

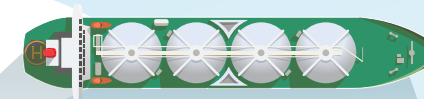
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**SUSTAINABILITY
REPORT
2025**

CONTENTS

2	Message from the CEO	04 Environmental Aspects	06 Governance and Economic Aspects
4	The “K” LINE Group in Numbers	24 Environmental Management	82 Reinforcement of Corporate Governance
01 Corporate Principle / Charter of Conduct: “K” LINE Group Companies		27 Response to Climate Change / TCFD Framework-Based Information Disclosure	94 Risk Management
6 Corporate Principle and Vision of the “K” LINE Group		37 Reducing “K” LINE’s Impact on the Sea and Air	101 Promotion and Reinforcement of Compliance
7 Charter of Conduct: “K” LINE Group Companies		52 Supporting the Environmental Activities of Society	104 Supply Chain Management
02 The “K” LINE Group’s Sustainability Management		05 Social Aspects	109 Stakeholder Engagement
13 The “K” LINE Group’s Sustainability Management		55 Shaping of Working Environment and Promotion of Health Management	111 Digital Transformation (DX)
03 The “K” LINE Group’s Materiality		60 The Securing and Development of Human Resources	114 Information Security
18 The “K” LINE Group’s Materiality		66 Diversity & Inclusion	115 Promotion of Innovation
		71 Promotion of Safety in Navigation and Cargo Operations	
		75 Respect for Human Rights	
		79 Relationship with the Community	



Editorial Policy

The “K” LINE Group is a logistics company rooted in the shipping industry that owns and operates various fleets tailored to worldwide marine transportation needs. We also engage in land transportation and warehousing businesses. The “K” LINE Group has defined  Value (“K” LINE Value) as a symbol of its corporate value. We produce the “K” LINE REPORT, which provides explanations from both a financial and non-financial perspectives, to ensure that our wide range of stakeholders understand  Value. We produce this SUSTAINABILITY REPORT to supplement the “K” LINE REPORT.

This report will mainly summarize environmental, social, and governance (ESG) information and act as a communication tool for sharing this data with our stakeholders, who have a particularly high awareness of the “K” LINE Group’s sustainability initiatives.

Reporting Period

Fiscal 2024 (April 1, 2024–March 31, 2025)

Some information regarding activities and initiatives will be from before this period or more recent than other information.

Scope of Reporting

In principle, this report covers the activities and data of Kawasaki Kisen Kaisha, Ltd., and its subsidiaries and affiliates, except where otherwise noted.

Guidelines Referred to

- GRI Standard
- ISO 26000
- SASB Standards
- United Nations Global Compact
- Environmental Reporting Guidelines 2018, Ministry of the Environment of Japan
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation, Ministry of Economy, Trade and Industry of Japan

Forward-Looking Statements

The Company’s plans, strategies, and future financial results indicated in this report reflect the judgment made by its management based on information currently available and include risk and uncertainty factors. Consequently, the actual financial results may be different from the Company’s forecasts due to changes in the business environment, among other factors.



As a partner trusted by all its stakeholders, we position sustainability as an important pillar of management and aim for achieving both the resolution of social issues and the enhancement of corporate value through our business activities.

Takenori Igarashi
Director, Representative Executive Officer,
President & CEO

Message from the CEO

The “K” LINE Group helps enrich the lives of people as a logistics company and aims for sustainable growth and greater corporate value by supporting the infrastructure of the global community as a partner trusted by all its stakeholders.

The “K” LINE Group has made sustainability (environmental, social, and economic sustainability) a key management priority in achieving our corporate principles and vision and fulfilling our mission as infrastructure that supports human life and the economy. That is why the Group is pursuing sustainability management with materiality at its core. We define

materiality as key issues to be addressed in order to achieve sustainable growth and greater corporate value under the medium-term management plan as well as help solve social issues.

Our 12 material issues (see p. 18) have been categorized into five areas: Safety & Ship Quality Management, Environment & Technology, Digital Transformation, Human Resources to support these areas, and a Management Base to serve as our foundation. We are also working to increase the transparency of Group sustainability initiatives by establishing basic policies and medium- to long-term goals for each material issue, setting key performance indicators (KPIs),

Message from the CEO

and monitoring progress toward these goals (see p. 21).

The “K” LINE Group has recognized global climate action as an issue that must be enhanced by the entire international community and announced our challenge of net-zero GHG emissions by 2050 in November 2021. As an additional long-term vision in our medium-term management plan announced in May 2022, we laid out a growth strategy that interprets investment in alternative fuel vessels for our own low-carbon transition and decarbonization and ventures into new business areas that help achieve a low-carbon and carbon-free society as business opportunities, and are actively pursuing initiatives to implement this strategy.

The first of these initiatives is part of our transition to low-carbon and carbon-free operations at “K” LINE. We are making the shift from conventional heavy fuel oil to LNG fuel, which has a lower environmental footprint, and aim to introduce zero-emission vessels fueled by ammonia and hydrogen in the future. We are also conducting R&D and demonstration testing to introduce Seawing, a wind assisted propulsion system that attaches a large kite to the bow of a vessel to gain propulsion. Through these efforts, we will transition to low-carbon and carbon-free operations while also helping our customers reduce their Scope 3 GHG emissions. The second important initiative is our ongoing contributions to a low-carbon and carbon-free society. In addition to managing liquefied CO₂ carriers engaged in the world’s first full-scale carbon dioxide capture and storage (CCS) project, the “K” LINE Group also aims to be involved in peripheral businesses upstream in the energy supply chain, such as marine transport of next-generation energy, such as hydrogen and ammonia, and offshore wind power support vessels.

The “K” LINE Group positions diversity as a source of competitiveness and aims to maximize the capabilities of our diverse human resources in a safe, comfortable working environment. We are creating a work environment in which all officers and employees can maximize their individuality and capabilities regardless of gender, nationality, age, or experience, allowing everyone to thrive while respecting one another’s diversity. At our headquarters, we have established childcare support systems that exceed legal guidelines, allowing us to develop a pleasant working environment regardless of gender or life stage while also promoting employees to managerial positions based on ability, regardless of gender. We

are also taking steps to foster unity with locally hired staff through “K” LINE UNIVERSITY, a group training program for Group employees worldwide.

We are pursuing stronger corporate governance, which serves as the foundation for sustainability management (see p. 82). At the Extraordinary General Meeting of Shareholders held on March 28, 2025, the “K” LINE Group transitioned its corporate structure from a company with an Audit & Supervisory Board to a company with a Nominating Committee, etc. Achieving sustainable growth and greater corporate value amid increasing uncertainty in the environment surrounding companies requires swift decision-making in business execution, and it is essential to establish robust corporate governance that can support this. We have continuously worked to refine and strengthen our corporate governance in recognition of its importance. Based on these efforts, we have transitioned to a company with a Nominating Committee, etc., to pursue greater corporate value through even stronger governance and management reform. Clear separation of supervision and execution will increase management transparency and strengthen our ability to adapt to change.

Sustainability management at the “K” LINE Group is built on the understanding and cooperation of all of our stakeholders. We ask for your continued support as we do our utmost to fulfill our roles and responsibilities to our customers, employees, shareholders, local communities, and future generations while we work to build a better future.



Director, Representative Executive Officer, President & CEO

The "K" LINE Group in Numbers (for Fiscal 2024)

This section provides the outline of the "K" LINE Group and key sustainability-related indicators.



Operating revenues

¥1,047.9
billion

Number of business locations*1

286
(28 in Japan, 258 overseas)

Number of employees*1
Non-consolidated

964
(745 on land, 219 at sea)
Consolidated

5,783

Number of vessels in operation*1

443



Environment

Acquisition rate status of ISO 14001*2

90%

CO₂ emissions ("K" LINE vessels)*3

6.06 million tons

Installation rate of Kawasaki - Integrated Maritime Solutions (integrated vessel operation and performance management system) on medium-to long-term chartered vessels*3

98%

CO₂ emissions efficiency per deadweight ton-mile (vs. 2008)*3

42% improvement

Installation of ballast water treatment systems*3

100%



Social

Female employees comprising of managerial position

7.41%

Training cost per employee (onshore/seafarer personnel)

Onshore
¥209 thousand

Average training hours per employee

Onshore
21.3 hours

Number of major accidents

0 cases

IR activities (domestic IR/SR, overseas IR/SR)

140 companies /
247 companies

Ratio of male employees taking childcare leave

81.9%

Seafarer

¥410 thousand

Seafarer

144 hours

2024 Health & Productivity Management Organization Recognition Program
5 consecutive years

6th time

Average days of annual paid leave taken

10.1 days



Governance

Ratio of outside directors

Board of directors **70%** Nominating Committee **80%** Audit Committee **80%** Compensation Committee **80%**

Percentage of participants attending compliance training

100%

Number of serious compliance violations

0 cases

*1 As of September 30, 2025 *2 Ratio to consolidated operating revenues *3 Scope: Kawasaki Kisen Kaisha, Ltd. (non-consolidated)



Section
01

Corporate Principle /
Charter of Conduct:
"K" LINE Group Companies

Management Policy | Corporate Principle and Vision of the "K" LINE Group

Corporate Principle

~ Trust from all over the world ~

As a logistics company rooted in the shipping industry,
we help make the lives of people more affluent.

Vision

As a partner trusted by all its stakeholders, we aim for sustainable growth and greater corporate value by supporting the infrastructure of the global community.

Values the "K" LINE Group Prizes

Providing safe and optimized services that put the customer first	Tireless attitude toward problem solving	Providing the value only "K" LINE can in pursuit of expertise
Relentless efforts to achieve innovation	Contributing to the global environment and a sustainable society	Respecting individuals and ensuring fair business activities by embracing diverse values



Charter of Conduct: "K" LINE Group Companies

Charter of Conduct: "K" LINE Group Companies

Charter of Conduct: "K" LINE Group Companies

In April 2025, the "K" LINE Group revised its Charter of Conduct for the "K" LINE Group companies as standards of behavior for the entire Group. In light of the growing importance of the role companies play in realizing a sustainable society, and increasing expectations for broader initiatives, including across the supply chain, to address social issues such as respect for human rights and preservation of the global environment, the Group implemented this revision for the first time since August 2012.

Charter of Conduct: "K" LINE Group Companies

Kawasaki Kisen Kaisha, Ltd. and its group companies (hereinafter the "K" LINE Group) reemphasize that due respect for human rights, compliance with applicable laws, ordinances and rules, and due consideration to the environment are the fundamental foundation of corporate activities and that group companies' growth must be in harmony with society. Therefore, to contribute to the sustainable development of society, we act in compliance with the Charter of Conduct (hereinafter the Charter) detailed below:

1. Respect for human rights

The "K" LINE Group will consistently respect the human rights of all stakeholders involved in its business activities. The "K" LINE Group will strive to develop and improve safe and pleasant work environment for its employees to provide them with comfortable and affluent lives.

2. Compliance with laws, regulations and other social norms

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

3. Earning, maintaining, and enhancing the trust of all stakeholders

The "K" LINE Group will earn, maintain, and enhance the trust of all stakeholders, including customers, business partners, shareholders, employees, governments, local communities and the international community.

4. Promotion of safety in navigation and cargo operations

The "K" LINE Group regards safety in navigation and cargo operations as a top priority and strives to provide higher quality, safer and more optimized services taking a customer-first approach.

5. Proactive efforts to address environmental issues

To realize a sustainable society, the "K" LINE Group recognizes that global environmental efforts are a key issue for all of humanity and that they are essential for both business activities and the existence of the company. Additionally, the "K" LINE Group is committed to proactively engaging in the development of a low-carbon or carbon-free transition of both "K" LINE itself and society.

6. Promotion of digital transformation (DX) and innovation

Through DX and innovation, the "K" LINE Group refines its strengths in safety, quality and environmental technology to provide new values for customers and society, embracing changes.

7. Contribution to society

As a good corporate citizen, the "K" LINE Group will make ongoing efforts to contribute to the development of sustainable society.

Corporate Principle / Charter of Conduct: "K" LINE Group Companies

8. Thorough risk management

The "K" LINE Group recognizes the various risks associated with its business activities and will thoroughly manage them to fulfill its responsibilities to society as a corporation.

The management of each "K" LINE Group company recognizes that it is its role to realize the spirit of the Charter and leads the implementation of this Charter in an exemplary manner while setting up effective mechanism for its implementation throughout the "K" LINE Group. Management also seeks to cooperate with its business counterparts. From the perspective of risk management, management establishes internal systems for preventing incidents in breach of the Charter and, should such an event occur, the management of the "K" LINE Group companies concerned will decisively resolve the problem, conduct a thorough investigation to determine the causes of the matter and take preventative measures. Additionally, management will expeditiously and accurately disclose information and fulfill its duties to be accountable to society.

Adopted December 22, 2006

Revised August 31, 2012

Revised April 1, 2025

"K" LINE Implementation Guidelines for the Charter of Conduct

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 Guidelines for the Charter of Conduct

Kawasaki Kisen Kaisha, Ltd. (hereinafter "K" LINE) has established the following implementation guidelines for putting the spirit of the Charter of Conduct: "K" LINE Group Companies into practice.

1. Respect for human rights

The "K" LINE Group will consistently respect the human rights of all stakeholders involved in its business activities. The "K" LINE Group will strive to develop and improve safe and pleasant work environment for its employees to provide them with comfortable and affluent lives.

- 1-1 "K" LINE will respect the human rights of all people, strive not to violate or discriminate against the human rights of people affected by its business activities and not be complicit, even indirectly, in human rights abuses.
- 1-2 "K" LINE will respect international norms related to human rights, comply with "K" LINE Group Basic Policy on Human Rights, and strive to comply with laws and regulations related to labor and human rights applicable in each country and region where it operates.

- 1-3 To minimize any adverse impact it has on human rights, "K" LINE will conduct human rights due diligence, assess both actual and potential human rights risks associated with its business activities, and take measures to prevent or mitigate them.
- 1-4 "K" LINE will respect the rights of socially vulnerable people exposed to risks of their human rights being violated, such as indigenous people in the regions where it operates and contribute to the development of an inclusive society.
- 1-5 "K" LINE will protect its employees from forced or compulsory labor including overly long working hours, strive to eliminate all forms of forced labor such as bonded labor, human trafficking and slave labor, including any unintentional complicity in such activities. "K" LINE will also strive to effectively eliminate child labor.

Corporate Principle / Charter of Conduct: "K" LINE Group Companies

- 1-6 "K" LINE will strive to respect the diversity of employees and ensure that employees are treated equally without discrimination on any grounds, including but not limited to nationality, race, ethnicity, gender, sexual orientation, gender identity, creed or religion, disability, etc., in terms of recruitment, employment and worker treatment.
- 1-7 "K" LINE will strive to prevent all forms of harassment, including power harassment and sexual harassment, as well as slander and defamation that harms the dignity of individuals. "K" LINE will promptly and adequately respond to any such event that may occur.
- 1-8 To assist each employee of the corporation in the maximization of their potential and their achievement of self-actualization, "K" LINE will strive to adequately assign personnel to tasks and provide the education, training and other systems necessary to facilitate the balance between career planning and human resource utilization.
- 1-9 "K" LINE will evaluate personnel in an objective and unbiased manner through a due process of appraisal and it will treat employees fairly and equally.
- 1-10 "K" LINE will promote a healthy work-life balance by establishing necessary systems such as work schedule flexibility and leave systems.
- 1-11 To promote health-conscious management, "K" LINE will properly manage workplace health conditions, maintain a safe and appropriate work environment and support employees' efforts to maintain their mental and physical health.
- 1-12 "K" LINE will ensure the safety of its employees in their work environment ensuring there are sufficient security systems in place. Additionally, we ensure that the use of outside security personnel (e.g., armed guards) does not unreasonably infringe on the rights of local residents.
- 1-13 "K" LINE will prepare a disaster manual and establish a crisis management system for its employees and their families by establishing stores of emergency supplies and a safety confirmation system.

2. Compliance with laws, regulations and other social norms

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

- 2-1 "K" LINE promises to comply with laws and ordinances in each country and region where it operates, such as competition laws, anti-corruption/bribery laws, intellectual property laws, laws and regulations regarding insider trading and laws and regulations regarding security trade control policies, as well as the conventions and rules of the international community related to these matters, and the values of society, including ethical and moral standards.
- 2-2 "K" LINE recognizes that the regulations on fair competition in each country in which it operates are the basic rules for fair, transparent and free competition, and it promises to neither enter into any agreement in breach of these regulations nor abuse its dominant position.

- 2-3 "K" LINE's procurement activities and business transactions will always be in line with the appropriate policies outlined below and it will always maintain fair and sound relationships with its business partners.
 - 1 Purchasing decisions will be made with opportunities provided fairly and the fair and impartial evaluation of not just the economic aspects of the matter, such as quality, cost and delivery, but also consideration of society and the environment.
 - 2 Procurement activities will be conducted in compliance with laws, ordinances, social norms and business ethics and cooperative relationships based on mutual trust are established with business partners.
 - 3 Procurement activities will be conducted by duly considering sustainability and responsibilities to society, including respect for human rights, health and safety and environmental preservation.
 - 4 Transactions with business partners will be conducted in an appropriate manner for coexistence and co-prosperity throughout the supply chain. Sufficient consultation shall be conducted when determining transaction terms such as prices, including regular opportunities.
 - 5 Information gained through the procurement process will be properly managed.
- 2-4 "K" LINE will maintain transparent and sound relationships with governments and regulatory authorities.
- 2-5 "K" LINE will neither offer nor receive any excessive entertainment, gifts or other favors beyond commonly accepted business courtesies.
- 2-6 "K" LINE will neither offer nor receive bribes, and it will not give or accept entertainment, gifts or other favors with the aim of receiving unfair benefits or preferential treatment.
- 2-7 "K" LINE will not tolerate any acts by its officers and employees for the benefit of themselves or third parties that may harm the interest of the company.
- 2-8 "K" LINE will seek to protect and fully utilize its intellectual property and respect the intellectual property rights of others.
- 2-9 "K" LINE will establish strict internal rules and procedures to prevent any insider trading or suspicious activities from occurring and keep every member of "K" LINE duly informed of these rules and procedures to ensure compliance.
- 2-10 "K" LINE will establish an internal reporting system and necessary measures for continually monitoring its compliance status and it will respond to any problem that may arise in a timely and effective manner.
- 2-11 "K" LINE will not treat any group employee adversely for complying with applicable laws, regulations or policies regarding internal reporting, etc.
- 2-12 "K" LINE will establish a mechanism for ensuring compliance with laws and regulations concerning security trade control policies.
- 2-13 "K" LINE will protect and manage its confidential information appropriately and strictly, and it will use it in its business activities.
- 2-14 "K" LINE will strictly manage personal information, customer information and information related to the privacy of stakeholders, such as customers, business partners or employees, in accordance with laws, regulations and social norms.

Corporate Principle / Charter of Conduct: "K" LINE Group Companies**3. Earning, maintaining, and enhancing the trust of all stakeholders**

The "K" LINE Group will earn, maintain, and enhance the trust of all stakeholders, including customers, business partners, shareholders, employees, governments, local communities and the international community.

- 3-1 To promote extensive communication with stakeholders such as shareholders and investors, "K" LINE will disclose all facts and corporate information, including accounting and financial information, and other accurate accounting and tax management records, in a timely and appropriate manner.
- 3-2 "K" LINE will promote communication with shareholders and investors through general shareholders meetings and investor-relations activities.
- 3-3 "K" LINE will comply with all applicable laws, regulations, rules, policies and corporate ethics in its advertising and public relations activities, including the use of social media. Additionally, "K" LINE will eliminate false and exaggerated statements and ensure that information, content and statements are fair, accurate and appropriate, with due regard for the avoidance of social discrimination and human rights violations.
- 3-4 "K" LINE will provide customers with adequate information concerning its services and will respond to inquiries in good faith.
- 3-5 "K" LINE will duly consider harmony with the public interest in recognition of the public nature of international maritime transport.
- 3-6 "K" LINE will contribute to the development of each country by providing knowledge and expertise, cooperating in human resources development and deepening friendships with related companies and organizations.
- 3-7 "K" LINE will ask local business partners in each country to understand the spirit of its Charter of Conduct and its approach to sustainability and to improve their activities as needed.

4. Promotion of safety in navigation and cargo operations

The "K" LINE Group regards safety in navigation and cargo operations as a top priority and strives to provide higher quality, safer and more optimized services taking a customer-first approach.

- 4-1 "K" LINE recognizes safety in navigation and cargo operations and the consequent preservation of the global and marine environment as its immediate top priority, and it ensures the safety and quality of its services centered on international maritime transport.
- 4-2 To contribute to society through safety in navigation and cargo operations, "K" LINE will enhance its management structure for ensuring safety in navigation, including its crisis management capabilities, strengthen its ship management system and secure and train maritime officers.

5. Proactive efforts to address environmental issues

To realize a sustainable society, the "K" LINE Group recognizes that global environmental efforts are a key issue for all of humanity and that they are essential for both business activities and the existence of the company. Additionally, the "K" LINE Group is committed to proactively engaging in the development of a low-carbon or carbon-free transition of both "K" LINE itself and society.

- 5-1 "K" LINE will contribute to the creation of a global carbon-free society by promoting initiatives to reduce environmental impact throughout its supply chain, working toward the Group's policy of achieving net-zero GHG emissions by 2050.
- 5-2 "K" LINE will promote efforts to establish a material-cycle society by reinforcing the efficient use of energy and resources (including green ship recycle).
- 5-3 To continuously reduce the adverse effects its business activities have on the environment, "K" LINE will set goals and targets for environmental conservation, endeavor to develop technology and establish new business models that will help reduce these adverse effects.
- 5-4 "K" LINE will consider all of the environmental risks contingent on its business activities and take measures to address them.
- 5-5 "K" LINE will promote various efforts to conserve biodiversity and realize sustainable society, such as minimizing the impact of ballast water and living organisms that attach to ship hulls on ecosystems.

6. Promotion of Digital transformation (DX) and innovation

Through DX and innovation, the "K" LINE Group refines its strengths in safety, quality and environmental technology to provide new values for customers and society, embracing changes.

- 6-1 "K" LINE is committed to pursuing innovation in the areas of safety, quality and environmental technology for the establishment of a low-carbon or carbon-free society.
- 6-2 "K" LINE will further advance the digitalization of information, business processes and vessels, enhance its core safety, quality and environmental technology value through the utilization of data and digital technology, and increase the added value of its services to further strengthen competitiveness.

Corporate Principle / Charter of Conduct: "K" LINE Group Companies

7. Contribution to society

As a good corporate citizen, the "K" LINE Group will make ongoing efforts to contribute to the development of sustainable society.

- 7-1 "K" LINE will set up an in-house structure for promoting social contribution activities.
- 7-2 "K" LINE will gather information about social issues worldwide, identify priority sustainability issues in light of its management philosophy and promote social contribution activities using its resources.
- 7-3 "K" LINE will continue to proactively contribute to society by cooperating and collaborating with a broad range of stakeholders, including NPOs, NGOs, local communities, government agencies and international organizations.
- 7-4 "K" LINE will support its employees' voluntary participation in social activities such as volunteer work.
- 7-5 "K" LINE will prepare for possible relief activities and the provision of aid due to a disaster or other marine accident and increase its contributions to society leveraging its expertise and technology, including the transportation of necessary resources when needed.
- 7-6 "K" LINE will handle donations and sponsorships for contributing to society in a transparent and reasonable manner in compliance with relevant laws, regulations and social norms to ensure that they do not constitute unfair profit sharing or inappropriate expenditures.

"K" LINE's management recognizes that it is its role to realize the spirit of the Charter and leads the implementation of this Charter in an exemplary manner while setting up effective mechanisms for its implementation throughout "K" LINE and its group companies. Management also seeks to cooperate with its business counterparts. From the perspective of risk management, management establishes internal systems for preventing incidents in breach of the Charter, and, should such an event occur, "K" LINE's management will decisively resolve the problem, conduct a thorough investigation to determine the causes of the matter and take preventative measures. Additionally, management will expeditiously and accurately disclose information and fulfill its duties to be accountable to society.

8. Thorough risk management

The "K" LINE Group recognizes the various risks associated with its business activities and will thoroughly manage them to fulfill its responsibilities to society as a corporation.

- 8-1 "K" LINE will address various business risks, such as cyberattacks or terrorism, to keep them within the extent of sustainable business continuity and establish policies in advance to mitigate the impact of risks to corporate management should they materialize.
- 8-2 "K" LINE will develop a business continuity plan (BCP) and strive to enhance response capabilities during normal times to prepare for emergencies such as large-scale natural disasters or infectious diseases.
- 8-3 In cooperation with authorities and organizations concerned, "K" LINE will endeavor to eliminate anti-social forces and mobilize the entire corporation to act in accordance with the law and prevent them from harming it.

Adopted December 22, 2006
Revised August 31, 2012
Revised April 1, 2025



Section
02

The "K" LINE Group's
Sustainability Management

The "K" LINE Group's Sustainability Management

Promotion System for Sustainability

Sustainability Governance

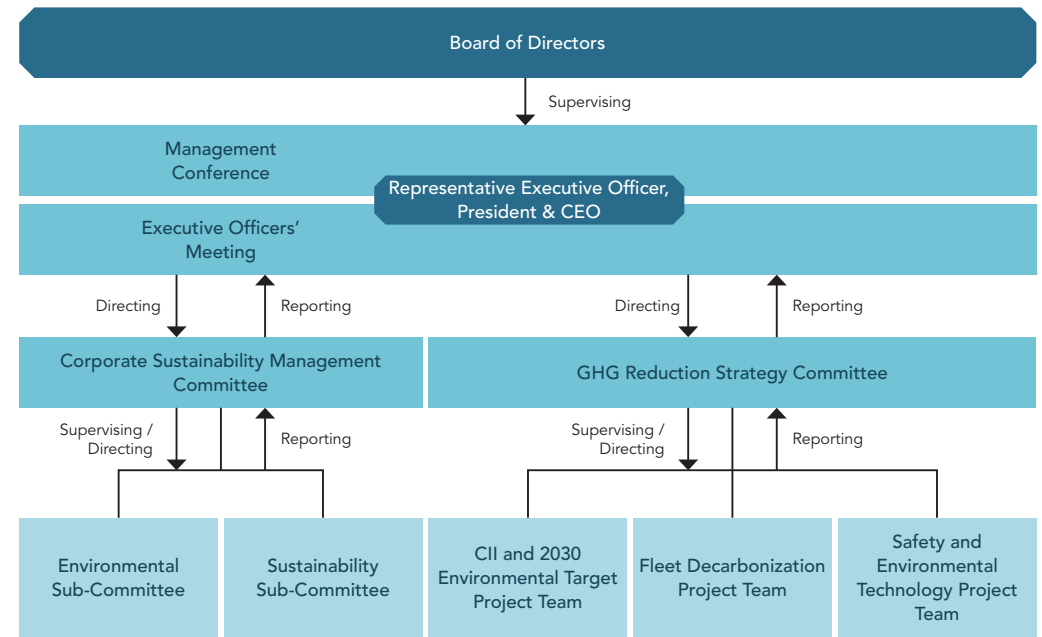
Amid global changes in values and behavior, as well as increasing awareness of the need to reduce the burden of climate change on the environment, "K" LINE considers sustainability management a priority issue for enhancing corporate value over the medium to long term and discusses the issue as necessary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

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 manager of each business group, which addresses materialities identified by the Group, are member of the Sustainability Sub-Committee, a subcommittee under the Corporate Sustainability Managerial Committee. 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 subcommittee, 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 nextgeneration fuels and new technologies, and formulating the latest measures for compliance with environmental guidelines, including technical aspects.



The "K" LINE Group's Sustainability Management

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

► Dow Jones Best-in-Class Asia Pacific Index

Provided by U.S.-based S&P Dow Jones Indices LLC, this ESG index evaluates the sustainability of the world's leading companies based on economic, environmental, and social criteria. As of September 26, 2025, our company ranked in the 89th percentile in the Transportation industry in the S&P Global Corporate Sustainability Assessment.

<https://www.spglobal.com/sustainable1/en/csa>



FTSE4Good

► FTSE4Good Index

Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

<https://www.lseg.com/en/ftse-russell/indices/ftse4good>

FTSE JPX Blossom
Japan Index

► FTSE JPX Blossom Japan Index

Created by the global index and data provider FTSE Russell, the FTSE JPX Blossom Japan Index is designed to measure the performance of companies demonstrating specific ESG practices. The FTSE JPX Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

<https://www.lseg.com/en/ftse-russell/indices/blossom-japan>

FTSE JPX Blossom
Japan Sector
Relative Index

► FTSE JPX Blossom Japan Sector Relative Index

The FTSE JPX Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

<https://www.lseg.com/en/ftse-russell/indices/blossom-japan>

► MSCI Japan Empowering Women Index (WIN)

Developed by U.S.-based Morgan Stanley Capital International Inc. (MSCI), this is a stock price index that was created to classify companies with outstanding gender diversity based on MSCI's unique Gender Diversity Score.

<https://www.msci.com/our-solutions/indices/japan-empowering-women-select-index>

2025 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

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Overview



► S&P/JPX Carbon Efficient Index

One of the ESG indices adopted by the Government Pension Investment Fund (GPIF), this index focuses on environmental issues and measures the performance of companies by evaluating their levels of information disclosure on carbon emissions, as well as their carbon emissions per unit of revenue.

<https://www.jpix.co.jp/english/markets/indices/carbon-efficient/index.html>

2025



Sompo Sustainability Index

► Sompo Sustainability Index


This ESG-focused management product, which Sompo Asset Management Co., Ltd. began operating in August 2012, consists of approximately 300 stocks that have outstanding ESG performance and is used to build a sustainable management portfolio.

<https://www.sompo-am.co.jp/institutional/product/06/> (in Japanese only)

The "K" LINE Group's Sustainability Management

Major Awards and Recognition


Contents



▶ **CDP 2025 Climate Change A List**

"K" LINE has been selected for the ninth time in total on the Climate Change A List, achieving an A, the highest score in the CDP's Climate category. CDP is an international non-profit organization (NGO) headquartered in London, which conducts a survey on climate change risks and opportunities and the responses of companies and other entities. The results of the survey are used as a universal indicator to measure corporate value.


<https://www.cdp.net/en>



▶ **CDP Supplier Engagement Leader 2024**

"K" LINE has been recognized for the seventh 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.

<https://www.cdp.net/en>



▶ **MSCI ESG Ratings**

Morgan Stanley Capital International (MSCI) is a U.S. finance company headquartered in New York City. It is an investment research firm that provides stock indexes and portfolio analytics. In August 2025, "K" LINE received a rating of A in the MSCI ESG Ratings assessment.

<https://www.msci.com/data-and-analytics/sustainability-solutions/esg-ratings>


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▶ **Sustainalytics**

Sustainalytics is a part of Morningstar group, which provides high-quality, analytical ESG research, ratings and data to institutional investors and companies. In August 2025, "K" LINE received an ESG Risk Rating of 16.8 and was assessed by Morningstar Sustainalytics to be at Low risk of experiencing material financial impacts from ESG factors.

<https://www.sustainalytics.com/esg-data>

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▶ **NIKKEI Sustainable Management Survey, SDGs Edition**

Nikkei Research Inc. evaluated "K" LINE with a 4.0-star rating.

https://www.nikkei-r.co.jp/service/survey/sdgs_survey/ (in Japanese only)

Contents



▶ **Ministry of Health, Labour and Welfare**

"K" LINE was granted Kurumin certification for the third time as a company that provides superior support for childcare.

https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/kodomo/shokuba_kosodate/kurumin/index.html (in Japanese only)



▶ **Ministry of Economy, Trade and Industry / Japan Health Council**

"K" LINE has been recognized for the seventh time in six consecutive years under the 2025 Health & Productivity Management Organization Recognition Program (large enterprise category), which is jointly hosted by the Ministry of Economy, Trade and Industry and the Japan Health Council. The program recognizes companies for their outstanding health and productivity management efforts.

https://www.meti.go.jp/policy/mono_info_service/healthcare/kenkoukeiei_yuryouhouzin.html (in Japanese only)



▶ **Ministry of Economy, Trade and Industry**

"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.

https://www.meti.go.jp/policy/it_policy/investment/dx-nintei/dx-nintei.html (in Japanese only)

<https://www.kline.co.jp/ja/news/other/other-20220404.html> (in Japanese only)



▶ **The Securities Analysts Association of Japan**

"K" LINE was selected as the excellent company for "2024 Awards for Excellence in Corporate Disclosure" by The Securities Analysts Association of Japan in the category of transportation companies.

<https://www.saa.or.jp/english/advocacy/disclosure.html>



▶ **Daiwa Investor Relations Co. Ltd.**

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. In 2025, "K" LINE was granted the Excellence Award and Sustainability Excellence Award.

https://www.daiwair.co.jp/news/internet_IR2025.html (in Japanese only)



▶ **Nikko Investor Relations Co., Ltd.**





"K" LINE has been selected as one of the best corporate websites in Japan for the fifth consecutive year since 2021 in "Comprehensive Ranking of All Japanese Listed Companies' Website 2025" conducted by Nikko Investor Relations Co., Ltd. In addition, "K" LINE has been awarded the top position in the sector ranking for Shipping for the third consecutive year.

<https://www.nikkoir.co.jp/english/>

The "K" LINE Group's Sustainability Management

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>United Nations Global Compact 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. "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. https://www.unglobalcompact.org/</p>
	<p>GX League 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 since 2023 and continues to hold discussions and pilot initiatives in collaboration with other companies. https://gx-league.go.jp/en/</p>
	<p>TCFD Consortium The Task Force on Climate-related Financial Disclosures (TCFD) Consortium was established as a platform for companies that endorse the recommendations of the TCFD to discuss effective information disclosure and initiatives for linking disclosed information to facilitate appropriate investment decisions by financial and other institutions. "K" LINE has been a member of this consortium since May 2019 and will take proactive steps to enhance our autonomous disclosure of information. https://tcfcd-consortium.jp/en</p>
	<p>TNFD Forum 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. 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. "K" LINE has been a member of this forum since November 2023 and is taking initiatives to preserve the environment and proactively disclose information. https://tnfd.global/engage/tnfd-forum/</p>
	<p>Global Maritime Forum Founded in 2017, the Global Maritime Forum is an international non-profit organization that unites maritime industry leaders and experts to drive sustainable economic growth and enhance workforce well-being through collaboration and collective action. "K" LINE joined the forum in 2025 and actively engages in discussions with members from various industries. https://globalmaritimeforum.org/</p>

Initiative / Name of Organization	Overview
	<p>Japan Climate Initiative 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. https://japanclimate.org/english/</p>
	<p>Getting to Zero Coalition 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. "K" LINE 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 (greenhouse gas) emissions. https://www.globalmaritimeforum.org/getting-to-zero-coalition</p>
	<p>Plastics Smart 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. "K" LINE 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. http://plastics-smart.env.go.jp/ (in Japanese only)</p>
	<p>Keidanren Initiative for Biodiversity Conservation This is a compilation of future-oriented policies and concrete examples of initiatives submitted by companies and organizations that endorse the Keidanren Declaration for Biodiversity and Guideline, a declaration formulated by Keidanren (the Japanese Business Federation) and the Keidanren Committee on Nature Conservation. "K" LINE 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. https://www.keidanren-biodiversity.jp/logo_en.php</p>
	<p>Challenge Zero 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, "K" LINE has announced several specific initiatives such as demonstration tests of Seawing, an automated kite system that uses natural energy, and a liquefied hydrogen carrier. https://www.challenge-zero.jp/en/</p>
	<p>Smart Freight Centre (SFC) Smart Freight Centre is a Netherlands-based nonprofit organization that operates globally to address climate change in the freight transport sector. "K" LINE joined in 2025 and published calculation guidelines for GHG emissions intensity for Ro-Ro vessels, such as car carriers. https://smartfreightcentre.org/en/</p>



Section
03

The "K" LINE Group's
Materiality













The "K" LINE Group's Materiality

Materiality

As a part of identifying, evaluating, and managing sustainability-related risks and opportunities, we review and reassess Materiality (key sustainability issues) as necessary. The "K" LINE Group's most recent review in fiscal 2022 identified 12 new material issues. These are categorized into five areas, including Safety & Ship Quality Management, Environment & Technology, Digital Transformation, and Human Resources—the four pillars of our functional strategy for a solid business foundation to realize the business strategies set forth in our medium-term management plan—and Management Base, which serves as the foundation of the

four pillars. The Group positions materiality as a set of key issues to be addressed in order to realize its corporate principle and vision, contribute to solutions for social issues, and achieve sustained growth and improve corporate value under the medium-term management plan.

Our basic principle, approach, and initiatives for each material issue are described on the relevant pages for each theme in this Sustainability Report.

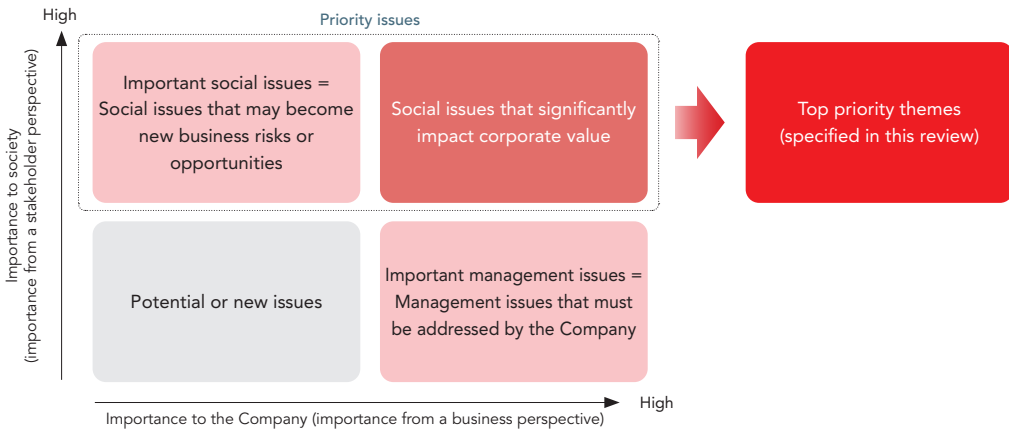
Category	Material Issues (Actions for Resolving Social Issues)	Basic Policy	Related SDGs
Management Base	Respect for human rights ▶ P. 75	Promote initiatives to respect the human rights of all stakeholders involved in the "K" LINE Group's business activities.	
	Reinforcement of corporate governance ▶ P. 82	To fulfill its corporate social responsibility, respond to the trust of shareholders and other stakeholders, and achieve sustainable growth, we will thoroughly enforce corporate ethics across the entire Group, build an organic and effective governance framework, and continue striving to enhance corporate value in conjunction with strengthening our earnings and financial structures.	
	Promotion and Reinforcement of Compliance ▶ P. 101	Comply with applicable laws, ordinances, rules and other norms of behavior in both the domestic and international community, and conduct its business activities properly in good faith through fair, transparent, and free competition.	
Safety & Ship Quality Management	Promotion of safety in navigation and cargo operations ▶ P. 71	Make the safe operation of vessels and the safety of crew and cargo the top priority, while striving to provide higher quality, safer and more optimized services with the customer first in mind.	
Environment & Technology	"K" LINE low-carbon and carbon-free transition ▶ P. 31	Toward the Group policy of net zero GHG emissions by 2050, promote environmental impact reduction activities across the entire supply chain and contribute to the realization of a global decarbonized society.	
	Supporting the development of a low-carbon and carbon-free society ▶ P. 34		
	Reducing "K" LINE's impact on the sea and air to zero ▶ P. 37	Consider all environmental risks in business activities and take countermeasures while promoting biodiversity conservation and initiatives toward a sustainable society.	
Digital Transformation	Promotion of innovation ▶ P. 115	Pursue innovation in safety, environment, and quality to contribute to the realization of a low-carbon and carbon-free society.	
	Reinforcement of response to digital transformation (DX) ▶ P. 111	Further advance the digitalization of information, business processes, and vessels, and enhance added value as a source of competitiveness by refining the core values of safety, environment, and quality through the use of data and digital technologies.	
Human Resources	Diversity & inclusion ▶ P. 66	Work to quantitatively and qualitatively secure and develop human resources corresponding to the demands of each business portfolio to enhance both social and economic value. In addition to hiring new graduates, conduct year-round mid-career hiring and implement diverse training programs aimed at developing "human resources who can lead sustainable growth and transformation of the business" and "human resources who can flexibly respond to changes in the business environment."	
	Shaping of working environment and promotion of health management ▶ P. 55	Respect the dignity, individuality, and diversity of members of the "K" LINE Group, work to maintain and improve a safe and comfortable workplace environment, and aim to realize a more enriched life through initiatives such as childcare and nursing leave systems, compliance consultation desks, measures against overwork, stress checks, and mental health seminars.	
	The securing & development of human resources ▶ P. 60	Position diversity as a "source of competitiveness," and conduct both new graduates and mid-career hiring without regard to nationality, educational background, gender, or work area (administrative or technical). Respect the diversity of values generated through these efforts. Promote further diversity, including encouraging men's participation in childcare and fostering unity and integration with staff of overseas subsidiaries through "K" LINE UNIVERSITY.	

The "K" LINE Group's Materiality

Process to Identify Materiality

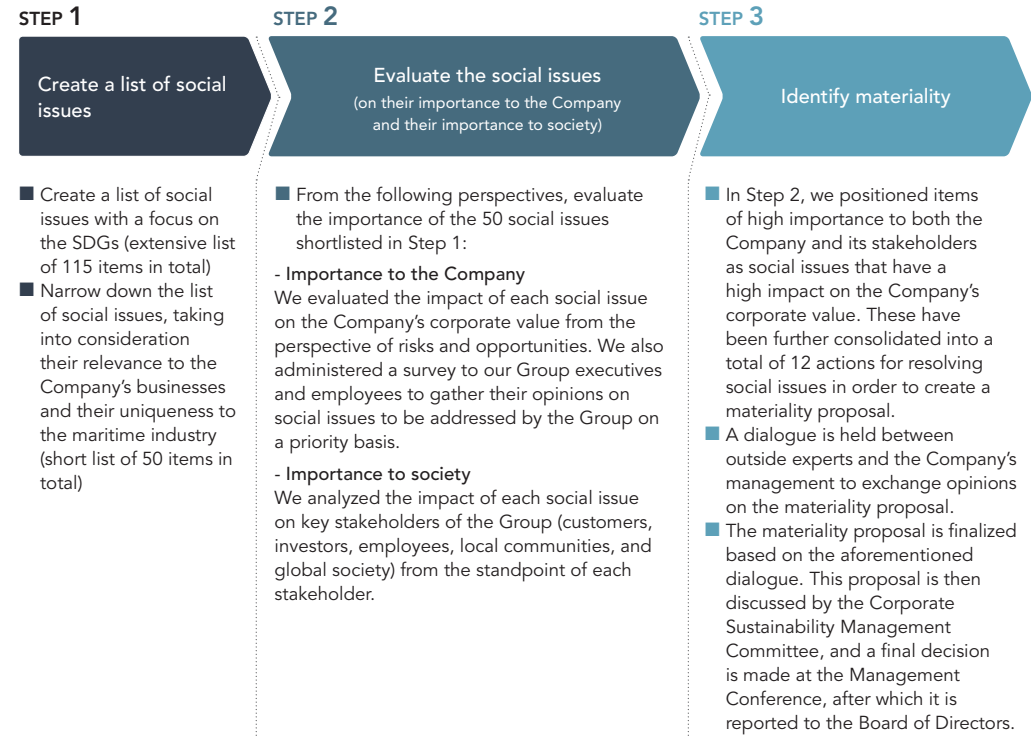
Process to Identify Materiality

When identifying material issues, the Group referred to various sources of guidance related primarily to corporate social responsibility (CSR), including ISO 26000 and the OECD Guidelines for Multinational Enterprises. While considering Sustainable Development Goals (SDGs) and other social issues, we analyzed and evaluated materiality from the two perspectives of importance to the Company (importance from a business perspective) and importance to society (importance from a stakeholder perspective), in addition to factors such as their alignment with our business strategy and their impact on value creation.



Steps for Analyzing Materiality

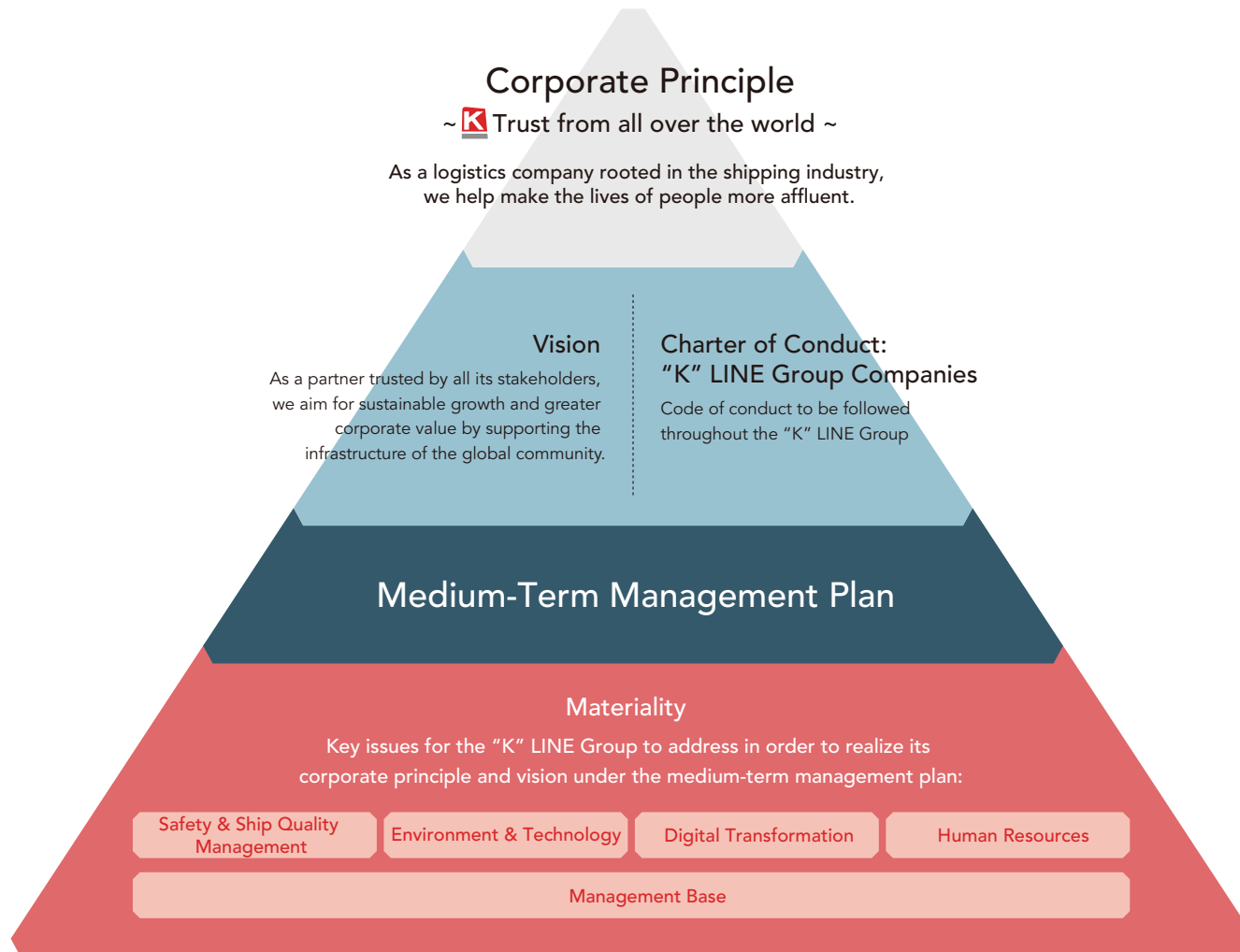
We conducted materiality analysis using the following three steps:



The "K" LINE Group's Materiality

Connection between Materiality and Corporate Principle, Vision, and Medium-Term Management Plan

"K" LINE's materiality is positioned as a set of key issues to be addressed in order to realize its corporate principle and vision based on the medium-term management plan, achieve sustainable growth, enhance corporate value, and contribute to social issues. Namely, we aim to ensure the sustainability of the "K" LINE Group, society, and the environment.



The "K" LINE Group's Materiality

KPIs Related to Material Issues

The Group sets goals and indicators (KPIs) that are aligned with each materiality theme and monitors progress.

As in the previous years, for fiscal 2025, we have set single-year targets after evaluating the progress made in the previous fiscal year. We will continue our efforts to achieve the medium- to long-term targets.

Category	Material Issues	KPIs related to Material Issues						
		Medium- to Long-Term Goals (Aspirations)	Themes	KPIs	Medium- to Long-Term Targets	Achievement Status in FY2024	FY2025 Targets	
Management Base	Respect for human rights	To establish systems to respect the human rights of all stakeholders associated with the business activities of the "K" LINE Group as well as to prevent human rights violations.	Respect for human rights in the supply chain	Raising supplier awareness	Percentage of supplier surveys conducted	Cover the top 80% of transaction value by 2026	Not implemented	Cover the top 50% of transaction value
			Human rights awareness	Raising internal awareness	Percentage of participants taking e-learning courses on human rights	Overall participation rate: 100%	Cumulative participation rate: In-house 89.5%, Group companies in Japan: 86.4%, Group companies overseas: 93.1%	Overall participation rate: 90% or higher
	Reinforcement of corporate governance	To exercise functions of the Board of Directors to perform decision-making and oversight of management policies, and to carry out business execution based on those policies in a timely and appropriate manner, in order to increase medium- to long-term corporate value.	Compliance with the Principles of Japan's Corporate Governance Code (CG Code)	Principles of CG Code	Compliance ratio of CG Code principles required for listed companies on Prime Market of Tokyo Stock Exchange	Continue 100% compliance	100% compliance	100% compliance
			Continuous improvement of the Board of Directors' effectiveness	Board of Directors' effectiveness	Implementation and disclosure of the Board of Directors' effectiveness evaluation	Ongoing implementation on an annual basis	Due to changes in governance structure, evaluation through an interview format has been postponed to FY2025, and in FY2024, it was conducted through a questionnaire format	Conduct effectiveness evaluation through interviews
Promotion and reinforcement of compliance	To conduct business activities with integrity, with officers and employees of the "K" LINE Group having a high awareness of compliance.	Thorough compliance with laws and regulations	Result indicators	Number of serious compliance violations	0 cases	0 cases	0 cases	
		Raising awareness on compliance	Raising internal awareness	Percentage of participants attending compliance training	Maintain a continuous overall participation rate of 90% or higher	Participation rate: 100%	Participation rate: 100%	
Safety & Ship Quality Management	Promotion of safety in navigation and cargo operations	To establish both the global monitoring system and the region-based support and to prevent accidents by continuously strengthening its safe operation management system with both "human power" and "advanced/digital technology."	Accidents		Serious maritime accidents	0 cases	0 cases	0 cases
			Delay		Delay time due to mechanical failure	10 h per vessel p.a.	7.55 h per vessel p.a.	≤ 10 h per vessel p.a.
Environment & Technology	"K" LINE low-carbon and carbon-free transition	To implement initiatives to promote "K" LINE decarbonization as well as to support the decarbonization of society in order to meet the challenge of achieving net zero GHG emissions by 2050 as defined in "K" LINE environmental vision.	"K" LINE decarbonization	Result indicators	CO ₂ emission efficiency (vs 2008)	50% reduction by 2030	Improved by 42%	Proceed with initiatives based on medium-to long-term targets
				Total CO ₂ emission volume (vs 2008)	Achieve net zero by 2050	Reduced by 49%		
				Fuel conversion	Number of LNG-fueled vessels introduced	2030: 35, 2040: 35, 2050: 10	9 vessels	
	Supporting the development of a low-carbon and carbon-free society		Decarbonization of society	Environmental preservation activities	Number of forest conservation activities conducted	Once per year	Once	Once per year
Reducing "K" LINE's impact on the sea and air to zero	To minimize the environmental impact on the sea and air through biodiversity conservation initiatives such as prevention of oil pollution incidents and air pollution as well as the installation of ballast water treatment systems.	Biodiversity	Marine pollution	Oil spill accidents	0 cases	0 cases	0 cases	
			Reduce impact	Installation of ballast water treatment systems	100% by June 2024	100%	Medium- to long-term targets achieved	
Digital Transformation	Promotion of innovation	To materialize reduction of the environmental impacts by introduction of fuel-efficient vessels with advanced energy-saving technology.	Low-carbonization	Introduction of new state-of-the-art vessels	EEDI regulation values for new vessels ordered by the end of the year	EEDI Phase 3 and more	100%	Medium- to long-term targets achieved
				Wind power and others	Installation of "Seawing"	2030: 50 vessels	0 vessels	Proceed with initiatives based on medium-to long-term targets
	Reinforcement of response to digital transformation (DX)	To establish systems in which all officers and employees have a sense of ownership in DX so as to take the initiative in promoting DX in the front lines.	Development of DX human resources	Human resource development	Number of certified DX utilizers	100 personnel by the end of FY2025	15 personnel	100 personnel

The "K" LINE Group's Materiality

Category	Material Issues	KPIs related to Material Issues						
		Medium- to Long-Term Goals (Aspirations)	Themes	KPIs	Medium- to Long-Term Targets	Achievement Status in FY2024	FY2025 Targets	
Human Resources	Diversity & inclusion	To conduct group and mid-career hiring of employees of diverse nationalities, educational backgrounds, genders, and work areas (administrative or technical), and to respect diversity generated as a result. In addition, to further promote diversity by encouraging male employees to participate in childcare, and by fostering and integrating a sense of unity with staff at overseas subsidiaries through "K" LINE UNIVERSITY.	Active participation by diverse personnel	Gender	Female employees comprising of managerial positions*	15% (by FY2026)	7.4%	15% (by FY2026)
				Recruitment format	Ratio of mid-career hires among managers	—	17.8%	—
					Ratio of mid-career hires among employees in service	—	Seafarer: 2.0% / Onshore: 23.0%	—
	Shaping of working environment and promotion of health management	To positively consider personality, individuality and diversity of members of the "K" LINE Group and to improve work safety and conditions to offer them comfort and affluence.	Occupational safety	Labor	Average monthly overtime working hours*	Under 30 hours	7.5 hours	Under 30 hours
				Flexible workstyle	Ratio of male employees taking childcare leave*	50%	81.9%	50%
			Health management	Mental well-being	Stress check examination rate	90%	Seafarer: 96.4% / Onshore: 97.0%	Seafarer: 90% / Onshore: 90%
The securing and development of human resources	To engage in the quantitative and qualitative acquisition and development of human resources in line with the needs of each business portfolio in order to improve social value and economic value, and to hire mid-career professionals throughout the year in addition to recruiting new graduates. To develop human resources from the perspectives of "human resources who can lead sustainable growth and transformation of the business" and "human resources who can flexibly respond to changes in the business environment."	Active participation by diverse personnel	Recruitment format	Ratio of mid-career hires among managers	—	17.8%	—	
				Ratio of mid-career hires among employees in service	—	Seafarer: 2.0% / Onshore: 23.0%	—	
			Human resource development	Training cost per employee (Onshore personnel)	—	208 thousand yen	322 thousand yen	

* Set as targets in the Action Plan to Promote the Active Participation of Women and Support the Development of the Next Generation formulated in March 2025.



Section

04

Environmental Aspects



Environmental Management

Environmental Policy

"K" LINE Group Environmental Policy

The "K" LINE Group is aware that our business activities can impact the global environment, and we therefore set forth in our environmental policy our determination and commitment to minimize the impact of our business activities on the global environment.

So that we can successfully promote our environmental activities in accordance with the environmental policy, the Corporate Sustainability Management Committee, which is led by the representative executive officer, president & CEO, discusses and develops policies for promoting the sustainability activities of the

entire "K" LINE Group with two subcommittees: the Sustainability Sub-Committee and the Environmental Sub-Committee. The Environmental Sub-Committee meets twice a year, bringing together top management and the environmental managers and assistant environmental managers from each division of the Company to prepare basic plans and set targets on environmental matters for the Group, monitor progress toward these targets, evaluate the results, and reconfirm or review the targets.

"K" LINE Group Environmental Policy

► Core Concept

The "K" LINE Group is aware and recognizes that addressing environmental concerns is an issue shared by all mankind. Therefore, the "K" LINE Group is taking proactive measures as an essential condition for its existence and for conducting a business enterprise, striving to reduce the environmental impact of its business activities, and seeking to contribute to the development of a sustainable society.

► Conduct Guidelines

1. We are setting objectives and targets for environmental preservation and making improvements on an ongoing basis to reduce the impact on the environment from our business activities. Furthermore, we are complying with all environmental treaties, laws, and regulations as well as policies and voluntary standards to which the "K" LINE Group has consented.
2. We are striving to protect the global and marine environment through fleet-wide implementation of safe operation practices and are establishing the organizations and structures necessary for such implementation.
3. We are promoting research, development, and introduction of ship facilities and equipment to improve ship energy efficiency and operating efficiency, which results in reduction of greenhouse gas emissions and the prevention of atmospheric pollution.
4. In consideration of biodiversity, we are maintaining an awareness of the impact that the transport of ballast water and living organisms that attach to ship hulls have on ecosystems and are working to protect those ecosystems.
5. We are contributing to establishing a recycling-based society by promoting the 3Rs (reduce, reuse, and recycle) and promoting the effective re-use of resources, including ship recycling.
6. The entire "K" LINE Group will continue to support and participate in social contribution activities intended to protect the environment.
7. We are conducting education and training programs to elevate awareness and understanding of environmental preservation issues among each member of the entire "K" LINE Group.

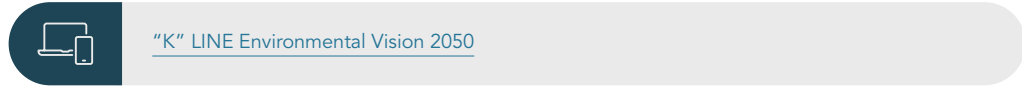
(Revised in August 2012)

Environmental Management

"K" LINE Environmental Vision 2050: Long-Term Environmental Guidelines for 2050

Revised "K" LINE Environmental Vision 2050: 2050 Goals and 2030 Interim Milestones

We successfully achieved most of the 2019 interim milestones of the "K" LINE Environmental Vision 2050, which was formulated by the "K" LINE Group in March 2015. At the same time, we recognize that the business environment and demands of customers have changed since the formulation of the vision and there is a need to respond to the impact of climate change and the increasing demands for decarbonization. Accordingly, in June 2020, we announced our revised "K" LINE Environmental Vision 2050, with targets reorganized around the two issues of decarbonization and the aim for zero environmental impact. This vision shows the formulation of new 2050 goals and 2030 interim milestones.



Revision of 2050 Targets: The Challenge of Achieving Net-Zero GHG Emissions

In November 2021, we revised the 2050 goals for decarbonization in the "K" LINE Environmental Vision 2050. Reinforcement of global climate change countermeasures has become an urgent issue and the drive to achieve net-zero greenhouse gas (GHG) emissions by 2050 is gaining momentum in every country and every industry. Amid these circumstances, the Group is also taking on the challenge of raising our target even further to achieve net-zero GHG emissions by 2050.



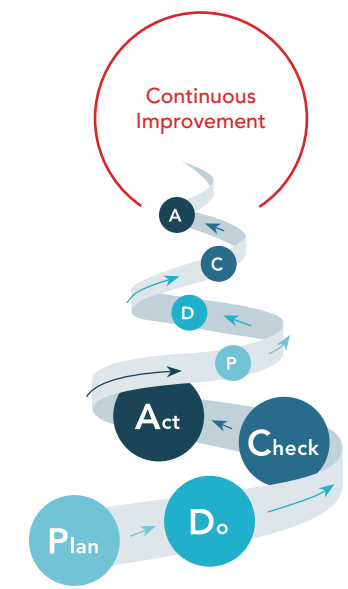
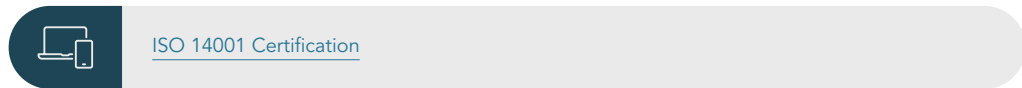
System

Environmental Management System

Establishment of an Environmental Management System (EMS)

We have established an EMS based on ISO 14001*1 and operate it to make constant improvements by identifying environmental impacts and minimizing them. We implemented the EMS in February 2002, after obtaining certification from a third-party organization. Since then, we have been striving to enhance our environmental activities through annual reviews and renewal reviews and ensure that our EMS complies with the ISO 14001 standard, is conducted in line with the PDCA cycle*2, and is improved and corrected accordingly.

*1 ISO 14001 is an international EMS standard set by the International Organization for Standardization (ISO). Requirements for the EMS are stipulated in ISO 14001.
 *2 Processes are separated into four steps: plan, do, check, and act. Following this cycle is one management method to continuously improve business activities.



Environmental Management

► Acquisition status of environmental certification

"K" LINE Group companies have acquired various environmental certifications, including ISO 14001, and we are making a Groupwide commitment to environmental protection. Group companies that have acquired ISO 14001 certification account for around 90% of our Groupwide net sales.



[Acquisition Status of Environmental Certification](#)

DRIVE GREEN NETWORK

Guided by "K" LINE Environmental Vision 2050, a set of long-term environmental management vision, we are building and operating DRIVE GREEN NETWORK, a framework to promote environmental management for the entire Group.

We are using DRIVE GREEN NETWORK to centrally control our environmental management initiatives (such as setting environmental policies and targets and working to achieve them) through internal audits and the like. We aim to continuously pursue environmental protection activities by actively using the PDCA cycle while ensuring environmental compliance across the entire Group.

The name DRIVE GREEN NETWORK reflects our desire to inherit the spirit put into the construction of the DRIVE GREEN HIGHWAY, our environmentally-friendly next-generation flagship completed in 2016 under the concept of "getting one step ahead for the future."

Environmental Targets and Results

Action Plan / Environmental Targets

Based on our environmental management system (EMS), we continuously run our PDCA cycle. We have set our environmental targets for the year in line with the "K" LINE Environmental Vision 2050 and "K" LINE Group Environmental Policy. We have appropriately reviewed our achievements and have used these outcomes to set our targets for next year. These environmental targets include not only measures related to ship operations but also specific measures for office sites, such as the reduction of both water consumption and waste.



[Environmental Targets for 2025](#)

Results of Our Environmental Activities



[Results of Our Environmental Activities in 2024](#)

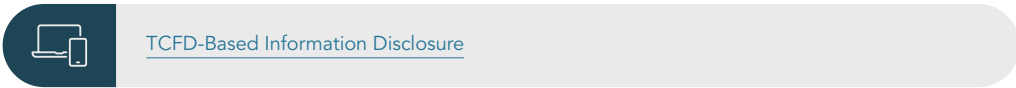
Response to Climate Change / TCFD Framework-Based Information Disclosure

Approach

Environmental Initiatives and Response to the TCFD

Climate change is expected to expose humankind to major physical risks, such as serious natural disasters. In June 2020, we reviewed our "K" LINE Environmental Vision 2050, and based on the results of the scenario analysis proposed by the Task Force on Climate-related Financial Disclosures (TCFD), we identified issues to be addressed and revised some targets. Furthermore, in November 2021, we recognized global climate change countermeasures as an issue that must be strengthened by the entire international community, and we therefore set a higher challenge of net-zero GHG emissions by 2050. In addition, as a long-term vision in our medium-term management plan announced in May 2022, we are committed to smoothly switching to other forms of energy for our company and society. We will promote the realization of a low-carbon, carbon-free society.

In August 2024, to reflect the ever-changing latest circumstances, we have reviewed our scenario analysis recommended by TCFD and conducted trial calculations of the financial impact of climate change risks and opportunities in the four areas—governance, strategy, risk management, and metrics and targets—to expand the content of our disclosure.

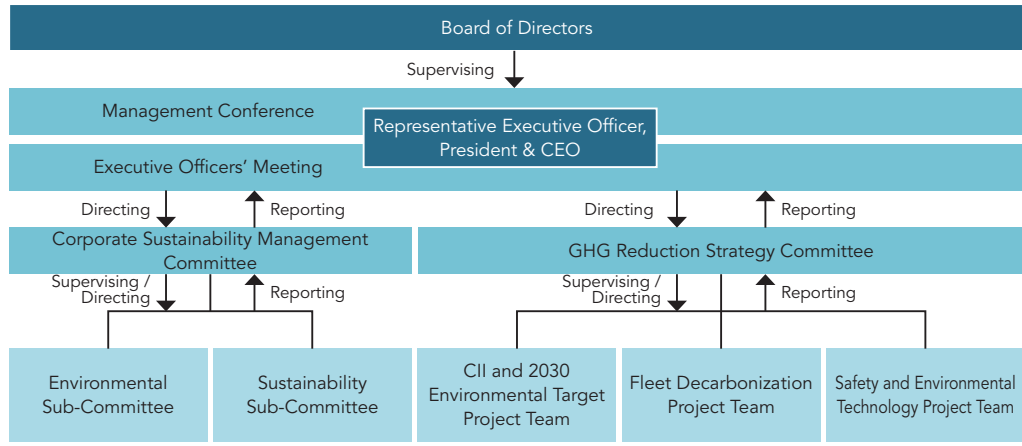


Environmental Governance

Governance System for Environmental Risks and Opportunities

In April 2021, the "K" LINE Group restructured the existing organization and reformed the promotion system for sustainability to ensure it is a key management objective. The Corporate Sustainability Management Committee, chaired by the Representative Executive Officer, President & CEO, works to enhance corporate value by reviewing and formulating a promotion system for the "K" LINE Group's sustainability management. Another function of the committee is to identify climate-related risks and opportunities and monitor the progress of responses to them.

Additionally, in October 2021, we established the GHG Reduction Strategy Committee by integrating the Alternative Fuel Project Committee, which accelerates initiatives for conventional vessels fueled by liquefied natural gas (LNG) and the LNG fuel supply business and examines next-generation fuel and new technologies, with the Environment/Technology Committee, which formulates measures for compliance with environmental regulations, including technical aspects. Each of these two committees, the Corporate Sustainability Management Committee and the GHG Reduction Strategy Committee, functions as a forum for strategic discussions.



Response to Climate Change / TCFD Framework-Based Information Disclosure

Strategy

Risks and Opportunities

► Identification of main risks and opportunities with countermeasures

Through internal surveys and interviews with relevant departments, we organized the likelihood, timing, and financial impact of climate change-related risks and opportunities, and analyzed their importance to our business. We then summarized our considerations and countermeasures for the impacts of each risk and opportunity on our business.

Risks and Opportunities Arising from Changes in Policies and Regulations, Reputation Change among Stakeholders, and Changes in Technology			Implications for Business				
Types (root causes)	Events (qualitative factors)	Specific examples (quantitative factors)	Likelihood	Timing of occurrence	Financial impacts	Degree of importance for our business	Consideration of implications for business and responses (examples)
Reputation change among stakeholders	Reputation among customers	Transition Risks / Opportunities: Reputation change due to delayed decarbonization efforts	Medium	Short to medium term	High	High	Disclose our various advanced environmental initiatives, including efforts to reduce GHG emissions, in a timely manner in our Integrated Report and on our website to showcase our low-carbon and decarbonization efforts.
Changes in technology	Adoption of new technologies on ships	Opportunities: Demand from decarbonization-related businesses	High	Short to medium term	Medium	High	In January 2024, we established OCEANICWING S.A.S. in France. This company, which has taken over the business of Airseas following its spinoff from Airbus, is focused on further enhancing and accelerating the development and commercialization of Seawing technology. Seawing is a new technology that can be installed on any type of vessel, including retrofitting existing vessels, and we are considering deploying it on every kind of vessel.
Changes in market principles	Provision of low-carbon services	Opportunities: Demand from decarbonization-related businesses, increased cargo transportation volume	High	Short to medium term	High	High	Regarding the LCO ₂ Transportation Business, we are taking part in a pilot project in Norway (contract for three vessels for Northern Lights), and two of the vessels have been participating in the world's first full-scale CCS value chain project, since 2025. One vessel was delivered in December 2025. Build expertise and know-how, mainly in Europe.
Chronic or acute climate change including temperature rise, sea level rise, and extreme weather	Disruption of transportation routes, changes in transportation routes, load shifting or seawater exposure of cargo	Physical Risks: Increased risk of vessel damage, increased operational costs, elevated litigation risk, increased compensation payments	Low	Long term	Low	Low	Reduce risk of entering high-wave areas, ship rolling, and load shifting by using Kawasaki - Integrated Maritime Solutions / NAVI to select the optimal route based on weather and sea-condition forecasts. Currently deploying an app for predicting specific rolling motions that could cause load shifting on container ships. Introduce a fleet monitoring system to enhance management for safe operations, such as avoidance of encounters with extreme weather.

Note: Transition Risks (Policies and regulations, Reputation, Technology, Market principles), Physical Risks (Chronic or acute)

Scenario Analysis

► Assumptions for scenario analysis

To assess the sustainability and resilience of our management strategy with respect to the long-term and uncertain issue of climate change, we consider three scenarios: 2.4°C Scenario, 1.7°C Scenario, and 1.4°C Scenario. We assess the quantitative financial impacts of risks and opportunities stemming from climate change in the event that they should actually materialize and consider responses to them. Additionally, for physical risks, we analyze them under a scenario with an even higher temperature rise than 2.4°C (3.0°C or more, equivalent to RCP8.5).

2.4°C Scenario
(STEPS)

This scenario assumes that measures currently being implemented to achieve the goals and objectives set by governments will remain in place, and that **current policy stances will be maintained going forward** (aligned with the IEA's "World Energy Outlook 2023 (WEO2023)" Stated Policies Scenario (STEPS))
(financial impact assessment: Under 2.5°C Scenario).

1.7°C Scenario
(APS)

This scenario takes into account **all climate-related commitments of governments**, including NDCs and long-term net-zero targets, and assumes that they will be fully achieved by the deadlines that have been set, such that **all countries that have pledged to attain net zero will indeed do so** (aligned with the IEA's "World Energy Outlook 2023 (WEO2023)" Announced Pledges Scenario (APS))
(financial impact assessment: Under 2.0°C Scenario).

1.4°C Scenario
(NZE)

This scenario assumes that universal access to energy will be available by 2030, that air quality will be significantly improved, and that the key components of the United Nations Sustainable Development Goals related to energy will be accomplished, such that **net zero will be achieved by 2050** (aligned with the IEA's "World Energy Outlook 2023 (WEO2023)" Net Zero Emission by 2050 Scenario (NZE))
(financial impact assessment: Under 1.5°C Scenario).

Response to Climate Change / TCFD Framework-Based Information Disclosure

► Assumptions/conditions for financial impact calculation

Financial impact calculations are based on the IEA's "World Energy Outlook 2023 (WEO2023)," and where data was inadequate, assumptions have been made with reference to data from external information providers.

	Scenario	Unit	FY2030	FY2040	FY2050
Carbon price for each scenario	1.4°C (NZE)	USD/tCO ₂	140	205	250
	1.7°C (APS)	USD/tCO ₂	135	175	175
	2.4°C (STEPS)	USD/tCO ₂	42	67	67

Source: IEA World Energy Outlook 2023

Exchange rate To eliminate the impact of currency fluctuations across different decades and scenarios, a uniform exchange rate of 1 USD = 120 JPY was used.

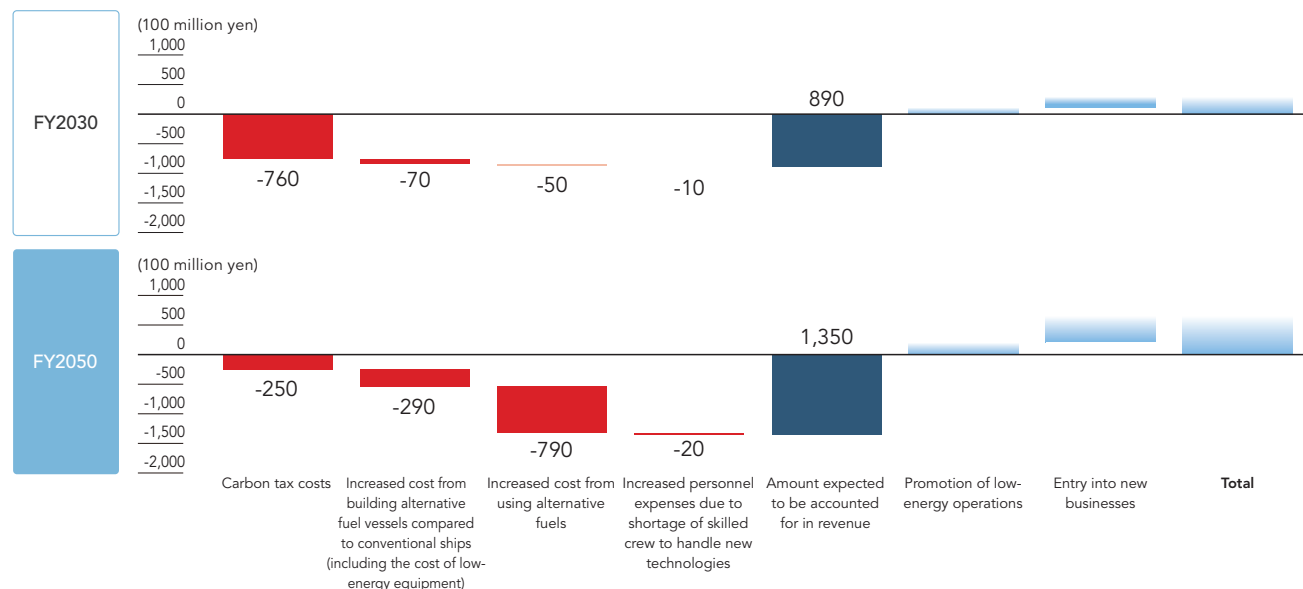
Fleet plan transition Our policy is to shift to alternative fuel vessels regardless of the scenario, thus fleet transition is the same for each scenario.

	Vessel Type by Fuel Type	Unit	FY2030	FY2040	FY2050
Fleet plan transition	FO	Vessels	187	71	4
	LNG	Vessels	35	35	10
	NH3	Vessels	14	133	234

► Summary of results of financial impact assessment for each scenario

The results of our estimation of financial impacts reiterated to us that regardless of what temperature scenario ensues, if no action is taken to reduce and eliminate carbon use, negative impacts on our company will continuously occur over the long term. They also led us to recognize the quantitative impact of increased costs associated with low-carbon and decarbonization measures that we will incur under every scenario, and we realized that if we are to continue to develop the company's business and contribute to making people's lives more comfortable, we will need to get society as a whole to bear the increased costs of low-carbon and decarbonization measures that cannot be covered through in-house efforts alone by accounting for them in revenue.

Under 1.5°C Scenario



In order to meet the needs for low-carbon and decarbonization and establish a competitive advantage, we will invest a total of 330 billion yen by 2026 to promote reduction measures toward low-carbon and decarbonization for our own business and society through fuel conversion, introduction of new technologies such as Seawing, and transportation of liquefied CO₂.

Risk Management

See pp. 94–100 for more information on the Risk Management.

Response to Climate Change / TCFD Framework-Based Information Disclosure

Metrics and Targets

As we move closer to 2030, we will be steadily executing an action plan to achieve the interim milestone goals set forth in the "K" LINE Environmental Vision 2050. And our new goal for 2050 is to achieve net-zero GHG emissions. At the same time, we will be providing support for the decarbonization of society, with the aim of "contributing to the well-being and prosperous lifestyles of people around the world."

Targets for Action Related to GHG Emission Reduction

2030 interim milestones

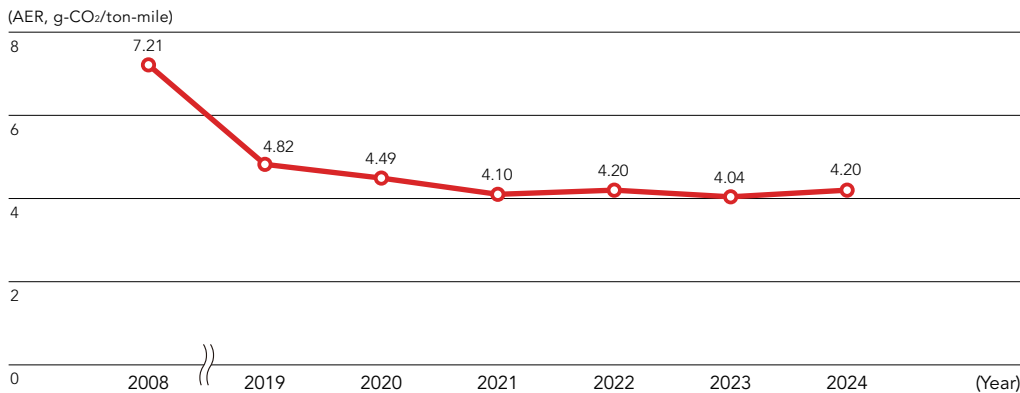
"K" LINE low-carbon transition: Improve CO₂ emission efficiency by 50% (compared with 2008)
 Support development of a low-carbon society: Transport and supply new energy for a low-carbon society

2050 targets

"K" LINE decarbonization: Take on the challenge of net-zero GHG emissions
 Support the decarbonization of society: Be a transporter and supplier of new energy

GHG emission result

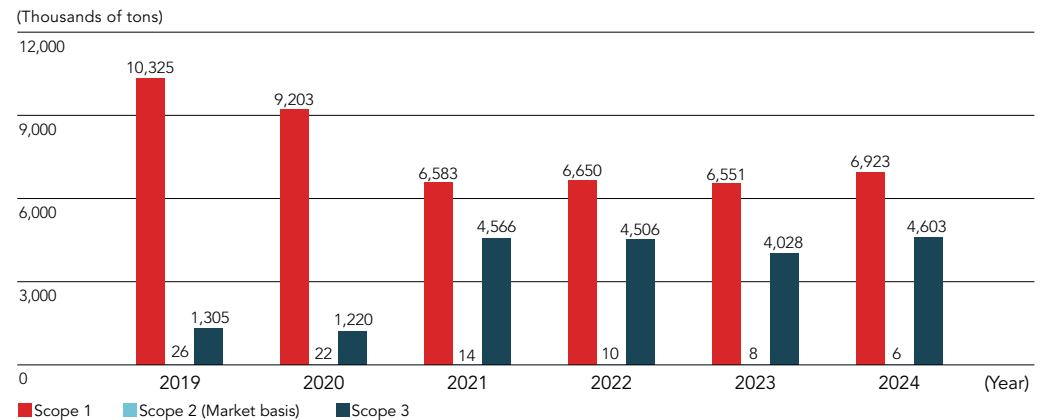
Volume of CO₂ Emissions per Deadweight Ton-Mile



In 2020, we formulated a revised version of "K" LINE Environmental Vision 2050. We have aligned our CO₂ emission efficiency indicators with the targets of the International Maritime Organization (IMO) by setting 2008 as a base year and calculating AER*1. The scope of aggregation has been revised from 2021. Vessels not under our operations are excluded. In 2024, our GHG emissions per deadweight ton-mile were 42% lower than those of 2008.

*1 The average CO₂ emissions from a vessel per deadweight ton-mile (1,852 meters).

Greenhouse Gas (GHG) Emissions*2 (Scopes 1, 2, 3)



CO₂ emissions are calculated based on the "K" LINE Group's fuel and electricity consumption, and third-party certification is obtained for these calculations. The scope of aggregation has been revised from 2021. Vessels not under our operations are excluded from Scope 1 and container vessels are included for Scope 3. In 2024, we reported 29,327 tons of biogenic CO₂ emissions from biofuel categorized in outside of Scopes. In 2024, we offset 376.1 tons of CO₂ emissions.

*2 The scope of calculation is "K" LINE's scope of consolidation, which corresponds to almost 100% of sales.

Response to Climate Change / TCFD Framework-Based Information Disclosure

"K" LINE Low-Carbon and Carbon-Free Targets and Progress

We are examining specific issues, such as vessel fleet management, with an eye on 2050, while verifying road maps and progress toward the attainment of 2030 interim milestones in the "K" LINE Environmental Vision 2050.



Response to Climate Change / TCFD Framework-Based Information Disclosure

Summary of Low-Carbon and Carbon-Free Initiatives

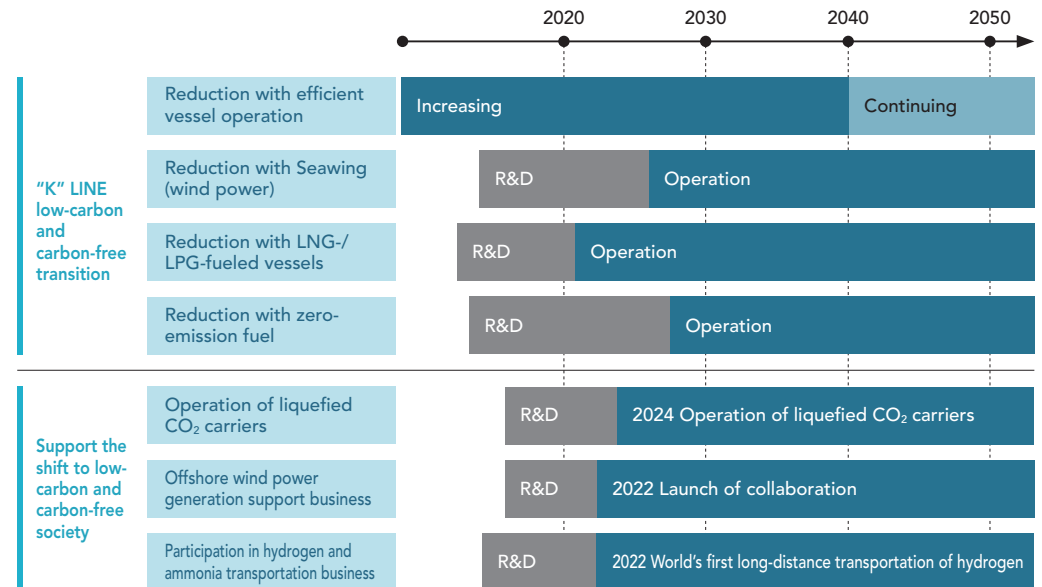
The "K" LINE Group is taking steps to reduce GHG emissions in order to achieve low-carbon and carbon-free operations for itself and throughout society and will invest a total of 330 billion yen by 2026 to establish competitive advantages while meeting needs for low-carbon and carbon-free operations.

		Investment amount (2022-2026)	GHG emissions reduction effect	KPI for measuring progress	
"K" LINE low-carbon and carbon-free transition	Fuel conversion (use of clean energy)	¥246.5 billion	LNG-/LPG-fueled vessels	20-30% reduction vs. previous vessels	Number of LNG-/LPG-fueled vessels
	Zero-emission vessels		Zero emission	Number of zero-emission vessels	
	Environmentally friendly equipment (use of wind power, etc.)	¥14.0 billion	Seawing, etc.	Over 10% reduction vs. previous vessels <small>Note: This depends on vessel type, speed, route and season.</small>	Number of vessels with Seawing
	Development and demonstration of environmental technology		Installation of Kawasaki - Integrated Maritime Solutions (operation efficiency)	3-5% reduction vs. previous vessels	100%* installation of Kawasaki - Integrated Maritime Solutions on owned / medium- to long-term chartered vessels
	Hybrid EV tug boats, etc.	¥3.5 billion	—	—	
Support the shift to low-carbon and carbon-free society	New business that promotes low-carbon achievement	¥57.5 billion	Liquefied CO ₂ transport	—	Consider based on business characteristics (three liquefied CO ₂ vessels were delivered as of December 2025)
	Support for wind power generation installations, etc.		—		
Other environmental investments	—	¥12.5 billion	—	—	—

* Kawasaki - Integrated Maritime Solutions will be installed as standard on newly built vessels and has already been installed on vessels we own that are currently in operation. To expand our fleet of vessels equipped with the system, we will continue, on an ad hoc basis, to add more vessels to the list of vessels on which the system is to be installed.

Note: KPIs are based on "K" LINE's assumption on the development of related technology and infrastructure, related regulation, and economics as of today and are subject to change depending on future trends.

Road map for "K" LINE low-carbon and carbon-free initiatives



Response to Climate Change / TCFD Framework-Based Information Disclosure

Low-Carbon and Carbon-Free Initiatives at "K" LINE

We are making the shift toward ships fueled by LNG, LPG, and new zero-emission fuels such as ammonia and hydrogen from the perspective of achieving a low-carbon and carbon-free transition at "K" LINE.

▶ 1. New fuels (fuel conversion)

Expand introduction of LNG-/LPG-fueled vessels

- Expanding introduction of LNG-/LPG-fueled vessels in the 2020s, investing in approximately 35 vessels by 2030.

Introduce LNG-fueled vessels

- In March 2021, our first LNG-fueled car carrier CENTURY HIGHWAY GREEN was delivered.
- In May 2024, our first LNG-powered 210,000 dwt cape-size bulker CAPE HAYATE was delivered.
- Planning to have a total of 13 LNG-fueled car carriers deployed by 2026.



CAPE HAYATE



Car carrier POSEIDON HIGHWAY with a capacity of 7,000 vehicles

Approximately 25% to 30% reduction in CO₂ emissions compared with heavy-oil-fueled vessels

Introduce zero-emission vessels, including ammonia-fueled vessels, and carbon-neutral fuels such as biofuels

- Considering the introduction of zero-emission fuels such as ammonia and hydrogen, as well as carbon-neutral fuels including biofuels and synthetic fuels.
- Planning to have approximately 20 such vessels deployed by the mid-2030s.
- In November 2022, Kawasaki Kisen Kaisha, Ltd. ("K" LINE), together with ITOCHU Corporation, Nihon Shipyard Co., Ltd., MITSUI E&S Co., Ltd., and NS United Kaiun Kaisha, Ltd., obtained an Approval in Principle (AiP) from Nippon Kaiji Kyokai (ClassNK) for the design of an ammonia-fueled vessel (200,000 deadweight ton class bulk carrier). Then in April 2024, we signed a memorandum of understanding with MAN Energy Solutions on joint development to commercialize ammonia-fueled vessels.

- In May 2024, operated pilot voyage using B100 biofuel (marine biofuel made of 100% biodiesel).
- In November 2024, Group company Daito Corporation decided to build an electric tugboat powered by large-capacity lithium-ion batteries.
- In June 2025, "K" LINE commenced operation of a car carrier using bio-LNG fuel for the first time on the LNG-fueled car carrier OCEANUS HIGHWAY.



Image of an ammonia-fueled vessel

Zero CO₂ emissions

▶ 2. Utilization of the automatic kite system "Seawing"

- Seawing is a wind-powered propulsion system that uses the pulling force generated by flying a large kite attached to the bow of a vessel for its propulsion.
- In January 2024, we established OCEANICWING S.A.S. in France. This company, which has taken over the business of Airseas following its spinoff from Airbus, is focused on further enhancing and accelerating the development and commercialization of Seawing technology.
- Seawing is a new technology that can be installed on any type of vessel, including retrofitting existing vessels, and we are considering deploying it on every kind of vessel.
- One of the features of Seawing is that it is a fully automatic system, with automation of everything from kite deployment to flight control and storage after use. The additional workload for crew members from kite operation is minimal, as the system can be controlled with simple button operations from the bridge. Another notable feature is its versatility, as it can be used with any type of vessel and can also be retrofitted onto existing vessels.
- Looking ahead, it is expected that use of alternative fuels in place of heavy oil will expand. The prices of these fuels are anticipated to be higher compared to heavy oil, but Seawing will demonstrate energy-saving effects even with these expensive fuels. Seawing installation thus offers value from the twin perspectives of energy conservation and fuel cost reduction.



LNG-fueled cape-size bulker

Expecting a reduction in CO₂ emissions of 10% or more over conventional vessels (* depends on vessel type, speed, route, and season)

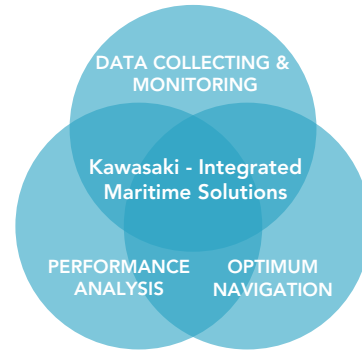
Response to Climate Change / TCFD Framework-Based Information Disclosure

▶ 3. Improvement of operational efficiency

Through Kawasaki - Integrated Maritime Solutions (integrated vessel operation and performance management system), we collect navigation data from each vessel and use this to improve fuel consumption and reduce greenhouse gas emissions through AI analysis of big data. This system also features functions that assist with ship navigation optimization based on weather and maritime conditions and performance analysis models for each vessel to support safe, economical operations.

Kawasaki - Integrated Maritime Solutions (Integrated vessel operation and performance management system)

- Collects vessel operation data in real time, including fuel consumption, output power, and ship speed, and pursues the improved operational management of the vessel by using an optimal navigation system that calculates safe and fuel-efficient recommended routes.
- Recently achieved visualization of performance degradation and impact of external disruption for each individual vessel using AI data analysis technology to further maintain and improve operational efficiency.



Approximately 3% to 5% reduction in CO₂ emissions through installation of Kawasaki - Integrated Maritime Solutions

- In October 2024, we decided to conduct a trial of a new satellite network service announced by Inmarsat Maritime, a Viasat group company, on our vessels. This service enables high-speed, always-on ship-to-shore communication to digitalize vessel operations and environmental response as well as improve crew welfare.

▶ 4. Other energy-efficient and decarbonization technology and equipment

CO₂ capture plant on a vessel

- World's first CO₂ capture plant on a vessel installed on coal carrier CORONA UTILITY as part of demonstration projects for Carbon Capture on the Ocean (CC-OCEAN), an offshore CO₂ capture and storage plant, together with Mitsubishi Shipbuilding Co., Ltd., and Nippon Kaiji Kyokai (ClassNK).
- CC-OCEAN project wins Marine Engineering of the Year (Doko Memorial Award) 2021.
- In 2023, we participated in a research consortium on unloading liquefied CO₂ from onboard CO₂ collection equipment.
- In 2025, we launched an endowment type research project with Rikkyo Educational Corporation concerning the on-board CO₂ capture systems.



▶ 5. Raising funds through climate transition

- Raised funds through Japan's first climate transition loan (purpose-specified finance) for the LNG-fueled car carrier, CENTURY HIGHWAY GREEN, in March 2021.
- Raised approximately 110 billion yen through Japan's first transition-linked loan (TLL) (purpose-unspecified finance) in September 2021. Funds to be used to finance a range of environmental countermeasures aimed at decarbonization.

▶ 6. Launch of internal carbon pricing

- Full-scale internal launch of operation in April 2021. For fiscal 2025, this is calculated with reference to an economic index that takes into account a future earnings contribution of 14,000 yen per ton of CO₂.
- Promote low-carbon transition and decarbonization projects by using them as an indicator for the evaluation of investment projects.

Supporting the shift to a low-carbon and carbon-free society

We will promote initiatives, such as supporting the offshore wind power business, participating in and creating a fuel supply network for the hydrogen and ammonia transportation business, and participating in the CO₂ transportation business, from the perspective of supporting the development of a low-carbon and carbon-free society set out in the "K" LINE Environmental Vision 2050, which aims to achieve net-zero GHG emissions by 2050.

▶ 1. Support offshore wind power business

- Establishment of "K" Line Wind Service, Ltd., together with Kawasaki Kinkai Kisen Kaisha, Ltd., and provision of offshore support vessels and transport vessels for offshore wind farm businesses.
- Supporting the target set by the Japanese government for the introduction of offshore wind power generation of 30 gigawatts to 45 gigawatts by 2040 from an operational and transportation perspective.
- In February 2024, KWS together with Japan Marine United Corporation, and Nihon Shipyard Co., Ltd. were jointly granted Approval in Principle (AiP) from Nippon Kaiji Kyokai (ClassNK) for the design concept of the multi-functional floating offshore windfarm support vessel (MFSV).



EK HAYATE

- KWS and EGS Survey Pte Ltd (EGS) established EK Geotechnical Survey LLC (EKGS) to service the offshore marine geo-survey sector. EKGS provides a variety of marine survey services such as offshore boring to meet demand for offshore ground surveying, which is expected to grow with the development of offshore wind power. In September 2024, the geo-survey vessel EK HAYATE, owned by EKGS, entered into service as a Japanese-flagged vessel capable of providing offshore drilling, sampling and in-situ testing.
- KWS and Acteon Group Operations Ltd concluded a memorandum of understanding aimed at broad cooperation in demonstration and commercial projects for floating offshore wind power generation in Japan.

Response to Climate Change / TCFD Framework-Based Information Disclosure

▶ 2. Participate in transportation of hydrogen and ammonia, and create fuel supply network

- In May 2022, we acquired basic authorization for fuel supply ships and promoting studies to realize ammonia fuel supply for ships in Singapore.
- In September 2023, three Japanese shipping companies—Kawasaki Kisen Kaisha, Ltd., Mitsui O.S.K. Lines, Ltd., and Nippon Yusen Kabushiki Kaisha—along with Japan Suiso Energy, Ltd. (JSE)*1, agreed on capital participation through a third-party capital increase*2 in JSE Ocean, Ltd., a subsidiary of JSE. They will collaborate on the establishment of marine transportation of liquefied hydrogen (LH2) in a commercial-scale global hydrogen supply chain.



Concept image of a 160,000 m³ liquefied hydrogen carrier
Photograph provided by Kawasaki Heavy Industries, Ltd.

*1 JSE was established in June 2021 with the main objectives of research, planning, management, and investment in the international supply chain of LH2.
*2 A method of raising capital by issuing new shares to a specific third party

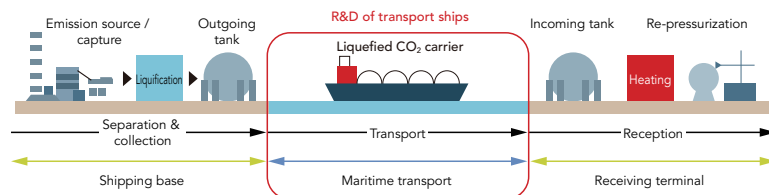
▶ 3. Participate in CO₂ transportation business

Demonstration test ship for liquefied CO₂ transportation launched in March 2023

- The "K" LINE Group is participating in the CCUS*1 R&D and Demonstration Related Project / Large-scale CCUS Demonstration in Tomakomai / Demonstration Project on CO₂ Transportation, which NEDO*2 opened to applications in fiscal 2021. The "K" LINE Group, along with ENAA, NGL, and Ochanomizu University, will engage in research and development and prepare to carry out transportation tests.
- Using our expertise in safe navigation and cargo handling, and experience in the demonstration testing of liquefied hydrogen transportation ships, we carried out a safety assessment of transportation and loading for the liquefied CO₂ demonstration test ship and have prepared an operation manual. Looking ahead, we will analyze the test data to contribute to the development of technology for the safe operation of ships carrying liquefied CO₂.
- The vessel EXCOOL was delivered in November 2023.

*1 NEDO is an abbreviation for the New Energy and Industrial Technology Development Organization. It is a national R&D institution that creates innovations through the development of technologies needed for a sustainable society.
*2 CCUS is an abbreviation for carbon dioxide capture, utilization, and storage. It refers to technologies for capturing, effectively utilizing, and storing emitted CO₂.

NEDO's demonstration tests are designed to systematize the know-how for low-temperature, low-pressure transportation



Note: The above diagram is from Ministry of Economy, Trade and Industry materials.

In December 2022, "K" LINE entered into long-term contracts with Northern Lights for two liquefied CO₂ vessels. —World's first full-scale CCS project—

- "K" LINE and Northern Lights JV DA have signed Bare Boat Charter and Time Charter contracts for two 7,500 m³ liquefied CO₂ ships. The ships will contribute to the world's first full-scale carbon dioxide capture and storage (CCS*3) value chain.

*3 CCS is an abbreviation for carbon dioxide capture and storage. Capture and storage of CO₂ emitted from industrial activities

- In February 2024, we signed Bare Boat Charter and Time Charter contracts for the third of four liquefied CO₂ vessels commissioned by Northern Lights.
- In November 2024, a ceremony was held at Dalian Shipbuilding Industry Co., Ltd. for the delivery of the newly built liquefied CO₂ vessel NORTHERN PIONEER to Northern Lights.
- In December 2024, NORTHERN PATHFINDER was delivered.
- In December 2025, NORTHERN PHOENIX was delivered.
- "K" LINE Energy Shipping (UK) Ltd. based in London, the subsidiary of "K" LINE, will undertake the management of these vessels, transporting liquefied CO₂ from CO₂ capture facilities in and outside Norway to the Northern Lights' receiving terminal in Øygarden, western Norway.



NORTHERN PIONEER

Northern Lights Project is dedicated to systematizing its know-how for medium-temperature, medium-pressure transportation

▶ 4. Other initiatives

- Looking into carbon credits, carbon offsets, etc.
- Concluded a CO₂ storage site agreement with PETROS for the CCS project in offshore Sarawak, Malaysia.
- Joint study with Tokyo Gas on liquefied CO₂ marine transportation for CCS.
- Concluded a contract with JOGMEC for the commissioning of design work related to the CCS project in offshore Sarawak, Malaysia.
- Obtained AiP from ABS and NK for two low-pressure type liquefied CO₂ carriers.
- Concluded a joint study agreement with Sumitomo Corporation and Hilcorp Alaska for CCS feasibility studies in Alaska, USA.
- KLES and Yinson Production concluded a memorandum of understanding to jointly develop and market a floating storage and injection unit and a liquefied CO₂ carrier.
- Concluded a memorandum of understanding on joint development of the Havstjerne CCS Project.
- Joined the international e-methane alliance "e-NG Coalition".

Response to Climate Change / TCFD Framework-Based Information Disclosure

Related Data

CO₂ Emissions of "K" LINE Group

(Unit: Tons)

Category		2020	2021	2022	2023	2024
Scope 1		9,202,613	6,583,464	6,649,847	6,550,995	6,923,162
Scope 2	Location basis	25,191	13,769	11,556	9,519	9,994
	Market basis	21,780	13,515	10,472	8,093	5,582
Scope 3		1,219,525	4,566,051	4,506,111	4,027,532	4,602,610

* The scope of aggregation is revised from 2021. Vessels not under our operations are excluded from Scope 1 and container vessels are included in Scope 3.

* In 2024, we reported 29,327 tons of biogenic CO₂ emissions from biofuel categorized in outside of Scopes.

* In 2024, we offset 376.1 tons of CO₂ emissions.


[Third-Party Verification Statement for Greenhouse Gas \(GHG\) Emissions Data](#)

Fuel Oil Consumption

(Unit: Tons)

Category	2020	2021	2022	2023	2024
Fuel oil	2,809,074	1,980,630	1,923,950	1,897,864	1,957,124

* The scope of aggregation is revised from 2021. Vessels not under our operations are excluded.

Volume of CO₂ Emissions per Deadweight Ton-Mile*¹(Unit: g-CO₂/ton-mile)

Category	2020	2021	2022	2023	2024
All types of vessels	4.49	4.10	4.20	4.04	4.20

*¹ Index for transporting one ton of cargo one nautical mile (1,852 meters). Based on the ship's DWT (deadweight tonnage).

* The scope of aggregation is revised from 2021. Vessels not under our operations are excluded.

Reducing "K" LINE's Impact on the Sea and Air

Approach

Basic Principle

Establishing and maintaining safe navigation is an unalterable mission in the marine transportation business. "K" LINE Group states in its corporate philosophy and vision "to provide safe and optimized services" and to contribute to society through safe vessel operations. At the same time, this also means contributing to the reduction of environmental impact on the oceans and the atmosphere, and efforts to preserve

biodiversity, especially in the oceans, are an important theme for our business activities. We will continue to strive to reduce the environmental impact of our vessel operations on the oceans and atmosphere by promoting initiatives such as to eliminate oil pollution incidents, ballast water management, SOx and NOx emission reduction measures, and reducing the impact of vessel operations on marine mammals.

Disclosure based on the TNFD Framework

Implementation of the LEAP Approach

As our business is dependent on natural capital, mainly from the ocean, not only climate change issues, but also biodiversity conservation efforts, especially in the ocean, are important themes for our business activities. Therefore, in order to assess and address environmental risks and nature-related economic impacts, we have adopted the LEAP approach based on TNFD guidance. By adopting the LEAP approach, we aim to strengthen our risk and opportunity management based on a more comprehensive understanding of climate change and natural capital related to our business, promote coexistence with nature, and proactively work toward building a sustainable future.

In November 2023, "K" LINE joined the Taskforce on Nature-related Financial Disclosures (TNFD) Forum*¹.

Additionally in March 2024, we also registered as a "TNFD Adopter"*².

*1 The Taskforce on Nature-related Financial Disclosures (TNFD) is an international initiative that creates an appropriate evaluation and disclosure framework for risks and opportunities related to natural capital and biodiversity. 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.
<https://tnfd.global/engage/tnfd-forum>

*2 TNFD Adopters are companies and organizations that have registered on the TNFD website their intention to disclose information in accordance with the TNFD recommendations and are required to do so for either FY2024 or FY2025.
<https://tnfd.global/engage/tnfd-adopters/>



[Disclosure based on the TNFD Framework](#)

Governance

See p. 27 for more information on the Environmental Governance.

Respect for Human Rights with Regard to Stakeholders

See pp. 75–78 for more information on the Respect for Human Rights.

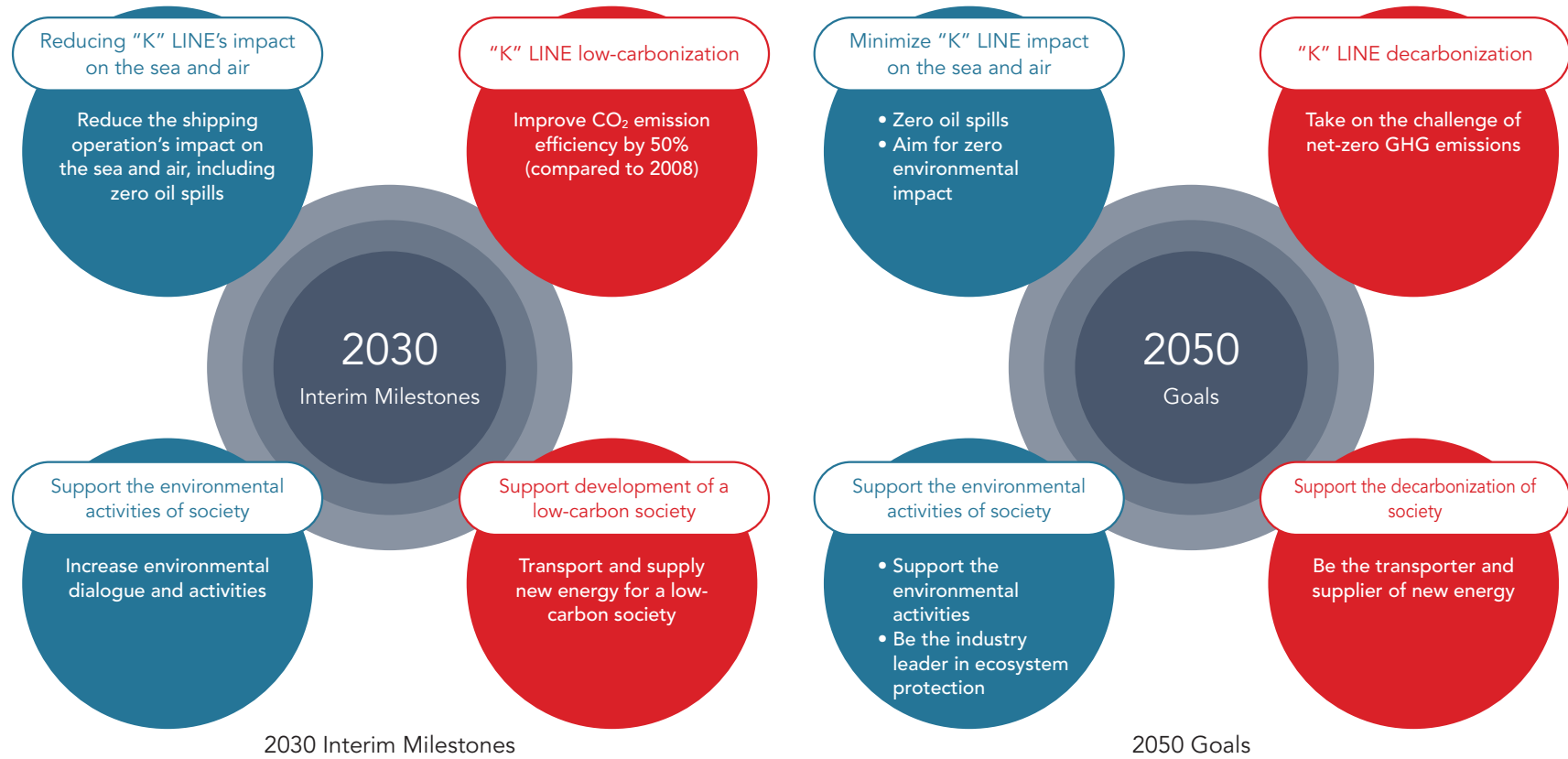
Reducing "K" LINE's Impact on the Sea and Air

Strategy

Sustainability Policy

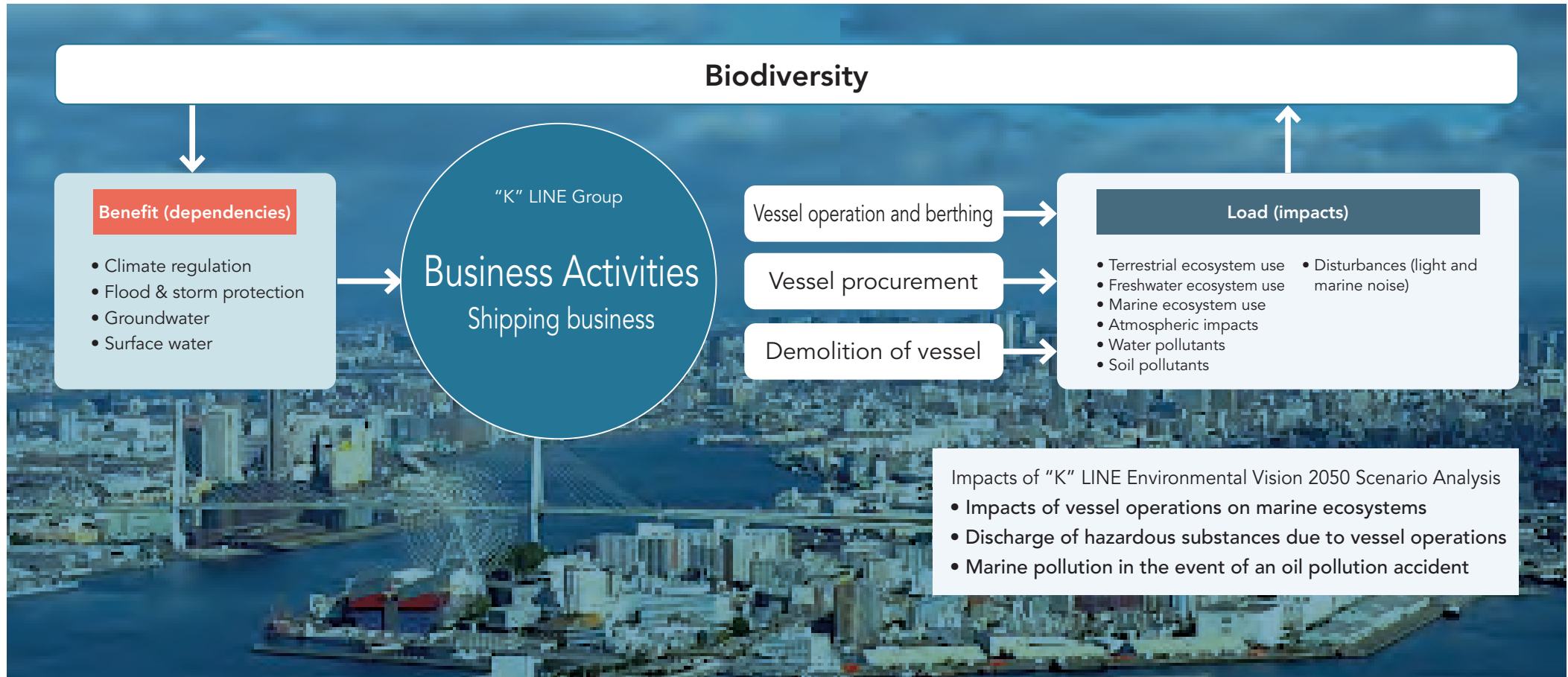
"K" LINE Group has earned the trust of its customers by providing safe and reliable marine transportation and logistics services in the marine transportation industry, which is the foundation of the logistics infrastructure that supports global economic activities.

Among the various businesses that we operate, we focus on our main business, marine transportation, and furthermore, as part of our "K" LINE Environmental Vision 2050, we have disclosed our "2030 Interim Milestones" and "2050 Goals" to our stakeholders. Based on these goals, we have examined the issues to be analyzed.



Reducing "K" LINE's Impact on the Sea and Air

Business Activities and Relationship with Nature



Based on the TNFD approach, the analysis focuses on "Locate" (region). Considering the characteristics of the marine transportation business, which covers all marine areas navigated by vessels, we evaluated that marine-centered biodiversity measures without specifying marine areas would be the basic response.

Reducing "K" LINE's Impact on the Sea and Air

Nature-Related Dependencies and Impacts — 1

► Overview of LEAP approach

Our disclosure steps in accordance with the LEAP approach are as follows.

In the Locate phase, priority areas were identified in terms of ecosystem integrity, biodiversity importance, and water stress (mainly marine pollution), taking into account the footprint of our operations and its relationship to nature. In the Evaluate phase, we analyzed the impact of the items identified in ENCORE* as having high dependency/impact in the priority areas identified in the Locate phase. We then identify and evaluate the risks and opportunities in the Assess and Prepare phases, and revise our goals and strategies.

* ENCORE
A tool to help financial institutions better understand, assess, and integrate natural capital risk into their activities. Also used in LEAP analysis, as it can measure the degree of dependence and impact on ecosystems by sector.

► Heatmap on dependence and impact

First, we used ENCORE to create heat maps to screen nature-related risks and opportunities in our shipping and port operations to understand dependencies and impacts in the sector.

Sector	Dependence (Ecosystem Services)							Impact (Key Factors of Impact)							
	Climate control	Protection from floods and storms	Groundwater	Surface water	Water quality	Maintaining water flow	Mass stabilization and erosion control	Utilization			Pollution			Disturbance (noise, light)	Solid waste
								Marine ecosystem	Freshwater ecosystem	Terrestrial ecosystem	Atmosphere	Soil	Water quality		
Marine transport	H	H			L			H			H		H		
Ports, ship recycling yards and services	M	M	L	H	L	M	M	H	H	H	H	H	H	H	M

H: High impact
M: Middle impact
L: Low impact

Reducing "K" LINE's Impact on the Sea and Air

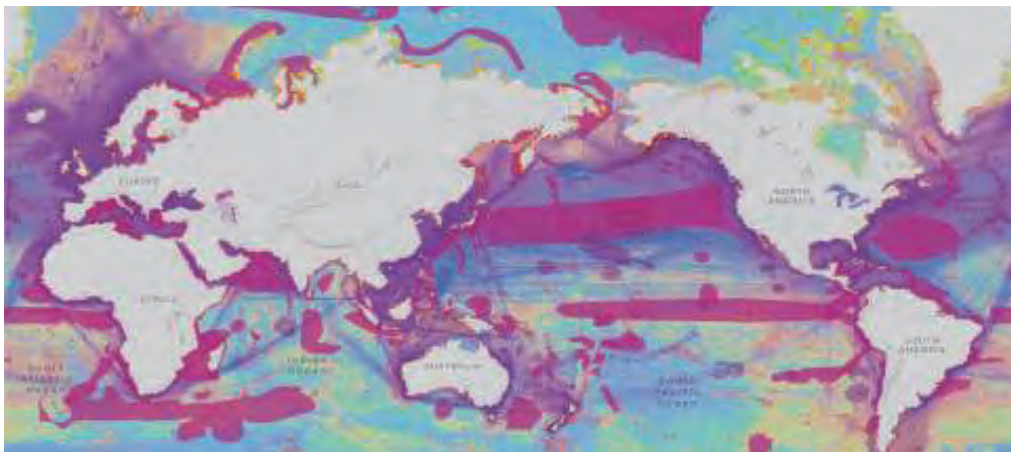
Nature-Related Dependencies and Impacts — 2

Our Business Footprint (Key Areas)

Scope of assessment: Direct operations (routes operated by "K" LINE)
Upstream value chain (bunkering sites)
Downstream value chain (ship recycling site)



Map of Sensitive Sea Areas



Source: UN Biodiversity Lab*

► **Priority areas**

We selected priority areas for each business site and operation location based on the frequency of vessel routes and port calls by our group (direct operations) and the upstream value chain (bunkering sites) and downstream value chain (ship recycling sites). (Left figure: Our Business Footprint)

In addition, we used the UN Biodiversity Lab* to identify sensitive marine areas (areas of high biodiversity importance, low ecosystem integrity, and high water stress (sea water pollution)). (Figure below left: Map of Sensitive Sea Areas) We also identified priority areas where our business activities have more contact with nature by comparing the results of the UN Biodiversity Lab, and set A) India, B) Southeast Asia, C) Japan, and D) California as main regions for our analysis.

Materiality location

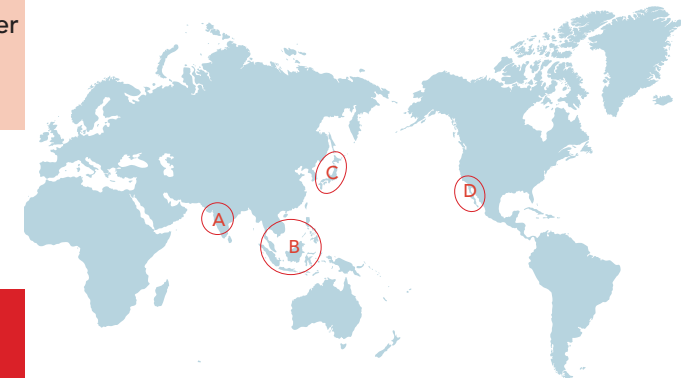
Business Footprint. List of regions prioritized (frequency of routes, number of locations, and business activities)



Sensitive location

Direct operations and locations where key value chain assets and activities come into contact with the nature of

- High biodiversity importance
- Low ecosystem integrity
- High water stress (seawater pollution)



- A India
- B Southeast Asia
- C Japan
- D California

* UN Biodiversity Lab
Analytical tools to support conservation and sustainable development assessments and impact efforts by the United Nations Biodiversity Laboratory (UNBL)

Reducing "K" LINE's Impact on the Sea and Air

Nature-Related Dependencies and Impacts — 3

► Diagnosis of dependence and impact in priority areas

For the priority areas determined in the Locate phase, we evaluated the nature-related dependencies and impacts related to our business.

We used the ENCORE tool EXPLORE MAP to identify and deep dive into the data layers that were highly dependent on the results of the ENCORE assessment of sectoral dependencies and that were indicators of each ecosystem service. The same analysis was performed for impacts. The results are presented in the table below. Apart from the below, a list of endangered species in priority areas was also prepared by checking the IUCN Red List*.

* IUCN Red List
Provides a variety of information on species. It is an important indicator of the health of the world's biodiversity. A tool for informing business decision-making for policies that are essential to biodiversity conservation and the protection of essential natural resources.

	Area	Dependencies & Impacts
A	India	The region is highly dependent on marine ecosystems, freshwater ecosystems, and seasonal differences in precipitation, making it highly dependent on flooding events. Since we mainly conduct demolition in this region, it is important to take measures to prevent pollution runoff because of the potential impact on marine and freshwater ecosystems. Thorough environmental measures in the dismantling yards are needed.
B	Southeast Asia	The region has high GHG emissions and a high impact on marine ecosystems. As we often navigate to this region, we need to pay particular attention to measures for discharging hazardous substances from vessels and the impact on marine ecosystems caused by ballast water and oil spillage due to accidents must be paid particular attention.
C	Japan	The region can be said to have a high degree of impact on freshwater ecosystems, marine ecosystems, and water pollution. The region is assessed as having a significant impact on marine ecosystems, especially for our marine-based business. It is necessary to pay attention to countermeasures against marine pollution caused by oil spills in ship accidents.
D	California	High GHG emissions and high impact on marine ecosystems, freshwater ecosystems, and water pollution. As we often sail to this region, we need to pay attention to countermeasures against hazardous substances from ships and marine pollution caused by oil spills in case of ship accidents. In addition, there is a whale sanctuary in the area, and since slow steaming is recommended in the area, it is necessary to pay attention to the disturbance to marine organisms.

Reducing "K" LINE's Impact on the Sea and Air

Assessment of Nature-Related Risks and Opportunities — 1

► Analysis of nature-related risks

In the risk analysis, risks that were considered to have a significant impact were organized in terms of migration risk and physical risk.

As a result, we consolidated and identified four material issues that apply to all priority areas: oil pollution, atmospheric impacts, migration of marine organisms, and impacts on mammals.

Risk Classification		Potential Risks and Impact on Business	Impact on Nature	Key Risks
Transition risk	Regulations and laws	Vessel operations will increase GHG, SOx and NOx emissions, and stricter emissions regulations at the operator level will increase response costs.	Air pollution	Atmospheric impacts
		The discharge of ballast water and the migration of organisms attached to the bottom of the vessel could affect the marine ecosystem of the area, leading to a collapse of the ecosystem of fishery resources and affecting the local fishing industry, which could result in the need for fisheries compensation. It could also create a threat to the conservation of endangered species and could result in lawsuits from the target countries and NGOs.	Biological interference/alteration	Migration of marine organisms
	Reputation	Increased emissions of SOx and NOx, which cause photochemical smog and acid rain due to vessel operations will damage the Company's social reputation among suppliers and stakeholders.	Air pollution	Atmospheric impacts
		Vessel operations can cause collisions with whales and other marine mammals that can be physically harmful to the organisms. In addition, undersea noise can harm communication between marine organisms, cause stress, and adversely affect the ecosystem. In a worst-case scenario, if the noise causes harm or stress to marine organisms, resulting in death, the project may be sued by neighboring countries or NGOs, and negative publicity may spread.	Disturbance (light, noise)	Effects on mammals
Physical risk	Chronic	The oil pollution associated with dismantling needs to be addressed.	Water and soil contamination	Oil pollution
	Acute	It becomes necessary to provide compensation to fishery-related businesses and neighboring countries due to the occurrence of accidents in marine transportation, which cause oil pollution and affect the marine ecosystem and reduce the catch of fishery resources.	Water and soil contamination	Oil pollution

Reducing "K" LINE's Impact on the Sea and Air

Assessment of Nature-Related Risks and Opportunities — 2

▶ Assessment of nature-related opportunities

The TNFD defines nature-related opportunities as activities that produce positive outcomes for the organization and nature by creating positive impacts on nature or reducing negative impacts on nature. Based on this definition, we evaluated the importance of activities that create nature-related opportunities

in the TNFD in each of the four materialities of "oil pollution control," "air quality impact mitigation," "prevention of marine organisms migration," and "mammal impact mitigation."

1. Oil pollution

Risk Mitigation Management	Opportunity Management	Materiality Assessment of Risks and Opportunities
<p>Ship hull strengthening / Promotion of safe operation through the integrated vessel operation and performance management system "Kawasaki - Integrated Maritime Solutions" / Installation of overflow pipes in fuel tanks / Electricity for deck equipment / Use of indirect cooling system (central cooling system) / Seafarer training / Strengthening of dialogue with port facility managers / Lobbying IMO (International Maritime Organization) on treaty aspects in collaboration with relevant ministries</p> <p>* Financial impact is mitigated by marine insurance coverage.</p>	<p>Promotion of safe operation through the integrated vessel operation and performance management system "Kawasaki - Integrated Maritime Solutions" / Construction of a fleet compatible with new transport technologies / Environmental protection through enhanced support for green ship recycling</p>	<p>Nineteen endangered species inhabit in Southeast Asia, and oil pollution from ship accidents, etc., is of high importance because of its potentially devastating impact on the ecosystem. On the flip side of risk, the expansion of safe operation measures and oil pollution prevention measures that take these into account and the insistence on such measures are highly important as they provide an opportunity to contribute to the enhancement of reliability as a ship operator that takes biodiversity conservation into consideration.</p>

[Target]
Zero oil pollution accidents

Promotion of efforts to prevent oil pollution accidents: Strengthening of safe navigation measures, strengthening of hull strength, strengthening of all safety measures including human resource development, strengthening of green ship recycling measures, etc.

2. Atmospheric impacts

Risk Mitigation Management	Opportunity Management	Materiality Assessment of Risks and Opportunities
<p>Initiatives to develop next-generation technologies to clear Tier III NOx emissions regulations / Participation in the Port of Bergen, Norway, Initiative to reduce NOx emissions from ships at berth by installing onshore power supply equipment / Awards for the Port of Los Angeles and Port of Long Beach, USA, Slow Steaming Program / Further expansion measures for LNG-fueled vessels / Introduction of LPG-fueled vessels / Introduction of zero emission vessels such as ammonia- and hydrogen-fueled vessels</p>	<p>Proactive biodiversity assessment and information disclosure ahead of competitors in TCFD scenario analysis and TNFD prototypes / Improvement of profitability by enhancing efficient operation through introduction of energy-saving equipment, etc. / Reduction of burden by commercialization of ships with new fuel and propulsion technologies that are low-carbon and decarbonizing</p>	<p>Highly important because GHG emission sources are an important aspect of the factors causing climate change and can affect marine ecosystems by increasing sea water temperature, affecting ocean currents, and leading to changes in weather phenomena. SOx and NOx emissions are highly important because they cause photochemical smog and acid rain, which may affect not only marine ecosystems but also human health. On the flip side of the risks, low-carbon ship operations that take these factors into account, compliance with regulations, and assertion of such are highly important because they provide an opportunity to contribute to the credibility of the ship operator as one that takes biodiversity conservation into account.</p>

[Target]
Reduction/minimization of load on the surrounding environment

Promotion of initiatives to prevent air pollution and reduce GHG emissions: Slow steaming, use of low-sulfur fuels, introduction of SOx scrubbers, introduction of NOx reduction equipment, etc.

Reducing "K" LINE's Impact on the Sea and Air

Assessment of Nature-Related Risks and Opportunities — 3

3. Migration of marine organisms

Risk Mitigation Management	Opportunity Management	Materiality Assessment of Risks and Opportunities
<p>Use of environmentally-friendly paints: When sea creatures attach to the hull, the resistance of the hull increases, and fuel consumption increases. This results in an increase in CO₂ emissions. When those attached sea creatures are brought into other sea areas during voyage, it will affect the ecosystem (of those areas). Our company encourages adoption of low friction paint for new ships to reduce fuel consumption and prevent attaching of sea creatures, and is also trying to reduce CO₂ emissions and maintain the biological diversity. We also encourage use of low-friction paint, as well as existing paint, for ships that are already in service.</p>	<p>Marine ecosystem conservation through proper treatment of ballast water</p>	<p>Twenty-six endangered marine species have been identified in India, 19 in Southeast Asia, 13 in waters around Japan, and 10 in waters around California. The disruption of ecosystems due to ballast water discharge and the movement of organisms attached to ship bottoms could pose a risk to endangered species and have a significant impact on catches. For these reasons, the risks associated with ballast water are of high importance. On the flip side of the risks, the expansion of ballast water measures that take these factors into account and the use of environmentally friendly paints and their claims are highly important because they provide an opportunity to contribute to the enhancement of reliability as a ship operator that takes biodiversity conservation into consideration.</p>

[Target]
Reduction/minimization of load on the surrounding environment

Promotion of efforts to prevent marine organisms from migrating: Maintain 100% ballast water treatment equipment installation rate, continue introduction of environmentally friendly paints, etc.

4. Impact on mammals

Risk Mitigation Management	Opportunity Management	Materiality Assessment of Risks and Opportunities
<p>Reduce the impact of vessel operations on marine mammals (in the 12-mile area along the California coast, vessels are required to operate at reduced speeds, contributing to reduced collision and noise risks) / Establish noise measurement methods and standards and ensure that they are below standards when built / Engage with governments, UN, NGOs, etc. for policy engagement / Install and research noise reduction devices</p>	<p>Reduction of the burden on marine mammals by vessel operations that contribute to impact reduction / Ecosystem conservation through more specific and effective measures regarding undersea noise, such as the impact of vessel noise on whales, etc.</p>	<p>Vessel operations may cause collisions with whales and other marine mammals, resulting in physical harm to the creatures. In addition, the impact of noise on whales is significant in the Mediterranean Sea and waters off California, and this issue is of high importance to stakeholders, especially given the presence of a whale sanctuary off California. On the flip side of the risks, the expansion and advocacy of safe navigation measures, oil pollution prevention measures, and operational reviews that take these considerations into account is highly important because it provides an opportunity to contribute to improving the credibility of the company as a ship operator that takes biodiversity conservation into account.</p>

[Target]
Reduction/minimization of load on the surrounding environment

Reducing the impacts of vessel operations on marine mammals: Participation in California's slow steaming program to protect whales

Reducing "K" LINE's Impact on the Sea and Air

Risk and Impact Management

Identification and Assessment Process for Nature-Related Risks

"K" LINE Group will follow the steps of the LEAP approach to identify and evaluate nature-related dependencies, impacts, risks, and opportunities based on TNFD disclosure recommendations.

In the Scoping phase, we develop a working hypothesis, and in the Locate phase, we identify the contact points between our operations and nature and identify priority areas in terms of ecosystem integrity and importance, and water stress (mainly the degree of marine pollution). In the Evaluate phase, we

analyze how the items identified as having a high degree of dependence and impact affect nature through our business activities in the priority areas identified in the Locate phase. The key dependency and impact items for each priority area identified in the Evaluate phase are then combined, and in the Assess phase risks and opportunities are identified and evaluated, after which goals and strategies are reviewed in the Prepare phase.

Steps in the LEAP Approach

Source: The TNFD Nature-Related Risk and Opportunity Management and Disclosure Framework Beta 0.4



		Area 1	Area 2	Area 3	
Valuation Target	Project 1	Factor 1	Priority High	Priority Low	Priority Low
		Factor 2	Priority Mid	Priority Low	Priority Low
		Factor 3	Priority Low	Priority Mid	Priority Low
	

Assessment Team

Corporate Sustainability, Environmental Management, IR and Communication Group

To strengthen our sustainability management structure, we have integrated the Environmental Management Group into the existing Sustainability Promotion, Investor Relations, and Public Relations Groups, bringing E (Environment), S (Society), and G (Governance) into one group. This group identifies and assesses nature-related dependencies, impacts, risks, and opportunities based on the LEAP approach.

Reducing "K" LINE's Impact on the Sea and Air

Process for Managing Nature-Related and Other Risks

Sustainability Sub-Committee reports to Corporate Sustainability Management Committee, a higher-level committee, on important matters in the LEAP evaluation of the Corporate Sustainability, Environment Management, IR and Communication Group. Finally, the Representative Executive Officer, President & CEO, who chairs the Sustainability Management Promotion Committee, submits the report to the Board of Directors for company-wide management.

Metrics and Targets

Main Responses to Nature-Related Risks

As one of the "K" LINE Group's six capitals, "natural capital," and as a company that uses the sea—natural capital—as its business field, we have set forth initiatives under the "K" LINE Environmental Vision 2050 to achieve both the Group's sustainable growth and contributions to a sustainable society, by addressing environmental impact reduction such as shift to low-carbon and carbon-free for both "K" LINE and society, as well as biodiversity conservation.

In the implementation of the LEAP approach, which is a part of our efforts, we were able to once again

understand the relationship between our business activities and nature-related dependencies and impacts, and evaluate nature-related risks and opportunities, which will strengthen our risk management in terms of management strategy and confirm that we will continue with our current measures and other directions. The assessment of the risks and opportunities identified, and the goals of the project were also reviewed. Although the risks and targets identified include qualitative assessments, we will continue to monitor them while seeking and considering quantitative information in the future.

Key Risks	Correspondence Details	Purpose	Targets and Indicators
Oil pollution	Promotion of efforts to prevent oil pollution accidents: Strengthening of safe navigation measures, strengthening of hull strength, strengthening of all safety measures including human resource development, strengthening of green ship recycling measures, etc.	Zero oil pollution accidents	Zero oil pollution accidents
Atmospheric impacts (GHG, SOx, NOx)	Promotion of initiatives to prevent air pollution and reduce GHG emissions: Slow steaming, use of low-sulfur fuels, introduction of SOx scrubbers, introduction of NOx reduction equipment, etc.	Reduction/minimization of load on the surrounding environment	All ship types Emissions per ton-mile transported https://www.kline.co.jp/en/sustainability/environment/data.html
Migration of marine organisms	Promotion of efforts to prevent marine organisms from migrating: Installation of ballast water treatment equipment, introduction of environmentally friendly paints, etc.		Maintain 100% ballast water treatment system installation rate, continue introduction of environmentally friendly paints
Impact on mammals	Reducing the impacts of vessel operations on marine mammals: Participation in California's slow steaming program to protect whales		Continued participation in the slow steaming program in California, U.S.A.

Reducing "K" LINE's Impact on the Sea and Air

Future Biodiversity Conservation Initiatives

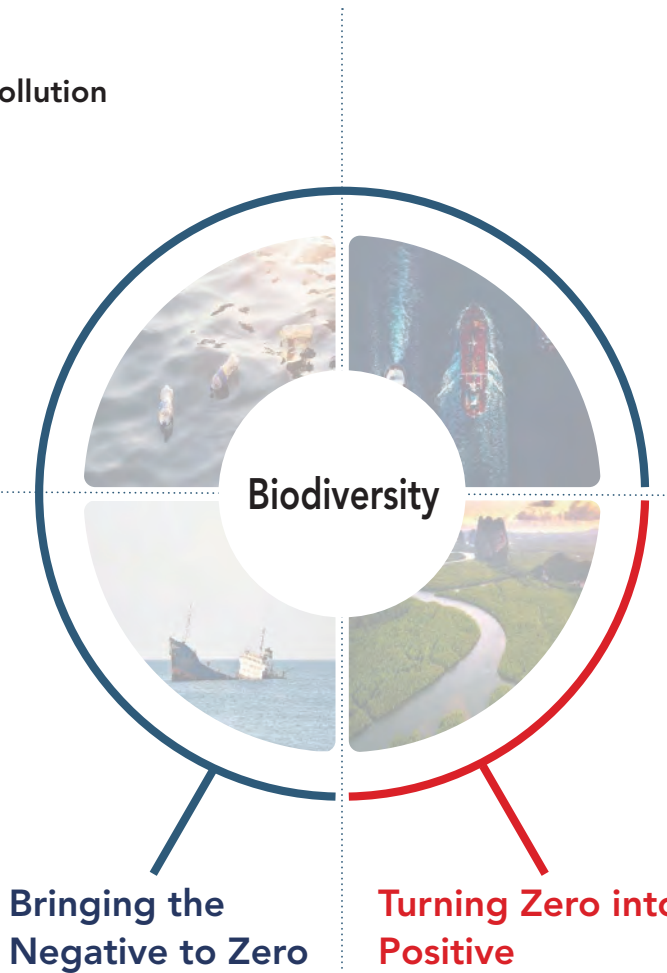
In order to reduce the environmental impact of our ship operations on the oceans and atmosphere to zero, we are already implementing various initiatives in each region from the viewpoint of biodiversity preservation as follows.

Avoidance and minimization of marine pollution

- Promotion of initiatives to eliminate oil pollution accidents (strengthen safe navigation measures, strengthen hulls)

Reclamation and conversion of resources for recycling

- Dispatch of employees to Ship Recycling's dismantling yard to conduct independent assessments, including prevention of pollutant spills
- Minimizing waste and promoting recycling related to marine and land-based operation



Bringing the Negative to Zero

Turning Zero into Positive

Reduction/minimization of load on the surrounding environment

- Introduction of SOx/NOx reduction equipment and fuel
- Use of environmentally friendly low-friction paints
- Appropriate treatment of ballast water
- Participation in the U.S. state of California's slow steaming program to protect whales

Restoring and preserving the environment and ecosystems through cooperation and collaboration with society

- Joint research on plastic waste with Tokyo University of Marine Science and Technology
- Preserving an undeveloped woodland near a village and coastal cleanup activities in collaboration with the Chiba University Environmental ISO Student Committee
- Support for Seaweed Bed Regeneration Project in Minami Town, Tokushima Prefecture

Reducing "K" LINE's Impact on the Sea and Air

Major Biodiversity Conservation Initiatives

▶ Case 1: Safety in navigation and cargo operations based on "human capabilities" (oil spill accident prevention / avoidance of marine pollution)

We are building a solid system for safety in navigation with safety and quality management that leverages human capabilities—the strength of the "K" LINE Group—complemented by advanced digital technologies.

▶ See pp. 71–72.

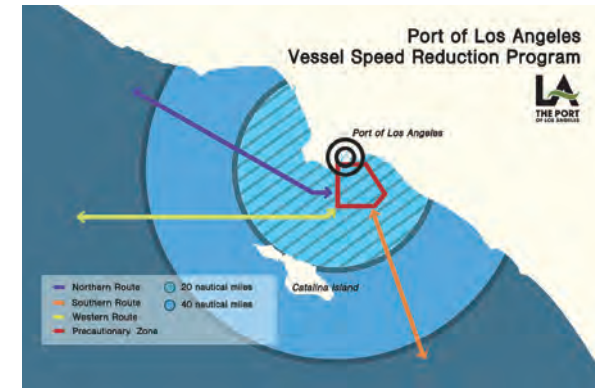
▶ Case 2: Prevent air pollution through slow-speed navigation

Participation in the Port of Los Angeles and Port of Long Beach slow steaming program in the U.S.

- The US ports of Long Beach and Los Angeles have implemented programs requiring vessels to voluntarily slow their steaming speeds within designated waters to prevent coastal air pollution.
- "K" LINE has actively participated in these programs and has been recognized for achieving high compliance rates for speed reduction by car carriers and dry bulk carriers, receiving commendations from both port authorities.
- Ships participating in the program are asked to comply with a speed limit of 12 knots within 40 miles (about 74 kilometers) from the coast of each port in order to reduce emissions of exhaust gases containing nitrogen oxide (NOx), sulfur oxide (SOx), particulate matter (PM) as well as CO₂ that cause (global) warming from ships.
- We have participated since the inception of the program in 2005, and as a result of this year's achievement, "K" LINE has been honored to receive this award from the Port of Long Beach for 20th consecutive years and from the Port of Los Angeles for 17th consecutive years since 2008 when their awards were commenced, respectively.

Unique decelerated navigation in Ise Bay and Mikawa Bay in Japan

- We voluntarily reduce the speed of our car carriers to 12 knots or less when navigating in Ise Bay and Mikawa Bay in an initiative that we are spearheading. This reduces the impact of ship navigation on the surrounding environment, both on land and at sea. We also control PM emissions (including soot) while ships are in harbor by removing soot from the boiler before entering the ports. After entering the ports, we assure that the load on the electricity generator is appropriate to maintain a good combustion state.



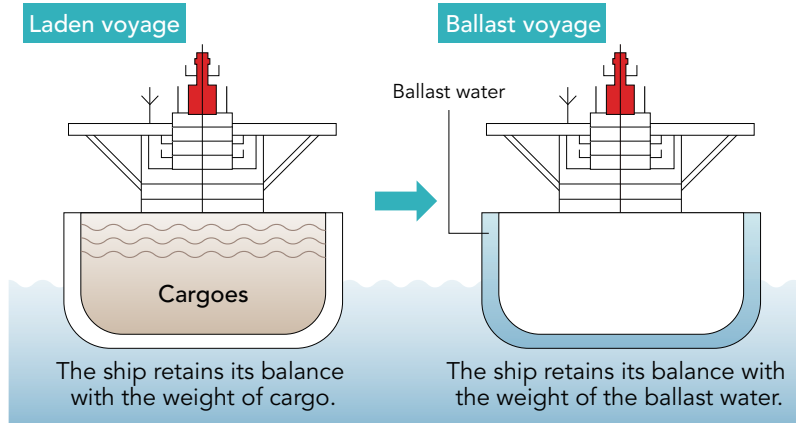
Reducing "K" LINE's Impact on the Sea and Air

▶ Appropriate treatment of ballast water

Appropriate treatment of ballast water is carried out in accordance with the "International Convention for the Control and Management of Ship's Ballast Water and Sediments."

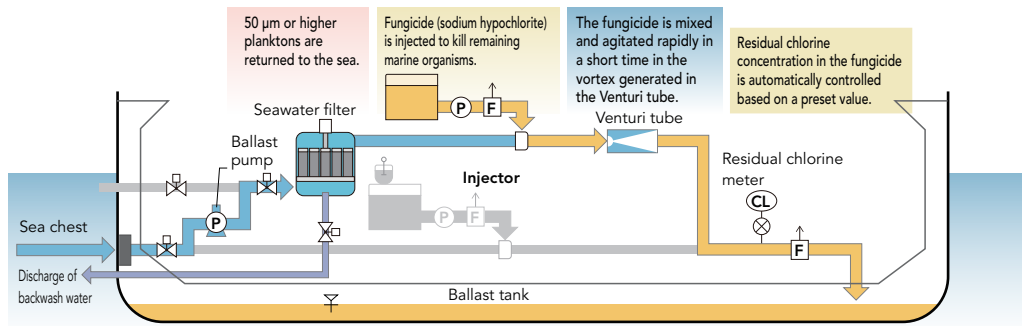
- Vessels store seawater (ballast water) to keep the hull stable at sea.
- In 2017, the "International Convention for the Control and Management of Ships' Ballast Water and Sediments" entered into force under the International Maritime Organization (IMO) because the discharge of ballast water from vessels can affect marine ecosystems.
- Specifically, it requires the installation of a treatment system (BWMS: Ballast Water Management System) for sterilizing ballast water. We will continue to operate vessels that are cleared of regulations and strive to protect biodiversity so that marine life and ecosystems are preserved in their original state.

Ballast water



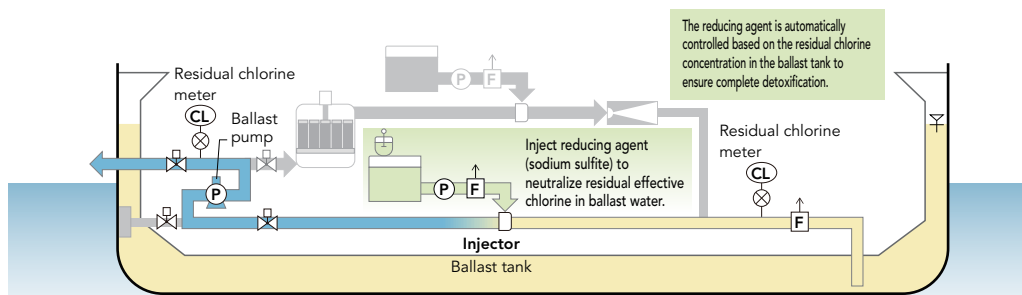
● While ballast water is being fed to the ship (discharging cargo)

- 1 While ballast water is being fed into the ship, precision filters (seawater filters) are used to return as many marine organisms as possible to their original habitats.
- 2 Small planktons and bacteria such as coli bacteria contained in the filtered water are eliminated using an appropriate fungicide and through mixture and agitation in a Venturi tube.



● While ballast water is being discharged (loading cargo)

- 1 The tiny amount of residual fungicide in the treated ballast water is neutralized and detoxified with a reducing agent before the water is discharged to the sea.



* TG Ballastcleaner® disinfectant (main component: sodium hypochlorite) and TG Environmentalguard® reducing agent (main component: sodium sulfite) are registered trademarks of Toagosei Co., Ltd.

Reducing "K" LINE's Impact on the Sea and Air

Related Data

CO₂, SO_x, and NO_x Emissions from Vessels

(Unit: Tons)

	2020	2021	2022	2023	2024
CO ₂ emissions	8,761,756	6,174,863	5,997,064	5,914,354	6,061,624
SO _x emissions	35,983	30,166	29,272	29,963	27,674
NO _x emissions	181,429	117,864	118,264	117,089	121,678

* The scope of aggregation is revised from 2021. Vessels not under our operations are excluded.

Volume of SO_x and NO_x Emissions per Deadweight Ton-Mile

	Unit	2020	2021	2022	2023	2024
SO _x emissions	gram-SO _x / ton-mile	0.022	0.020	0.020	0.020	0.020
NO _x emissions	gram-NO _x / ton-mile	0.089	0.078	0.082	0.080	0.083

Other Environmental Data of "K" LINE's Vessels

▶ Waste generation, etc. (All types of vessels)

(Unit: m³/ship-month)

	2020	2021	2022	2023	2024
Bilge	4.02	4.04	4.72	5.93	7.88
Sludge* ¹	4.0	2.0	2.2	2.4	2.3
Garbage on board	3.5	5.4	3.7	4.5	3.5

*¹ Residues of fuels or lubricating oil after purification process

▶ Gray water from "K" LINE vessels (owned ships)

(Unit: MT)

	2020	2021	2022	2023	2024
All types of vessels	64,421.6	74,929.9	88,450.9	99,602.9	108,002.7

Supporting the Environmental Activities of Society

Approach

Basic Principle

To contribute to the realization of a sustainable future, we are reinforcing collaboration between industry, academia, and government, including central government, local governments, and universities, to carry out various environmental preservation initiatives.

Initiatives

Promote Volunteer Environmental Protection Activities

We engage in various activities to raise the environmental consciousness of our employees further, including initiatives to protect biodiversity and create pleasing landscapes, such as collaborating with the NPO Chiba University Students Committee for Environmental Management System to protect forests and clean up business sites and seashores. We are providing support for a project to regenerate seaweed beds by Moaibu.



Key Targets

- Promote volunteer environmental protection activities
- Increase the capability to accommodate green ship recycling
- Participate in collection of and research on marine plastic waste

Reinforcement of Response to Green Ship Recycling

We are working on dismantling ships and recycling resources with due consideration to environmental protection and occupational safety and health. Various types of metal are used in ships. The metals collected after dismantling ships are valuable resources and can be recycled into new products and used for new services to support local lives and the development of employment. The "K" LINE Group strives for responsible dismantling and recycling of resources even during the ship scrapping stage.

In 2017, "K" LINE established the company rules "Operating Rules for Ship Recycling" and "Detailed Operating Rules for Ship Recycling" to ensure that the dismantling work is carried out in consideration of environmental protection and occupational safety and health.

Dismantling of vessels owned by our company is required to be conducted only at our certified yards selected according to our own evaluation criteria in consideration of the conformity requirements of the HKC and our own perspective in addition. The evaluation is conducted at on-site audit in cooperation with our local supervisors.

When we dismantle ships, we inspect ship recycling yards and use our unique "K" LINE checklist to carry out environmental impact assessment to check whether the work is being carried out safely, whether substances that affect the human body or the environment are being properly collected, and whether the dismantling process has an impact on the surrounding environment and so on.

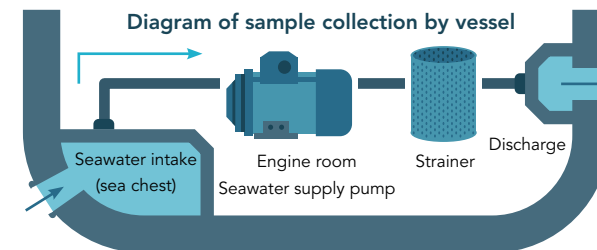


Supporting the Environmental Activities of Society

Participation in Collection of and Research on Marine Plastic Waste

"K" LINE has signed an agreement with Tokyo University of Marine Science and Technology to start joint research on marine plastics. The joint research will evaluate how much plastic waste can be collected from common seawater intake that is filtered by ships on voyages. Specifically, "K" LINE vessels will take samples from the seawater intake line with a strainer while the ship is running, and then the university will collect plastic particles from the samples and analyze their material, size, and other properties. The aim of this project is that it will lead to further research, such as the collection of microplastics in the open sea using ocean-going vessels and the establishment of a system for monitoring the density of microplastics in specific areas.

Proposed method for sample collection to be carried out by "K" LINE vessels



Related Data

Environmental Data of Offices

▶ Electricity

(Unit: kWh)

	2020	2021	2022	2023	2024
Annual consumption	736,212	708,811	907,221	890,815	815,223
Annual consumption per person	836	793	823	749	756

▶ Office paper

(Unit: sheet)

	2020	2021	2022	2023	2024
Annual consumption	2,178,527	2,157,950	2,073,834	2,182,418	2,269,530
Annual consumption per person	2,473	2,414	1,882	1,836	2,103

▶ Water

(Unit: m³)

	2020	2021	2022	2023	2024
Annual consumption	318	313	403	430	409
Annual consumption per person	0.50	0.48	0.58	0.56	0.62

Total Quantity of Recycling

▶ Ship recycling

(Unit: ton)

	2020	2021	2022	2023	2024
All types of vessels	114,055	0	21,695	0	0

Waste

▶ Waste

(Unit: ton)

	2020	2021	2022	2023	2024
All offices	571	420	570	528	361

	2020	2021	2022	2023	2024
All vessels	6,361	5,192	6,858	6,623	6,460



Section
05

Social Aspects



Shaping of Working Environment and Promotion of Health Management

Approach & Purpose

Health Declaration

Our corporate principle is to help enrich the lives of people as a logistics company rooted in the shipping industry, and we conduct our business activities accordingly. Crucial to realizing this principle is "providing safe and optimized services" which calls for us to constantly maintain the physical and mental health of the individuals involved in our business and to help them fully demonstrate their potential abilities. We believe that health is the source of individual happiness and is indispensable for realizing the Group's principle. As the health of each and every Group employee is of paramount importance, we will work hard to maintain and enhance the health of employees in cooperation with health insurance associations, labor unions, and clinics (occupational health physicians).

Shinya Tamaki
Managing Corporate Officer, CHRO

Priority Health-Related Initiatives

Priority Initiatives	Targets
Annual health check rate	100%
Stress check examination rate	90% or higher
Average monthly overtime working hours	Within 30 hours

Human Resources Group will take the lead in addressing the above targets by the end of fiscal year 2025.

Basic Principle (At Sea)

Eradication of occupational accidents is fundamental to safe and economical operations. In order to raise each member's safety awareness and ensure safety on board, the Company has introduced safety experience training and/or hazard prediction training. The Company also gathers examples of incidents, through near-miss reports, etc., that have not been tangible but have posed potential risks. Such information is shared internally to help enhance safety in navigation and cargo operations.

In addition, the "K" LINE Group strives not to violate the fundamental rights of seafarers on board by complying with the Maritime Labour Convention, 2006 (MLC, 2006). The convention was adopted in February 2006 by the International Labour Organization (ILO) as a comprehensive international employment convention containing seafarers' fundamental rights, as set out below:

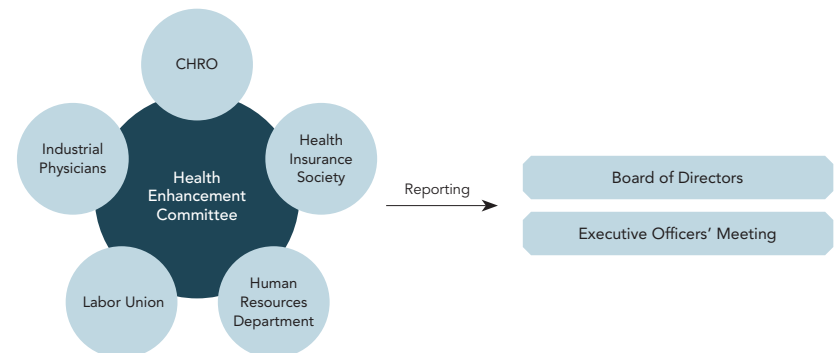
1. Freedom of association and the effective recognition of the right to collective bargaining;
2. the elimination of all forms of forced or compulsory labour;
3. the effective abolition of child labour; and
4. the elimination of discrimination in respect of employment and occupation.

We shall comply with this convention across our entire fleet so as not to infringe on the fundamental rights of our seafarers.

System

Management System (On Land)

We strive to continuously improve health and safety at onshore offices and bases and the mental and physical health of our employees. The Company established the Health Enhancement Committee, chaired by the CHRO, which functions as a health committee, as required by the Industrial Safety and Health Act. We share information by regularly communicating the matters discussed and reported at these committee meetings to the Board of Directors and the Executive Officers' Meeting.



Shaping of Working Environment and Promotion of Health Management

Management System (At Sea)

Based on legal standards, we have set up a seafarers' health and safety system, with the Seafarers' Health and Safety Committee onshore and the Onboard Health and Safety Committee on our vessels. We promote operational health and safety in cooperation with ship management companies and relevant departments.

The Onboard Health and Safety Committee studies and deliberates how to best maintain seafarers' living and working conditions on board and prevent occurrences or recurrences that may affect seafarers' health, as well as provide proper training in health and safety.

We were first certified as an excellent company for seafarers' industrial accident prevention by the Ministry of Land, Infrastructure, Transport and Tourism in 2008 and have maintained this certification to this day.



Initiatives

Health and Safety Considerations (On Land)

▶ Physical Examinations and In-House Medical Clinics

Our employees must receive a physical examination once a year, and we assist with the costs for those who wish to receive a second examination. We have a medical clinic at our head office in Tokyo that provides medical examinations, and employees can visit a doctor when they are feeling unwell. In addition, we have a "health keeper" who provides massages for employees to relieve them and help them recover from fatigue. Thus, we proactively support our employees' health management.



▶ Dental Checkups

We provide dental checkups for employees once a year in our company conference room.

▶ Mental Health

As a part of mental health care, we have adopted an internet-based stress check program that employees can use to manage their mental health and improve their stress tolerance. In addition, we hold annual seminars on mental health for executives and employees at the Tokyo head office. Furthermore, we have put in place a range of support systems including mental health consultations with a medical specialist and the Employee Assistance Program (EAP), which provides external counselors to tend to employees' physical and mental health conditions.

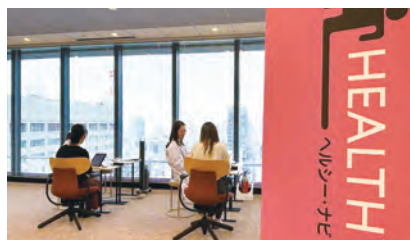
▶ Education to Improve Cancer Literacy

We have joined the promotion partners of the "Corporate Action for Promoting Cancer Control," which is recommended by the Ministry of Health, Labor and Welfare in collaboration with private companies. We provided e-learning program to all employees, focusing on cancer prevention and support for a good work-life balance. The program aimed to educate employees about cancer, and awareness of the need for regular cancer screenings has increased.

Shaping of Working Environment and Promotion of Health Management

▶ Health Measurement Event

To promote employee health management and raise health awareness, we regularly hold health measurement events. In addition to measurements such as estimated vegetable intake and vascular age, a nutrition consultation corner is set up where participants can receive advice on health-conscious meal planning and nutrition-based consultations.



▶ Walking Event

The walking event is held annually for employees insured under the Kawasaki Kisen Health Insurance Society and their families. It is an initiative that allows participants to build exercise habits in a fun way, encouraging each other with friends from the Company or colleagues from the same department, and challenging to achieve average step-count goals with their families.

▶ Prevention of Overwork

To reduce overlong working hours, we are implementing training for managers on the relationship between overwork and health and reinforcing measures to prevent employees from becoming overworked. In terms of managing working hours, when an employee does any work outside of regular working hours, an email is automatically sent to their superior after a fixed amount of time has elapsed. This system enables managers to recognize employees with overlong working hours in a timely manner and respond quickly, such as by reducing their workload. Additionally, we endeavor to reduce overlong working hours by managing the overtime work results for each employee on a daily basis. We will carry out interviews with employees, when necessary, who have the most overtime work Groupwide, as well as with their managers. Furthermore, reporting the average working hours for each department to the Executive Officers' Meeting on a monthly basis enables us to work together with management and make even more effective improvements.

▶ Health Support for Overseas Assignees

We support medical examinations and vaccinations for employees who are transferring overseas, as well as for their family members. Once they have been posted overseas, employees and their family members can also receive support from our partner emergency medical assistance companies.

Health and Safety Considerations (At Sea)

▶ Initiatives to Prevent Occupational Accidents

While at sea, we conduct pre-work/tool-box meetings every morning to help prevent occupational accidents. We also hold monthly working management committee meetings to ensure that we are thoroughly prepared in the event of an emergency and dangerous situations on board. In addition, we regularly distribute letters from our marine safety supervisors to all vessels to keep our seafarers mindful and aware of issues related to occupational accidents, health, and safety.



In addition, our seafarers are required to attend health- and safety-related training.

▶ Prevention of Overwork

To prevent overwork at sea, we have introduced a labor management and reporting system to consider appropriate distribution of tasks so that our seafarers do not take on excessive workloads. We also arrange ship operational schedules and increase the number of personnel on board as necessary to prevent unreasonable working situations. Moreover, we have an online consultation system with occupational health physicians for crew who have become fatigued after working more than the prescribed hours.

▶ Physical Examinations

Since it is not possible to visit onshore medical facilities while at sea, it is extremely important that our maritime officers are both physically and mentally healthy. They are required to undertake a medical examination prior to embarkation, as well as annual examinations covering items beyond those mandated legally. We keep secure records of medical examination data at the Company in order to refer to and understand the health status of our various maritime officers. Regarding the mental health of maritime officers, in addition to training courses conducted by externally qualified people and annual stress checks, marine safety supervisors regularly announce safety-related information and we have a system in place to collaborate with our own industrial physicians.

▶ Health and Safety Management Guidance through Ship Visits

Seeking to improve the overall health and safety of our seafarers, we have assigned marine safety supervisors to our Maritime Strategy Group. The marine safety supervisors visit the ships when at port and provide guidance related to health and safety management. During such visits, we also conduct individual interviews to ensure our seafarers are in good mental health.

Shaping of Working Environment and Promotion of Health Management

▶ Enhancement of Interviews Conducted by HR Personnel

Unlike regular workplaces, our maritime officers experience closed living conditions while working at sea. Once on board, however, they are normally at sea for six-month periods. For this reason, we always have HR personnel conduct telephone interviews with our seafarers to gain feedback focusing on life at sea, personal relationships, and anything else they feel is worth mentioning, particularly after disembarkation. When deemed necessary, moreover, we conduct face-to-face interviews. Through these actions, we strive to alleviate the concerns of our maritime officers while monitoring the condition of Company workplaces.

▶ Onboard Workstyle Reforms

Maintaining safety in navigation and cargo operations is the most important duty for maritime officers on board our vessels. However, they also take responsibility for numerous administrative tasks, including procedures that accompany entering and exiting ports. To reduce this operational burden, we are working on the IT development and digitalization of our vessels, and are promoting the introduction of a communications infrastructure capable of handling large volumes of data.

Response to Digital Transformation (DX)

Realization of Work-Life Balance through DX

We implement a variety of initiatives aimed at improving employee work-life balance and productivity. We recognize the effectiveness of remote work from the perspective of supporting work-life balance, in addition to the importance of face-to-face communication. We have developed an IT infrastructure and security platform that enables safe and smooth teleworking by introducing communication tools, strengthening endpoint security, and enhancing network lines. To improve the efficiency of online and hybrid meetings, we have also created an environment that enables seamless integration of face-to-face and online interactions by increasing online meeting equipment in conference rooms, adding displays in work areas, and installing online meeting booths. Furthermore, we are exploring new workstyles that combine free analog thinking with efficient digital data storage and searchability by introducing digital whiteboards, interactive projectors, and touch-panel computers. We are also promoting workstyle reforms for onboard operations, strengthening the digitalization of information, business processes, and vessels to achieve timely information sharing between onshore and offshore operations and create a safe, comfortable working environment for seafarers in order to deliver higher quality marine transportation.

ISO 45001 (Occupational Health and Safety Management System) Certification Status

To achieve a safe, healthy, and comfortable work environment, the following companies in the "K" LINE Group have acquired ISO 45001 certification.

Out of the 278 "K" LINE Group companies, 3 companies, which account for 1.1%, have obtained the certification (as of December 31, 2024).

- K Line Container Service (Thailand) Ltd.
- Bangkok Cold Storage Service Ltd.
- "K" Line Logistics (Australia) Pty Limited

Promotion of Digitalization of Operating and Administrative Processes

We are advancing the introduction of the latest digital equipment in conference rooms and collaboration spaces as only part of the process while continuously working through the PDCA cycle, which reviews administrative processes by utilizing digital technology, with actual work sites as our starting point. Through RPA*¹ and citizen development*² using Microsoft Power Platform in several departments, we are steadily automating routine tasks. We are also improving operational efficiency in areas such as information gathering, analysis, and report creation by securely utilizing generative AI internally to leverage internal data.

*1 RPA stands for robotic process automation, an approach to work automation using robots that work within the parameters of created scenarios.

*2 Citizen development refers to employees who develop systems without formal programming training.

Shaping of Working Environment and Promotion of Health Management

Related Data

Health Management Data

Item		Unit	FY2022	FY2023	FY2024
Stress check program	Stress check examination rate	%	88	92.1	97
Work engagement and percentage of employees with high levels of stress	Comprehensive health risk* ¹	—	84	82	87
	Percentage of employees with high levels of stress* ²	%	9.4	8.8	8.5
	Work engagement* ³	points	2.6	2.6	2.7
	Presenteeism* ⁴	points	4.1	4.0	4.0
Annual paid leave taken	Average days of annual paid leave taken	days	9.9	10.1	10.1
	Average of seven days' vacation taken* ⁵	days	4.8	4.9	5.3
Managing overtime working hours	Overtime working hours (monthly average)* ⁶	hours	6.8	7.4	7.5
Annual health check	Participation rate	%	99.7	99.8	99.8

*1 Comprehensive health risk is derived from the scores of the following four factors: work burden (quantity), discretion over work, support from superiors, and support from coworkers. It is a quantification of the degree of health risk that occurs due to the work environment. The national average is 100, and the lower the number, the lower the risk.

*2 Employees with high levels of stress were evaluated based on the average score of mental and physical stress response, work stress factors, and support from colleagues and superiors, converted into a five-point evaluation. The national average is 10%.

*3 Work engagement is an indicator of how energized, proud of, and enthusiastic about their work employees are. The scores given to each response to the following statements are as follows: "My work gives me a feeling of personal accomplishment" and "I would recommend this company to people I know as a great place to work": Yes = 4 points, Most of the time = 3 points, Sometimes = 2 points, and No = 1 point. The score shown above is calculated based on the average score of all examinees. The national average is 2.5 points.

*4 Presenteeism means working while suffering from some form of health issue, resulting in low productivity. (Japan has an average of 3.9 out of 5.0 points. A low number equals low productivity.)

(*1–*4 Scores taken from The Brief Job Stress Questionnaire is scored.)

*5 In a fiscal year, up to seven days of non-statutory leave are available.

*6 Full-time employees only; excludes transferees and those on reduced working hours.

Data Related to Occupational Accidents

Item	Unit	FY2021	FY2022	FY2023	FY2024
Number of occupational accidents* ¹	Cases	0	1	1	1
Number of fatal occupational accidents	Cases	0	0	0	0
Number of accidents requiring leave* ²	Cases	0	0	0	1
Lost-time injury frequency rate (LTIFR)* ³	—	0.00	0.60	0.57	0.55

*1 Excludes accidents while commuting

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

*3 (Number of lost-time injuries) / (Total hours worked in accounting period) x 1,000,000

Scope of coverage: onshore employees and seafarers of Kawasaki Kisen Kaisha, Ltd.

The Securing and Development of Human Resources

Approach

Basic Principle (On Land)

The "K" LINE Group is developing human resources and shaping workplace environments with the aim of allowing all employees to heighten their skills and achieve greater results. Our approach toward career planning positions the first 10 years after joining the Company as one leg of an employee's career, during which they should be provided with various experiences and opportunities to learn, equipping them to develop their careers through on-the-job experience. After the first 10 years, employees move on to a stage at which they are expected to build on their specialties, with an emphasis on autonomy, and to gain management skills and pursue career development. We have also prepared a number of training programs to help employees acquire the skills needed for their specific career plans.

▶ "K" LINE Group's Global Initiatives

- Nurturing individuals who have professional knowledge, high management skills, and integrity
- Maintaining a corporate culture that appreciates mutual respect, freedom, and vigor; these traits enable each employee to use their ability proactively and allow the organization to overcome difficulties and grow continuously
- Creating an environment where employees share what the Company should be in the future and keep nurturing new abilities
- Establishing efficient business procedures that bring maximum results with minimum effort; accordingly, employees can enjoy both work and life

Basic Principle (At Sea)

In order to provide safe and optimized transportation services, which is the core of the "K" LINE Group's business management, it is important to secure maritime officers and to foster them effectively. To attract diverse human resources, we dispatch our maritime officers to various maritime universities and schools to participate in lectures and round-table discussions. We also welcome interns from various schools in an effort to spark their broad interest in becoming maritime officers. In addition, we take on people from non-maritime universities and train them in-house to become maritime officers.

Our maritime officers do much more than work as captains, deck officers, chief engineers, or engineering officers on ships. They make full use of their high-level skills, knowledge, and experience gained through work on board vessels for a variety of activities that are indispensable to providing safe and optimized services onshore. To enable maritime officers to demonstrate their full potential, we not only provide numerous technical training courses but also conduct position-based training. This training enables the Company and its maritime officers to fulfill their potential with common objectives in mind.

The Securing and Development of Human Resources

Structure

Human Resource Development Program (On Land)

"K" LINE's training structure for human resource development was designed with the goal of developing human resources who embody the values "K" LINE requires for the realization of its corporate principle and vision. The training program was primarily designed with the aim of enhancing four types of skills. Although those skills—core skills, practical maritime skills, general skills, and management skills—can be

improved through work, we prepared this training program to encourage growth in employees. The training program is mainly divided into position-based training and maritime training for young employees, management training for managers, and general training for all employees.

Training Framework

	Required	Optional
Managers	<p>Position-Based Training</p> <ul style="list-style-type: none"> • Career Design • Leadership • Presentation in front of the Management 	<p>Training for New Managers</p> <ul style="list-style-type: none"> • Labor Management • Organization Management • Evaluator • Subordinate Training • Compliance
Mid-Level Employees	<p>Compliance Training (For Those in their 10th Year of Service)</p>	<p>Cafeteria Learning (For All Employees)</p> <ul style="list-style-type: none"> • Accounting • Finance • Value Seminar*2 <p>Cafeteria Learning (For Managers)</p> <ul style="list-style-type: none"> • Organization Management • Coaching • Financial Literacy
Young Employees	<ul style="list-style-type: none"> • Goal-Oriented Problem-Solving • Apparent Problem-Solving • Career Design • Job Crafting • Logical Thinking 	
New Employees	<p>New Employee Training</p> <ul style="list-style-type: none"> • Awareness Shift to Become a Working Adult • Joint Training for Group Companies • Writing Business Documents • Risk Management • Business Manners • On-Site Tour • Compliance • PC Skills 	
Prospective Employees	<p>Prospective Employee Training</p> <ul style="list-style-type: none"> • Awareness Shift Before Joining the Company • Team Building • Business Manners 	<p>TOEIC / Nissho Bookkeeping Test 3rd Grad</p>

Training in red boxes is open to all employees, including temporary employees.

*1 Also including human rights

*2 Training aimed at "cultivating the ability to think about increasing corporate value" in the sense of what employees need to do to raise the Company's corporate value on a foundation of accounting, finance, corporate strategy, business strategy, marketing, and other aspects.

*3 Short for Bridge Resource Management. Practical training that simulates navigation to gain mastery, using the latest equipment and faithfully recreating this ship's bridge. It provides simulated navigation in a navigation simulator of the environment at sea during accidents based on actual cases of maritime accidents, also including analysis of the causes of accidents, identification of causes, and verifications and reviews of the effectiveness of accident prevention measures.

The Securing and Development of Human Resources

► Human Resource Evaluation Systems

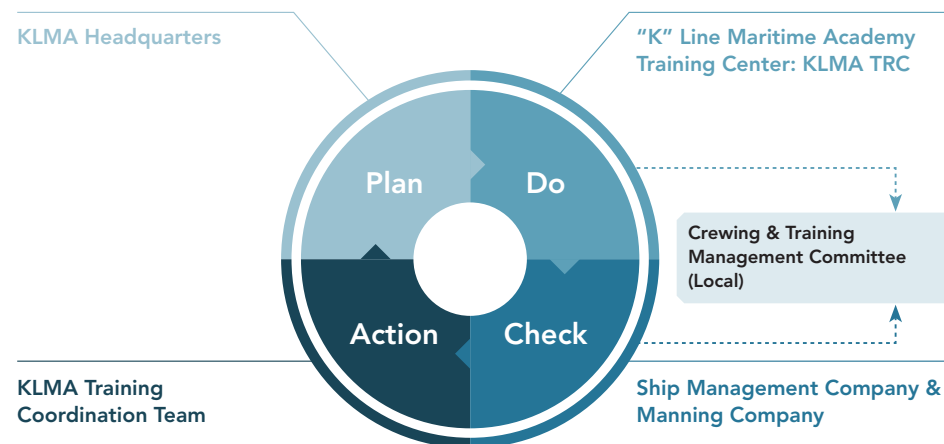
"K" LINE aims to make employees professional shipping executives, a source of differentiation and growth for the Company, by taking into account the efforts and contributions of each employee in their evaluations based on its personnel evaluation system. Our personnel evaluation system measures individual performance in the context of target management and behavioral assessments, and reflects these criteria fairly and transparently in their evaluations.

- 1) Target management: At the beginning of the fiscal year, the goals that contribute toward achievement of the Company's earnings targets are set for all employees in accordance with the size of their roles and responsibilities, based on their job grades. At the end of the fiscal year, their achievement of these goals is assessed.
- 2) Behavioral assessments: At the end of the fiscal year, employees are assessed on whether they have reached a state where they are able to consistently demonstrate the behavior required for their job grades.

To increase the level of each employee's satisfaction with the outcome of their evaluation, it is necessary for managers to communicate adequately with their employees. At "K" LINE, opportunities are created for such communication in April (to verify first-half targets and behavior required for the fiscal year), in October (progress toward first-half targets, a review of behavior required for each job grade, and confirmation of targets for the second half of the fiscal year), and in March (feedback is provided on two occasions, once before the evaluation and once after the evaluation). In particular, the communication before the evaluation at the end of the fiscal year is positioned as an important process for enhancing mutual understanding based on objective facts, not just impressions and fragmented information. Our human resource evaluation systems cover 100% of full-time employees.

Human Resource Development Program (At Sea)

The "K" Line Maritime Academy (KLMA) is a generic term for our educational philosophy, which includes educational policies for fostering personnel indispensable to implementing the Group's basic commitment to "safety in navigation and the protection of human lives, cargoes, and the natural environment at sea." These personnel include seafarers (officers and ratings) and maritime officers ("K" LINE seafarers) who have the knowledge and skills that enable them to excel in onshore duties (ship management, crew management and training, and sales division support). Under the KLMA, we foster maritime officers according to our KLMA Master Plan and transfer knowledge of the Group's maritime technical expertise, amassed over many years, to the next generation. All Group companies are united in the goal of fostering exceptional maritime officers.



The Securing and Development of Human Resources

Initiatives

Embedding Our Corporate Principle

Exercising "K" LINE's corporate principle and vision requires the development of human resources who can practice teamwork in their daily activities to give form to the "K" LINE spirit (independence and autonomy, broad-mindedness, and an enterprising spirit), which has supported our challenges and value creation throughout our 100-year history, and the six values the "K" LINE Group prized ("Providing safe and optimized services that put the customer first," "Tireless attitude toward problem solving," "Providing the value only "K" LINE can in pursuit of expertise," "Relentless efforts to achieve innovation," "Contributing to the global environment and a sustainable society," and "Respecting individuals and ensuring fair business activities by embracing diverse values"). In the current era, which is characterized by volatility, uncertainty, complexity, and ambiguity, "K" LINE will continue to foster maritime professionals who can compete on the global stage. We are committed to developing human resources so that they can become professionals with a propensity for self-growth—with a continual awareness of how circumstances affect them no matter how the operating environment may change—and to making them proficient at coordinating their work with others.

Initiatives for Human Resource Development (On Land)

► Acquisition of Core Skills: Position-Based Training

"K" LINE offers position-based training programs for each level of employee to learn the fundamental skills and ways of thinking required by businesspeople playing important roles in global businesses. In particular, employees who join as new graduates must take these programs each year for their first five years with the Company.

► Acquisition of Practical Maritime Skills: Maritime Training

We implement training for learning specialized knowledge of the marine transportation business, such as an explanation of operations by each department head, the structure of vessels, insurance, clerical duties, bills of lading, and the environment, to enable employees to grow in the most important training period and intensively acquire maritime skills.

► Acquisition of Management Skills: Management Training

Managers are expected to maximize the performance of their organization and fulfill their roles. To ensure this, we implement training for managers with the aim of acquiring management skills that ensure psychological safety by respecting individual diversity, increasing self-efficacy, and providing a comfortable place to work. Additionally, we implement labor management and compliance training to ensure compliance with laws.

► Acquisition of General Skills: Cafeteria Method*

We implement training with the aim of acquiring knowledge of accounting, finance, English, and IT. We aim to develop human resources capable of understanding "K" LINE's current corporate value and considering measures for its enhancement by looking at the Company from a general perspective.

* A method that allows employees to select the seminars they want to participate in from a number of topics.

► On-the-Job Training and Job Class-Specific Training

We carry out an impartial comparison of goals set by employees and their actual achievements. Evaluation results are fed back to each staff member to improve the transparency of the evaluation process and to encourage their development. We assist this development primarily with two programs: on-the-job training (OJT) for mastering knowledge, skills, and procedures on-site and job class-specific group training (OFF-JT). Other training programs we offer include in-house language training, training at our overseas subsidiaries, and assistance for employees taking correspondence courses for personal development. We also provide onboard training for our onshore workers, a program specifically tailored for shipping companies. This helps individual participants improve their skills by providing them with a variety of opportunities, including experiencing work performed by seafarers on ships at sea.

► "K" LINE UNIVERSITY

"K" LINE Group employees from all over the world are invited to our "K" LINE UNIVERSITY training sessions, which are held annually in Tokyo. These training sessions deal with themes such as the "K" LINE Group's vision and its future business development. "K" LINE UNIVERSITY provides participants with a valuable opportunity to speak face-to-face with colleagues they would usually communicate with mostly through online tools, and to deepen their shared understanding.

Initiatives for Human Resource Development (At Sea)

► Securing Maritime Officers

Securing maritime officers is important for providing safe and optimized transportation services. Seeking to secure diverse human resources, we dispatch our maritime officers to give lectures at various maritime universities and schools. We also accept internships from various schools to encourage a broader interest in the work of maritime officers, and we engage in the training of individuals from non-maritime universities to foster them as maritime officers at the Company.

► In-House Training Program

We introduced the in-house maritime officers training program for university graduates outside of maritime-related universities in 2013. Graduates of regular universities are required to participate in a two-year training program at the Maritime Technical College 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 National Third Grade Marine Officer examination, they are appointed as a third officer or a third engineer. Following this, they will be able to build a career as maritime officers 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 deck officers and engineering officers on board our vessels.

The Securing and Development of Human Resources

▶ Enhancing Interviews Conducted by HR Personnel

Maritime officers experience closed living conditions when working offshore. As soon as our maritime officers disembark after an offshore stint, they participate in telephone interviews with HR personnel to discuss their lives on board the ship, as well as personal relationships and anything else that comes to mind. When necessary, we also conduct face-to-face interviews. Through these efforts, we endeavor not only to relieve anxiety among our maritime officers but also to gain a better understanding of conditions on the front lines.

▶ Obtaining the Latest Knowledge and Skills to Support Safety in Navigation and Cargo Operations

Under the "K" Line Maritime Academy (KLMA), we conduct various training programs to foster maritime officers ("K" LINE Seafarers) with essential knowledge and skills to implement the "K" LINE Group's basic commitment to safety in navigation and the protection of human lives, cargoes, and the natural environment at sea. As part of our seafarers' training, we have introduced a state-of-the-art ship maneuvering simulator to help trainees respond to re-enacted accidents and the like. For institutional training, KLMA (the Philippines) conducts training using an actual main engine to help trainees obtain knowledge of and skills in new technologies. In these ways, Group companies are united in their quest to develop excellent maritime officers.

▶ KLMA Master Plan

KLMA is based on the KLMA Master Plan for preserving the Group's seamanship, which 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 and "K" LINE's business foundation, as well as meet the needs of a new era, such as advanced technology. Specifically, our maritime officers undergo onshore training at our six training facilities, in Japan, the Philippines, India, Eastern 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 over 12,000 seafarers every year.

Furthermore, we have promoted the shift to online training and established a system that enables efficient participation, both in person and through remote and hybrid formats.

Response to Digital Transformation (DX)

Development of DX Human Resources

▶ Approach

DX needs to take hold at business sites before it can become a corporate growth driver. DX human resources, which are key to making DX work, are often lumped together in discussions. To date, the scope of in-house training has been limited to general knowledge of IT and information security.

"K" LINE aims to advance DX further and conduct ongoing in-depth DX training for employees who will be responsible for the actual work, based on its DX Strategy. As a marine transportation company, "K" LINE has defined the skills and knowledge required of its DX personnel, and created a human resource training policy geared toward the acquisition of these skills and knowledge.

▶ DX Human Resource Development Program

Based on our DX strategy, we implement DX human resource development for employees to acquire necessary skills and knowledge. "K" LINE D+ Salon, a workshop-style training program launched in 2022, has already been completed by 160 participants. Moreover, since 2023 we have established a DX training program combining e-learning and hands-on training, and are fostering a framework and culture in which employees can utilize DX in their actual work and proactively engage in enhancing corporate value. We are working to expand the "DX users," who enhance problem-solving capabilities through the use of digital tools for all employees; the "DX utilizers," who are responsible for planning and promoting initiatives by leveraging data and digital technologies; and the "DX leaders," who lead business transformation with expertise in the latest technologies, IT, and security.

Furthermore, DX programs tailored to the respective authority and responsibilities of executive and management-level employees are also being implemented, with the aim of promoting company-wide DX adoption and enhancing competitiveness through unified efforts.

The Securing and Development of Human Resources

Related Data

Personnel Data (This data applies to Kawasaki Kisen Kaisha, Ltd., and its employees.)

Item		Unit	FY2022		FY2023		FY2024		
			Onshore	Seafarer	Onshore	Seafarer	Onshore	Seafarer	
			Number of employees	Men	Persons	369	201	395	206
Women	Persons	228		6	240	6	269	7	
Total	Persons	597		207	635	212	690	210	
Total	Persons	804		847		900			
Percentage of Women	%	38.19		2.90	37.80	2.83	38.99	3.33	
Employees in managerial positions (general managers or higher)	Men	Persons	126		124		125		
	Women	Persons	10		9		10		
	Percentage of Women	%	7.35		6.77		7.41		
	General managers or higher	Men	Persons	27		26		30	
		Women	Persons	0		0		1	
Percentage of Women	%	0.00		0.00		3.23			
Directors (including officers)	Men	Persons	26		28		26		
	Women	Persons	2		2		2		
	Percentage of Women	%	7.14		6.67		7.14		
Average years employed*1	Men	Years	14.92		14.58		14.23		
	Women	Years	13.77		13.52		13.18		
Percentage of employees with disabilities*2		%	1.71		2.11		2.65		
Recruitment of new graduates	Men	Persons	19	13	26	18	30	23	
	Women	Persons	7	3	15	1	12	1	
	Percentage of Women	%	26.92	18.75	36.59	5.26	26.19	4.17	
Training	Cost of training per employee	Yen	97,092	263,880	171,454	393,407	208,861	410,222	
	Average training days per employee	Days	3.4	12	3	20	3	18	
	Average training hours per employee	Hours	24.1	96	20.9	160	21.3	144	
Labor union participation rate		%	75.90	74.90	76.54	74.16	72.90	74.10	
Employees retiring	Reached retirement age	Persons	11	4	4	2	6	7	
	Voluntary retirement	Persons	7	9	12	5	8	4	
	Involuntary retirement	Persons	6	1	7	1	2	0	
	Others (including those who became officers)	Persons	7	1	2	0	3	1	

*1 The scope of reporting covers "K" LINE's permanent employees.

*2 These figures conform to the Act to Facilitate the Employment of Persons with Disabilities. According to the Act, a 90% exclusion rate applies to and is calculated for seafarers (excluding those on duty onshore).

Diversity & Inclusion

Approach

The "K" LINE Group has established the Charter of Conduct for the "K" LINE Group Companies, a code of conduct that is to be observed by the entire Group, and we will consistently respect the individuality, personality and diversity of our Group employees. And "K" LINE has established the implementation guidelines for putting the spirit of the Charter of Conduct, "K" LINE will strive to ensure that employees are treated equally without discrimination on any grounds, including but not limited to nationality, race, ethnicity, gender, sexual orientation, gender identity, creed or religion, disability, etc., in terms of employment and worker treatment.

Targets and Progress

Action Plan to Promote the Active Participation of Women and Support Raising of the Next Generation Children

In order to create an environment in which everyone can fully demonstrate their individual abilities while balancing work and family life, we formulate the following action plan with the aim of becoming a company where all employees can work with a sense of motivation and self-confidence.

▶ 1. Plan Period: April 1, 2025 – March 31, 2027

▶ 2. Challenges for the Company to Promote the Active Participation of Women and Support the Development of the Next Generation

- (1) Although the percentage of women hired both as new graduates and mid-career professionals continues to grow, there are few women in managerial positions to serve as role models. This makes it difficult for women to interact and build networks with each other and challenging for young women to set career goals.
- (2) There is a lack of training programs for female employees with aims such as fostering career awareness and developing management skills.

▶ 3. Goals and Initiatives

<Goal 1> Goal to provide opportunities related to work life

Increase the percentage of female employees in managerial positions to 15% by the end of the plan period.

<Implementation schedule and initiative details>

- From April 2025 onward: Actively promote the hiring of women not only as new graduates, but also as mid-career professionals.
- From April 2025 onward: Implement training programs for female employees with aims such as developing management skills.
- From April 2025 onward: Conduct individual consultations regarding balancing work and childcare in line with the key revisions to the Child Care and Family Care Leave Law, and promote active communication about placement preferences and career plans.

Diversity & Inclusion

<Goal 2> Goal to balance work life and family life

Limit the average monthly overtime working hours per employee to less than 30 hours.

<Implementation schedule and initiative details>

- From April 2025 onward: Calculate the average overtime hours by business division on a monthly basis and report them to the Executive Officers' Meeting, thereby making efforts for improvement after management recognizes issues (to maintain the status quo and strengthen efforts to reduce overtime hours).
- From April 2025 onward: Share examples within the company on improving operational efficiency through the use of generative AI and RPA.
- From April 2025 onward: Conduct training sessions aimed at improving operational efficiency by enhancing skills in prioritizing tasks and time management.

<Goal 3> Goal set under the Act on Advancement of Measures to Support Raising Next-Generation Children

Increase the percentage of male employees taking leave for childcare to 50% or more.

<Implementation schedule and initiative details>

- From April 2025 onward: Inform employees who are or whose spouses are pregnant or have given birth of the childcare leave system, etc., and confirm their intention to take leave on an individual basis (in line with the key points of the revised Child Care and Family Care Leave Law that took effect in April 2025).
- From April 2025 onward: Implement training for management to deepen their understanding of childcare leave, aiming to create a workplace environment where taking childcare leave is more accessible.

<Goal 4> Goal set under the Act on Advancement of Measures to Support Raising Next-Generation Children

Ensure that the total number of days off taken, combining annual paid leave and the company's unique non-statutory leave (up to 7 days within the fiscal year), is at least 12 days.

<Implementation schedule and initiative details>

- From April 2025 onward: Monitor the use of annual paid leave and share the information within the Company regularly (twice a year) to help increase the utilization rate compared with the previous year.
- From April 2025 onward: Establish designated days for promoting the use of annual paid leave and communicate them throughout the company.

Diversity & Inclusion

Initiatives

Our Actions for Enabling Work-Life Balance (On Land)

As work styles become more diverse, ensuring that employees can maintain a good work-life balance is integral to encouraging employee skill development and to spurring the sustainable growth of the "K" LINE Group. We have adopted flexible workstyles as a measure to allow employees to continue working amid the changes that accompany different life stages, such as flex time and a teleworking system. In addition, we offer robust systems for supporting employees, including maternity, childcare, and long-term care systems that surpass legal requirements.

▶ Leave for advanced infertility treatment

Although not stipulated by law, we grant for up to 18 months.

▶ Health care during pregnancy and maternity leave

Reduced working hours granted during pregnancy.

Hospital visits granted during work hours.

▶ Maternity leave / Childcare leave

Although the legal requirement is 6 weeks before the due date, we grant it from 8 weeks before the due date.

▶ Childcare leave

Although the legal standard is until the child turns 2 years old, we grant until the child turns 3 years old.

▶ Childcare leave for fathers

Although not stipulated by law, we grant for 5 to 10 working days.

▶ Short-term nursing care leave

More than the legally required number of days (up to 5 days per year per family member), we grant up to 7 days per year when taking care of 1 family member and up to 12 days per year when taking care of multiple family members.

▶ Nursing care leave

In excess of statutory requirements, leave of up to 2 years can be granted.

▶ Support programs during childcare or nursing care

Loan program: Although not stipulated by law, it is available for an employee who has a preschool child or a person requiring nursing care in their family.

Reduced working-hour program: Although the legal only allows employees up to the age of elementary school entry, we grant until a child completes the third grade of elementary school to work shorter hours by up to two hours.

▶ Flexible working hours

Introduced by various divisions, with core hours of 11 A.M. to 3 P.M.

▶ Refreshment leave

Although not stipulated by law, it is available to take 7 consecutive days of refreshment leave in the 11th year at the company, and 10 consecutive days in the 21st year.

▶ Administrative leave for accompanying a spouse on an overseas or domestic assignment

Although not stipulated by law, we grant 2 years for an overseas assignment or 1 year for a domestic assignment.

▶ Kurumin: The Accreditation Mark Granted to Companies That Support the Raising of the Next Generation of Children

"K" LINE was evaluated for its proactive measures to support the balance between work and raising children and received Kurumin 2022 certification (for its efforts from April 1, 2019, to March 31, 2022), as a childcare support company by the Tokyo Labor Bureau of the Ministry of Health, Labour and Welfare.

We also received Kurumin certification in 2016 and 2020.

In addition, KMDS CO., Ltd., one of our consolidated subsidiaries, achieved Kurumin 2021 certification for its efforts from April 1, 2017, to March 31, 2020. Women comprise 90% of employees at this company, which is engaged in trade administration including documentation for ocean freight transportation, outsourced contracting, and worker dispatching services. We are striving to improve the working environment and diversify workstyles so that both women and men can play an active role.



Diversity & Inclusion

Initiatives

Our Actions for Enabling Work-Life Balance (At Sea)

Female maritime officers at "K" LINE build their careers in various fields while adjusting to their respective lifestyles, whether working at sea, onshore (including overseas assignments), or through flexible, shorter working hours. Assignments are made regardless of gender, allowing individuals to fully utilize their skills and experience as deck officers or engineering officers. As part of our efforts to reform work styles at sea, we have established systems to accommodate the life events of maritime officers flexibly. Specifically, we have created a new system that allows employees to apply for temporary onshore assignments when sea duty becomes difficult due to childbirth, childcare, or nursing care. We also respect individual preferences regarding childcare leave, allowing them to take leave as they wish. These initiatives aim to create an environment where all maritime officers can work with peace of mind, respond flexibly to individual life events, including family matters, and maintain a good work-life balance.

▶ Creating opportunities to contact families

To help our maritime officers work with peace of mind despite being far away from their families, we established onboard internet access enabling individuals to use smartphones and computers to contact their families and friends via email, social media, and other apps. We also help cover travel and accommodation expenses so that the families of maritime officers can come to our vessels when they berth at ports in Japan and overseas. In addition, we have established a system allowing families to board our vessels during certain periods.

▶ Accommodations on vessels

Since ship-based living quarters and working environments are so close together, seafarers need to be able to adjust between being on duty and off duty. We endeavor to help seafarers take proper rest in various ways, including giving them opportunities to exercise, read books, and watch movies in their free time, and our vessels include onboard gymnasiums and recreation rooms to help seafarers keep fit, the cost of which we subsidize by purchasing recreational equipment. Moreover, each vessel has free Wi-Fi.

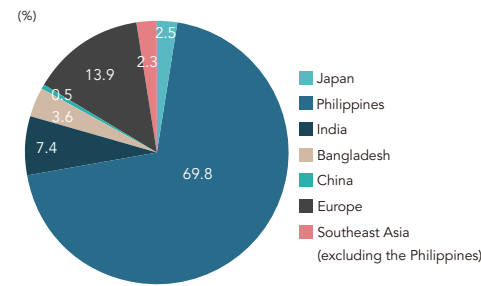
Daily meals play an important role in ship-based living. We have established an environment in which cooks who have completed the International Cooking course at the "K" Line Maritime Academy (Philippines) training institute in Manila—where cuisines from various countries are taught—are able to provide well-balanced, highly nutritious meals for our seafarers on our vessels. We also provide crew members on each vessel with recipe books of their national cuisine so that they can eat a wide variety of meals.

In order to create a bright and pleasant working environment for our seafarers, from time to time we organize recreational tournaments and other events for all crew members to participate in.

Multinational Personnel

Approximately 97% of the Group's crew members are foreign nationals. In addition, Kawasaki Kisen's head office is also promoting the recruitment of foreign national personnel.

Percentage of Crew Members by Nationality (As of September 30, 2025)



Percentage of Employees by Nationality		%
Japanese	Employees	98.7
	Employees in managerial positions	98.5
Others	Employees	1.3
	Employees in managerial positions	1.5

(Kawasaki Kisen standalone, as of March 31, 2025)

Diversity & Inclusion

Related Data

Diversity Data

Item	Unit	FY2022	FY2023	FY2024
Number of women in managerial roles	Persons	10	9	10
Percentage of employees in managerial positions who are women	%	7.35	6.77	7.41
Number of employees in leadership positions who are women	Persons	20	21	24
Percentage of women in leadership roles	%	7.25	7.64	8.51
Percentage of employees with disabilities	%	1.71	2.11	2.65

Number of Users of Work-Life Balance Support Programs

Item			FY2022	FY2023	FY2024	
Flexible working hours		Introduced by various divisions				
Refreshment leave	Available in the 11th year at the company	Number of users	18	27	19	
	Available in the 21st year at the company	Number of users	15	13	19	
Administrative leave for accompanying a spouse on an overseas or domestic assignment		Number of users	4	5	6	
Before and after childbirth	Leave for advanced infertility treatment	Number of users	1	0	0	
	Hospital visits granted during work hours	Number of users	1	1	0	
	Reduced hours granted during pregnancy	Number of users	0	0	0	
	Maternity leave / Childcare leave	Number of users	16	7	7	
	Spousal childbirth leave	Number of users	15	5	3	
Support programs during childcare	Childcare leave for fathers		Number of users	11	3	2
	Childcare leave	Men	Number of users	13	8	22
		Women	Number of users	11	14	11
	Percentage of childcare leave	Men*1	%	88.5	77.8	81.9
		Women	%	100	100	100
	Percentage of employees returning to work after using the childcare leave system	Men	%	100	100	100
Women		%	100	100	90.9	
Retention rate after using the childcare leave system*2	Men	%	100	100	100	
	Women	%	100	100	100	
Support programs during nursing care	Short-term nursing care leave		Number of users	5	5	6
	Nursing care leave		Number of users	0	0	0
Support programs during childcare or nursing care	Reduced working-hour program	Men	Number of users	0	0	0
		Women	Number of users	28	28	34
	Loan program		Number of users	0	0	0

*1 Including paternity leave. Mandatory disclosure from FY2022

*2 The percentage of employees who returned from childcare leave and remained with the company six months later

Promotion of Safety in Navigation and Cargo Operations

Approach

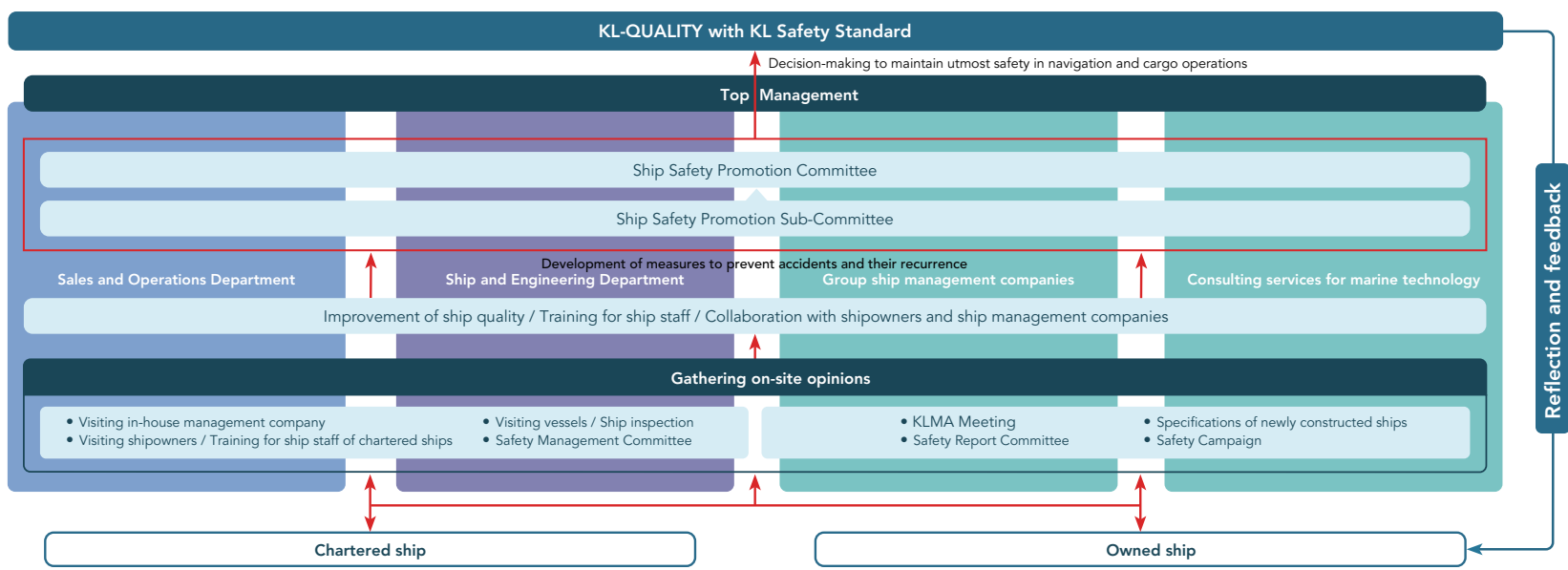
Basic Principle

Safety in navigation and cargo operations is an immutable mission in operating a shipping business. The "K" LINE Group includes "providing safe and optimized services" in its corporate principle and vision and has established the following three policy pillars in order to fulfill its social responsibility through safety in navigation and cargo operations: (1) Enhancing the management structure for ensuring safety in navigation, (2) Strengthening the ship management system, and (3) Reinforcing the securing and training of maritime officers.

Promotion System

Enhancing the Management Structure for Ensuring Safety in Navigation

The Ship Safety Promotion Committee, chaired by the Representative Executive Officer, President & CEO, is the top decision-making body covering safety. It determines accident prevention and safety measures for all ships operated by the Company—including owned, chartered, and entrusted vessels—and handles everything from basic policy formulation to implementation of measures under the system shown below.



Promotion of Safety in Navigation and Cargo Operations

Three-Region Global Monitoring Network That Spans the World

The "K" LINE Group establishes a global monitoring network with three bases that comprehensively spans the world, allowing the Group to maintain 24-hour safety support for its fleet sailing anywhere in the world as well as to respond to emergencies. The bases in Asia, Europe, and the Americas materialize 24/7 response and support the safe navigation of ships with referring weather and voyage plans through the sophisticated monitoring system. The network also assists the fleet in emergencies and facilitates coordination between the head office and ship management companies.

▶ Safety in navigation and cargo operations based on "human capabilities"

We believe that the most crucial factor for safety in navigation is human capabilities. To achieve safety in navigation, it is essential to secure and develop competent human resources, strengthen the marine technical support system that ensures close customer relations, and establish and operate the global safety management network. Furthermore, to achieve high levels of safety and quality in transportation, it is necessary to promote the digitization of experience through advanced digital technologies in order to complement human capabilities. Drawing on both human capabilities and advanced digital technologies, we will strengthen the global monitoring system and provide safe and optimized services, with priority given to our customers.

▶ Cutting-edge digital technologies that complement human capabilities

"K"-Assist Project

(See p. 116 for more information on the "K"-Assist Project.)

Kawasaki - Integrated Maritime Solutions

(See p. 117 for more information on the Kawasaki - Integrated Maritime Solutions.)

▶ Cyber security certifications for ships

In recent years, data has been increasingly used to improve safety and quality, and internet connections are used to share vessel navigation data from ship to shore. It has also become necessary to upgrade ICT equipment and networks on ships because of improvements in satellite data transmission capacity. With a view to increased potential cyber risks as ship-to-shore internet connectivity evolves, ship management companies that belong to the "K" LINE Group have obtained Cyber Security Management System (CSMS) certifications from Nippon Kaiji Kyokai (ClassNK) since 2020. We continue efforts to enhance our ability to respond to cyber risks on ships.

Safety in navigation and cargo operations based on "human capabilities"

Building a solid system for safety in navigation with safety and quality management that leverages human capabilities—the strength of the "K" LINE Group—complemented with advanced digital technologies



Promotion of Safety in Navigation and Cargo Operations

Initiatives

Initiatives for Promoting Safety in Navigation

► Strengthening the ship management system

Through in-house ship management companies that share our corporate principle, we provide higher-quality, safer, and more secure services by making full use of our expertise with regard to different vessel types.

Ship Management Company	Vessel Type
K MARINE SHIP MANAGEMENT PTE. LTD.	Oil tanker, LPG carrier, LNG carrier
"K" LINE ENERGY SHIPPING (UK) LIMITED	LNG carrier, Liquefied CO ₂ carrier
"K" Line RoRo Bulk Ship Management Co., Ltd.	Car carrier, Dry Bulk Carrier

► Pre-embarkation briefing

Prior to embarkation, the head office and in-house management companies conduct a pre-embarkation briefing for senior officers (captain, chief engineer, chief officer, and first engineer) to share the Company's policies and the latest information on safe operations to ensure that our safety management system permeates all the way to the front lines.

► Safety campaign

When our ships call at a port, ship operators, marine safety departments, safety superintendents, superintendents in charge of ship management companies, and other personnel visit the ship to conduct activities for ensuring safe navigation and cargo operations, including discussions with crew members and inspection of the ship's hull and onboard equipment.

During the annual Safety Campaign period, we focus on various activities, including ship visits by Company's top management to have discussions with ship captains and crews, to provide an opportunity to further raise awareness about both safety in navigation and environmental protection across the entire "K" LINE Group, both at sea and on shore.



► Safety report system

Reports of near misses such as unsafe behavior on vessels are carefully analyzed by experienced maritime officers onshore, and the results are shared in the fleet. By embedding a no-blame culture, where who made the near miss is never blamed, we share thousands of reports annually, which helps safety awareness to take root on the front lines.

► Accident Information Management System (AIMS)

AIMS is an accident information management system aimed at processing accident cases appropriately and swiftly, analyzing accident trends, and formulating effective prevention measures.

We are taking various actions to eliminate accidents, using this system to analyze accident details and trends and to explore in depth the root causes of accidents. By creating a database of accident information, moreover, we are able to share information with our worldwide network in a timely manner and implementing optimal safety measures.

► Emergency response exercise

We regularly conduct exercises based on scenarios of major accidents involving ships under our operation to ensure we can respond quickly and properly in the event of an emergency. This exercise involves practical training and covers everything from assembling an initial emergency response team to establishing an accident response headquarters and internal information-sharing systems, as well as setting up systems for communicating with overseas parties and verifying media responses.

► Fleet monitoring system

As part of strengthening our safety management structure, we monitor the vessels under operation, including chartered vessels.

We work to prevent navigation accidents by monitoring route deviations and any severe weather anticipated for each vessel on a single platform, then sharing this information between ship and shore.

We establish 24-hour monitoring and safety navigation support system through monitoring at three bases worldwide.

► K-DNA: Our unique safety equipment installation guidelines

"K" Line-Drive to No Accident (K-DNA) is our unique policy for safety equipment installation that reflects accumulated knowledge and lessons learned from past accidents. It consists of equipment installation standards for navigation, engine, safety, piracy countermeasures, etc. By gathering expertise from all segments, we are continuously developing and strengthening hardware safety in our fleets. Namely, this is the very DNA of "K" LINE's history of safety.

► Maintaining KL-QUALITY through ship inspections

Ship inspection supervisors regularly visit vessels to implement on-site inspections based on our unique quality policy called KL-QUALITY, which is applied to all vessels under our operation (including chartered vessels), as a guideline.

Additionally, we hold a Safety Management Committee meeting once a year to share information and exchange opinions with long-term chartered ship owners and ship management companies. Outstanding ship owners will be recognized for their performance in the Committee meeting.

Promotion of Safety in Navigation and Cargo Operations

Response to Digital Transformation (DX)

Promotion of Safety in Navigation by Utilizing DX

We are promoting the introduction of generative AI for information searches in the Safety Management System (SMS) manual, which supports safe vessel operations. By enabling immediate access to necessary information through generative AI, we aim to support rapid decision-making in the field.

By utilizing digital technologies, we are working to prevent vessel accidents caused by slack mooring lines. In this way, by leveraging DX, we are promoting an environment that reduces seafarers' operational burden and enables them to focus on safe navigation, our most important mission.

Related Data

Number of Major Accidents*

	2020	2021	2022	2023	2024
Cases	0	0	0	0	0

* The scope of calculation is "K" LINE's scope of consolidation, which corresponds to 100% of sales.

Delay Time due to Mechanical Failure*

	2020	2021	2022	2023	2024
Hours/Vessel	8.0	6.7	12.3	5.7	7.6

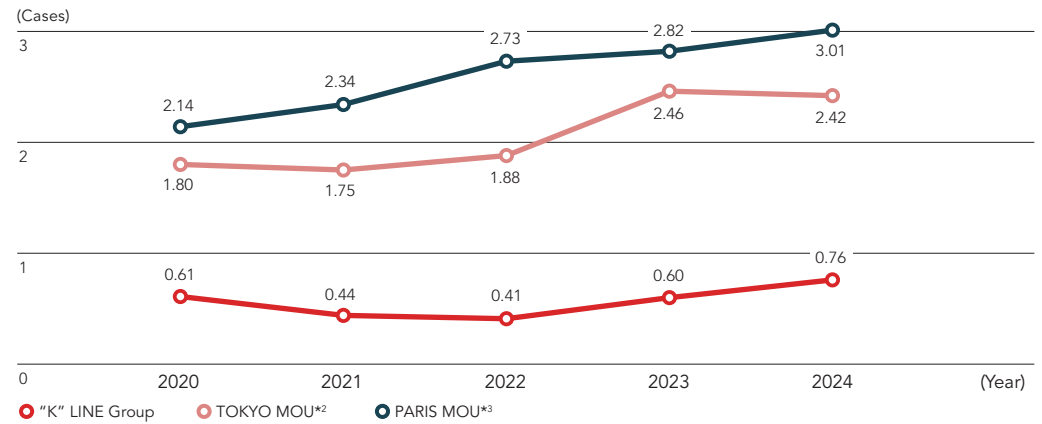
* The scope of calculation is "K" LINE's scope of consolidation, which corresponds to 100% of sales.

Number of Vessels Visited during the Safety Campaign*

	FY2020	FY2021	FY2022	FY2023	FY2024
Vessels	159	153	188	189	253

* Covers all vessels in the "K" LINE fleet.

Average Deficiencies per Port State Controls (PSCs)*1



Port State Control (PSC) is a safety inspection of foreign ships conducted by port states to verify that the condition of the ship complies with the requirements of international regulations.

The number of deficiencies with "K" LINE Group vessels per PSCs is well below the average number of deficiencies in the main regions.

*1 The scope of calculation is "K" LINE's scope of consolidation, which corresponds to 100% of sales.

*2 PSC organization in Asia-Pacific region

*3 PSC organization in European and North Atlantic region

Respect for Human Rights

Approach

Basic Principle

The "K" LINE Group stipulates Respect for Human Rights at the start of its Charter of Conduct. The Group is a signatory of the United Nations Global Compact and has expressed its support for the principles related to human rights and labor. The "K" LINE Group Basic Policy on Human Rights was drawn up based on the United Nations Guiding Principles on Business and Human Rights. Management is committed to conducting human rights due diligence.

"K" LINE Group Basic Policy on Human Rights

As a corporate group conducting its business activities globally, Kawasaki Kisen Kaisha, Ltd., and its group companies (hereinafter the "K" LINE Group) believe that one of the important aspects of corporate social responsibility is to promote its business activities, being aware of their impacts on communities, both local and international. Based on the United Nations Guiding Principles on Business and Human Rights, the Group has established the Basic Policy on Human Rights (hereinafter referred to as the "Policy") and shall promote initiatives to respect the human rights of all stakeholders associated with the Group's business activities.

This policy complements the Charter of Conduct of the "K" LINE Group Companies and applies to all executives and employees working in the Group.

1. Respect for and compliance with international norms and laws related to respect for human rights

The "K" LINE Group supports and respects the principles on fundamental rights listed in the International Bill of Human Rights and international norms related to human rights, such as the ILO Declaration on Fundamental Principles and Rights at Work. In addition, the "K" LINE Group complies with laws and regulations related to human rights applicable in each country and region where it conducts its corporate activities. Where there is any conflict between internationally recognized human rights and national or regional laws and regulations, the "K" LINE Group will pursue ways to honor the principles of international human rights based on this policy.

2. Respect for Human Rights

The "K" LINE Group respects the dignity and rights of all people and addresses important issues in human rights and labor practices, such as preventing discrimination, respecting basic labor rights, preventing forced labor and child labor, preventing long working hours, promoting diverse work styles, and improving occupational health and safety. In addition, the "K" LINE Group will not violate or discriminate against human rights of people affected by its business activities, and will endeavor not to be indirectly complicit in human rights violations. Furthermore, we will continue to encourage our business partners to support this policy.

3. Human Rights Due Diligence and Remedy

The "K" LINE Group will conduct human rights due diligence in order to minimize the adverse impact on human rights.

The "K" LINE Group will understand the actual or potential adverse impacts on human rights that may arise in relation to its business activities and prevent or mitigate them before they occur.

Where it is identified that the "K" LINE Group has caused or directly contributed to adverse impact on human rights, it shall work on remedy through appropriate measures. In addition, even if the "K" LINE Group does not directly contribute to adverse impacts on human rights, it shall work on improvement in cooperation with stakeholders if our business partners and/or other related parties are directly linked to such impacts.

Meanwhile, the "K" LINE Group will establish a system that enables stakeholders inside and outside the Group to report and consult on acts that may have adverse impacts on human rights.

4. Education and Training

In order to instill and comply with this policy, the "K" LINE Group shall conduct appropriate training and education programs for all executives and employees.

5. Information Disclosure

The "K" LINE Group transparently discloses the progress of its human rights initiatives through its website and integrated reports.

6. Dialogue with stakeholders and review of the policy

The "K" LINE Group will continue to engage in dialogue and consultation with stakeholders and external experts. It shall review human rights issues through these dialogues and the human rights due diligence process, and review this policy as necessary.

This policy was approved by the Board of Directors on February 24, 2022.
Implemented on February 24, 2022

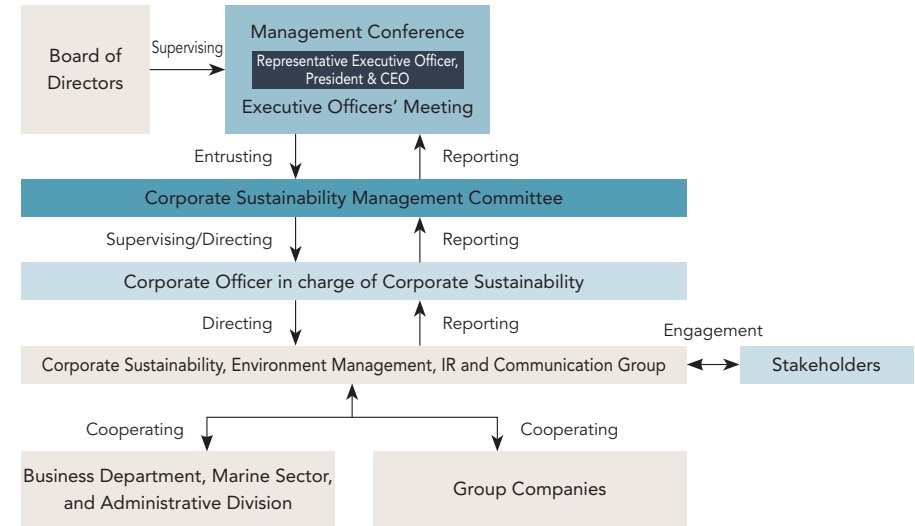
Respect for Human Rights

System

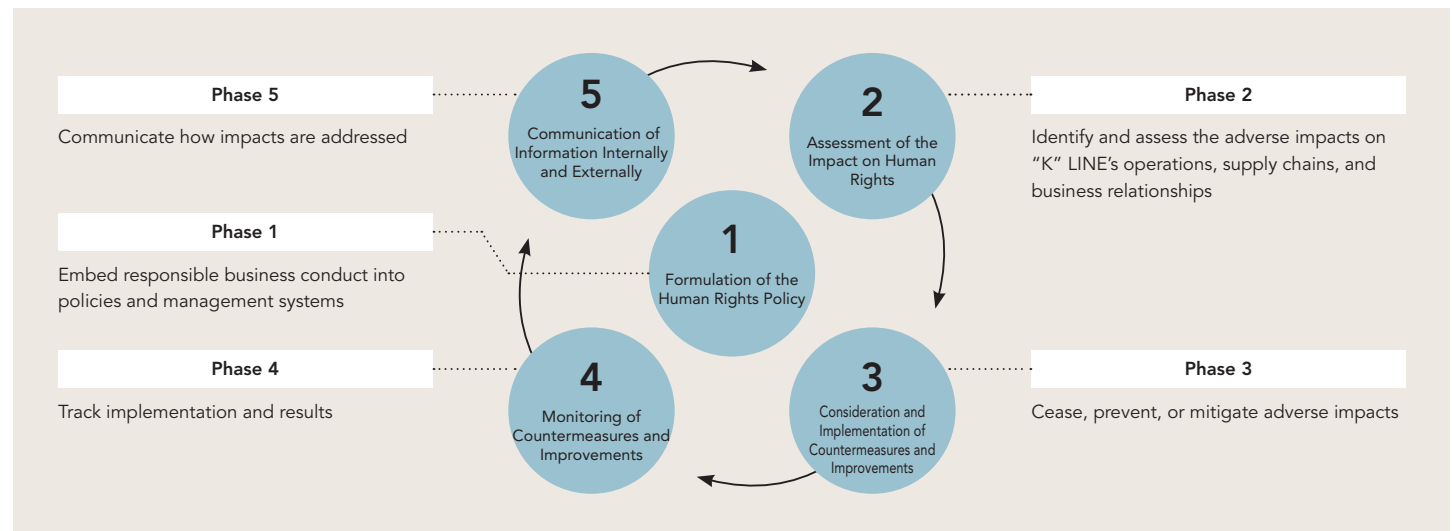
System for Implementing Human Rights Due Diligence

Based on the "K" LINE Group Basic Policy on Human Rights formulated in 2022, under the supervision of the Corporate Sustainability Management Committee and the direction of the corporate officer responsible for corporate sustainability, the Corporate Sustainability, Environment Management, IR and Communication Group has been in charge of implementing human rights due diligence, including the drawing up of measures as well as analysis and assessment of human rights risks related to the business activities of the "K" LINE Group.

System for Implementing Human Rights Due Diligence



Big Picture of Human Rights Due Diligence

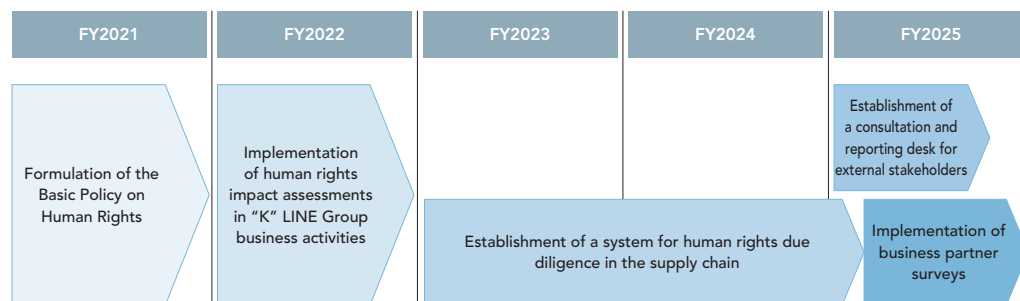


Respect for Human Rights

Initiatives

Promoting Human Rights Due Diligence

In March 2022, the Group established the "K" LINE Group Basic Policy on Human Rights and has since advanced initiatives for human rights due diligence. From fiscal 2025, we have also set up a reporting and consultation desk on human rights for external stakeholders, revised the Supplier Sustainability Guidelines, and begun conducting a questionnaire survey using a Self-Assessment Questionnaire (SAQ) to confirm compliance, thereby placing initiatives across the supply chain into high gear.



Consultation Desk for Human Rights

In July 2025, "K" LINE became a regular member of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), which aims to provide effective grievance mechanisms based on the United Nations Guiding Principles on Business and Human Rights. Through the "Engagement and Remedy Platform" provided by JaCER, "K" LINE has established a contact window, accessible to external stakeholders including the Group's business partners for reporting and consultations for human rights-related concerns, even anonymously. "K" LINE strives to ensure the development and implementation of a fair and transparent grievance mechanism through the platform.

In addition, "K" LINE and its domestic Group companies established harassment consultation service for executives and employees working in the companies.

Target	Contact Window for Reporting and Consultations	Details of Consultations/Reports Received
For group executives and employees	Internal contact window	<ul style="list-style-type: none"> Overall compliance (competition laws, corruption and bribery, information breaches, labor laws, etc.) Harassment
	External contact window (Lawyers)	
	Audit committee member window	<ul style="list-style-type: none"> Harassment
	Harassment consultation service	
For business partners	Contact window for business partners	<ul style="list-style-type: none"> Overall compliance (competition laws, corruption and bribery, information breaches, labor laws, etc.) Harassment
	Contact window for freelance consultation and reporting	<ul style="list-style-type: none"> Harassment
For external stakeholders, including business partners	Reporting and/or consultation desk for human rights	<ul style="list-style-type: none"> Overall human rights concerns (discrimination, violence, harassment, long working hours, forced labor, child labor, unpaid or delayed wages to workers, etc.)

Respect for Basic Labor Rights

The Company aims to maintain and improve working environments and to build good relationships between workers and management. We engage in constructive dialogue combining reciprocal perspectives to generate ideas, which we incorporate into our systems to support work-life balance and other aspects of workers' lives. (For details, please see p. 55 "Shaping of working environment and promotion of health management.")

Respect for Human Rights

Respect for Diversity

The "K" LINE Group has been increasing its diversity in terms of gender, nationality, and so on, corresponding to the globalization of its business activities, with the expectation that improved diversity may contribute to the creation of new ideas that result in future business growth and the sustainable growth of the Company. It will continue to improve HR systems and work environments so that it can support and promote diversity further. In addition, seafarers working on board vessels come from different parts of the world, including Japan, the Philippines, India, Bangladesh, China, and elsewhere in Asia, as well as Bulgaria, Croatia, and other European nations. United as one, they work day and night to ensure the safety in navigation and cargo operations of our fleet. (For details, please see p. 66 "Diversity & Inclusion.")

Preventing Harassment

The "K" LINE explicitly prohibits harassment in "K" LINE Implementation Guidelines for the Charter of Conduct, the ethical standards which all executives and employees must observe. Its Internal Regulation on Harassment Prevention stipulates the following:

- All employees are obliged to recognize each other as equal partners in the performance of their duties and to maintain a healthy order and cooperative relationship in the workplace.
- All employees must be mindful of their words and actions and shall not engage in the following behaviors in the workplace. Similar conducts towards non-our employees are also prohibited.
 - Sexual harassment
 - Harassment related to pregnancy, childbirth, childcare, or family care leave
 - Power harassment
 - A manager's act of condoning harassment in the workplace, despite acknowledging that his/her subordinate is experiencing it.

In addition, "K" LINE has established a dedicated consultation service to address issues of sexual harassment, power harassment, and mental health. Information on how to use these services is provided on the corporate portal site, along with contact details for the consultation service. The Company has set up a system that allows it to solve problems quickly while giving maximum consideration to the privacy of persons who wish to have a consultation, for example, by offering access to both male and female consultants and industrial physicians and so on. Furthermore, we hold seminars for executives and employees on the subject of preventing harassment.

Attendance Rates for Harassment Prevention Seminars

	FY2020	FY2021	FY2022	FY2023	FY2024
Regular employees	86.7%	—*	87.3%	99.1%	100%
Managers					

* In fiscal 2021, the seminars did not target all employees, but limited participation to specific managerial positions.

Modern Slavery Act

In accordance with the United Kingdom's Modern Slavery Act 2015 legislation, Group companies in the U.K. have published the Modern Slavery Act Transparency Statement.



● "K" Line Holding (Europe) Limited
[Modern Slavery Act Transparency Statement](#)

Relationship with the Community

Approach

Basic Principle

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.

- "K" LINE will identify social issues through dialogue with stakeholders and contribute to local communities by making use of its resources.
- "K" LINE will further and proactively contribute to society through cooperation and collaboration with a broad range of stakeholders, including NPOs/NGOs, local communities, government agencies, and international organizations.
- "K" LINE will support its employees' voluntary participation in social activities such as volunteer work.
- "K" LINE will prepare for possible relief and aid for disasters or marine accidents and extend social contributions by taking advantage of its know-how and technology, including by transporting necessary resources when needed.

- "K" LINE will provide financial assistance, such as donations, as needed, to help recovery of disaster-stricken areas in the event of a disaster in countries or regions that have close relationships with our business, while supporting education and activities that contribute to the development of the shipping industry.

The "K" LINE Group believes that contributing to the medium- and long-term development of local communities and international society through educational support and job creation is also an important corporate social responsibility. With this in mind, we contribute to the development of excellent seafarers around the world through our support of maritime officer education. We also foster job creation and skills development in the areas where we operate businesses.

Initiatives

Social Contribution Activities through Our Businesses

▶ Collaboration on transportation to areas affected by natural disasters

To assist with prompt recovery in areas affected by natural disasters, we collaborate through free transportation of cargo to support people affected by natural disasters, mainly for regions within our service area.

▶ Various study tours

We offer visits to and tours of our vessels and terminals for children from the local communities where our vessels call. We also host study tours of our Machida Training Center in Tokyo for children who live nearby.

▶ Employment support for people with disabilities with a new recycling scheme for used lashing materials

Since April 2021, "K" LINE has been helping create working opportunities for people with disabilities by outsourcing a part of the recycling process for used lashing materials used in pure car carriers (PCCs) to the workplace of Continuous Employment Support Type B*¹.

Lashing materials are used to tightly secure vehicles on decks of PCCs to keep stability during

transportation at sea. These materials need to be replaced with new ones due to deterioration over time. In the past, these materials were treated as industrial waste, but since 2016, we have been recycling them with cooperation from Global Technos, Ltd., in Yokohama and Daito Corporation, a Group company, in order to reduce the environmental burden. The whole recycling process is completed in Kanagawa Prefecture to minimize road transportation and contribute to reducing CO₂ emissions. Furthermore, by outsourcing the disassembling process of lashing materials to Seiten, a workplace of Continuous Employment Support Type B operated by Dekkaisora, an NPO in Yokohama, we are helping to create employment opportunities and additionally, we will establish a system to support the continued employment of people with disabilities for users of a workplace under Continuous Employment Support Type A*².

*1 A welfare service that allows people who have difficulty finding employment at general companies to work in workplaces that offer a certain level of support. There is neither an employment agreement nor a working period limit.

*2 A welfare service that allows people who have difficulty finding employment at general companies to work in the workplace through the conclusion of employment agreement, etc.

Relationship with the Community

Supporting the Development of the Next Generation

▶ Internship programs to develop human resources who will lead the next generation of the shipping industry

The "K" LINE Group organizes annual internship programs for students of nautical colleges. The program consists of an introduction to our business operations and lectures related to the operation and management of ships, as well as visits to our vessels and workshops to discuss issues related to the shipping industry.

▶ Sending lecturers for securing Japanese maritime officers

The "K" LINE Group has been participating in a task force established in 2008 by the Japanese Shipowners' Association (JSA) to secure Japanese maritime officers for the future. The number of Japanese seafarers is in decline, so it is essential for the shipping industry to secure professional maritime officers who can lead the world of shipping. We have been sending lecturers to "open campuses" at maritime academies and sharing information with educational institutions.

▶ Career training support through partnerships between business and education

"K" LINE has been collaborating on the Comprehensive Learning Time project at Kudan Secondary School, and has invited students to visit its head office since fiscal 2022. Since the school opened in 2006, it has encouraged students to visit companies and associations in the neighborhood and in Chiyoda Ward, in Tokyo, for the purpose of gaining new perspectives on society and career training. With its head office located in Chiyoda Ward, "K" LINE has cooperated with the school on this visitation program.

"K" LINE PTE LTD (KLPL), a Singapore-based subsidiary of "K" LINE, has signed a three-year Memorandum of Understanding (MOU) with the Singapore Maritime Foundation (SMF), a non-profit organization dedicated to nurturing maritime talent, to cultivate future leaders in the maritime sector. Under this, in addition to supporting students through scholarships, KLPL also supports SMF's internship programs to provide them with opportunities to experience the maritime industry.

Volunteer Activities

▶ Volunteer leave system

"K" LINE has a volunteer leave system under which employees can take leave for a maximum of 10 days a year to participate in volunteer activities in places affected by large-scale natural disasters.

▶ Community contribution activities / Environmental preservation activities

In cooperation with other companies located in the same building as its head office, the "K" LINE Group has been conducting a voluntary cleanup activity since fiscal 2014. Through casual participation in lunchtime activities, this has become an opportunity for employees to build awareness of environmental preservation and contribute to the local community.

Additionally, since fiscal 2021 we have been implementing coastal cleanup and forest conservation activities in collaboration with NPOs and other groups.

▶ Raising awareness of social contribution: "K" LINE's intranet portal

In order to raise awareness of social contribution among employees and management, "K" LINE has a special section on its intranet portal that highlights social contribution activities, including volunteer opportunities, circular reports on volunteer activities, and an opinion box. We also have a post-volunteering questionnaire, the feedback from which we use to inform future activities.

Support for Restoration of Disaster-Affected Areas

▶ Donations

The "K" LINE Group provides donations as needed to support the recovery of disaster-stricken areas in the event of a disaster in countries or regions that have close relationships with our business. In fiscal 2024, for the restoration and reconstruction of the affected areas by typhoons occurred in both Vietnam and the Philippines, we donated 2 million yen each.

Related Data

Results of Social Contribution Activities

Item	Unit	Fiscal year			
		2021	2022	2023	2024
Disaster relief donations	Millions of yen	2.0	3.0	10.0	4.0
Lunchtime volunteers*1	Persons	—*2	11	71	59
Volunteer leave	Persons	0	0	0	0
Free transportation	Times	1	0	0	1

*1 Includes officers and employees of Group companies

*2 Postponed due to the COVID-19 pandemic



Section
06

Governance and Economic
Aspects

Reinforcement of Corporate Governance

Approach to Corporate Governance

Basic Principle

"K" LINE is developing and strengthening its corporate governance and risk management structures to fulfill its social responsibility and its commitment to its stakeholders including shareholders, and to achieve sustainable growth. While thoroughly enforcing its corporate ethics across the entire Group, "K" LINE will continue developing an organic and effective governance framework, strengthening its earnings and financial structures, and enhancing its corporate value.

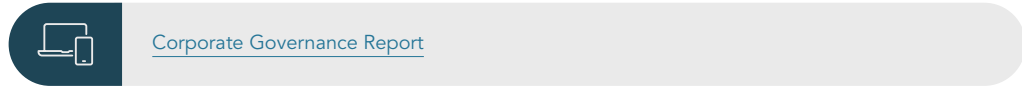
Kawasaki Kisen Kaisha, Ltd. CORPORATE GOVERNANCE GUIDELINES

Under the "Corporate Governance Code" formulated by Tokyo Stock Exchange, Inc., we are enhancing our corporate governance structure and have formulated Kawasaki Kisen Kaisha, Ltd. CORPORATE GOVERNANCE GUIDELINES to clarify our approach and management policy.



Corporate Governance Report

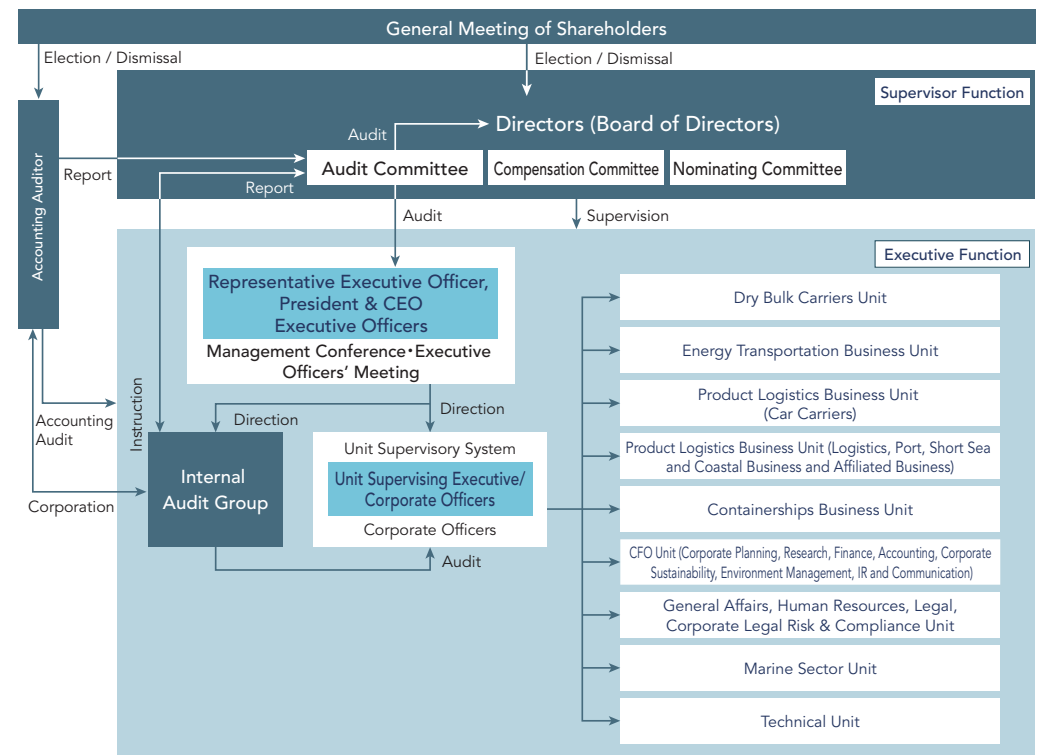
For details of its corporate governance, please refer to the Corporate Governance Report submitted to the Tokyo Stock Exchange where the Company's stock is listed.



Corporate Governance Structure

Corporate Governance Structure Chart

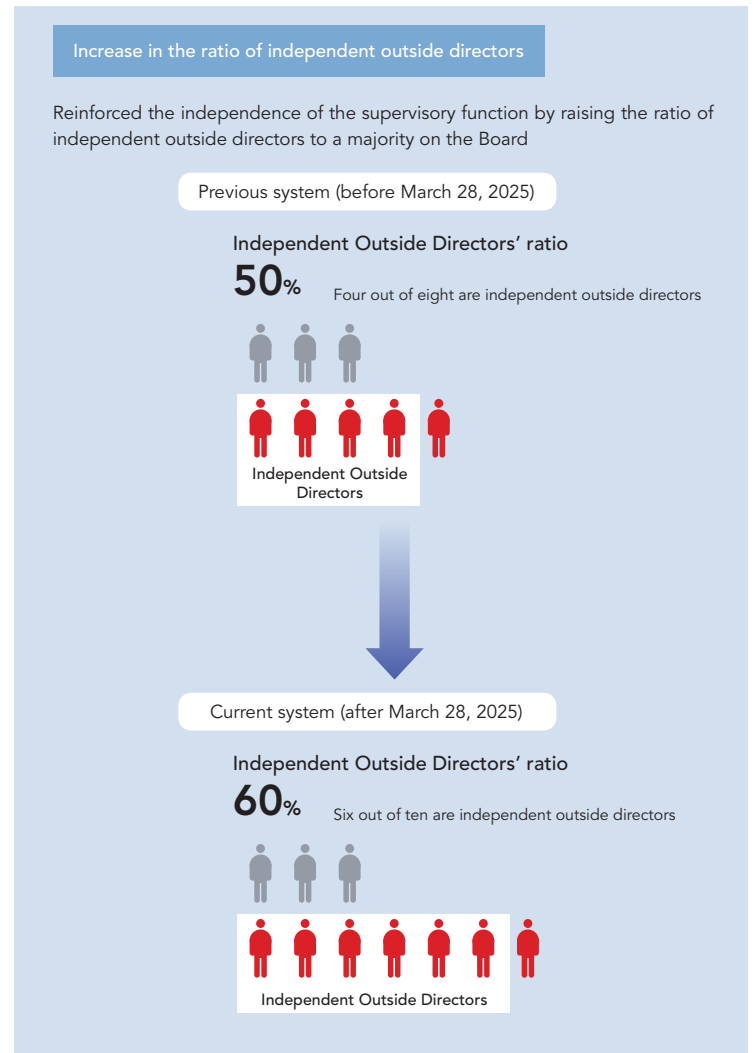
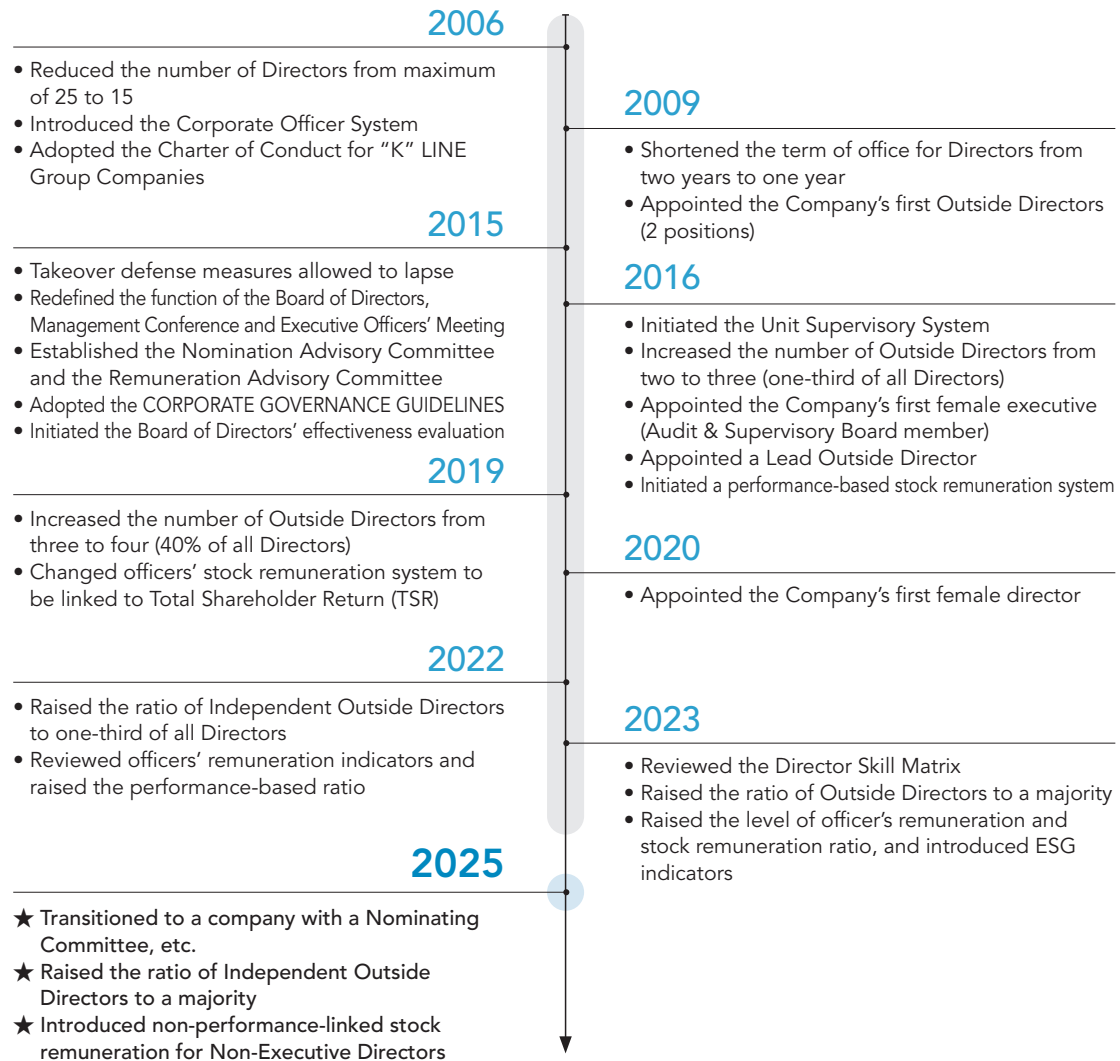
"K" LINE clearly separates the supervisory function from the executive function by adopting the governance structure of a "Company with a Nominating Committee, etc." This enhances the function of the Board of Directors and strengthens its overall corporate governance.



Reinforcement of Corporate Governance

Corporate Governance Reform

"K" LINE has promoted the active development of its governance structure by linking the sustainable enhancement of corporate value with corporate governance reform, including the appointment of multiple outside directors in 2009 and the transition to a company with a Nominating Committee, etc. in 2025. The Company will continue to enhance internal discussions regarding the governance structure and steadily advance governance reform.



Reinforcement of Corporate Governance

Board of Directors

The Board of Directors is the body that discusses and determines basic management policies, corporate strategy and other important business matters, while also supervising the execution of business. The Board consists of 10 directors, 7 of whom are Outside Directors (including 6 Independent Outside Directors), and convenes at least once a month in principle.

Specific Agendas Discussed at Meeting of the Board of Directors in Fiscal Year 2024

- Long-Term Management Vision and Medium-Term Management Plan
- Capital Policy (Business Investment Plan, Shareholders Return Policy, etc.)
- Business Strategy (Businesses with a role driving growth, Expansion of new business domains, etc.)
- Functional strategy (Human resources/Organization, Digital Transformation, etc.)
- Corporate governance (Governance Structure, Board of Directors Effectiveness Evaluation, Officers' Remuneration, Composition of the Board of Directors, etc.)
- Group governance

Director Skill Matrix

While aiming for sustainable growth and improvement in medium- to long-term corporate value, the Board of Directors has the duty and responsibility to properly supervise the management of the "K" LINE Group, where the mission is to support people's affluent lives as vital infrastructure in the global community.

The Company has identified the skills (knowledge, experience and abilities, etc.) required for the

▶ Board of Directors' meetings attended / Meetings held (fiscal year 2024)

Name	Board of Directors
Yukikazu Myochin (Chairperson of the Board)	19/19
Takenori Igarashi	1/1
Kunihiko Arai	19/19
Keiji Yamada	19/19
Ryuhei Uchida	19/19

Name	Board of Directors
Koji Kotaka	19/19
Hiroyuki Maki	19/19
Takako Masai	14/14
Atsumi Harasawa	19/19
Shinsuke Kubo	19/19

Directors who retired during fiscal 2024 are excluded.

* Attendance of Mr. Kunihiko Arai, Ms. Atsumi Harasawa and Mr. Shinsuke Kubo at Board meetings includes their attendance as Audit & Supervisory Board members.

Board of Directors based on its materialities (a set of key issues) in its aim to enhance the functions of the Board of Directors with a thoughtful combination of these skills while considering diversity in the composition of the Board members.

Please see the skill matrix below for a list of the expertise and knowledge of each director.

Name	Expertise							
	Corporate Management & Strategy	Legal & Risk Management	Finance & Accounting	Human Resources & Labor	Safety & Quality	Environment & Technology	Global	Sales & Marketing
Yukikazu Myochin	✓	✓		✓	✓	✓	✓	✓
Takenori Igarashi	✓	✓	✓		✓	✓	✓	✓
Kunihiko Arai	✓	✓	✓				✓	✓
Keiji Yamada		✓		✓	✓	✓	✓	
Ryuhei Uchida	✓		✓				✓	
Koji Kotaka		✓	✓				✓	
Hiroyuki Maki	✓		✓	✓		✓	✓	✓
Takako Masai	✓		✓				✓	✓
Atsumi Harasawa		✓			✓	✓	✓	
Shinsuke Kubo	✓	✓	✓				✓	

Reinforcement of Corporate Governance

Criteria for Independence of Outside Directors

In addition to satisfying the independence standards of the Tokyo Stock Exchange, "K" LINE has established its own more stringent criteria relating to independence for the nomination of Outside Directors. The criteria are as follows.

An Outside Director shall be judged to be independent if none of the following criteria apply.

1. A person who has been a business executor (meaning a business executor as provided for in Article 2, Paragraph (3), Item (6) of the Regulation for Enforcement of the Companies Act; the same shall apply hereinafter) of a corporate group for whom the "K" LINE Group ("the Group") is a major client within the past three years.

"A corporate group for whom the Group is a major client" refers to a corporate group that has recorded sales to the Group in each of the years in this three-year period accounting for over 2% of consolidated sales in each such year for that corporate group.

2. A person who has been a business executor of a corporate group that is a major client of the Group within the past three years.

"A corporate group that is a major client of the Group" refers to a corporate group to whom the Group has recorded sales in each of the years in the three-year period accounting for over 2% of the Group's consolidated sales in each such year.

3. A person who has, within the past three years, been a business executor of a financial institution or another principal creditor, or its parent company or important subsidiary that plays a critical role in the Group's financing to such a degree that it is irreplaceable for the Group.

4. A person who annually has been paid 10 million yen or more or has received other assets in an amount equivalent thereto other than officer's remuneration from the Group in the past three years; or a person who has, within the past three years, belonged to an audit firm, tax accounting firm, law firm, consulting firm or other professional advisory firm that has annually been paid 10 million yen or more or other assets in an amount equivalent thereto by the Group accounting for over 2% of the total revenues of such juridical person, etc. in the latest fiscal year. However, this shall not apply to a person who belongs to such juridical person in outline but has substantially no conflict of interest with the Group (a person who does not receive any compensation from such juridical person, for example).
5. A shareholder holding over 10% of the voting rights of the Company. If the shareholder is a juridical person, a person who has been a business executor of the shareholder, its parent company, or subsidiary within the past three years.
6. A person who is a spouse or a relative of the second or less degree of a person falling under any of the above criteria.



[Independent Directors Notification Form](#)

Board of Directors Effectiveness Evaluation

As "K" LINE believes an effective corporate governance function is essential for sustainable growth and the enhancement of its corporate value over the medium to long term, the Board of Directors analyzes and evaluates the Board's effectiveness each year, with the results disclosed in a timely and appropriate manner. Please refer to the following for the latest results.



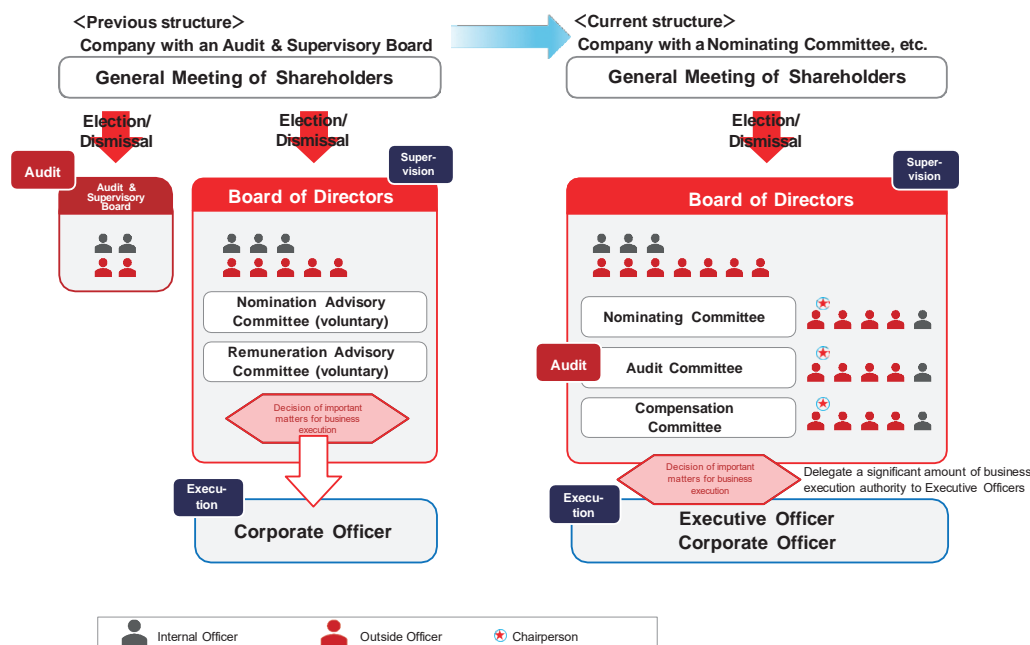
[Board of Directors Effectiveness Evaluation](#)

Reinforcement of Corporate Governance

Structure of Company with a Nominating Committee, Etc.

"K" LINE has adopted the governance structure of a "Company with a Nominating Committee, etc." A company with a Nominating Committee, etc., has a governance structure in which the roles of Directors who supervise management are clearly separated from the roles of Executive Officers who execute business operations. The Board of Directors is responsible for determining management policy and otherwise performing supervision, while also delegating significant amount of business execution authority

to Executive Officers, thereby enabling Executive Officers to make decisions more swiftly and manage operations more flexibly. Three statutory Committees (Nominating Committee, Audit Committee, and Compensation Committee) have been established within the Board of Directors, with Outside Directors constituting a majority of the membership in each committee.



Members of the Nominating, Audit and Compensation Committees (As of June 2025)

Nominating Committee		Audit Committee		Compensation Committee	
Members	Keiji Yamada (Chairperson of the Nominating Committee, Independent Outside Director)	Members	Koji Kotaka (Chairperson of the Audit Committee, Independent Outside Director)	Members	Takako Masai (Chairperson of the Compensation Committee, Independent Outside Director)
	Ryuhei Uchida (Outside Director)		Hiroyuki Maki (Independent Outside Director)		Keiji Yamada (Independent Outside Director)
	Koji Kotaka (Independent Outside Director)		Atsumi Harasawa (Independent Outside Director)		Ryuhei Uchida (Outside Director)
	Takako Masai (Independent Outside Director)		Shinsuke Kubo (Independent Outside Director)		Koji Kotaka (Independent Outside Director)
	Yukikazu Myochin (Director, Chairperson of the Board)		Kunihiko Arai (Director and Standing Member of the Audit Committee)		Yukikazu Myochin (Director, Chairperson of the Board)

Reinforcement of Corporate Governance

Nominating Committee

The Nominating Committee is composed of directors, the majority of whom are Independent Outside Directors, and is chaired by an Independent Outside Director. The Nominating Committee determines proposals related to the election and dismissal of Directors to be submitted to the General Meeting of Shareholders. Additionally, in response to inquiries from the Board of Directors, the Committee makes recommendations on the appointment or dismissal of Executive Officers, as well as the selection or removal of Representative Executive Officers and Executive Officers with specific titles.

Proposals related to the election and dismissal of Directors to be submitted to the General Meetings and the appointment and dismissal of Executive Officers by the Board of Directors, are deliberated by the Nominating Committee based on the "Criteria for the Appointment and Dismissal of Directors and Executive Officers" below.



[Criteria for Appointment or Dismissal of Directors and Executive Officers](#)

► Succession planning

Article 14 of the Kawasaki Kisen Kaisha, Ltd. CORPORATE GOVERNANCE GUIDELINES stipulates that "the Board of Directors shall have the Nominating Committee deliberate on the draft plan for his/her successor, which is prepared by the incumbent President & CEO each fiscal year. The Board of Directors receives a report of the results and confirms the reasonableness of the draft plan." Through deliberation on succession plans for the next President & CEO by the Nominating Committee, which is primarily composed of Independent Outside Directors, we strive to enhance sustainable corporate value.

Audit Committee

The Audit Committee is composed of directors, the majority of whom are Independent Outside Directors, and is chaired by an Independent Outside Director. The Audit Committee audits the business execution by Directors and Executive Officers, prepares audit reports and makes decisions on proposals for the election, dismissal and non-reappointment of the accounting auditor. A dedicated department has also been established to support the Audit Committee's activities with staff members assigned to the role.

Compensation Committee

The Compensation Committee is composed of directors, the majority of whom are Independent Outside Directors, and is chaired by an Independent Outside Director. The Compensation Committee formulates policies (including systems) related to deciding the contents of remuneration for each individual Director and Executive Officer. Based on these policies, the Compensation Committee also makes decisions on the contents of remuneration for each individual Director and Executive Officer.

► Policy and procedures for the determination of officers' remuneration

Our policy and procedures for determining remuneration are as follows:



[Policies on Remuneration for Each Individual Director, Executive Officer and Corporate Officer](#)

Remuneration System

Remuneration for Directors (excluding those concurrently serving as Executive Officers) consists of fixed remuneration (monetary) and fixed remuneration (stock). The remuneration for Executive Officers (including those concurrently serving as Directors) consists of fixed remuneration (monetary), short-term performance-based remuneration (monetary) and medium- to long-term performance-based remuneration (stock). Regarding the stock remuneration system, points are awarded to Directors and Executive Officers each fiscal year. Upon their retirement, these points are then converted and provided as shares or the equivalent amount in cash equivalent to the market value through Board Benefit Trust (BBT). For Directors, non-performance-based remuneration (stock) is provided based on a fixed amount in accordance with their duties and responsibilities, aiming to maintain and secure human resources capable of enhancing corporate governance commensurate with a global enterprise and sharing shareholder interests. For Executive Officers, medium- to long-term performance-based remuneration (stock) is provided to enhance the alignment between their compensation and share value and the awareness of mid-to-long-term performance improvement. Even if a Director or Executive Officer has been awarded points, their right to receive all or part of the share remuneration may be forfeited by resolution of the Compensation Committee if certain events stipulated in the Regulations for Delivery of Shares to Officers occur, such as dismissal by a shareholders' resolution, resignation, retirement due to certain misconduct during their tenure, or inappropriate actions that caused damage to the company during their tenure.

Remuneration Type		Directors (Excluding Those Concurrently Serving as Executive Officers)	Executive Officers (Including Those Concurrently Serving as Directors)	Remuneration Outline
Fixed portion	Fixed remuneration (monetary)	✓	✓	Monthly remuneration set for each job title to ensure the execution of duties commensurate with responsibilities.
	Fixed remuneration (stock)	✓		Fixed stock remuneration commensurate with responsibilities.
Variable portion (performance-based)	Short-term performance-based remuneration (monetary)		✓	Linked to the single fiscal year's consolidated performance and individual performance. A negative adjustment is applied in the event of a serious accident.
	Medium- to long-term performance-based remuneration (stock)		✓	Linked to our mid- to long-term Total Shareholder Return (TSR), ROE and ESG indicators (Improving CO ₂ emissions efficiency). * TSR = Share price appreciation over a certain period + Dividend yield over a certain period (total dividends + initial share price) * The weighting of the TSR, ROE, and ESG indicators is 90:5:5.

For information on remuneration amounts for each fiscal year, please refer to Governance Data.

Reinforcement of Corporate Governance

Management Conference

The President & CEO, other Executive Officers, Senior Managing Corporate Officers, Unit Supervising Executive/Corporate Officers, Corporate Officers in charge of Legal, Corporate Legal Risk & Compliance, Corporate Planning, Finance, and Accounting, as well as individuals selected by the Audit Committee and those designated by the President & CEO, attend the Management Conference. This conference is designed to support the decision-making of the President & CEO or their alternate through open discussion. Meetings are generally held weekly.

Executive Officers' Meeting

Executive Officers, Corporate Officers, and individuals selected by the Audit Committee, as well as those designated by the President & CEO, comprise this meeting, which serves as a forum for reporting and discussing business execution, including the monthly performance of the business execution organization, as well as matters requiring approval. Meetings are generally held monthly.

Investment Committee

The Investment Committee, consisting of Corporate Officers in charge of corporate planning and finance along with Executive/Corporate Officers and General Managers appointed by the President & CEO, is generally held twice a month. This committee deliberates on basic business plans and key initiatives for maximizing investment returns, considering the Company's investment capacity. The committee also monitors the performance of executed investments and considers whether the investments should be terminated or suspended.

Unit Supervisory System

From April 2016, "K" LINE introduced the Unit Supervisory System and established Unit Supervising Corporate Officers to further improve the efficiency of and reinforce the system for business execution.

Under the Unit Supervisory System, under the leadership of the President & CEO as the head of execution, a total of eight Unit Supervising Corporate Officers are appointed to oversee multiple business divisions and administrative divisions. Under each Unit Supervising Corporate Officer, Corporate Officers are assigned who are responsible for and in charge of individual divisions. Each unit is as follows.

- Dry Bulk Carriers Unit
- Energy Transportation Business Unit
- Product Logistics Business Unit (Car Carriers)
- Product Logistics Business Unit (Logistics, Port, Short Sea and Coastal Business and Affiliated Business)
- Containerships Business Unit
- CFO Unit (Corporate Planning, Research, Finance, Accounting, Corporate Sustainability, Environment Management, IR and Communication)
- General Affairs, Human Resources, Legal, Corporate Legal Risk & Compliance Unit
- Marine Sector Unit
- Technical Unit

Reinforcement of Corporate Governance

Stock

Basic Stock Information

Fiscal period	April 1–March 31
Ordinary General Meeting of Shareholders	June
Date of record for Ordinary General Meeting of Shareholders	March 31
Date of record for dividends	Year-end dividend: March 31 Interim dividend: September 30
Share trading unit	100 shares
Public notices	Public notices of the Company are made electronically and posted on the Company's website below. https://www.kline.co.jp/en/ If the notice cannot be made electronically due to accident or other causes beyond the control of the Company, the notice will be posted in the Nihon Keizai Shimbun (the Nikkei), published in Tokyo.

Stock and Shareholders Data

▶ Stock data

(As of September 30, 2025)

Authorized	1,800,000,000 shares
Issued	639,172,067 shares
Number of shareholders	148,567

▶ Principal shareholders (10 largest)

(As of September 30, 2025)

Shareholder	Number of Shares held (thousands of shares)	Ratio (%)
ECM MF	92,947	14.56
The Master Trust Bank of Japan, Ltd. (trust account)	64,146	10.05
MLI FOR SEGREGATED PB CLIENT	50,862	7.97
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR ACCT	31,796	4.98
Suntera (Cayman) Limited as trustee of ECM Master Fund	19,716	3.09
Custody Bank of Japan, Ltd. (trust account)	18,438	2.88
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	17,697	2.77
IMABARI SHIPBUILDING CO., LTD.	16,956	2.65
CGML PB CLIENT ACCOUNT/COLLATERAL	15,581	2.44
Mizuho Bank, Ltd.	12,694	1.98

* Figures for share ownership breakdown do not include treasury stock (1,113,651 shares).

▶ Share breakdown by owner type

(As of September 30, 2025)

Classification	Number of Shareholders	Ratio (%)	Number of Shares Held (thousands of shares)	Ratio (%)
Japanese individuals and others	145,806	98.14	107,259	16.78
Government and local governments	0	0	0	0
Japanese financial institutions	56	0.03	160,646	25.13
Other Japanese corporations	834	0.56	48,895	7.64
Foreigners	1,811	1.21	308,873	48.32
Securities companies	59	0.03	12,383	1.93
Treasury shares	1	0.00	1,113	0.17

Reinforcement of Corporate Governance

Conflicts of Interest and Related-Party Transactions

"K" LINE has established the following procedures with respect to related-party transactions and recognizes that these procedures enable oversight.

- (1) The Regulations on Decision-Making Standards stipulate that the Company is to refer matters to be addressed by and seek prior approval from the Board of Directors with respect to certain matters irrespective of monetary amount, such as transactions with major shareholders whose holdings account for more than 10% of the Company's voting rights or transactions between the Company and its directors; transactions conducted by a director with the Company for a third party; transactions involving a conflict of interest; and debt guarantees of directors made by the Company. The Regulations on

Decision-Making Standards also stipulate that key developments must be reported to the Board of Directors subsequent to having carried out a transaction. As such, the Board of Directors supervises the appropriateness of transactions.

- (2) The Company shall treat all of its shareholders impartially and accordingly does not make special considerations for specific shareholders.
- (3) The Company shall determine the presence or absence of related-party transactions upon submission of confirmation documents for all of the Company's officers each fiscal term and shall furthermore verify transaction details if related-party transactions have taken place.

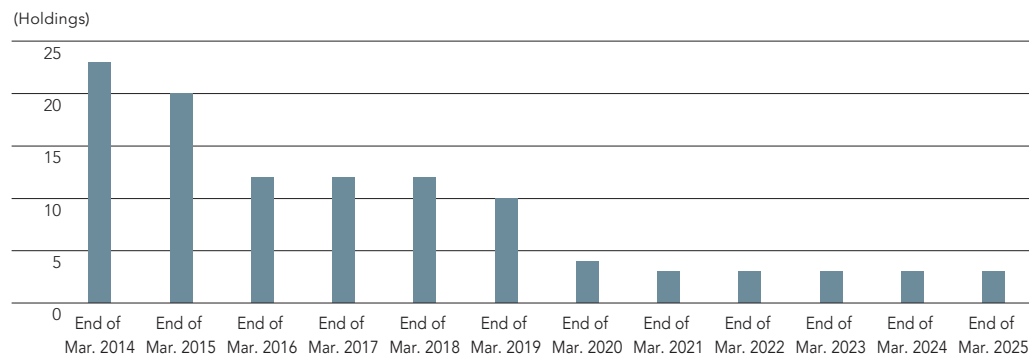
Strategic Shareholding

Policy on Strategic Shareholdings

The Board of Directors carefully and comprehensively examines strategic shareholdings of listed shares from its independent and objective standpoint at least once per year to verify the purpose, the necessity in business activities, the mid- to long-term economic rationale based on the capital cost, and appropriateness of individual holdings. In examining economic rationale, the Board will consider reducing shares that are deemed not to be reasonable to continue holding.

The Company has been reducing strategic shareholdings, and as of March 31, 2025, the number of strategic shareholdings of listed shares was three.

Strategic shareholdings



Specified investment shares

Issues	FY2024	FY2023	Purpose of holding, quantitative effect of holding, and reason for increase in number of shares	Holds "K" LINE shares
	Shares Balance sheet amount (millions of yen)	Shares Balance sheet amount (millions of yen)		
JFE Holdings, Inc.	5,062,170	5,062,170	As JFE Holdings is a major customer in the Dry Bulk segment, "K" LINE continues to hold shares in JFE Holdings to sustain and enhance a medium- to long-term positive business relationship with this company.	No
	9,294	12,857		
Kawasaki Heavy Industries, Ltd. (KHI)	1,001,699	1,001,699	As KHI is a collaborator in the field of advanced technologies and in "K" LINE's initiatives at decarbonization and efforts to improve safety and quality, such as through field experiments with liquefied hydrogen carriers, "K" LINE continues to hold KHI shares to sustain and enhance a medium- to long-term positive business relationship with this company.	Yes
	8,955	5,105		
Kamigumi Co., Ltd.	118,404	118,404	As Kamigumi Co., Ltd. is a customer and collaborator in the Product Logistics segment through the co-establishment of a holding company and other factors, "K" LINE continues to hold Kamigumi shares to sustain and enhance a medium- to long-term positive business relationship with this company.	Yes
	415	397		

Notes 1. If the holder of "K" LINE shares is a holding company, the number of shares held by major subsidiaries (number of shares actually held) is indicated.

2. While it is difficult to describe the quantitative effects of each holding, the Board of Directors comprehensively verifies the rationale for holding such shares, based on earnings targets derived from the Company's cost of capital as of the end of the fiscal year, as well as transaction relationships and effects on business activities.

Policy on Exercising Voting Rights as to Strategic Shareholdings

When exercising the voting rights as to the Strategic Shareholdings, "K" LINE shall fully examine whether or not the relevant propositions would contribute to the enhancement of its corporate value and the common interests of shareholders, hold dialogues with issuing entities as needed, and shall determine whether it would vote for or against the said propositions.

Reinforcement of Corporate Governance

Internal Control and Group Governance

Establishment and Maintenance of the Internal Control System

"K" LINE is committed to establishing systems to ensure that the execution of business and duties by Executive Officers, Corporate Officers and our employees complies with laws, regulations and the Articles of Incorporation, and other systems required by law to ensure the appropriateness of "K" LINE Group's business operations. Specifically, the Board of Directors is responsible for establishing, evaluating the effectiveness of, and ensuring the functionality of the internal control system. In addition, through monitoring and verifying the internal control system, the Internal Audit Group supports the Board of Directors, Executive Officers and Corporate Officers in fulfilling its responsibilities for the development, maintenance, and enhancement of the internal control system.

Group Governance

To ensure proper business operations of the entire "K" LINE Group companies, we have established the Charter of Conduct for "K" LINE Group Companies as a code of conduct applicable to the entire "K" LINE Group companies. Based on this Charter, each Group company has established its own rules and regulations. We have also established Affiliate Business Management Rules and require our Group companies to seek approval for, consult on or report on certain important matters.

Accounting Audit and Internal Audit

Status of the Accounting Auditor

1. Name of Accounting Auditor

Ernst & Young ShinNihon LLC

2. Amount of Remunerations Payable to Accounting Auditor for the Fiscal Year under Review

Item	Amount
(1) Amount of remunerations to be paid to Accounting Auditor by the Company	¥109 million
(2) Total amount of money and other financial benefits to be paid to Accounting Auditor by the Company and its subsidiaries	¥172 million

Note: The audit contract between the Company and Accounting Auditor does not classify the remuneration amounts separately for audits pursuant to the Companies Act and for audits pursuant to the Financial Instruments and Exchange Act, partially given the impracticality of deriving such classifications. Therefore, the amount listed in (1) is not classified in this way.
Of the Company's principal subsidiaries, etc., accounting auditors other than the Accounting Auditor of the Company audit documents relating to accounts of "K" LINE BULK SHIPPING (UK) LIMITED, "K" Line European Sea Highway Services GmbH, "K" LINE LNG SHIPPING (UK) LIMITED, "K" LINE PTE LTD, and OCEAN NETWORK EXPRESS PTE. LTD.

3. Reason for the Consent to the Amounts of the Remuneration for the Accounting Auditor, etc.

The Audit & Supervisory Board obtained necessary materials and received reports from Directors, the related internal departments and the Accounting Auditor. And after conducting the necessary verification and deliberations on whether or not the content of audit plans conducted by the Accounting Auditor, the execution status of Accounting Auditor's duty, the basis for calculation of estimates for its remuneration,

etc. are appropriate, the Board gave the consent provided for in Article 399, Paragraph 1 of the Companies Act.

At the Extraordinary General Meeting of Shareholders held on March 28, 2025, it was resolved to transition the Company's corporate governance structure to a company with a Nominating Committee, etc. Accordingly, the Audit Committee has taken over the duties previously performed by the Audit & Supervisory Board.

4. Details of Non-audit Services (Services Other than Those of Article 2, Paragraph 1 of the Certified Public Accountants Act) Performed by Accounting Auditor

The Company paid to the Accounting Auditor a consideration for the preparation of comfort letters in issuing corporate bonds.

5. Policy for Decisions on Dismissal or Non-reappointment of Accounting Auditor

If deemed necessary by the Audit Committee in cases such as where an Accounting Auditor has difficulty in the execution of his or her duties, the Audit Committee shall determine the content of a proposition regarding the dismissal or non-reappointment of the Accounting Auditor to be submitted to a general meeting of shareholders.

If circumstances involving an Accounting Auditor are deemed to fall under any of the items of Article 340, Paragraph 1 of the Companies Act, the Accounting Auditor shall be dismissed subject to unanimous approval by the Audit Committee. In any such case, a Member of the Audit Committee appointed by the Audit Committee shall report the dismissal of the Accounting Auditor and the grounds for dismissal at the first general meeting of shareholders to be convened after the dismissal.

Reinforcement of Corporate Governance

Status of Internal Audit

The internal audit of "K" LINE is carried out by the Internal Audit Group, which has eleven full-time employees (as of April 1, 2025). They audit the execution of business and duties for "K" LINE and the "K" LINE Group companies, in terms of internal control, such as enhancing the effectiveness and efficiency of business operations, improving the trustworthiness of financial information, and ensuring compliance. Members of the Audit Committee, the Audit Committee and the Internal Audit Group regularly and irregularly exchange information regarding details of audits and auditing firms that act as accounting auditors. They maintain close contact and exchange opinions regarding the results of the audit, the status of internal control as understood by the auditing firm, and risk evaluations. The Internal Audit Group periodically provides audit reports to the President & CEO, Members of the Audit Committee and the Audit Committee.

Related Data

Governance Data (This data applies to Kawasaki Kisen Kaisha, Ltd.)

"K" LINE transitioned from a "Company with an Audit & Supervisory Board" to a "Company with a Nominating Committee, etc." on March 28, 2025.

Field	Item	Breakdown	Unit	Fiscal Year		
				2022	2023	2024
Governance	Board of Directors	Number of directors	Persons	9	9	10
		Men	Persons	8	8	8
		Women	Persons	1	1	2
		Ratio of women	%	11	11	20
		Number of outside directors	Persons	4	5	7
		Ratio of outside directors	%	44	56	70
		Average age of directors	Years	62.0	61.2	60.0
		Age of youngest director	Years	45	43	44
		Age of oldest director	Years	74	75	70
		Number of meetings held	Times	19	19	19
	Average attendance ratio	%	99	100	100	
	Nominating Committee*1	Number of members	Persons	4	5	5
		Number of outside members	Persons	3	4	4
		Ratio of outside members	%	75	80	80
		Number of meetings held	Times	14	9	10*2
	Audit Committee*1	Number of members	Persons	4	4	5
		Number of outside members	Persons	2	2	4
		Ratio of outside members	%	50	50	80
		Number of meetings held	Times	15	14	15*2
	Compensation Committee*1	Number of members	Persons	4	5	5
		Number of outside members	Persons	3	4	4
		Ratio of outside members	%	75	80	80
		Number of meetings held	Times	9	3	7*2
	Remuneration	Total remuneration paid to directors (number of payees*3)	¥ million (persons)	906 (10)	732 (11)	634 (11)
		Total remuneration paid to Audit & Supervisory Board members (number of payees*3)	¥ million (persons)	80 (4)	80 (5)	80 (4)

*1 Figures also include those of the Nomination Advisory Committee, the Audit & Supervisory Board, and the Remuneration Advisory Committee prior to the transition to a company with a Nominating Committee, etc.

*2 The number of meetings includes one meeting held after the transition to a company with a Nominating Committee, etc.

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

Reinforcement of Corporate Governance

Governance Data (As of June 20, 2025)

	Name	Gender	Independence	Tenure (years)	Board meeting attendance rate (FY2024)	Executive officer	Nominating Committee member	Audit Committee member	Compensation Committee member	Important concurrent positions
Director, Chairperson of the Board	Yukikazu Myochin	Male	No	9	100%		✓		✓	Yes
Director, Representative Executive Officer, President & CEO	Takenori Igarashi	Male	No	0.25	100%	✓				No
Director	Kunihiko Arai	Male	No	0.25	100%			✓ (Standing Member)		No
Outside Director	Keiji Yamada	Male	Yes	6	100%		✓ (Chairperson)		✓	Yes
Outside Director	Ryuhei Uchida	Male	No	6	100%		✓		✓	Yes
Outside Director	Koji Kotaka	Male	Yes	2	100%		✓	✓ (Chairperson)	✓	Yes
Outside Director	Hiroyuki Maki	Male	Yes	2	100%			✓		Yes
Outside Director	Takako Masai	Female	Yes	1	100%		✓		✓ (Chairperson)	Yes
Outside Director	Atsumi Harasawa	Female	Yes	0.25	100%			✓		Yes
Outside Director	Shinsuke Kubo	Male	Yes	0.25	100%			✓		Yes

Risk Management

Approach

Risk Management Policy

"K" LINE Group has established a risk management system to recognize changes in the external environment and various management risks, and to fulfill our corporate social responsibility even when risks materialize.

Of the major risks listed from those on the right, risks associated with vessel operations, disaster risks, compliance risks, and other management-related risks are classified into four categories, and corresponding committees have been established.

In addition, the Risk and Crisis Management Committee was established to unify these four committees and to control and supervise overall risk management.

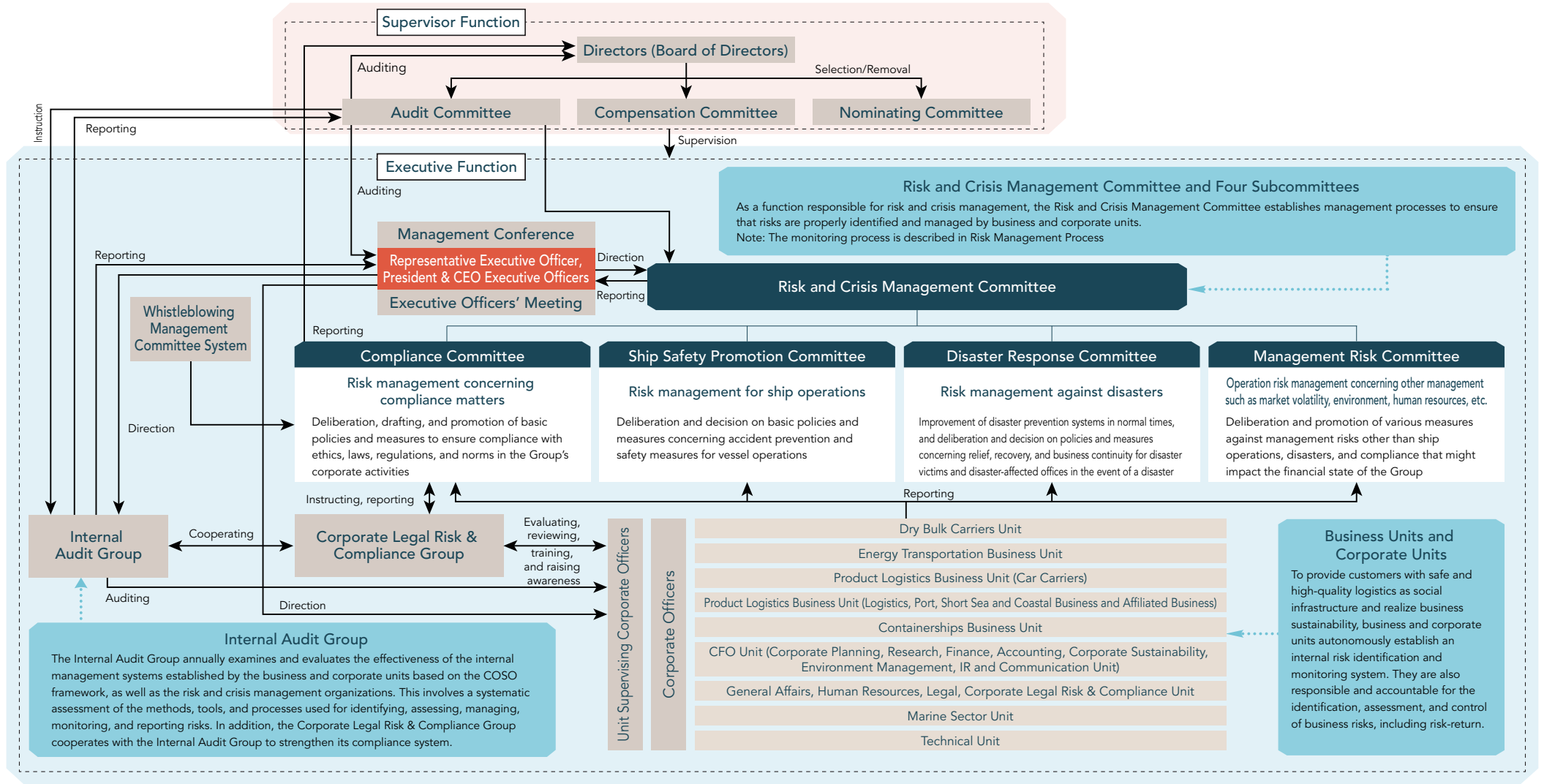
The Representative Executive Officer, President & CEO serves as the chair of all these committees, which meet quarterly. The four major risk management committees conduct regular and ongoing training activities to promote risk management. One example of such activities is the implementation of large-scale accident drills and participation in risk management workshops held by other companies. In addition, the Company designates each November as "Compliance Month" to reinforce awareness of the importance of compliance.

Major Risks
Human Resources and Human Rights
Legal and Compliance
Ship Operation
Market Volatility
Information Systems and Information Security
Disaster
Climate Change

Risk Management

System

Risk Management Structure



Risk Management

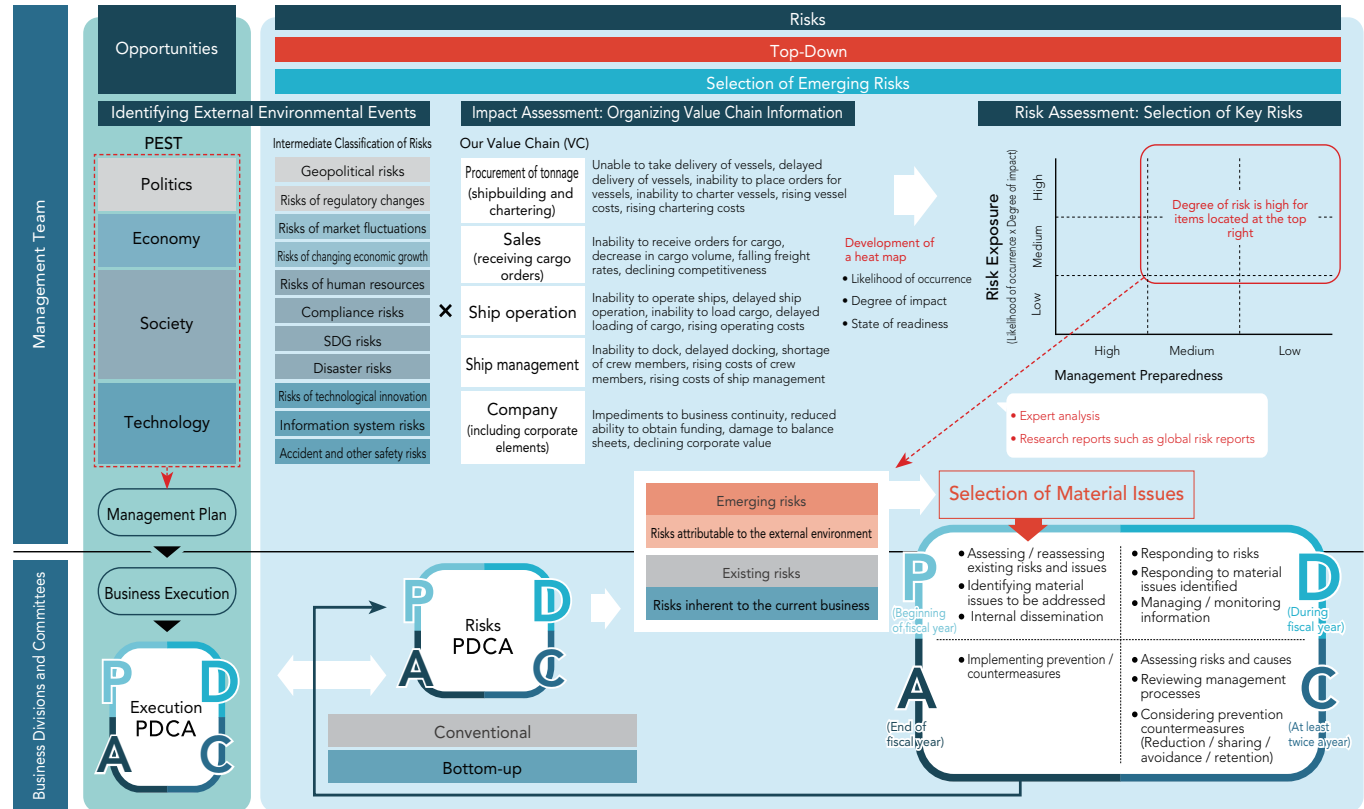
Risk Management Process

To ensure thorough risk management within the Group, we identify groupwide risks and work to address them through the management and monitoring of information. At the end of each fiscal period, we reevaluate risks, specify and identify comprehensive risks, and determine serious risks to be addressed based on the effectiveness of the risk management system and our key risks. We then utilize a PDCA system to carry out regular reviews within each committee, perform reassessments, and implement measures accordingly. Under this PDCA structure, we respond to risks in a multilayered manner, combining a bottom-up approach where each committee reassesses, discovers, and identifies risks, with a top-down approach that assesses changing megatrends and other emerging risks that have not yet manifest but are of growing importance. Changing megatrends pose not only risks but also opportunities. Working from a PEST analysis* when formulating business strategies for the following fiscal year, we accurately apply our recognition of megatrends to business strategies while assessing and responding to the latest changes in risk trends. This enables us to address both risks and opportunities without omission.

More specifically, we envision risk scenarios that are the product of different combinations of PEST elements of the value chain in each of our businesses. Once the management team has organized the likelihood of occurrence, degree of impact, and state of readiness for each risk, we create a heat map. We then obtain external insight through expert analysis and research reports, while identifying issues to watch for, and select material issues in conjunction with risk identification based on a bottom-up approach.

Additionally, each business unit provides information on risk management throughout the PDCA cycle. Progress of risks and measures reported by each unit, as well as the serious issues and their countermeasures identified at the beginning of the fiscal year, are communicated internally daily through Board of Directors' meetings and the Executive Officers' Meeting. Furthermore, we are strengthening our internal framework of monitoring and supporting risk management processes within the Board of Directors.

* PEST analysis is a framework for analyzing the impact on a company from identified threats in the external environment in four categories: politics, economy, society, and technology.



Risk Management

Initiatives

Ongoing Business Continuity Management (BCM) Formulation

The "K" LINE Group has established a business continuity plan (BCP) and proceeded with BCM in preparation for impediments that could be caused by natural disasters or infectious diseases, including new strains of influenza. With respect for human life as our priority, we aim to ensure business continuity and thereby meet the responsibility that we must support society's lifelines. To this end, we are transferring the management of operations to regional offices in Japan and overseas, storing backup data in remote locations, and utilizing teleworking. In preparation for an earthquake occurring directly beneath the Tokyo metropolitan area, we conduct regular evacuation drills and improve the BCM based on simulations of the scale and damage of such an earthquake. In these ways, we are making company-wide efforts to improve our disaster resilience.

In addition, "K" LINE has implemented a range of COVID-19 pandemic countermeasures. In the management of onshore operations, we expanded and enhanced teleworking and took thorough measures to prevent infection at offices. As for vessels and crew members, we monitored the health of crew members before they boarded vessels, issued an order requiring crew members to spend time in quarantine before boarding vessels, conducted PCR tests, and supplied anti-infection equipment and materials. In fiscal 2025, the Company's business operations may continue to be affected by unexpected events, such as the emergence of variants of viruses or the discovery of new strains. However, by reviewing measures taken over the past five years and in accordance with a response manual for future pandemics caused by viruses, including the COVID-19 pandemic, we will establish capabilities for maintaining business continuity even during emergencies. We will then take measures suited to each business.

The Risk of Large-Scale Accidents and Our Measures in Response

As rigorously ensuring the safety of vessel operations is one of our highest priorities, we are maintaining and heightening operational safety levels and crisis management capabilities. However, an unexpected accident, particularly one involving an oil spill or other major accidents leading to environmental pollution, could occur and have a negative impact on the Group's financial position and operating results. Furthermore, piracy losses, operation in areas affected by political unrest or military conflict, and the increased risk to vessels from terrorism could cause major damage to the Group's vessels and jeopardize the lives of crew members. This, in turn, could have a negative impact on the Group's safe operation of vessels, voyage planning, management, and overall marine transportation business. To counter the aforementioned risks, the Ship Safety Promotion Committee, chaired by the president & CEO, meets periodically to conduct multifaceted investigations and initiatives for all matters related to the safety of vessel operations. Also, we have prepared an Emergency Response Manual, which sets out the accident response measures to be taken in the event of an emergency, and we continually improve our accident responses by holding regular drills for responses to large-scale accidents.

Fostering of a Risk Management Culture

To encourage and reinforce an effective risk management culture throughout the organization, there are risk management sections in guidelines determined at each level of hierarchy, and we have created a personnel assessment system to ensure these standards are reflected. This assessment also has an impact on salary and promotions. Senior executives have a responsibility to implement risk management initiatives across the entire Company.

In addition, other risk management regulations and BCM information are posted on the top page of the intranet to educate employees, and we have a system to conduct lectures on risk management by experts annually for directors, including outside directors.

Environmental Protection and Climate Change

The "K" LINE Group is keenly aware of the importance of sustainability as a lifeline infrastructure that supports human life and the economy, and we formulated the "K" LINE Environmental Vision 2050 in response to risks and opportunities related to environmental protection and climate change.

We formulated the "K" LINE Environmental Vision 2050 in March 2015, and we set forth specific milestones to reach by 2019, the 100th anniversary of our founding, and we have achieved many of them. Additionally, as the global movement toward net-zero GHG emissions by 2050 accelerates, we revised the goals set out in our 2050 vision in November 2021 and will take on the challenge of further increasing our goals to achieve net-zero GHG emissions by 2050.

Please refer to the following for scenario analysis of climate change.



["K" LINE Environmental Vision 2050](#)

Based on the above business plans and strategies, we are implementing various environmental preservation initiatives, including the introduction of the Seawing automated kite system (wind propulsion), which uses natural energy.

Risk Management

Please refer to the following for more information about the Group's environmental activities.



[Environment](#)

Information Regarding Risks

Please refer to the following for information regarding the risks faced by "K" LINE.



[Information Regarding Risks](#)

Sensitivity Analysis and Stress Testing

We carry out sensitivity analysis and stress tests twice a year in budgeting and monitoring monthly.

Key variables are exchange rates, interest rate, fuel oil price as well as market indices such as BDI (Baltic Dry Index) for dry bulkers, and WS (World Scale) for oil tankers. These variables are major variation factors to our operating revenue and ordinary income.

Also, we perform market valuation tests for our owned vessels as the core assets of our business by using professional sources such as VesselsValue.com and shipping brokers.

Risk Management

Emerging Risk

Risk	Explanation of Risks and Business Background	Impact on Business	Action to Mitigate Risk
<p>Impact of Changes in Geopolitical Conditions on Cargo Movement, Shipbuilding and Maintenance</p>	<p>Geopolitical factors are increasingly uncertain, especially the U.S.-China relationship, and there is the risk that they will negatively impact the Group's operating results. Global changes in supply chains and the trend toward local production for local consumption may prompt the Group's customers to revise their business models, damaging the balance between transportation demand and supply capacity and affecting market conditions and pricing. These factors may have a major negative impact on the Group's businesses. In addition, in view of the quantity of ships being built in China and the Group's dependence on China in terms of maintenance and docking, the deterioration of the U.S.-China relationship may cause problems related to shipbuilding and maintenance and hamper continuous vessel operations. The Group still has a backlog of orders for new ships to be built in China and needs to keep a close eye on this risk.</p>	<p>The Group's businesses depend heavily on marine transportation, and cargo movement trends significantly impact the Group's operating results. The Group's vessels are required to be drydocked every five years. Chinese docks are used by many ships from many different countries, and if the Group's ability to use these docks is hampered, this will have a significant negative impact on the Group's vessel operations, business activities and operating results. China builds nearly 50% of the world's ships and this percentage has been increasing in recent years. The disruption of shipbuilding in China may enormously impact the global supply of ships and the Group's business activities and operating results.</p>	<p>While centering on deepening its partnerships with major customers, the Group creates opportunities for growth by building closer relationships with its diverse customers, clarifying its roles according to the characteristics of the specific business and appropriately managing its business portfolio. Additionally, the Group quickly identifies changes in its customers' strategies by developing and increasing the sophistication of its sales structure, for instance by increasing the number of sales and operations personnel and training environmental sales staff, and flexibly adapts to changing supply chains and business models. The Group manages orders for new ships on a groupwide scale, quantifying risks and considering the diversification of shipyards it places orders with, and it consults with experts to minimize risks. The Group manages and diversifies the docks it uses for vessel maintenance and their locations groupwide and discusses issues to formulate best practices.</p>
<p>Emerging Technological Innovation that Threatens The Maritime Shipping Industry</p>	<p>It is believed that technological innovations including three-dimensional (3D) printers, augmented and virtual reality (AR and VR) technologies, and automation will lower the barriers to entry into the maritime shipping market in the future. The expansion of the materials that can be handled using 3D printers and the advancement of molding methods are increasing the possibilities for their application in the mass production of final products. The combined utilization of automated and autonomous port handling operations and vessel operations based on digitalization and the use of an industrial metaverse will help address the labor shortage and increase operational efficiency. While these technological innovations help reduce the costs of the maritime shipping business, they may also ease the barriers to entry that organizations from other sectors would encounter. Regarding the transportation of consumer goods and finished products, local production for local consumption may increase due to changes in manufacturing structures following technological innovation. In the area of demand for container transportation and finished vehicle transportation in particular, this may structurally change the business environment. It is necessary to pay close attention to technology trends more broadly than before.</p>	<p>Technological innovations including 3D printers, AR and VR technologies, and automation may lower the barriers to entering the industry. This may make it easier for new competitors to enter the market and intensify price competition, which may lead to the emergence of new competitors who may capture the market share from existing companies. In addition, technological innovations may increase the efficiency of supply chains and reduce costs. The widespread use of new technologies may cause existing facilities and expertise to become obsolete, requiring new investments. A structural change in the business environment may have a significant negative impact on the Group's sales activities and operating results.</p>	<p>The Group needs to consider training personnel to handle new technologies and forming strategic alliances with companies that possess the latest technologies. Not limited to the maritime shipping business, the Group needs to be always up to date on the latest technology trends and establish a structure for assessing the impact that technologies may have on its business. To do this, the Group identifies and organizes the issues that individual business divisions face and systematically organizes and selects priority issues to construct a risk intelligence cycle and establish a system for the continuous monitoring of the status of risks, leveraging the expertise of people outside the Group.</p>

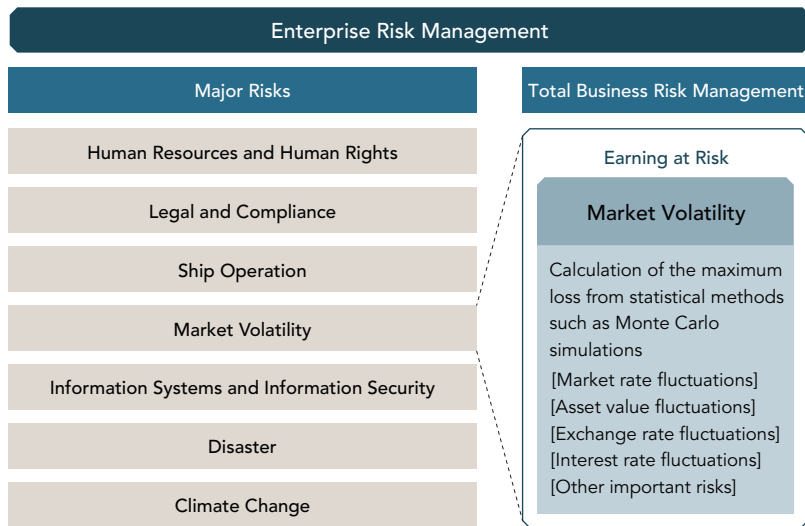
Risk Management

Concept of Risk-Return and Business Portfolio Rebuilding

Total Business Risk Management

We control the estimated maximum losses within consolidated shareholders' equity and pursue both stability and growth by maintaining the proper size of investments. We measure business risk as the estimated maximum loss for each business utilizing statistical methods such as Monte Carlo simulations.

The risks facing the Company's businesses are varied and diverse. Total business risk management targets any "risk of loss" that would lead to capital impairment. The risks not subject to total business risk management shall be controlled by each business unit, and enterprise risk management shall be managed by the Risk and Crisis Management Committee and its subordinate organizations.



New Performance Indicators

We have introduced investment and business performance indicators that emphasize business risk-return ("K" VaCS / "K" RIC) and realize an optimal business portfolio by utilizing them.

"K" VaCS ("K" LINE Value after Cost of Shareholders' equity)

► A profit indicator that represents economic value corresponding to the cost of shareholders' equity

Formula

$$\text{"K" VaCS} = \text{Net income after tax} - (\text{Volume of business risks} \times \text{Cost of shareholders' equity})$$

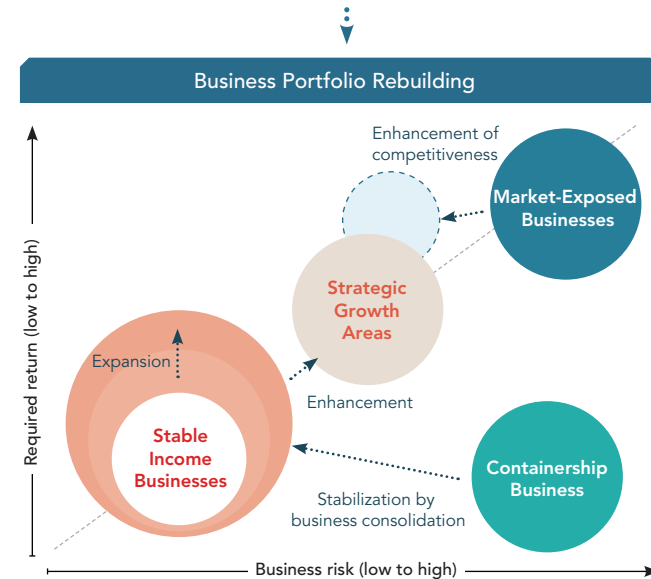
"K" RIC ("K" LINE Return on Invested Capital)

- An efficiency indicator promoting corporate value enhancement that factors in the cost of capital
- An indicator that accelerates return on invested capital by establishing a profitability baseline

Formula

$$\text{"K" RIC} = \text{Earnings before interest after taxes} \div \text{Invested capital}$$

Note: As a general rule, "K" RIC should be above the hurdle rate; among viable hurdle rate candidates is the weighted-average cost of capital (WACC) for each department, which is risk-based.



Promotion and Reinforcement of Compliance

Approach

Policy

We comply with domestic and foreign laws and social norms, and carry out fair, transparent, and free competition, as well as appropriate business conduct.

We established the "K" LINE Group's Charter of Conduct and under this Group charter we adopt compliance with laws, regulations, and corporate ethics as principles for action for the "K" LINE Group. Additionally, we established the "K" LINE Group Global Compliance Policy (the Global Policy) as more specific guidelines, with which all officers and employees must comply.

System

Strengthening the Group Compliance System


The Global Policy is to strengthen the Group compliance system on a global level. We oblige all executives and employees in "K" LINE and our Group companies to comply with the Global Policy. Through seminars by the dedicated department, distribution of guidebooks, and activities of dedicated committees, we put much effort into having the Global Policy be the guidepost of our daily business for all executives and employees in "K" LINE and our Group companies.




["K" LINE Group Global Compliance Policy](#)



[Individual Policy III Sanctions & Anti-Money Laundering](#)



[Individual Policy I Competition Law](#)



[Individual Policy IV Data Protection Law](#)



[Individual Policy II Anti-Corruption Law](#)

Compliance Promotion System

We discuss our policy for securing compliance throughout "K" LINE and its Group companies, as well as measures for compliance violations, through our Compliance Committee, chaired by the president & CEO. Under the chief compliance officer (CCO), who has the ultimate responsibility for compliance, we are strengthening compliance throughout our organization.

Compliance Contact Window for Reporting and Consultations

For prevention, early detection, and correction of compliance problems at "K" LINE and its Group companies, we established the Hotline System for "K" LINE and its domestic Group companies, the Global Hotline System for its overseas Group companies and the Contact Window for domestic business partners. All systems ensure thorough protection for the reporter and confidentiality of the report so that the reporter can safely consult and make a report.

Target	Contact Window for Reporting and Consultations	Details of Consultations/Reports Received
For group executives and employees	Internal contact window	<ul style="list-style-type: none"> Overall compliance (competition laws, corruption and bribery, information breaches, labor laws, etc.) Harassment
	External contact window (Lawyers)	
	Audit committee member window	
	Harassment consultation service	
For business partners	Contact window for business partners	<ul style="list-style-type: none"> Overall compliance (competition laws, corruption and bribery, information breaches, labor laws, etc.) Harassment
	Contact window for freelance consultation and reporting	
	Reporting and/or consultation desk for human rights	

Promotion and Reinforcement of Compliance

Initiatives

Our Efforts to Ensure Compliance with the Antimonopoly Act

We ensure that officers and employees comply with the Regulation for Compliance with the Anti-Monopoly Act. To promote awareness of competition laws, we implement continuous training programs and educational activities through a dedicated department. In addition, we conduct regular audits and monitor the implementation of compliance measures. With respect to contacts with competing companies, we strictly enforce rules requiring prior reporting and approval, as well as recording and storing details of each contact.

Our Efforts to Prevent Bribery and Corruption

We have implemented the Regulations for Prevention of Bribery and Regulations for Gifts to actively combat bribery. Additionally, to further enhance our efforts in preventing bribery and corruption, we actively participate as a member of the Maritime Anti-Corruption Network (MACN), a global business network working toward the vision of a maritime industry free of corruption.



Our Efforts to Ensure Compliance with Economic Sanctions

In response to the increasing stringency of economic sanctions in various countries, we conduct thorough due diligence to ensure compliance with such sanctions. This includes verifying business relationships and capital ties, particularly in new transactions and dealings with high-risk countries and regions. We also use external specialist services to conduct continuous monitoring of business partners.

Protection of Personal Information

Recognizing the increasing global emphasis on personal information protection laws and their stricter enforcement, we have established a policy requiring all officers and employees to comply. On the technical side, we have implemented measures such as access control and enhanced monitoring systems, while also enforcing strict management of external contractors to reduce the risk of personal information leakage. We also conduct regular education and training programs for our officers and employees to raise awareness of the importance of protecting personal information.

Our Efforts to Raise Compliance Awareness

We set every November as "Compliance Month" when we distribute the president & CEO's message to executives and employees of "K" LINE and its Group companies to remind them of the importance of compliance. We also hold compliance e-learning training and compliance seminars featuring lecturers invited from outside the Company. As part of our stratified personnel training system, we conduct compliance training and hold seminars on individual themes (such as rules for insider trading and harassment prevention), as appropriate. In addition, we make materials available for reference by executives and employees at any time through 360°Compliance, an internal portal that compiles related internal rules and past compliance training materials, and implement ongoing efforts to raise awareness of compliance by distributing important compliance-related matters that require particular attention in a compliance newsletter, as appropriate.

Promotion and Reinforcement of Compliance

Tcompliance Certification

We obtained certification from the third-party certification body Tcompliance for its compliance framework in international commercial transactions.

Tcompliance Certification ID: TC3172-6090

Tcompliance is a nonprofit organization whose mission is to support multinational companies' compliance (legal compliance) activities and enhance transparency in international commerce. For more details, please see the link below.



[Tcompliance](#)

Tax Management

Our Global Compliance Policy stipulates that we comply with applicable tax-related laws and international rules, pay taxes appropriately, and ensure tax transparency. We try to keep good relations with the authorities and not to engage in abusive tax planning, such as the use of tax havens to evade taxes.

Related Data

		FY2022	FY2023	FY2024
Number of reports received via internal reporting system*	Reports	3	7	6
	Cases	0	0	0
Cost of fines, penalties or settlements in relation to bribery and corruption	Fines, penalties or settlements (thousand yen)	0	0	0
	Number of employees dismissed for misconduct	0	0	0
Number and percentage of participants attending compliance training	Number of participants	854	902	996
	Percentage of participants	97	99	100

* The total number of reports submitted through our internal reporting system, including those received by external specialists engaged by the Company. In FY2024, there were no reported cases that had a significant impact requiring public disclosure.

Supply Chain Management

Approach

Sustainable Procurement Policy and Supplier Sustainability Guidelines

The "K" LINE Group is working to build relationships of mutual trust and cooperation with our business partners as an indispensable partner in providing services that our customers trust and contributing to a sustainable society. To promote the sustainability in the entire supply chain in conjunction with our business partners, the "K" LINE Group has revised its Purchasing Policy (formulated in 2006) and CSR Guidelines for Supply Chain (formulated in 2016) to newly formulate Sustainable Procurement Policy and Supplier Sustainability Guidelines in August 2025 with approval from the management conference followed by the report to the Board of Directors.

The "K" LINE Group Companies Sustainable Procurement Policy

To provide our customers with trustworthy and reliable services in a sustainable manner, the support and cooperation from our business partners are essential. We thus strive to build mutual trust with our business partners so that we can coexist with each other in mutual prosperity.

► Sustainable Procurement Policy

To contribute to a sustainable society, "K" LINE Group will always transact business based on appropriate purchasing practices, as outlined below, and maintain a fair and sound relationship with our business partners.

1. Purchasing decisions will be made with opportunities provided fairly and the fair and impartial evaluation of not just the economic aspects of the matter, such as quality, cost and delivery, but also consideration of society and the environment.
2. Procurement activities will be conducted in compliance with laws, ordinances, social norms and business ethics and cooperative relationships based on mutual trust are established with business partners.
3. Procurement activities will be conducted duly considering sustainability and responsibilities to society, including respect for human rights, compliance with laws and regulations related to health and safety, and environmental preservation.
4. Transactions with business partners will be conducted in an appropriate manner for coexistence and co-prosperity throughout the supply chain. Sufficient consultation shall be conducted when determining transaction terms such as prices, including regular opportunities.
5. Information gained through the procurement process will be properly managed.

Supply Chain Management

In addition, we formulated the "K" LINE Group Companies Supplier Sustainability Guidelines to work together with our suppliers to realize sustainability across the entire supply chain.

The "K" LINE Group Companies Supplier Sustainability Guidelines

At the "K" LINE Group, we aspire to ensure that our business activities contribute to a sustainable society where people live well and prosperously. We cannot achieve this through our own efforts alone; the cooperation of our business partners is essential. The "K" LINE Group Companies Supplier Sustainability Guidelines (hereafter, "the Guidelines") describe various matters for building a sustainable society. We want to thank our business partners for their understanding of these various matters and their voluntary commitment to them.

► Scope of guidelines

The Guidelines apply to the following business partners with which the "K" LINE Group companies conduct business.

- Business partners involved in our sales activities
- Business partners involved in vessel navigation and cargo operation
- Business partners involved in ship management, repair, and dismantling
- Other Business partners providing products and services to the "K" LINE Group

► Matters that require business partners' efforts

1. Respect for human rights

The "K" LINE Group consistently respects human rights of all stakeholders involved in its business activities and strives to develop and improve safe and pleasant work environment for its employees to provide them with comfortable and affluent lives. We ask that our business partners comply with and take actions regarding the following points in the pursuit of business.

• Respect for the basic human rights of employees

Respect the basic human rights of employees and do not violate their rights.

• Abolition of forced labor and child labor

Conduct no forced or compulsory labor including overly long working hours for employees, strive to eliminate all forced labor including bonded labor, human trafficking, and slave labor, including any unintentional complicity in such activities, and work to effectively abolish child labor.

• Compliance with local applicable laws and regulations related to labor in each country and region

Comply with local applicable laws and regulations related to labor in each country and region and prevent violations of them. Respect freedom of association and collective bargaining of employees and obey the local laws and regulations in countries and regions where your business is operated.

• Equality in recruitment, employment and treatment

Strive for equal treatment of employees without discrimination on any grounds, including but not limited to nationality, race, ethnicity, gender, sexual orientation, gender identity, creed, religion or disability, in terms of recruitment, employment and worker treatment.

• Prevention of harassment

Strive to prevent all forms of harassment and other acts that harm the dignity of individuals, such as power harassment and sexual harassment.

• Maintain a safe and healthy workplace environment

Ensure the safety and health of employees and prevent overly long working hours, occupational accidents and diseases; strive to improve the workplace environment.

• Payment of decent wages

Pay employees decent wages, in compliance with local applicable wage laws and regulations, including but not limited to minimum wages and overtime compensation.

• Due consideration to the rights of community residents

Respect and give due consideration to the rights (including land, forest and water rights) of residents (including indigenous people) in the area where you conduct business activities. Ensure not to wrongfully infringe on the right of residents when using security guards at own facilities.

* Employees in this section include those on fixed-term employment and temporary staff as well.

Supply Chain Management

2. Compliance with laws, regulations and other social norms

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 business activities properly in good faith through fair, transparent, and free competition. In addition, the "K" LINE Group strives to comply with stricter requirements in case the contents of the laws and regulations differ from those of its policies and standards. In the process of providing services and products to the "K" LINE Group, we ask that our business partners comply with and take actions regarding the following points.

- **Compliance with laws, regulations and other social norms in each country and region**

Comply with relevant laws, regulations and other social norms in each country and region where you operate. Such laws and regulations include competition law, anti-corruption/bribery law, laws and regulations related to the protection of intellectual property and insider trading, laws and regulations concerning security trade control, laws on subcontracting, foreign exchange and foreign trade control law, personal information protection law, etc.

- **Elimination of fraud and improper gain**

Strive for honest and fair conduct in the operation of business and eliminate the acceptance of improper gain through bribery, fraud, anti-competitive practice and conflict of interest. Establish whistleblowing systems or similar for prevention and early detection of fraud, while ensuring thorough protection for the reporter and confidentiality of the reports.

- **Determining appropriate transaction terms with business partners**

Comply with relevant laws and regulations, engage in fair and free competition and appropriate transactions. Strive for mutual coexistence and co-prosperity by working to enhance additional values throughout the supply chain.

- **Protection and management of personal information**

Strictly manage personal information, customer information, and information related to privacy of stakeholders, such as customers, business partners, employees, etc. in accordance with laws, regulations and social norms.

- **Proper protection of intellectual property**

Respect the intellectual property of relevant parties and do not obtain or use it illegally or infringe on rights. In addition, ensure that transfer of technology and know-how is conducted in a manner that protects intellectual property rights.

- **Appropriate disclosure of corporate information**

Disclose facts and corporate information, including financial information, in a timely and appropriate manner, in accordance with relevant laws and regulations.

3. Providing safer and more optimized services

The "K" LINE Group prioritizes the safe operation of our vessels and the safety of our crew and cargo, and strives to provide higher quality, safer and more optimized services with a customer-first approach. In the process of providing services and products to the "K" LINE Group, we ask that our business partners comply with and take actions regarding the following points.

- **Ensuring safety in navigation and cargo operation**

Based on a companywide safety management system, internally disseminate policies on safety, educate and train employees, use facilities and equipment with full consideration for safety, and systematically take initiatives to ensure safety while continuously making improvements.

4. Efforts to address environmental issues

To realize a sustainable society, the "K" LINE Group recognizes that global environmental efforts are a key issue for all of humanity and that they are essential for both business activities and the existence of the company. Additionally, the "K" LINE Group is committed to proactively engaging in the development of a low-carbon and carbon-free transition of both "K" LINE itself and society. In the process of providing services and products to the "K" LINE Group, we ask that our business partners comply with and take actions regarding the following points.

- **Prevention of environmental pollution and reduction of environmental impact**

To preserve the global environment, give due consideration to and take proactive approaches in reducing and preventing the environmental impact and pollution of water, soil, atmosphere, etc., as well as noise emissions generated by your business activities.

- **Response to climate change issues and decarbonization**

Grasp greenhouse gas (GHG) emissions from your company and take measures to reduce them, as a response to climate change and decarbonization, urgent issues to be addressed.

- **Protection of biodiversity**

Recognize the risks that your business activities pose to biodiversity and take measures to reduce them.

- **Conservation of water resources**

Grasp the amount of water resources used, strive to reduce them, and take measures such as wastewater management to prevent pollution of water resources.

- **Reduction of waste and promotion of reuse/recycling**

Manage and reduce the total amount of waste, as well as strive to promote reuse and recycle to the extent possible.

Supply Chain Management

- **Reduction of resource and energy consumption, and use of renewable energy**

To protect limited resources and energy, give due consideration to and take proactive approaches in reducing the consumption of resources and energy necessary for the conduct of business, as well as promote use of renewable energy.

- **Proactive advice and proposals for reducing environmental impact related to the "K" LINE Group's business activities**

To preserve the global environment and protect resources and energy, be mindful of and offer proactive advice and proposals in reducing the environmental impact related to the business activities of our group.

- **Compliance with environmental treaties, laws and regulations**

Comply with environmental treaties, laws and regulations in each country and region where you conduct business, such as greenhouse gas and ballast water emissions, prevention of noise, water and soil pollution, and management of chemical substances.

5. Thorough risk management

The "K" LINE Group recognizes the various risks associated with its business activities and strives to thoroughly manage them to fulfill its responsibilities to society as a corporation. We ask that our business partners comply with and take actions regarding the following points.

- **Thorough information security and cyber security measures**

Strengthen the security of information systems and networks and thoroughly take measures against the threat of cyberattacks. Furthermore, commit to managing and protecting confidential information obtained through transactions with the "K" LINE Group and do not leak or reveal such information.

- **Establishment of emergency response capability and development of business continuity plans**

To prepare for a state of emergency, such as a serious accident, put in place an internal system and manuals and conduct adequate training so that needed measures can be taken appropriately and flexibly. In addition, develop business continuity plans in normal times and strive to improve our response capabilities in preparation for emergencies such as large-scale natural disasters and infectious diseases.

- **Prevention of money laundering and avoiding all relations with groups or individuals that may threaten social order and public safety**

Avoid all relations with groups and individuals (including those suspected of having such relations) that may threaten social order and public safety, take a resolute stand against unreasonable demands from them and completely reject those involved in money laundering and/or the financing of terrorism.

► Actions we expect our business partners to take

The matters above that we ask of you, our business partners, are not only actions for you to take by yourselves. We also ask you to thoroughly inform each of your suppliers of the Guidelines, appropriately request for compliance with them, and provide guidance as necessary. In addition, when deploying the Guidelines within your organization or your suppliers, we ask you to ensure that they are included in the internal control system and conduct proper management while raising the awareness of executives and employees. When the contents of the Guidelines differ from laws, regulations, or other rules and standards in the country where you conduct your business, we request you to follow the stricter requirements. The "K" LINE Group seeks to build relationships of mutual trust and cooperation with business partners by requesting them to act appropriately in accordance with the Guidelines. For this reason, we may ask for your cooperation in interviewing you to hear about the status and progress you are making, and we may provide guidance on making improvements if needed.

Supply Chain Management

Initiatives

Initiatives for Sustainable Procurement

We launched the following initiatives to ensure awareness of the "K" LINE Group Companies Sustainable Procurement Policy and Supplier Sustainability Guidelines (pp. 104–107) within the Group and among business partners.

- **Publication of a newsletter to increase awareness within "K" LINE and the "K" LINE Group**

Once every three months, we publish Sustainability News as a newsletter for all executives and employees at the head office and Group companies around the world. The aim is to spread knowledge and awareness of the concept of and the latest trends in sustainable procurement internally and at Group companies.

- **Implementation of the Self-Assessment Questionnaire, a questionnaire for business partners that uses a checklist**

In order to understand and assess the sustainability initiatives being undertaken by our suppliers, we began conducting a survey using our own checklist (Self-Assessment Questionnaire) in the second half of fiscal 2025. The purpose of this survey is to have our suppliers conduct a self-assessment on systems to promote sustainability and their implementation status. From fiscal 2026 onward, we plan to expand the scope of business partners subject to the survey and roll it out to Group companies in Japan and overseas.

- **Participation in activities of the Global Compact Network Japan (GCNJ) peer learning groups**

"K" LINE actively participates in the activities of the supply chain peer learning group, one of the theme-based peer learning groups at GCNJ, a local network in Japan related to the United Nations Global Compact (UNGC). In addition to gathering the latest information and exchanging information, we collaborate with other member companies to create educational tools for sustainable procurement and practical tools for managers of sustainable procurement. Moreover, "K" LINE serves as co-organizer of the peer learning group in fiscal 2025.

Stakeholder Engagement

Approach

Basic Policy

Since the "K" LINE Group conducts business activities around the world, it is essential to build good and solid relationships with various stakeholders, including shareholders and other investors, customers, business partners, employees, people in local communities, and global society. Through interactive communication with stakeholders, we strive continuously to meet the expectations and the needs of society and incorporate them into our business activities in order to fulfill our corporate social responsibility.

Additionally, as stated in chapter three of the Kawasaki Kisen Kaisha, Ltd., CORPORATE GOVERNANCE GUIDELINES (see p. 82), "in order to achieve its sustainable growth and help enhance its corporate value further, the Company shall endeavor to appropriately hold dialogue and cooperate with various stakeholders, including its employees, customers, business partners, creditors, and local communities, and to establish a corporate culture and climate where the rights and positions of such stakeholders are respected and sound business ethics are ensured."



Stakeholders	Basic Policy	Main Methods of Dialogue
Customers	Through dialogue, we identify customer needs, determine how to meet them, make proposals, and implement them, thereby striving to improve service quality.	<ul style="list-style-type: none"> • Sales activities • Visits to ships (cargo handling tours) • Hosting onboard tours
Shareholders and investors	We have adopted an IR policy designed to meet the expectations of our shareholders and investors. Under this policy, we strive to improve our corporate value further by properly disclosing corporate information on a timely basis and communicating with our shareholders and investors at briefings of every kind, for example.	<ul style="list-style-type: none"> • General meetings of shareholders • Financial results briefings • International and domestic IR and SR meetings • Small meetings • Business briefings and facility tours • IR for individual investors
Business partners	To provide our customers with trustworthy and reliable services, support and cooperation from our business partners are essential. By establishing relationships of mutual trust, we aim to coexist as indispensable partners in enhancing customer satisfaction.	<ul style="list-style-type: none"> • Safety Management Committee • Shipowners' meetings • Committee on group business management • Hosting onboard tours
Local communities and global society	As a global shipping company group, dialogue with local and international communities is essential in contributing to the sustainable development of society. Each company within the "K" LINE Group aims to become a trusted company by responding to social needs through communication with local communities at each operating base.	<ul style="list-style-type: none"> • Hosting various tours (onboard tours and training center tours) • Woodland conservation activities • Worldwide cleanup activities conforming with World Oceans Day • Voluntary cleanup activities at lunchtime in areas around offices • Participation in volunteer activities • Recovery support for areas affected by disaster • Dispatching lecturers for seminars and training sessions • Partnerships with local governments • Accepting students who visit the company
Employees	We respect the basic human rights of our employees and develop training programs to maximize the ability of each employee. We also strive to improve working environments to enable each employee to work vigorously and with a sense of safety.	<ul style="list-style-type: none"> • Employee evaluation interviews • Labor-management consultations • Mental health consultations with medical specialists at the clinic in the head office • Introduction of the EAP system to help employees access external counselors

Stakeholder Engagement

Related Data

Expenditure on Trade Associations and Social Contributions

(millions of yen)

Item	Fiscal Year		
	2022	2023	2024
Political associations*	3.3	3.3	2.6
Economic associations	0.0	0.0	0.0
Other associations	7.5	8.0	8.3
Social contributions (donations)	9.2 (9.2)	14.8 (14.8)	34.6 (34.6)
Total	20.0	26.1	45.5

* Expenditures to political organizations are made in compliance with the Political Funds Control Act and abide by appropriate internal procedures.

Results of Investor Relations (IR) Activities

Item	Unit	Fiscal Year		
		2022	2023	2024
Domestic IR and SR (shareholder relations)* ¹	Companies (persons)	110 (121)	130 (143)	140 (149)
Domestic IR and SR* ¹	Companies (persons)	135 (175)	175 (209)	247 (283)
Small meetings	Companies (persons)	96 (101)	64 (66)	97 (99)
Business briefings and site tours	Times	0	2	3
IR for private investors* ²	Times	2	2	3

*¹ Includes ESG Meetings since fiscal 2020

*² Includes an online session and a session for the persons in charge of sales in securities

Digital Transformation (DX)

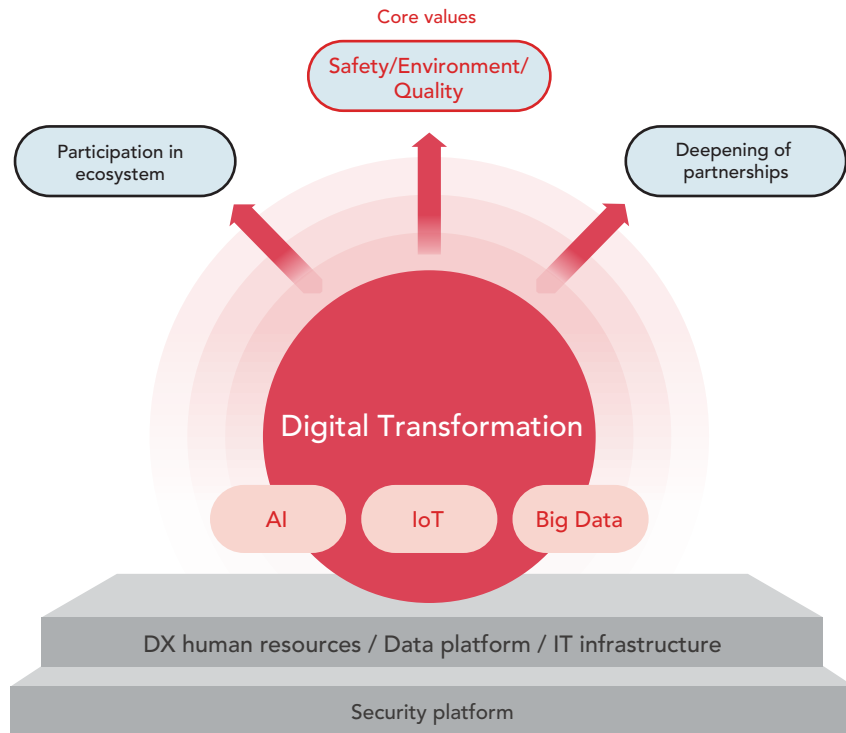
Approach

Outline of "K" LINE's DX Strategy

In its medium-term management plan unveiled in May 2022, the "K" LINE Group embarked on a path of transformation and evolution to increase the added value it offers in matching the unique needs of its customers, while refining the exclusive technologies and expertise of the Group. Under our DX Strategy,

we are executing strategies from five perspectives that we deem vital, and by dividing each strategy into three stages, we are committed to steadily advancing DX initiatives and honing our competitiveness. We will flexibly and promptly update our DX Strategy by monitoring the state of DX initiatives and changes in materialities.

Objectives through DX



"K" LINE constantly chosen by customers

Five perspectives—Specific initiatives—

DX ashore

- Promoting digitalization of business processes and improving service quality
- Flexibly responding to customer demands and social issues
- Providing new value

DX at sea

- Enhancing digitalization of vessels
- Advancing autonomous ship navigation technology
- Reducing crew workload and ensuring safe navigation

Data-driven DX

- Thorough collection of high-quality data and establishment of an infrastructure for its utilization
- Internal and external system linkage and data-driven decision-making
- Participation in an ecosystem that connects with customers and other companies

DX of human resources

- Development and company-wide improvement of DX human resources
- Top-down and cross-organizational promotion system and enhancement of initiatives originating from front lines
- IT/DX promotion across the Group

Security that supports DX

- Advanced security platform combining organization, technology, and people/culture
- Development of systems and policies to ensure day-to-day and reliable implementation of threat countermeasures
- Continuous security advancement

Digital Transformation (DX)

Under DX ashore, we are digitalizing business processes with the aim of visualizing information, such as cargo information and CO₂ emissions data, utilizing this data, and making our IT environments more resilient for DX in order to flexibly address changes in customer demands and social needs. We intend to further deepen our partnerships with customers by providing new value to customers while aiming to improve and homogenize service quality by leveraging data and digital technologies.

Under DX at sea, we are advancing the digitalization of onboard business processes and the collection and utilization of vessel data. With the goal of establishing automated control technology, we are using cutting-edge technologies, such as sensing technology, digital twins, and ship AI. Moreover, we are keen to enhance our management structure for ensuring safety in navigation by establishing a three-region global monitoring and navigation assistance system. We are also working on creating an environment where advanced data analysis can be performed onboard as well. We aim to further hone our autonomous vessel technologies in the future, while reducing the burden on crew members and maintaining safety in navigation by integrating accumulated expertise in safety in navigation over the years with advanced digital technologies, such as failure prediction and diagnostic technologies.

Under Data-driven DX, we are promoting the digitalization of business operations based on data utilization while also promoting the development and utilization of a data integration platform, leveraging the latest technologies such as generative AI. We aim to establish a system that enables data-driven, rapid decision-making, from management to the front lines, by building a framework for acquiring, analyzing, and utilizing not only our own data but also open-source data and data from other companies, as well as further deepen partnerships with customers and a variety of internal and external stakeholders through inter-company data collaboration and utilization to create new value for society and the maritime industry.

Under DX of human resources, we implement a digital talent training program aimed at clarifying and acquiring the skills and knowledge necessary for DX talent in our shipping company. We will strengthen the "DX leaders" who lead business transformation. We are also training the "DX utilizers" of 100 employees with the ability to formulate and promote plans utilizing data and digital technologies. Furthermore, we aim to develop "DX users" (all employees) who can utilize digital technologies to solve problems. Through these initiatives, we aim to improve the overall level and strengthen our competitiveness. We will strengthen our cross-organizational DX promotion structure centered on management and undertake bottom-up initiatives that focus on the front lines. We aim to create a co-creation system with stakeholders and advance IT/DX projects across the Group.

Under security that supports DX, we have updated the security roadmap created in 2021 and formulated a Security Roadmap 2.0. Security measures need to be implemented not just within the Company but the Group. We have therefore clarified responsibilities and roles across the Group and are building a security system that can respond accurately to cyber incidents. In addition to introducing technical measures that incorporate the latest technologies, we will promote DX with a safe, secure, stable, and resilient IT infrastructure through security training and awareness activities. We will continue to increase the advancement of our security management.

"K" LINE has been selected as a DX Certified Business Operator by the Ministry of Economy, Trade and Industry based on the DX certification system.

Promotion System

DX Promotion Structure

In March 2025, "K" LINE established the position of Chief Digital Information Officer (CDIO) to strengthen our DX promotion structure. At the same time, the Digitalization Strategy Group was reorganized into the Digital Strategy Group (DSG) and the IT & Process Transformation Group. In October, the team structure within the IT & Process Transformation Group was expanded from two to three teams, increasing personnel across the organization. By supporting the advancement of company-wide data-driven management and utilizing advanced technologies such as generative AI, while continuously implementing cross-functional business process improvements in response to increasingly diverse and sophisticated customer needs, we

are now able to promptly conduct the necessary surveys, research, proposals, promotion, and environmental maintenance for DX promotion.

In addition, we are promoting bottom-up, on-site-driven DX through DX training for all employees and concrete DX projects spanning both sea-based and shore-based operations. Furthermore, starting in fiscal 2025, "K" LINE launched digital strategy sessions comprising all Group leaders, accelerating DX promotion by strengthening top-down, middle-up-down, and bottom-up approaches.

Digital Transformation (DX)

Initiatives

Strengthening DX Initiatives across All Divisions

In 2022, DX leaders were appointed in each internal department. In addition to leading DX promotion, DX leaders are responsible for generating ideas via brainstorming sessions ("K" LINE D+ Salon) that take on a company-wide perspective. Through these efforts, each division is moving forward with several demonstration tests in parallel, and some ideas are already in the development stage for advancing new services. We will continue to promote the creation of value in our services and business by exchanging a variety of ideas across each of our divisions. With more than 160 employees having participated in this brainstorming session, we anticipate that this will go beyond the ideas themselves, that the process of creating and discussing ideas will help foster a mindset of taking on challenges without the fear of failure and play a role in cultivating our corporate culture.

Strengthening Our Efforts with External Partners

The DSG, along with "K" Line Business Systems Co., Ltd., the Group's body of IT professionals, is driving the Group's IT and digitalization with a focus on the Company's core business systems. In the rapidly changing digital world, however, although we have expert personnel skilled in integrated logistics operations, implementing the latest technologies entirely within our own group of companies can be problematic and is not always the optimal choice.

We maintain a flexible structure that allows us to receive support from outside professionals in specialized fields and to occasionally collaborate with them as project members. In addition to the area of business, we are promoting collaborative research with academic groups and individuals. We are working diligently in cooperation with a wide range of external partners not only in pursuit of profits for the Company but also in our endeavors to resolve social issues in the maritime and logistics industries.

Information Security

Approach

The Group takes measures to ensure and improve information security in order to provide safe and secure marine transportation and logistics services as a logistics infrastructure supporting global economic activities.

Promotion System

As cyber security measures, from the perspectives of strengthening IT governance, enhancing authentication levels, and preventing malware and information leakage, the Company has categorized issues into: (1) identification of assets to be protected, (2) automated defense, (3) detection of attacks not automatically defended against, (4) response in the event of an attack, and (5) recovery activities, and is comprehensively implementing various measures. Through these efforts, we have established an organization capable of appropriately responding to cyber incidents worldwide.

Initiatives

In 2021, "K" LINE formulated a plan for security measures and has been continuously strengthening them since. As the measures in the initial plan have largely been completed, and in response to recent technological innovation and the emergence of new services, we reviewed our security measures and upgraded the plan in 2024 to further strengthen them. Specifically, the following initiatives are being implemented.

Security BCP

"K" LINE has established procedures for responding to system failures in the event of a cyberattack and prepared manuals to minimize recovery time. Initial response manuals for the CSIRT have also been developed, strengthening the organization so that rapid and comprehensive action can be taken in emergencies.

Security Education

Through twice-yearly e-learning programs and phishing email drills, we conduct continuous security education and awareness-raising activities, aiming to enhance the awareness and response capabilities of Group executives and employees.

Initiatives for Group Companies Domestic and Overseas

"K" LINE distributes its prescribed security standards to domestic and overseas Group companies and promotes strengthening efforts. Each company conducts security self-assessments, and strengthening initiatives are implemented sequentially, starting with priority items and locations.

The aforementioned security education and CSIRT initiatives are undertaken not only by the Company but also jointly with domestic and overseas Group companies, with the entire "K" LINE Group working to enhance security.

Onboard Security Initiatives

Since 2020, the Company has rolled out the K Line Ship Cyber Security Guidelines to ship management companies and has worked to enhance vessel security.

While security initiatives for shore-based and onboard operations had previously been conducted separately, as of this fiscal year, these functions have been consolidated into the IT & Transformation Group, and initiatives pursuing synergies between ship and shore have commenced. As a first step in these efforts, we have begun visualizing risks and formulating plans to further strengthen onboard security.

Promotion of Innovation

Approach

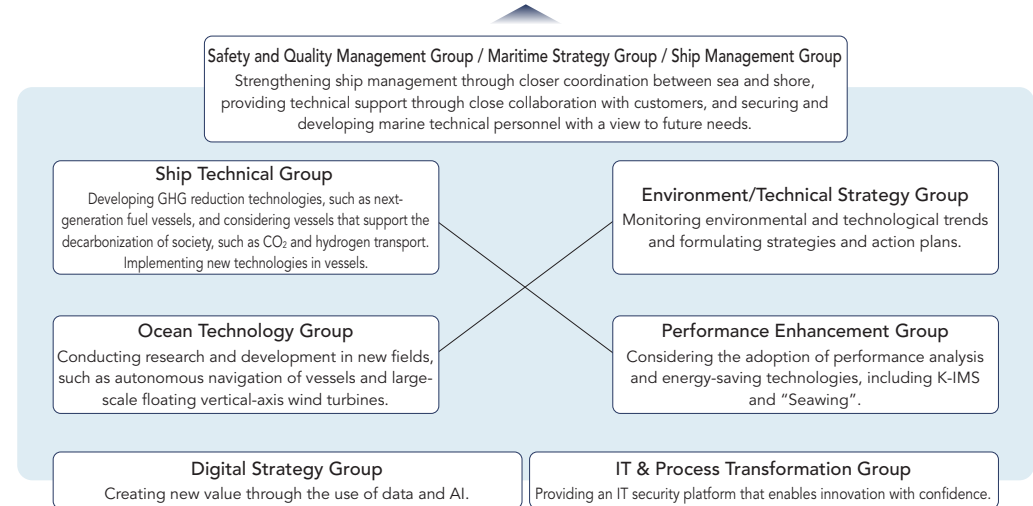
The "K" LINE Group is strengthening three key functions: Safety & Ship Quality Management, Enhancement of Environment & Technology, and Digital Transformation, and integrating them with our businesses to expand the areas where these functions can be applied. In Safety & Ship Quality Management, we are further enhancing our high level of maritime and technical expertise through the recruitment, development, and reinforcement of seafarers. By refining these maritime and technical capabilities, we will expand into areas such as operating environmentally friendly vessels and handling high-difficulty cargoes, including new fuels. In Enhancement of Environment & Technology, while thoroughly working to reduce energy consumption, we are introducing LNG-fueled vessels and are now

studying the introduction of next-generation zero-emission vessels following LNG. We anticipate that demand for decarbonization from society and customers will continue to increase over the long term. By contributing to the development of new fuel supply chains, we aim to provide the added value that our customers seek. In digital transformation (DX), we are pursuing added value creation by advancing both the use of data unique to the shipping industry—such as for vessel operations and cargo stowage—and CO₂ reduction management. Furthermore, by fully promoting digitalization and efficiency through the use of AI and other tools, we aim to expand and create new business value, enhance competitiveness, and further advance data-driven management.

Promotion System

To achieve sustainable business growth, "K" LINE is strengthening three functions: Safety & Ship Quality Management, Enhancement of Environment & Technology, and Digital Transformation. In Enhancement of Environment & Technology, the Environment/Technical Strategy Group, Ship Technical Group, Ocean Technology Group, and Performance Enhancement Group are taking the lead in research, development, and operations. The Environment/Technical Strategy Group monitors trends in environmental and technological fields and refines our strategies accordingly. The Ship Technical Group is engaged in research and development of marine transportation services using alternative fuels such as ammonia and hydrogen, as well as CO₂ capture technologies. In April 2025, we also established the Front Engineering Team, which is developing services to support GHG reduction, such as CO₂ and hydrogen transport. The Ocean Technology Group is focusing on uncharted areas, including the development of autonomous vessels, large-scale floating vertical-axis wind turbines, and building CO₂ value chains. The Performance Enhancement Group is working to improve energy efficiency in operations using vessel operation data and AI analysis technology. These initiatives are made possible by "K" LINE's advanced maritime and technical expertise and contribute to the realization of a sustainable society. These groups work in collaboration with the Safety and Quality Management Group, Maritime Strategy Group, and Ship Management Group (responsible for Safety & Ship Quality Management), as well as the Digital Strategy Group and IT & Process Transformation Group (responsible for DX), to drive innovation that enhances corporate value. By utilizing digital technology and data analysis, we are able to improve operational efficiency and respond flexibly to customer needs, strengthening our competitiveness. We will continue to engage in the latest technology and research and development to flexibly adapt to changing market environments and achieve sustainable growth.

Contributing to the realization of a sustainable society



Promotion of Innovation

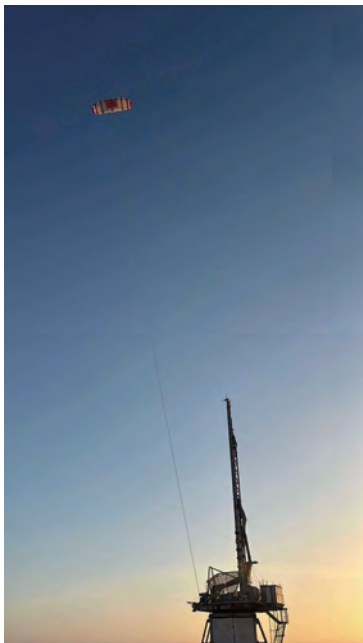
Initiatives

Installation of "Seawing", the Automated Kite System That Harnesses Natural Energy

"Seawing" is a wind-assisted propulsion system that utilizes wind force to gain traction by deploying a large kite that is attached to the bow of a vessel. "Seawing" aims to reduce GHG emissions associated with ship operation by capturing strong, stable winds at an altitude of about 300 meters and utilizing them for propulsion. Phase one of the development of "Seawing" by OCEANICWING S.A.S (OCEANICWING), a subsidiary of "K" LINE in France, was successfully completed in June 2025. In phase one of the development of "Seawing", OCEANICWING verified the tensile strength and performance of "Seawing" system using a 300 m² kite at a land test site. OCEANICWING has confirmed the results of these tests have been good. To move forward with the development and practical application of "Seawing", OCEANICWING commenced phase two of its development in July 2025. In phase two of the development of "Seawing", OCEANICWING plans to increase the size of the kite and verify the tensile strength, reliability, operability and safety of "Seawing" system at the land test site, looking ahead to the shipboard use of the system. Additionally, OCEANICWING will conduct offshore demonstration experiments on a large bulk carrier owned and operated by "K" LINE. A feature of "Seawing" is that its operation is fully automated, from deployment of

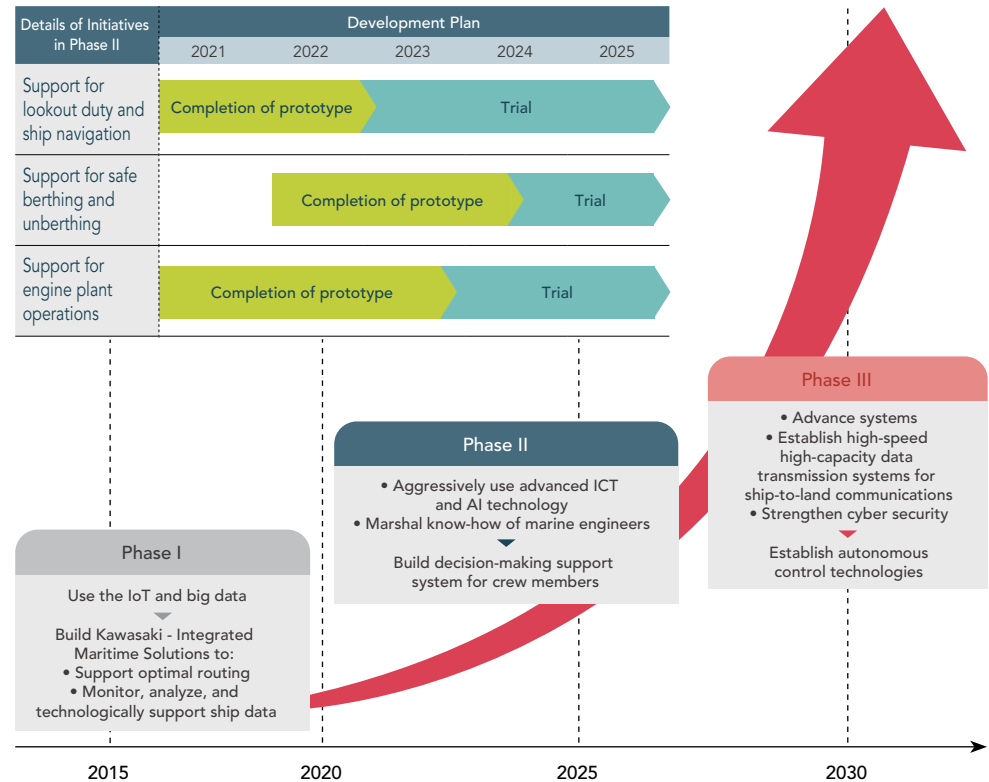
the kite and flight management to storage after use. Furthermore, since the kite is operated with a simple button on the bridge, it places almost no additional burden on ship crew members. Another feature is "Seawing"'s high flexibility in terms of the types of vessels it can be installed on, which even extends to ships already in service.

Compared with vessels fueled by conventional heavy oil, we expect to reduce GHG emissions by more than 10% on average on JPN-AUS routes for large bulk carriers, and this depends on the route and vessel speed. The maritime shipping business as a whole is 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 to reduce GHG emissions without waiting for the development of such supply networks. In addition, by reducing fuel consumption not only for heavy oil but also for alternative fuels, "Seawing" also contributes to lower fuel costs.



"K"-Assist Project

The K-Assist Project is a technology development project related to automated ship operation. It covers support for lookout and ship navigation, as well as support for engine plant operations. The "K" LINE Group is advancing developments that will lead to their practical realization in the future by incorporating knowledge and technologies from not only the marine transportation and shipbuilding industries, but also other industries. In order to realize advanced safety and quality that the "power of people" alone cannot achieve, we are actively utilizing AI and other cutting-edge technologies while advancing IT/DX on ships.



Promotion of Innovation

Kawasaki - Integrated Maritime Solutions

"K" LINE utilizes Kawasaki - Integrated Maritime Solutions (an integrated vessel operation and performance management system) to implement and improve safe and economic navigation of vessels in operation and to observe environmental preservation. This comprehensive system, which was developed in association with the Kawasaki Heavy Industries Group, integrates a ship performance analysis system that evaluates the performance degradation of individual and fleet of vessels, and an optimal navigation system that calculates and recommends safe and fuel-efficient routes based on the latest meteorological data and actual ocean performance analysis models for each vessel, with a data collection and monitoring system at the core.

Furthermore, from 2021, we have been expanding installation on medium- to long-term charter vessels. Kawasaki - Integrated Maritime Solutions has been installed on approximately 200 vessels, including owned vessels and charter vessels. The navigation data collected from each vessel is shared through a common platform on the cloud, with the vessel owner, management companies and related departments within "K" LINE, with the aim of grasping the operating conditions in real time and further advancing the operational management of the vessel.

By combining operational data with AI, propulsion performance can now be evaluated with high precision for each vessel, and in response to the CII rating system that began in 2023, fuel efficiency ratings can also be predicted, enabling efficient vessel deployment and operation while maintaining optimal ratings.

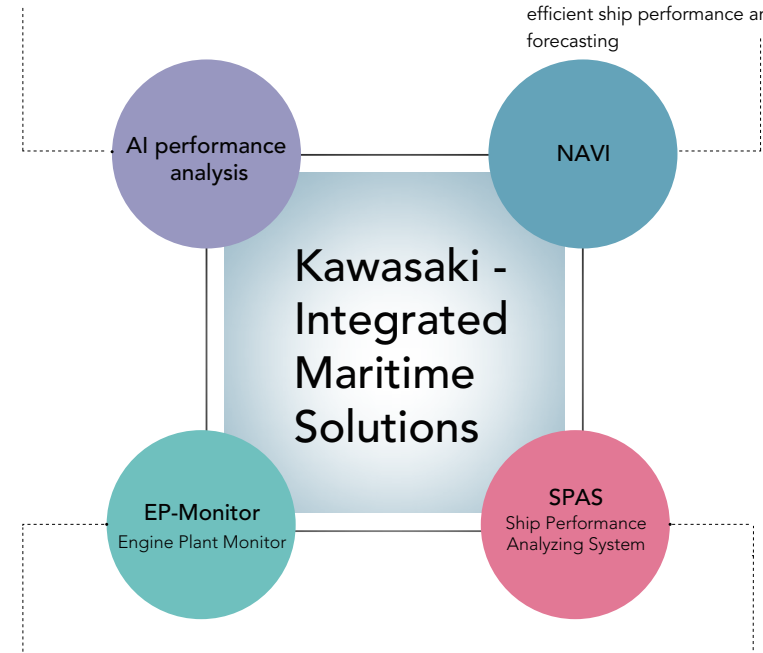
Kawasaki - Integrated Maritime Solutions (Integrated Vessel Operation and Performance Management System) Structure

AI-driven performance analysis system

Accurate, rapid, and high-precision performance analysis using big data and AI technologies

Optimal navigation system

Optimal route calculation for safety and minimum fuel consumption with highly efficient ship performance and weather forecasting



Ship data automated collection system

Automatic data transfer and collection of high volumes of data and monitoring both on- and off-vessel

Electronic AB LOG

Collection of data necessary for vessel operation management



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