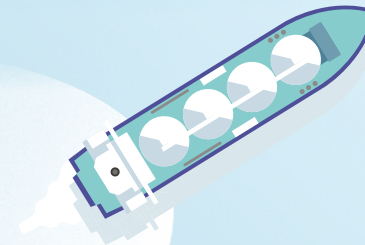


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SECTION

**03**

| **The "K" LINE Group's Sustainability Management**



## The "K" LINE Group's Sustainability Management

### Approach to Sustainability

#### Charter of Conduct: "K" Line Group Companies

The "K" LINE Group has adopted the following Charter of Conduct for the "K" Line Group companies as standards of behavior for the entire Group.

#### Charter of Conduct: "K" Line Group Companies

Kawasaki Kisen Kaisha, Ltd. and its group companies (hereinafter "K" Line Group) reemphasize that due respect for human rights and compliance with applicable laws, ordinances, rules are the fundamental foundations for corporate activities and that group companies' growth must be in harmony with society and therefore, in order to contribute toward sustainable development of society, we herein declare to abide by "Charter of Conduct" spelled out below:

##### 1. Human rights

The "K" Line Group will consistently respect human rights and we will positively consider personality, individuality and diversity of its corporate members and improve work safety and conditions to offer them comfort and affluence.

##### 2. Compliance

The "K" Line Group promises to comply with applicable laws, ordinances, rules and other norms of behavior both in the domestic and international community and conduct its corporate activities through fair, transparent and free competition.

##### 3. Trustworthy company group

The "K" Line Group continues to pay special attention to safety in navigation, achieving customer satisfaction and garnering trust from the community by providing safe and beneficial services.

##### 4. Proactive environmental efforts

The "K" Line Group recognizes that global environmental efforts are a key issue for all of humanity and that they are essential both in business activities and existence of the company and therefore we are committed to a voluntary and proactive approach to such issues to protect and preserve the environment.

##### 5. Protection, proper management and disclosure of information and communication with society

The "K" Line Group will protect personal and customer data, properly manage corporate information through timely and appropriate disclosure, widely promoting bi-directional communication with society including shareholders.

##### 6. Contribution to society

The "K" Line Group as a Good Corporate Citizen will make ongoing efforts to contribute to social development and improvement and support employees' voluntary participation in such activities.

## 7. Harmony in the international society

The "K" Line Group will contribute to the development of international society in pursuance of its business pertaining to international logistics and related businesses, respecting each country's culture and customs.

## 8. No relations with anti-social forces

The "K" Line Group will resolutely confront any anti-social force or organization which may threaten social order and public safety and never have any relationship with them.

The management of each "K" Line Group Company recognizes that it is its role to realize the spirit of the Charter and takes the lead in an exemplary manner to implement the Charter while setting up effective mechanics throughout the company. The management also seeks cooperation from its business counterparts. The management, from the viewpoint of risk management, sets up an internal system to prevent incidents in breach of this Charter and should such an event occur, the management of respective "K" Line Group member companies will demonstrate decisiveness to resolve the problem, conduct a thorough investigation to determine the cause and take preventative measures. Additionally, such management will expeditiously and accurately release information and fulfill its accountability to society.

Adopted December, 2006  
Revised August, 2012

The "K" LINE Group monitors the compliance status of its Charter of Conduct within the Group on a regular basis, and reviews the contents of the Charter as necessary to ensure that it keeps up with the times.

Group companies have their own guidelines conforming to their respective country's regulatory mandates, business fields, and area characteristics. There are necessary but not fundamental differences in wording between the Charter of the Group and those of individual Group companies.



["K" Line Implementation Guideline for Charter of Conduct](#)

Promotion System for Sustainability

Sustainability Governance

Amid global changes in values and behavior, as well as increasing awareness of the need to reduce the burden of climate change on the environment, "K" LINE considers sustainability management a priority issue for enhancing corporate value over the medium to long term and discusses the issue as necessary at Board of Directors' meetings. To strengthen our management focus on these issues, we have established the Corporate Sustainability Management Committee, chaired by the President & CEO, and the GHG Reduction Strategy Committee.

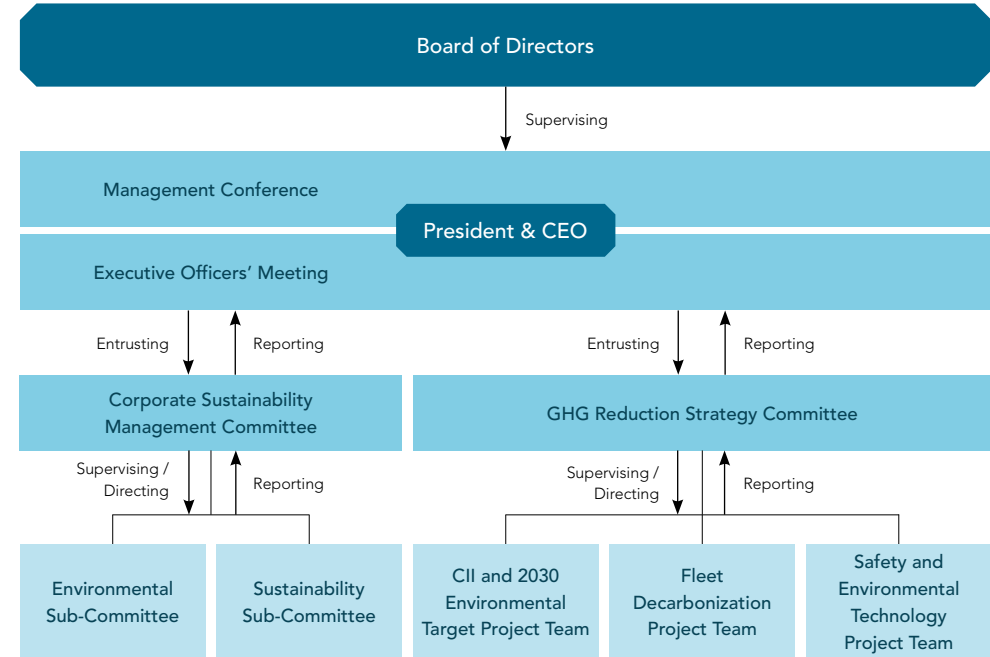
The Corporate Sustainability Management Committee is enhancing corporate value by reviewing and formulating a promotion system for the "K" LINE Group's sustainability management.

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

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

Meanwhile, the GHG Reduction Strategy Committee formulates GHG reduction strategies, primarily focusing on fuel conversion, for the Group in response to the urgent need for various environmental countermeasures. The committee is also responsible for formulating policies for, and overseeing the implementation of, comprehensive response strategies, technical measures such as equipment selection, and preparations for smooth operations.

Specifically, we established three project teams, the CII and 2030 Environmental Target Project Team, the Fleet Decarbonization Project Team, and the Safety and Environmental Technology Project Team, as subcommittees under the GHG Reduction Strategy Committee. They are responsible for reinforcing the organizational response to urgent issues, such as the Energy Efficient Existing Ship Index (EEXI) and the Carbon Intensity Indicator (CII), accelerating initiatives to develop ships fueled by liquefied natural gas (LNG) and the LNG fuel supply business and examine next-generation fuels and new technologies, and formulating the latest measures for compliance with environmental guidelines, including technical aspects.



Sustainability Management Structure

As an organization responsible for promoting sustainable management, we are accelerating sustainability efforts through the activities of the Corporate Sustainability, Environment Management, IR and Communication Group, the Carbon-Neutral Promotion Group, the GHG Reduction Strategy Group, the Fuel Strategy & Procurement Group, and the Advanced Technology Group.



<p><b>Corporate Sustainability, Environment Management, IR and Communication Group</b> Corporate Sustainability Management Committee Office Sustainability Sub-Committee Office Environmental Sub-Committee Office</p>	<p>By integrating the Environment Management Group into the existing Corporate Sustainability, IR and Communication Group, we have consolidated our environmental, social, and governance (ESG) efforts into one group and strengthened our sustainability management system. We have formulated basic policies relating to corporate sustainability, environmental management, investor relations (IR), and communications, and are working to realize such policies with the aim of increasing corporate value.</p>
<p><b>Carbon-Neutral Promotion Group</b></p>	<p>The demand for carbon-neutral businesses is increasing. This includes businesses related to renewable energy, including offshore wind power, carbon capture, usage and storage (CCUS) businesses, fuel conversion (LNG value chain) businesses, and the emissions trading system. This group promotes business development to achieve net-zero CO<sub>2</sub> emissions in collaboration with relevant internal organizations and affiliated companies to respond to these trends and launch businesses as soon as possible.</p>
<p><b>GHG Reduction Strategy Group</b> GHG Reduction Strategy Committee Office</p>	<p>This group supervises the technical aspects of next-generation environmental vessel strategies, with GHG reduction as the focus. Engages in research and implementation of GHG reduction initiatives, such as new fuels, including ammonia and hydrogen, electric vessels (EVs), carbon capture and storage (CCS), and methanation. Also promotes the introduction of LNG-fueled vessels, which are in the practical stage of development.</p>
<p><b>Fuel Strategy &amp; Procurement Group</b> Fleet Decarbonization Project Team Office</p>	<p>This group carries out procurement of fuel oil, LNG fuel, and lubricating oil to ensure safe navigation and cargo operations of "K" LINE and "K" LINE Group companies and improve earnings. Also examines and drafts basic policies for new fuel compatibility aimed at reducing GHG and CO<sub>2</sub> emissions in the future.</p>
<p><b>Advanced Technology Group</b> CII and 2030 Environmental Target Project Team Office / Safety and Environmental Technology Project Team Office</p>	<p>This group promotes the examination and development of innovative technology that contributes to improving ship safety and economic efficiency and reducing environmental impact. Also carries out appropriate energy management for chartered ships and vessels controlled by "K" LINE and formulates and implements specific measures to reduce fuel consumption.</p>

## Promotion of Innovation

### Approach

For the "K" LINE Group, refining our unique strengths of safety, environmental performance, and quality to provide new value to customers and society is an important issue.

In addition to the expertise accumulated over many years, we will work together with our business partners to introduce new hardware and software technology, develop innovative customer-oriented technology, provide technical support for new businesses, and carry out appropriate energy management, including performance management, for all of "K" LINE's vessels in operation. As a result, we have been promoting "K" LINE's differentiation strategy and increase in profitability by improving the Group's added value and environmental preservation by reducing fuel costs and CO<sub>2</sub> emissions.

Furthermore, we will refine the Group's core values and boost competitiveness through initiatives for both the pursuit of new technology and the strengthening of our response from study and demonstration to implementation.

### Promotion System

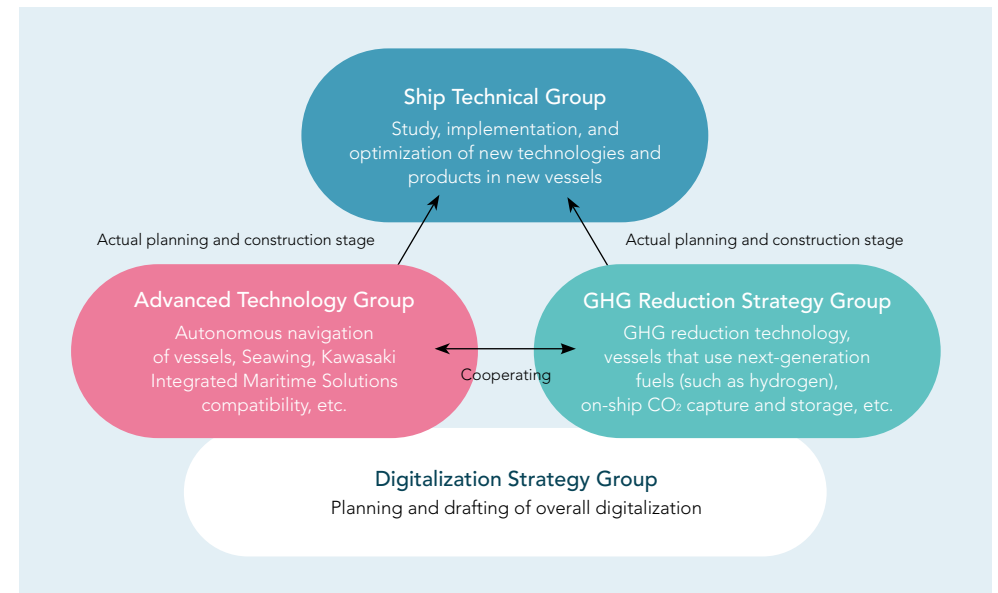
"K" LINE is engaged in technological research and development that contributes to strengthening competitiveness and enhancing corporate value to promote innovation, which is the central focus of the Advanced Technology Group, the GHG Reduction Strategy Group, and the Ship Technical Group.

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

The GHG Reduction Strategy Group carries out research and development on maritime transportation services that use GHG reduction technology, such as CO<sub>2</sub> capture technology, and alternative fuel technologies, such as ammonia and hydrogen. The GHG Reduction Strategy Group also carries out research and development on services that support the reduction of GHG emissions in society, such as CO<sub>2</sub> and hydrogen transportation.

The Ship Technical Group is responsible for all aspects of the study and implementation of new technologies and products in new vessels.

These groups work in collaboration with the Digitalization Strategy Group, which plans and drafts strategies for digitalization, and promote innovation that contributes to enhancing "K" LINE's corporate value.



Initiatives

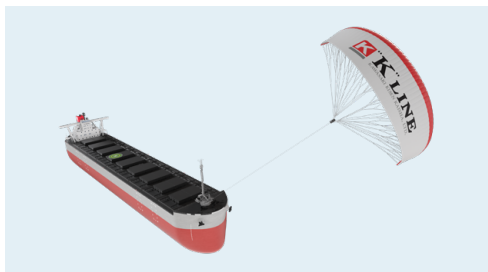
Introduction of Seawing, the Automated Kite System That Harnesses Natural Energy

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

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

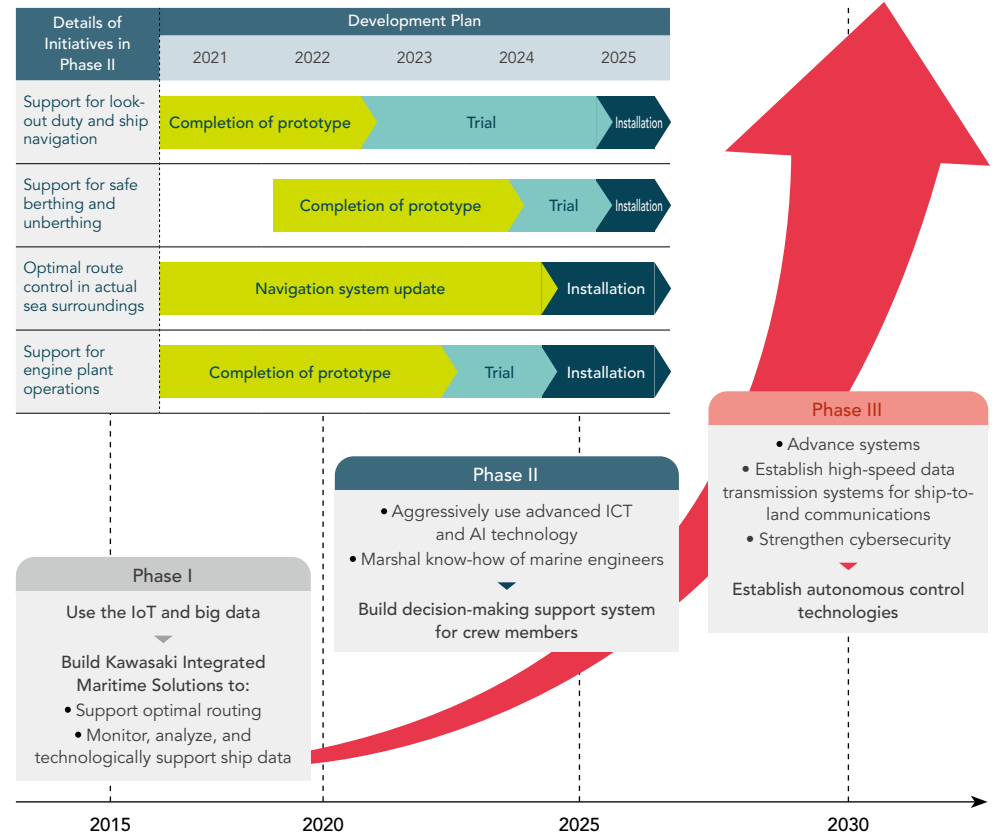
Compared with vessels only fueled by heavy oil, we expect to reduce GHG emissions by approximately 20% on large bulk carriers equipped with Seawing, but this depends on the vessel type, the route, and the speed of the vessel. The maritime shipping business as a whole is currently exploring a conversion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

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



"K"-Assist Project

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



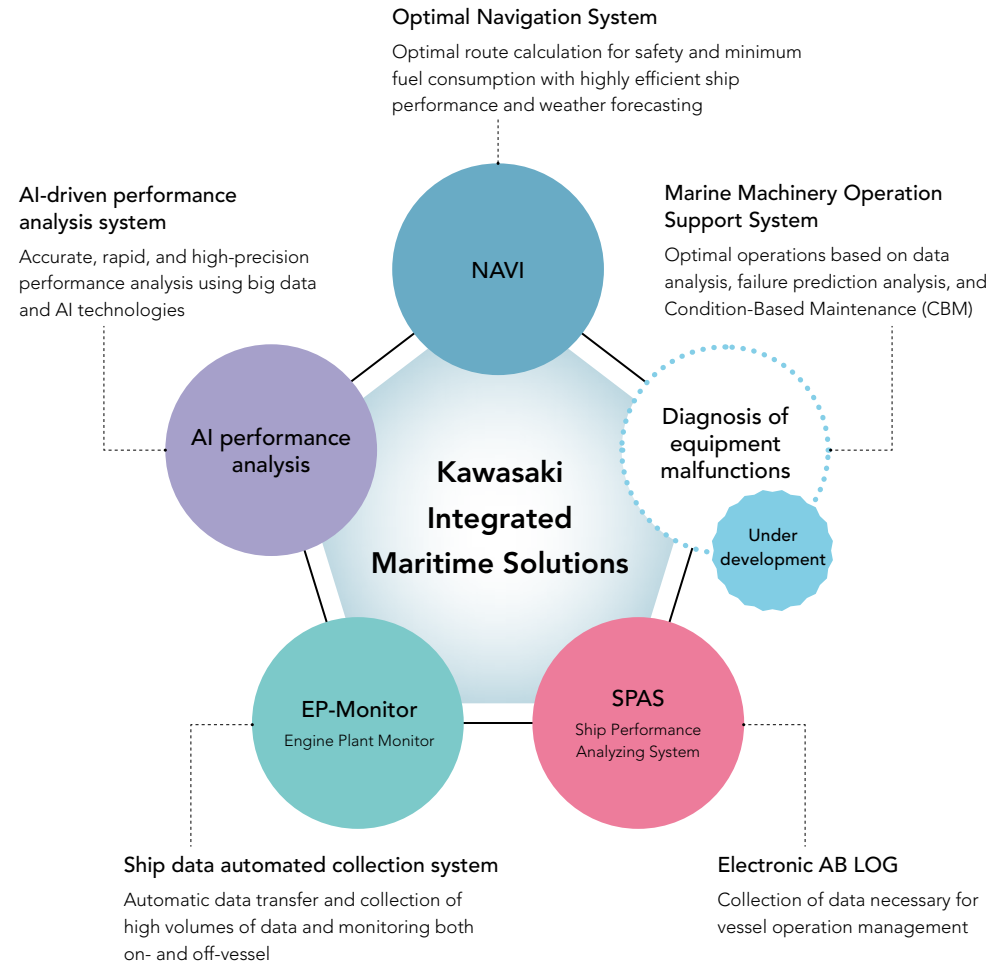


**Kawasaki Integrated Maritime Solutions**

"K" LINE utilizes Kawasaki Integrated Maritime Solutions (an integrated vessel operation and performance management system) to maintain and improve safe and economic navigation of vessels in operation and environmental preservation. This comprehensive system, which we developed with the Kawasaki Heavy Industries, Group, integrates a ship performance analysis system that evaluates the performance degradation of individual and series vessels, and an optimal navigation system that calculates safe and fuel-efficient recommended routes based on the latest meteorological data and actual ocean performance analysis models, with a data collection and monitoring system at the core. We are considering coordinating Seawing and the "K"-Assist Project in the future.

Furthermore, from 2021 we have been expanding installation on medium- to long-term charter vessels and are installing Kawasaki Integrated Maritime Solutions on approximately 190 vessels, including owned vessels and charter vessels. We share the navigation data collected from these vessels through a common platform in the cloud with the vessel owner and management companies, in addition to the related departments at "K" LINE, with the aim of grasping the operating conditions in real time and in both directions, further advancing the operational management of the vessel. The system is also compatible with the CII rating system that began in 2023, and we are preparing to comply with the European Union Emissions Trading System that starts in 2024. Additionally, introducing AI data analysis technology has enabled highly accurate evaluation of operational performance.

**Kawasaki Integrated Maritime Solutions (Integrated Vessel Operation and Performance Management System) Structure**





## ESG Performance

### KPI and Milestones for Sustainability Management

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

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

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

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

### Latest Major Initiatives

#### Ammonia-Fueled Bulk Carrier Obtained AiP from Classification Society ClassNK

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

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

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

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

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

"K" LINE and Electric Power Development Co., Ltd. (J-POWER), have decided to install the Seawing, an automated kite system using wind power, on CORONA CITRUS, an 88,000 DWT-type special coal carrier for J-POWER. Completed on September 11, 2019, CORONA CITRUS is equipped with a ballast water treatment system for protecting marine ecosystems. The coal carrier also comes with a SOx scrubber, which eliminates sulfur oxides in exhaust gas from its engine, so as to comply with the regulations on SOx emissions that came into effect globally in January 2020. The newly installed Seawing is expected to reduce CO<sub>2</sub> emissions from the ship by at least 20%. Thus, it is one of "K" LINE's main initiatives to achieve its GHG reduction target. Please turn to page 14 for more information on Seawing.



Image of Seawing on CORONA CITRUS

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

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





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


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

### External Recognition






"K" LINE has received recognition for its efforts in non-financial areas such as CSR and ESG activities, including inclusion in major global ESG investment indices and the receipt of various awards.

### Inclusion in ESG Investment Indices






Overview	
<p>Member of <b>Dow Jones Sustainability Indices</b> Powered by the S&amp;P Global CSA</p>	<ul style="list-style-type: none"> <li>• Dow Jones Sustainability Asia/Pacific Index</li> </ul> <p>Provided by U.S.-based S&amp;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&amp;P Global Corporate Sustainability Assessment.</p> <p><a href="https://www.spglobal.com/esg/performance/indices/djsi-index-family">https://www.spglobal.com/esg/performance/indices/djsi-index-family</a></p>
 <p>FTSE4Good</p>	<ul style="list-style-type: none"> <li>• FTSE4Good Index</li> </ul> <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><a href="https://www.ftserussell.com/products/indices/ftse4good">https://www.ftserussell.com/products/indices/ftse4good</a></p>
 <p>FTSE Blossom Japan</p>	<ul style="list-style-type: none"> <li>• FTSE Blossom Japan Index</li> </ul> <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><a href="https://www.ftserussell.com/products/indices/blossom-japan">https://www.ftserussell.com/products/indices/blossom-japan</a></p>
 <p>FTSE Blossom Japan Sector Relative Index</p>	<ul style="list-style-type: none"> <li>• FTSE Blossom Japan Sector Relative Index</li> </ul> <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><a href="https://www.ftserussell.com/products/indices/blossom-japan">https://www.ftserussell.com/products/indices/blossom-japan</a></p>
<p>2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)</p>	<ul style="list-style-type: none"> <li>• MSCI Japan Empowering Women Index (WIN)</li> </ul> <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><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 KAWASAKI KISEN KAISHA, LTD., IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF KAWASAKI KISEN KAISHA, LTD., BY MSCI OR ANY OF ITS AFFILIATES.</p>
	<ul style="list-style-type: none"> <li>• S&amp;P/JPX Carbon Efficient Index</li> </ul> <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><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>

Overview	
<p>2023</p>  <p>Sompo Sustainability Index</p>	<ul style="list-style-type: none"> <li>• Sompo Sustainability Index</li> </ul> <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><a href="https://www.sompo-am.co.jp/institutional/product/06/">https://www.sompo-am.co.jp/institutional/product/06/</a> (in Japanese only)</p>

Major Awards and Recognition






Contents	
 <p>CDP A LIST 2023 CLIMATE</p>	<p>"K" LINE has been selected for the eighth consecutive year to be on the Climate Change A List, achieving an A, the highest score in the CDP's Climate category. CDP is an international non-profit organization (NGO) headquartered in London, which conducts a survey on climate change risks and opportunities and the responses of companies and other entities.</p> <p>The results of the survey are used as a universal indicator to measure corporate value.</p> <p><a href="https://www.cdp.net/en">https://www.cdp.net/en</a></p>
 <p>CDP SUPPLIER ENGAGEMENT LEADER 2023</p>	<p>"K" LINE has been recognized for the sixth consecutive year as a Supplier Engagement Leader, the top rating on the Supplier Engagement Rating from the CDP. Supplier Engagement Rating evaluates the companies' initiatives for climate change and greenhouse gas emissions throughout the supply chain and ranks the companies in line with their efforts.</p> <p><a href="https://www.cdp.net/en">https://www.cdp.net/en</a></p>
 <p>MSCI ESG RATINGS BBB</p>	<p>Morgan Stanley Capital International (MSCI) is a U.S. finance company headquartered in New York City. It is an investment research firm that provides stock indexes and portfolio analytics.</p> <p>In 2023, "K" LINE received a rating of BBB in the MSCI ESG Ratings assessment.</p> <p><a href="http://www.msci.com/our-solutions/indexes/esg-indexes">http://www.msci.com/our-solutions/indexes/esg-indexes</a></p> <p>Note: THE USE BY KAWASAKI KISEN KAISHA, LTD., OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF KAWASAKI KISEN KAISHA, LTD., BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.</p>
 <p>Rated SUSTAINALYTICS</p>	<p>Sustainalytics is a part of the Morningstar group, which provides high-quality analytical ESG research, ratings, and data to institutional investors and companies.</p> <p>In September 2023, "K" LINE received an ESG Risk Rating of 20.3 and was assessed by Morningstar Sustainalytics to be at Medium risk of experiencing material financial impacts from ESG factors.</p> <p><a href="http://www.sustainalytics.com/esg-ratings">http://www.sustainalytics.com/esg-ratings</a></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 <a href="https://www.sustainalytics.com/legal-disclaimers">https://www.sustainalytics.com/legal-disclaimers</a>.</p>
 <p>NIKKEI SDGs Management Survey 2023 ★★★★</p>	<p>Nikkei Research Inc. evaluated "K" LINE with a 4.0-star rating.</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> (in Japanese only)</p>





## Contents

	<p>"K" LINE was granted Kurumin certification for the third time as a company that provides superior support for childcare.</p> <p><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> (in Japanese only)</p>
	<p>"K" LINE has been recognized for the fifth time in four consecutive years under the 2023 Health &amp; 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><a href="https://www.meti.go.jp/policy/mono_info_service/healthcare/kenkoueiei_yuruyhouzin.html">https://www.meti.go.jp/policy/mono_info_service/healthcare/kenkoueiei_yuruyhouzin.html</a> (in Japanese only)</p>
	<p>"K" LINE was selected as a "DX Certified Business Operator" under the Digital Transformation (DX) Certification established by the Ministry of Economy, Trade and Industry in April 2022.</p> <p><a href="https://www.meti.go.jp/policy/it_policy/investment/dx-nintei/dx-nintei.html">https://www.meti.go.jp/policy/it_policy/investment/dx-nintei/dx-nintei.html</a> (in Japanese only)</p> <p><a href="https://www.kline.co.jp/ja/news/other/other-20220404.html">https://www.kline.co.jp/ja/news/other/other-20220404.html</a> (in Japanese only)</p>
	<p>Each year, Daiwa Investor Relations Co. Ltd. evaluates and grades the online disclosure of information by listed companies through their investor relations (IR) websites, granting awards to the top-performing companies.</p> <p>In 2023, "K" LINE was granted the Commendation Award for the sixth consecutive year and an Excellence Award in Sustainability Disclosure for the first time.</p> <p><a href="http://www.daiwair.co.jp/news/internet_IR2023.html">http://www.daiwair.co.jp/news/internet_IR2023.html</a> (in Japanese only)</p>
	<p>"K" LINE was awarded a Bronze rating for overall sustainability initiatives in 2023 by EcoVadis, an internationally recognized provider of business sustainability ratings based in France.</p> <p><a href="https://ecovadis.com/">https://ecovadis.com/</a></p>

## Participation in External Initiatives

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

Initiative / Name of Organization	Overview
 <p><b>WE SUPPORT</b> UN GLOBAL COMPACT</p>	<p><b>United Nations Global Compact</b></p> <p>The United Nations Global Compact (UNGC) is a voluntary initiative in which companies and organizations act as good members of society and participate in the creation of a global framework for sustainable growth by demonstrating responsible and creative leadership. The signatory companies and organizations are required to support and practice the Ten Principles of the UNGC in the four areas of human rights, labor, environment, and anti-corruption.</p> <p>"K" LINE endorses this initiative and has been a participant since April 2020. We are also a member of the Global Compact Network Japan (GCNJ), and actively participate in its subcommittees in which member companies and organizations engage in theme-based discussions and information exchanges on how to proceed with relevant efforts.</p> <p><a href="https://www.unglobalcompact.org/">https://www.unglobalcompact.org/</a></p>
 <p><b>GX</b> 2022 League</p>	<p><b>GX League</b></p> <p>The GX (Green Transformation) League Basic Concept, announced by the Ministry of Economy, Trade and Industry in February 2022, is a platform for supporting companies in collaborating with industry, government, and academia to discuss visions for a sustainable future, market creation and rule-making, and voluntary emissions trading with the aim of achieving carbon neutrality and social change by 2050. "K" LINE has participated as an endorsing company since 2022 and will continue to hold discussions and pilot initiatives in collaboration with other companies.</p> <p><a href="https://gx-league.go.jp/">https://gx-league.go.jp/</a> (in Japanese only)</p>
 <p><b>TCFD</b> Consortium</p>	<p><b>TCFD Consortium</b></p> <p>The TCFD Consortium was established as a platform for companies that endorse the recommendations by Task Force on Climate-related Financial Disclosures (TCFD) to discuss effective information disclosure and initiatives for linking disclosed information to facilitate appropriate investment decisions by financial and other institutions.</p> <p><a href="https://tcfid-consortium.jp/en">https://tcfid-consortium.jp/en</a></p>
 <p><b>JAPAN</b> <b>CLIMATE</b> <b>INITIATIVE</b></p>	<p><b>Japan Climate Initiative</b></p> <p>The Japan Climate Initiative (JCI) is a network established in July 2018 with the aim of improving the dissemination of ideas and exchange of opinions among corporations, municipalities, NGOs, and other institutions that are actively working to implement climate change countermeasures. "K" LINE has participated in the initiative since 2020 and is working together with participating members to achieve the target of net-zero emissions.</p> <p><a href="https://japanclimate.org/english/">https://japanclimate.org/english/</a></p>
 <p><b>GETTING</b> <b>TO ZERO</b> COALITION</p>	<p><b>Getting to Zero Coalition</b></p> <p>The Getting to Zero Coalition is a business alliance established with the aim of promoting decarbonization in the maritime industry and comprises key stakeholders from across the maritime sector, including shippers, ship classification societies, financial institutions, and shipbuilders. The Company has been a member since 2019, and the organization has set a goal to realize zero-emissions fuel operations for vessels on a commercial basis by 2030 in order to meet the 2050 target of zero GHG emissions.</p> <p><a href="https://www.globalmaritimeforum.org/getting-to-zero-coalition">https://www.globalmaritimeforum.org/getting-to-zero-coalition</a></p>

Initiative / Name of Organization	Overview
	<p><b>Plastics Smart</b></p> <p>The Ministry of the Environment has launched a campaign called Plastics Smart—for Sustainable Oceans to encourage a wide range of entities, including individuals, municipalities, NGOs, corporations, and research institutions, to work together to solve the problem of plastics in the world's oceans. The Company participates in this initiative through efforts such as collecting and recycling plastic bottle caps and conducting joint research on microplastics with Tokyo University of Marine Science and Technology.</p> <p><a href="http://plastics-smart.env.go.jp/">http://plastics-smart.env.go.jp/</a> (in Japanese only)</p>
	<p><b>Keidanren Initiative for Biodiversity Conservation</b></p> <p>This is a compilation of future-oriented policies and concrete examples of initiatives submitted by companies and organizations that endorse the Declaration of Biodiversity by Keidanren, a declaration formulated by Keidanren (the Japanese Business Federation) and the Keidanren Committee on Nature Conservation. The Company has endorsed this initiative since 2020 and will continue to promote efforts to conserve biodiversity under the guidelines set forth in the "K" LINE Environmental Vision 2050.</p> <p><a href="https://www.keidanren-biodiversity.jp/logo_en.php">https://www.keidanren-biodiversity.jp/logo_en.php</a></p>
	<p><b>Challenge Zero</b></p> <p>Challenge Zero is an initiative in which Keidanren works in partnership with the Japanese government to strongly communicate both within Japan and overseas the innovative initiatives that companies and organizations are pursuing to realize a carbon-free society. The initiative also encourages collaboration among industry, academia, and government to attract ESG investment and spur innovation. Since endorsing the initiative in June 2020, the Company has announced several specific initiatives such as demonstration tests of Seawing, an automated kite system that uses natural energy, and a liquefied hydrogen carrier.</p> <p><a href="https://www.challenge-zero.jp/en/">https://www.challenge-zero.jp/en/</a></p>
	<p><b>TNFD Forum</b></p> <p>The Taskforce on Nature-related Financial Disclosures (TNFD) is an international initiative that aims to create an appropriate evaluation and disclosure framework for risks and opportunities related to natural capital and biodiversity.</p> <p>The TNFD Forum is a gathering of stakeholders, composing companies, financial institutions, and research organizations, that have organized for the purpose of advancing discussions and the creation of frameworks for the TNFD.</p> <p>"K" LINE has been a member of this consortium since October 2023, and is taking initiatives to preserve the environment and proactively disclose information.</p> <p><a href="https://tnfd.global/">https://tnfd.global/</a></p>