



株式会社 同和ライン

DOWA LINE CO., LTD.

Sustainability Report 2022





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1. Highlights from 2021



35 vessels

Vessels in operation



5.89 years

Average age of vessels



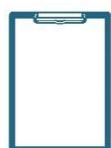
774,894 tons

Total Deadweight



1,414,268 NM

Distance sailed



1

No. of serious accidents



245,273 tons

CO2 emissions



93.8%

Waste recycling rate in the office



100%

Green energy used in our buildings



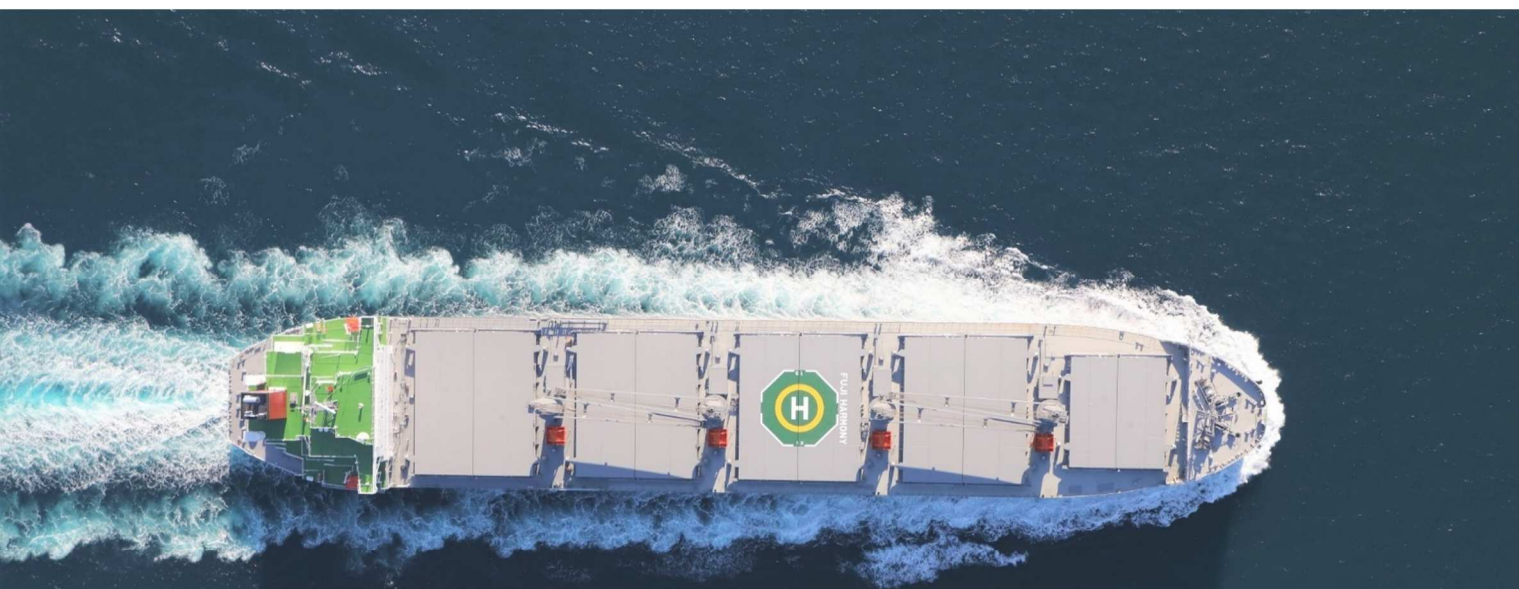
6

Employees taking childcare leave



7

Cases of special child allowance to employees for the first and second childbirth



- ✓ Number of vessels in operation, average vessel age, deadweight tonnage, and percentage of renewable energy use as of May 2022
- ✓ a "serious accident" refers to an accident classified as the five major perils (sinking, stranding, grounding, fire, collision) with rescue and repair costs exceeding USD 30,000.
- ✓ CO2 emissions and distance travelled from January 2021 to December 2021
- ✓ Waste recycling rate and number of first and second childbirth gifts awarded from April 2021 to March 2022

2. Introduction from the President

Always with a Vision Ahead

DOWA LINE SUSTAINABILITY

I want our company to always seek a fresh vision for future, in its course developing our business, making our employees and their families happy, and contributing to society to the utmost.

Maritime industry is said to be subject to extremely volatile market conditions. Our company celebrates 65 years in business this year. In the midst of the restructuring of the maritime industry in Japan and around the world, I am confident that all executives and employees have embraced the same vision and motivation for sustainable management, supported by our corporate management skills as an independent shipping company. This is what we call "the voyage toward the blue ocean." In order to realize sustainable management in such a "voyage", we must aim to realize our vision while being fully responsible to society with "ESG: Environment (E), Society (S), and Governance (G)" concept as our compass.

Our company is engaged in the shipping business in the Americas, Latin America, and the Caribbean. We strive for growth as an "indispensable shipping company" for the people of the Americas, Latin America, and the Caribbean, and contribute to economic activities and society in those regions. Toward this end, we will take the initiative in protecting the marine environment and manage our business in compliance with the laws and regulations not only of Japan and the United States but also of various other countries and international laws as necessary. Our US subsidiary, Dowa Line America, celebrates its 40th anniversary and in addition to shipping business it has expanded into the marine environmental business, including engineering, repair, store supply, and maintenance of equipment protecting marine environment. We newly constructed a 25,000sqft warehouse and office in Houston, Texas, U.S. and established a service company of repairing and maintenance for not only Japanese marine equipment



With the increasing strictness of marine environmental regulations, we will put all our effort into becoming an "indispensable marine service engineering company" in Houston that can provide maintenance services of marine environmental equipment to vessels calling in the US, as one of our sustainable businesses.

For the real estate business, in this country prone to earthquakes, we are focusing on disaster resilience. The DLX BUILDING, an office building constructed in 2016 in Nishi-Shinbashi, Uchisaiwai-cho, Minato-ku, is a seismically-isolated building equipped with a disaster supply warehouse. In the future, we will construct a comprehensive building complex on the same site as our head office and grow our real estate business, a business that can contribute to society.

My belief is that the essential step to SDGs (Sustainable Development Goals) is seeking what we can have in common -- the world, a country, a company, and an individual. We hope that, through our sincere efforts in meeting the international goals set by the International Maritime Organization, we will be recognized as an "indispensable shipping company" having significance in socio-economic activities.

In 2021, we have established the SDGs Action Policy as a new compass for sustainable management in "the voyage toward the blue ocean", and hereby publishes our first Sustainability Report in June 2022. In addition to "Environment (E)," our SDGs Committee has set targets for "Safety (S)" and "People (P)." In the area of "Safety," we aim to eliminate all serious marine accidents, and are making full use of the most advanced communication equipment available today to ensure safe navigation both onshore and offshore. In the area of "People," we actively provide our employees with opportunities to participate in various external training programs. We have been sending our employees to the Marine Technical College since 2010 and to Pontificia Universidad Católica de Chile in South America for Spanish language training since 2014, focusing on the development of ship engineers and talent who can communicate freely in Latin America and the Caribbean. In addition, since 2022, we have established a system that provides up to 500,000 yen in rewards to those who acquire official qualifications, targeting approximately 50 different areas, as a measure to encourage self-development.

We will share and realize the vision in each of our three businesses - shipping, real estate, and marine equipment service - and build a robust and strong financial structure in our highly volatile shipping business to become the strongest shipping company in the world through sustainable management.



3. About Us

Since our establishment as a domestic vessel operator in 1957, Dowa Line has developed into a Caribbean and Latin American operator with an operating base in New York, after our experience of operation in Taiwan and Southeast Asia.

Currently, we provide cargo transportation services by 7,700DWT/16,000DWT/40,000DWT type bulk carriers mainly in North, Central, and South America and the Caribbean. We have been entrusted with many voyages by major grain corporations such as Cargill, Louis Dreyfus, and ADM, which have various export bases in the southern US. In addition to grain, we also transport fertilizers, salt, sugar, steel, nonferrous metals, ores, and many other types of cargoes. The letter D on red background, our funnel mark, is widely recognized by almost every charterer in the Caribbean area.

In addition to our origin of shipping business, we are also engaged in real estate and marine supply & engineering businesses. In the real estate business, we manage condominiums as well as our own building, the DLX Building. In the marine supply & engineering business, we supply ship's store, conduct various inspections of safety equipment, provide after-sales service for ballast water treatment equipment, and repair ship's equipment.



4. Our Vessels

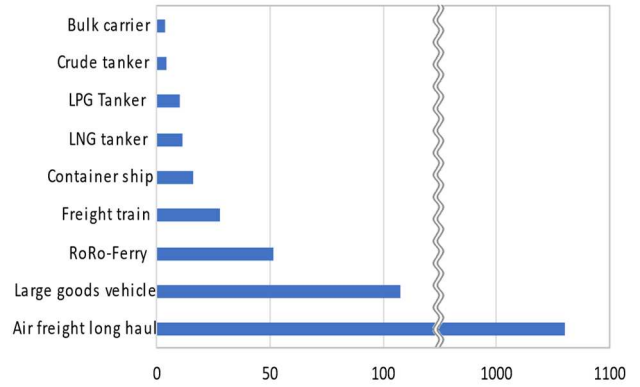
Dowa Line is making every effort to preempt global efforts in addressing critical environmental issues, including emission control.

In response to marine pollution caused by ballast water, we began installing ballast water treatment system on our fleets even before the Ballast Water Management Convention was concluded. By 2017, when the Convention was to take effect, all of our vessels in operation were already equipped with treatment systems.

In addition, while bulk carriers have a lower environmental impact than other modes of transportation in terms of greenhouse gases (see the graph on the right), we began adopting NOx Tier III compliant equipment ahead of regulations, which have even lower environmental impact, and all vessels now use low sulfur fuel.

In this way, Dowa Line has taken the initiative in responding to the environment surrounding the maritime industry with an awareness of the challenges, and by differentiating itself from its competitors early on.

Global average emissions
(Grammes CO2e per tonne km)



(Source: Created by Dowa Line based on GOV.UK

“Greenhouse gas reporting: conversion factors 2021.”



5. SDGs in Dow Line



Basic Concept

- We recognize that realizing a sustainable future is the basis for corporate development, and we will create new value for society at large.
- Through our business, we provide necessary services to society and strive for sustainable economic growth and solutions to social issues.
- We will always have the courage to sail toward the blue ocean and steer our business in harmony with like-minded people.

SDGs Action Policy

- In the shipping business, we will work to preserve the global and marine environment by ensuring the safe operation of our vessels.
- In the real estate business, we will work to create a disaster-resistant, environmentally and people-friendly city by thoroughly implementing earthquake-resistant, energy-saving, energy-recycling, and barrier-free measures.
- In addition to compliance with safety/environmental laws and regulations, we will regularly set and apply voluntary targets related to SDGs.
- We will strive to minimize our environmental impact to the greatest extent possible through the use of environmentally safe products, technologies, and services.
- We will proactively endeavor to save energy and resources, reduce waste, and recycle.
- We will raise awareness of the SDGs among all employees through internal education and publicity, and translate this awareness into action.
- We will enhance the abilities of each employee, respect diversity, personality, and individuality, and create a comfortable work environment with good health and safety ensured.
- We will ensure organizational crisis management to prepare ourselves against the actions of antisocial forces that threaten corporate activities, including terrorism, cyberattacks, natural disasters, and other emergencies.

6. Target Setting & Monitoring

Identification of Social Issues

- Organize the SDGs Team consisting of representatives from all divisions of Dowa Line to identify the globally common social issues that we must address in the course of business development.
- List up key targets to solve social issues in accordance with SDGs guidelines.

Identification of Priority Social Issues

- Narrow down the targets based on the opinions of external experts such as the Britannia P&I CLUB
- Categorize the targets into the three categories of "Environment," "Safety," and "People," which are of utmost importance to a shipping company. Set target values on the prioritized goals.

Selection of SDG Activity Targets

- Confirm consistency between the 17 goals of the SDGs and the key targets developed in Step 2.
- Set the targets related to **"Environment," "Safety," and "People"** as our materiality upon approval from the Board of Directors.

Process

SDGs committee members were selected from each department to discuss how our unique business model fits into the SDGs framework as we work towards the SDGs.

Our shipping business is based on a business model that specializes in chartering (handling cargo transport contracts), operation, (managing ship operations), and technical management (with a history of construction of more than 150 new vessels since the founding). Since we are operating in an environmentally conscious region, we have always pioneered measures to comply with environmental regulations, such as emission control and ballast water management.

Each department reviewed its greatest possible contributions under the business model, from procurement & operation of environmentally friendly vessels in the shipping business, construction of environmentally friendly buildings in the real estate business, to improvement of daily work such as environmental measures in the office.

In addition to what we can do on our own, we will share and promote the principles of the SDGs among our business partners.

Activity Status Monitoring

In our company, each department sets specific target values for achieving SDGs, and each employee is committed to achieving the SDGs on a daily basis with a monitoring system in the normal workflow.

In particular, with regard to the materiality we have identified as "Environment," the shipping industry has a significant impact on the global environment through the business activities of its companies, and thus for many years regulations and guidelines have been established by the IMO (International Maritime Organization, a specialized agency of the United Nations that promotes cooperation between governments and formulates treaties on technical and legal issues related to shipping and shipbuilding).

Our organizational structure which was originally set to comply with the IMO regulations and guidelines, are now working as a monitoring system for SDG activity targets as well.

7. “Environment”

Dowa Line strives not only to minimize the environmental impact of our ship operations, but also to protect and improve the environment through our own measures and through other company business than shipping business.

Initiatives in the Shipping Business

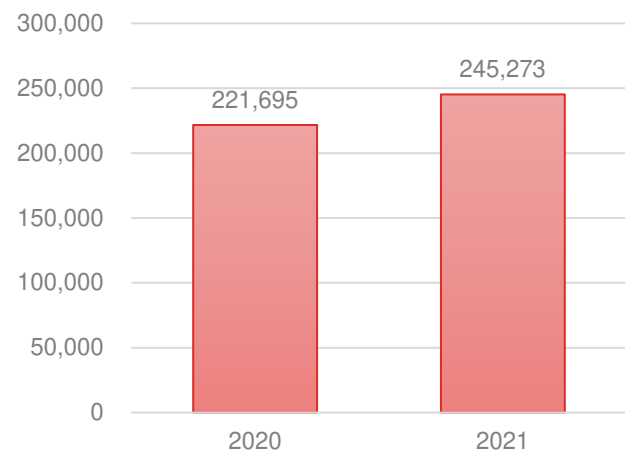
As a shipping company, it is our responsibility to operate our business in harmony with the global environment. We have always been committed to environmental conservation by complying with international conventions and IMO environmental regulations before they go into effect.

In addition to preventing air pollution through compliance with SOx (sulfur oxides) and NOx (nitrogen oxides) emission regulations, we are also working to reduce greenhouse gas emissions by achieving fuel efficiency standards based on EEDI (Energy Efficient Design Index) and reporting CO2 emission results.

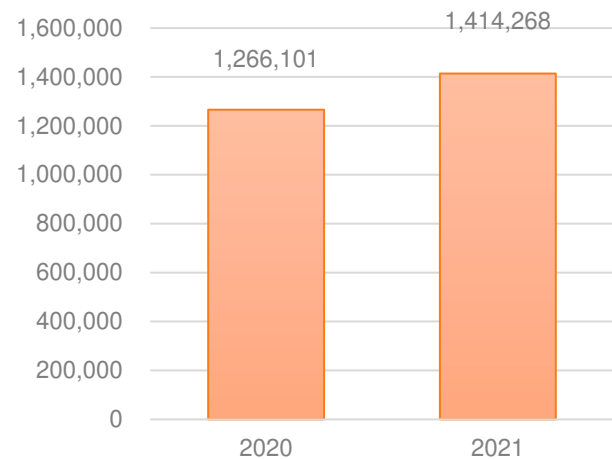
In particular, installation of ballast water treatment system was completed for all managed vessels in 2017, prior to the Ballast Water Management Convention becoming effective. In addition, through collaboration with a ballast water treatment system manufacturer, we contributed to the seamless introduction of the system not only by Dowa Line but also by other shipowners and ship management companies.

We monitor our CO2 emission results and distance sailed according to the IMO DCS (Data Collecting System) platform. Results for 2020 and 2021 are shown in the graphs on the right. Although CO2 emissions have increased, this is due to an increase in distance sailed resulting from an increase in the number of vessels under our management. We will continue to operate our business in harmony with the environment through initiatives such as CO2 emissions monitoring.

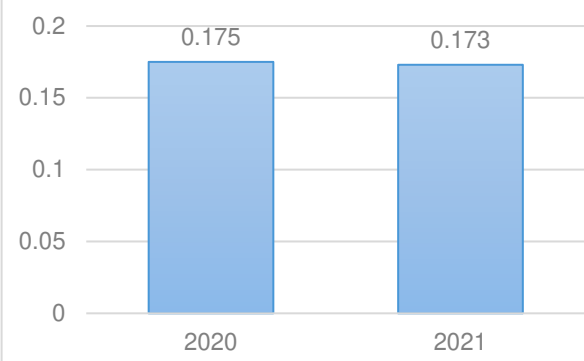
CO2 Emissions (Unit: t)



Distance Sailed (Unit: Nm)



CO2 Emissions per Distance Sailed (Unit: T/Nm)



Initiatives in the Real Estate Business

In the real estate business, we have achieved 100% utilization of green energy in the office buildings we own (Dowa Line Building and DLX Building) since 2010.

The waste recycling rate is measured at the head office building. The results for FY2020 and FY2021 were 86.4% and 93.8%, respectively. We will continue to disclose our waste recycling rate in our Sustainability Report.

The DLX Building, which we own, is an office building built with the concept of contributing to the local community and was awarded the Minato Ward "Landscape Urban Development Award" in November 2018. Equipped with a disaster prevention warehouse and a natural ventilation system to prevent COVID-19, the building is designed to meet recent social issues.



Admiral Sakurashinmachi Rental condominiums managed by Dowa



Social Issues Supporting the Environment

1. Preventing serious accidents

We strive for safe navigation through technical maintenance of vessels, and prevent accidents that would have serious environmental impact.

2. Compliance with environmental regulations

We comply with international conventions and laws and regulations, and operate our vessels in an environmentally friendly manner.

3. Air pollution abatement & greenhouse gas (GHG) emission reduction

To reduce GHG emissions, we operate our vessels in an environmentally friendly manner by operating at reduced speeds and using low-sulfur fuel oil that complies with ISO 8217 standards. We monitor our GHG emissions annually through our Sustainability Report.

4. Strengthening environmental management

We prevent environmental pollution caused by malfunctions, etc., by selecting and intensively maintaining equipment/materials related to environmental protection.

5. Compliance with environmental regulations

By complying with strict environmental regulations in the US, we were able to stay ahead of global regulations. In particular, in an effort to protect the marine environment, we introduced ballast water treatment system earlier than the regulations came into effect. We also provide maintenance services for ballast water treatment systems, not only for our own vessels but also for other companies' vessels, thereby contributing to the preservation of the marine environment worldwide.

6. Freight transportation of mainly non-dangerous goods

We transport mainly non-hazardous cargo, taking into consideration the impact on the ocean caused by the discharge of hold washing water after transportation as well as the impact on the health of our crew members and port personnel.

7. Cargo transport to developing countries

We contribute to the stability of the food supply and other conditions by contributing to cargo transport to developing countries.

8. Recycling of waste generated from business activities at head office building (Dowa Line Building)

We report our recycling rate to Minato Ward, where our head office is located, and monitor the recycling rate, keeping it at a high level.

9. Environmental conservation through management and operation of owned real estate (Dowa Line Building and DLX Building)

The Dowa Line Building and DLX Building owned by our company are operated with 100% green energy. Furthermore, the DLX Building contributes to urban development by providing an office building with a disaster prevention warehouse that can be utilized for the benefit of the community and, in November 2018, the building received the Minato Ward "Landscape Urban Development Award." The building is also equipped with a natural ventilation system suitable for the prevention of COVID-19.

10. Preparation of sustainability reports

As of FY2021, we prepare and publish a Sustainability Report to monitor whether our SDGs activities are being properly implemented.

11. Disseminating and promoting SDGs to business partners

To strengthen cooperation for the dissemination and promotion of SDGs, we conclude cooperation agreements with our business partners and implement corporate activities with an emphasis on SDGs.

Related SDGs



10. "Safety"

"Safety" is the most important social issue, regardless of industry. As we operate vessels, which can have a significant impact on the environment and human resources, maintaining "safety" is a mission for us as a company. Dowa Line aims to reduce our number of serious accidents (serious marine accidents, marine pollution, and serious cargo accidents) to "zero." In cooperation with shipowners and ship management companies, we not only share but also disseminate information to vessels to prevent serious accidents from occurring in the first place. Each and every one of our officers and employees is committed to the safe operation of the vessels entrusted to us by shipowners, making safety our number one priority.

Examples of Our Safety Initiatives

- Participation in outside seminars to gain proficiency in operational operations
- Emergency response exercises conducted jointly with ship management companies
- Participation in quarterly accident/failure analysis and safety management committee meetings held as appropriate
- Collection of information on accidents and incidents from local agents at each port
- Ship visiting activities by the Technical Department of our Houston office
- 24-hour operation management in cooperation with our US office

Social Issues Supporting Safety

1. Prevention of serious accidents

We ensure safe navigation through technical maintenance of our vessels and prevent accidents that could have a serious environmental impact. We aim for "zero" marine accidents and monitor our activities through our Sustainability Report every year.

2. Maintaining vessel safety by improving the IT environment

We strive to maintain the safety of our vessels by introducing a system that allows us to share information between us and the vessels we operate. We also actively introduce V-SAT (high-speed satellite communication) to establish a stable communication environment.

Related SDGs



9. “People”

We are committed to addressing the following targets so that all executives and employees can play with confidence an active role and achieve their full potential. Here are some of our most distinctive initiatives.

As our training program launched in 2010, we started to send new employees to Marine Technical College for two years.

In 2010 and 2014, 2 employees with degrees of Arts graduated the school as valedictorians. This year, our new employee who went to school from 2020 graduated successfully and again as a valedictorian.

In 2014, we launched a program of 6 month Spanish language training by sending employees to one of the most prestigious universities in Latin America, Pontificia Universidad Católica de Chile, and have sent four employees to date. We pay full salary during the training at both the Marine Technical College and Pontificia Universidad Católica de Chile.

Starting in 2022, we have revised company support to encourage employees to acquire qualification for their self-development. Specifically, we provide up to 500,000 yen in rewards, depending on the level of difficulty. We support acquisition of approximately 50 official qualifications in seven fields, including management & legal affairs, information, languages, general affairs & human resources, accounting, real estate, and maritime affairs & technology. For example, we offer 200,000 yen if an employee scores over 900 on the TOEIC, and 500,000 yen if an employee lands a perfect score.

As part of our childcare support program, since 2006, we have been providing 100,000 yen for the birth of a first child and 1,000,000 yen for the births of our second and subsequent children as our special allowance. We also encourage employees to take childcare leave, and in FY2021, six employees did so.

Social Issues Supporting People

1. Creating a comfortable working environment

We create an environment in which both men and women can equally fulfill their potential.

2. Childcare support

We provide 1,000,000 yen as special allowance for the births of second and subsequent children.

3. Maintenance and promotion of employee health

We encourage our employees to quit smoking .

4. Education allowance for family members of expatriates

We support educational expenses for expatriates from Japan, so that their family can be equally educated as in Japan.

5. Talent development

To develop personnel who can play an active role in the global field of shipping industry, we provide long-term training for new employees at the Marine Technical College and several weeks of onboard training, as well as Spanish language training in Chile and support for acquisition of qualifications for self-development. We also encourage employees to participate in external training and seminars.

Related SDGs



10. CSR News 2021

Concluded sponsorship contract with violinist HIMARI

As part of our social service program, we contribute to development of Japanese children worldly renowned as musicians. For the first step, we signed a sponsorship contract with a 10-year-old violinist, HIMARI, in December 2021 and started supporting her musical activities.

<HIMARI profile>

Born in 2011, age 10. Grand Prize Winner in the Junior Division of the 15th Lipinski Wieniawski International Violin Competition for Violinists up to 17 years old (Poland) on September 17, 2021, and First Prize Winner in all 42 national and international competitions to date. Zakhar Bron, a world-renowned leader who has produced the likes of Repin and Vengerov, said, "In addition to her extraordinary talent and incredibly high technique, she played a variety of tones with great expression, impressing all in the audience." She has performed with orchestras in Japan and abroad. She studied under Koichiro Harada, Machie Oguri, and Zakhar Bron. She is a fourth-grade student at Keio Yochisha Elementary School.



Haiti earthquake support

On Saturday, August 14, 2021, at 8:30 a.m., an earthquake of magnitude 7.2 hit the Republic of Haiti, an island nation in the Caribbean Sea of Central America. The death toll exceeded 2,200, and many buildings, including hospitals, collapsed, causing extensive damage. We donated 1,000,000 yen to the Japanese Red Cross Society as reconstruction assistance for the people in the affected areas.



