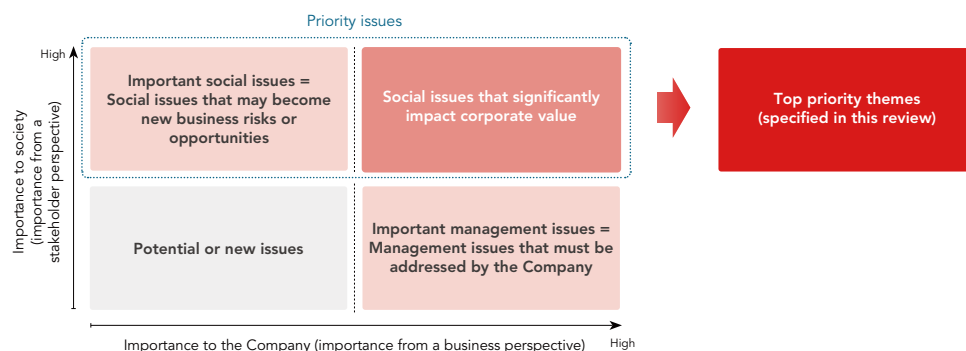


03. ESG / Sustainability | Management Strategy and Materiality

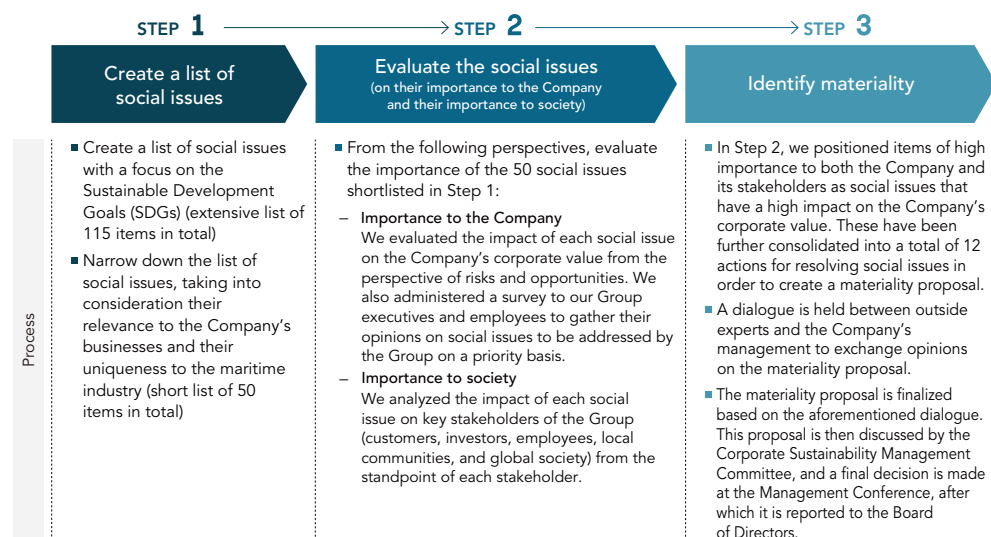
Process to Identify Materiality

Sustainability-related Risk Management

As a part of identifying, evaluating, and managing sustainability-related risks and opportunities, we review and re-assess Materiality as necessary. In our most recent review in fiscal 2022, we 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



Material Issues and Related SDGs

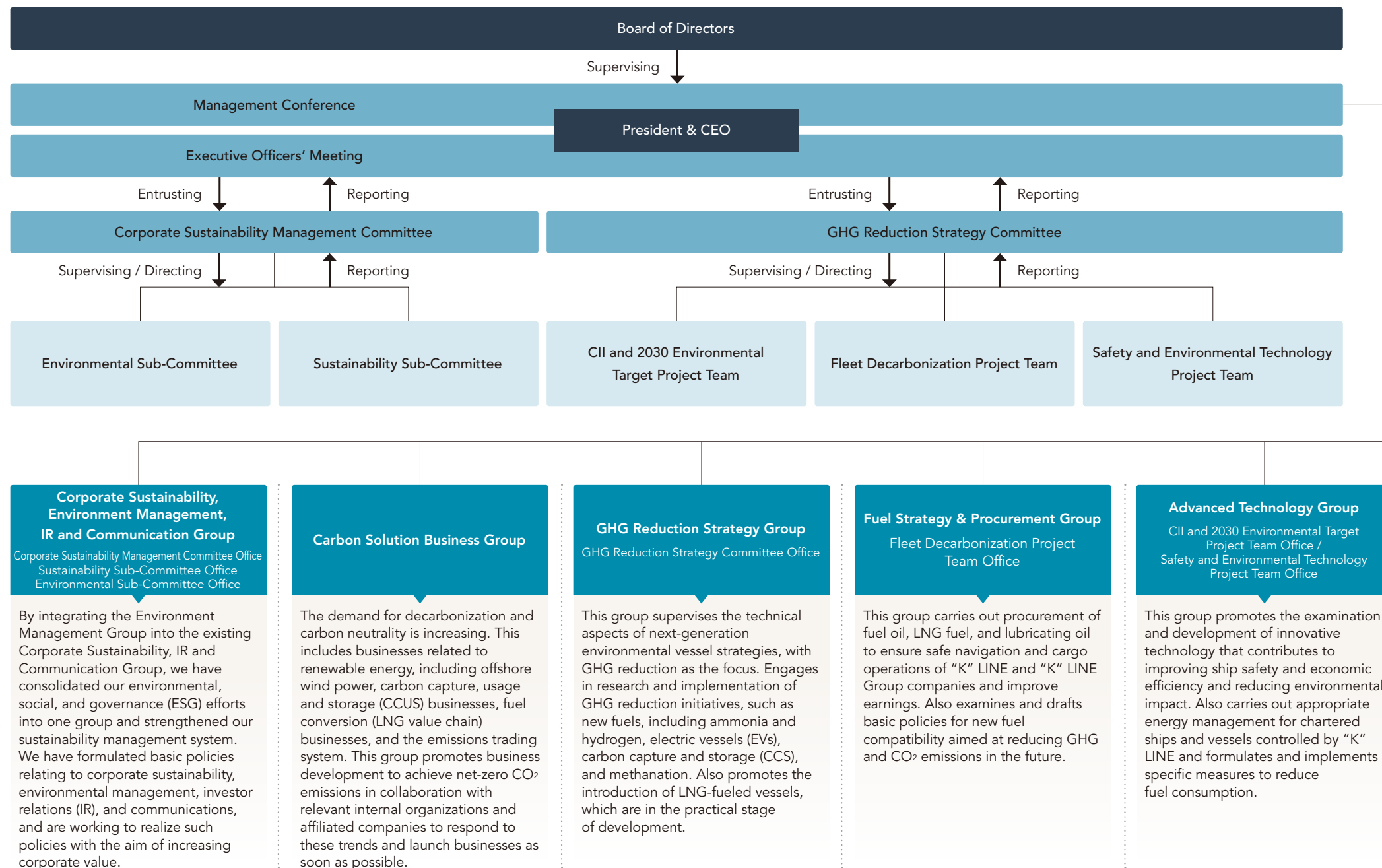
These 12 material issues have been categorized into five areas, including safety / ship quality management, advancement of environmental technologies, digital transformation, and human resources—the four pillars of our functional strategy for a solid business foundation to realize the business strategies 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/0112/teaseritems2/0/linkList/00/link/ESGDATABOOK2024_EN.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
	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
Human resources	The securing and development of human resources	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH

03. ESG / Sustainability | Sustainability Governance / Management Structure

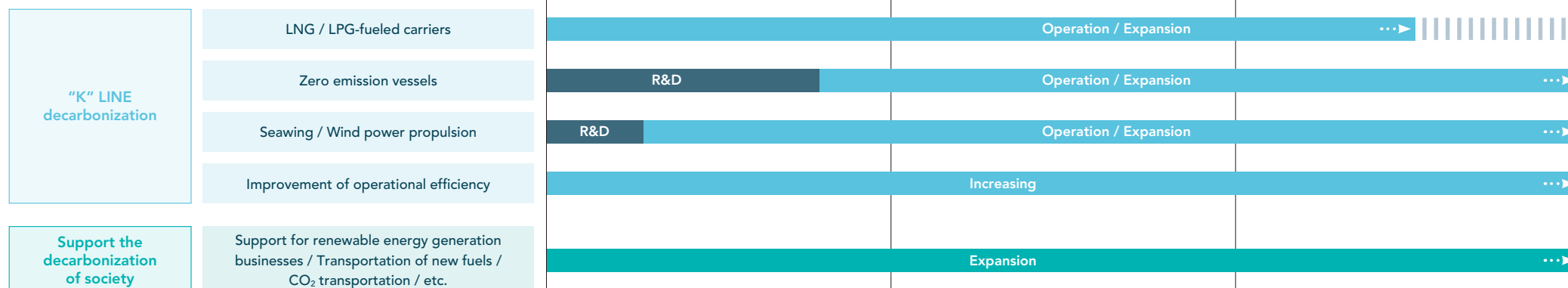


03. ESG / Sustainability | Environmental Vision

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



Action Plan Road Map



03. ESG / Sustainability | Environmental Regulation / Environmental Data

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 wastewater (MARPOL Annex IV)
 - Currently discussing regulations on facilities for wastewater generated on ships
- (3) 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 (IMO 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
 - 2023: Adoption of stronger reduction targets (2023 IMO GHG Reduction Strategy)
 - Currently deliberating new rules (technical methods, economic methods)
- (3) Black carbon
 - Currently considering measures for the issue of black carbon that has settled on top of Arctic ice and snow, accelerating thawing

4. Ship recycling measures

- Adopted the Ship Recycling Convention in 2009, after poor working environment issues during dismantling became apparent (Effective since June 2025)
- 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

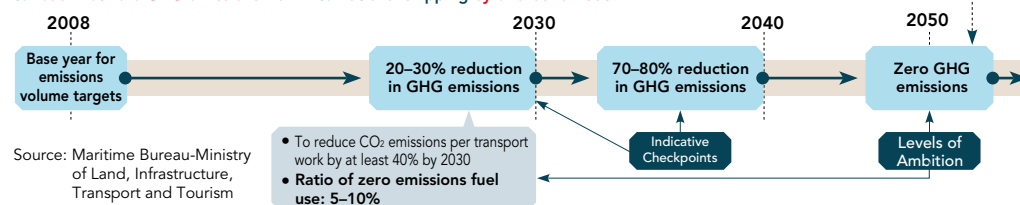
- Naturally obligated to actively engage in marine environment conservation as a major shipping and shipbuilding country
- Conversely, another important perspective is ensuring environmental regulations and stable transportation systems, and securing their appropriate balance with industrial growth
- 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 2024–2025"

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.

To reach net-zero GHG emissions by or around 2050



			FY2021	FY2022	FY2023
CO ₂ emissions of the "K" LINE Group ^{*1}	Scope 1 (tons)		6,583,464	6,649,847	6,550,995
	Scope 2 (tons)	Location basis	13,769	11,556	9,519
		Market basis	13,515	10,472	8,093
		Scope 3 (tons)		4,566,051	4,506,111
Environmental data for "K" LINE's vessels ^{*2}	Fuel oil consumption (tons)		1,980,630	1,923,950	1,897,864
	CO ₂ emissions (tons)		6,174,863	5,997,064	5,914,354
	SOx emissions (tons)		30,166	29,272	29,963
	NOx emissions (tons)		117,864	118,264	117,089
Environmental data per transportation unit for "K" LINE's vessels ^{*2}	Input of energy	Fuel oil (g / ton-mile)	1.31	1.34	1.29
		Lub. oil (g / ton-mile)	0.012	0.012	0.012
	Volume of CO ₂ emissions (gram-CO ₂ / ton-mile)	All types of vessels	4.10	4.20	4.04
	Volume of SOx emissions (gram-SOx / ton-mile)	All types of vessels	0.020	0.020	0.020
	Volume of NOx emissions (gram-NOx / ton-mile)	All types of vessels	0.078	0.082	0.080
Other environmental data for "K" LINE's vessels	Waste generation, etc. (all types of vessels)	Bilge (m ³ / ship-month)	4.04	4.72	5.93
		Sludge (m ³ / ship-month)	2.0	2.2	2.4
		Garbage on board (m ³ / ship-month)	5.4	3.7	4.5
	Gray water from "K" LINE vessels (owned ships) (MT)	All types of vessels (owned ships)	74,929.9	88,450.9	99,602.9
Environmental data for offices	Annual consumption	Electricity (kWh)	708,811	907,221	890,815
		Office paper (sheets)	2,157,950	2,073,834	2,182,418
		Water (m ³)	313	403	430
	Annual consumption per person	Electricity (kWh)	793	823	749
		Office paper (sheets)	2,414	1,882	1,836
		Water (m ³)	0.48	0.58	0.56
Total quantity of recycle	Ship recycle (tons)	All types of vessels	0	21,695	0
Waste (tons)	All offices		420	570	528
	All vessels		5,192	6,858	6,623
Environmental data for the "K" LINE Group	Energy water (m ³)		117,999	86,780	94,019
	Number of companies covered		(18 domestic, 29 overseas)	(17 domestic, 29 overseas)	(18 domestic, 33 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.

03. ESG / Sustainability | Environment-Related Investment / Digital Transformation (DX)

Environment-Related Investment

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 ¥380 billion by 2026 to establish competitive advantages while meeting needs for low-carbon and carbon-free operations.

Summary of low-carbon and carbon-free initiatives

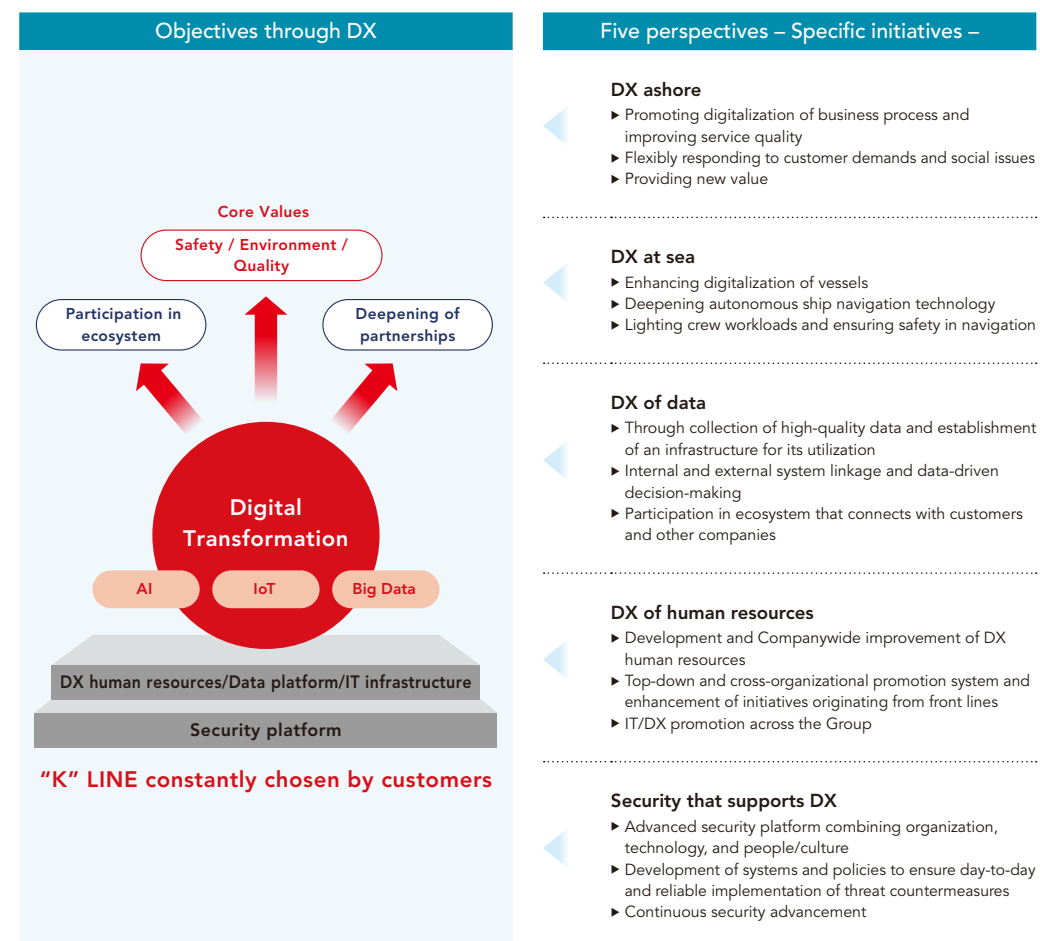
			Investment amount (2022–2026)	GHG emissions reduction effect	KPI for measuring progress
"K" LINE low-carbon and carbon-free transition	Fuel conversion (use of clean energy)	LNG- / LPG-fueled vessels	¥267.5 billion	20–30% reduction vs. previous vessels	Number of LNG- / LPG-fueled vessels
		Zero-emission vessels		Zero emission	Number of zero-emission vessels
	Environmentally friendly equipment (use of wind power, etc.)	Seawing, etc.	¥21.0 billion	Up to 20% reduction vs. previous vessels * This depends on the speed of the vessel, the route and season.	Number of ships with Seawing (~50 ships, 2030)
	Development and demonstration of environmental technology	Installation of K-IMS (operation efficiency)	¥5.5 billion	3–5% reduction vs. previous vessels	100% ^{*1} installation of K-IMS on owned / medium- to long-term chartered vessels
		Hybrid EV tugboats, etc.		–	–
Support the shift to low-carbon and carbon-free society	New business that promotes low-carbon achievement	Liquefied CO ₂ transport	¥72.0 billion	–	Consider based on business characteristics (three liquefied CO ₂ vessels are scheduled to begin operations as of January 2025)
		Support for wind power generation installations, etc.			
Other environmental investments	–	—	¥14.0 billion	–	–

*1. K-IMS will be installed as standard on newly built vessels, and has already been installed on vessels we own that are currently in operation. By the end of fiscal 2024, installation of K-IMS will be completed on all medium to long-term chartered vessels for which installation is planned (excluding short-term chartered vessels). To expand our fleet of vessels equipped with the system, we will continue, on an ad hoc basis, to add more ships to the list of vessels on which the system is to be installed.

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.

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. 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.



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

03. ESG / Sustainability | Safety in Navigation and Cargo Operations

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 offshore-onshore 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

K-Assist Project

The K-Assist Project is a technology development project related to automated ship operation. It covers three fields: support for sentry duty and ship navigation, support for safe berthing and unberthing, and support for engine plant operations.

The Advanced Safety Berthing / Unberthing Assistance System automatically detects any outside force applied to the hull when entering or leaving a port. Use of a ship motion model to predict ships'

future positions with high accuracy is expected to enable safer ship maneuvering in the future.

The amount of tensile force applied to mooring lines during berthing varies greatly based on cargo loading status, and in the past, it was not possible to attain a quantitative measurement of that tensile force while aboard the ship.

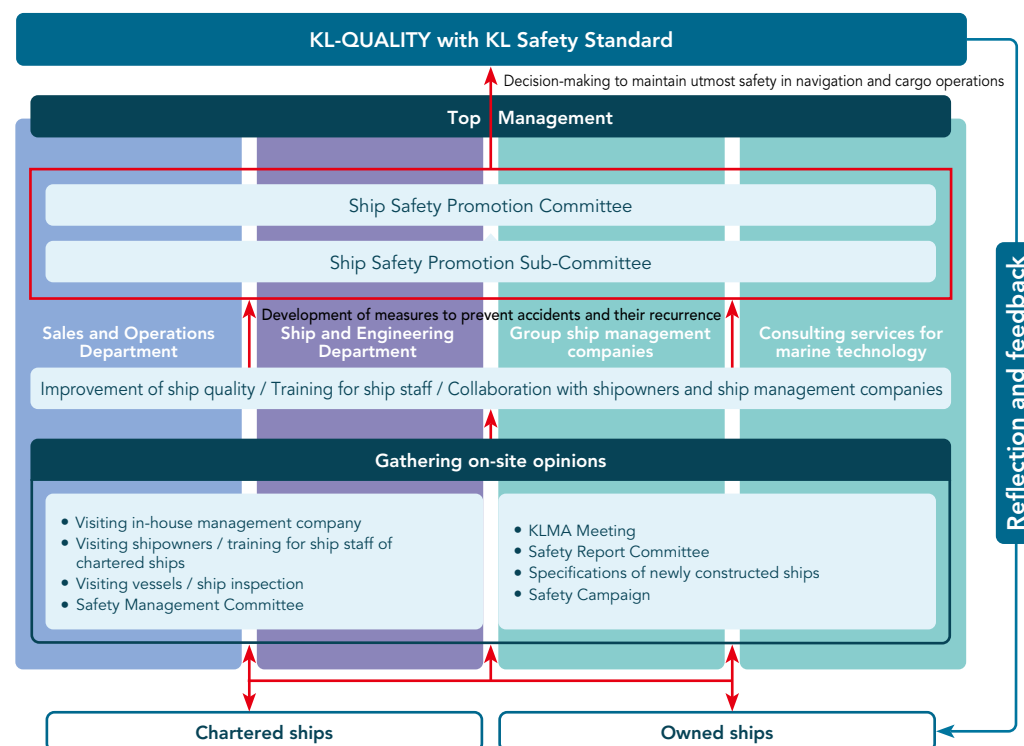
To address this, we jointly developed and installed the Tension Monitoring System for Mooring Line that enables the digital visualization of tensile force applied to mooring lines to improve safety relative to the past while simultaneously lowering crew member workload.

Optimum Weather Routing System

Climate change in recent years has resulted in an uptick in typhoons, explosive cyclogenesis ("weather bombs"), and other weather events even out of season, with more problems being caused by stormy weather. To avoid such problems and ensure safe ship operation, it is important to set up proper routes based on weather and ocean condition forecasts.

We support the safe and economical operation of ships using the KAWASAKI Integrated Maritime Solutions Navigating System for Optimal Navigation, which makes route recommendations based on operational performance models for each vessel with weather forecast.

Enhancing the Safety Management System



03. ESG / Sustainability | Human Rights / Work-Life Balance / Diversity

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 in charge of Corporate 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 (FY2022-2024) 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

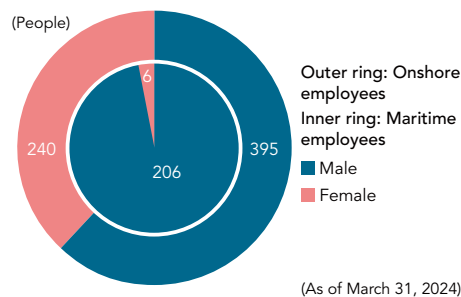
Goal 2

Goal to balance work and family life
Limit the average monthly overtime working hours per employee to 40 hours or less

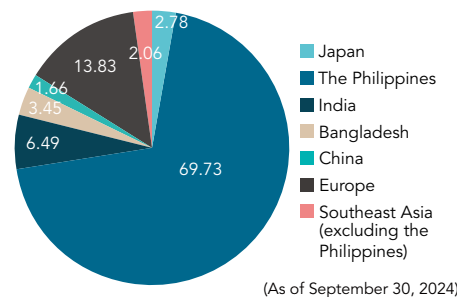
Goal 3

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)



Percentage of Crew Members by Nationality



	Item	Unit	FY2021		FY2022		FY2023	
			Onshore	Seafarer	Onshore	Seafarer	Onshore	Seafarer
Number of employees	Male	Persons	372	204	369	201	395	206
	Female	Persons	213	5	228	6	240	6
	Subtotal	Persons	585	209	597	207	635	212
	Total	Persons	794		804		847	
	Female employment ratio	%	36.41	2.39	38.19	2.90	37.80	2.83
Employees in management positions	Male	Persons	128		126		124	
	Female	Persons	8		10		9	
	Female employment ratio	%	5.88		7.35		6.77	
General managers or higher	Male	Persons	31		27		26	
	Female	Persons	0		0		0	
	Female employment ratio	%	0.00		0.00		0.00	
Executives (including directors and officers)	Male	Persons	25		26		28	
	Female	Persons	2		2		2	
	Female employment ratio	%	7.41		7.14		6.67	
	Percentage of employees with disabilities ¹	%	2.09		1.71		2.11	
Number of occupational accidents ²		Cases	0		1		1	
Number of fatal occupational accidents		Cases	0		0		0	
Number of accidents requiring leave ³		Cases	0		0		0	
Labor union participation rate		%	76.20	75.80	75.90	74.90	76.54	74.16

*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.

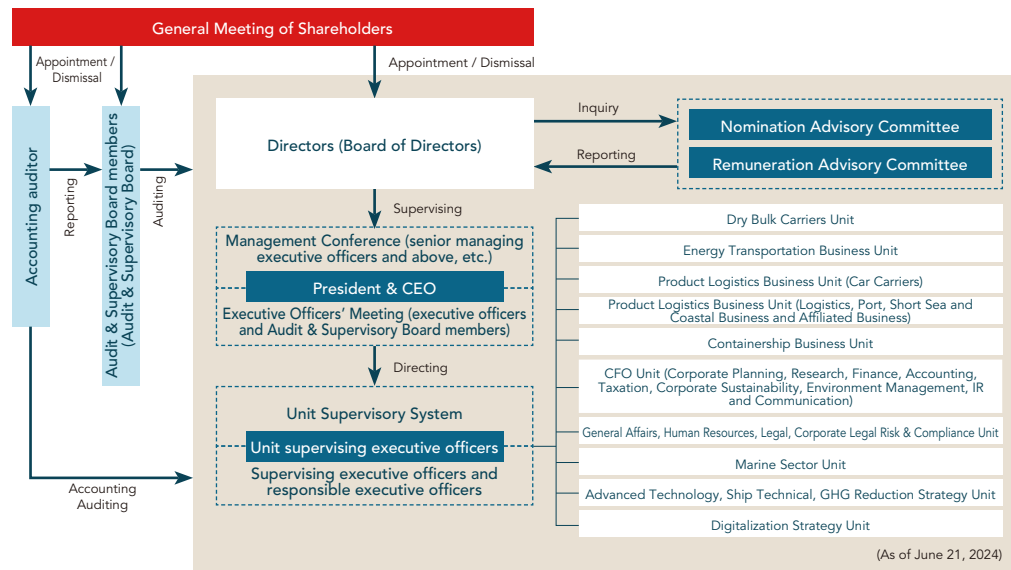
Systems for Comfortable and Fulfilling Working Experiences:

Our actions for enabling work-life balance, and adoption results

Primary systems	Outline of our systems	Legal standard	Number of users in FY2023		
			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	–	7	7
Childcare leave	Granted until the child turns three years old	Granted until the child turns two years old	8	14	22
Childcare leave for fathers	Granted from five working days up to 10 working days	No established standards	3	–	3
Leave for advanced infertility treatment	Granted for up to 18 months	No established standards	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
	Nursing care leave	Granted for up to two years	0	0	0
	Short-term nursing care leave	Granted up to 7 days per year when taking care of 1 family member and up to 12 days per year when taking care of multiple family members	0	5	5
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	17	10	27
	Available in the 21st year at the Company (10 consecutive days)	No established standards	7	6	13
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	5	5

03. ESG / Sustainability | Corporate Governance

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	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}	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) [BBT] ^{*1}		Linked to our medium- and long-term TSR ^{*2} , return on equity (ROE), and ESG indicators (improvements in CO ₂ emissions efficiency) ^{*3}	
Audit & Supervisory Board member	Monthly remuneration only	Fixed remuneration	Determined following deliberation among Audit & Supervisory Board members	Up to ¥12 million / month

*1. Limited to executive directors

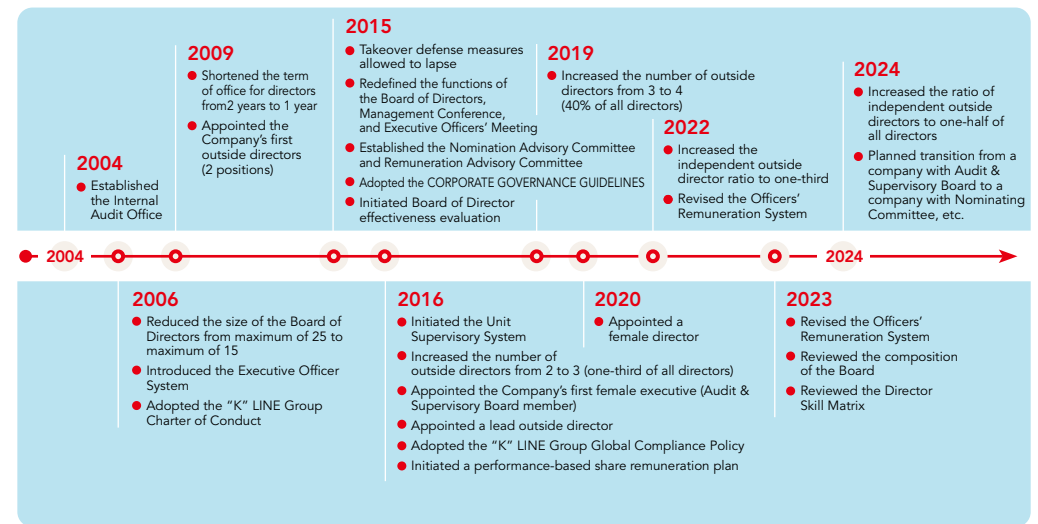
*2. TSR = Percentage increase in our share price over a certain period + Percentage of dividends over a certain period (Total dividends / Initial share price)

*3. The composition ratio for TSR indicators: ROE indicators: ESG indicators is set at 90:5:5.

Training for Officers

Targeted officers	Timing of implementation	Content
Newly appointed officers	Within three months of taking office	Conduct seminars on legal responsibilities pertaining to the Companies Act and the Financial Instruments and Exchange Act, etc.
All officers	Yearly	Receive 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

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.

Name	Expertise							
	Corporate management and strategy	Legal and risk management	Finance and accounting	Human resource and Labor	Safety and Quality	Environment and Technology	Global	Sales and Marketing
Yukikazu Myochin	●	●		●	●	●	●	●
Kazuhiko Harigai	●				●	●	●	●
Noriaki Yamaga	●	●	●			●	●	●
Keiji Yamada		●		●	●	●	●	
Ryuhei Uchida	●		●				●	
Koji Kotaka		●	●				●	
Hiroyuki Maki	●		●	●		●	●	●
Takako Masai	●		●				●	●

03. ESG / Sustainability | Governance Data / "K" LINE's ESG and Sustainability Disclosure

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

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.

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, 2024, 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



▶ "K" LINE Environmental Vision 2050

<https://www.kline.co.jp/en/sustainability/environment/management.html#002>

Governance Data



Item	Breakdown	Unit	FY2021	FY2022	FY2023
Board of Directors	Number of directors	Persons	10	9	9
	Male	Persons	9	8	8
	Female	Persons	1	1	1
	Ratio of females	%	10	11	11
	Number of outside directors (number of independent outside directors)	Persons	4 (3)	4 (3)	5 (4)
	Ratio of outside directors	%	40	44	56
	Number of meetings held	Times	18	19	19
	Average attendance ratio	%	100.0	99.0	100.0
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
Nomination Advisory Committee	Number of meetings held	Times	16	15	14
	Number of members	Persons	4	4	5
	Number of outside directors	Persons	3	3	4
	Ratio of outside directors	%	75	75	80
Remuneration Advisory Committee	Number of meetings held	Times	8	14	9
	Number of members	Persons	4	4	5
	Number of outside directors	Persons	3	3	4
	Ratio of outside directors	%	75	75	80
Remuneration	Number of meetings held	Times	6	9	3
	Total remuneration paid to directors (number of payees)*	¥ millions	340 (10)	906 (10)	732 (11)
	Total remuneration paid to Audit & Supervisory Board members (number of payees)*	¥ millions	81 (5)	80 (4)	80 (5)

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

03. ESG / Sustainability | External Recognition

Inclusion in ESG Investment Indices

	Overview
	<p>► Dow Jones Sustainability Asia/Pacific Index</p> <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/csa/</p>
 FTSE4Good	<p>► FTSE4Good Index</p> <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>
 FTSE Blossom Japan Index	<p>► FTSE Blossom Japan Index</p> <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>
 FTSE Blossom Japan Sector Relative Index	<p>► FTSE Blossom Japan Sector Relative Index</p> <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>
2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)	<p>► MSCI Japan Empowering Women Index (WIN)</p> <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>

	Overview
	<p>► S&P/JPX Carbon Efficient Index</p> <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>
 Sompo Sustainability Index	<p>► Sompo Sustainability Index</p> <p>This ESG-focused management product, which Sompo Asset Management Co., Ltd. began operating in August 2012, consists of approximately 300 stocks that have outstanding ESG performance and is used to build a sustainable management portfolio.</p> <p>https://www.sompo-am.co.jp/institutional/product/06/ (Japanese text only)</p>

03. ESG / Sustainability | 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 sixth 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 2024, "K" LINE received a rating of A in the MSCI ESG Ratings assessment.</p> <p>https://www.msci.com/our-solutions/esg-investing/esg-ratings</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>Sustainalytics is a part of the Morningstar group, which provides high-quality, analytical ESG research, ratings, and data to institutional investors and companies. In July 2024, "K" LINE received an ESG Risk Rating of 18.7 and was assessed by Morningstar Sustainalytics to be at Low risk of experiencing material financial impacts from ESG factors.</p> <p>https://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 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>

	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 (Japanese text only)</p>
	<p>"K" LINE has been recognized for the six time in five consecutive years under the 2024 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>"K" LINE was selected as the excellent company for '2024 Award for Excellence in Corporate Disclosure' by The Securities Analysts Association of Japan in the category of transportation companies.</p> <p>https://www.saa.or.jp/english/advocacy/disclosure.html</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 2024, "K" LINE was granted the Commendation Award for seven consecutive years.</p> <p>https://www.daiwair.co.jp/news/internet_IR2024.html (Japanese text only)</p>
	<p>"K" LINE has been selected as one of the best corporate websites in Japan for 4 consecutive years since 2021 in "comprehensive ranking of all Japanese listed companies' website 2024" by Nikko Investor Relations Co., Ltd. Also, it has been selected as the best corporate website in sector ranking in Japan (Shipping) for the second consecutive year following last year.</p> <p>https://www.nikkoir.co.jp/english/</p>