

Basic CSR Policy Priority	Themes / Material Issues	Key Initiatives	Related SDGs
Building a Management Structure that Emphasizes Social Responsibility	<b>Corporate governance</b> Establishment of a management structure that responds to the demands of society	<ul style="list-style-type: none"> <li>Introduce a Unit Supervisory System</li> <li>Introduce the Nomination Advisory Committee and Remuneration Advisory Committee</li> <li>Appoint outside directors (40% of directors)</li> </ul>	
	<b>Stakeholder engagement</b> Promotion of dialogue with stakeholders	<ul style="list-style-type: none"> <li>Engage in investor relations in Japan and overseas</li> <li>Provide full disclosure</li> <li>Share feedback from shareholders and investors with managers and throughout the Company</li> <li>Open dialogue and collaborate with NPOs and NGOs</li> <li>Be a signatory of the United Nations Global Compact</li> </ul>	
Managing the Impact of our Business Activities	<b>Environmental preservation</b> Reinforcement of environmental management Environment-friendly business activities	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions and improve emission efficiency (aiming for decarbonization in 2050)</li> <li>Promote the transport and supply of new energy for a low-carbon society</li> <li>Reduce the shipping operation's impact on the sea and air, including zero oil spills</li> <li>Step up our activities and support for public environmental improvement efforts</li> </ul>	
		<ul style="list-style-type: none"> <li>Enhance the Safety Management System</li> <li>Strengthen the Ship Management System</li> <li>Secure and train maritime technical personnel</li> </ul>	
	<b>Safety in navigation and cargo operations</b> Prevention of major accidents	<ul style="list-style-type: none"> <li>Enhance the Safety Management System</li> <li>Strengthen the Ship Management System</li> <li>Secure and train maritime technical personnel</li> </ul>	
	<b>Human rights</b> Prevention of discrimination Respect of basic labor rights Prevention of forced labor and child labor	<ul style="list-style-type: none"> <li>Understand human rights issues by attending international conferences and engage with NGOs and international organizations</li> </ul>	
	<b>Labor practices</b> Prevention of over-long working hours Promotion of diverse work styles Improvement of occupational health and safety	<ul style="list-style-type: none"> <li>Become a certified Health &amp; Productivity Management Outstanding Organization (Large Enterprise Category) in 2020</li> <li>Receive a Kurumin "next-generation" mark in 2020 as a company supporting childcare</li> <li>Renew our certification as a leading company for prevention of seafarer labor accidents</li> </ul>	
	<b>Compliance</b> Prevention of corruption Prevention of anti-competitive behavior	<ul style="list-style-type: none"> <li>Create a system to prevent Competition Law violation recurrence</li> <li>Create a bribery prevention system</li> <li>Create a system for compliance with economic sanctions</li> <li>Enhance the internal reporting system (register as a Whistleblowing Compliance Management System [WCMS])</li> <li>Expand our educational programs</li> </ul>	
	<b>Risk management</b> Business Continuity Plans (BCPs) to response to large-scale disasters Enhancement of response capabilities for major accidents Crisis and risk management system	<ul style="list-style-type: none"> <li>Launch a BCP for the COVID-19 pandemic</li> <li>Conduct response drills for a large-scale accident</li> <li>Have the Crisis Management Committee and the Management Risk Committee apply the PDCA cycle to risk management</li> </ul>	

Basic CSR Policy Priority	Themes / Material Issues	Key Initiatives	Related SDGs
Creating New Values	<b>Human resource development</b> Improvement of corporate culture Development of global leaders Promotion of diversity	<ul style="list-style-type: none"> <li>Expand and strengthen position-based training</li> <li>Create new training systems, including on-ship training for all employees and accounting and finance training</li> <li>Introduce a headquarters work program for non-Japanese seafarers</li> </ul>	
		<ul style="list-style-type: none"> <li>Use the Kawasaki Integrated Maritime Solutions to enhance our safety and environmental performance</li> <li>Install the Seawing automated kite system on ships to harness natural energy</li> <li>Introduce LNG-fueled car carriers</li> </ul>	
	<b>Community involvement and development</b> Assistance in recovery / reconstruction from natural disasters Promotion of social contribution activities utilizing corporate resources	<ul style="list-style-type: none"> <li>Donate to areas affected by natural disasters</li> <li>Collaborate with free cargo transport operations to emerging countries</li> </ul>	
	<b>Employment creation and skills development</b> Support for education and employment creation	<ul style="list-style-type: none"> <li>Host ship and training center tours for children and teachers</li> <li>Send lecturers to maritime education institutions to assist in the cultivation of future maritime technical personnel</li> </ul>	

### Process to Identify Materiality

The "K" LINE Group uses the following process and refers to international regulations and initiatives and Global Reporting Initiative (GRI) guidelines to identify important (material) issues.



#### Specify Themes Related to the "K" LINE Group's Business Activities

The "K" LINE Group, through dialogue with internal and external stakeholders and by referring to OECD Guidelines for Multinational Enterprises, ISO 26000, GRI Guidelines, and other frameworks, has specified environmental and social themes that the Group's operations around the world may affect or contribute to.

#### Select "Material Issues"

The Group has selected 10 of the themes identified in STEP 1 to prioritize in terms of the significance of their economic, environmental, and social impacts and the effects on stakeholder evaluations and decision-making. These themes and two additional themes deemed essential to establish the relevant management structure to address them have been designated "material issues" requiring action by the Group.

#### Formulate CSR Action Plans

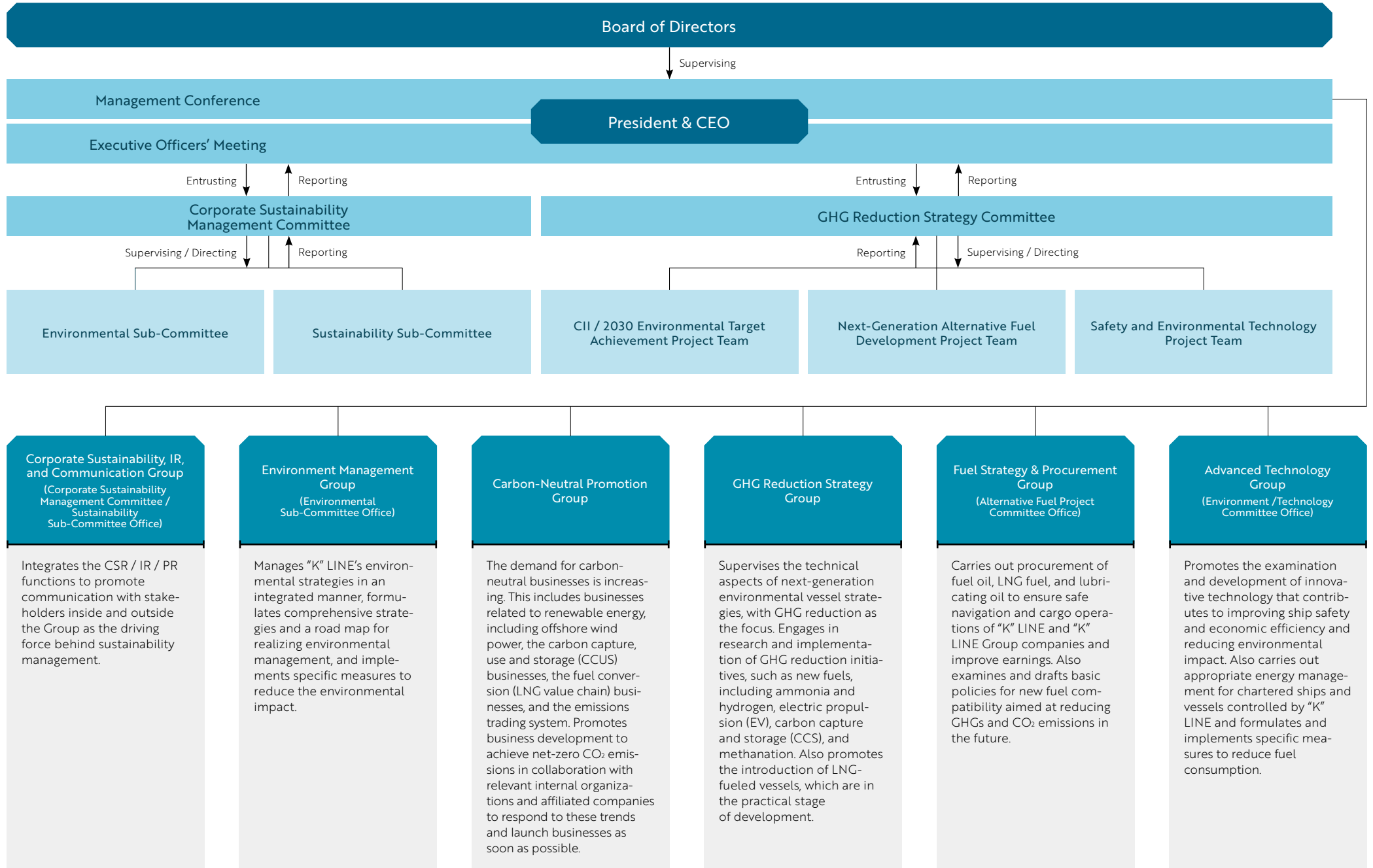
The Group has set medium- and long-term targets for the 12 material issues designated in STEP 2 and formulates annual CSR Action Plans geared to each target.

#### Match with SDGs

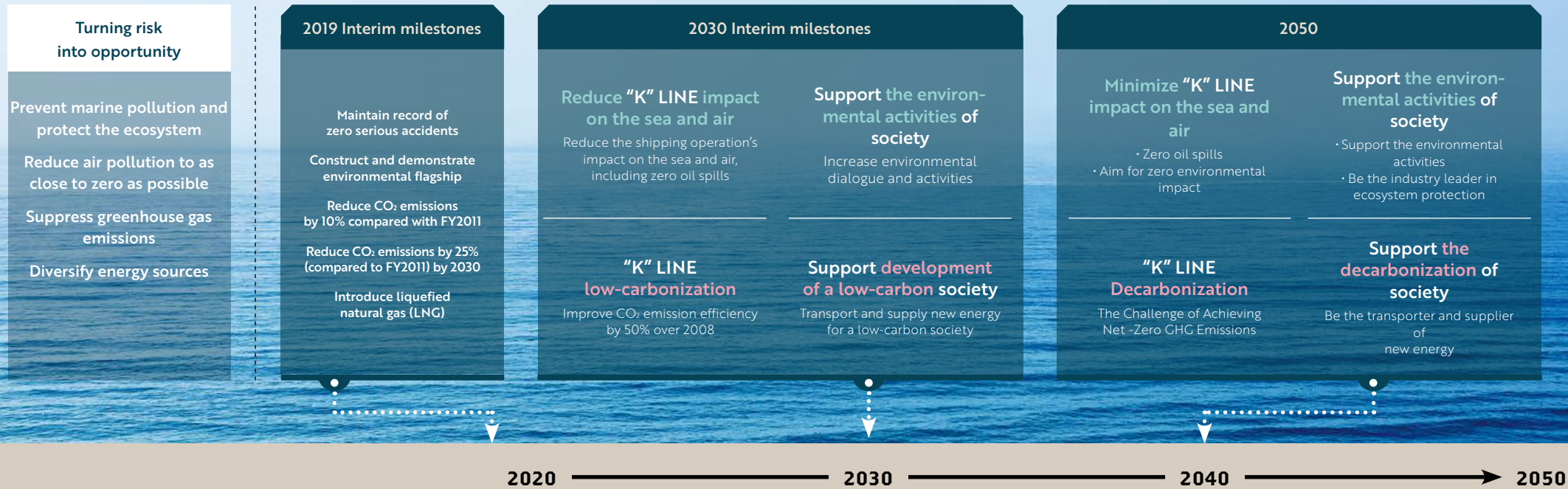
The Group has aligned the CSR Action Plans outlined in STEP 3 with the 17 SDGs adopted by the United Nations in 2015 to ensure that the objectives are compatible.

#### Review

The Group semiannually reviews the progress of the CSR Action Plans, and revises or modifies them as necessary. At the end of each fiscal year, the Group evaluates the progress and results of the CSR Action Plans and, based on the progress toward the medium- and long-term goals and the social changes relevant to its businesses, formulates new plans for the next fiscal year.



# "K" LINE Environmental Vision 2050 ~Blue Seas for the Future~



## Action Plan Road Map

Category	Item	Phase	Timeline
Decarbonization of "K" LINE's operations	LNG- and LPG-fueled vessels	R&D	Conduct and expand
	Zero-emission vessels	R&D	Conduct and expand
	Seawing / Wind power propulsion	R&D	Conduct and expand
	Better operating efficiency	Enhance	
Contributions toward a decarbonized society	Contributions from renewable energy generation business, transport of new types of fuel, transport of CO <sub>2</sub> , etc.	Expand	

 For Environment-Related Investment, please see page 9

## Introduction of Internal Carbon Pricing (ICP)

Evaluate investment projects with a benchmark economic value of ¥4,000 future revenue contribution per ton of CO<sub>2</sub>

emissions to promote investment in low carbon by setting ICP on investment.

## First Climate Transition Finance in Japan

- In March 2021, "K" LINE secured funds for the construction of LNG-fueled car carrier, *CENTURY HIGHWAY GREEN*, by obtaining Japan's first ever climate transition loan.
- The concept of Climate Transition Finance is to accelerate the efficient flow of financing to the companies, which address climate change risk as material issues for their core business activities and to achieve their GHG emission reduction target to contribute to the global goals for decarbonization.
- In September 2021, "K" LINE procured roughly ¥110.0 billion through transition linked loan. "K" Line expects to use the loan, the purpose of which is unspecified, for a range of decarbonization-oriented environmental initiatives.
- The transition linked loan is designed to stimulate "K" LINE's efforts to help realize a decarbonized society by establishing sustainability performance targets (SPTs) that are consistent with the Company's decarbonization-oriented transition strategy and reflecting them in the loan's interest rate terms.

For further details, please visit our website.

 [Top > Sustainability > Sustainable Finance](https://www.kline.co.jp/en/csr/sustainable_finance.html)  
https://www.kline.co.jp/en/csr/sustainable\_finance.html

### Outline of Transition Loan

<b>Scheme</b>	Operating lease
<b>Charterer</b>	"K" LINE
<b>Owners / Borrowers</b>	Leasing companies' SPC
<b>Agreement date</b>	March 10, 2021
<b>Loan amount</b>	About ¥5.9 billion
<b>Loan arranger</b>	Mizuho Bank, Ltd. (MHBK)
<b>Loan co-arranger</b>	Sumitomo Mitsui Trust Bank (SMTB)
<b>Transition structuring agent</b>	MHBK, Mizuho Securities Co., Ltd., SMTB
<b>Lenders</b>	MHBK, SMTB
<b>Use of proceeds</b>	Purchase of a Next-Generation Environmentally Friendly LNG-fueled Car Carrier
<b>Evaluator</b>	Japan Credit Rating Agency, Ltd.
<b>Overall evaluation</b>	Green 1 (T)

### Outline of Transition Linked Loan

<b>Scheme</b>	Transition linked loan
<b>Borrower</b>	"K" LINE
<b>Loan amount</b>	Approx. ¥110.0 billion
<b>Lead time</b>	Five years
<b>Agreement date</b>	September 27, 2021
<b>Loan arranger</b>	Mizuho Bank, Ltd.
<b>Loan co-arrangers</b>	Development Bank of Japan Inc., Sumitomo Mitsui Trust Bank, Limited
<b>Lenders</b>	Kansai Mirai Bank, Limited, The Saikyo Bank, Ltd., The San-In Godo Bank, Ltd., San ju San Bank, Ltd., Shinkin Central Bank, Suruga Bank Ltd., The Chugoku Bank, Limited, The Tochigi Bank, Ltd., Development Bank of Japan Inc., The Norinchukin Bank, The Hachijuni Bank, Ltd., The Higo Bank, Ltd., The Hyakujushi Bank, Ltd., The Hokuriku Bank, Ltd., Mizuho Bank, Ltd., Mizuho Trust & Banking Co., Ltd., Sumitomo Mitsui Trust Bank, Limited, The Yamaguchi Bank, Ltd., The Bank of Yokohama, Ltd., and other lenders.
<b>Transition structuring agent</b>	Mizuho Securities Co., Ltd., Mizuho Bank, Ltd.
<b>Rating agency</b>	Japan Credit Rating Agency, Ltd.
<b>SPTs to achieve before date of repayment</b>	① Reduction of total GHG emissions ② Reduction of CO <sub>2</sub> emissions per freight ton-mile ③ Selection for CDP rating

## Initiatives for Environmental Preservation

### Initiative by project team reporting directly to CEO

- Develop next-generation automation ship navigation system
- R&D alternative fuel and fuel supply
  - ▶ Established the "GHG Reduction Strategy Committee" in October 2021
- Onboard work-style reform

### Expand safety, environment, service-quality initiatives

- Implementation of Seawing\*1
- Conduct CCS\*2 demonstration trial

## Promote ongoing R&D projects at present

- Delivery of LNG-Fueled Digital Flagship Car Carrier
- FuelNG
- LNG Bunkering Vessel in Ise Bay
- Expand Kawasaki Integrated Maritime Solutions implementation
- Start CO<sub>2</sub>-free hydrogen supply chain HySTRA\*3
- Promoting trials and implementation of next-generation ship-to-shore communication systems
- Improving ship-to-shore video communications
- Building and maintaining onboard cybersecurity
- Kick off "Joint Study" framework for studying ammonia as an alternative marine fuel
- Ordered our first LNG-fueled Capesize Bulk Carrier
- Establishment of "K" LINE Wind Service, Ltd. for Offshore Support Vessel Operation jointly with Kawasaki Kinkai Kisen Kaisha Ltd.
- Commencement of Joint Development Agreement for a Tidal Energy Project in Canada



Installing CO<sub>2</sub> Capture Plant on vessel by CC-Ocean Project



LNG-fueled Capesize Bulk Carrier and Seawing



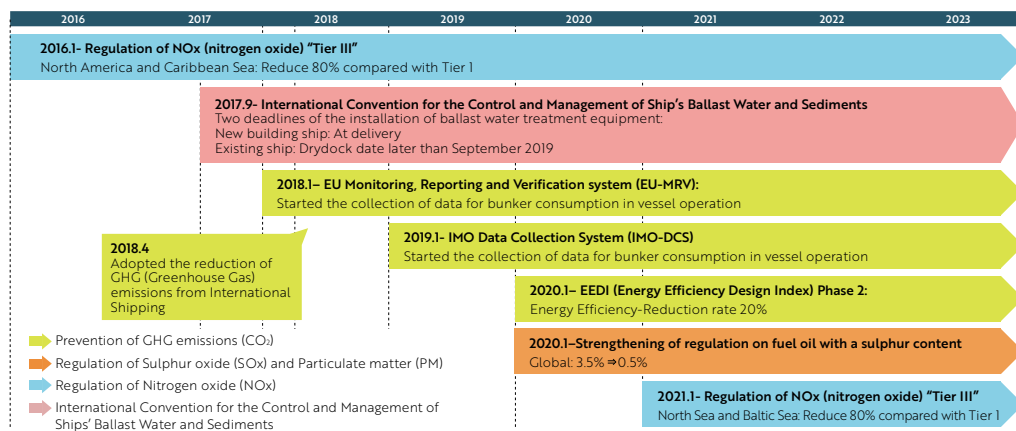
Logo of "K" Line Wind Service, Ltd.

\*1 The Seawing system adds natural wind energy to power a ship with a kite mounted on the ship bow and expected to reduce emissions by more than 20%, about 5,200 tons of CO<sub>2</sub> per vessel annually.

\*2 Carbon Capture and Storage (CCS) is an emission reduction process for capturing and storing carbon dioxide (CO<sub>2</sub>) emissions from the use of fossil fuels to prevent carbon dioxide (CO<sub>2</sub>) from being released into the atmosphere. This project conducted CCS demonstration trials at sea and named it "Carbon Capture on the Ocean" (CC-Ocean).

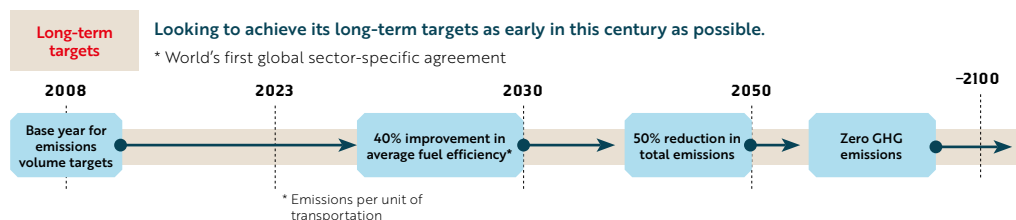
\*3 CO<sub>2</sub>-Free Hydrogen Energy Supply-Chain Technology Research Association, is an association working towards creating an international CO<sub>2</sub>-free energy supply chain comprised of hydrogen production effectively utilizing brown coal, its liquefaction, transportation, storage and utilization.

## Environmental Regulatory Trends of International Shipping



Source: Japan Maritime Public Relations Center "Shipping Now 2020-2021"

## Targets of the International Maritime Organization's GHG Reduction Strategy



Source: Japan Maritime Public Relations Center "Shipping Now 2021-2022"

## Global Warming Energy Efficiency Design Index (EEDI and SEEMP)

This is a regulation that came into force in 2013, and in principle, it applies to vessels engaged in international voyages with gross tonnage of 400 tons or more.

### EEDI (Energy Efficiency Design Index)

It is defined as the number of grams of CO<sub>2</sub> emitted when carrying one ton of cargo for one mile, and DWT (deadweight tonnage) unique to the ship is used for the calculation. Ships cannot be constructed unless the EEDI is below the reference value. Moreover, this reference value differs for each ship type and DWT, and it will gradually be strengthened.

Level	Contract date of construction	Reduction rate
Phase 0	Jan. 1, 2013-31st Dec. 31, 2014	0%
Phase 1	Jan. 1, 2015-31st Dec. 31, 2019	10%
Phase 2	Jan. 1, 2020-31st Dec. 31, 2024	20%*1
Phase 3*2	Jan. 1, 2025-	30%

\*1 Some ships have a reduction rate of 15%.

\*2 Currently, the IMO's sub-committee is considering the introduction of Phase 4 or the advancement of the start of Phase 3 for some ships. Therefore, there is a possibility that the start of Phase 3 will be earlier than 2025 depending on this consideration.

### SEEMP (Ship Energy Efficiency Management Plan)

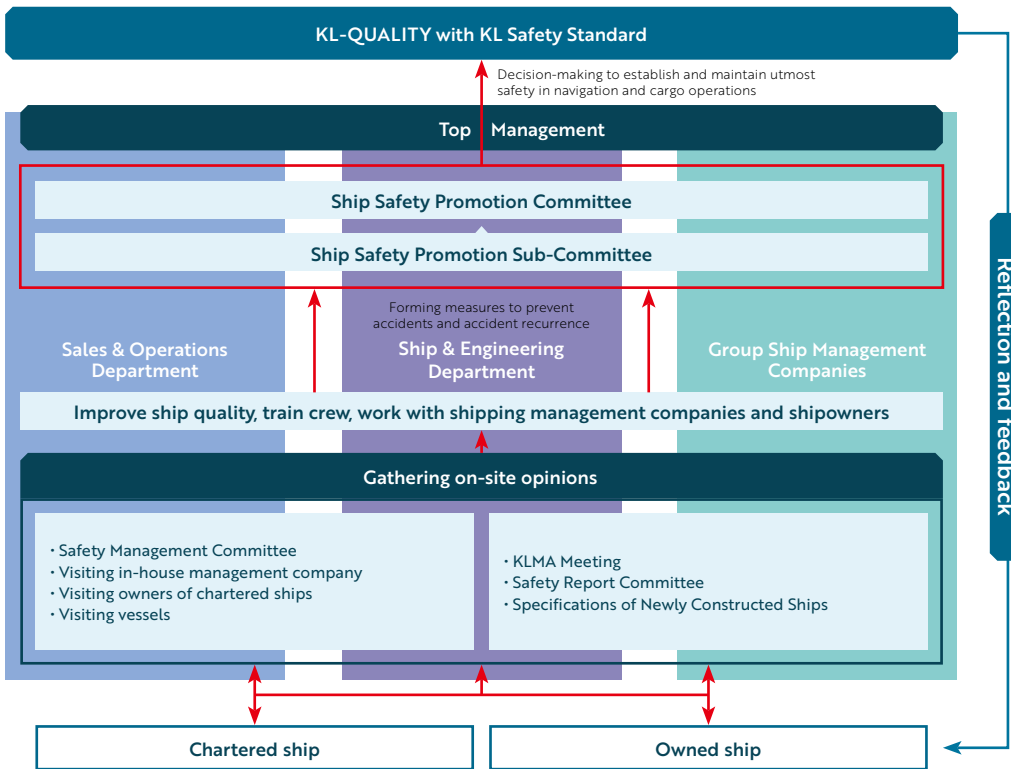
This is a management plan for more effectively implementing measures to improve the energy efficiency of ships during actual operation, such as deceleration operation, selection of optimum routes taking into consideration weather and sea conditions, and appropriate maintenance, etc. It is mandatory that it be put onboard.

		FY2018	FY2019	FY2020	
CO <sub>2</sub> emissions of "K" LINE group	Scope 1	12,536,134	10,325,224	9,202,613	
	Scope 2	Location basis	27,306	26,397	25,191
		Market basis	23,135	26,220	21,780
Scope 3		1,424,198	1,304,803	1,219,525	
Environmental Data of "K" LINE's vessels	Fuel oil consumption (tons)		3,823,776	3,140,039	2,809,074
	CO <sub>2</sub> emissions (tons)		11,932,022	9,799,932	8,761,756
	SO <sub>x</sub> emissions (tons)		188,102	129,786	35,983
	NO <sub>x</sub> emissions (tons)		262,226	202,678	181,429
Environmental Data per Transportation Unit of "K" LINE's vessels*2	Input of energy	Fuel oil (g/ton-mile)	1.65	1.51	1.39
		Lub.oil (g/ton-mile)	0.014	0.013	0.012
	Volume of CO <sub>2</sub> emissions (gram-CO <sub>2</sub> /ton-mile)	All types of vessels	5.32	4.82	4.49
		Containerships	8.43	7.70	7.03
	Volume of SO <sub>x</sub> emissions (gram-SO <sub>x</sub> /ton-mile)	Bulk carriers+Tankers	2.98	2.86	2.75
		All types of vessels	0.08	0.067	0.022
Volume of NO <sub>x</sub> emissions (gram-NO <sub>x</sub> /ton-mile)		All types of vessels	0.112	0.097	0.089
Other Environmental Data of "K" LINE's vessels	Waste generation, etc. (All types of vessels)	Bilge (m <sup>3</sup> /ship-month)	5.54	4.15	4.02
		Sludge (m <sup>3</sup> /ship-month)	4.1	3.9	4.0
		Garbage on board (m <sup>3</sup> /ship-month)	4.0	3.5	3.5
	Gray water from "K" LINE Vessels (owned ships) (MT)	All types of vessels	90,841.80	82,485.00	64,421.60
Environmental Data of Offices	Annual consumption	Electricity (kWh)	821,109	789,971	736,212
		Office Paper (sheets)	4,406,968	3,852,224	2,178,527
	Annual consumption per person	Water (m <sup>3</sup> )	546	509	318
		Electricity (kWh)	866	860	836
		Office Paper (sheets)	4,649	4,196	2,473
		Water (m <sup>3</sup> )	0.79	0.75	0.50
Total quantity of recycle	Ship recycle (Tons)	All types of vessels	5,923	13,774	114,055
Waste (ton)	All offices		1,022	823	571
	All vessels		9,110	7,477	6,361
Environmental Data of "K" LINE Group	Energy Water (m <sup>3</sup> )		101,239	102,171	96,018
	Number of companies covered		(20 domestic, 34 overseas)	(20 domestic, 35 overseas)	(19 domestic, 37 overseas)

\*1 The data covers the "K" LINE's consolidated subsidiaries, and almost 100% of consolidated operating revenues are covered.

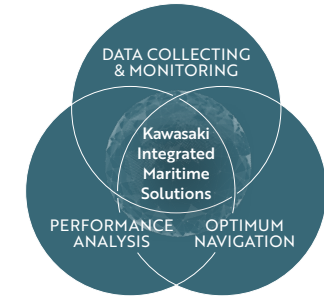
\*2 Index for transporting one ton of cargo one nautical mile (1,852 meters).

Enhancing Safety Management System



**Kawasaki Integrated Maritime Solutions (a comprehensive system to maintain and improve safety in navigation and cargo operation, economic operation, and environmental preservation, which was developed jointly with the Kawasaki Heavy Industries Group)**

- The system was installed on approximately 140 of our vessels, including owned vessels, and some chartered vessels by 2020, and we launched a full-scale effort to install the system on our medium- and long-term chartered vessels from the end of 2020.
- We can grasp the operating conditions in real time and from multiple directions, advancing the operational management of the vessel. Additionally, we are introducing AI-based data analysis technology to enable highly accurate evaluation of operational performance, with the aim of further maintaining and improving the performance of the vessel.



**Implementing Remote Vessel Inspections**

- As a COVID-19 countermeasure, we launched remote vessel inspections through smartphones and the network environment to conduct vessel inspections via video calls. It is possible to carry out inspections while minimizing the risk of infection from people entering and leaving the vessel.
- The use of IT and digital equipment has the advantage of facilitating the presence of people other than the owners, management companies, and other supervisors in charge of the vessel, allowing for better information sharing. Going forward, we will consider expanding the functions of remote inspections.

**"K" LINE Maritime Academy (KLMA)**

- The "K" LINE Maritime Academy (KLMA) is a generic term for our educational philosophies including educational policies for fostering "K" LINE Seafarers.
- Our maritime engineers are given onshore training at our six training facilities in Japan, the Philippines, India, Bangladesh, East 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.

Initiatives

Pre-embarkation Briefing	Sharing our basic safety policy and the latest specific information
KL-QUALITY	Our own quality guidelines and standards for our ship supervisions
Safety Report System	Reporting system of near-miss on ship
Accident Information Management System (AIMS)	System analyzing accident information and trends
"K" LINE-Drive to No Accident (K-DNA)	Our unique safety equipment installation guidelines that transcend the decree
Safety Campaign	Annual Company-wide safety awareness-raising activities under the theme of "safety in navigation and cargo operations" and "environmental preservation"
Trouble News	Newsletters for all operating vessels, such as on preventing the recurrence of accidents
Emergency Response Drill	Establish accident response headquarters and conduct accident readiness drills



Note: The target range is our consolidated range, which corresponds to 100% of operating revenues.

### Human Resource Development (Onshore Workers)



- Stratified Training Programs**  
 Stratified training programs for each level of employees to learn ways of thinking and skills necessary as fundamentals for business persons playing important roles in the global business fields. (Employees entered as new graduates must take the programs every year from the first year to the fifth.)
- Training Programs for Middle Managers for newly appointed middle managers**  
 Learning skills and knowledge necessary for the management. In addition, the Company has been offering training programs about labor compliance, in which more than 90% of middle managers has participated so far.
- Development of Onshore Workers**  
 Two programs: on-the job training (OJT) for mastering knowledge, skills, and procedures on-site, and job-class-specific group training (OFF-JT) as key means of development.

### Onboard Workstyle Reform



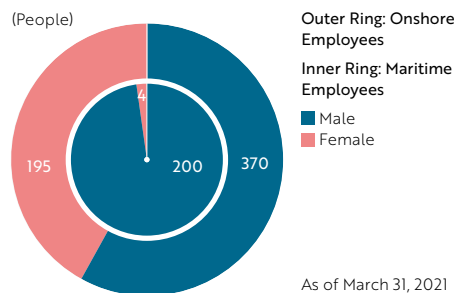
- We are working on the IT development and digitalization of our vessels, installing high-spec computers, which already support IT development, and promoting the introduction of a communications infrastructure capable of handling large amounts of data to reduce the workload of maritime personnel onboard.
- On *CENTURY HIGHWAY GREEN*, which was delivered in March 2021, we introduced a Long-Term Evolution (LTE) network that uses IP / MPLS solutions, in addition to the traditional satellite communication system, and realized a balance of sufficient communication speed and highly encrypted communication through a Field Area Network (FAN) environment between the onshore and offshore points

### Human Rights Awareness Initiatives

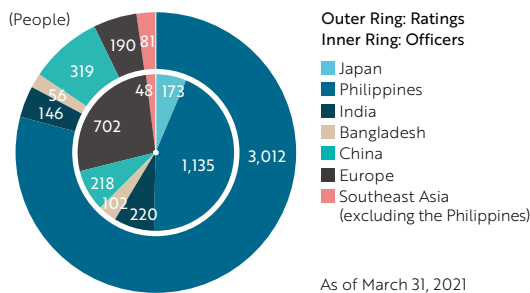


- In April 2020, we signed the UN Global Compact and declared our support for the principles related to human rights, "support and respect the protection of human rights" and "not be complicit in human rights abuses," and the principles related to labor, "elimination of forced and compulsory labor," "effective abolition of child labor," and "elimination of discrimination in respect of employment and occupation."
- "K" LINE is working to first establish internal awareness of human rights through e-learning and our newsletter as our human rights due diligence initiatives, which are based on the UN Guiding Principles on Business and Human Rights.

Onshore and Maritime employees (Non-consolidated)



Crew members by nationality



Item	Unit	Fiscal year						
		FY2018		FY2019		FY2020		
		Seafarer	Onshore	Seafarer	Onshore	Seafarer	Onshore	
Number of employees	Male	Persons	362	199	368	202	370	200
	Female	Persons	190	5	194	3	195	4
	Subtotal	Persons	552	204	562	205	565	204
	Total	Persons	756		767		769	
	Female employment ratio	%	34.4	2.5	34.5	1.5	34.5	2.0
Employees in management positions	Male	Persons	127		126		120	
	Female	Persons	6		5		5	
	Female employment ratio	%	4.51		3.82		4.00	
General managers or higher	Male	Persons	33		37		33	
	Female	Persons	1		1		0	
	Female employment ratio	%	2.94		2.63		0.00	
Executives (Including Directors and Officers)	Male	Persons	28		31		27	
	Female	Persons	1		2		2	
	Female employment ratio	%	3.45		6.06		6.90	
Percentage of employees with disabilities <sup>1</sup>	%	2.05		1.96		1.82		
Number of occupational accidents <sup>2</sup>	Cases	0	1	0	0	0	0	
Number of fatal occupational accidents	Cases	0	0	0	0	0	0	
Number of accidents requiring leave <sup>3</sup>	Cases	0	0	0	0	0	0	
Labor union participation rate	%	69.4	75.1	67.1	77.5	67.5	75.8	

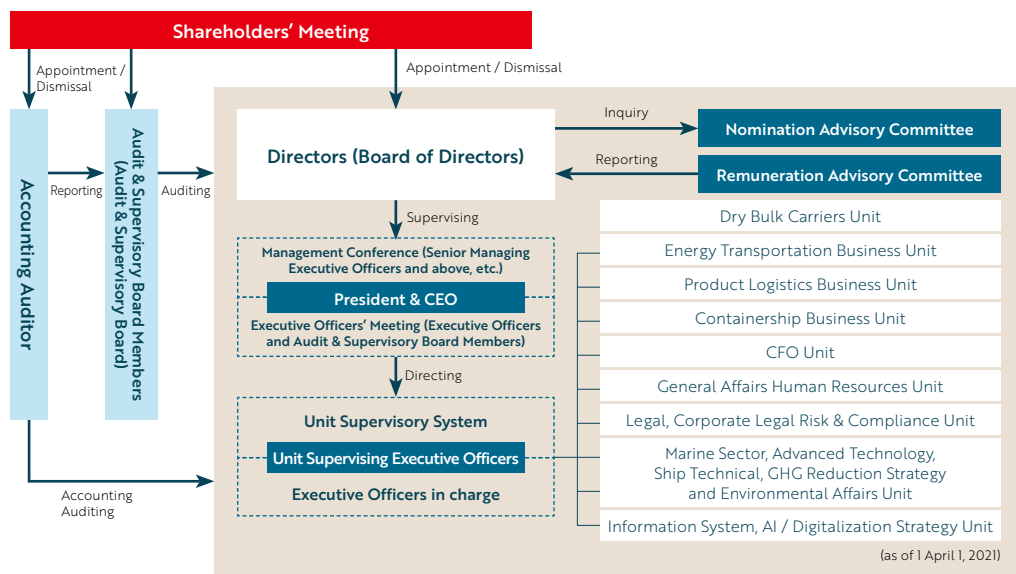
Notes: 1. These figures conform to the Act for Promotion of Employment of Persons with Disabilities. According to the Act, 90% exclusion rate applies to seafarers (excluding those on duty onshore).  
 2. Excludes accidents while commuting.  
 3. Number of injuries / illnesses, caused by occupational accidents, requiring one or more days of leave.

### Systems for Comfortable and Fulfilling Working Experiences: Our Actions for Enabling Work-Life Balance

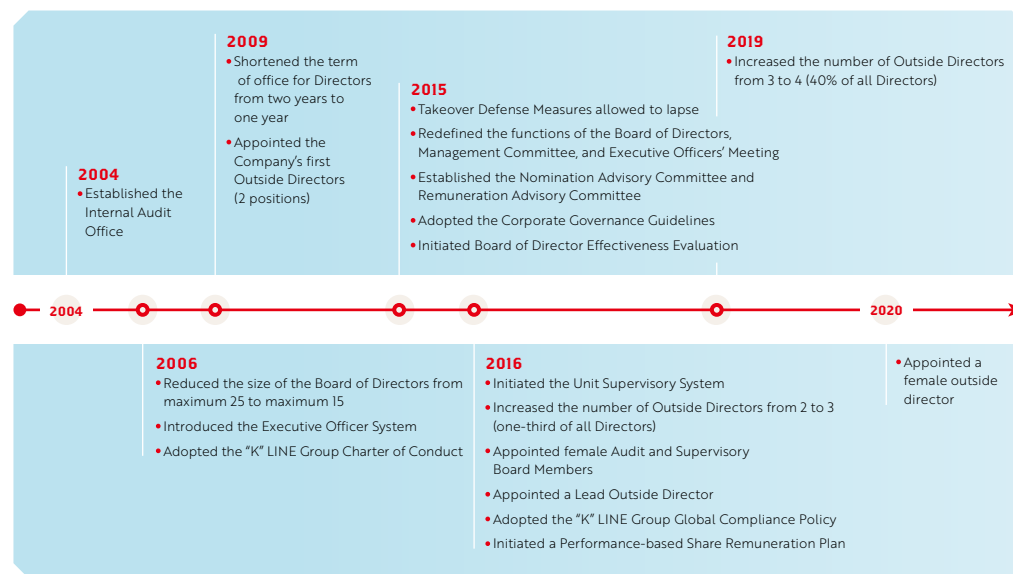
We have been very successful in establishing an excellent relationship with our labor union, and we are jointly seeking an opportunity to realize a better working environment and measures that enable "Work-Life Balance."

Primary Systems	Outline of our systems	Legal standard	Number of users in FY2020		
			Males	Females	Total
Health care during pregnancy	Reduced hours granted during pregnancy	Same as at left	—	0	0
	Hospital visits granted during work hours	Same as at left	—	1	1
Maternity leave	Granted from eight weeks prior to the expected date of birth	Granted from six weeks prior to the expected date of birth	—	11	11
	Maternity allowance granted during the period of eight to six weeks prior to birth	No established standards	—	11	11
Childcare leave	Granted until the child turns three years old	Granted until the child turns one year and six months	0	20	20
Childcare leave for Fathers	Granted for from five working days up to 10 working days	No established standards	2	—	2
Leave for advanced infertility treatment	Granted for up to 18 months	No established standards	0	0	0
Nursing care leave	Granted for up to two 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 his/her family. (Up to ¥2,000,000)	1	1	2
	Reduced working hours program	Granted until the child completes the third grade of elementary school	0	21	21
Flexible working hours	Introduced by various divisions with a core time of 11 a.m. to 3 p.m.	Depends on the labor-management agreement	—	—	—
Refreshment leave	Available in the 11th year at the company (seven consecutive days)	No established standards	6	0	6
	Available in the 21st year at the company (ten consecutive days)	No established standards	2	2	4
Administrative leave for accompanying on spouse's overseas/domestic assignment	Granted for two years for overseas assignment or one year in domestic assignment	No established standards	0	4	4

### Corporate Governance Structure



### Corporate Governance Reform



### Officer Remuneration System

Classification	Type of remuneration	Nature of remuneration	Method of determination	Maximum limit of remuneration
Director	1. Monthly remuneration	Fixed remuneration	Remuneration is determined in accordance with position and performance rating.	Within ¥600 million / year
	2. Bonuses based on consolidated performance*	Variable remuneration	Linked to the degree of achievement of consolidated performance targets in single fiscal years	
	3. Performance-based share remuneration (BBT = Board Benefit Trust)*		Linked to the Company's medium- to long-term total shareholders return TSR  TSR = The rate of increase of the Company's shares over a fixed period + The dividend rate over the fixed period (Total dividend ÷ Initial share price)	
Audit & Supervisory Board Member	Monthly remuneration only	Fixed remuneration	Determined following deliberation among Audit & Supervisory Board Members	Within ¥12 million / month

\* Limited to Executive Directors

### Training for Officers

Attending Officers	Timing of implementation	Content
Newly appointed Officers	Within three months of taking office	Providing opportunities to attend seminars on legal responsibilities pertaining to the Companies Act and the Financial Instruments and Exchange Act, etc.
All Officers	Yearly	Training related to compliance in such areas as competition law, insider trading regulations, and anti-bribery
Outside Directors / Outside Audit & Supervisory Board Members	Upon appointment	Explanations about the Group's business, financial, and organizational status, as well as the management status, operating environment, and business issues from heads of relevant divisions or Executive Officers in charge

### Unit Supervisory System

- Clarified system for business execution responsibility
- Delegated authority to Unit Supervising Executive Officers
- Strengthened the supervisory function of the Board of Directors

**Improved business execution efficiency**

### Nomination Advisory Committee, Remuneration Advisory Committee

As a company structured with an Audit & Supervisory Board, "K" LINE voluntarily established the Nomination Advisory Committee and Remuneration Advisory Committee to enhance the function of the Board of Directors. The committees are composed of Independent Outside Directors, the Chairman, and the President & CEO. The Independent Outside Directors on each committee nominate and select an Independent Outside Director to serve as their committee chairperson.

### Cross-Shareholding Policies

- The Board of Directors will evaluate cross-shareholdings of listed securities from an objective and independent standpoint at least once a year. These evaluations will examine the purpose and medium- to long-term economic rationality of individual holdings to determine whether holdings should be continued.
- Sale of cross-shareholdings will be considered when evaluations of economic rationality determine that the returns gained through the holdings in a given fiscal year have fallen below the cost of capital.
- Each year, the Board of Directors will discuss the potential sale of cross-shareholdings that become applicable under the aforementioned standard in order to determine which holdings are to be sold.
- The Company decreased the number of stocks in its portfolio of cross-shareholdings to three stocks as of March 31, 2021, from 23 stocks on March 31, 2015.



## Governance Data

Item	Breakdown	Unit	Fiscal year		
			FY2018	FY2019	FY2020
Board of Directors	Number of directors	Persons	9	10	10
	Male	Persons	9	10	9
	Female	Persons	0	0	1
	Ratio of females	%	0	0	10
	Number of outside directors (Number of Independent Outside Directors)	Persons	3 (3)	4 (3)	4 (3)
	Ratio of outside directors	%	33	40	40
	Number of meetings held	Times	14	14	18
	Average attendance ratio	%	97.1	98.9	99.6
Audit & Supervisory Board	Number of members	Persons	3	4	4
	Male	Persons	2	2	3
	Female	Persons	1	2	1
	Ratio of females	%	33	50	25
	Number of outside members	Persons	2	2	2
	Ratio of outside members	%	66	50	50
	Number of meetings held	Times	15	14	16
Nomination Advisory Committee <sup>*1</sup>	Number of members	Persons	5	5	4
	Number of outside members	Persons	3	3	3
	Ratio of outside members	%	60	60	75
	Number of meetings held	Times	10	13	7
Remuneration Advisory Committee <sup>*1</sup>	Number of members	Persons	5	5	4
	Number of outside members	Persons	3	3	3
	Ratio of outside members	%	60	60	75
	Number of meetings held	Times	10	6	4
Remuneration	Total remuneration paid to Directors (number of payees <sup>*2</sup> )	¥ millions	299 (11)	312 (12)	319 (12)
	Total remuneration paid to Audit & Supervisory Board members (number of payees <sup>*2</sup> )	¥ millions	49 (3)	73 (6)	84 (5)

\*1 These advisory committees were established in November 2015.

\*2 Includes those who retired during the year (Ordinary General Meeting of Shareholders).

## "K" LINE's ESG and Sustainability Disclosure

Please refer to the documents below for detailed information on our ESG and sustainability initiatives.

**"K" LINE REPORT**

<https://www.kline.co.jp/en/ir/library/report.html>

**ESG DATA BOOK**

<https://www.kline.co.jp/ja/csr/esg.html>

**"K" LINE Environmental Vision 2050**

<https://www.kline.co.jp/en/csr/environment/management.html>




**"K" LINE SUSTAINABILITY BOOKLET**

<https://www.kline.co.jp/en/csr/group/booklet.html>






External Recognition

"K" LINE has been selected as a constituent in prominent socially responsible investment (SRI) indices and recognized with various awards worldwide for its CSR, ESG, and other non-financial related initiatives.

Selection for SRI and ESG Indices

 <p>Member of <b>Dow Jones Sustainability Indices</b> Powered by the S&amp;P Global CSA.</p>	<ul style="list-style-type: none"> <li>• <b>Dow Jones Sustainability Asia/Pacific Index</b></li> </ul> <p>The Dow Jones Sustainability Asia/Pacific Index, an ESG investment index published by S&amp;P Dow Jones Indices of the U.S., recognizes the sustainability initiatives of major corporations around the world regarding the economy, the environment, and society.</p> <p><a href="https://www.spglobal.com/esg/csa/indices/djsi-index-family">https://www.spglobal.com/esg/csa/indices/djsi-index-family</a></p>
 <p><b>FTSE Blossom Japan</b></p>	<ul style="list-style-type: none"> <li>• <b>FTSE Blossom Japan Index</b></li> </ul> <p>The FTSE Blossom Japan Index, published by global index provider FTSE Russell, assesses the performance of Japanese companies demonstrating outstanding commitment to the environment, society, and governance (ESG). This index is widely used as a tool for the creation and evaluation of sustainable investment funds and other financial products.</p> <p><a href="https://www.ftserussell.com/products/indices/blossom-japan">https://www.ftserussell.com/products/indices/blossom-japan</a></p>
<p>2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)</p>	<ul style="list-style-type: none"> <li>• <b>MSCI Japan Empowering Women Index (WIN)</b></li> </ul> <p>The MSCI Japan Empowering Women Index (WIN), a stock price index developed by Morgan Stanley Capital International (MSCI) of the U.S., comprises Japanese companies demonstrating exceptional commitment to gender diversity that are selected based on MSCI's exclusive gender diversity scores.</p> <p><a href="https://www.msci.com/our-solutions/indices/japan-empowering-women-index">https://www.msci.com/our-solutions/indices/japan-empowering-women-index</a></p> <p>Note: The inclusion of "K" LINE in this index and its use of MSCI's logo, trademark, service mark, or index name does not imply the support, endorsement, or promotion of "K" LINE by MSCI or its affiliated companies in any way. This index is an exclusive property of MSCI and the names and logos of MSCI and its index are a trademark and service mark of MSCI and its affiliated companies.</p>
 <p><b>S&amp;P/JPX Carbon Efficient Index</b></p>	<ul style="list-style-type: none"> <li>• <b>S&amp;P/JPX Carbon Efficient Index</b></li> </ul> <p>The S&amp;P/JPX Carbon Efficient Index, an index focused on the environment (E) element of ESG indices selected by the Government Pension Investment Fund (GPIF), assesses the standard of environmental information disclosure and carbon efficiency (carbon emissions per unit of revenue) and determines the constituent weighting of each company.</p> <p><a href="https://www.jpx.co.jp/english/markets/indices/carbon-efficient/index.html">https://www.jpx.co.jp/english/markets/indices/carbon-efficient/index.html</a></p>

Major Awards and Evaluations

	<ul style="list-style-type: none"> <li>• <b>Selection for CDP Climate Change A List for the Sixth Consecutive Year</b></li> </ul> <p>For the sixth consecutive year, "K" LINE was selected for the CDP Climate Change A List, the highest accreditation awarded to companies for their leading efforts at a global level in climate change response. The CDP is a non-governmental organization that promotes the disclosure of climate change information, measures to reduce GHG emissions, and other initiatives aimed at realizing sustainable economies worldwide.</p> <p>Due to more stringent evaluation standards, companies selected for the CDP Climate Change A List decreased from 280 companies in 2020 to 200 companies in 2021, of which 55 were Japanese companies.</p> <p>Also, we recognized as "Supplier Engagement Leaderboard" for four consecutive years, the top rating, on "Supplier Engagement Rating".</p> <p><a href="https://www.cdp.net/en/companies/companies-scores">https://www.cdp.net/en/companies/companies-scores</a></p>
	<p>Awarded ★4.0 in the Nikkei SDGs Management Survey</p> <p><a href="https://www.nikkei-r.co.jp/service/survey/sdgs_survey/">https://www.nikkei-r.co.jp/service/survey/sdgs_survey/</a> (Japanese Only)</p>
	<p>Acquired next-generation certification mark Kurumin in 2020 for the second time in recognition of our efforts to support childcare</p> <p><a href="https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/kodomo/shokuba_kosodate/kurumin/index.html">https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/kodomo/shokuba_kosodate/kurumin/index.html</a> (Japanese Only)</p>
	<p>Received Excellence Award for four consecutive years at the 2021 Internet IR Awards</p> <p><a href="https://www.daiwair.co.jp/news/internet_IR2021.html">https://www.daiwair.co.jp/news/internet_IR2021.html</a> (Japanese Only)</p>
	<p>Received a Bronze rating from EcoVadis, an internationally recognized rating agency based in France, for a supply chain sustainability assessment held in 2021</p> <p><a href="https://ecovadis.com">https://ecovadis.com</a></p>