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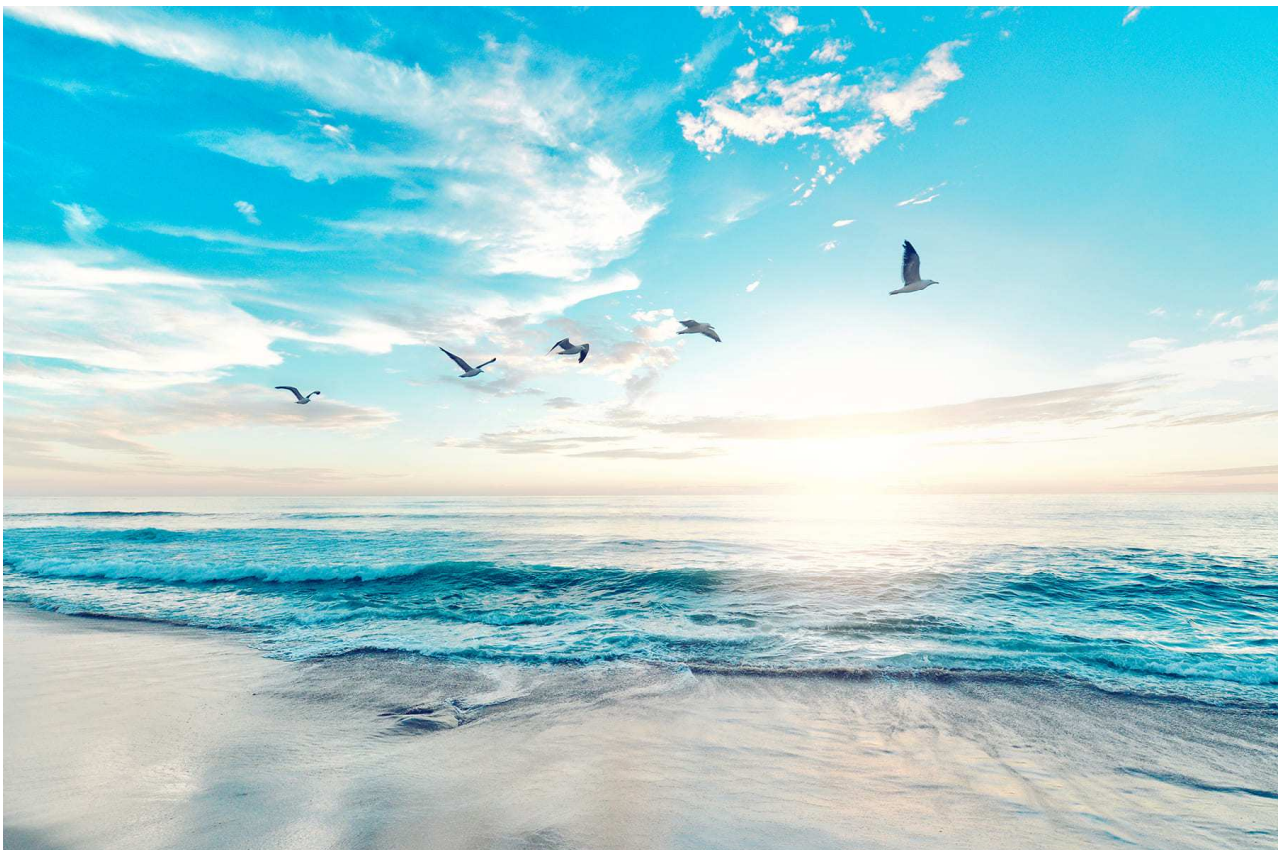
DOWA LINE CO., LTD.



■ Sustainability Report 2023

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Key Figures

38 vsIs



Fleet in Operation

6.85 years



Average Vessel Age

894,675 tons



Total Cargo Weight

1,471,823 NM



Total Distance Sailed
this year

1 case



Number of
Major Accidents

268,197 tons



CO2 Emissions

95%



Waste Recycling Rate

100%



Company-owned Buildings
Renewable Energy
Utilization Rate

0 case



Number of Employees
Taking Parental Leave

4 cases



Financial Support for
First and Second Child

9 cases



Qualification Acquisition
Support Program

As of May 2023:

Fleet Size / Average Vessel Age / Total Cargo Weight

Renewable Energy Utilization Rate

From January 2022 to December 2022:

CO2 Emissions / Nautical Distance

From April 2022 to March 2023:

Waste Recycling Rate /

Financial Support for First and Second Child

Message

Always with a Vision Ahead

-DOWA LINE SUSTAINABILITY-



2022 was a year marked by the world's efforts to overcome the COVID-19 pandemic and regain normalcy in daily life. However, it was also a year when the invasion war by Russia on Ukraine erupted, setting back the recovery of the global economy. With Ukrainian and Russian seafarers accounting for 14.5% of the world's seafaring workforce and Ukraine being a major exporter of wheat, the impact of the invasion war on the shipping industry was significant.

In response to the damages suffered by Ukraine, our company organized a charity concert as a means of support. We collected donations from over 700 individuals and the proceeds from ticket sales, which were then handed over to the Ukrainian Ambassador in Japan as relief funds. Furthermore, we have employed three individuals of Ukrainian origin who sought refuge in Japan as our company employees. We fervently hope for peace to swiftly return to Ukraine and stand by the Ukrainian people who continue to face hardships and challenges. As a maritime company, we remain committed to providing support in any way we can throughout this year and beyond.

One major highlight of the fiscal year 2022 for our company was the completion of five newly built 40,000 DWT Harmony vessels under our management. Each of these vessels is equipped with Selective Catalytic Reduction (SCR) systems and state-of-the-art engines that comply with the NOx Tier III requirements, incorporating environmentally compliant technologies.

Regarding the adoption of next-generation fuels in our fleet, there are certain design and technical challenges in implementing them in our smaller bulk carriers under our operational management. Additionally, in the Caribbean Sea, which is the primary operating area for our managed vessels, there is an infrastructure challenge with the lack of supply points for next-generation fuels. However, we are actively engaged in research on next-generation fuels in collaboration with shipyards and marine equipment manufacturers, ensuring that we are prepared to make significant strides when the global direction on next-generation fuels becomes clearer.

Message

For a shipping company that handles vessels other than large ones, preserving the Earth's environment and ensuring safe operations are key priorities. In our company, as in the previous fiscal year, we consider "Environment," "Safety," and "People" as the materiality and compass for our ESG management. In terms of "Environment," we monitor the amount of CO2 emissions from our vessels and the recycling rate of waste at our headquarters. Regarding "Safety," we closely monitor the number of major accidents. Each employee is committed to improving these metrics, aligning them with their respective roles as professionals. In the aspect of "People," we strive to ensure that all employees can enjoy fulfilling work and personal lives by continuously improving our educational and welfare systems. Our new graduate employees have enrolled in the Marine Technical College for a two-year program starting in April. Furthermore, many employees have taken advantage of the revamped self-development qualification assistance program introduced last year.

In terms of welfare benefits, we are preparing to introduce new initiatives to address the issue of Japan's declining birthrate, reflecting our company's commitment to tackling this societal challenge.

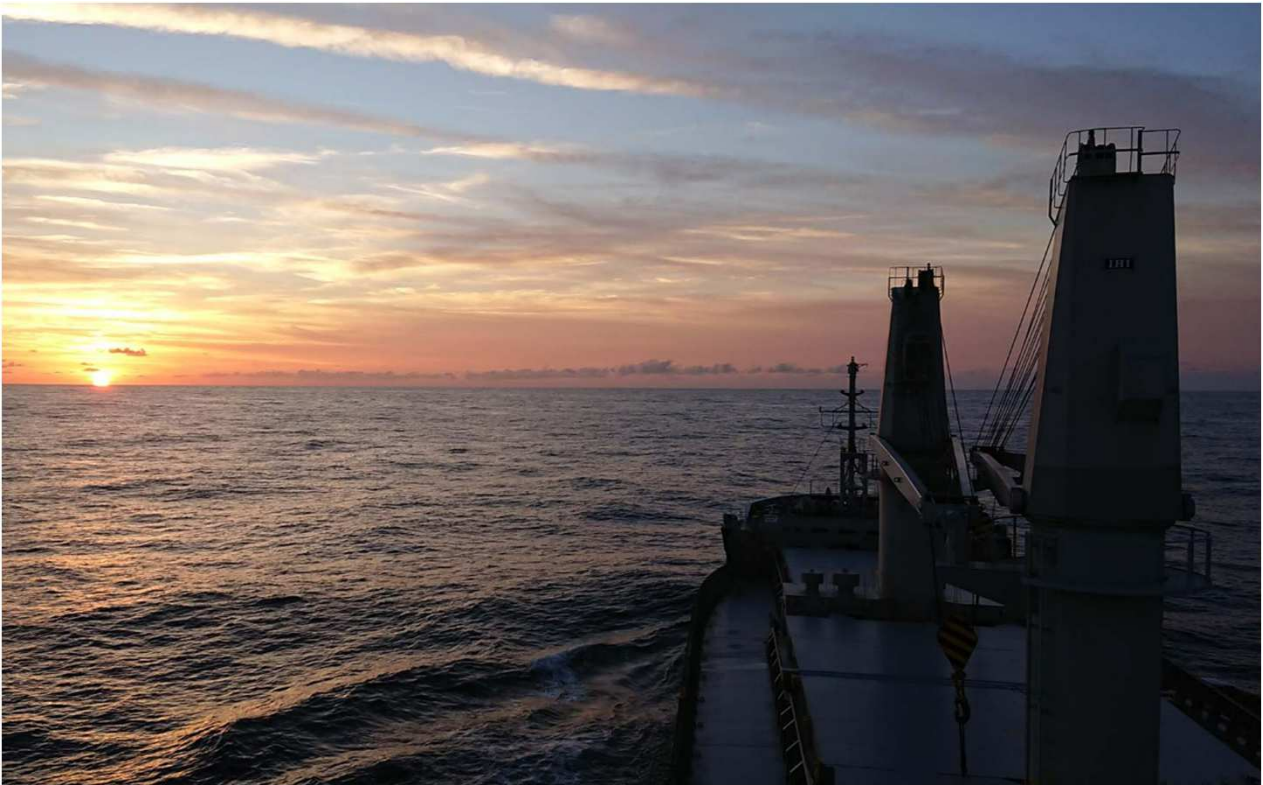
As an infrastructure company that supports people's lives and the global economy, we embrace ESG management as an integral part of our vision and values, rather than viewing it as a mere trend or obligation. We are committed to responding promptly and attentively to the needs of our customers and the demands of the international community. By doing so, we aim to contribute to the realization of a sustainable society, fulfill our social responsibilities, and strive for the enhancement of corporate value.



President & CEO

Kazuo Takigawa

About Us



Since our establishment as a coastal operator in 1957, Dowa Line has grown from a local operator to a **Caribbean and Central-South American operator with our main office in New York**.

Currently, we operate a fleet of bulk carriers totaling 38 vessels, including 13 vessels of 7,700 DWT, 8 vessels of 16,000 DWT, and 17 vessels of 40,000 DWT. Our services cover various global regions, with a strong focus on North, Central, and South America as well as the Caribbean. We specialize in **transporting major bulk commodities** such as grains, fertilizers, salt, sugar, steel, non-ferrous metals, and other ores. Over the years, we have established long-standing relationships with numerous cargo owners, including major grain companies and countries in Central-South America and the Caribbean.

In addition to our core **shipping business**, we have diversified into **real estate** and **marine supply & engineering**. In the real estate sector, we own and manage DLX Building, our company's headquarters, and also oversee the operation and management of residential properties. Through our marine supply & engineering business, we provide ship supplies, conduct various safety equipment inspections, offer after-sales services for ballast water treatment systems, and perform repairs and maintenance of ship equipment.

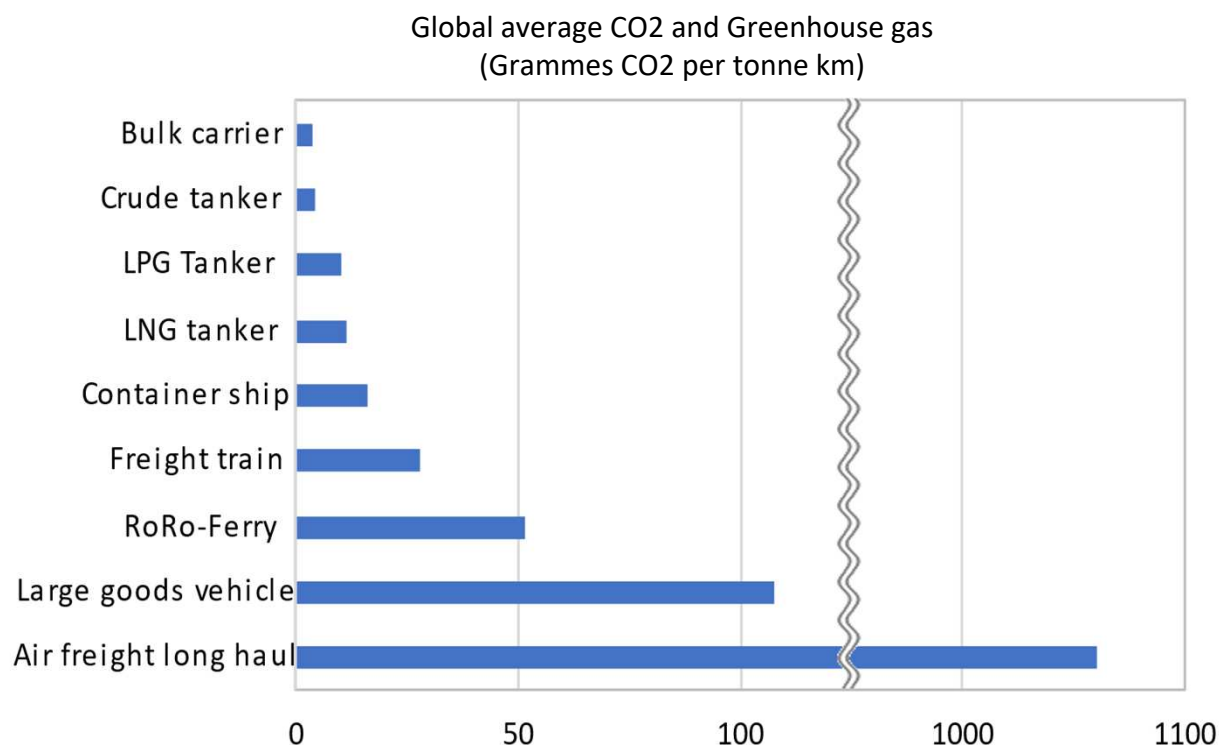
Environmental Commitment of our Fleet

At Dowa Line, we proactively address **environmental issues** and **emission regulations** that have gained momentum in recent years.

To control marine pollution caused by ballast water, all of our vessels had been **equipped with ballast water treatment systems** before the treaty was signed in 2017.

Furthermore, as bulk carriers inherently have lower environmental impact on greenhouse gas emissions compared to other modes of transportation (see diagram below), we have been ahead of regulations by adopting environmentally friendly measures. We have started **incorporating NOx Tier III compliant vessels**, which have a low environmental footprint, and currently operate them in our fleet of seven 40,000 DWT vessels.

In this way, we Dowa Line have demonstrated our proactive approach and consciousness towards the environmental challenges surrounding the shipping industry. By taking early action and differentiating ourselves from others, we have transformed these challenges into **competitive advantages** within the industry.



Source : GOV.UK "Greenhouse gas reporting: conversion factors 2022", graph prepared by us

SDGs Action Charter



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.

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 & 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

Selecting Goals / Monitoring Progress

Process

- In our efforts towards SDGs, representatives from each department engaged in discussions on how to align our unique business model with the SDGs framework.
- Our company operates in the maritime industry with a specialized business model focusing on chartering services for cargo transport contracts, operational tasks related to ship navigation and management, as well as supervisory and chartering services involved in the construction of over 150 newly built vessels since our foundation. Conducting business activities in environmentally conscious regions, we have consistently taken proactive measures in environmental regulations, such as emissions and ballast water controls.
- Within the maritime industry, we have reevaluated our business model to include environmentally friendly vessel procurement and operations. In the real estate sector, we have examined every aspect of our daily operations, from constructing eco-friendly buildings to implementing environmental measures in office spaces.
- Moving forward, in addition to internal initiatives, we are committed to sharing and promoting the SDGs principles with our business partners, establishing a framework for joint advancement.

Monitoring

To achieve the goals of our SDGs initiatives, our company has established specific numerical targets within each department. By incorporating a monitoring system into our regular business processes, each employee is committed to daily contributions toward SDGs goal attainment.

In particular, with a focus on "environment," the maritime industry, given its significant impact on the global environment, has been subject to regulations and guidelines established by the International Maritime Organization (IMO) over the years. To align with IMO regulations and guidelines, our company has elevated the organizational structure developed over time to align with the monitoring framework of SDGs initiatives.



STEP 1 | Selecting Goals

- ✓ SDGs team, comprised of representatives from all divisions of the company, organizes global societal challenges and specific issues that our company should address as part of its business operations.
- ✓ Making a list of societal challenges following the guidelines of SDGs

STEP 2 | Identifying Targets

- ✓ Narrowing down the targets based on the insights from external experts such as Britannia P&I Club
- ✓ Categorizing the targets into 3 categories "Environment", "Safety" and "People"

STEP 3 | Approval of Targets

- ✓ Reviewing the targets based on 17 goals of SDGs and our policy
- ✓ Targets related to "Environment", "Safety" and "People" are to be approved by the Board of Directors.

Efforts to Environmental Issue

We not only strives to minimize the environmental impact of maritime operations but also works towards environmental conservation and improvement through our unique initiatives and non-shipping business activities.

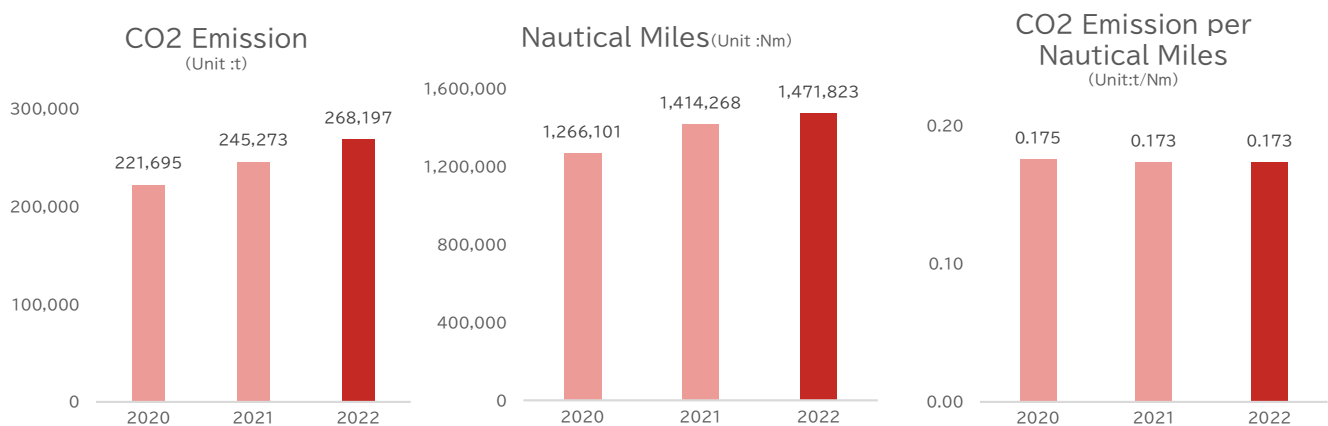
Maritime Operations

We recognizes that coexisting with the Earth's environment while conducting maritime operations is our responsibility. We have consistently adhered to international treaties and environmental regulations set by the International Maritime Organization (IMO), demonstrating our ongoing commitment to environmental conservation.

Compliance with regulations to prevent air pollution through the reduction of SOx (sulfur oxides) and NOx (nitrogen oxides) emissions is a priority. Furthermore, starting from January 2023, we have been implementing fuel efficiency regulations for existing vessels based on the Energy Efficiency Existing Ship Index (EEXI) to contribute to further fuel efficiency improvements.

Regarding ballast water management, we completed the installation of ballast water treatment systems for all managed vessels in 2017, ahead of the treaty's enactment. Through collaboration with ballast water treatment system manufacturers, we continue to contribute to the smooth operation of these systems not only for our company but also for other shipowners and ship management companies.

For monitoring CO2 emissions, we follow the International Maritime Organization's Data Collecting System (DCS) platform, conducting monitoring of estimated emissions and voyage distances. The performance for the years 2020 to 2022 is as shown in the table below. While CO2 emissions have increased, this is attributed to the increased voyage distances due to the expansion of our managed fleet. We remain committed to operating our business in harmony with the environment.



Real Estate Business

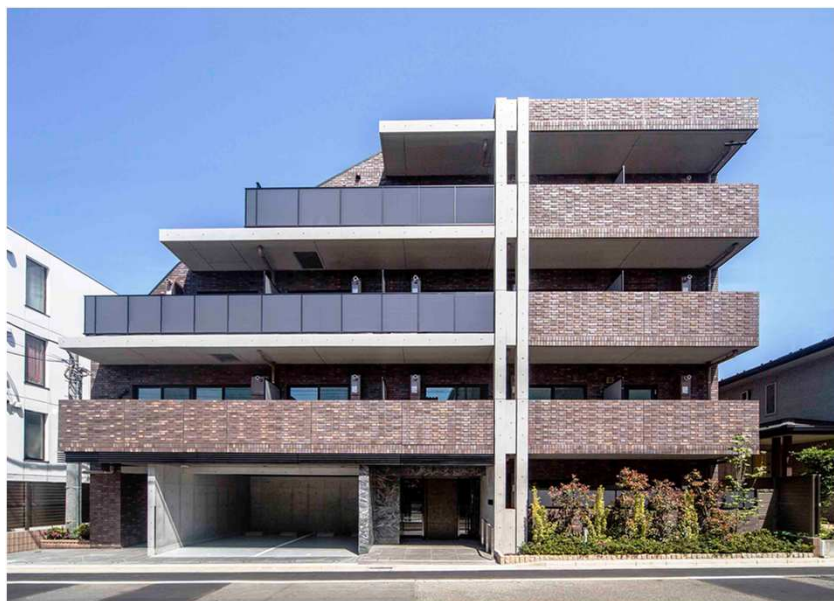
In the real estate business, since 2010, we have achieved a 100% utilization rate of renewable energy in the office buildings we own (Dowa Line Building, DLX Building).

We measure the waste recycling rate in our headquarters building. The recorded figures for this achievement were 93.8% in the fiscal year 2021 and 95.0% in the fiscal year 2022.

The DLX Building owned by our company is an office building constructed with the concept of contributing to the local community. In November 2018, it received the "Scenic City Creation Award" in the Minato Ward. Additionally, equipped with a disaster prevention warehouse and incorporating specifications addressing recent social issues, such as the introduction of a natural ventilation system suitable for COVID-19 measures.



DLX Building



Admiral Sakura-shinmachi
Company owned apartment

Environment

1. Prevention of Major Accidents:

We strive for safe navigation through technical maintenance of vessels, working to prevent accidents that could have a significant impact on the environment.

2. Compliance with Environmental Regulations:

We comply with international regulations, conducting environmentally conscious operations.

3. Reduction of Air Pollution/Greenhouse Gas (GHG) Emission:

To reduce GHG emissions, we implement reduced-speed operations and use low-sulfur fuel oil that complies with ISO 8217 standards, prioritizing environmentally friendly operations. GHG emissions are reported annually in our sustainability report.

4. Enhancement of Environmental Management:

By selecting and maintaining equipment related to environmental protection, we proactively prevent environmental pollution caused by malfunctions.

5. Adherence to Environmental Regulations:

Adhering to stringent regulations in the United States, we lead in global compliance. Particularly, we introduced ballast water treatment systems ahead of regulatory enforcement. Additionally, we provide maintenance services for ballast water treatment systems not only for our own ships but also for other companies.

6. Transportation of Non-Hazardous Cargo:

Considering the impact on the ocean from the discharge of hold washing water after transportation and its effects on crew/port-related personnel, we conduct cargo transportation primarily involving non-hazardous materials.

7. Cargo Transportation to Developing Countries:

By contributing to cargo transportation to developing countries, we contribute to the stability of food situations and more.

8. Recycling of Waste Generated from Business Activities at Head Office (Dowa Line Building):

We report recycling rates to the Minato Ward, where our head office is located, and monitor to maintain high recycling rates.

9. Environmental Conservation through Management and Operation of Owned Real Estate (Dowa Line Building, DLX Building):

The Dowa Line Building and DLX Building owned by our company are operated with 100% renewable energy. Additionally, it has implemented a natural ventilation system suitable for COVID-19 measures.

10. Creation of Sustainability Reports:

Since the fiscal year 2021, we have been creating and publishing sustainability reports, monitoring the proper implementation of SDGs activities.

11. Promotion and Spread of SDGs to Business Partners:

To enhance collaboration for the promotion and spread of SDGs, we have entered into cooperation agreements with business partners to implement corporate activities that prioritize SDGs.



Commitment to Safety

"Safety" is the most critical societal issue that should be prioritized across industries. Engaged in the maritime transportation business, which has the potential to significantly impact the environment and human resources, maintaining "safety" is a paramount concern for our company. We set a goal of achieving a count of "zero" for serious incidents (serious maritime accidents, marine pollution, major cargo incidents). We collaborate with shipowners and ship management companies, on not only sharing information but also ensuring effective communication to our vessels. We actively engage in the safe operation of vessels, aiming to prevent serious incidents proactively. In 2021 and 2022, through these efforts, we successfully limited the occurrence of serious incidents to only "one" case.

Our Activities

- ✓ Attending external seminar for improving skills of operation
- ✓ Drills for emergency accident together with ship management company
- ✓ Attending Safety Management Meeting every quarter
- ✓ Gathering information of accidents from local agents
- ✓ Attendance of vessels by Houston technical department
- ✓ 24/7 operation management together with US offices

Our Commitment

1. Prevention of Serious Incidents:

We strive for safe navigation through the technical maintenance of vessels, working to prevent accidents that could have a significant impact on the environment. We aim for "zero" maritime accidents and provide annual reports in our sustainability report.

2. Maintaining Vessel Safety through Improved IT Environment:

We have implemented a system that enables information sharing between our company and operational vessels, working towards the safety maintenance of operational vessels. Additionally, we actively adopt V-SAT high-speed satellite communication to establish a stable communication environment.



Working Environment

All of our employees are committed to addressing the following societal challenges to ensure they can work with peace of mind and unleash their maximum potential.

✓ Dispatch of New Employees to Maritime Technical University (Since 2010)

New employees are dispatched to the Maritime Technical University for a period of two years, with full salary support throughout the assignment. Those dispatched in 2010, 2014, and 2020 graduated as class valedictorians.

✓ Spanish training at Universidad Católica de Chile (Since 2014)

Employees are dispatched for a six-month period to Universidad Católica de Chile for the purpose of acquiring proficiency in Spanish. Similar to the previous initiative, their full salary is maintained. Four employees have been dispatched under this program.

✓ Qualification Acquisition Support Program for Employee Self-Development (Since 2022)

A maximum incentive of 500,000 yen is provided for about 50 public qualifications. Utilized nine times in 2022 such as TOEIC scores of 900 and Financial Planner.

✓ "Financial Support for First/Second Child " as Part of Childcare Support (Since 2006)

congratulatory bonus of 100,000 yen is provided for the birth of the first child and 1 million yen for the birth of the second child and subsequent children. In the 2022 fiscal year, four employees received the congratulatory bonus for the birth of their first child. While three male employees were eligible for childcare leave in the current period, circumstances such as overseas assignments prevented any leave utilization. All female employees have taken childcare leave, and further encouragement of childcare leave for male employees remains a challenge.

Our Commitment

1. Creating a Work-Friendly Environment

We strive to create an environment where individuals, regardless of gender, can actively participate and thrive.

2. Childcare Support

For the birth of the second child and subsequent children, we provide a congratulatory bonus of one million yen.

3. Promoting Employee Health Maintenance

We enforce a no-smoking policy within the company to promote the health maintenance of our employees.

4. Education Expense Support for Families of Overseas Assignees

Employees stationed overseas receive assistance in covering education expenses for their families, ensuring that their dependents can access education comparable to that in Japan.

5. Human Resource Development

To nurture personnel capable of excelling in the global field of maritime transportation, we conduct extensive training for new employees at the Maritime Technical University, including extended periods of onboard training. We also support Spanish language study programs in Chile, encourage qualification acquisition for self-development, and actively endorse participation in external training and seminars.



Dowa Line CSR News for Fiscal Year 2022

Ukraine Charity Concert

On December 20, 2022, we organized a charity concert in support of Ukraine at Kioi Hall. We received donations of approximately ¥750,000, and combined with the ticket sales totaling nearly 8 million yen, we have donated the entire amount through the Embassy of Ukraine in Japan for the reconstruction of Ukraine's culture and arts.



Donation for Ukraine

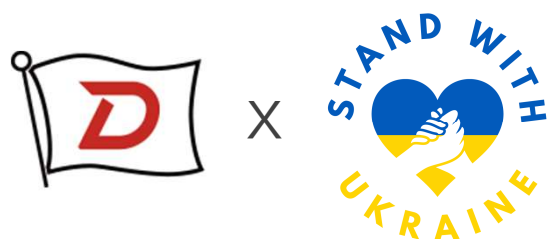
We handed over the donation of ¥8,953,943 collected from everyone during the Ukraine Support Charity Concert to Ambassador Sergiy Korsunsky of Ukraine in Japan. The ambassador expressed gratitude for the goodwill of the Japanese people and conveyed a commitment to ongoing efforts for peace.



Support for Ukraine Evacuees

We continue to foster an internal environment that respects diversity, where employees with various nationalities and backgrounds actively contribute. We are committed to providing employment support for individuals who have evacuated from Ukraine.

As of May 2023, three employees of Ukrainian nationality are currently part of our workforce, diligently dedicating themselves to their daily tasks.



Dowa Line CSR News for Fiscal Year 2022

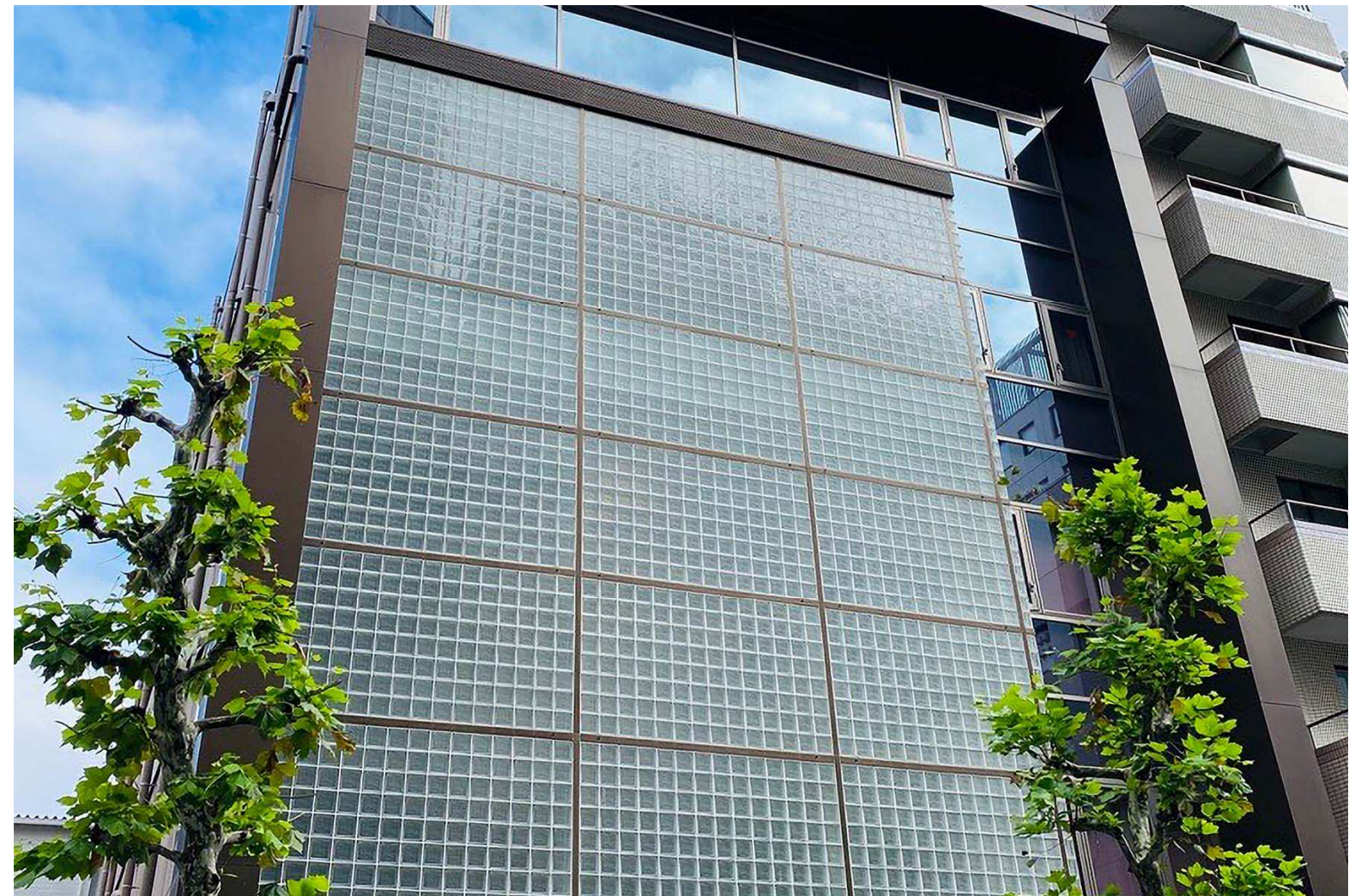
Donation for the Turkey-Syria Earthquake Relief

Our company and voluntary contributions from our employees were presented as a donation to Ambassador Korkut Gungen of Turkey in Japan in response to the Turkey-Syria earthquake. The ambassador expressed gratitude and acknowledged that the reconstruction might take considerable time. However, he assured that the goodwill received from everyone would be accepted, and efforts towards a steady recovery would be undertaken.



Dowa Line will continue its efforts towards building a sustainable and secure society, engaging in ongoing social contribution activities.





株式会社 同和ライン

DOWA LINE CO., LTD.