

July 2022

# **“K” LINE Sustainability News**

Corporate Sustainability Team  
Corporate Sustainability, Environment  
Management, IR and Communication Group  
Kawasaki Kisen Kaisha, Ltd.



## Articles

### ■ (1) Inclusion in ESG indices

(FTSE4Good/SOMPO Sustainability Index)

### ■ (2) Holding of “K” LINE Group Environmental Awards 2022 Ceremony

### ■ (3) Reviewing the “K” Line Group’s “Materiality”

(Important Sustainability Issues)

### ■ (4) [Request for Cooperation] Quick Survey on “Materiality”



## **(1) Inclusion in ESG indices**

# (1) Inclusion in ESG indices : FTSE4Good

“FTSE4Good Index Series” is an index developed by FTSE Russell, wholly owned subsidiary of London Stock Exchange Group, whose constituents are selected by measuring their performance in terms of management and information disclosure utilizing globally-recognized Environmental, Social and Governance (ESG) standards.

“K” Line was selected as the component of this index for the first time in two years. In the meantime, “K” Line was also selected for “FTSE Blossom Japan Index” for six years in a row since the index was launched in 2017.

FTSE Blossom Japan Index reflects the performance of Japanese companies that demonstrate strong ESG practices. This index has been adopted as a benchmark of ESG investing by Government Pension Investment Fund (GPIF) in Japan.

FTSE’s ESG Ratings are calculated by evaluating each company’s efforts as well as information disclosure on themes in environmental, social and governance aspects that are of high relevance with each industry. Below is a comparison table of “K” Line’s rating with other companies in the maritime industry as well as other Japanese companies.

Category	Theme	K Line's Rating	Sub-sector Average	Japanese Companies' Average
<b>Over All Rating</b>		<b>3.3</b>	<b>2.6</b>	<b>2.2</b>
<b>Environment Score</b>		3.5	2.1	1.9
	Pollution & Resources	4	2.1	2.3
	Climate Change	3	1.9	1.4
<b>Social Score</b>		2.7	2.3	1.8
	Labour Standards	3	2.1	1.9
	Health & Safety	2	2.4	1.5
	Human Rights & Community	3	2.2	2.0
<b>Governance Score</b>		3.5	3.7	3.1
	Corporate Governance	4	4.1	3.7
	Anti-Corruption	3	3.4	2.4



FTSE4Good

## (1) Inclusion in ESG indices : SOMPO Sustainability Index

“K” Line was selected as the component of SOMPO Sustainability Index in June this year which is managed by Sompo Asset Management Co., Ltd. “K” Line was selected as the component of this index for the first time in three years since 2019.

The SOMPO Sustainability Index was launched in 2012 consisting of 300 stocks that excel in ESG (Environmental, Social, and Governance). The SOMPO Sustainability Index is used in the construction of SOMPO Asset Management's "Sustainable Management" portfolio.

The index is managed with a long-term investment orientation and has been adopted by several pension funds and institutional investors.

	“K” Line’s Score	Highest Score	Average Score
ESG Total Score	206.7/300	247.9	170.8
Environment	79.2/100	93.3	59.7
Social	63.9/100	90.4	56.3
Governance	63.6/100	83.4	54.8





## **(2) Holding of “K” LINE Group Environmental Awards 2022 Ceremony**

## (2) Holding of “K” LINE Group Environmental Awards 2022 Ceremony

“K” LINE Group Environmental Awards 2022 Ceremony held on June 6th, 2022.

The awards were established to honor and give recognition to outstanding environmental-preservation-contributive activities undertaken by both executives and employees working throughout the “K” LINE Group according to the direction developed in “K” LINE Environmental Vision 2050. This year marks the 8th awards since establishment of the awards in 2015, and we also have accepted many entries from our group companies both in Japan and overseas. Activities of five companies — one “Grand Award”, three “Excellence Award” and one “Special Award” — have received the awards from our President and CEO, Yukikazu Myochin



Greetings from the President



Grand Award (KL Chile/Peru)



All prize-winner

**“K” LINE Group Environmental Awards 2022 Ceremony**  
[Click hear for the Press Release](#)

## (2) Holding of "K" LINE Group Environmental Awards 2022 Ceremony

### Grand Award

**Painting Contest on the theme of clean oceans - Let's think together about the preservation of our irreplaceable oceans!**

#### "K"LINE CHILE, LTDA. / "K" Line Peru S.A.C.

A painting contest by school children was held on the theme of the sea and the environment. The winning works were used as illustrations for the commemorative calendars for the 50th anniversary of "K" LINE CHILE, LTDA. and K Line Peru S.A.C. Teachers commented that the event provided an opportunity for the children to think about ocean environment conservation. They appreciated the fact that the children could participate in this activity at home amidst the COVID19 that still continues.

(The works are posted on the website below.)

"K" LINE CHILE, LTDA. Home Page :

<https://www.kline-chile.com/dgn-activity>

"K" Line Peru S.A.C. Home Page :

<https://www.kline-peru.com/dgnactivity>



Poster



Illustrations



Calendar

#### **(Excellence Award)**

#### **Reduce CO2 Emission by ECO Driving training**

Bangkok Marine Enterprises Ltd.

#### **Cost-reduced bike leasing through company frame contract**

"K" Line (Deutschland) GmbH

#### **Diminishing CO2 Emission by Reducing Garbage Disposal Charge Through Effective Compacting**

M/V CAPE BROLGA

#### **(Special Award) "K" Line Pte Ltd**



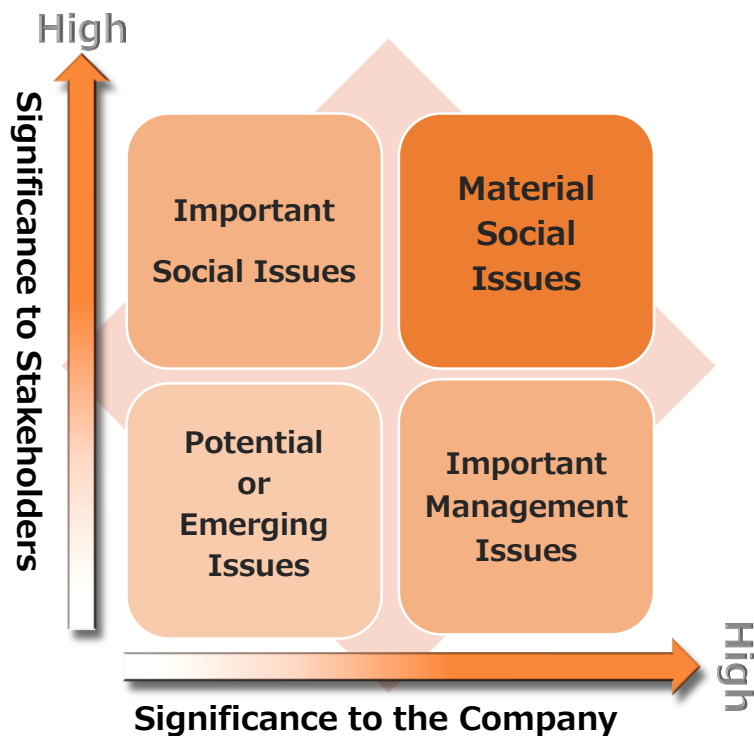


**(3) Reviewing the “K” Line Group’s “Materiality”  
(Important Sustainability Issues)**

### (3) Reviewing the “K” Line Group’s “Materiality” (Important Sustainability Issues)

“Materiality” refers to sustainability issues related to activities of companies that may potentially bring significant economic, environmental, and social impacts, and are identified as important. Companies are required to address materiality by assessing the degree of impacts of their activities, taking opinions from stakeholders into consideration, and by setting priorities for each material issue.

#### Sustainable Value Matrix



In selecting materiality, we identify social issues listed in SDGs, etc., that are highly relevant to our value chain, and evaluate them based on two axes: importance to our stakeholders and importance to the company. As a result, those issues that are positioned as the most important are designated as "materiality".

**1) Example of the way of thinking about the importance to our stakeholders.**

- Whether the company is fulfilling its social responsibilities with an awareness as a party that constitutes society?
- Whether the company is contributing to the enhancement of consumer value and the creation of a better society?
- Whether the company is addressing the social issues that it is expected to solve?

**2) Example of the way of thinking about the importance to company.**

- Is the issue likely to make a significant contribution to revenue-generating?
- Can the issue be a threat to revenue-generating?

(Eccles, Robert G., and Michael P. Krzus. The Integrated Reporting Movement: Meaning, Momentum, Motives, and Materiality. John Wiley & Sons, 2014.)

### (3) Reviewing the “K” Line Group’s “Materiality” (Important Sustainability Issues)

In 2014, “K” Line Group identified the following 12 themes as "Materiality" taking advices from external experts and inputs from relevant stakeholders into consideration, and through discussion in CSR Sub-Committee (currently Sustainability Sub-Committee) and CSR & Environmental Committee (currently Corporate Sustainability Management Committee). In light of the significant changes in the business environment and social landscape in the eight years, and taking the opportunity that our Corporate Principle, Vision, and Values the “K” LINE Group prizes were updated in May of this year, we are currently in the process of reviewing the materiality. The new materiality is planned to be announced in the second half of this fiscal year.

Priority Themes/Material Issues	Key Initiatives	Related SDGs
Corporate governance	Increase in the number of outside directors	
Stakeholder engagement	Engagement in Investor relations in Japan and overseas, Open Dialogue with NPOs and NGOs	
Environmental preservation	Formulation of Environmental Vision, environmental technology research	
Safety in navigation and cargo operations	Large-Scale Accident Response Drills	
Human rights	Formulation of “K”Line Group Basic Policy on Human Rights / Harassment Seminar	
Labor practices	Reduction of overtime work, health management	
Risk management	Advanced risk management, BCP response training	
Compliance	Establishment of Global Compliance Policy	
Human resource development	Shipping Practical Training / Position-based Training	
Innovation	DRIVE GREEN PROJECT The Seawing automated kite system	
Community involvement and development	Volunteers, free ocean transportation	
Employment Creation and skills development	Maritime Human Resources Internship	



## **(4) [Request for Cooperation] Quick Survey on "Materiality"**

# (4)[Request for Cooperation] Quick Survey on "Materiality"

English (United States) ▾

## Quick Survey on "Materiality" (Important Sustainability Issues)

"Materiality" refers to sustainability issues related to activities of companies that may potentially bring significant economic, environmental, and social impacts, and are identified as important. Companies are required to address materiality by assessing the degree of impacts of their activities, taking opinions from stakeholders into consideration, and by setting priorities for each material issue.

"K" Line Group identified and announced its Materiality in 2014. In light of the significant changes in the business environment and social landscape in the eight years, and taking the opportunity that our Corporate Principle, Vision, and Values the "K" LINE Group prizes were updated in May of this year, we are currently in the process of reviewing the materiality.

As part of this process, we conduct a survey this time to incorporate the opinions from executives and employees of "K" Line Group, as important stakeholders.

The following is a list of issues (51 items in total) that we believe are relevant to our business activities, extracted from the list of social issues mentioned in the goals and targets of the Sustainable Development Goals (SDGs) promoted by the United Nations and the Global Risk Report compiled by the World Economic Forum.

Please select items up to 10 out of those 51 from each of two perspectives, i.e. important items for the company and those for yourselves (as stakeholders for the "K" Line Group).

If you have any questions, please contact the Corporate Sustainability Team, Corporate Sustainability, Environmental Management, IR and Communication Group at [kjityosus@jp.kline.com](mailto:kjityosus@jp.kline.com).

...

\* Required

1. Gender \*

Female

Male

Non-binary

Prefer not to say

2. Age \*

20s

30s

40s

50s

over 60s

3. Please select 10 items from the list below that you consider the "K" Line Group should address with the highest priorities, in terms of those where the Group's business activities have the largest impact on the economy, environment, and society. (Significance for the "K" Line Group) \*

Workplace environment (1): Better support for expectant mothers (shorter working hours during pregnancy, permitting absence during working hours for medical appointments, prenatal/postnatal leave, etc.)

Workplace environment (2): Childcare support (supportive programs for parents of young children)

Workplace environment (3): Facilitating domestic responsibility sharing by couples (reducing the traditional burden on female spouses (including support for long-term home care providers))

As we announced and requested on 22<sup>nd</sup> July, as a part of process in reviewing the materiality, we are currently conducting a quick survey to incorporate the opinions from executives and employees of "K" Line Group, as important stakeholders.

We appreciate your kind cooperation with our survey from the following forms.

[Click here to access Survey Form](#)  
( It may take about 7 min to complete )