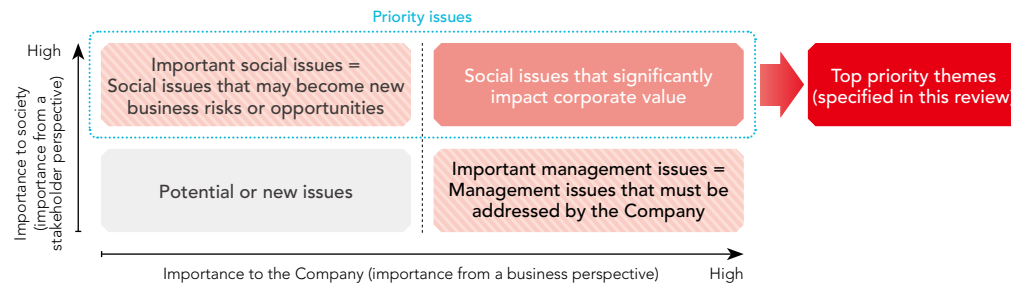


Process to Identify Materiality

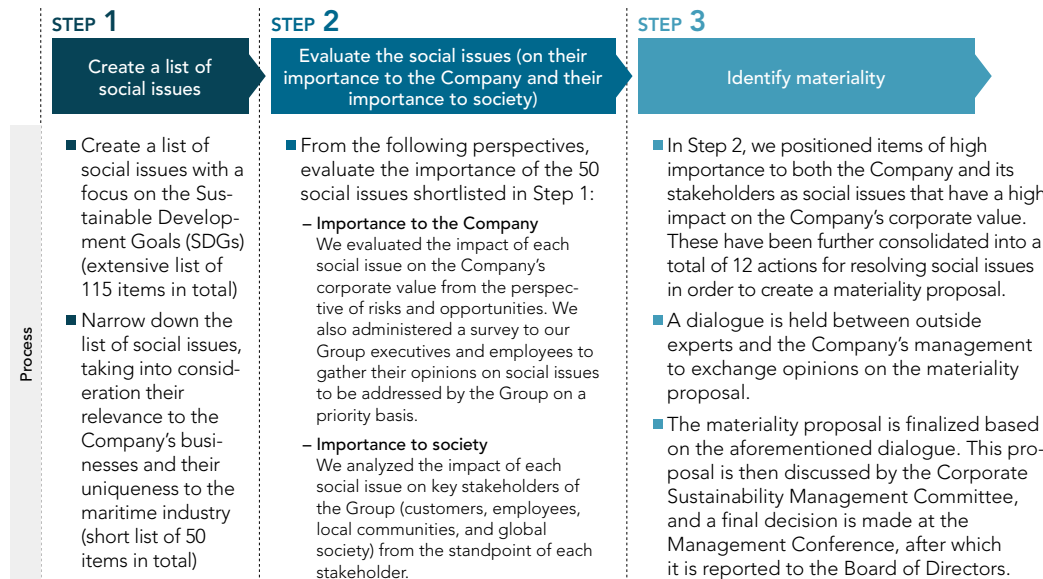
Background

In fiscal 2022, the "K" LINE Group reviewed its materiality and identified 12 new material issues across five areas. 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 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

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

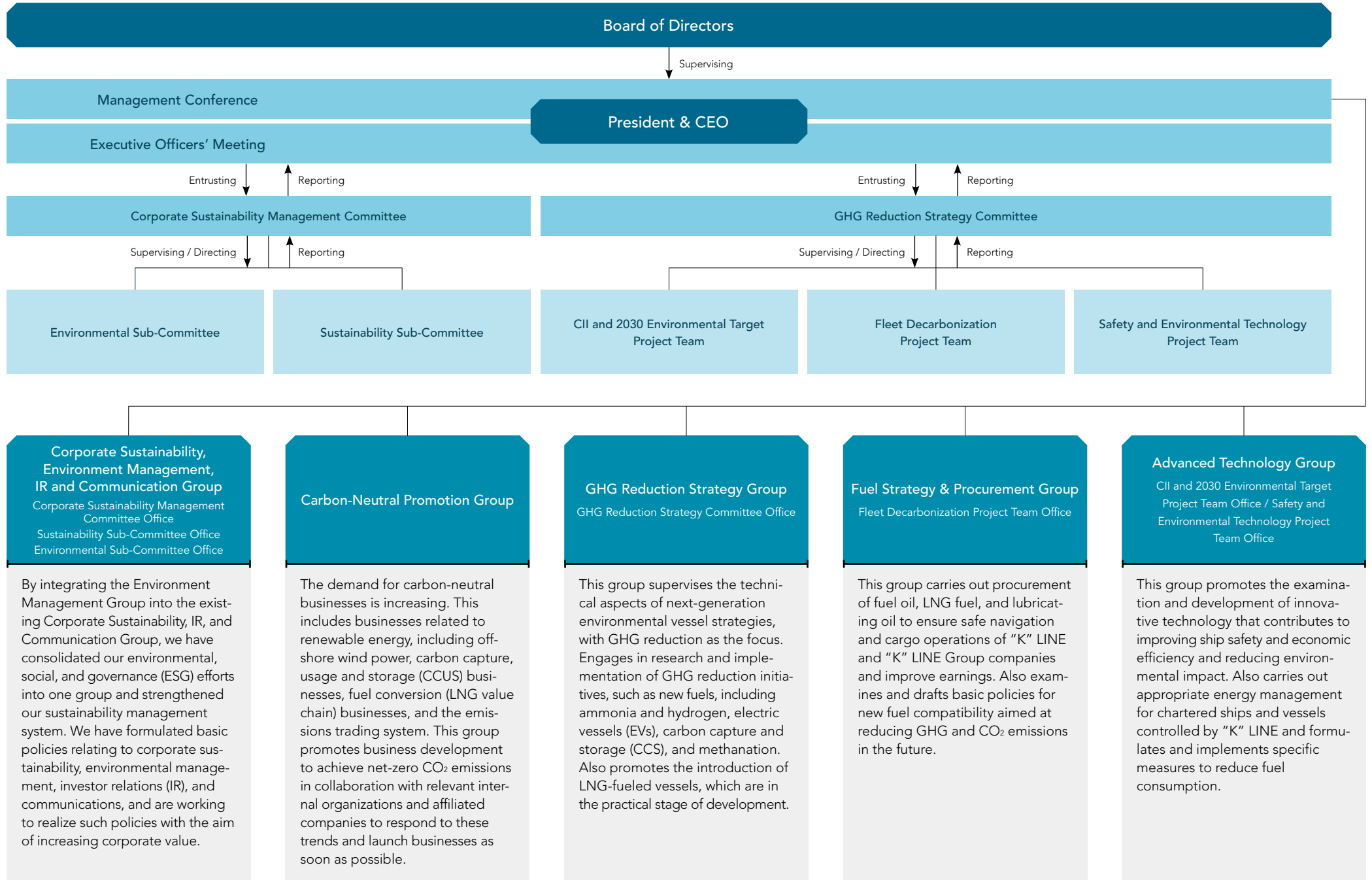


Material Issues and Related SDGs

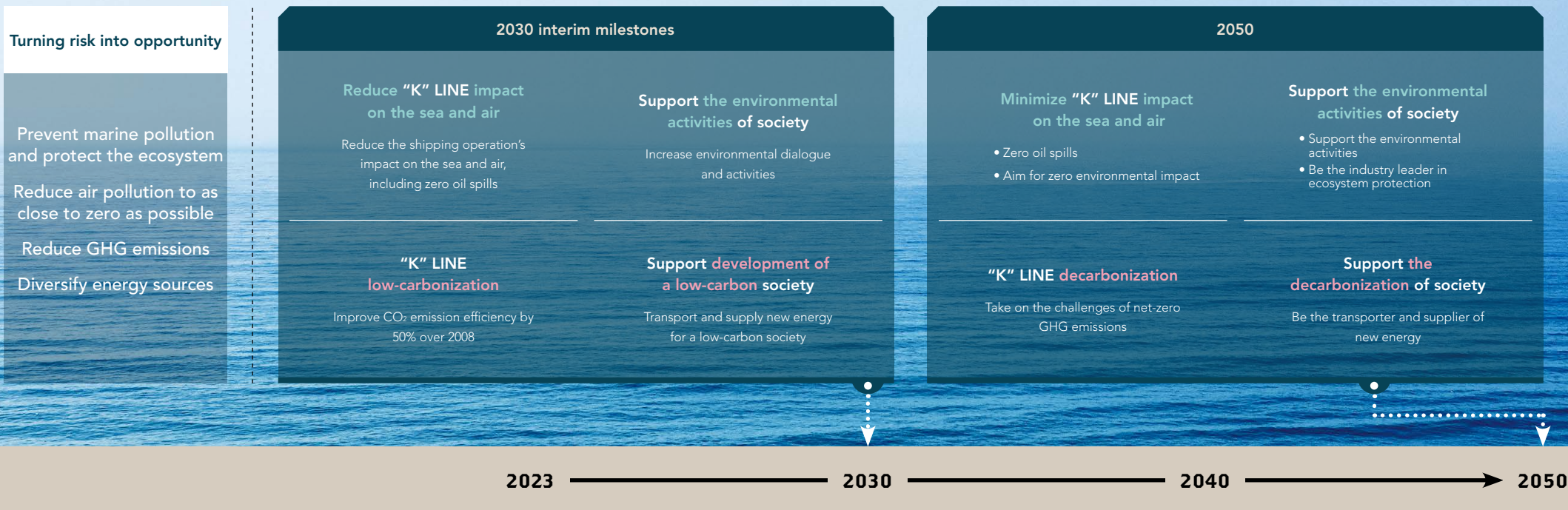
These 12 material issues have been categorized into five areas, including safety / ship quality management, advancement of environmental technologies, digital transformation, and human resources—the four pillars of our functional strategy for a solid business foundation to realize the business strategies 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 ESG Data Book.*

* [https://www.kline.co.jp/en/sustainability/esg_data/main/014/teaseritems2/0/link/ESG_DATA_BOOK_2022_\(EN\)_for_Browsing.pdf](https://www.kline.co.jp/en/sustainability/esg_data/main/014/teaseritems2/0/link/ESG_DATA_BOOK_2022_(EN)_for_Browsing.pdf)

Category	Material Issues (Actions for resolving social issues)	Related SDGs
Management base	Respect for human rights	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES
	Reinforcement of corporate governance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS
	Promotion and reinforcement of compliance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Safety/ Ship quality management	Promotion of safety in navigation and cargo operations	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION, 14 LIFE BELOW WATER
Advancement of environmental technologies	"K" LINE low-carbon and carbon-free transition	7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 17 PARTNERSHIPS FOR THE GOALS
	Supporting the development of a low-carbon and carbon-free society	7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 13 CLIMATE ACTION, 17 PARTNERSHIPS FOR THE GOALS
	Reducing "K" LINE's impact on the sea and air to zero	3 GOOD HEALTH AND WELL-BEING, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND, 17 PARTNERSHIPS FOR THE GOALS
	Promotion of innovation	7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND, 17 PARTNERSHIPS FOR THE GOALS
Digital transformation	Reinforcement of response to digital transformation (DX)	7 AFFORDABLE AND CLEAN ENERGY, 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND, 17 PARTNERSHIPS FOR THE GOALS
Human resources	Diversity & inclusion	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES
	Shaping of working environment and promotion of health management	3 GOOD HEALTH AND WELL-BEING, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES
	The securing and development of human resources	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH



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



Action Plan Road Map

Category	Item	2023	2030	2040	2050
"K" LINE decarbonization	LNG / LPG-fueled carriers	Operation / Expansion			
	Zero-emission vessels	R&D	Operation / Expansion		
	Seawing / Wind power propulsion	R&D	Operation / Expansion		
	Improvement of operational efficiency	Increasing			
Support the decarbonization of society	Support for renewable energy generation businesses / Transportation of new fuels / CO ₂ transportation / etc.				Expansion

Environmental Regulatory Trends in International Shipping

Key Environmental Issues

1. Marine pollution measures

(1) Regulations on oil or noxious liquid substances (International Convention for the Prevention of Pollution from Ships [MARPOL] Annex I and II)

- Adopted MARPOL in the wake of incidents such as large-scale oil spills
- Following this, reinforced regulations in the wake of serious tanker accidents (such as a shift to double hulls)

(2) Regulations on waste (MARPOL Annex V)

- From January 1, 2013, disposal of waste from vessels is prohibited in principle (a shift from the blacklist system to the whitelist system).

2. Air pollution measures

(1) Regulations on NOx and SOx (MARPOL Annex VI)

- Adopted MARPOL due to concerns about the adverse impact on human bodies and the effects of acid rain due to emissions of nitrogen oxide (NOx) and sulphur oxide (SOx) from vessels

(2) Reduction of GHGs (global warming measures) (MARPOL Annex VI)

- International Maritime Organization (IMO) excluded from UNFCCC Paris Agreement Deliberations by the IMO
- 2013: Introduction of new regulations for shipbuilding fuel consumption (Energy Efficient Design Index) (continues to be reinforced)
- 2018: Adoption of long-term reduction targets (GHG Reduction Strategy)
- 2019: Launch of a system for reporting performance for fuel consumption of all vessels (Data Collection System)
- 2023: Launch of regulations for fuel efficiency (Energy Efficient eXisting ship Index) and rating for fuel efficiency performance
- Now: Deliberating issues including creation of a new international fund and economic methods (market-based measures)

3. Aquatic life measures

(1) Regulations for ballast water (Ballast Water Management Convention)

- The Ballast Water Management Convention came into effect in 2017 as a measure against ecosystem disruption caused by living creatures that cross borders in ballast water.

(2) Regulations for marine life attached to the bodies of vessels

- Formulated guidelines in 2011 for the issue of ecosystem disruption caused by living creatures that cross borders attached to the bodies of vessels; currently deliberating new measures

(3) Regulations for ship-bottom paints (AFS Convention)

- Have prohibited the use of organotin; also considering additional regulations for controlled substances (cybutryne)

(4) Underwater noise

- Currently deliberating issues including the impact of noise from vessels on whales and other marine life

4. Ship recycling measures

- Adopted the Ship Recycling Convention in 2009, after poor working environment issues during dismantling became apparent
- Working on the dissemination of the list of hazardous substances on board vessels and securing of safe and environmentally sound recycling facilities

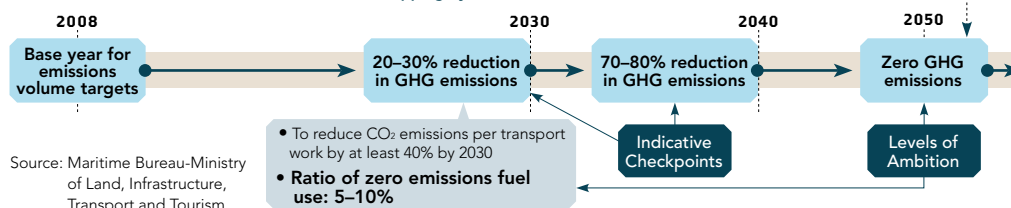
Basic Response Measures

- Naturally obligated to actively engage in marine environment conservation as a major shipping and shipbuilding country
- Conversely, another important perspective is ensuring environmental regulations and stable transportation systems, and securing their appropriate balance with industrial growth
- Furthermore, we aim to achieve both environmental conservation and strengthening of competitiveness of Japan's maritime industry through advanced international rule-making for leading technology possessed by Japan's maritime industry

Source: Japan Maritime Public Relations Center, "Shipping Now 2023-2024"

Targets of the GHG Reduction Strategy of the International Maritime Organization (IMO)

In July 2023, member states of IMO have adopted the revised strategy to reduce GHG emissions from international shipping, which includes an enhanced common ambition to reach net-zero GHG emissions from international shipping by or around 2050.



Source: Maritime Bureau-Ministry of Land, Infrastructure, Transport and Tourism

		FY2020	FY2021	FY2022	
CO ₂ emissions of the "K" LINE Group*1	Scope 1	9,202,613	6,583,464	6,649,847	
	Scope 2	Location basis	25,191	13,769	11,556
		Market basis	21,780	13,515	10,472
Scope 3	1,219,525	4,566,051	4,506,111		
Environmental data for "K" LINE's vessels*2	Fuel oil consumption (tons)	2,809,074	1,980,630	1,923,950	
	CO ₂ emissions (tons)	8,761,756	6,174,863	5,997,064	
	SOx emissions (tons)	35,983	30,166	29,272	
	NOx emissions (tons)	181,429	117,864	118,264	
Environmental data per transportation unit for "K" LINE's vessels*2	Input of energy	Fuel oil (g / ton-mile)	1.39	1.31	1.34
		Lub. oil (g / ton-mile)	0.012	0.012	0.012
	Volume of CO ₂ emissions (gram-CO ₂ / ton-mile)	4.49	4.10	4.20	
	Volume of SOx emissions (gram-SOx / ton-mile)	0.022	0.020	0.020	
	Volume of NOx emissions (gram-NOx / ton-mile)	0.089	0.078	0.082	
Other environmental data for "K" LINE's vessels	Waste generation, etc. (all types of vessels)	Bilge (m ³ / ship-month)	4.02	4.04	4.72
		Sludge (m ³ / ship-month)	4.0	2.0	2.2
	Gray water from "K" LINE vessels (owned ships) (MT)	Garbage on board (m ³ / ship-month)	3.5	5.4	3.7
		All types of vessels (owned ships)	64,421.6	74,929.9	88,450.9
Environmental data for offices	Annual consumption	Electricity (kWh)	736,212	708,811	907,221
		Office paper (sheets)	2,178,527	2,157,950	2,073,834
	Annual consumption per person	Water (m ³)	318	313	403
		Electricity (kWh)	836	793	823
		Office paper (sheets)	2,473	2,414	1,882
Water (m ³)	0.50	0.48	0.58		
Total quantity of recycle	Ship recycle (tons)	All types of vessels	114,055	0	21,695
Waste (tons)	All offices	571	420	570	
	All vessels	6,361	5,192	6,858	
Environmental data for the "K" LINE Group	Energy water (m ³)	96,018	117,999	86,780	
	Number of companies covered	(19 domestic, 37 overseas)	(18 domestic, 29 overseas)	(17 domestic, 29 overseas)	

Note: The data covers "K" LINE's consolidated subsidiaries, and almost 100% of consolidated operating revenues are covered.
 *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 in Scope 3.
 *2 The scope of aggregation has been revised from 2021. Vessels not under our operations are excluded.

Environment-Related Investment

The Introduction of Internal Carbon Pricing (ICP)

To promote low-carbon investment, we have been applying ICP (Internal Carbon Pricing). When evaluating investment, we take reduction of CO₂ into account with the assumption that reduction of 1 ton of CO₂ would contribute to revenue / profitability by ¥14,000.

AXIS RIVER, a NEW Dual-Fuel LPG/Ammonia Carrier Is Delivered

AXIS RIVER, a NEW dual-fuel LPG/ammonia carrier for GYXIS is equipped with a heavy oil-LPG dual fuel system. It is a next-generation, eco-friendly vessel that is expected to reduce GHG and air pollutant emissions. In addition, it is designed to transport liquefied ammonia, demand for which will grow as the world moves toward decarbonization.

AXIS RIVER, a NEW dual-fuel LPG/ammonia carrier



Joint Approval in Principle (AIP) for New Concept Design of Ammonia Fueled Bulk Carrier

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. have obtained an Approval in Principle (AIP) from Classification Society, Nippon Kaiji Kyokai (Class NK) 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 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 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.

Image of Ammonia Fueled Bulk Carrier



Seawing Automated Kite System to be Installed on Total of Five Vessels, Including CORONA CITRUS, a Coal Carrier for Electric Power Development Co., Ltd.

Seawing Automated Kite System is to be installed on a total of five vessels, including CORONA CITRUS, a coal carrier for Electric Power Development Co., Ltd. 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.

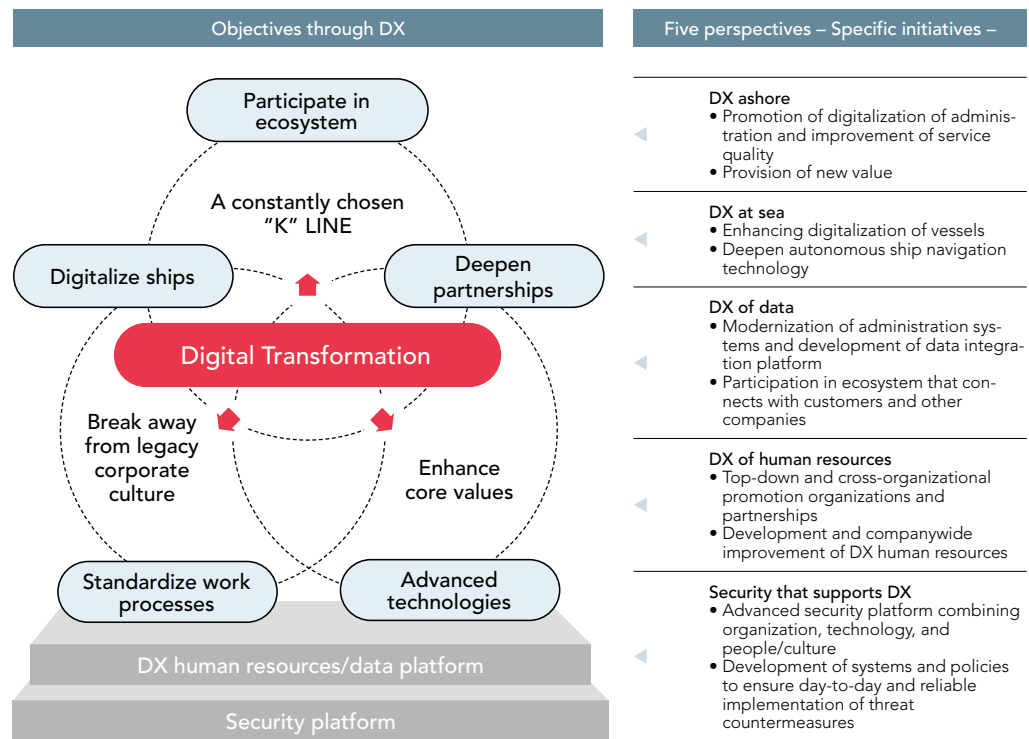
Image of Seawing on CORONA CITRUS



For Environment-Related Investment, please see page 12.

Strengthening Our Approach to DX

In its 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 a part of our functional strategy to achieve these goals. Under our DX Strategy 2023 unveiled in December 2022, 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.



	STAGE 1	STAGE 2	STAGE 3
DX ashore	Digitalization of administrative processes	Improvement and homogenization of service quality	Creation of new value
DX at sea	Digitalization of vessels	Establishment of DX at sea	Enhancing the system
DX of data	IT modernization / Development of data integration platform	External data collaboration / Data-driven decision-making	Participation in cross-organizational ecosystem

Please see the link for DX strategy https://www.kline.co.jp/en/sustainability/dx_strategy.html

Safety in Navigation and Cargo Operations Based on the "Power of People"

The "K" LINE Group augments its people-driven structure for ensuring safety in navigation and cargo operations by maintaining and upgrading its systems and infrastructure with cutting-edge and digital technologies.



Maritime Technical Personnel Support System to Facilitate Customer-Centric Services

While reinforcing Groupwide functions, the "K" LINE Group has built a global customer-centric sales support system and is strengthening its maritime technical personnel support system at business locations.



Securing and Developing Maritime Technical Personnel with Eye to Future Needs

With an eye on the future, the "K" LINE Group secures and develops diverse human resources who are able to use new environmental technologies and operate new fuel vessels.



Ship Management Reinforced by Offshore-Onshore Collaboration

In ship management, the "K" LINE Group is promoting management that is based on the type of ship and strengthening ship-shore collaboration, while improving the quality of global ship management.



Three-Region Global Monitoring Structure That Covers All Oceans

The "K" LINE Group has a three-region global monitoring structure that comprehensively covers all seas and oceans, allowing it to provide a 24-hour safety support for its own vessels sailing anywhere in the world as well as to respond to emergencies.

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 this way, Kawasaki Integrated Maritime Solutions supports the safe and economical operation of ships.

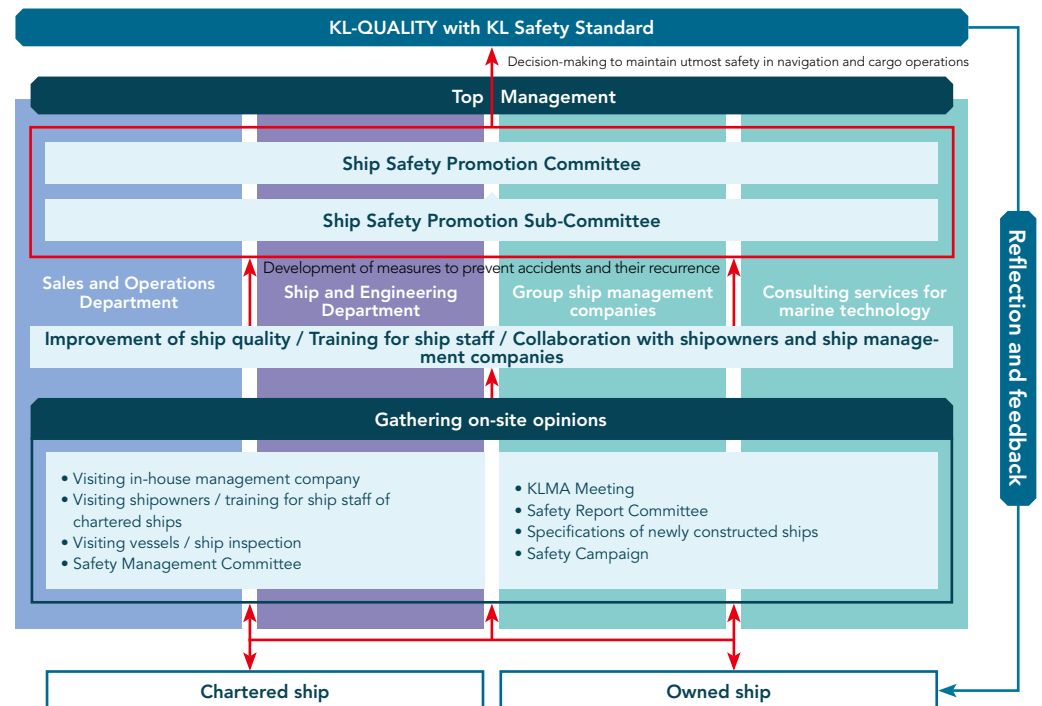
"K"-Assist Project

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 sentry 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 from 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

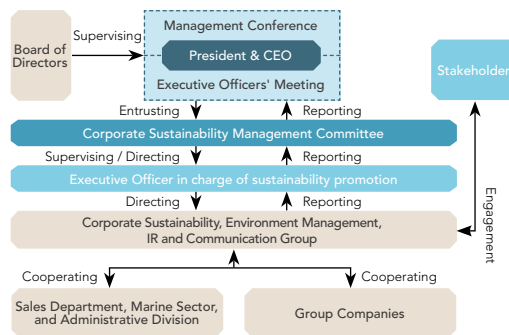
In recent years, data has been increasingly used to improve safety and quality, and internet connections are used to share vessel navigation data from ship to shore. It has also become necessary to upgrade ICT equipment and networks on ships as a result of improvements in satellite data transmission 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 (Class NK) since 2020. We continue efforts to enhance our ability to respond to cyber risks on ships.

Enhancing the Safety Management 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 direction of the executive officer responsible for promoting sustainability, the Corporate Sustainability, Environment Management, IR and Communication Group has become responsible for implementing human rights due diligence, including the drawing up of measures as well as analysis and assessment of human rights risks related to business activities of the "K" LINE Group.



Our Actions for Enabling Work-Life Balance

- We have been very successful in establishing an excellent relationship with our labor union, and we are jointly seeking opportunities to realize a better work environment and implement measures to enable work-life balance.
 - ▶ Teleworking system
 - ▶ Maternity leave and childcare leave
 - ▶ Flexible working hours
 - ▶ Leave for advanced infertility treatment
 - ▶ Reduced working hours program
- In addition to the above, we have introduced childcare leave for fathers, enabling them to take leave of up to 10 consecutive working days to care for their children.

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

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

Goal 2

Goal to balance work and family life

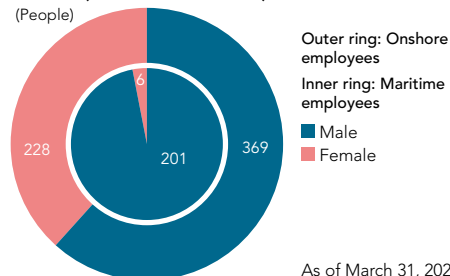
Limit the average monthly overtime working hours per employee to 40 hours or less

Goal 3

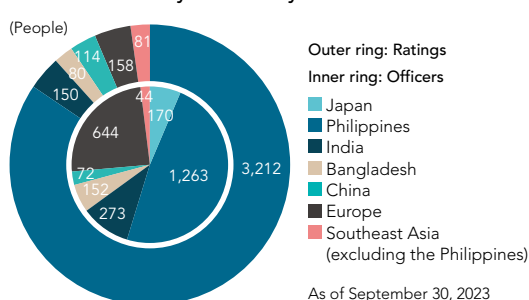
Goal set under the Act on Advancement of Measures to Support Raising Next-Generation Children

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

Onshore and Maritime Employees (Non-consolidated)



Crew Members by Nationality



Item	Unit	Fiscal year						
		FY2020		FY2021		FY2022		
		Onshore	Seafarer	Onshore	Seafarer	Onshore	Seafarer	
Number of employees	Male	Persons	370	200	372	204	369	201
	Female	Persons	195	4	213	5	228	6
	Subtotal	Persons	565	204	585	209	597	207
	Total	Persons	769		794		804	
	Female employment ratio	%	34.51	1.96	36.41	2.39	38.19	2.90
Employees in management positions	Male	Persons	120		128		126	
	Female	Persons	5		8		10	
	Female employment ratio	%	4.00		5.88		7.35	
General managers or higher	Male	Persons	33		31		27	
	Female	Persons	0		0		0	
	Female employment ratio	%	0.00		0.00		0.00	
Executives (including directors and officers)	Male	Persons	27		25		26	
	Female	Persons	2		2		2	
	Female employment ratio	%	6.90		7.41		7.14	
Percentage of employees with disabilities*1	%	1.82		2.09		1.71		
Number of occupational accidents*2	Cases	0	0	0	0	0	1	
Number of fatal occupational accidents	Cases	0	0	0	0	0	0	
Number of accidents requiring leave*3	Cases	0	0	0	0	0	0	
Labor union participation rate	%	78.60	75.80	76.20	75.80	75.90	74.90	

Notes: 1. These figures conform to the Act for Promotion of Employment of Persons with Disabilities. According to the act, a 90% exclusion rate applies to seafarers (excluding those on duty onshore).

2. Excludes accidents while commuting.

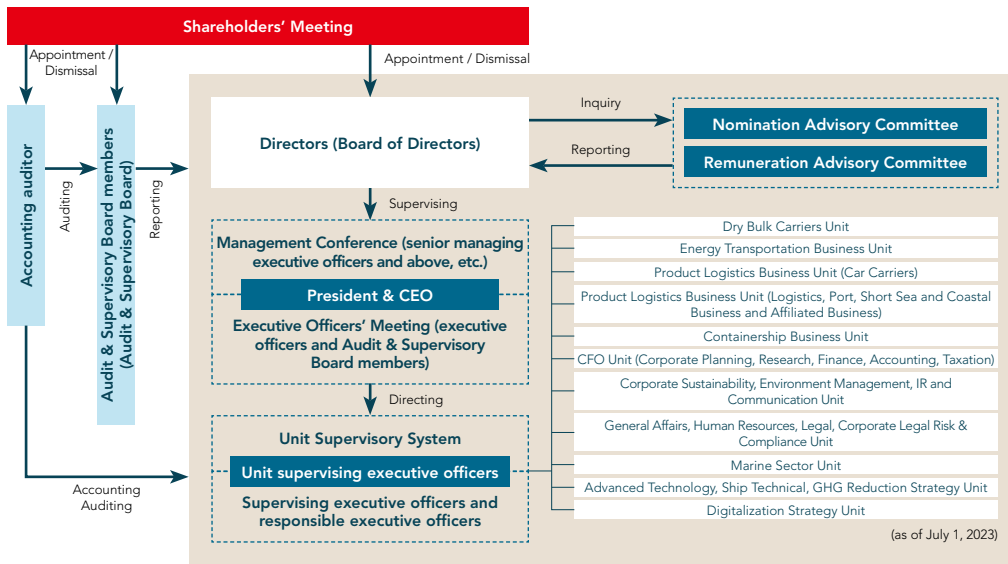
3. Number of injuries / illnesses, caused by occupational accidents, requiring one or more days of leave.

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 implement measures that enable work-life balance.

Primary systems	Outline of our systems	Legal standard	Number of users in FY2022		
			Male	Female	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	—	16	16
	Maternity allowance granted during the period of eight to six weeks prior to birth	No established standards	—	15	15
Childcare leave	Granted until the child turns three years old	Granted until the child turns one year and six months	13	11	24
Childcare leave for fathers	Granted from five working days up 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 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)	0	0	0
	Reduced working hours program	Granted until the child completes the third grade of elementary school	0	28	28
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 (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 spouse's overseas / domestic assignment	Granted for two years for overseas assignment or one year for domestic assignment	No established standards	0	4	4

Corporate Governance Structure



Officer Remuneration System

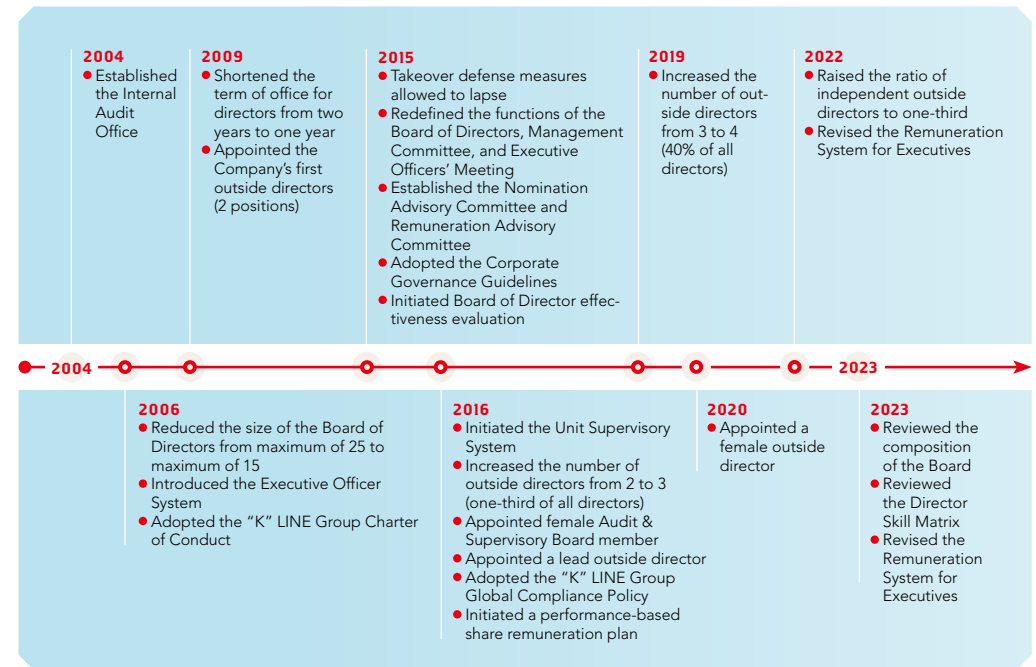
Classification	Type of remuneration	Nature of remuneration	Method of determination	Maximum limit of remuneration
Director	1. Monthly remuneration (monetary)	Fixed remuneration	Remuneration is determined in accordance with position.	Within ¥800 million / year (of which ¥111 million is for outside directors)
	2. Short-term performance-based remuneration (monetary)*1	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	Within ¥12 million / month

*1 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

Corporate Governance Reform



Skill Matrix

The Company's Board of Directors shall consist of a variety of individuals, including those with experience in managing corporations and other large organizations and those with expertise in the operational, technical, financial, and other aspects of the shipping industry.

	Expertise and experience							
	Corporate management and strategy	Legal and risk management	Finance and accounting	Human resource - Labor	Safety - Ship quality management	Advancement of environmental technologies	Global	Sales - Marketing
Yukikazu Myochin	●	●		●	●	●	●	●
Atsuo Asano	●			●	●	●	●	●
Yukio Toriyama	●	●	●	●	●		●	
Kazuhiko Harigai	●				●	●	●	●
Keiji Yamada		●		●	●	●	●	
Ryuhei Uchida	●		●				●	
Kozue Shiga		●		●			●	
Koji Kotaka		●	●				●	
Hiroyuki Maki	●		●	●		●	●	●

Unit Supervisory System

- Clarified the 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

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, necessity from the viewpoint of business activities, and economic rationality of individual holdings to determine whether holdings should be continued.
- The 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.
- As of March 31, 2023, the number of cross-shareholdings of listed shares was three.

"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/en/sustainability/esg_data.html#db



"K" LINE Environmental Vision 2050

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



"K" LINE SUSTAINABILITY BOOKLET

[https://www.kline.co.jp/en/sustainability/esg_data/main/013/teaserItems4/00/link/K_LINE_SUSTAINABILITY_BOOKLET_\(for_Browsing\).pdf](https://www.kline.co.jp/en/sustainability/esg_data/main/013/teaserItems4/00/link/K_LINE_SUSTAINABILITY_BOOKLET_(for_Browsing).pdf)

Nomination Advisory Committee, Remuneration Advisory Committee

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






Governance Data

Item	Breakdown	Unit	Fiscal year		
			FY2020	FY2021	FY2022
Board of Directors	Number of directors	Persons	10	10	9
	Male	Persons	9	9	8
	Female	Persons	1	1	1
	Ratio of females	%	10	10	11
	Number of outside directors (number of independent outside directors)	Persons	4 (3)	4 (3)	4 (3)
	Ratio of outside directors	%	40	40	44
	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
	Male	Persons	3	3	3
	Female	Persons	1	1	1
	Ratio of females	%	25	25	25
	Number of outside members	Persons	2	2	2
	Ratio of outside members	%	50	50	50
	Number of meetings held	Times	16	16	15
Nomination Advisory Committee	Number of members	Persons	4	4	4
	Number of outside members	Persons	3	3	3
	Ratio of outside members	%	75	75	75
	Number of meetings held	Times	7	8	14
Remuneration Advisory Committee	Number of members	Persons	4	4	4
	Number of outside members	Persons	3	3	3
	Ratio of outside members	%	75	75	75
	Number of meetings held	Times	4	6	9
Remuneration	Total remuneration paid to directors (number of payees*)	¥ millions	319 (12)	340 (10)	906 (10)
	Total remuneration paid to Audit & Supervisory Board members (number of payees*)	¥ millions	84 (5)	81 (5)	80 (4)

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




External Recognition

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 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 22nd September 2023, our company ranked in the 89th percentile in the Transportation industry in the S&P Global Corporate Sustainability Assessment. https://www.spglobal.com/esg/performance/indices/djsi-index-family
 FTSE4Good	<ul style="list-style-type: none"> • FTSE4Good Index 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. https://www.ftserussell.com/products/indices/ftse4good
 FTSE Blossom Japan Index	<ul style="list-style-type: none"> • FTSE Blossom Japan Index 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. https://www.ftserussell.com/products/indices/blossom-japan
 FTSE Blossom Japan Sector Relative Index	<ul style="list-style-type: none"> • FTSE Blossom Japan Sector Relative Index 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. https://www.ftserussell.com/products/indices/blossom-japan
<p>2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)</p>	<ul style="list-style-type: none"> • MSCI Japan Empowering Women Index (WIN) 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. https://www.msci.com/our-solutions/indices/japan-empowering-women-index <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>
 S&P/JPX Carbon Efficient Index	<ul style="list-style-type: none"> • S&P/JPX Carbon Efficient Index 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. https://www.jpjx.co.jp/english/markets/indices/carbon-efficient/index.html
<p>2023</p>  Sompo Sustainability Index	<ul style="list-style-type: none"> • Sompo Sustainability Index 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. https://www.sompo-am.co.jp/institutional/product/06/ (Japanese text only)

External Recognition

Major Awards and Recognition

	Contents
	<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. The results of the survey are used as a universal indicator to measure corporate value.</p> <p>https://www.cdp.net/en</p>
	<p>"K" LINE has been recognized for the fifth consecutive year as a Supplier Engagement Leader, the top rating on the Supplier Engagement Rating from 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>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. In 2023, "K" LINE received a rating of BBB in the MSCI ESG Ratings assessment.</p> <p>https://www.msci.com/our-solutions/esg-investing/esg-ratings</p> <p>* 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>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>https://www.sustainalytics.com/esg-ratings</p> <p>* 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 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>

	Contents
	<p>Nikkei Research Inc. evaluated "K" LINE with a 4.0-star rating.</p> <p>https://www.nikkei-r.co.jp/service/survey/sdgs_survey/ (Japanese text only)</p>
	<p>"K" LINE was granted Kurumin certification for the third time as a company that provides superior support for childcare.</p> <p>https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/kodomo/shokuba_kosodate/kurumin/index.html (Japanese text 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/kenkoukeiei_yuryouhouzin.html (Japanese text 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 (Japanese text only)</p> <p>https://www.kline.co.jp/ja/news/other/other-20220404.html (Japanese text 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>https://www.daiwair.co.jp/news/internet_IR2023.html (Japanese text 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>