environmentally friendly next-generation flagship completed in 2016 under the concept of getting one step ahead for the future.

Results of Our Environmental Activities



[2022 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), we 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.

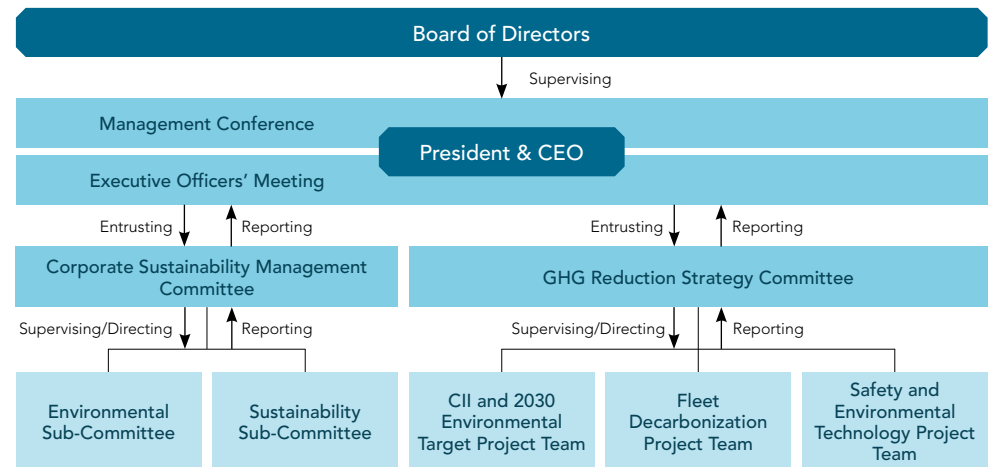
In addition, as a long-term vision in our medium-term management plan announced in May 2022, we are committed to smoothly switching to other forms of energy for our company and society. We will promote the realization of a low-carbon and carbon-free society.

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 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 with 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
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What We Must Do

Hardware

- Install energy-saving equipment to improve ship operating efficiency
- Launch ships with low-carbon or new zero-emission 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

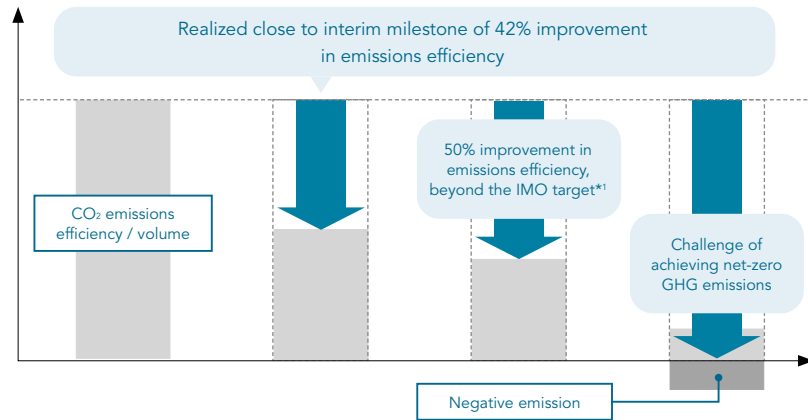
- Develop and enter new energy supply and transportation businesses
- Prepare fleet for new transportation technologies
- Increase capability for green ship recycling
- Participate in collection and study of marine plastic pollution
- Increase dialogue with administrators involved in improving port facilities, 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.



	2008 (Base year)	2022 Present	2030 Interim milestone	2050 Target
CO ₂ emissions efficiency*2	7.21	4.20	3.61	-
CO ₂ emissions total volume*3	13.68 million	6.66 million	-	Net zero

*1 IMO has set the target of 40% or more CO₂ emissions reduction by 2030 (per transport volume vs. 2008), a 5-10% ratio for zero-emission fuel usage by 2030, and net-zero GHG emissions by or around 2050.

*2 Unit: g-CO₂/ton-mile

*3 Total volume of Scope 1 + 2, unit: ton

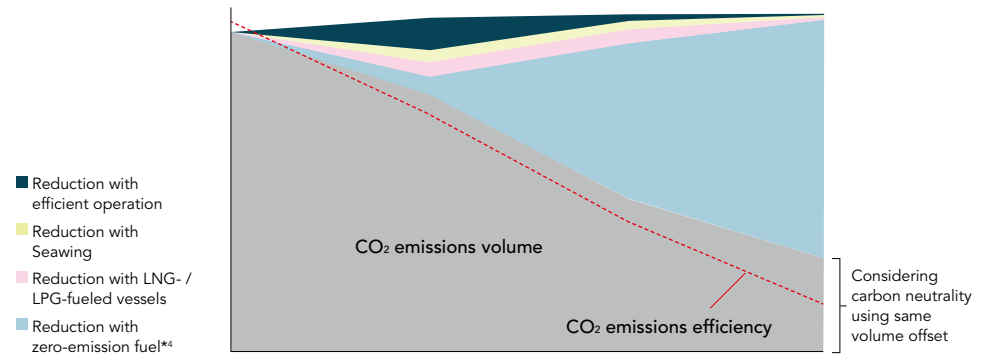
2030 Interim Milestones

"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

"K" LINE CO₂ emissions (Scope 1 + 2)



	2022	2030	2040	2050
LNG- / LPG-fueled vessels	1	45	40	10
Zero carbon emission vessels	0	20	130	200-250

*4 Ammonia, hydrogen, methanol, and biofuel, etc.

Note: The road map is based on "K" LINE's assumption on the development of related technology and infrastructure, related regulation, and economics as of today and is subject to change depending on future trends.

Strategies and Initiatives

Summary of Low-Carbon and Carbon-Free Initiatives

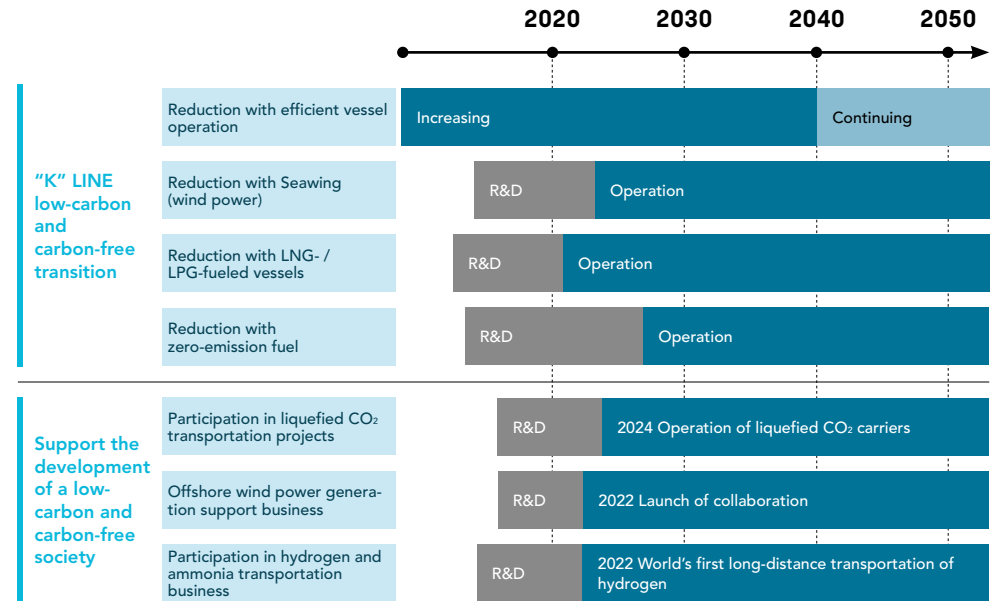
The "K" LINE Group is taking steps to reduce GHG emissions in order to achieve low-carbon and carbon-free itself and throughout society and will invest a total of ¥375 billion by 2026.

		Investment amount (-2026)	GHG emissions reduction effect	KPI for measuring progress
"K" LINE low-carbon and carbon-free transition	Fuel conversion (use of clean energy)	¥320.0 billion	20-30% reduction vs. previous vessels	Number of LNG- / LPG-fueled vessels
	LNG- / LPG-fueled vessels			
	Zero-emission vessels		Zero emission	Number of zero-emission vessels
	Environmentally friendly equipment (use of wind power, etc.)	¥17.0 billion	20% reduction vs. previous vessels	Number of ships with Seawing (-50 ships, 2030)
Development and demonstration of environmental technology	Installation of Kawasaki Integrated Maritime Solutions (operation efficiency)	¥10.0 billion	3-5% reduction vs. previous vessels	100%* installation of Kawasaki Integrated Maritime Solutions on owned / medium- to long-term chartered vessels
	Hybrid EV tugboats, etc.		-	
Support the development of a low-carbon and carbon-free society	New business that promotes low-carbon achievement	¥28.0 billion	-	Consider based on business characteristics (as of 2023, two liquefied CO ₂ vessels have been decided on to be operated)
	Liquefied CO ₂ transport			
	Support for wind power generation installations, etc.			

* Already installed on owned vessels in operation. Kawasaki Integrated Maritime Solutions is planned to be basically installed on all newly built vessels. By the end of fiscal 2023, Kawasaki Integrated Maritime Solutions will be installed on all medium- to long-term chartered vessels (excluding short-term chartered vessels).

Note: KPIs are based on "K" LINE's assumption on the development of related technology and infrastructure, related regulation, and economics as of today and are subject to change depending on future trends.

Road Map for "K" LINE Low-Carbon and Carbon-Free 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 a 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- / LPG-fueled vessels

- Expanding introduction of LNG- / LPG-fueled vessels in the 2020s, investing in approximately 45 vessels by 2030

Introduce LNG-fueled vessels

- 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 between 2023 and 2025



CENTURY HIGHWAY GREEN

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

Introduce LPG-fueled vessels

- A very large gas carrier (VLGC), which is capable of carrying LPG or ammonia, with a view to transporting ammonia in the future, was delivered in 2023.

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

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

- Plans to introduce about 20 vessels by 2030
- 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
- In 2022, Kawasaki Kisen Kaisha, Ltd. ("K" LINE), together with ITOCHU Corporation, Nihon Shipyard Co., Ltd., MITSUI E&S Co., Ltd., and NS United Kaiun Kaisha, Ltd., obtained an Approval in Principle (AiP) from Nippon Kaiji Kyokai (ClassNK) for the design of an ammonia-fueled vessel (200,000 deadweight ton class bulk carrier). The acquisition of the AiP is an important milestone for the social implementation of ammonia-fueled vessels, a new challenge for the maritime industry, and also an important step toward the further promotion of the integrated project being advanced by partner companies to develop ammonia-fueled vessels and create a global ammonia supply chain. "K" LINE and partners aim to take delivery of the vessel and begin its social implementation in 2026.
- 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



Photograph provided by Kawasaki Heavy Industries, Ltd.



Image of an ammonia-fueled vessel

▶ 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



LNG-fueled cape-size bulk carrier

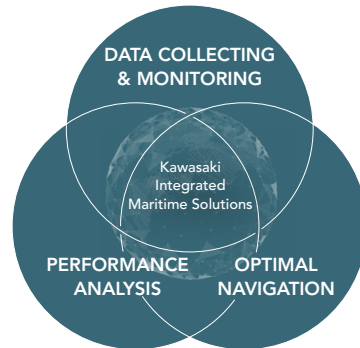
Expecting a reduction in CO₂ emissions of more than 20%

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

▶ 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



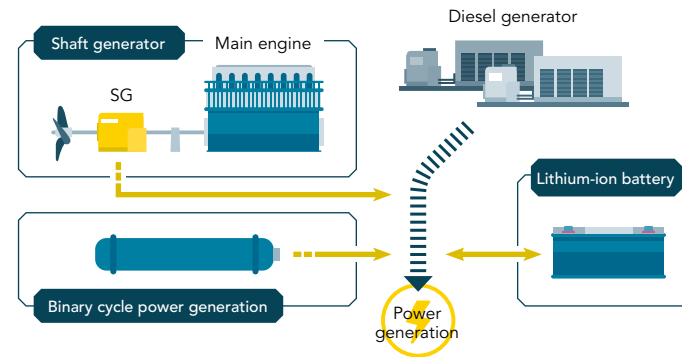
Approximately 3% to 5% reduction in CO₂ emissions through installation of Kawasaki Integrated Maritime Solutions

▶ 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 2023, this has been calculated with reference to an economic index that takes into account a future earnings contribution of ¥14,000 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
- In 2022, “K” Line Wind Service, Ltd., along with Marco Polo Marine Ltd., an offshore support vessel operator based in Singapore, signed an agreement to begin examining joint business development in offshore support vessels for wind turbines.



Offshore support vessel

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

- Acquire basic authorization for fuel supply ships and advance studies to make ammonia fuel supply for ships a reality in Singapore
- Three Japanese shipping companies—Kawasaki Kisen Kaisha, Ltd., Mitsui O.S.K. Lines, Ltd., and Nippon Yusen Kabushiki Kaisha—along with Japan Suiso Energy, Ltd. (JSE)*¹, agreed on capital participation through a third-party capital increase*² in JSE Ocean, Ltd., a subsidiary of JSE. They will collaborate on the establishment of marine transportation of liquefied hydrogen (LH₂) in a commercial-scale global hydrogen supply chain.



Concept image of a 160,000 m³ liquefied hydrogen carrier provided by Kawasaki Heavy Industries, Ltd.

*1 JSE was established in June 2021 with the main objectives of research, planning, management, and investment in the international supply chain of LH₂.

*2 A method of raising capital by issuing new shares to a specific third party

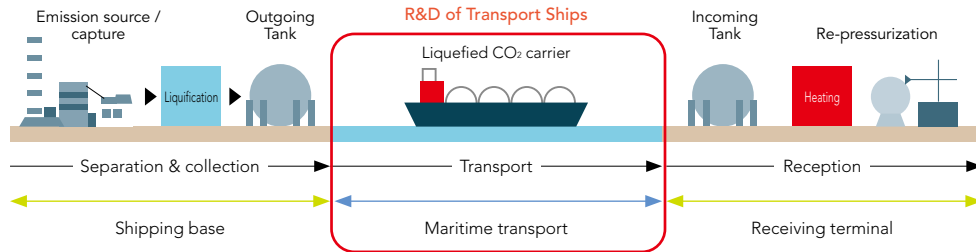
▶ 3. Participate in CO₂ Transportation Business

Demonstration Test Ship for Liquefied CO₂ Transportation Launched in March 2023

- The “K” LINE Group is participating in the CCUS*¹ R&D and Demonstration Related Project / Large-scale CCUS Demonstration in Tomakomai / Demonstration Project on CO₂ Transportation, which NEDO*² opened to applications in fiscal 2021. The “K” LINE Group, along with ENAA, NGL, and Ochanomizu University, will engage in research and development and prepare to carry out transportation tests.
- Using its extensive experience in ocean-going liquefied gas vessels, and experience in the demonstration testing of liquefied hydrogen transportation ships, “K” LINE carried out a safety assessment of transportation and loading for the liquefied CO₂ demonstration test ship and created an operation manual. By analyzing this test data, “K” LINE will contribute to the establishment of technologies for the safe operation of liquefied CO₂ ships.
- The vessel EXCOOL was delivered in November 2023.



*1 CCUS is an abbreviation for carbon capture, utilization, and storage. It refers to technologies for capturing, effectively utilizing, and storing emitted CO₂.
 *2 NEDO is an abbreviation for the New Energy and Industrial Technology Development Organization. It is a national R&D institution that creates innovations through the development of technologies needed for a sustainable society.



Note: The above diagram is from Ministry of Economy, Trade and Industry materials.

In December 2022, “K” LINE entered into long-term contracts with Northern Lights for two liquefied CO₂ vessels.
 —World’s First Full-Scale CCS Project—

- Kawasaki Kisen Kaisha, Ltd. (“K” LINE), and Northern Lights JV DA have signed Bare Boat Charter and Time Charter contracts for two 7,500 m³ liquefied CO₂ ships. The ships will be delivered in 2024 and will contribute to the world’s first full-scale carbon dioxide capture and storage (CCS*³) value chain.
- The London-based subsidiary “K” LINE LNG Shipping (UK) Ltd. will undertake the management of two ships transporting liquefied CO₂ from industrial emitters, including the Norcem Brevik and Hafslund Oslo Celsio carbon capture facilities, to the Northern Lights CO₂ receiving terminal in Øygarden, Norway.

*3 Capture and storage of CO₂ emitted from industrial activities



Northern Lights liquefied CO₂ vessel (Image provided by Northern Lights JV DA)



Northern Lights CO₂ receiving terminal (Under construction in Øygarden, Norway) (Image provided by Northern Lights JV DA)

▶ 4. Other Initiatives

- Collaborate with Chubu Electric Power Co., Inc., on a tidal energy project in Canada
- Looking into carbon credits, carbon offsets, etc.
- In September 2023, “K” LINE, along with Japan Petroleum Exploration Co., Ltd., and JGC Holdings Corporation, signed a basic agreement with PETRONAS CCS Ventures Sdn. Bhd., a subsidiary of Petroliam Nasional Berhad, the state-run energy company in Malaysia, to examine the commercialization of CCS in Malaysia.
- In September 2023, “K” LINE, Sumitomo Corporation, Toho Gas Co., Ltd., and Woodside Energy Ltd signed an agreement to conduct a feasibility study to establish a CCS value chain between Australia and Japan.

Related Data

CO₂ Emissions of "K" LINE Group

		(Tons)				
Category		2018	2019	2020	2021	2022
Scope 1		12,536,134	10,325,224	9,202,613	6,583,464	6,649,847
Scope 2	Location basis	27,306	26,397	25,191	13,769	11,556
	Market basis	23,135	26,220	21,780	13,515	10,472
Scope 3		1,424,198	1,304,803	1,219,525	4,566,051	4,506,111

Notes: 1. The scope of aggregation has been revised from 2021. Vessels not under our operations are excluded from Scope 1 and container vessels are included for Scope 3.
2. In 2022, we reported 348 tons of biogenic CO₂ emissions from biofuel categorized in Outside of Scopes.



[Third-Party Verification Statement of Greenhouse Gas \(GHG\) Emissions Data](#)

Fuel Oil Consumption

	(Tons)				
	2018	2019	2020	2021	2022
Fuel oil	3,823,776	3,140,039	2,809,074	1,980,630	1,923,950

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*

	(g-CO ₂ /ton-mile)				
	2018	2019	2020	2021	2022
All types of vessels	5.32	4.82	4.49	4.10	4.20

* 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 Approach

Establishing and maintaining safe navigation is an unalterable mission in the marine transportation business. The “K” LINE Group states in its corporate philosophy and vision its aims “to provide safe and optimal services” and to contribute to society through safe vessel operations. At the same time, this means contributing to the reduction of the environmental impact on the oceans and atmosphere, and efforts to preserve biodiversity,

especially in the oceans, is an important theme for our business activities.

We will continue to strive to reduce the environmental impact of our vessel operations on the oceans and atmosphere by promoting initiatives, such as to eliminate oil pollution incidents, ballast water management, and SOx and NOx emissions reduction measures, and reducing the impact of vessel operations on marine mammals.

Disclosure Based on the TNFD Framework

Implementation of the LEAP Approach

In November 2023, “K” LINE joined the Taskforce on Nature-related Financial Disclosures (TNFD) Forum.*

Our business operations are dependent on natural capital, mainly marine resources, and we consider our efforts to address not only climate change issues but also biodiversity conservation, particularly in the marine environment, to be one of the most important themes in our business activities.

In conjunction with our participation in the TNFD Forum, we have recently implemented the LEAP approach proposed by the TNFD to assess environmental risks and the nature-related impacts of our operations and consider appropriate responses, as part of our information disclosure based on the TNFD framework.

The assessment and analysis were conducted with reference to the framework and with validation by Socotec Certification Japan Co., Ltd.

Based on a comprehensive understanding of climate change and natural capital, we will continue to assess, analyze, and disclose information with the aim of enhancing risk and opportunity management and building a sustainable future.

* TNFD is an international initiative to establish a framework for the appropriate assessment and disclosure of risks and opportunities related to natural capital and biodiversity. The TNFD Forum is a group of stakeholders including companies, financial institutions, and research organizations.



[Disclosure in accordance with TNFD Framework](#)

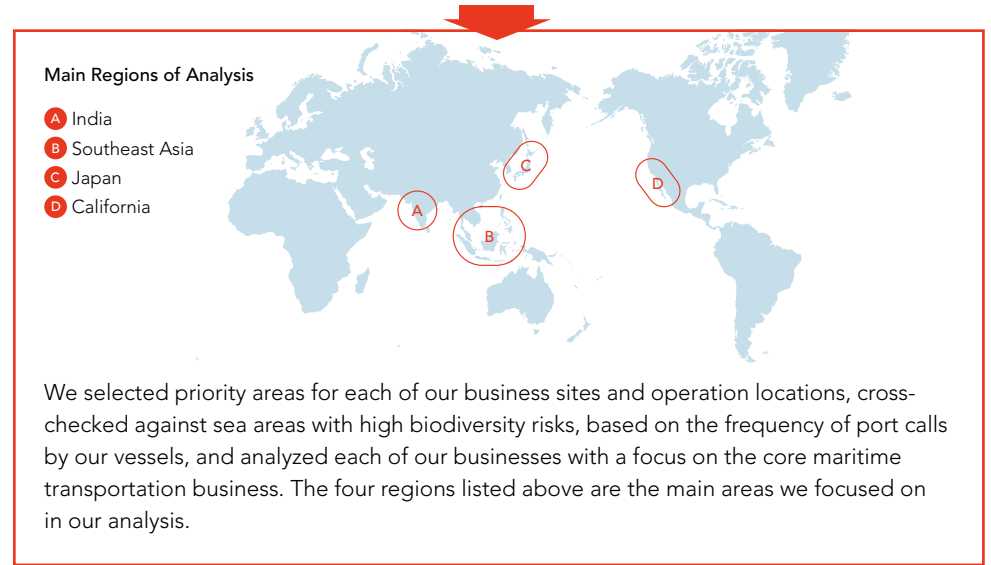
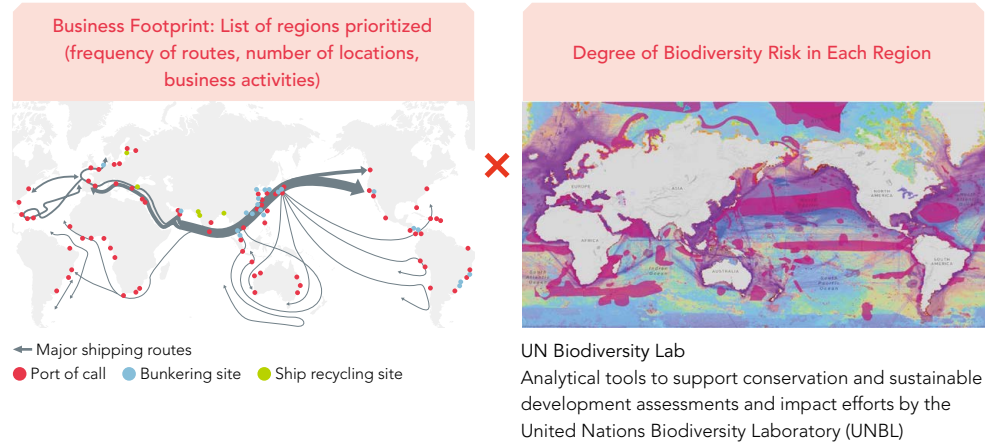
Steps in the LEAP Approach



Our steps to disclosure in accordance with the LEAP approach are as shown above. At the Scoping / Locate steps, considering the footprint of our operations and their relationship to nature, we have identified regions for analysis in light of the importance of ecological integrity, biodiversity, and water stress (mainly the degree of marine pollution). In the Evaluate step, we used the "ENCORE"* tool to analyze our dependency and impact on natural capital in these identified regions. In the Assess/Prepare steps, we identified risks and opportunities, while cross-checking our business activities with the key dependence / impact items identified in each region during the Evaluate step. We then revised our goals and strategies based on this evaluation.

* In the natural capital field, the Natural Capital Finance Alliance, an international financial industry organization, jointly developed this analytical tool for assessing dependency and impacts on nature along with UNEP-WCMC (World Conservation Monitoring Center).

0. Scoping 1. Locate Interactions between Our Business Activities (Shipping Business) and Nature



2. Evaluate Dependencies and Impacts

In each of the regions selected for Locate, we evaluated the degree of dependence and impacts of the nature-related aspects of our businesses.

Analysis of a company's dependence / impact on ecosystem services

The ENCORE tool was used to examine nature-related dependencies and impacts in the analyzed sectors and their potential dependencies and impacts on natural capital, and to analyze and evaluate the scope and degree of each dependency and impact and its details in relation to ecosystem services.

Analysis of the criticality of dependence / impact targets and identification of high priority dependence / impact targets

A detailed analysis of dependencies and impacts on nature in each region was conducted using the ENCORE tool filter for elements closely related to ecosystem services that are highly dependent and impacted by the project.

3. Assess 4. Prepare Assessments of Material Business Risks and Opportunities, and Preparations to Respond and Report

"K" LINE has identified four materialities, namely oil pollution, atmospheric impacts (GHG, SOx, and NOx), prevention of marine organism migration, and impact on mammals, as risks and opportunities related to its businesses that are shared across the selected regions. We have drawn up responses and targets for each of these materialities.

Oil pollution

Impacts: Water pollutants, Marine ecosystem use

It is necessary to provide compensation to fishery-related businesses and neighboring countries due to the occurrence of accidents in marine transportation, which cause oil pollution and affect the marine ecosystem and reduce the catch of fishery resources. Additionally, oil pollution associated with demolishing needs to be addressed.

Target

Zero oil pollution accidents

Reinforcement of safe operation measures, hull strengthening, human resource development, strengthening of safety measures, strengthening of green ship recycling response, etc.

Atmospheric impacts (GHG, SOx, and NOx)

Dependence: Climate regulation
Impact: Emissions to the atmosphere

Increased GHG, SOx, and NOx emissions due to vessel operations and stricter emissions regulations at the operator level will result in increased response costs. Increased emissions of SOx and NOx, which cause photochemical smog and acid rain, will damage social reputations among suppliers and stakeholders.

Target

Reduction and minimization of impact on the surrounding environment

Promote initiatives to prevent air pollution and reduce GHG emissions: slow steaming, use of low-sulfur fuels, introduction of SOx scrubbers, introduction of NOx reduction equipment, etc.

Prevention of marine organism migration

Impact: Marine ecosystem use

The discharge of ballast water and the migration of organisms attached to the bottom of the vessel could affect the aquatic ecosystem of the area, leading to a collapse of the ecosystem of fishery resources and affecting the local fishing industry, which could result in the need for fisheries compensation. It could also create a threat to the conservation of endangered species and could result in lawsuits from the target countries and NGOs.

Target

Reduction and minimization of impact on the surrounding environment

Ballast water treatment system installation rate of 100% by June 2024, etc.

Impact on mammals

Impacts: Marine ecosystem use, Disturbances

Vessel operations may cause collisions with whales and other marine mammals, resulting in physical harm to the creatures. In addition, undersea noise can harm communication between marine organisms, cause stress, and adversely affect the ecosystem. In a worst-case scenario, if the noise causes harm or stress to marine organisms, resulting in death, the project may be sued by neighboring countries or NGOs, and public notoriety may be spread.

Target

Reduction and minimization of impact on the surrounding environment

Reducing the impacts of vessel operations on marine mammals: participation in California's Slow Travel Program to Protect Whales

We have been implementing concrete initiatives* to preserve biodiversity in each region based on our environmental targets and action plans in the "K" LINE Environmental Vision 2050. Based on a comprehensive understanding of natural capital, we intend to strengthen the management of risks and opportunities through the introduction of the LEAP approach. While promoting coexistence with nature, we are stepping up our efforts to build a sustainable future. Referring to the beta version (version 4) of the framework, "K" LINE reflects in this documentation its current assessments, analysis, and information based on data verified by Socotec Certification Japan Co., Ltd. In order to respond to future changes, we are constantly evaluating and disclosing information.

* For more details, please see the link below.

[Reducing "K" LINE's Impact on the Sea and Air](#)

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

	2018	2019	2020	2021	2022
CO ₂ emissions	11,932,022	9,799,932	8,761,756	6,174,863	5,997,064
SO _x emissions	188,102	129,786	35,983	30,166	29,272
NO _x emissions	262,226	202,678	181,429	117,864	118,264

(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	2018	2019	2020	2021	2022
SO _x emissions	g-SO _x /ton-mile	0.080	0.067	0.022	0.020	0.020
NO _x emissions	g-NO _x /ton-mile	0.112	0.097	0.089	0.078	0.082

Other Environmental Data of "K" LINE's Vessels

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

	2018	2019	2020	2021	2022
Bilge	5.54	4.15	4.02	4.04	4.72
Sludge*	4.1	3.9	4.0	2.0	2.2
Garbage on board	4.0	3.5	3.5	5.4	3.7

(m³/ship-month)

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

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

	2018	2019	2020	2021	2022
All types of vessels (owned ships)	90,841.8	82,485.0	64,421.6	74,929.9	88,450.9

(Metric tons)

Supporting the Environmental Activities of Society

Approach

Basic Principle

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

Initiatives

Promotion of Volunteer Environmental Protection 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.



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

Reinforcement of Response to Green Ship Recycling

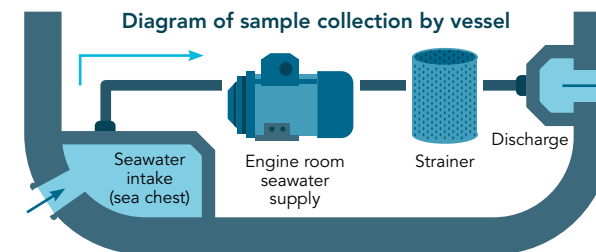
Ship dismantling enables the recovery of metals that can be recycled into new products and services and provides work and community economic activity. When disposing of our vessels, we follow our own environmental impact assessment checklist to select dismantling yards, taking into account occupational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



Participation in Collection 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 operating, 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

	2018	2019	2020	2021	2022
Annual consumption	821,109	789,971	736,212	708,811	907,221
Annual consumption per person	866	860	836	793	823

(kwh)

► Office Paper

	2018	2019	2020	2021	2022
Annual consumption	4,406,968	3,852,224	2,178,527	2,157,950	2,073,834
Annual consumption per person	4,649	4,196	2,473	2,414	1,882

(Sheets)

► Water

	2018	2019	2020	2021	2022
Annual consumption	546	509	318	313	403
Annual consumption per person	0.79	0.75	0.50	0.48	0.58

(m³)

Total Quantity of Recycling

► Ship Recycling

	2018	2019	2020	2021	2022
All types of vessels	5,923	13,774	114,055	0	21,695

(Tons)

Waste

► Waste

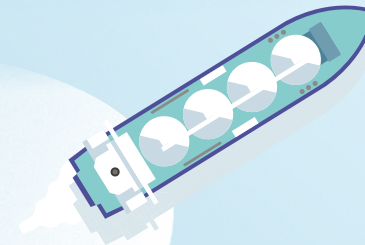
	2018	2019	2020	2021	2022
All offices	1,022	823	571	420	570

(Tons)

	2018	2019	2020	2021	2022
All vessels	9,110	7,477	6,361	5,192	6,858

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 addition, 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:

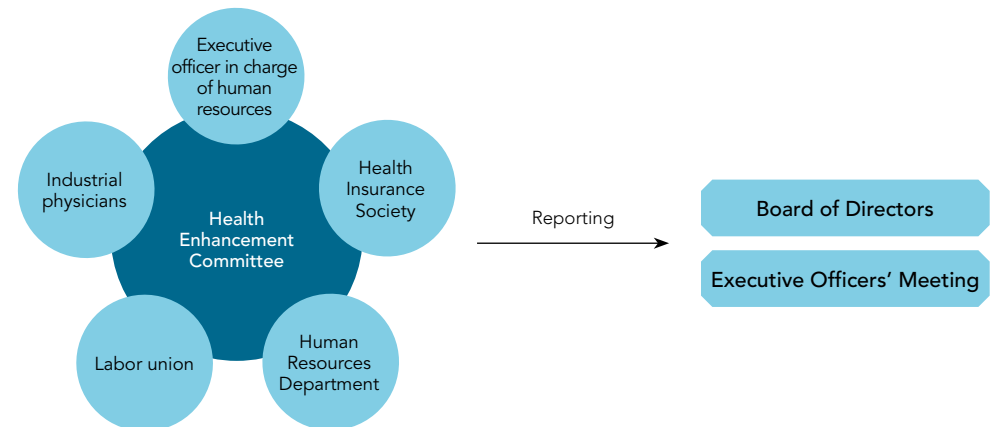
1. Freedom of association and the effective recognition of the right to collective bargaining;
2. the elimination of all forms of forced or compulsory labour;
3. the effective abolition of child labour; and
4. the elimination of discrimination with respect to employment and occupation.

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.

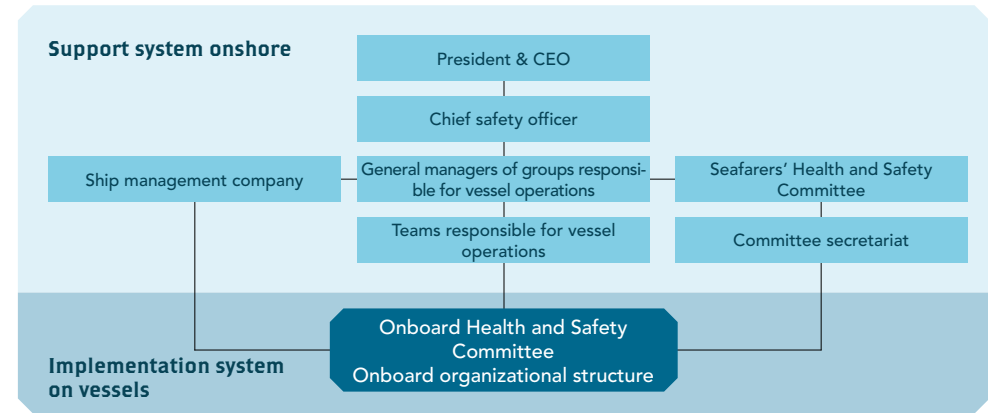


Management System (At Sea)

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 Onboard 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 provide proper training in health and safety.

We were certified as a good company for seafarers’ industrial accident prevention in 2008, and have maintained this certification.



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 a 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 2022			
			Men	Women	Total	
Health care during pregnancy	Reduced hours granted during pregnancy	Same as our system	–	0	0	
	Hospital visits granted during work hours	Same as our system	–	1	1	
Maternity leave	Granted from 8 weeks before the due date	Granted from 6 weeks before the due date	–	16	16	
	Maternity allowance granted during the period of 6 to 8 weeks prior to birth	No established standards	–	15	15	
Childcare leave	Granted until the child turns 3 years old	Granted until the child turns 2 years old	13	11	24	
Childcare leave for fathers	Granted for 5 to 10 working days	No established standards	11	–	11	
Leave for advanced infertility treatment	Granted for up to 18 months	No established standards	0	1	1	
Nursing care leave	Granted for up to 2 years	Granted for up to 93 days	0	0	0	
Support programs during childcare or nursing care	Loan program	Available for an employee who has a preschool child or a person requiring nursing care in their family (up to ¥2,000,000)	No established standards	0	0	0
	Reduced working-hour program	Granted until a child completes the third grade of elementary school	Granted before a child enters elementary school	0	28	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	–	–	–	

Primary Systems	Outline of Our Systems	Legal Standards	Number of Users in Fiscal 2022		
			Men	Women	Total
Refreshment leave	Available in the 11th year at the company (7 consecutive days)	No established standards	9	9	18
	Available in the 21st year at the company (10 consecutive days)	No established standards	10	5	15
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	0	4	4

► 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 childcare 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 active roles.



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.

► Accommodations 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. Moreover, each vessel has free WiFi.

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 help them recover from fatigue. Thus, we proactively support our employees’ health management.

► Mental Health

As a part of mental health care, 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. Moreover, we have an online consultation system with occupational health physicians for crew that have become fatigued after working more than the prescribed hours.

► 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 and annual stress checks, the superintendent regularly announces safety-related information in collaboration with our own industrial physicians.

► Health and Safety Management Guidance through Ship Visits

Seeking to improve overall awareness of the 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, however, 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.

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 endpoint 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

Even after the COVID-19 pandemic, online meetings have become the norm. 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 increased the number of camera microphones and large-size displays in conference rooms. With these enhancements, we have the facilities to make meetings more efficient in a hybrid format that combines face-to-face and online presences.

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 freethinking, 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 introduced digital whiteboards, interactive projectors, and touch-panel computers to create a work-style 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 in conference rooms and collaboration spaces as only part of the process. We are continuously working through the PDCA cycle, which reviews administrative processes by utilizing digital technology. In addition to RPA*1 and grassroots development*2 using Microsoft Power Platform across many business divisions, our corporate-related operations are internally and securely introducing ChatGPT, updating expense reimbursement systems, and encouraging the use of digital signatures on contracts, while leveraging the latest technologies in AI and IoT to digitalize business processes in each business division.

*1 RPA stands for robotic process automation, an approach to work automation using robots that work within the parameters of created scenarios.

*2 Grassroots development refers to employees who develop systems without formal programming training.

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 lifestyle ailments, alcohol, smoking, and women's health (e-learning)

Work engagement and percentage of employees with high levels of stress

Item	2020	2021	2022	2023
Comprehensive health risk*1	87	87	84	82
Percentage of employees with high levels of stress*2	10.8%	8.9%	9.4%	8.8%
Work engagement*3	2.5 points	2.5 points	2.6 points	2.6 points
Presenteeism*4	–	–	4.1 points	4.0 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.)

Stress check examination rate

2019	2020	2021	2022	2023
82.6%	84.3%	90.1%	88.0%	92.1%

Ensuring Employees Take at Least Five Days of Annual Paid Leave

Average days of annual paid leave taken

2020	2021	2022
8.3 days	8.9 days	9.9 days

Average of seven days' vacation* taken

2020	2021	2022
5.3 days	5.0 days	4.8 days

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

Managing Overtime Working Hours

Overtime working hours (monthly average)*

2020	2021	2022
7.9 hours	8.9 hours	6.8 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 & Productivity Management Organization Recognition Program, designed and promoted by the Ministry of Economy, Trade, and Industry (METI) and the Nippon Kenko Kaigi, to honor companies that practice good health management. Recognition as a 2023 certified Health & Productivity Management Outstanding Organization marks the fourth year in a row and the fifth time overall that we have won in the large enterprise category.



Data Related to Occupational Accidents

Item	Unit	Fiscal Year					
		2020		2021		2022	
		Onshore	Seafarer	Onshore	Seafarer	Onshore	Seafarer
Number of occupational accidents*1	Cases	0	0	0	0	0	1
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 / one 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, 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.

“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
- 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 roundtable 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 Evaluation Systems

"K" LINE aims to make employees professional shipping executives, a source of differentiation and growth for the Company, by taking into account the efforts and contributions of each employee in their evaluations based on its personnel evaluation system. Our personnel evaluation system measures individual performance in the context of target management and behavioral assessments, and reflects these criteria in their evaluations.

- 1) Target management: At the beginning of the fiscal year, the goals that contribute toward achievement of the Company's earnings targets are set for all employees in accordance with the size of their roles and responsibilities, based on their job grades. At the end of the fiscal year, their achievement of these goals is assessed.
- 2) Behavioral assessments: At the end of the fiscal year, employees are assessed on whether they have reached a state where they are able to consistently demonstrate the behavior required for their job grades.

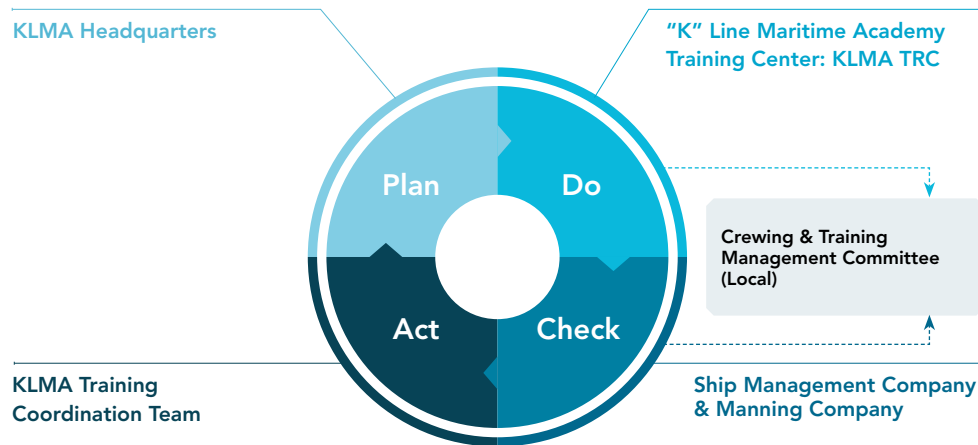
To increase the level of each employee's satisfaction with the outcome of their evaluation, it is necessary for managers to communicate adequately with their employees. At "K" LINE, opportunities are created for such communication in April (to verify first-half targets and behavior required for the fiscal year), in October (progress toward first-half targets, a review of behavior required for each job grade, and confirmation of targets for the second half of the fiscal year), and in March (feedback is provided on two occasions, once before the evaluation and once after the evaluation). In particular, the communication before the evaluation at the end of the fiscal year is positioned as an important process for enhancing mutual understanding based on objective facts, not just impressions and fragmented information.

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 (officers and ratings) 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.



Commendation Awards for Maritime Technical Personnel

With the intention of elevating the morality and work motivation of maritime technical personnel, and further improve work efficiency, "K" LINE presents awards in recognition of exemplary actions or achievements that serve as a model for others. These awards recognize individuals who, in the event of maritime accidents or other extraordinary emergencies, make proper decisions and take appropriate actions that result in the rescue of lives, vessels, cargo, or the prevention of maritime disasters and other significant calamities, while ensuring ship safety and maintaining order.

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 3). 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 onshore employees, 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 personal 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 (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, the 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, we promoted a shift to online training and created a system that enables 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 corporate growth driver. DX human resources, which are key to making DX work, are often lumped together in discussions. To date, the scope of in-house training has been limited to general knowledge of IT and information security.

“K” LINE aims to advance DX further and conduct ongoing in-depth DX training for employees who will be responsible for the actual work, based on its DX Strategy. As a marine transportation company, “K” LINE has defined the skills and knowledge required of its DX personnel, and created a human resource training policy geared toward the acquisition of these skills and knowledge.

▶ Training Program

Based on our DX strategy, we implement a DX training program for employees to acquire necessary skills and knowledge. Specifically, we will strengthen the “DX leaders” of personnel that lead business transformation with knowledge of the latest technology, IT, and security. We are also training the “DX utilizers” of 100 employees with the ability to plan and advance initiatives using data and digital technology. Furthermore, we aim to improve the skill level of “DX users” personnel (all employees), who can utilize digital tools to solve problems.

“K” LINE D+ Salon, a workshop training program launched in 2022, has already graduated 80 participants and will continue to be implemented. Moreover, we have developed a program for certifying DX personnel as “DX utilizers” with e-learning and hands-on training, and set up an internal certification system. We are creating a framework where employees use DX in their actual work in order to enhance corporate value, while fostering an organizational culture and training personnel in DX. Through these efforts, we aim to further instill DX and strengthen our competitiveness.

Related Data

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

	Item	Unit	Fiscal Year						
			2020		2021		2022		
			Onshore	Seafarer	Onshore	Seafarer	Onshore	Seafarer	
Number of employees	Men	Persons	370	200	372	204	369	201	
	Women	Persons	195	4	213	5	228	6	
	Subtotal	Persons	565	204	585	209	597	207	
	Total	Persons	769		794		804		
	Percentage of employees who are women	%	34.51	1.96	36.41	2.39	38.19	2.90	
Employees in management positions	Men	Persons	120		128		126		
	Women	Persons	5		8		10		
	Percentage of general managers or higher who are women	%	4.00		5.88		7.35		
	Employees in management positions (general managers or higher)	Men	Persons	33		31		27	
		Women	Persons	0		0		0	
		Percentage of general managers or higher who are women	%	0.00		0.00		0.00	
Directors (including officers)	Men	Persons	27		25		26		
	Women	Persons	2		2		2		
	Percentage of general managers or higher who are women	%	6.90		7.41		7.14		
Average years employed*1	Men	Years	14.99		15.21		14.92		
	Women	Years	14.19		14.17		13.77		
Percentage of employees with disabilities*2		%	1.82		2.09		1.71		
Recruitment of new graduates	Men	Persons	20	12	17	17	19	13	
	Women	Persons	10	0	8	1	7	3	
	Percentage of general managers or higher who are women	%	33.33	0.00	32.00	5.56	26.92	18.75	
Training	Cost of training per employee	Yen	63,107	198,652	107,000	154,664	97,092	263,880	
	Average training days per employee	Days	10	9	0.5	8	3.4	12	
	Average training hours per employee	Hours	50	73	13	64	24.1	96	
Labor union participation rate		%	78.60	75.80	76.20	75.80	75.90	74.90	
Employees retiring	Reached retirement age	Persons	6	0	9	3	11	4	
	Voluntary retirement	Persons	11	15	12	10	7	9	
	Involuntary retirement	Persons	3	1	5	3	6	1	
	Others (including those who became officers)	Persons	0	0	2	0	7	1	

*1 The scope of reporting covers "K" LINE's permanent employees.

*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

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 roundtable discussions with a 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	2020	2021	2022
Percentage of employees returning to work after using the childcare leave system	%	100	100	100
Retention rate after using the childcare leave system	%	100	100	100
Number of women in managerial roles	Persons	5	8	10
Percentage of employees in management positions who are women	%	4.00	5.88	7.35
Number of employees in leadership positions who are women	Persons	22	25	20
Percentage of women in leadership roles	%	6.70	7.60	7.25
Percentage of employees with disabilities	%	1.82	2.09	1.71

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	170	6.5	0	0.0	170	2.7
Philippines	1,263	48.2	3,212	84.6	4,475	69.8
India	273	10.4	150	4.0	423	6.6
Bangladesh	152	5.8	80	2.1	232	3.6
China	72	2.8	114	3.0	186	2.9
Europe	644	24.6	158	4.2	802	12.5
Southeast Asia	44	1.7	81	2.1	125	1.9
Total	2,618	100	3,795	100	6,413	100

(As of September 30, 2023)

Promotion of Safety in Navigation and Cargo Operations

Approach

Basic Principle

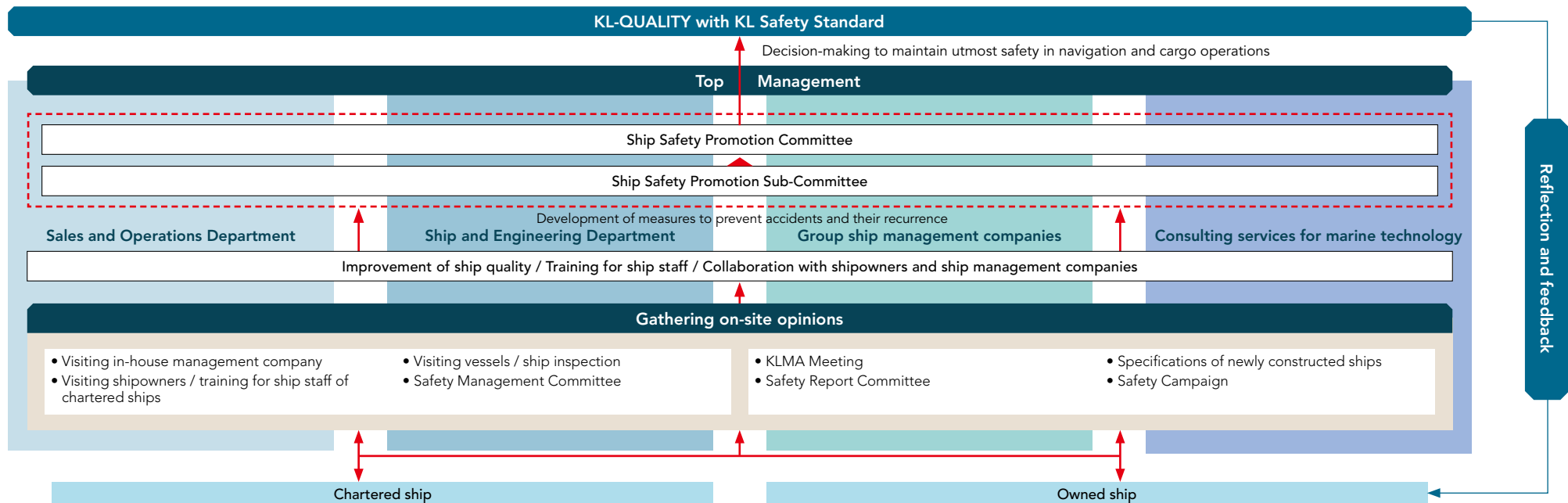
Safety in navigation and cargo operations is an immutable mission in operating a shipping business. The “K” LINE Group includes “providing safe and optimized services” in its corporate principle and vision and has established the following three policy pillars in order to fulfill its social responsibility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

- (1) Enhancing the management structure for ensuring safety in navigation (P.58)
- (2) Strengthening the ship management system (P.60)
- (3) Reinforcing the securing and training of maritime technical personnel (P.53)

Promotion System

Enhancing the 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.



Three-Region Global Monitoring Network That Covers the World

We establish a three-region global monitoring network that covers the world, which includes an emergency response structure that features a 24-hour safety support system for our fleet around the world. The bases in Asia, Europe, and the Americas materialize 24/7 response and support the safe navigation of ships with referring weather and voyage plans through the sophisticated monitoring system. The network also assists the fleet in emergencies and facilitates coordination between the head office and ship management companies.

► K LINE MARINE & ENERGY PTE. LTD.

The “K” LINE Group is pleased to announce that K LINE MARINE & ENERGY PTE. LTD. (KME) was established on June 7, 2023, in Singapore.

KME is a regional base of “K” LINE’s global organization for marine affairs, marine technologies, and human resources. As the one base of our three-region global safety support network suggested in the medium-term management plan, KME promotes reinforcement of the safety and quality management structure and securing of competent ship crews who are able to manage new types of fuel and the latest technologies.

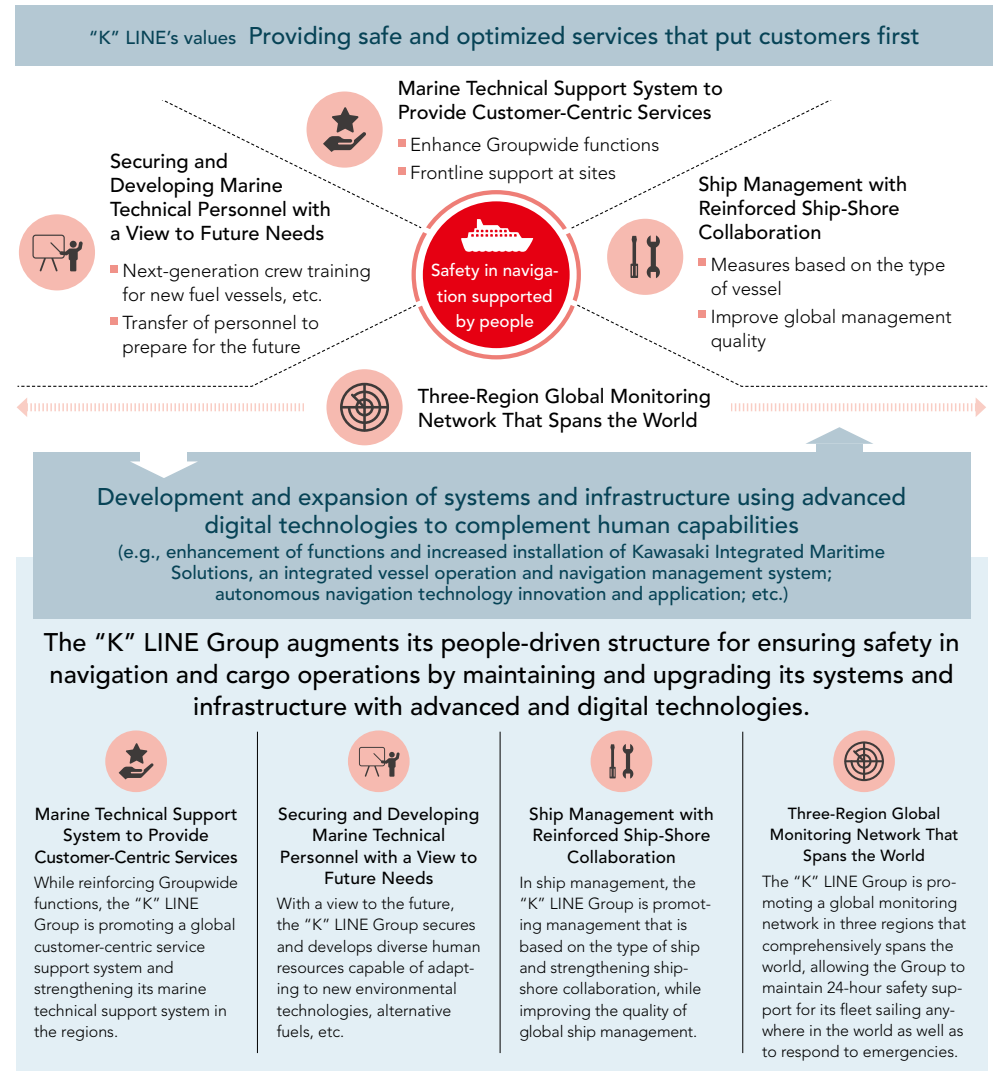
KME advances sustained growth by further development of the global safety and quality management structure and addressing diverse needs including reducing environmental impact.

► Safety in Navigation and Cargo Operations Based on “Human Capabilities”

We believe that the most crucial factor for safety in navigation are human capabilities. To achieve safety in navigation, it is essential to secure and develop competent human resources, strengthen the marine technical support system that ensures close customer relations, and establish and operate the global safety management network. Furthermore, to achieve high levels of safety and quality in transportation, it is necessary to promote the digitization of experience through advanced digital technologies in order to complement human capabilities. Drawing on both human capabilities and advanced digital technologies, we will strengthen the global monitoring system and provide safe and optimized services, with priority given to our customers.

Safety in Navigation and Cargo Operations Based on “Human Capabilities”

Building a solid system for safety in navigation with safety and quality management that leverages human capabilities—the strength of the “K” LINE Group—complemented with advanced digital technologies



Cutting-Edge Digital Technologies That Complement the Power of People

► Kawasaki Integrated Maritime Solutions

Kawasaki Integrated Maritime Solutions gathers navigation data from each vessel, and it uses this data to visualize ship operation data with the application of the latest AI performance analysis technology to support the advanced management of fleets. Kawasaki Integrated Maritime Solutions provides the information needed to improve fuel economy and reduce greenhouse gas emissions. Kawasaki Integrated Maritime Solutions also features functions that assist with ship navigation optimization by calculating route recommendations based on data about weather and maritime conditions and performance analysis models for each vessel. In these ways, Kawasaki Integrated Maritime Solutions supports the safe and economical operation of ships.

► "K"-Assist Project

The "K"-Assist Project is a moniker for all of our technology development projects related to the autonomous navigation of vessels. In the four fields of support for lookout duty and ship navigation, support for safe berthing and unberthing, optimal route control in actual sea surroundings, and support for engine plant operations, the "K" LINE Group is advancing developments that will lead to their practical realization in the future by incorporating knowledge and technologies from not only the marine transportation and shipbuilding industries, but also other industries. In order to realize advanced safety and quality that the "power of people" alone cannot achieve, we are actively utilizing AI and other cutting-edge technologies while advancing DX on ships.

► Cybersecurity Certifications for Ships

In recent years, data has been increasingly used to improve safety and quality, and internet connections are used to share vessel navigation data from ship to shore. It has also become necessary to upgrade ICT equipment and networks on ships because of improvements in satellite data transmission capacity. With a view to increased potential cyber risks as ship-to-shore internet connectivity evolves, ship management companies that belong to the "K" LINE Group have obtained Cybersecurity Management System (CSMS) certifications from Nippon Kaiji Kyokai (ClassNK) since 2020. We continue efforts to enhance our ability to respond to cyber risks on ships.

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) Limited	LNG carrier
"K" Line RoRo Bulk Ship Management Co., Ltd.	Car carrier, Dry Bulk 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. If necessary, we are conducting remote ship 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 Accident Information Management System (AIMS), with the goal 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.

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 Exercise

To ensure the timely and accurate responses that are crucial in the unfortunate event of an accident, we regularly conduct an exercise based on worst-case scenarios involving ships under our operation. This exercise 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 the 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

Initiatives Aimed at Optimizing Automated Cargo Loading

By developing a shared system for automatic creation of plans for loading steel, iron ore, and coal, "K" LINE aims to maximize loading volume, optimize cargo loading, and introduce labor-saving measures 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. We aim to further improve precision and accelerate efforts while examining the specifics for systemization. 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

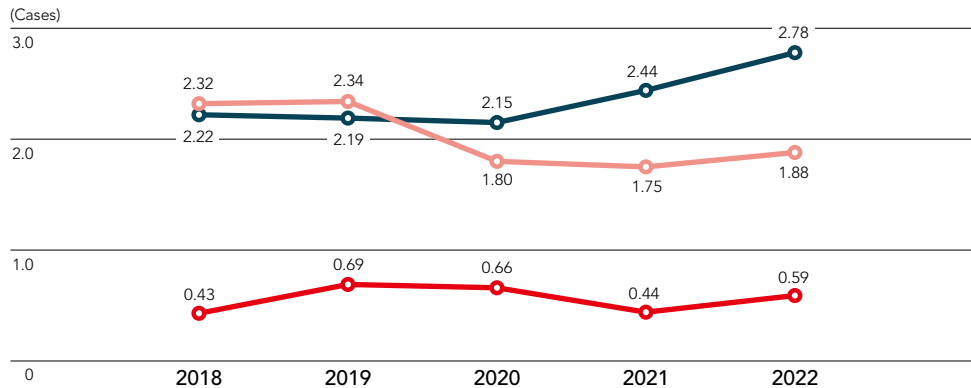
Number of Major Accidents*

	2018	2019	2020	2021	2022
Cases	1	1	0	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.

* The scope of this data is "K" LINE's scope of consolidation, which corresponds to 100% of sales.

Average Deficiencies per Port State Controls (PSCs)*1



● "K" LINE Group ● TOKYO MOU*2 ● PARIS MOU*3

*1 The scope of calculation is "K" LINE's scope of consolidation, which corresponds to 100% of sales.

*2 PSC organization in Asia-Pacific region

*3 PSC organization in European and North Atlantic region

Port State Control (PSC) is a safety inspection of foreign ships conducted by port states to verify that the condition of the ship complies with the requirements of international regulations.

The number of deficiencies with "K" LINE Group vessels per PSCs is well below the average number of deficiencies in the main regions.

Delay Time Due to Mechanical Failure*

	2018	2019	2020	2021	2022
Hours / vessel / year	3.4	2.3	8.0	6.7	14.7

* The scope of calculation is "K" LINE's scope of consolidation, which corresponds to 100% of sales.

Respect for Human Rights

Approach

Basic Principle

The “K” LINE Group stipulates Respect for Human Rights at the start of its Charter of Conduct. The Group is a signatory of the United Nations Global Compact and has expressed its support for the principles related to human rights and labor. The “K” LINE Group Basic Policy on Human Rights was drawn up based on the United Nations Guiding Principles on Business and Human Rights. Management is committed to conducting human rights due diligence.

“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) believes 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 address 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 impact 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

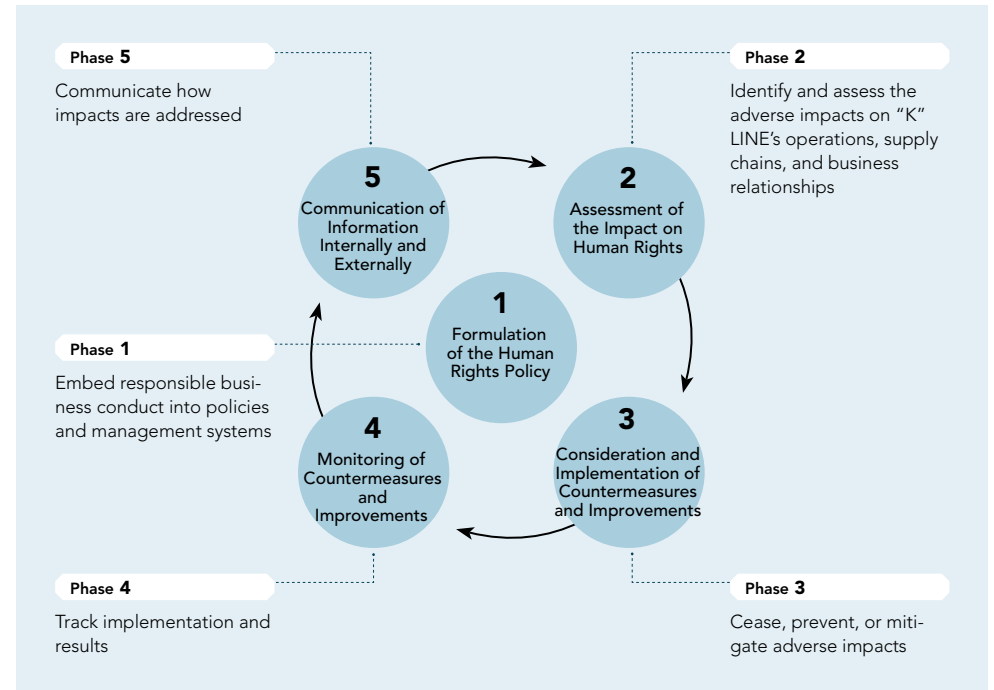
Human Rights Due Diligence System

Based on the "K" LINE Group Basic Policy on Human Rights formulated in 2022, under the supervision of the Corporate Sustainability Management Committee and the direction of the executive officer responsible for corporate sustainability, the Corporate Sustainability, Environment Management, IR and Communication Group has become in charge of implementing human rights due diligence, including the drawing up of measures as well as analysis and assessment of human rights risks related to the business activities of the "K" LINE Group.

System for Implementing Human Rights Due Diligence



Big Picture of Human Rights Due Diligence



Initiatives

Assessment of Human Rights Impacts

We conducted a human rights impact assessment to understand the apparent and latent adverse impacts on human rights from the “K” LINE Group in fiscal 2022. We identified the following as priority issues that should be addressed.

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

In fiscal 2023, we began to evaluate specific measures to expand the scope across the supply chain.

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 incorporate into our systems to support work–life balance and other aspects of workers’ lives. (For more details, please see Shaping of Working Environment and Promotion of Health Management on page 44.)

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. The Group will continue to improve HR systems and work environments so that it can support and promote diversity further.

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 safety in the navigation and cargo operations of our fleet. (For more details, please see Diversity & Inclusion on page 56.)

Preventing Harassment

“K” LINE has established a dedicated consultation service to address the 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.

Attendance Rates for Harassment Prevention Seminars


	2018	2019	2020	2021	2022
Regular employees	88%	—*1	87%	—*2	87%
Managers	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.

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.



[“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 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.

In addition, we formulated the “K” Line Group Companies CSR Guidelines for Supply Chain to work together with our suppliers to realize sustainability across the entire supply chain.

“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.

Note: 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 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, 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 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 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 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 Sustainable Procurement

We launched the following initiatives to ensure awareness of the “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**
Once each quarter, we publish Sustainability News as a newsletter for all executives and employees at the head office and Group companies around the world. The aim is to spread knowledge and awareness of the concept of and the latest trends in sustainable procurement internally and at Group companies.
- **Examination of implementation of the Self-Assessment Questionnaire, a questionnaire for business partners that uses a checklist**
In order to understand and assess the sustainability initiatives being undertaken by our suppliers, we are preparing to conduct our own survey with checklists. The purpose of this survey is to have our suppliers conduct a self-assessment of their initiatives to advance sustainability and the actual state of sustainability.

- **Participation in activities of the Global Compact Network Japan (GCNJ) subcommittees**
“K” LINE actively participates in the activities of the supply chain subcommittee, one of the theme-based subcommittees at GCNJ, a local network in Japan related to the United Nations Global Compact. In addition to gathering the latest information and exchanging information with other subcommittee member companies, we collaborate with other companies to create educational tools for sustainable procurement and practical tools for managers of sustainable procurement. Moreover, “K” LINE serves as co-head of the subcommittee in fiscal 2023.

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)

Item	Fiscal Year		
	2020	2021	2022
Political associations	2.8	3.1	3.3
Economic associations	0.8	0.0	0.0
Other associations	2.8	7.4	7.5
Social contributions (donations)	8.8 (8.8)	6.5 (6.5)	9.2 (9.2)
Total	15.2	17.0	20.0

Results of Investor Relations (IR) Activities

Field	Item	Unit	Fiscal Year		
			2020	2021	2022
IR activities	Domestic IR and SR (shareholder relations)*1	Companies (persons)	148 (179)	145 (223)	110 (121)
	Overseas IR and SR*1	Companies (persons)	15 (17)	27 (38)	135 (175)
	Small meetings	Companies (persons)	57 (57)	90 (103)	96 (101)
	Business briefings and site tours	Times	0	2	0
	IR for private investors*2	Times	2	2	2

*1 Includes ESG Meetings 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 to 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 and emergency 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 programs consist 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.

▶ Collaboration on Comprehensive Learning Time with Kudan Secondary School

“K” LINE has been collaborating on the Comprehensive Learning Time project at Kudan Secondary School, and has invited students to visit its corporate headquarters since fiscal 2022. Since the school opened in 2006, it has encouraged students to visit companies and associations in the neighborhood and in Chiyoda Ward, in Tokyo, for the purpose of gaining new perspectives on society and career training. With its headquarters located in Chiyoda Ward, “K” LINE has cooperated with the school on this visitation program.

Related Data

Results of Social Contribution Activities

Field	Item	Unit	Fiscal Year			
			2019	2020	2021	2022
Social contribution	Disaster relief donations	¥10,000	583	0	200	300
	Lunchtime volunteers*1	Persons	69	—*2	—*2	11
	Volunteer leave	Persons	1	0	0	0
	Free transportation	Times	3	0	1	0

*1 Includes officers and employees of Group companies

*2 Postponed due to the COVID-19 pandemic

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 Contributions: “K” LINE’s Intranet Portal

In order to raise awareness of social contributions 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

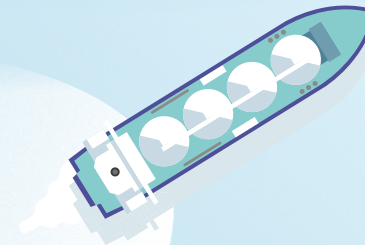
▶ Donations

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. In fiscal 2022, “K” LINE donated ¥3 million through the Japanese Red Cross Society in consideration of damages caused by the earthquake that hit Turkey and Syria on February 6, 2023.

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 the company's CORPORATE GOVERNANCE GUIDELINES to clarify our approach and management policy.



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

Corporate Governance Report

For details of its corporate governance, please refer to the Corporate Governance Report submitted to the Tokyo Stock Exchange where the Company's stock is listed.

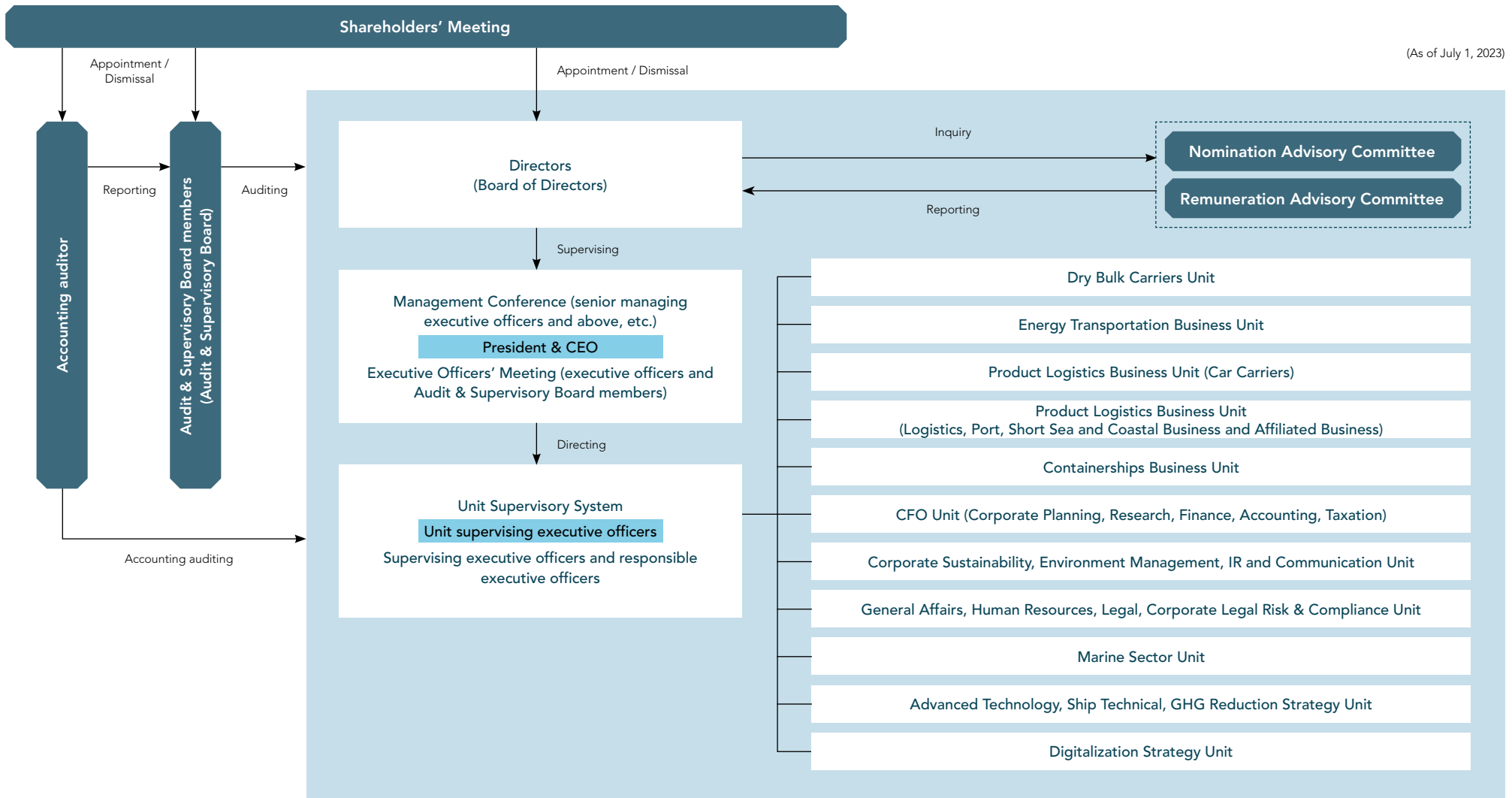


[Corporate Governance Report](#)

Corporate Governance Structure

Corporate Governance Structure Chart

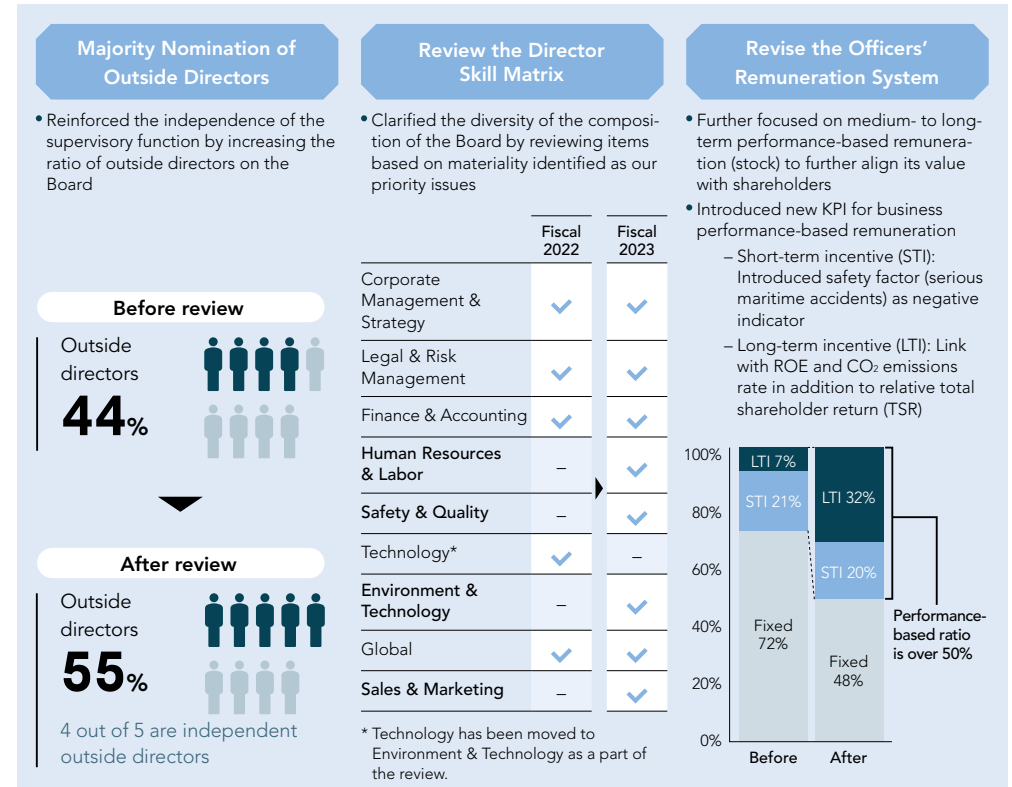
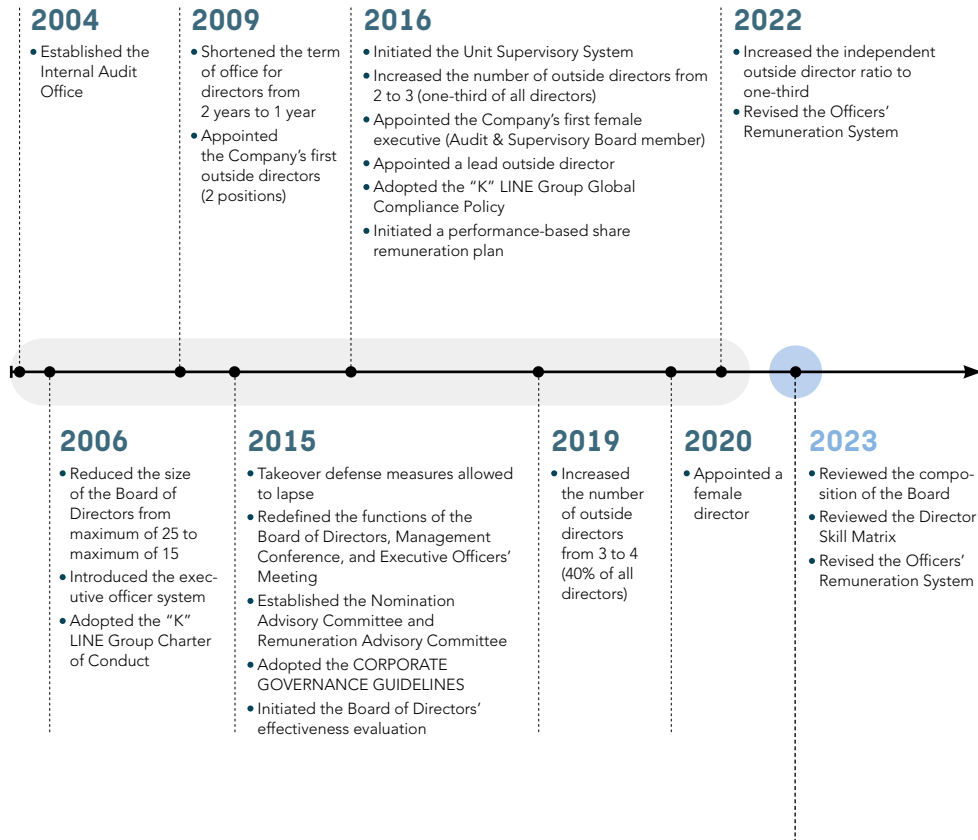
The Board of Directors and the Audit & Supervisory Board construct, apply, and monitor the corporate governance system, and several committees and other offices contribute to enhancing the system.



(As of July 1, 2023)

Corporate Governance Reform

"K" LINE has promoted the active development of its 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. Five of the nine directors are outside directors (of whom four are independent outside directors). Audit & Supervisory Board members also attend Board of Directors' meetings.

▶ Board of Directors' Meetings Attended / Meetings Held (Fiscal 2022)

Directors	Attended / Held	Directors	Attended / Held	Directors	Attended / Held
Yukikazu Myochin	19/19	Keiji Yamada	19/19	Kunihiko Arai	19/19
Atsuo Asano	19/19	Ryuhei Uchida	19/19	Yutaka Akutagawa	19/19
Yukio Toriyama	19/19	Kozue Shiga	19/19	Atsumi Harasawa	19/19
Kazuhiko Harigai	19/19	Tsuyoshi Kameoka	18/19	Shinsuke Kubo	18/19
Yasunari Sonobe	19/19	Makoto Arai*	6/6		

*Retired on June 23, 2022

Director Skill Matrix

While aiming for sustainable growth and improvement in medium- to long-term corporate value, the Board of Directors has the duty and responsibility to properly supervise the management of the "K" LINE Group, where the mission is to support people's affluent lives as vital infrastructure in the global community.

We have identified the skills (knowledge, experience, abilities, etc.) required of the Board of Directors based on our materialities (priority issues) in our aim to enhance the functions of the Board of Directors with a thoughtful combination of these skills while considering diversity in the composition of the 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	Human Resources & Labor	Safety & Quality	Environment & Technology	Global	Sales & Marketing
Yukikazu Myochin	●	●		●	●	●	●	●
Atsuo Asano	●			●	●	●	●	●
Yukio Toriyama	●	●	●	●	●		●	
Kazuhiko Harigai	●				●	●	●	●
Keiji Yamada		●		●	●	●	●	
Ryuhei Uchida	●		●				●	
Kozue Shiga		●		●			●	
Koji Kotaka		●	●				●	
Hiroyuki Maki	●		●	●		●	●	●

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 self-evaluates its effectiveness each year, along with an independent third-party evaluation, with the results disclosed in a timely and appropriate manner.

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 company'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 2023)

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

Nomination Advisory Committee		Remuneration Advisory Committee	
Chairperson	Kozue Shiga	Chairperson	Keiji Yamada
Members	Keiji Yamada, Koji Kotaka, Hiroyuki Maki, Yukikazu Myochin	Members	Kozue Shiga, Koji Kotaka, Hiroyuki Maki, Yukikazu Myochin

► Nomination and Remuneration Advisory Committee Meetings

Attended / Meetings Held (Fiscal 2022)

	Nomination Advisory Committee	Remuneration Advisory Committee
Yukikazu Myochin	14/14	9/9
Keiji Yamada	14/14	9/9
Kozue Shiga	13/14	8/9
Tsuyoshi Kameoka	14/14	9/9

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 the structure and level of compensation and reports its counsel to the Board. Director remuneration comprises (i) a monthly remuneration (monetary), (ii) short-term performance-based remuneration (monetary), and (iii) medium- to long-term performance-based remuneration (stock). The medium- to long-term performance-based remuneration (stock) is mainly linked to the Company's total shareholder return (TSR) to improve effectiveness and strengthen incentives for directors to target medium- and long-term growth in corporate value, while aiming to align our values more closely to those of shareholders. An overview of the remuneration system is as follows.

Classification	Type of Remuneration	Nature of Remuneration	Method of Determination	Maximum Limit of Remuneration
Director	1. Monthly remuneration (monetary)	Fixed remuneration	Determined in accordance with position	Up to ¥800 million / year (of which ¥111 million is for outside directors)
	2. Short-term performance-based remuneration (monetary)*1 *1 Limited to executive directors	Variable remuneration	Linked to achievement of consolidated performance targets and individual performance evaluation in a single year. Apply negative indicator when serious maritime accident occurs.	
	3. Medium- to long-term performance-based remuneration (stock)*1		Linked to our medium- and long-term TSR*2, return on equity (ROE), and ESG (improvements in CO ₂ emissions efficiency) indicators*3 *2 TSR = Percentage increase in our share price over a certain period + Percentage of dividends over a certain period (Total dividends / Initial share price) *3 The composition ratio for TSR indicators: ROE indicators: ESG indicators is set at 90:5:5.	
Audit & Supervisory Board member	Monthly remuneration only	Fixed remuneration	Determined following deliberation among Audit & Supervisory Board members	Up to ¥12 million / month

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 2022)

	Attended / Held
Kunihiko Arai	15/15
Yutaka Akutagawa	15/15
Atsumi Harasawa	15/15
Shinsuke Kubo	15/15

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' Meetings

Executive Officers' Meetings are held once a month in principle, attended by all 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, nine 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, responsible executive officers and 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)
- Product Logistics Business Unit (Logistics, Port, Short Sea and Coastal Business and Affiliated Business)
- Containerships Business Unit
- CFO Unit (Corporate Planning, Research, Finance, Accounting, Taxation)
- Corporate Sustainability, Environment Management, IR and Communication Unit
- General Affairs, Human Resources, Legal, Corporate Legal Risk & Compliance Unit
- Marine Sector Unit
- 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 (in 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, 2023)

Authorized	600,000,000 shares
Issued	250,712,389 shares
Number of shareholders	59,367

Principal Shareholders (10 Largest)

(As of September 30, 2023)

Shareholder	Number of Shares Held (thousands of shares)	Ratio (%)
ECM MF	32,149	13.48
The Master Trust Bank of Japan, Ltd. (trust account)	23,884	10.01
MLI FOR SEGREGATED PB CLIENT	16,954	7.10
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR ACCT	15,313	6.42
GOLDMAN SACHS INTERNATIONAL	13,415	5.62
CGML PB CLIENT ACCOUNT / COLLATERAL	9,518	3.99
Custody Bank of Japan, Ltd. (trust account)	7,651	3.20
IMABARI SHIPBUILDING CO., LTD.	5,652	2.36
Mizuho Bank, Ltd.	4,755	1.99
CGML-LONDON EQUITY	4,582	1.92

Note: Figures for share ownership breakdown do not include treasury stock (12,223,996 shares).

Share Breakdown by Owner Type

(As of September 30, 2023)

Classification	Number of Shareholders	Ratio (%)	Number of Shares Held (thousands of shares)	Ratio (%)
Japanese individuals and others	57,945	97.60	27,619	11.01
Government and local governments	0	0	0	0
Japanese financial institutions	52	0.08	57,588	22.97
Other Japanese corporations	422	0.71	15,523	6.19
Foreigners	897	1.51	132,386	52.80
Securities companies	50	0.08	5,369	2.14
Treasury shares	1	0	12,223	4.87

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.

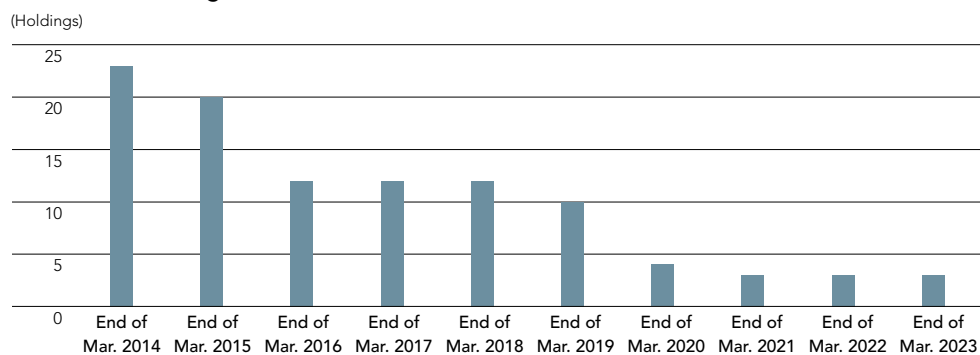
Cross-Shareholding

Cross-Shareholding Policy

In accordance with the company's CORPORATE GOVERNANCE GUIDELINES, the Board of Directors carefully examines cross-shareholdings of listed shares at least once per year to verify the purpose, economic rationale, and appropriateness 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 Company has been reducing cross-shareholdings, and as of March 31, 2023, the number of cross-shareholdings of listed shares was three.

Cross-shareholdings



Specified investment shares

Issues	Fiscal 2022	Fiscal 2021	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 customer in the Dry Bulk segment, "K" LINE continues to hold shares in JFE Holdings to sustain and enhance a long-term positive business relationship with this company.	No
	8,499	8,722		
Kawasaki Heavy Industries, Ltd. (KHI)	1,001,699	1,001,699	As KHI is a collaborator in the field of advanced technologies and in "K" LINE's initiatives at decarbonization and efforts to improve safety and quality, such as through field experiments with liquefied hydrogen carriers, "K" LINE continues to hold KHI shares to sustain and enhance a long-term positive business relationship with this company.	Yes
	2,898	2,229		
Kamigumi Co., Ltd.	118,404	118,404	As Kamigumi Co., Ltd. is a customer and collaborator in the Product Logistics segment through the co-establishment of a holding company and other factors, "K" LINE continues to hold Kamigumi shares to sustain and enhance a long-term positive business relationship with this company.	Yes
	329	260		

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 Fiscal 2022 under Review

Item	Amount
1) Amount of remuneration to be paid to accounting auditor by the Company	¥99 million
2) Total amount of money and other financial benefits to be paid to accounting auditor by the Company and its subsidiaries	¥156 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. After conducting the necessary verification and deliberations on whether or not the content of the audit

plans conducted by the accounting auditor, the execution status of the accounting auditor's duty, and the basis for calculation of estimates for its 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 his or her 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 a 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 nine 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. The Internal Audit Group periodically provides audit reports to the president & CEO and Audit & Supervisory Board members.

Related Data

Governance Data (Applies to Kawasaki Kisen Kaisha, Ltd.)

Field	Item	Breakdown	Unit	Fiscal Year		
				2020	2021	2022
Governance	Board of Directors	Number of directors	Persons	10	10	9
		Men	Persons	9	9	8
		Women	Persons	1	1	1
		Ratio of women	%	10	10	11
		Number of outside directors	Persons	4	4	4
		Ratio of outside directors	%	40	40	44
		Average age of directors	Years	61.7	62.3	62.0
		Age of youngest director	Years	43	44	45
		Age of oldest director	Years	72	73	74
		Number of meetings held	Times	18	18	19
	Average attendance ratio	%	99.6	100.0	99.0	
	Audit & Supervisory Board	Number of members	Persons	4	4	4
		Men	Persons	3	3	3
		Women	Persons	1	1	1
		Ratio of women	%	25	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	16	16	15
		Number of members	Persons	4	4	4
		Number of outside members	Persons	3	3	3
		Ratio of outside members	%	75	75	75
	Remuneration Advisory Committee	Number of meetings held	Times	7	8	14
		Number of members	Persons	4	4	4
		Number of outside members	Persons	3	3	3
		Ratio of outside members	%	75	75	75
	Remuneration	Number of meetings held	Times	4	6	9
		Total remuneration paid to directors (number of payees)*	¥ million (persons)	319 (12)	340 (10)	906 (10)
		Total remuneration paid to Audit & Supervisory Board members (number of payees)*	¥ million (persons)	84 (5)	81 (5)	80 (4)

* 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, 2023)

	Title	Name	Gender	Independence	Tenure (years)	Board Meeting Attendance Rate (Fiscal 2022)	Executive Officer	Nomination Advisory Committee Member	Remuneration Advisory Committee Member	Important Concurrent Positions
Board of Directors	Representative Director, President & CEO	Yukikazu Myochin	Male	No	7	100%	●	●	●	
	Representative Director	Atsuo Asano	Male	No	5	100%	●			
	Representative Director	Yukio Toriyama	Male	No	4	100%	●			
	Representative Director	Kazuhiko Harigai	Male	No	4	100%	●			
	Outside Director	Keiji Yamada	Male	Yes	4	100%		●	●	Yes
	Outside Director	Ryuhei Uchida	Male	No	4	100%				Yes
	Outside Director	Kozue Shiga	Female	Yes	3	100%		●	●	Yes
	Outside Director	Koji Kotaka	Male	Yes	–	–		●	●	Yes
Audit & Supervisory Board	Outside Director	Hiroyuki Maki	Male	Yes	–	–		●	●	Yes
	Audit & Supervisory Board Member	Kunihiko Arai	Male	No	4	100%				
	Audit & Supervisory Board Member	Makoto Arai	Male	No	–	–				
	Outside Audit & Supervisory Board Member	Atsumi Harasawa	Female	Yes	4	100%				Yes
	Outside Audit & Supervisory Board Member	Shinsuke Kubo	Male	Yes	3	95%				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.

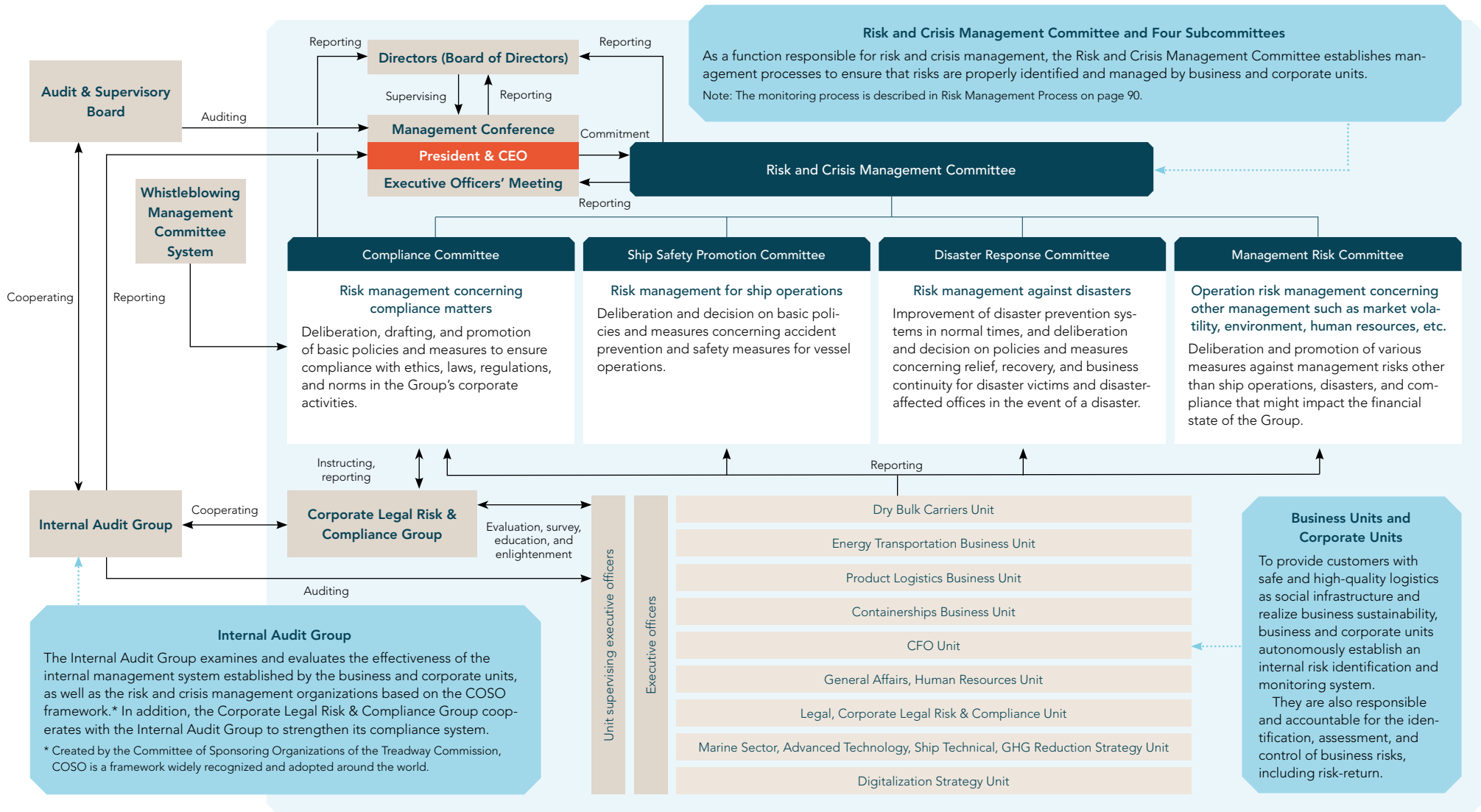
In addition, the Risk and Crisis Management Committee was established to unify these four committees and to control and promote overall risk management.

The CEO serves as the chair of all these committees, which meet quarterly. 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. In addition, the Company designates each November as “Compliance Month” to reinforce awareness of the importance of compliance.

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

System

Risk Management System



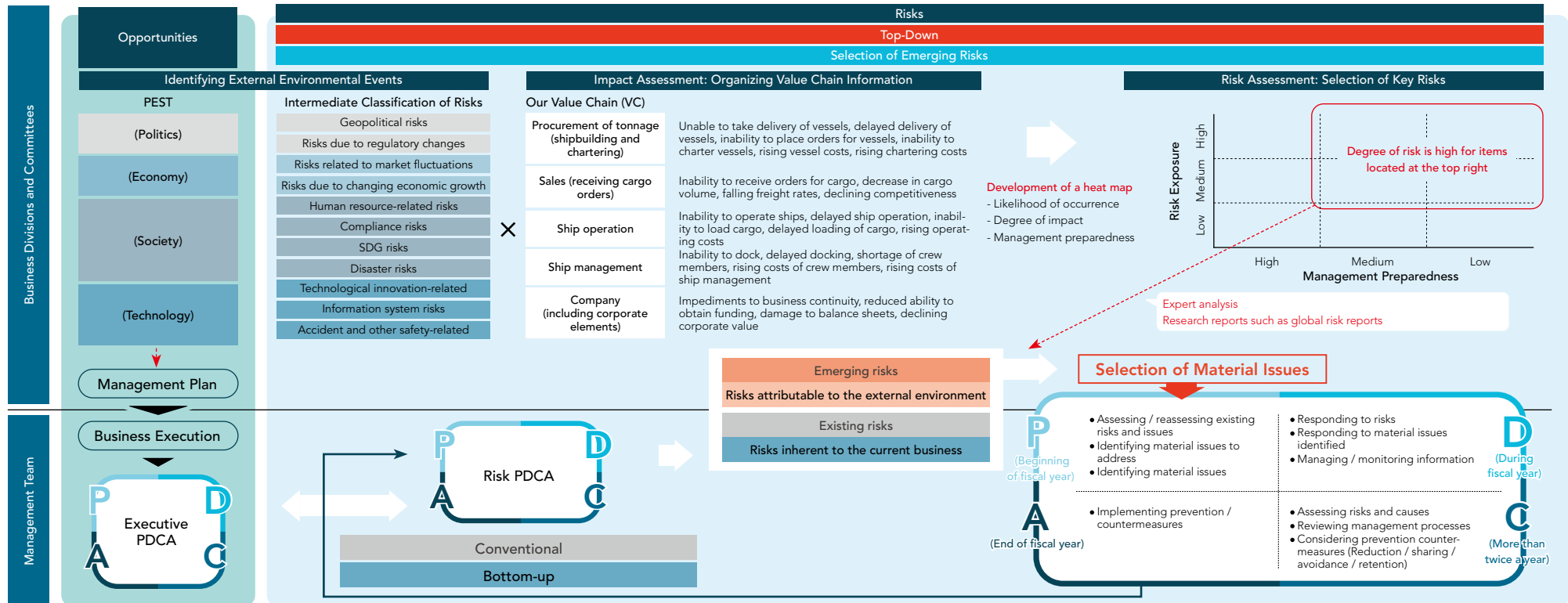
Risk Management Process

To ensure thorough risk management within the Group, we identify Groupwide risks and work to address them through the management and monitoring of information. At the end of each fiscal period, we re-evaluate risks, specify and identify comprehensive risks, and determine serious risks to be addressed based on the effectiveness of the risk management system and our key risks. We then utilize a PDCA system to carry out regular reviews within each committee, perform reassessments, and implement measures accordingly. Under this PDCA structure, we respond to risks in a multilayered manner, combining a bottom-up approach where each committee reassesses, discovers, and identifies risks, with a top-down approach that assesses changing megatrends and other emerging risks that have not yet manifest but are of growing importance. Changing megatrends pose not only risks but also opportunities. Working from a PEST analysis* when formulating business strategies for the following fiscal year, we accurately apply our recognition of megatrends to business strategies while assessing and responding to the latest changes in risk trends. This enables us to address both risks and opportunities without omission.

More specifically, we envision risk scenarios that are the product of different combinations of PEST elements of the value chain in each of our businesses. Once the management team has organized the likelihood of occurrence, degree of impact, and state of readiness for each risk, we create a heat map. We then obtain external insight through expert analysis and research reports, while identifying issues to watch for, and select material issues in conjunction with risk identification based on a bottom-up approach.

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 daily through Board of Directors' meetings and the Executive Officers' Meeting.

* PEST is a framework for analyzing the impact on a Company from identified threats in the external environment in four categories: politics, economy, society, and technology.



Initiatives

Ongoing Business Continuity Management (BCM) Formulation

The “K” LINE Group has established a business continuity plan (BCP) and proceeded with BCM 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 priority, we aim to ensure business continuity and thereby meet the responsibility that we must 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 BCM 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.

In addition, “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 2023, 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 three years and in accordance with a response manual for future pandemics caused by viruses, including the COVID-19 pandemic, 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 accident 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 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, BCM 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 a 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](#)

Sensitivity Analysis and Stress Testing

We carry out sensitivity analysis and stress testing twice a year in budgeting and monitoring monthly.

Key variables are exchange rates, interest rates, and fuel oil prices as well as market indices, such as the Baltic Dry Index (BDI) for dry bulkers and the World Scale (WS) for oil tankers. These variables are major variation factors for our operating revenue and ordinary income.

Also, we perform market valuation tests for our owned vessels as the core assets of our business by using quotes from reports provided by VesselsValue Ltd. about the maritime market, including ship value and fleet analysis, and other professional sources, such as shipping brokers.

Emerging Risk

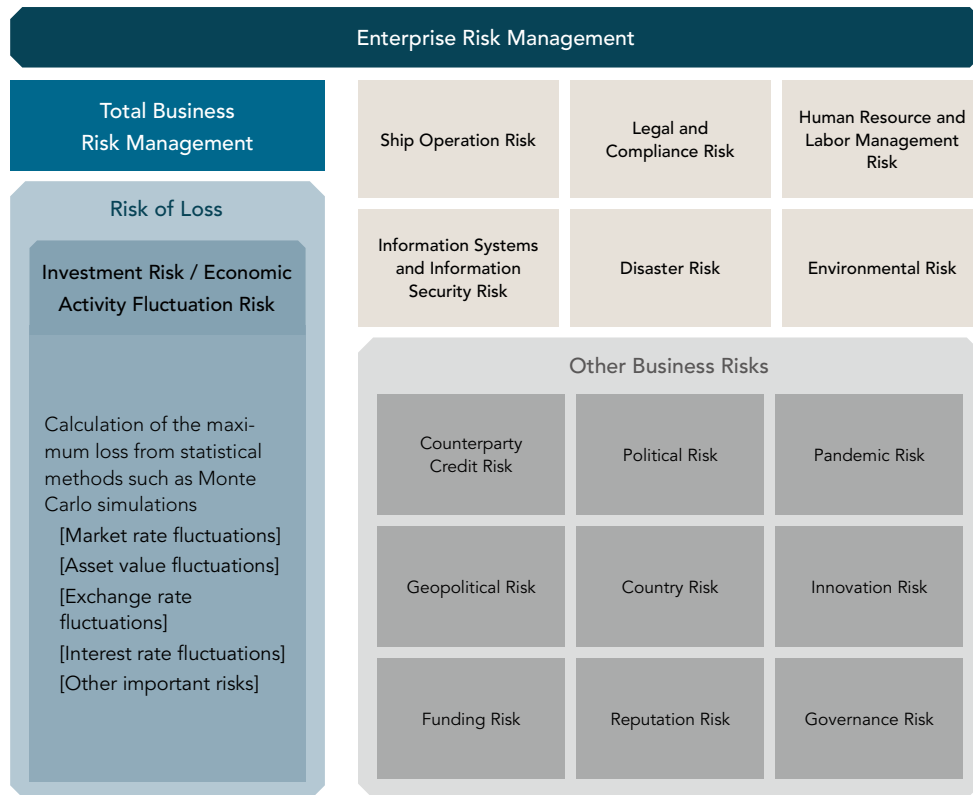
Risks	Explanation of Risks and Business Background	Impact on Business	Action to Mitigate Risk
<p>Impact of changes in the geopolitical situation on cargo movements</p>	<p>The market environment is changing due to the division of the economic block and the change of the supply chain caused by the geopolitical situation. This is causing customers to review their supply chains and business models that accompany the local production for local consumption model and the changes in locations, and changes in cargo movements should appear over the long term. As a result, an imbalance between the shipping volume demand and the supply capacity will occur, which affects market conditions, pricing, and the Company's operating results.</p> <p>In particular, we are highly dependent on specific customers because our strategy is to expand our business and revenue through customer-focused marketing and investment, aiming for sustainable growth and increased corporate value by building and developing partnerships with the customers with whom we can share growth opportunities. The impact of customers reviewing their supply chains and business models on the Company can be significant.</p> <p>This risk is mainly external and related to macroeconomic, geopolitical, and market conditions and the pricing strategies of competitors.</p>	<p>More than 80% of our business is marine transportation, so cargo movement trends have a significant impact on our business activities and operating results.</p>	<p>We develop our sales structure by increasing the number of sales and operations personnel, hiring dedicated marine engineers, and training environmental sales staff to proactively respond to customers' environmental needs, etc., which are aligned with their growth strategies. We leverage this structure in consultations to reduce risk by quickly recognizing changes in our customers' strategies and flexibly adapting to the changes in their supply chains and business models while establishing the proper fleet and exposure control to increase our tolerance to changes in market conditions.</p> <p>As a portfolio strategy, we aim to allocate our resources to other businesses, focusing on businesses that play a role in driving growth by deepening partnerships with major customers, and to clarify roles according to the characteristics of each business, such as identifying businesses that share growth opportunities by strengthening relationships with customers to appropriately manage our portfolio.</p>
<p>Impact of uncertainty in U.S.-China relations on shipbuilding and maintenance</p>	<p>In terms of regional market share of shipbuilding orders by compensated gross tonnage, China and South Korea dominated with 47% and 38%, respectively, of the world's total. The ratio for China has been increasing in recent years. We also expect to increase our shipbuilding and maintenance in China in the future due to the cost benefits. However, uncertainty in the U.S.-China relationship might affect long-term shipbuilding and maintenance activities in China, and it is one of the risks in our business.</p> <p>In particular, more than 80% of the Company's vessels are docked in China, so this is a factor that may hinder continuous vessel operations.</p> <p>In addition, we have an order for new buildings in China and suppose orders to increase in China in the future.</p> <p>This risk is mainly external and related to the geopolitical environment.</p>	<p>We operate 434 vessels, which are required to sail into a dock at least once every five years. China has 50% of the world's repair dock supply capacity, so if obstructive factors hindering the use of docks in China increase, it will affect our vessel operations, and it may have a significant impact on our business activities and operating results.</p> <p>Furthermore, the ratio of shipbuilding that occurs in China has been increasing in recent years, and the latest data indicates that China has 47% of the market. If obstructive factors hindering the use of docks in China increase, it will affect our vessel operations, and it may have a significant impact on our business activities and operating results.</p>	<p>The Company controls on order for new buildings Companywide, and it quantifies risks to maintain a tolerance that enables us to absorb the realization of risks in the event of an emergency. Furthermore, we consider the risk from a quantitative and qualitative perspective, and diversification of the yards that we order, and consult with experts in advance to minimize risk.</p> <p>Dock locations for vessel maintenance are also managed and diversified on a Companywide basis. Furthermore, we are engaged in discussions with all parties concerned to formulate Companywide best practices, and everyone in the Group is working together to formulate guidelines.</p>

Concept of Risk-Return and Business Portfolio Rebuilding

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.



New 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

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

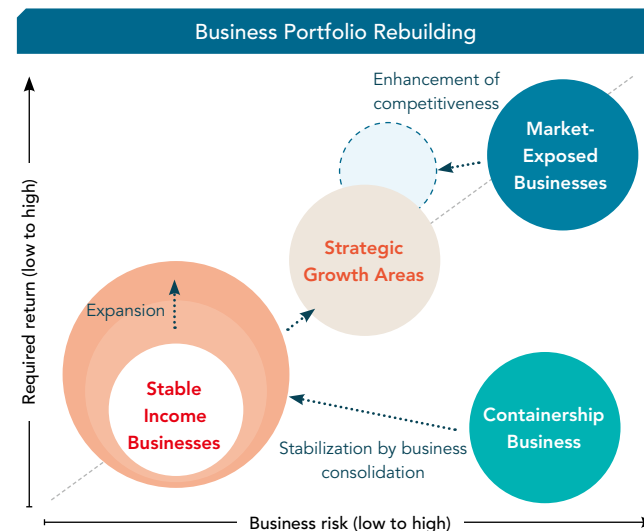
"K" RIC ("K" LINE Return on Invested Capital)

- ▶ 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

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

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

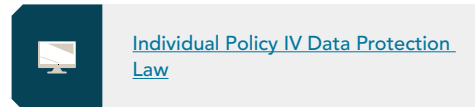
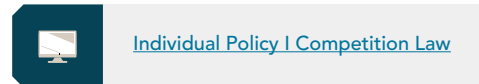
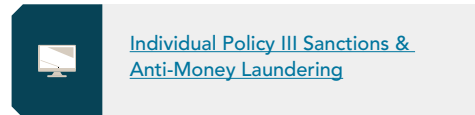
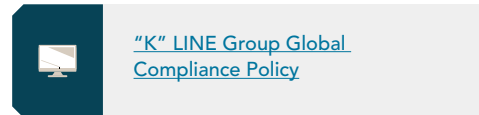
We comply with domestic and foreign laws and social norms, and carry out fair, transparent, and free competition, as well as appropriate business conduct.

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, with which all officers and employees must comply.

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 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.



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 a 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, 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)
- Revised Rules Regarding Contact with Competing Companies (September 2023)

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.

▶ 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)

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. 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 require particular attention, as appropriate. In April 2023, we launched 360°Compliance as an internal portal for related internal rules and past compliance training materials, making this information available for reference by executives and employees.

Enhancement of Whistleblowing System

For prevention, early detection, and correction of compliance issues 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 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.

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.



[Tcompliance](#)



Related Data

Related Data	Fiscal 2022
Number of reports and consultations via the Hotline system	3 (3 reports and 0 consultations)
Number and percentage of participants attending compliance training	854 attendees (97% of all officers and employees at headquarters)

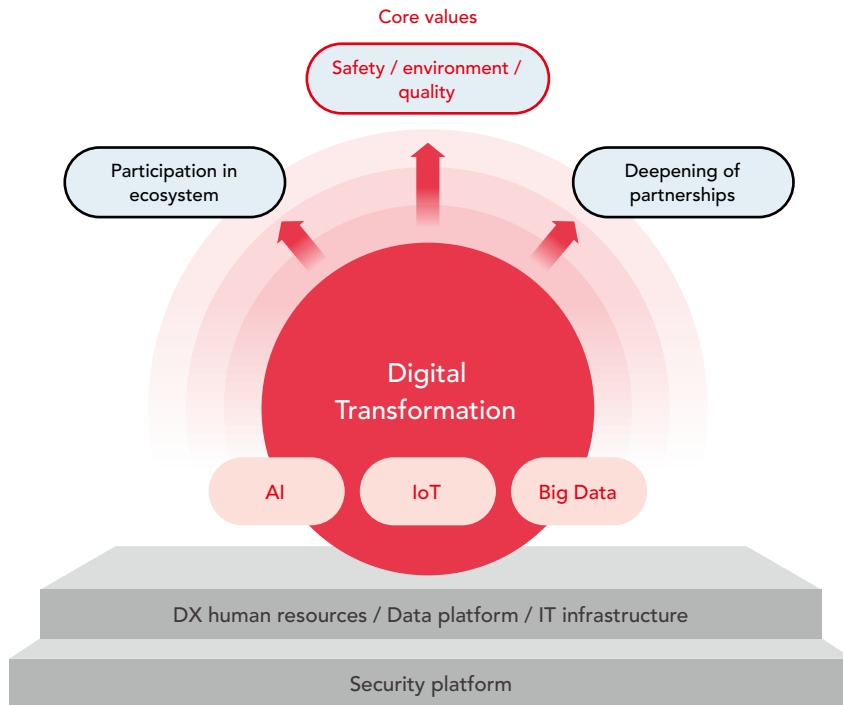
Reinforcement of Response to Digital Transformation (DX)

Approach

Outline of "K" LINE's DX Strategy

In the medium-term management plan unveiled in May 2022, the "K" LINE Group embarked on a path of transformation and evolution to increase the added value it offers in matching the unique needs of its customers, while refining the exclusive technologies and expertise of the Group. We are advancing DX initiatives as part of our functional strategy to achieve these goals. Under our DX Strategy, we are executing strategies from five perspectives that we deem vital, and by dividing each strategy into three stages, we are committed to steadily advancing DX initiatives and honing our competitiveness. We will flexibly and promptly update our DX Strategy by monitoring the state of DX initiatives and changes in materialities.

Objectives through DX



"K" LINE constantly chosen by customers

Five Perspectives – Specific Initiatives

DX ashore

- Promoting digitalization of business process and improving service quality
- Flexibly responding to customer demands and social issues
- Providing new value

DX at sea

- Enhancing digitalization of vessels
- Deepening autonomous ship navigation technology
- Lightening crew workloads and ensuring safety in navigation

DX of data

- Thorough collection of high-quality data and establishment of an infrastructure for its utilization
- Internal and external system linkage and data-driven decision-making
- Participation in ecosystem that connects with customers and other companies

DX of human resources

- Development and Companywide improvement of DX human resources
- Top-down and cross-organizational promotion system and enhancement of initiatives originating from front lines
- IT/DX promotion across the Group

Security that supports DX

- Advanced security platform combining organization, technology, and people/culture
- Development of systems and policies to ensure day-to-day and reliable implementation of threat countermeasures
- Continuous security advancement

Under **DX ashore**, we are digitalizing business processes with the aim of visualizing information, such as cargo information and CO₂ emissions data, utilizing this data, and making our IT environments more resilient for DX in order to flexibly address changes in customer demands and social needs. We intend to further deepen our partnerships with customers by providing new value to customers while aiming to improve and homogenize service quality by leveraging data and digital technologies.

Under **DX at sea**, we are advancing the digitalization of onboard business processes and the collection and utilization of vessel data. With the goal of establishing automated control technology, we are using cutting-edge technologies, such as sensing technology, digital twins, and ship AI. Moreover, we are keen to enhance our management structure for ensuring safety in navigation by establishing a three-region global monitoring and navigation assistance system. We are also working on creating an environment where advanced data analysis can be performed onboard as well. We aim to further hone our autonomous vessel technologies in the future, while reducing the burden on crew members and maintaining safety in navigation by integrating accumulated expertise in safety in navigation over the years with advanced digital technologies, such as failure prediction and diagnostic technologies.

Under **DX of data**, we aim to standardize business processes and introduce the latest technologies, including generative AI, to develop a data utilization platform. We are promoting the development and utilization of a data integration platform that links internal and external systems. We aim to establish a system that enables data-driven decision-making, from management to the front lines. The “K” LINE Group aims to create new value for society and the maritime industry through participation in an ecosystem that brings together cus-

tomers and other companies with inter-company data collaboration and utilization.

Under **DX of human resources**, we are implementing a digital talent training program for employees to acquire necessary skills and knowledge. We will strengthen the “DX leaders” that lead business transformation. We are also training the “DX utilizers” of 100 employees with the ability to formulate and promote plans utilizing data and digital technologies. Furthermore, we aim to develop “DX users” (all employees) who can utilize digital technologies to solve problems. Through these initiatives, we aim to improve the overall level and strengthen our competitiveness. We will strengthen our cross-organizational DX promotion structure centered on management and undertake bottom-up initiatives that focus on the front lines. We aim to create a co-creation system with stakeholders and advance IT/DX projects across the Group.

As for **security that supports DX**, based on a road map for security measures we created in 2021, we have been continually working to strengthen our cybersecurity. We are building a Groupwide security system that can respond accurately to cyber incidents. In addition to introducing technical measures that incorporate the latest technologies, we will promote DX with a safe, secure, stable, and resilient IT infrastructure through security training and awareness activities. We will continue to increase the advancement of our security management.

“K” LINE has been selected as a DX Certified Business Operator by the Ministry of Economy, Trade and Industry based on the DX certification system.

Promotion System

DX Promotion Structure

In February 2022, we integrated the AI / Digitalization Strategy Group with the Information System Group, creating the Digitalization Strategy Group (DSG) within the Digitalization Strategy Unit. 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 and flexibly 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. We will strengthen our approach to both bottom-up initiatives on the front lines and the cross-organization DX Promotion Structure centered on the management layer.

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 multi-factor 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 a secure, safe, and robust IT infrastructure.

Strengthening DX Initiatives across All Divisions

Following the establishment of the DSG in February 2022 through the 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

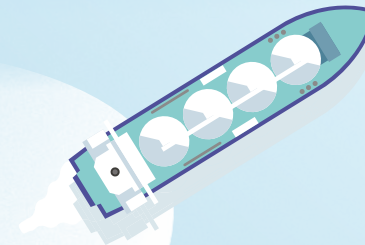
The DSG, along with "K" Line Business Systems Co., Ltd., the Group's body of IT professionals, is driving the Group's IT and digitalization with a focus on the Company's core business systems. In the rapidly changing digital world, however, although we have expert personnel skilled in integrated logistics operations, implementing the latest technologies entirely within our own group of companies can be problematic and 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 promoting collaborative research with academic groups and individuals. We are working diligently 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 Tables and Index



GRI Standards Reference Table

This data book and the website of Kawasaki Kisen Kaisha, Ltd. contain information about standard disclosure topics based on GRI Standards.

Universal Standard

Use declaration: Kawasaki Kisen Kaisha, Ltd.'s report for the period from April 1, 2022, to March 31, 2023, is based on GRI Standards.

GRI 1: Foundation 2021

Applicable sector standard: We will refer to future versions of the applicable sector standard.

Disclosed Information on	Content	Relevant Information / Place of Publication	
		ESG DATA BOOK 2023	Website and Relevant Media

General Disclosures

GRI 2: General Disclosures 2021

1 The organization and its reporting practices

2-1	Organizational details	–	–	Corporate Profile "K" LINE REPORT 2023 > Outline of the Company / Stock Information P.92
2-2	Entities included in the organization's sustainability reporting	–	–	Securities reports (in Japanese only) "K" LINE REPORT 2023 > Major Subsidiaries and Affiliates P.90-91
2-3	Reporting period, frequency and contact point	CONTENTS	P.1	Securities reports (in Japanese only) "K" LINE REPORT 2023 Employment
2-4	Restatements of information	–	–	–
2-5	External assurance	04 Environmental > Response to Climate Change > Related Data	P.35	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 (in Japanese only)
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Disclosed Information on	Content	Relevant Information / Place of Publication	
		ESG DATA BOOK 2023	Website and Relevant Media
2-7	Employees	05 Social > The Securing and Development of Human Resources > Related Data	P.55 ESG Data > Social Data
		05 Social > Shaping of Working Environment and Promotion of Health Management > Related Data > Data Related to Occupational Accidents	P.50 Securities reports (in Japanese only)
2-8	Workers who are not employees	–	– Securities reports (in Japanese only)

3 Governance

2-9	Governance structure and composition	06 Governance > Reinforcement of Corporate Governance > Corporate Governance Structure	P.78 Reinforcement of Corporate Governance > Corporate Governance Structure "K" LINE REPORT 2023 > Corporate Governance P.60 About Us > Corporate Profile > Top Management
		03 The "K" LINE Group's Sustainability Management > The "K" LINE Group's Sustainability Management > Promotion System for Sustainability	P.11 Promotion System for Sustainability "K" LINE REPORT 2023 > Sustainability Governance P.35
		–	– Securities reports (in Japanese only)
2-10	Nomination and selection of the highest governance body	06 Governance > Reinforcement of Corporate Governance > Corporate Governance Structure > Nomination Advisory Committee	P.81 Reinforcement of Corporate Governance > Corporate Governance Structure > Nomination Advisory Committee "K" LINE REPORT 2023 > Establishment of Nomination Advisory Committee and Remuneration Advisory Committee P.58
2-11	Chair of the highest governance body	06 Governance > Reinforcement of Corporate Governance > Corporate Governance Structure	P.78 Reinforcement of Corporate Governance > Corporate Governance Structure "K" LINE REPORT 2023 > Corporate Governance Structure P.60 Securities reports (in Japanese only)
2-12	Role of the highest governance body in overseeing the management of impacts	02 The "K" LINE Group's Materiality	P.6 Materiality "K" LINE REPORT 2023 > The "K" LINE Group's Materiality P.32–35
2-13	Delegation of responsibility for managing impacts	06 Governance > Reinforcement of Corporate Governance > Corporate Governance Structure	P.78 Reinforcement of Corporate Governance > Corporate Governance Structure "K" LINE REPORT 2023 > Corporate Governance P.60
		03 The "K" LINE Group's Sustainability Management > The "K" LINE Group's Sustainability Management > Promotion System for Sustainability	P.11 Promotion System for Sustainability
2-14	Role of the highest governance body in sustainability reporting	03 The "K" LINE Group's Sustainability Management > The "K" LINE Group's Sustainability Management > Promotion System for Sustainability	P.11 Promotion System for Sustainability
2-15	Conflicts of interest	06 Governance > Reinforcement of Corporate Governance > Cross-Shareholding	P.84 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.97 Promotion and Reinforcement of Compliance > Initiatives > Enhancement of Whistleblowing System

Disclosed Information on	Content	Relevant Information / Place of Publication	
		ESG DATA BOOK 2023	Website and Relevant Media
2-17	Collective knowledge of the highest governance body	06 Governance > Reinforcement of Corporate Governance > Corporate Governance Structure > Director Skill Matrix	P.80 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.81 Regarding Our Board Evaluation
2-19	Remuneration policies	06 Governance > Reinforcement of Corporate Governance > Corporate Governance Structure > Officers' Remuneration System	P.81 Reinforcement of Corporate Governance > Corporate Governance Structure > Officers' Remuneration System Securities reports (in Japanese only)
2-20	Process to determine remuneration	06 Governance > Reinforcement of Corporate Governance > Corporate Governance Structure > Officers' Remuneration System	P.81 Reinforcement of Corporate Governance > Corporate Governance Structure > Officers' Remuneration System Securities reports (in Japanese only)
2-21	Annual total compensation ratio	06 Governance > Reinforcement of Corporate Governance > Related Data	P.86 ESG Data > Governance Data Reinforcement of Corporate Governance > Related Data > Governance Data Securities reports (in Japanese only)
4 Strategy, policies, and practices			
2-22	Statement on sustainable development strategy	03 The "K" LINE Group's Sustainability Management > The "K" LINE Group's Sustainability Management	P.9 Sustainability > Message from the President "K" LINE REPORT 2023 > Message from the CEO P.6-11
2-23	Policy commitments	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 05 Social > Respect for Human Rights > Approach > "K" LINE Group Basic Policy on Human Rights	P.9 Approach to Sustainability > Charter of Conduct: "K" Line Group Companies P.63 "K" LINE Group Basic Policy on Human Rights
2-24	Embedding policy commitments	03 The "K" LINE Group's Sustainability Management > The "K" LINE Group's Sustainability Management > Promotion System for Sustainability 03 The "K" LINE Group's Sustainability Management > ESG Performance > Participation in External Initiatives 05 Social > Respect for Human Rights > Initiatives 05 Social > Supply Chain Management > Approach	P.11 Promotion System for Sustainability P.21 Participation in External Initiatives P.66 Respect for Human Rights > Initiatives P.67 Supply Chain Management

Disclosed Information on	Content	Relevant Information / Place of Publication	
		ESG DATA BOOK 2023	Website and Relevant Media
2-25	Processes to remediate negative impacts	05 Social > Respect for Human Rights > Initiatives	P.66 Respect for Human Rights > Initiatives
		06 Governance > Promotion and Reinforcement of Compliance > Initiatives > Enhancement of Whistleblowing System	P.97 Promotion and Reinforcement of Compliance > Initiatives > Enhancement of Whistleblowing System
		06 Governance > Risk Management > System > Risk Management System	P.89 Risk Management
2-26	Mechanisms for seeking advice and raising concerns	05 Social > Respect for Human Rights > Initiatives	P.66 Respect for Human Rights > Initiatives
		06 Governance > Promotion and Reinforcement of Compliance > Initiatives > Enhancement of Whistleblowing System	P.97 Promotion and Reinforcement of Compliance > Initiatives > Enhancement of Whistleblowing System
		06 Governance > Risk Management > System > Risk Management System	P.89 Risk Management
2-27	Compliance with laws and regulations	06 Governance > Promotion and Reinforcement of Compliance > Initiatives	P.96 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.21 Participation in External Initiatives "K" Line to participate in the United Nations Global Compact
5 Stakeholder engagement			
2-29	Approach to stakeholder engagement	05 Social > Stakeholder Engagement > Approach	P.72 Stakeholder Engagement > Approach
2-30	Collective bargaining agreements	05 Social > The Securing and Development of Human Resources > Related Data	ESG Data > Social Data
			The Securing and Development of Human Resources > Related Data
			Securities reports (in Japanese only)

Material Topics

GRI 3: Material Topics 2021

3-1	Process to determine material topics	02 The "K" LINE Group's Materiality > Materiality > Process to Identify Materiality	P.5 Materiality
			"K" LINE REPORT 2023 > The "K" LINE Group's Materiality P.32-35
3-2	List of material topics	02 The "K" LINE Group's Materiality > Materiality > Material Issues and Related SDGs	P.6 Materiality
			"K" LINE REPORT 2023 > The "K" LINE Group's Materiality P.32-35

Disclosed Information on	Content	Relevant Information / Place of Publication	
		ESG DATA BOOK 2023	Website and Relevant Media
3-3	Management of material topics	02 The "K" LINE Group's Materiality > Materiality > Material Issues and Related SDGs	P.6 Materiality "K" LINE REPORT 2023 > The "K" LINE Group's Materiality P.32-35

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 (in Japanese only) Securities reports (in Japanese only)
201-2	Financial implications and other risks and opportunities due to climate change	04 Environmental > Response to Climate Change > Risks and Opportunities	P.28	"K" LINE Environmental Vision 2050 > Scenario Analysis P.5-6 Response to Climate Change > Risks and Opportunities
201-3	Defined benefit plan obligations and other retirement plans	-	-	Securities reports (in Japanese only)
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	-	-	-
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	-	-	-
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Disclosed Information on	Content	Relevant Information / Place of Publication		
		ESG DATA BOOK 2023	Website and Relevant Media	
GRI 205: Anti-Corruption 2016				
205-1	Operations assessed for risks related to corruption	06 Governance > Promotion and Reinforcement of Compliance	P.95	Promotion and Reinforcement of Compliance
205-2	Communication and training about anti-corruption policies and procedures	06 Governance > Promotion and Reinforcement of Compliance	P.95	Promotion and Reinforcement of Compliance
205-3	Confirmed incidents of corruption and actions taken	06 Governance > Promotion and Reinforcement of Compliance	P.95	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.95	Promotion and Reinforcement of Compliance
GRI 207: Tax 2019				
207-1	Approach to tax	–	–	“K” Line Group Global Compliance Policy > 8. Tax Management
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	–	–	Securities reports (in Japanese only)
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.35	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.42	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.42	Supporting the Environmental Activities of Society > Related Data

Disclosed Information on	Content	Relevant Information / Place of Publication		
		ESG DATA BOOK 2023		Website and Relevant Media
GRI 302: Energy 2016				
302-1	Energy consumption within the organization	04 Environmental > Response to Climate Change > Related Data > Fuel Oil Consumption	P.35	Response to Climate Change > Related Data
302-2	Energy consumption outside of the organization	04 Environmental > Response to Climate Change > Related Data > Fuel Oil Consumption	P.35	Response to Climate Change > Related Data
302-3	Energy intensity	04 Environmental > Response to Climate Change > Related Data > Fuel Oil Consumption	P.35	Response to Climate Change > Related Data
302-4	Reduction of energy consumption	04 Environmental > Response to Climate Change > Related Data > Fuel Oil Consumption	P.35	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.35	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.40	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.42	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	–	–	Disclosure in accordance with TNFD Framework
304-2	Significant impacts of activities, products, and services on biodiversity	–	–	Reducing “K” LINE’s Impact on the Sea and Air Disclosure in accordance with TNFD Framework
304-3	Habitats protected or restored	–	–	Disclosure in accordance with TNFD Framework
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	–	–	Disclosure in accordance with TNFD Framework

Disclosed Information on	Content	Relevant Information / Place of Publication		
		ESG DATA BOOK 2023	Website and Relevant Media	
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.35	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.35	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.35	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.35	Response to Climate Change > Related Data
305-5	Reduction of GHG emissions	04 Environmental > Response to Climate Change > Related Data > CO ₂ Emissions of "K" LINE Group	P.35	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.40	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.41	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.41	Supporting the Environmental Activities of Society > Initiatives
306-3	Waste generated	04 Environmental > Supporting the Environmental Activities of Society > Related Data > Waste	P.42	Supporting the Environmental Activities of Society > Related Data
306-4	Waste diverted from disposal	04 Environmental > Supporting the Environmental Activities of Society > Related Data > Total Quantity of Recycling	P.42	Supporting the Environmental Activities of Society > Related Data
306-5	Waste directed to disposal	04 Environmental > Supporting the Environmental Activities of Society > Related Data > Waste	P.42	Supporting the Environmental Activities of Society > Related Data
GRI 306: Effluents and Waste 2016				
306-3	Significant spills	05 Social > Promotion of Safety in Navigation and Cargo Operations > Related Data > Number of Major Accidents	P.62	Promotion of Safety in Navigation and Cargo Operations > Related Data
GRI 308: Supplier Environmental Assessment 2016				
308-1	New suppliers that were screened using environmental criteria	–	–	–

Disclosed Information on	Content	Relevant Information / Place of Publication	
		ESG DATA BOOK 2023	Website and Relevant Media
308-2	Negative environmental impacts in the supply chain and actions taken	04 Environmental > Supporting the Environmental Activities of Society > Initiatives > Reinforcement of Response to Green Ship Recycling	P.41 Supporting the Environmental Activities of Society > Initiatives > Reinforcement of Response to Green Ship Recycling

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 > Personnel Data	P.55 ESG Data > Social Data The Securing and Development of Human Resources > Related 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.46 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.46 Shaping of Working Environment and Promotion of Health Management > Initiatives Diversity & Inclusion > Related Data "K" LINE REPORT 2023 > Shaping of Working Environment and Promotion of Health Management P.52

GRI 402: Labor / Management Relations 2016

402-1	Minimum notice periods regarding operational changes	-	-
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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.44 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.47 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.48 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.47 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.48 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.44 Shaping of Working Environment and Promotion of Health Management > System

Disclosed Information on	Content	Relevant Information / Place of Publication	
		ESG DATA BOOK 2023	Website and Relevant Media
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.47 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.48 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.47 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.48 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.47 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.48 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 > Personnel Data	P.55 ESG Data > Social Data The Securing and Development of Human Resources > Related 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.50 ESG Data > Social Data Shaping of Working Environment and Promotion of Health Management > Related Data > Data Related to Occupational Accidents
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.50 ESG Data > Social Data Shaping of Working Environment and Promotion of Health Management > Related Data > Data Related to Occupational Accidents

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 > Personnel Data	P.55	ESG Data > Social Data
				The Securing and Development of Human Resources > Related Data
				"K" LINE REPORT 2023 > The Securing and Development of Human Resources P.50
404-2	Programs for upgrading employee skills and transition assistance programs	05 Social > The Securing and Development of Human Resources > Initiatives	P.53	The Securing and Development of Human Resources
				"K" LINE REPORT 2023 > The Securing and Development of Human Resources P.50
404-3	Percentage of employees receiving regular performance and career development reviews	-	-	-

Disclosed Information on	Content	Relevant Information / Place of Publication		
		ESG DATA BOOK 2023	Website and Relevant Media	
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 > Personnel Data	P.55	ESG Data > Social Data
		06 Governance > Reinforcement of Corporate Governance > Related Data > Governance Data	P.86	The Securing and Development of Human Resources > Related Data "K" LINE REPORT 2023 > Promotion of Diversity & Inclusion P.51 Reinforcement of Corporate Governance > Related Data > Governance Data
405-2	Ratio of basic salary and remuneration of women to men	–	–	Securities reports (in Japanese only)
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	–	–	–
GRI 411: Rights of Indigenous Peoples 2016				
411-1	Incidents of violations involving rights of indigenous peoples	–	–	–

Disclosed Information on	Content	Relevant Information / Place of Publication		
		ESG DATA BOOK 2023	Website and Relevant Media	
GRI 413: Local Communities 2016				
413-1	Operations with local community engagement, impact assessments, and development programs	05 Social > Relationship with the Community	P.74	Relationship with the Community
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	-	-	Supply Chain Management
414-2	Negative social impacts in the supply chain and actions taken	-	-	Supply Chain Management
GRI 415: Public Policy 2016				
415-1	Political contributions	05 Social > Stakeholder Engagement > Related Data > Expenditure for Trade Associations and Social Contributions	P.73	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.62	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	-	-	-
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	-	-	-

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 2023		Website
Organizational Governance			
1. Organizational governance	03 The "K" LINE Group's Sustainability Management > The "K" LINE Group's Sustainability Management	P.9	Message from the President
	04 Environmental > Response to Climate Change > Environmental Governance	P.27	Promotion System for Sustainability Reinforcement of Corporate Governance
	06 Governance > Reinforcement of Corporate Governance	P.77	Risk Management
	06 Governance > Risk Management	P.88	Corporate Profile > Top Management ESG Data > Governance Data
	05 Social > Stakeholder Engagement	P.72	Stakeholder Engagement
Human Rights			
1. Due diligence	05 Social > Respect for Human Rights > System	P.65	Respect for Human Rights
2. Human rights risk situations	–	–	–
3. Avoidance of complicity	05 Social > Respect for Human Rights > Approach	P.63	Respect for Human Rights
4. Resolving grievances	05 Social > Respect for Human Rights > Initiatives	P.66	Respect for Human Rights
	06 Governance > Promotion and Reinforcement of Compliance > Initiatives	P.96	Promotion and Reinforcement of Compliance
5. Discrimination and vulnerable groups	05 Social > Respect for Human Rights > Approach	P.63	Respect for Human Rights
6. Civil and political rights	05 Social > Respect for Human Rights > Approach	P.63	Respect for Human Rights
7. Economic, social, and cultural rights	05 Social > Respect for Human Rights > Approach	P.63	Respect for Human Rights
8. Fundamental principles and rights at work	05 Social > Respect for Human Rights > Approach	P.63	Respect for Human Rights

Core Subjects	Relevant Information / Place of Publication		
	ESG DATA BOOK 2023		Website
Labor Practices			
1. Employment and employment relationships	05 Social > Shaping of Working Environment and Promotion of Health Management	P.44	Shaping of Working Environment and Promotion of Health Management
	05 Social > Respect for Human Rights	P.63	Respect for Human Rights
	05 Social > Diversity & Inclusion	P.56	Diversity & Inclusion
2. Conditions of work and social protection	05 Social > Shaping of Working Environment and Promotion of Health Management	P.44	Shaping of Working Environment and Promotion of Health Management
	05 Social > Respect for Human Rights	P.63	Respect for Human Rights
	05 Social > Diversity & Inclusion	P.56	Diversity & Inclusion
3. Social dialogue	05 Social > Shaping of Working Environment and Promotion of Health Management	P.44	Shaping of Working Environment and Promotion of Health Management
	05 Social > Respect for Human Rights	P.63	Respect for Human Rights
	05 Social > Diversity & Inclusion	P.56	Diversity & Inclusion
4. Health and safety at work	05 Social > Shaping of Working Environment and Promotion of Health Management	P.44	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.51	The Securing and Development of Human Resources
	05 Social > Diversity & Inclusion	P.56	Diversity & Inclusion
The Environment			
1. Prevention of pollution	04 Environmental > Reducing "K" LINE's Impact on the Sea and Air	P.36	Reducing "K" LINE's Impact on the Sea and Air
2. Sustainable resource use	04 Environmental > Supporting the Environmental Activities of Society	P.41	Supporting the Environmental Activities of Society
3. Climate change mitigation and adaptation	04 Environmental > Response to Climate Change	P.27	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.36	Reducing "K" LINE's Impact on the Sea and Air
Fair Operating Practices			
1. Anti-corruption	06 Governance > Promotion and Reinforcement of Compliance	P.95	Promotion and Reinforcement of Compliance
2. Responsible political involvement	05 Social > Stakeholder Engagement	P.72	Stakeholder Engagement
3. Fair competition	06 Governance > Promotion and Reinforcement of Compliance	P.95	Promotion and Reinforcement of Compliance
	05 Social > Supply Chain Management	P.67	–
4. Promoting social responsibility in the value chain	05 Social > Supply Chain Management	P.67	The "K" Line Group Companies Purchasing Policy and CSR Guidelines for Supply Chain

Core Subjects	Relevant Information / Place of Publication		
	ESG DATA BOOK 2023		Website
5. Respect for property rights	03 The "K" LINE Group's Sustainability Management > The "K" LINE Group's Sustainability Management > Approach to Sustainability	P.9	"K" Line Implementation Guideline for Charter of Conduct
	05 Social > Supply Chain Management	P.67	–
Consumer Issues			
1. Fair marketing, factual and unbiased information and fair contractual practices	05 Social > Stakeholder Engagement	P.72	Stakeholder Engagement
2. Protecting consumers' health and safety	05 Social > Promotion of Safety in Navigation and Cargo Operations	P.58	Promotion of Safety in Navigation and Cargo Operations
3. Sustainable consumption	04 Environmental	P.24	Environmental
4. Consumer service, support, and complaint and dispute resolution	05 Social > Stakeholder Engagement	P.72	Stakeholder Engagement
			Contact Us
5. Consumer data protection and privacy	06 Governance > Promotion and Reinforcement of Compliance > Initiatives	P.96	"K" LINE Group Global Compliance Policy > Individual Policy IV Data Protection Law Privacy Notice
6. Access to essential services	05 Social > Promotion of Safety in Navigation and Cargo Operations	P.58	Promotion of Safety in Navigation and Cargo Operations
7. Education and awareness	05 Social > Relationship with the Community	P.74	Relationship with the Community
Community Involvement and Development			
1. Community involvement	05 Social > Relationship with the Community	P.74	Relationship with the Community
2. Education and culture	05 Social > Relationship with the Community	P.74	Relationship with the Community
3. Employment creation and skills development	05 Social > Relationship with the Community	P.74	Relationship with the Community
4. Technology development and access	03 The "K" LINE Group's Sustainability Management > Promotion of Innovation	P.13	Relationship with the Community
	05 Social > Relationship with the Community	P.74	
5. Wealth and income creation	05 Social > Relationship with the Community	P.74	Relationship with the Community
6. Health	05 Social > Relationship with the Community	P.74	Relationship with the Community
7. Social investment	05 Social > Relationship with the Community	P.74	Relationship with the Community



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