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SUSTAINABILITY
BOOKLET
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Corporate Principle and Vision

In shipping business, which serves as key logistics infrastructure supporting worldwide economic activity, the "K" LINE Group earns the trust of customers through the provision of safe, reliable marine transportation and logistics services. As an integrated logistics company grown from shipping business, our corporate principle is to help enrich the lives of people. Under this principle, we will make further improvements to **K** Value, which represents our unique value as a group.

Corporate Principle

K : trust from all over the world

As an integrated logistics company grown from shipping business, the "K" LINE Group contributes to society so that people live well and prosperously.

We always recognize this principle in our operations.

Vision

Our aim is to become an important infrastructure for global society, and to be the best partner with customers by providing the high-quality logistics services based on customer-first policy.

Values the "K" LINE Group prizes

<p>Providing reliable and excellent services Contributing to society</p>	<p>A fair way of business Fostering trust from society</p>	<p>Relentless efforts to achieve innovation Generating new values</p>	<p>Respecting humanity Corporate culture that respects individuality and diversity</p>
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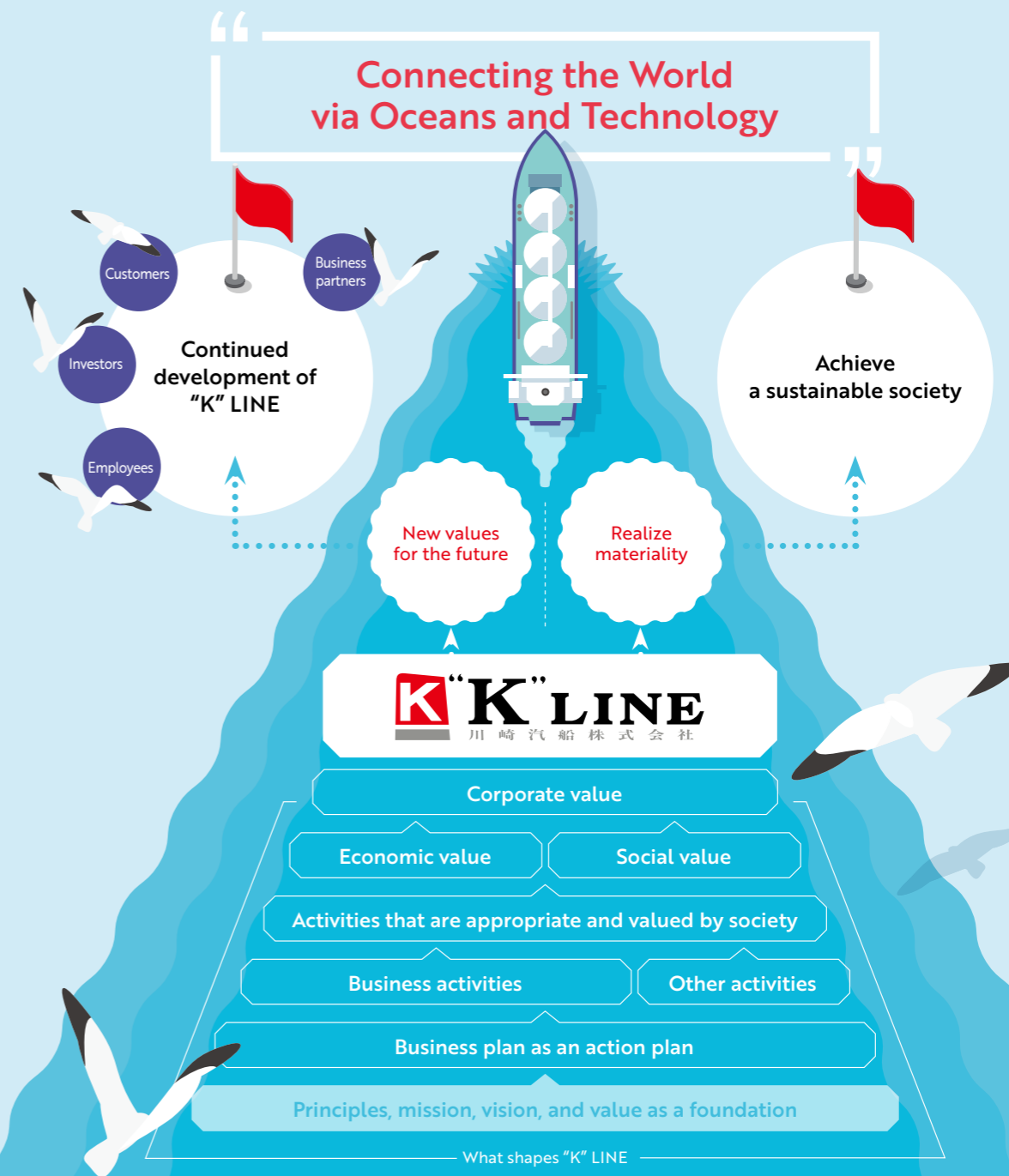
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"K" LINE's Voyage to Sustainability

"K" LINE is pursuing an increase in its corporate value and Corporate Principles by providing high-quality services to its customers and safety in navigation and cargo operation. We have been striving for sustainability based on the idea that, to create high added value in our business activities, we must consider Environmental, Social, and Governance (ESG) issues, including the preservation of life below water, which is the business field of a shipping company.

E : Environmental **S** : Social **G** : Governance

2001

Adopted the "K" LINE Group Environmental Policy **E G**

Clarified our awareness of the impact of our business activities on the global environment and our determination to minimize that impact. Launched operation of the environmental management system in the same year.

2002

Established the Environmental Committee **E G**

Established the Environmental Committee, chaired by the Executive Officer in charge of Environmental Affairs, to create a framework that ensures the operation of the environmental management system and promotes activities related to the environment. Acquired ISO 14001 certification in the same year.

2004

Announced medium-term management plan "K" LINE Vision 2008 **E S G**

Stipulated the Corporate Principles and declared a management strategy of contributing to society and the environment.

Governance System Reform: 02 **G**

Appointed the Company's first Outside Directors and made two Board of Directors members, out of 15, Outside Directors. Shortened the term of office for Directors from two years to one year.

2009

Created the "K" Line Maritime Academy (KLMA) **S**

P23

Adopted the "K" LINE Group Charter of Conduct **E S G**

P24

Governance System Reform: 01 **G**

Reduced the size of the Board of Directors from a maximum of 25 to a maximum of 15. Introduced the Executive Officer system to sharply distinguish between management supervision and execution, and promoted management efficiency by delegating authority and speeding up decision-making.

Established the CSR Division **E S G**

Established the CSR & Environmental Committee **E S G**

Under the CSR & Environmental Committee, which is chaired by the President & CEO, CSR Sub-Committee and the Environmental Sub-Committee, which was reorganized from the Environmental Committee, were established as sub-committees to make decisions on the Group's CSR and environmental activities with the CSR Sub-Committee responsible for implementation and monitoring.

2006

2015

Formulation of "K" LINE Environmental Vision 2050 **E**

P14-15

Governance System Reform: 03 **G**

Adopted the Corporate Governance Guidelines and redefined the functions of the Board of Directors, Management Conference, and Executive Officers' Meeting. Reinforced governance functions with the establishment of the Nomination Advisory Committee and Remuneration Advisory Committee and initiation of Board of Director Evaluation.

2016

Completed construction of the DRIVE GREEN HIGHWAY environmental flagship **E**

Completed construction of a car carrier with ultimate energy conservation and environmental preservation by combining advanced technologies after more than two years and won Ship of the Year 2016.

Commenced operation of Kawasaki Integrated Maritime Solutions **E S**

P20

Selected for the CDP A List for the first time **E**

P28

Governance System Reform: 04 **G**

Initiated a performance-based share remuneration plan to increase executives' awareness of contributing to medium- to long-term performance and enhancement of corporate value. Implemented an increase in the number of Outside Directors, the appointment of a female executive, and the appointment of a Lead Outside Director.

Reorganized sustainability-related organization **E S G**

P12-13

Completed construction of CENTURY HIGHWAY GREEN, an LNG-fueled car carrier **E**

P16-17

2021

Revised "K" LINE Environmental Vision 2050 **E**

Signed the United Nations Global Compact (UNGC) **E S G**

Announced further reinforcement of initiatives to implement UNGC's 10 principles on human rights, labor, anti-corruption and environmental preservation, including greenhouse gas reduction.

2020

Expressed concurrence with TCFD Recommendations **E**

Expressed our concurrence with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations as a Japanese shipping company for the first time.

2018

Obtained SBT certification for CO₂ reduction targets **E**

Obtained certification that "K" LINE's CO₂ reduction targets are scientifically consistent with the international Science Based Target (SBT) initiative.

2017

Our Mission as a Social Infrastructure and Changes in the Business Environment

Marine transportation, which accounts for approximately 80% of global trade by volume and more than 99% of that of Japan, is part of a global logistics infrastructure that is invaluable in people's lives. For "K" LINE, a shipping company whose main business supports this infrastructure, our mission is to maintain uninterrupted transportation, from raw materials and energy resources, to automobiles and consumer goods. This has not changed even amid the COVID-19 pandemic, which encouraged us to reaffirm the importance of our role as a company that supports the supply chain and people's lifelines.

The pandemic has not just affected ongoing business but also spurred changes in people's behavior, as many of us turned to working from home and refraining from going out. It has also boosted their awareness of global issues. As if the clock has sped up, events that were previously considered medium- to long-term or potential causes of change are now becoming increasingly apparent. This has prompted acceleration of decarbonization and low-carbonization as well as accompanying

▶ To Our Stakeholders

Realizing innovation and growth through sustainability management

changes in the energy value chain and industrial structure, in addition to restructuring of the supply chain. In the wake of the pandemic, "K" LINE is facing significant changes to our business environment that may evolve into either opportunities or threats.

Business Model Change Spurred by Climate Change

At the forefront of changes to the business environment are greater risks posed by climate change and the gathering pace of achieving carbon neutrality. In the shipping industry, the amount of greenhouse gas (GHG) emissions per ton-kilometer is much smaller than air transportation via airplane or land transportation via truck, comprising about 1/100 and 1/10 of their respective totals. This means that shipping is a highly efficient method of transportation from a GHG emissions perspective. However, as stated above, the absolute cargo volume is significant and most ships are fueled by heavy oil, which is a source of GHG emissions. So we must respond to the global target of achieving carbon neutrality by further reducing our environmental impact.

Climate change countermeasures are an extremely important management issue for enhancing "K" LINE's sustainability. This is evident in scenario analysis that "K" LINE has conducted in line with recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD). For example, if the temperature were to rise by 4°C due to global warming, we expect typhoons and cyclones to increase in number and severity. The intensification of such weather phenomena increases not only volatility in voyage and cargo handling schedules but also the possibility of major accidents, which pose a threat to safety in navigation, "K" LINE's business foundation.

Conversely, scenario analysis also shows medium- to long-term opportunities. If the entire structure of society changes to keep the rise in temperature below 2°C, new needs will be created, such as low environmental impact transportation methods and transportation of alternative energy sources.

Currently, many customers already aim to reduce GHG emissions throughout the product life cycle which may lead to rebuilding their value chains. We must propose optimal solutions with higher added value to customers, to realize a reduction in GHG

emissions in not just the manufacturing process but also the transportation process of materials, components, and finished products.

Changes in the energy structure aimed at realizing carbon neutrality will also present medium- to long-term opportunities. Demand is expected to grow for transportation of goods necessary for the development and supply of renewable energy, and for transportation related to new energy sources such as hydrogen. Accordingly, creating a value chain that is suitable for new energy sources and providing services to transport them offers a major growth opportunity for "K" LINE.

Capturing Change through Sustainability Management

In March 2021, we completed construction of *CENTURY HIGHWAY GREEN*, a liquefied natural gas (LNG)-fueled car carrier. This vessel is the result of a number of firsts and technological innovations for "K" LINE, including the greater reduction of GHGs and other environmental impacts, the use of digital technology and installation of a state-of-the-art onboard internet environment, and the procurement of construction funding through a transition loan, a form of climate transition finance for decarbonization. The vessel is also a symbol of "K" LINE's future sustainability management, since it is designed to meet the changing needs of customers and demands of global society and to innovate ahead of the curve.

Our management must adopt a perspective that focuses on environmental, social, and economic sustainability to pursue our mission of being a lifeline that supports people's livelihoods and the economy. To thrive as a business in an environment that is changing rapidly, we must increase our sensitivity to the demands of global society, as exemplified by the climate change issue and the Sustainable Development Goals (SDGs), and flexibly formulate management strategies that meet the changing needs of customers. I believe that identifying and providing services to respond to issues that are present in society is essential for enhancing our responsiveness to changes and to be valued by customers, thereby achieving growth in the medium to long term.

We will integrate a sustainability perspective into management decision-making and promote our own

transformation to face drastic changes in the business environment, as well as further reinforce our competitive advantage and seize new growth opportunities.

“**We will integrate a sustainability perspective into management decision-making and promote our own transformation to face drastic changes in the business environment, as well as to further reinforce our competitive advantage and seize new growth opportunities**”

Developing a System to Integrate Sustainability with Competitiveness

To clearly express “K” LINE’s intention to integrate sustainability into management, we signed the United Nations Global Compact in April 2020. We also established the Safety and Environmental Technology Project Team and Alternative Fuel Project Team as a cross-departmental organization directly supervised by the President and CEO with the aim of reinforcing our high-quality logistics services, which include safety in navigation and environmental response.

In April 2021, we also strengthened the sustainability governance and reinforced Companywide-implementation of management decisions to boost competitiveness. Specifically, the Corporate Sustainability Management Committee, chaired by me as President and CEO, was established by upgrading the previous CSR & Environmental Committee. Furthermore, we reorganized the previous CSR Sub-Committee into the Sustainability Sub-Committee, which—together with the existing Environmental Sub-Committee—is responsible for identifying the best way forward to enhancing corporate value and eliciting understanding and support from both within and outside the Company. Additionally, the Alternative Fuel Project Team, which was established in April 2020, was reorganized into the Alternative Fuel Project Committee to further accelerate initiatives.

“K” LINE also established three new groups, the Corporate Sustainability, IR and Communication Group, the GHG Reduction Strategy Group, and the Carbon-Neutral Promotion Group, which are responsible for the practical implementation of sustainability promotion. The function and role of each organization

are introduced on page 13 of this report. These new organizations, in combination with the existing Environment Management Group and Fuel Strategy & Procurement Group, will proactively promote initiatives to match the speed of change in our business.

Nurturing Personnel and Organizations That Boldly Take On the Challenge of Innovation

“K” LINE’s history of more than 100 years can be described as a history of endeavors, in which the employees of the time have sincerely addressed the issues faced by our customers, proposed the best solutions, and achieved them. These endeavors not only earn the trust of customers but also are the driving force that enables “K” LINE to overcome difficulties and grow.

What underpins “K” LINE’s history of endeavors is the “K” LINE spirit, that is, the independence and autonomy, broad-mindedness, and enterprising spirit that are part of our DNA, and the Group employees who give life to the “K” LINE spirit and achieve innovation. By ensuring our work is rewarding and creating an organization in which diverse personnel can play active roles, we facilitate the creation of value for tomorrow through businesses that incorporate sustainability and offer solutions.

In the process of revising the Environmental Vision 2050, we realized anew the power of our employees and organizations to take on challenges. In 2015, we adopted a vision that was advanced for the time. As a result of everyone at the Company working together to realize this vision, we were able by 2019 to achieve many of the interim milestones, set when formulating the vision. As a result, we revised the 2050 goals in 2020 and launched a project to set new interim milestones for 2030. Following this, young employees who participated in the project suggested that we set our CO₂ emissions target of a 50% improvement over fiscal 2008, 10 percentage points higher than the international target set by the International Maritime Organization (IMO). In short, the voices of these young employees enabled us to set high goals and boldly take on the challenge of achieving them. That in turn boosts our competitive advantage and future corporate value. I am determined to give further consideration to organizational management and human resource strategies based on this understanding.

In fact, nearly all of the new graduates who entered “K” LINE in 2021 understood the term SDGs and have a strong desire to contribute to society. Stakeholder capitalism, the approach of placing emphasis on social value in addition to economic value through business, has gained attention in recent years and is clearly welcomed by the younger generation. I believe that it is my duty as a leader to generate opportunities for our employees to feel that their work contributes to the sustainability of society, and to build an environment that encourages them to take on the challenge of creating new value.

“**What underpins “K” LINE’s history of endeavors is the “K” LINE spirit, that is, the independence and autonomy, broad-mindedness, and enterprising spirit that are part of our DNA, and the Group employees who give life to the “K” LINE spirit and achieve innovation. By ensuring our work is rewarding and creating an organization in which diverse personnel can play active roles, we facilitate the creation of value for tomorrow through businesses that incorporate sustainability and offer solutions.**”

Maritime Employees Who Inherit Safety Culture

Even as the COVID-19 pandemic spread around the world, the supply of daily commodities such as electricity, gas, and foodstuffs remained uninterrupted due to the efforts of many people and industries, and we too did our best to support global logistics without halting marine transportation. To this end, our first priority was to ensure the safety of our employees. “K” LINE has nearly 4,000 seafarers onboard its fleet. As the world is experiencing delays in crew changes due to the impact of COVID-19, we have focused on the safe changes of these essential workers, who support the logistics infrastructure, and infection countermeasures on these ships.

At the peak of the difficulty in crew changes, more than 1,100 crew members were stranded onboard for over 10 months, which was a burden on their physical and mental health as well as their families, and was a cause for concern regarding safe ship navigation. In these circumstances, we worked to prioritize maintaining the health and safety of maritime employees,

caring for family members left at home, and providing support for standby crew. Specifically, to ensure a sound working environment and safe ship navigation, we worked to improve the situation through international cooperation with relevant organizations. “K” LINE’s own initiatives included providing fixed allowances to crew members with long periods onboard, family members left at home, and standby crew. We also allocated an additional budget to enhance onboard activities for seafarers under stress due to prolonged life onboard.

Reforming the work styles of maritime employees is also important from a medium- to long-term perspective, beyond the emergency caused by the spread of COVID-19. This is because the preservation and reinforcement of our safety culture, which must be protected even amid rapid change, can only be achieved through the retention and success of our talented maritime employees. In addition to the continued human resource development that we have striven for over many years, we plan to improve the work styles of our maritime employees by reducing their workload through the promotion of digitalization and improving the onboard network environment, and to retain and increase personnel as a result of these policies.

Despite a temporary decrease in cargo movement in the wake of COVID-19, the global logistics market is recovering—from resources such as iron ore to the transportation of cars and other products—as demand is created to meet new lifestyles. Conversely, the global nature of the pandemic is drastically changing people’s awareness and lifestyles, creating a strong trend that encourages companies to make informed decisions with an eye on the future. We will respond to new transportation demands, such as GHG emission reductions and alternative energy throughout product lifecycles, thereby offering new value to society and achieving growth while contributing to the sustainability of society. We will promote sustainability management with a strong will to overcome the threats brought by changes in the business environment and turn them into opportunities.

Please follow the progress of “K” LINE as we continue to take on new challenges.

Yukikazu Myochin
President & CEO

Growth Strategies Based on Sustainability Management

Megatrends



Global Trends

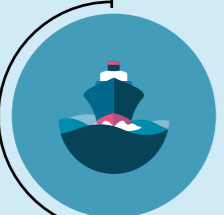
▶ Preparing for major trends and changes in the world by 2025 and beyond

- To realize both social sustainability and business activity
- Using energy strategy and life-cycle assessment to accelerate movement toward low-carbon or zero-carbon footprint
- Growing uncertainties about geopolitics, as exemplified by US-China conflict
- Values are changing due to digital natives and contact avoidance behavior
- Generating added value through alliances that transcend business categories and national boundaries
- Faster pace of change in business environment
- Reaffirming the importance of maritime shipping as infrastructure

"K" LINE Group's Correspondence

Evolving flexibly to deal with the uncertainty of the future

Megatrends




Environment Surrounding Maritime Shipping

▶ Appearing both Opportunity and Threats at the same time

- Responding to a changing customer business environment
 - ▶ Transitioning to low carbon / zero carbon, and our role in the energy value chain
 - ▶ Shifting focus overseas as growth in Japan market flattens
 - ▶ Automotive industry trends such as connected, autonomous, shared, electrified (CASE)
- Enhanced focus on safety and quality
- Supply chain changes and split economic bloc by geopolitical factors
- Trends in environmental technologies, and possibilities for fresh demand for marine transport
- Low-carbon technologies / alternative fuels and replacement of aged vessels
- Growth industry as a global infrastructure

"K" LINE Group's Correspondence

Coping with change through advanced efforts and originality



Initiatives

<div style="text-align: center; margin-bottom: 5px;">30</div> <h3 style="text-align: center;">2030's Target of Environmental Vision</h3> <ul style="list-style-type: none"> • Making progress toward our goal of 50% improvement in CO₂ emission reductions by 2030, through introduction in LNG-fueled vessels, bunker-saving equipment, fine-tuning of operations, and use of bigger-size vessel 	<div style="text-align: center; margin-bottom: 5px;">50</div> <h3 style="text-align: center;">2050's Target of Environmental Vision</h3> <ul style="list-style-type: none"> • Decarbonization • Promote zero emissions minimizing environment impact
<div style="text-align: center; margin-bottom: 5px;">Flag</div> <h3 style="text-align: center;">Initiative by project team reporting directly to CEO</h3> <ul style="list-style-type: none"> • Develop next-generation automation ship navigation system • R&D alternative fuel and fuel supply <ul style="list-style-type: none"> ▶ Promoted to formal internal committee (FY2021) • Onboard work-style reform 	<div style="text-align: center; margin-bottom: 5px;">Shield</div> <h3 style="text-align: center;">Expand safety, environment, service-quality initiatives</h3> <ul style="list-style-type: none"> • Implementation of Seawing • Conduct CCS demonstration trial
<div style="text-align: center; margin-bottom: 5px;">Lightbulb</div> <h3 style="text-align: center;">Promote ongoing R&D projects at present</h3> <ul style="list-style-type: none"> • FueLNG^(*) • LNG Bunkering Vessel in Ise-Bay • Expand Kawasaki Integrated Maritime Solutions implementation • Start CO₂-free hydrogen supply chain HySTRA • Promoting trials and implementation of next-generation ship-to-shore communication systems • Improving ship-to-shore video communications • Building and maintaining onboard cyber security 	<div style="text-align: center; margin-bottom: 5px;">Checkmark</div> <h3 style="text-align: center;">Other initiatives</h3> <ul style="list-style-type: none"> • Promote investment in low carbon by setting internal carbon pricing (ICP) on investment • Promote investments that incorporate transition finance

* FueLNG is a joint venture between Keppel Offshore & Marine and Shell Eastern Petroleum (Pte) Ltd and works to build a world-class LNG bunkering network and encourage the adoption of LNG as a marine fuel.

Management Strategies and ESG/CSR Management

Realizing a Sustainable Society and Creating New Values

The "K" LINE Group seeks to "build a management structure that emphasizes social responsibility" and built on a dual framework of "managing the impact of our business activities" and "creating new values." By recognizing and actively addressing the important issues in each framework, we contribute to building a sustainable society while bolstering our long-term competitive advantages and creating new values.

Basic CSR Policy Priority	Themes/Material Issues	Key Initiatives	Related SDGs
Building a Management Structure that Emphasizes Social Responsibility	Corporate governance Establishment of a management structure that responds to the demands of society	<ul style="list-style-type: none"> Introduce a Unit Supervisory System Introduce a Nomination Advisory Committee and Remuneration Advisory Committee Appoint outside directors (40% of directors) 	
	Stakeholder engagement Promotion of dialogue with stakeholders	<ul style="list-style-type: none"> Engage in investor relations in Japan and overseas Provide full disclosure Share feedback from shareholders and investors with managers and throughout the Company Open dialogue and collaborate with NPOs and NGOs Be a signatory of the United Nations Global Compact 	
Managing the Impact of our Business Activities	Environmental preservation Reinforcement of environmental management Environment-friendly business activities	<ul style="list-style-type: none"> Reduce CO₂ emissions and improve emission efficiency (aiming for decarbonization in 2050) Promote the transport and supply of new energy for a low-carbon society 	
		<ul style="list-style-type: none"> Reduce the shipping operation's impact on the sea and air, including zero oil spills Step up our activities and support for public environmental improvement efforts 	
	Safety in navigation and cargo operations Prevention of major accidents	<ul style="list-style-type: none"> Enhance the Safety Management System Strengthen the Ship Management System Secure and train maritime technical personnel 	
	Human rights Prevention of discrimination Respect of basic labor rights Prevention of forced labor and child labor	<ul style="list-style-type: none"> Understand human rights issues by attending international conferences and engage with NGOs and international organizations 	
	Labor practices Prevention of over-long working hours Promotion of diverse work styles Improvement of occupational health and safety	<ul style="list-style-type: none"> Become a certified Health & Productivity Management Outstanding Organization (Large Enterprise Category) in 2020 Receive a Kurumin "next-generation" mark in 2020 as a company supporting childcare Renew our certification as a leading company for prevention of seafarer labor accidents 	
	Compliance Prevention of corruption Prevention of anti-competitive behavior	<ul style="list-style-type: none"> Create a system to prevent Competition Law violation recurrence Create a bribery prevention system Create a system for compliance to economic sanctions Enhance the internal reporting system (register as a Whistleblowing Compliance Management System (WCMS)) Expand our educational programs 	
	Risk management BCPs (Business Continuity Plans) to response to large-scale disasters Enhancement of response capabilities for major accidents Crisis and risk management system	<ul style="list-style-type: none"> Launch a BCP for the COVID-19 pandemic Conduct response drills for a large-scale accident Have the Crisis Management Committee and the Management Risk Committee apply the PDCA cycle to risk management 	

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

Process to Identify Materiality

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



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

The "K" LINE Group, through dialogue with internal and external stakeholders and by referring to OECD Guidelines for Multinational Enterprises, ISO26000, GRI Guidelines, and other frameworks, has specified environmental and social themes that the Group's operations around the world may affect or contribute to.

Select "Material Issues"

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

Formulate CSR Action Plans

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

Match with SDGs

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

Review

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

Sustainability Governance

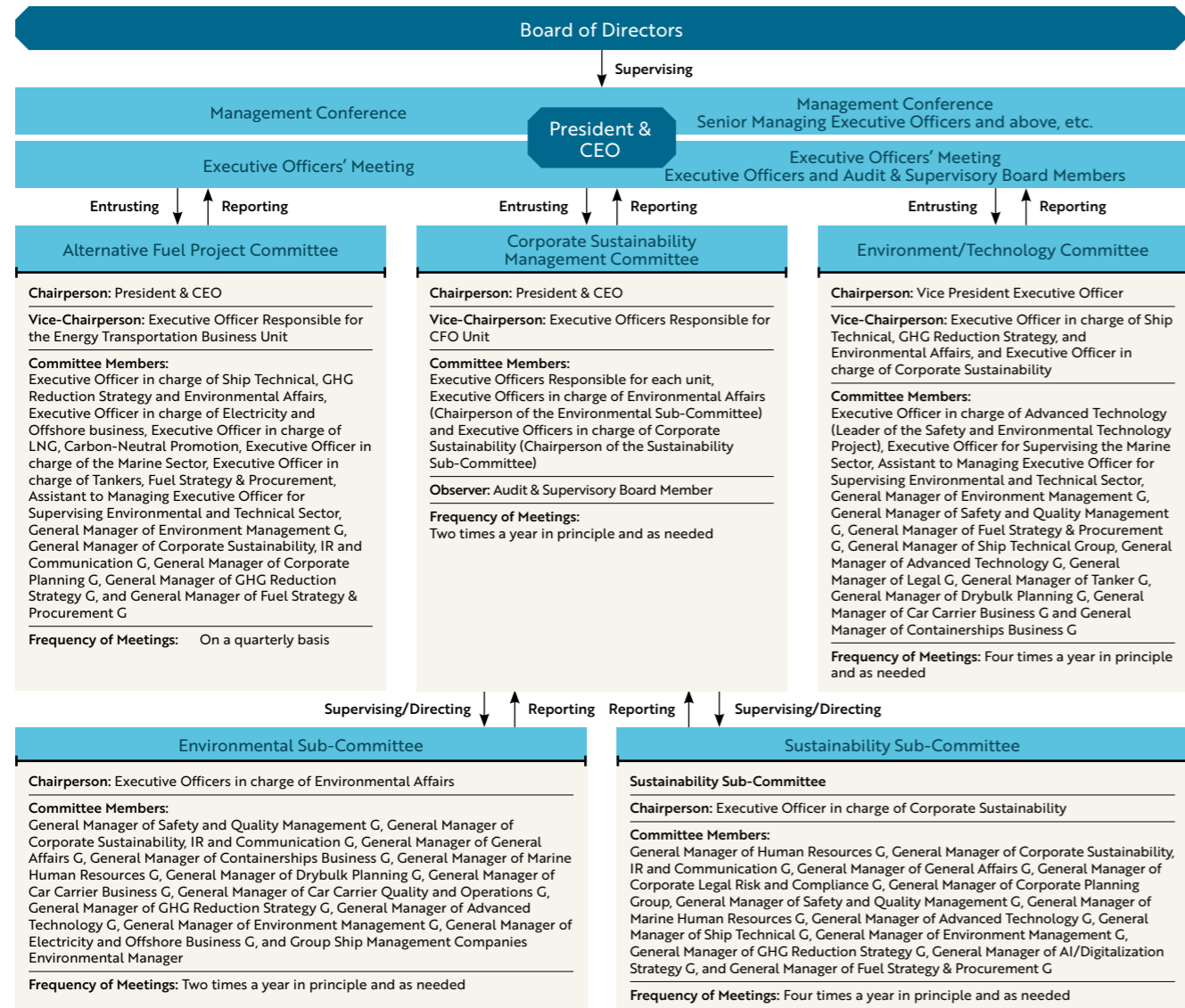
Amid globally accelerating changes in value and behavior, as well as accelerating GHG reductions and environmental regulations, "K" LINE considers sustainability management as a priority issue for enhancing corporate value over the medium to long term and discusses the issue continuously at the Board of Directors' meetings. In April 2021, we reorganized the existing organization and reformed the promotion system for sustainability to reinforce management where sustainability is a key objective.

The Corporate Sustainability Management Committee, chaired by the President & CEO, is enhancing corporate value by reviewing and formulating a promotion system for "K" LINE Group's sustainability management. The committee functions as a place to hold strategic discussions, together with the Alternative Fuel Project Committee, which is in charge of accelerating initiatives to develop LNG-fueled vessels and the LNG fuel supply business and examines next-generation fuels and new technologies, and the Environment/Technology Committee, which formulates measures for compliance with

environmental regulations, including technical aspects.

The Environmental Sub-Committee, a sub-committee under the Corporate Sustainability Management Committee, is responsible for operating the environmental management System (EMS) formulated in accordance with the "K" LINE Group Environmental Policy and the standards of the International Organization for Standardization (ISO). The sub-committee is also responsible for promoting other environmental activities.

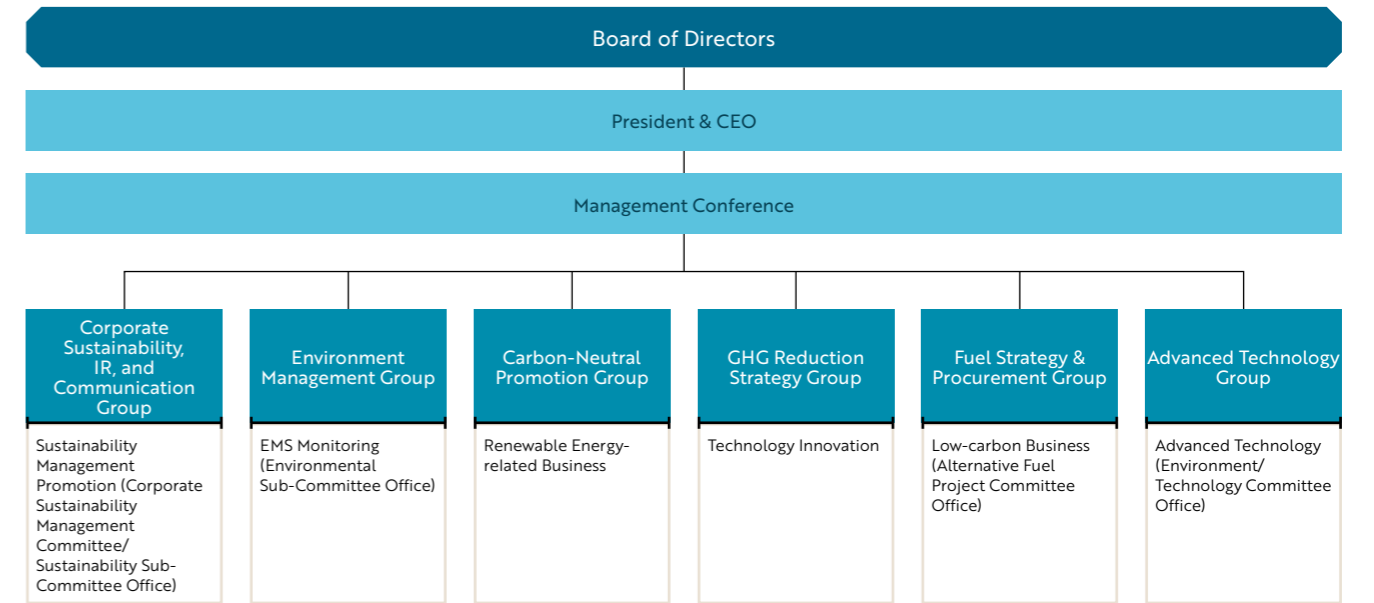
The second sub-committee, the Sustainability Sub-Committee, is responsible for promoting management that will contribute to the sustainability of "K" LINE's businesses and the enhancement of corporate value. This is achieved by developing ship safety navigation technology, economic navigation technology, and environmental technology, including next-generation fuel compatibility, and through initiatives for low-carbon and zero-carbon businesses, digital transformation (DX) compatibility, and our response to social issues, as well as further reinforcing governance and compliance.



Sustainability Management Structure

As part of the reinforcement of the promotion system for sustainability management implemented on April 1, 2021, "K" LINE established three new groups, the Corporate Sustainability, IR, and Communication Group, the GHG Reduction Strategy Group, and the Carbon-Neutral

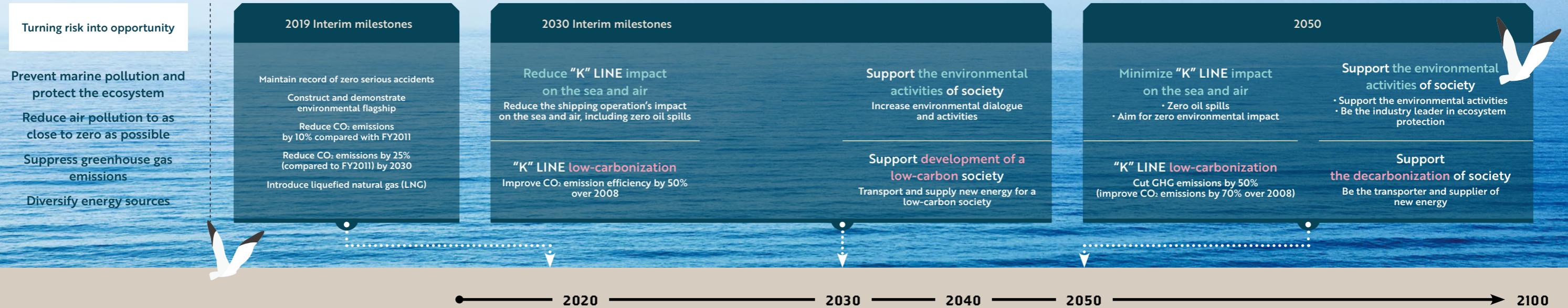
Promotion Group, which are responsible for the practical implementation of the sustainability promotion. They will accelerate sustainability initiatives together with the existing Environment Management Group, the Fuel Strategy & Procurement Group, and the Advanced Technology Group.



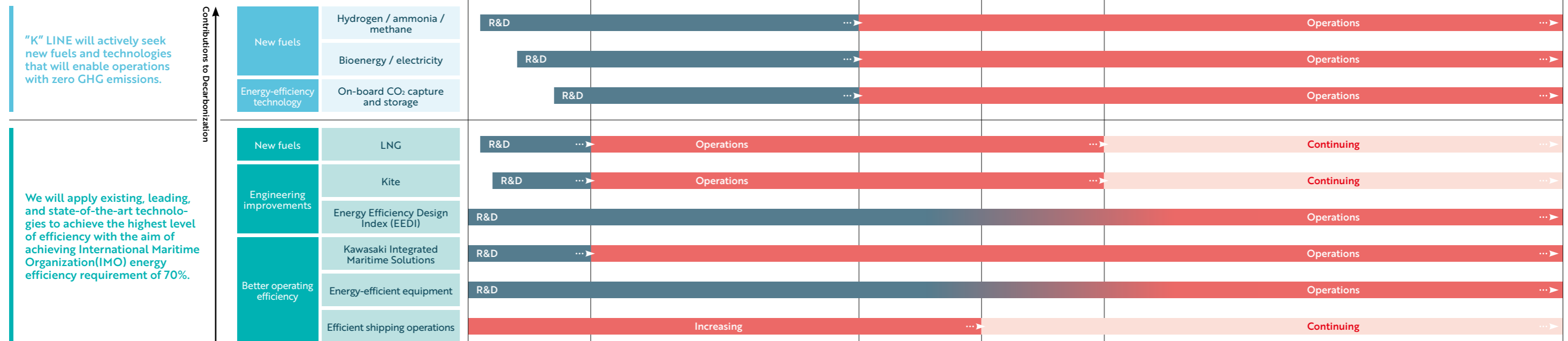
<p>Corporate Sustainability, IR, and Communication Group</p> <p>Integrates the existing CSR/IR/PR functions to promote communication with stakeholders inside and outside the Group as the driving force behind sustainability management.</p>	<p>Environment Management Group</p> <p>Manages "K" LINE's environmental strategies in an integrated manner, formulates comprehensive strategies and a road map for realizing environmental management, and implements specific measures to reduce the environmental impact.</p>	<p>Carbon-Neutral Promotion Group</p> <p>The demand for carbon-neutral businesses is increasing. This includes businesses related to renewable energy, including offshore wind power, the carbon capture, use and storage (CCUS) businesses, the fuel conversion (LNG value chain) businesses, and the emissions trading system. Promotes business development to achieve net-zero CO₂ emissions in collaboration with relevant internal organizations and affiliated companies to respond to these trends and launch businesses as soon as possible.</p>
<p>GHG Reduction Strategy Group</p> <p>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 propulsion (EV), carbon capture and storage (CCS), and methanation. Also promotes the introduction of LNG-fueled vessels, which are in the practical stage of development.</p>	<p>Fuel Strategy & Procurement Group</p> <p>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 greenhouse gases and CO₂ emissions in the future.</p>	<p>Advanced Technology Group</p> <p>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>

"K" LINE Environmental Vision 2050

~Blue Seas for the Future~



New Technology and Flagships



In 2015, "K" LINE was the first in the industry to formulate long-term environmental guidelines for 2050, "K" LINE Environmental Vision 2050—Blue Seas for the Future. Using this vision as a guide for promoting activities, we have been working to reduce the environmental impact, as well as research and introduce advanced technologies. As a result, we achieved many of the 2019 interim milestones, such as reduction of CO₂ emissions

and the introduction of an environmental flagship, and we are therefore completely revising the vision in 2020. In the revised version, we reviewed some of the issues and targets to be addressed based on the results of scenario analysis recommended by the TCFD, reorganized the targets around the two issues of Decarbonization and Aim for Zero Environmental Impact, and established new interim milestones for 2030.

In decarbonization in particular, we exceeded the 2030 target established by the International Maritime Organization (IMO) as an interim milestone for 2030 by improving CO₂ emission efficiency by 40% over 2008, and we aim to improve CO₂ emission efficiency by 50% over 2008. We also adopted the 2050 targets of cutting total GHG emissions by 50% (a 70% improvement of CO₂ emission efficiency over 2008)

and becoming a transporter and supplier of new energy to support the decarbonization of society. As a result of this, in addition to meeting customer needs by working toward decarbonization of the supply chain, we aim to create new business opportunities and enhance corporate value.

In March 2021, one car carrier was delivered to "K" LINE. This vessel, named *CENTURY HIGHWAY GREEN*, is the first in the "K" LINE fleet to use liquefied natural gas (LNG) as a fuel. In addition to reducing CO₂ emissions (a GHG) by 25% to 30% compared with conventional vessels, this next-generation environmentally friendly vessel is expected to reduce sulfur oxide (SO_x) emissions, a cause of air pollution, by almost 100% and nitrogen oxide (NO_x) emissions by 80% to 90% by using exhaust gas recirculation (EGR) as well as LNG fuel.

The vessel uses a dual-fuel main engine and auxiliary engines (generator, boiler) capable of operating on either LNG or marine gas oil (MGO). The main engine uses a high-pressure type of ME-GI engine, reducing emissions of methane slip (unburnt gas), which is a

GHG. The main engine utilizes EGR and the generator utilizes selective catalytic reduction (SCR), clearing NO_x Tier III regulations when using either LNG or MGO fuel.

The use of digital technology is another feature of this vessel. In addition to expansion of onboard Wi-Fi, which contributes to the improvement of operational efficiency, including remote monitoring of the vessel interior, onboard cameras have been installed inside the vessel, enabling real-time monitoring of the status of areas such as the cargo deck and the engine room. Furthermore, the vessel is equipped with "ClassNK-CMAXS," made by the NPO Nippon Kaiji Kyokai, as the generator status diagnostic system for preventing serious failures based on the early detection of engine anomalies.

We also tried something new regarding construction funding. The construction of the vessel received support of the "Model Project for Measures to Reduce Emissions of CO₂ from Vessels Utilizing Alternative Fuels," which is a joint project by the Ministry of the Environment and the Ministry of Land, Infrastructure, Transport and Tourism. Moreover, part of the construction funding for the vessel was procured through Japan's first climate transition loans*.

The name *CENTURY HIGHWAY GREEN* combines the traditional name of "CENTURY HIGHWAY," which has been used in "K" LINE's car carriers in the past, with the word "GREEN," evoking images of harmony with the environment. "K" LINE celebrated its 100th anniversary in 2019, and the new century represents the idea that

we will achieve a sustainable future by protecting the natural environment. This vessel was a symbolic project that embodies the "K" LINE Group's will to create the competitive advantage of tomorrow in the sense that its construction was completed using the latest technology in collaboration with a variety of stakeholders, as well as incorporating Japan's first attempt at financing.

In the following sections, we will introduce "K" LINE's initiatives for establishing a competitive advantage and enhancing corporate value while facing the global social issue of sustainability.

* Transition loan
Accelerates the efficient flow of financing to the companies that address climate change risk as material issues for their core business activities and move beyond conventional business procedures to achieve their GHG emission reduction target to contribute to the global goals for decarbonization.

01 | Taking on the Challenge of Decarbonization

Delivery of the LNG-fueled car carrier that achieves transportation with a low impact on the environment



01 | Taking on the Challenge of Decarbonization

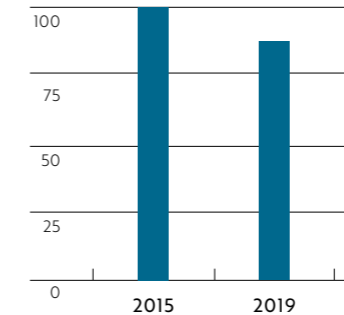


Seawing, the Automated Kite System That Utilizes Wind Power to Operate a Ship

"K" LINE is actively promoting the research and introduction of wind power utilization in anticipation of achieving zero-emission vessels in the future. Seawing, which is being developed by "K" LINE in collaboration with the French company AIRSEAS, uses a simple switch to launch or recover a kite that unfolds and refolds autonomously, as well as a system that assists propulsion power of a vessel by utilizing wind power. The design has already received basic approval from the Nippon Kaiji Kyokai. This system collects and analyzes oceanic and meteorological data, including a vessel's navigation status, in real time to optimize its performance and ensure maximum safety. The system is expected to reduce CO₂ emissions by more than 20% when installed on large bulk carriers, depending on the speed and route. One advantage of this system is that, compared to other wind power propulsion systems, it is highly versatile and can be installed on any type of vessel, with minimal interference to cargo space, loading equipment, or forward visibility. Another feature of this system is that it can effectively utilize the energy of a strong, stable wind. "K" LINE is also a member of the International Windship Association, an NPO based in the United Kingdom that seeks to both reduce the environmental impact and improve economic efficiency.

Seeking to Improve Operational Efficiency

Amount of fuel oil input per freight ton-mile, with 2015 as 100



"K" LINE is working to improve the operational efficiency of its entire fleet by utilizing its energy management system. Specifically, a cross-company sub-committee will set detailed key performance indicator (KPI) targets for each business department, such as depth of slow steaming, reduction of fuel consumption, and laytime for each vessel, and it uses the plan-do-check-act (PDCA) cycle for continuous monitoring and improvement. In addition, it is easy to check the achievement level against the set KPI targets, for issues such as main engine output power and volume of CO₂ emissions per ton-mile, by utilizing Kawasaki Integrated Maritime Solutions (see page 22). Furthermore, we have introduced a system for visualizing the degree of performance degradation of each individual vessel, so that we can implement improvement measures when we observe performance degradation.

Establishing the LNG Fuel Supply Business



*1 We carry out business development through the two companies (Central LNG Shipping Japan Corporation and Central LNG Marine Fuel Japan Corporation) that we established in collaboration with JERA Co., Inc., Toyota Tsusho Corporation, and NYK Line. (Company location: Kawagoe, Mie District, Mie Prefecture)
 *2 An LNG bunkering business established through the collaboration of Keppel Offshore & Marine Ltd (Keppel O&M) and Shell Eastern Petroleum (Pte) Ltd. (Company location: Singapore)

Since LNG can reduce GHG emissions compared with conventional heavy oil, its use as a marine fuel and the development of its supply system are progressing around the world, and related markets are expected to expand. With the aim of realizing a stable supply of LNG fuel for marine vessels, "K" LINE launched Japan's first ship-to-ship LNG bunkering business*¹ in Ise Bay and Mikawa Bay (in Japan) and started a sales business using the LNG bunkering vessel *KAGUYA* in fiscal 2020. Furthermore, in Singapore, the world's largest marine fuel supply point, we are managing the *FUELNG BELLINA*, the first LNG fuel bunkering vessel owned by FuelNG Pte Ltd*² and, through our involvement in the ship-to-ship fuel supply business, we are contributing to policies that regulate emissions from vessels used in international shipping.

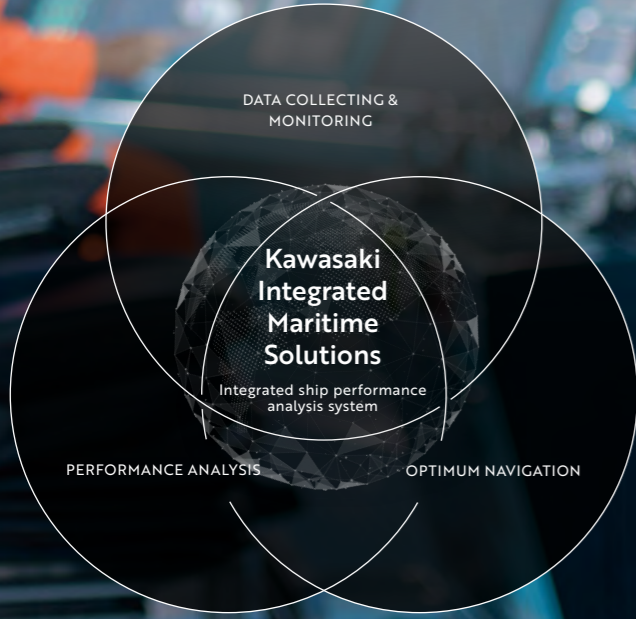
Establishing the Carbon Neutrality Business



CG image of an offshore wind farm operation support vessel

There are high expectations for offshore wind power among the renewable energies that are essential for achieving a decarbonized society, and the Japanese government's Green Growth Strategy, which aims to achieve carbon neutrality by 2050, sets targets for the introduction of 10GW by 2030 and 30-45GW by 2040. Offshore wind power requires many different types of vessels for construction and maintenance. The Carbon-Neutral Promotion Group is aiming to participate in the operation support vessel business for offshore wind farms in Japan and other parts of the world by utilizing the knowledge it has accumulated through "K" LINE's offshore support vessel business. In addition to the operation support vessel business for offshore wind farms, we are exploring ways to acquire carbon credits by participating in the renewable energy generation business that does not emit CO₂ and the carbon capture, transport, and storage business, with a view to realizing net zero transportation in the future.

02 | Advancing Safety in Navigation and Cargo Operation



Kawasaki Integrated Maritime Solutions

"K" LINE uses the Kawasaki Integrated Maritime Solutions to maintain and improve safety in navigation and cargo operation, economic 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 optimum 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.

The system was installed on approximately 140 of our vessels, including owned vessels, and some chartered vessels by 2020, and we launched a full-scale effort to install the system on our medium- and long-term chartered vessels from the end of 2020. By sharing the navigation data collected through a common platform in the cloud with the vessel owner and management companies, in addition to the related departments at "K" LINE, we can grasp the operating conditions in real time and from multiple directions, advancing the operational management of the vessel. Additionally, we are introducing AI-based data analysis technology to enable highly accurate evaluation of operational performance, with the aim of further maintaining and improving the performance of the vessel.

Implementing Remote Vessel Inspections



As part of our efforts to maintain and evaluate the quality of our vessels, we have established our own quality guidelines, called KL-Quality, in addition to legal requirements, and we conduct inspections of equipment and documents, reporting the results back to the vessel owner and management companies. As a COVID-19 countermeasure, we launched remote vessel inspections through the use of IT and digital equipment. By using smartphones and the network environment to conduct vessel inspections via video calls, it is possible to carry out inspections while minimizing the risk of infection from people entering and leaving the vessel. In addition, the use of IT and digital equipment has the advantage of facilitating the presence of people other than the owners, management companies, and other supervisors in charge of the vessel, allowing for better information sharing. Going forward, we will consider expanding the functions of remote inspections.

"K" Line-Drive to No Accident (K-DNA)



K-DNA is our unique safety equipment installation guidelines that go beyond the legally mandated rules which aim for even safer navigation of our vessels, including chartered vessels. These guidelines clearly define the standards for the installation of realistic and effective safety equipment, which have been developed to prevent accidents based on know-how accumulated by "K" LINE on the cutting edge, and have been preserved through continuous revisions. So that unfortunate events are never forgotten, and so that the accidents which occurred at the "K" LINE Group and other companies can be utilized as lessons to boost safety, we are popularizing the "Safety Spirit" as part of "K" LINE's DNA, with the goal of having no accidents occur on any of "K" LINE's vessels.

Emergency Response Drills for Large-Scale Accidents



We formulated an Emergency Response Manual based on hypothetical scenarios of major accidents occurring on our vessels, and we regularly conduct an Emergency Response Drill once a year. We conduct practical training, including mock press conferences, to ensure that all employees, not just maritime but also onshore, respond immediately and appropriately when an accident occurs. Some vessel owners are invited to observe these drills with the aim of ensuring promptness of response as well as improving cooperation with "K" LINE in the event of an accident on a chartered vessel. After the drill, we receive critiques from many different parties, including the vessel and vessel management companies, lawyers, consultants, and insurance companies, and we continuously revise the Emergency Response Manual based on problems identified at the review meeting. In fiscal 2020, we conducted a drill using online tools to confirm the issues involved with responding to an accident when working from home during the COVID-19 pandemic.

03 | Nurturing Human Resources to Take on the Challenge of Value Creation



Human Resource Strategies for Creating the Value of Tomorrow

To realize "K" LINE's corporate principle and vision, we must create a human resource base that embodies the "K" LINE spirit (independence and autonomy, broad-mindedness, and an enterprising spirit), which has supported challenges and value creation over "K" LINE's 100-year history, and our four values (providing reliable and excellent services, a fair way of business, relentless efforts to achieve innovation, and respecting humanity) through teamwork in our day-to-day activities. To accomplish its task, "K" LINE has divided development of human resources into three main stages, balancing encouragement from the Company and individual initiatives.

In our career plan, we consider the first 10 years of employment to be a milestone, and "K" LINE provides employees with opportunities to gain as much experience and study as possible to strengthen their career capabilities through their work. Following this, we progress to the stage where we develop expertise, enhance management training, and improve career prospects, while always returning to "K" LINE's spirit and values, as well as placing importance on individual initiatives. Ultimately, our goal is to become an organization where shipping personnel maintain individual awareness of their role while always striving for self-improvement, working in cooperation with others, and continuing to create value in their respective areas of responsibility.

In-House Training Program



We introduced the in-house maritime employees training program for university graduates outside of maritime-related universities. Graduates of regular universities are required to participate in a two-year training program at the Maritime Technical College (in Hyogo Prefecture) managed by the Japan Agency of Maritime Education and Training for Seafarers. Under this program, graduates attend classroom and practical training, onboard training on training vessels, basic training at our training center, and onboard training on "K" LINE-operated vessels. If the graduates pass the state third grade maritime officer examination, they are appointed as a third officer or third engineer. Following this, they will be able to build a career as a maritime technical personnel in the same manner as graduates from a maritime-related university and experience work as an onshore employee, including at overseas offices, in addition to working as officers and engineers on board our vessels.

Onboard Workstyle Reform



Maintaining safety in navigation and cargo operation is the most important duty for maritime personnel onboard our vessels. However, they also take responsibility for numerous administrative tasks, including procedures that accompany entering and exiting port. We are working on the IT development and digitalization of our vessels, installing high-spec computers, which already support IT development, and promoting the introduction of a communications infrastructure capable of handling large amounts of data to reduce the workload.

On the *CENTURY HIGHWAY GREEN* (see pages 16 to 17), which was delivered in March 2021, we introduced a Long-Term Evolution (LTE) network that uses IP/MPLS solutions, in addition to the traditional satellite communication system. By realizing a balance of sufficient communication speed and highly encrypted communication through a Field Area Network (FAN) environment between the onshore and offshore points, we can utilize a range of digital technologies at ports of call, both domestic and overseas, to make onboard work more efficient.

The "K" Line Maritime Academy (KLMA)

The "K" Line Maritime Academy (KLMA) is a generic term for our educational philosophies, including educational policies for fostering personnel indispensable to implementing the Group's basic commitment to safe navigation and the protection of human lives, cargoes, and the natural environment at sea. Such personnel are ship's crew (officers and ratings) and maritime technical personnel ("K" LINE seafarers) with the knowledge and skills enabling them to excel at shore duties (ship management, crew management/training, and sales division support).

KLMA is based on the KLMA Master Plan for preserving the Group's seamanship that we have cultivated over many years for the next generation. We will reliably preserve the knowledge and skills that support safety in navigation and environmental preservation, "K" LINE's business foundation, as well as meet the needs of a new era, such as advanced technology. Specifically, our maritime engineers are given onshore training at our six training facilities in Japan, the Philippines, India, Bangladesh, East Europe, and Central Europe, and onboard training programs. They also receive advancement in both onshore and offshore careers. KLMA (Philippines) is positioned as the core of training for Filipino seafarers, who comprise approximately 70% of "K" LINE Group crew members, and it accepts a total of 10,000 seafarers every year.

04 | Implementing Responsible Corporate Behavior

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 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 Charter of Conduct and Initiatives to Promote Values

"K" LINE adopted the above Groupwide guidelines, the "K" LINE Group Charter of Conduct. We revise the content as necessary so that it remains timely, in addition to periodically confirming the status of compliance. We have formulated an implementation guideline for the Charter of Conduct as specific behavior guidelines, including the relationship with stakeholders, for each Group company, in accordance with the laws and norms of the country in which the company is located, type of industry, and business area.

To promote these behavior guidelines Groupwide, we are working to share and promote values by communicating through the CSR Promotion Network, which we launched with Group companies in Japan and overseas, as well as publishing a newsletter, *Sustainability News*, once every quarter and conducting e-learning on various themes related to sustainability.

Additionally, to promote social responsibility across the entire supply chain and, in turn, establish services that our customers trust, "K" LINE formulated the CSR Guidelines for Supply Chain in 2016 and we seek the understanding and cooperation of all our suppliers, who are invaluable business partners in improving the quality of our services.

Selecting Dismantling Yards in Consideration of Occupational Health and Safety and Environmental Performance



We dismantle ships that have fulfilled their mission, but mechanization and automation of dismantling of ships of different sizes and shapes is difficult and we currently have no choice but to employ labor-intensive methods. "K" LINE selects dismantling yards by inspecting the site and carrying out evaluations according to our own checklist that assesses factors such as whether work is being carried out safely, whether the substances with an impact on the human body or the environment are collected, and whether a negative impact on the surrounding environment is prevented or mitigated. Additionally, we monitor the work process and constantly check that work is being carried out in consideration of safety and the environment.

Initiatives to Enhance Awareness of Human Rights



"K" LINE's four values include "respecting humanity," and "respect for human rights" is set out at the beginning of the "K" LINE Group Charter of Conduct. In April 2020, we signed the UN Global Compact and declared our support for the principles related to human rights, "support and respect the protection of human rights" and "not be complicit in human rights abuses," and the principles related to labour, "elimination of forced and compulsory labor," "effective abolition of child labor," and "elimination of discrimination in respect of employment and occupation."

Our human rights due diligence initiatives, which are based on the UN Guiding Principles on Business and Human Rights, are still in the early stages, but "K" LINE is working to first establish internal awareness of human rights through e-learning and our newsletter.

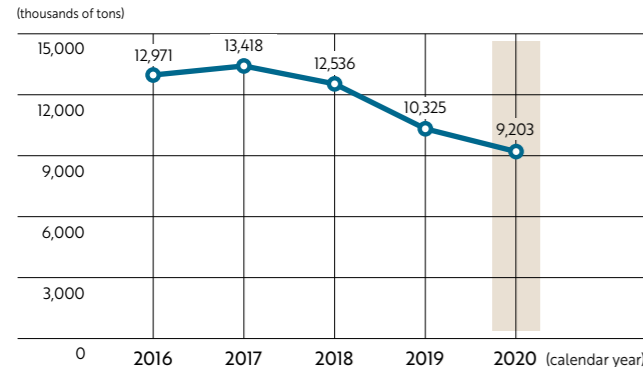
Initiatives to Enhance Awareness of Compliance



"K" LINE has adopted the following as a code of conduct: comply with domestic and foreign laws and social norms, and carry out fair, transparent, and free competition, as well as appropriate business conduct. All executives and employees are required to comply with the Global Compliance Policy, which is a specific guideline for this code of conduct. We are striving to increase awareness of compliance by implementing training seminars and e-learning on a continuous basis, including level-specific training, such as upon entering the Company or being promoted to a managerial position, and training aimed at all employees. Additionally, we have established individual global policies regarding compliance with competition laws and anti-corruption laws. We have distributed a guidebook based on actual practice to be utilized as a guideline on our daily business for all executives and employees. Furthermore, we have registered in the Whistleblowing System Certification (Self-Compliance Declaration Registration System) under the jurisdiction of the Consumer Affairs Agency of Japan and aim to enhance and promote the use of this system.

Sustainability Data Highlights

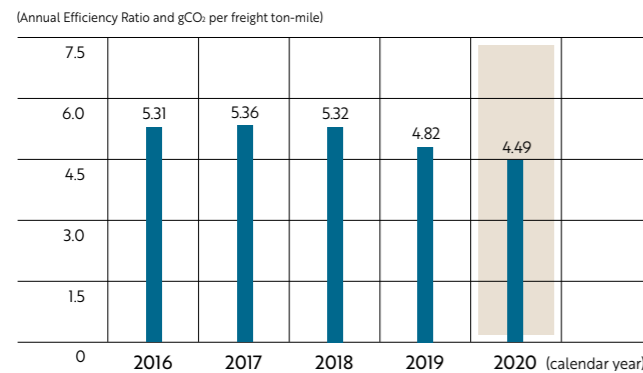
01 CO₂ Emissions



We are reducing the CO₂ emissions of our fleet by introducing environmentally friendly vessels and enhancing fleet operational efficiency. Furthermore, "K" LINE has received verification and acquired a Verification Statement from a third-party entity regarding data on GHG emissions generated from our upstream to downstream business activities. This verification has been calculated according to international standards for calculation and reporting of GHG emissions (the GHG Protocol).

(Note) The target range is our consolidated range, which corresponds to almost 100% of sales.

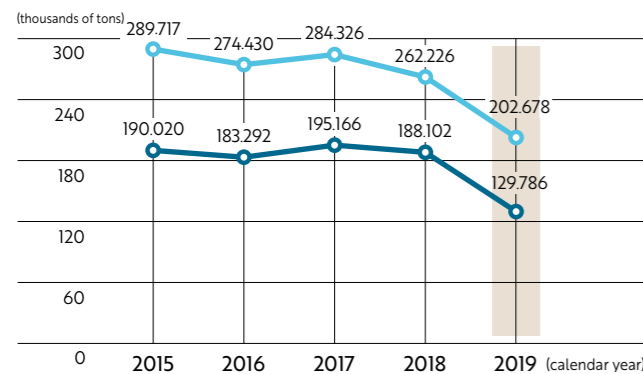
02 Volume of CO₂ Emissions per Freight Ton-Mile



We are also striving to improve CO₂ emission efficiency. Our target is to reduce CO₂ emissions per freight ton-mile, which were 7.21g in 2008, to 3.61g by 2030 (a 50% improvement in efficiency). In 2020, the result was 4.49g.

(Note) The aggregation range is equivalent to about 75% in 2019 sales.

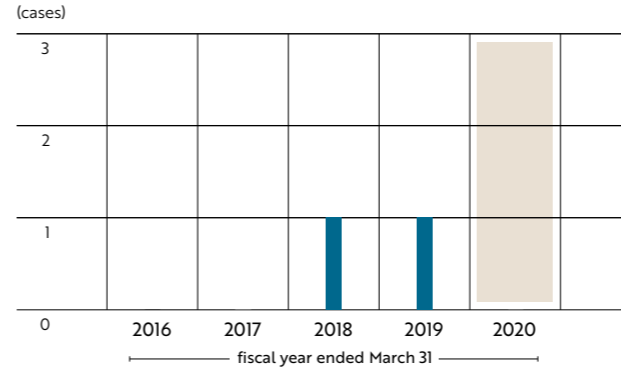
03 SO_x/NO_x Emissions



We are striving to reduce emissions of nitrogen oxide (NO_x) and sulfur oxide (SO_x), which are sources of air pollution, through initiatives such as slow steaming.

(Note) The aggregation range is equivalent to about 75% in 2019 sales

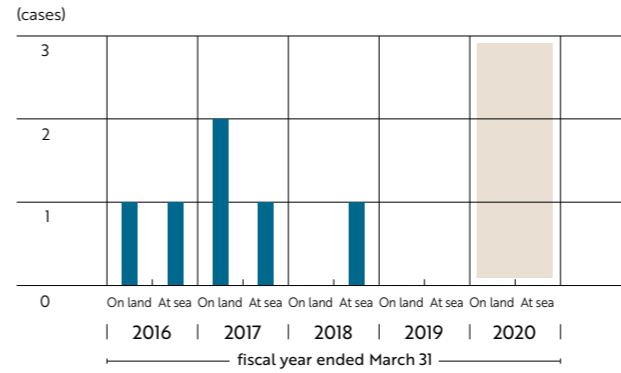
04 Number of Major Accidents



Safety in navigation and cargo operations is an immutable mission in a shipping business. To "provide reliable and excellent services" as stated in the "K" LINE Group's corporate principle and vision, we will strive to enhance and strengthen the safety management system and ship management system, as well as secure and train maritime technical personnel.

(Note) The target range is our consolidated range, which corresponds to 100% of sales.

05 Number of Industrial Accidents, Injuries, and Illnesses Resulting in Lost Work Days



We strive to continuously improve health and safety at the office and employees' mental and physical health. The Company has established a Health Enhancement Committee, chaired by an Executive Officer in charge of Human Resources (the Overall Health Controller), which functions as health committee required by the Industrial Safety and Health Law. The committee studies and deliberates employees' health maintenance and improvement, including office environment, health and safety, training, and prevention of infectious diseases.

■ Number of occupational accident*1 ■ Number of fatal occupational accidents
■ Number of accidents requiring leave*2

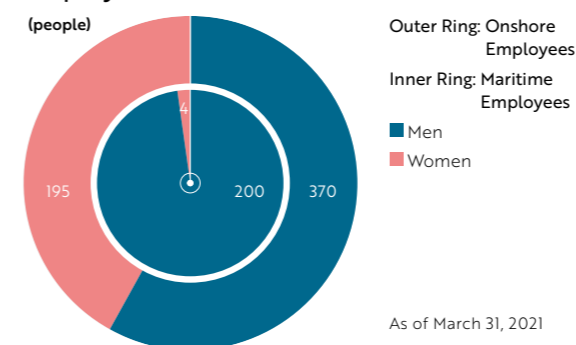
(Note) The target range is our consolidated range, which corresponds to 100% of sales.

*1 Excludes accidents while commuting.

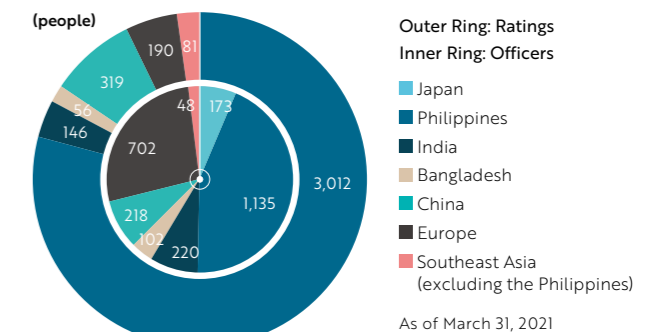
*2 Number of injuries/illnesses, caused by occupational accidents, requiring one or more days of leave.

06 Employees and Crew Members

Onshore and maritime employees (Non-consolidated)



Crew members by nationality





Selected for the CDP Climate Change "A List" for Five Consecutive Years



For the fifth consecutive year, the CDP, an NGO that works to achieve a sustainable economy, has selected "K" LINE as an "A list" company for its disclosure of climate change information and initiatives for reducing GHGs. This is the highest rating given to companies that are recognized as world leaders in corporate responses to climate change.

In 2020, the CDP, on behalf of more than 515 institutional investors with a total of \$106 trillion in assets under management, sent climate change questionnaires to companies. Of the companies that responded to the questionnaire and disclosed information, 270 companies were judged to possess exceptional climate change countermeasures, including activities to reduce emissions, and were recognized on the "A list." Of these, 53 were Japanese companies and only four have been selected for five consecutive years.



Additionally, "K" LINE was selected for the Supplier Engagement Leaderboard for three consecutive years in the CDP's "Supplier Engagement Rating," which is awarded to companies that are examined on initiatives on climate change and reduction of GHG emissions across their entire supply chain. In the 2020 rating, from 5,640 companies from around the world eligible for the rating, 396 were selected for the Leaderboard (83 of which were Japanese companies).

"K" LINE has been a constituent stock of socially responsible investing (SRI) indices and ESG indices around the world, as we endeavor to manage our business with sustainability at the core and disclose information on sustainability.



"K" LINE's Information Disclosure

"K" LINE is promoting sustainability through a number of initiatives to help enrich the lives of people as an integrated logistics company grown from the shipping business. For the latest developments on the information published in this report, the details of the "K" LINE Environmental Vision 2050, the ESG Data, the GRI Guidelines, ISO 26000, and other sustainability-related initiatives, please visit our website.

Sustainability Site
<https://www.kline.co.jp/en/csr.html>

Environmental Vision 2050
<https://www.kline.co.jp/en/csr/environment/management.html#002>

ESG Data
<https://www.kline.co.jp/en/csr/esg.html>

GRI Guidelines Index
<https://www.kline.co.jp/en/csr/gri.html>

Outline of the Company (as of March 31, 2021)

Name	Kawasaki Kisen Kaisha, Ltd. ("K" LINE)
Established	April 5, 1919
Paid-in capital	¥75,457.64 million
President & CEO	Yukikazu Myochin (Effective from April 1, 2019)
Employees	On-land Duty 565 At-sea Duty 204 Unconsolidated total 769 Consolidated total 6,080
Business lines	Marine transportation, Land transportation, Air transportation, Through transportation involving marine, land and air transportation, Harbor transportation, etc.
Head office	Iino Building, 1-1, Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo 100-8540, Japan