

September 27th, 2021

Kawasaki Kisen Kaisha, Ltd.

First Climate Transition Linked Loan in Japan

Kawasaki Kisen Kaisha, Ltd. (“K” LINE) is pleased to announce that we have signed “Transition Linked Loan (TLL)” with syndicated lenders, arranged by Mizuho Bank Ltd. (MHBK), in accordance with the “Transition Linked Finance Framework (Framework)” which is based on “K” LINE Environmental Vision 2050(R1), announced September 6th, 2021.(R2)

In this TLL’s finance scheme, we have set 3 sustainability performance targets (SPTs) in line with our transition strategies for decarbonization and linked them with a prefixed loan interest matrix. This scheme brings us incentives on our decarbonization activities as well as accelerating and contributing to the global goal for decarbonization.

This TLL is our second transition finance (“Purpose Unspecified Finance”) since our 1st transition loan (“Purpose Specified Finance”) in March 2021(R3). “K” LINE is the first company to originate two consecutive transition finances (Purpose Specified / Unspecified) in short term in Japan. Furthermore, the loan amount is one of the largest scales among ESG loans which is based on a policy by the Loan Market Association.

In order to promote this “Transition Linked Finance” continuously, “K” LINE has received certification from Japan Credit Rating Agency, Ltd. (JCR) (R4) for the compliance with “Basic Guidelines on Climate Transition Finance” by Ministry of Economy, Trade and Industry and related guidelines and policies.

This TLL is also selected as a model case for transition finance by the Ministry of Economy, Trade and Industry. Outline of the finance is as follows.

<Outline of the finance>

Finance Scheme	Transition Linked Loan
Borrower	“K” LINE
Loan Amount	About JPY 110 Billion
Loan Term	5 Years
Loan Agreement Date	September 27th, 2021
Loan Arranger	MHBK
Loan Co-Arranger	Development Bank of Japan (DBJ), Sumitomo Mitsui Trust Bank Ltd.(SMTB)
Lenders	Kansai Mirai Bank, Saikyo Bank, THE SAN-IN GODO BANK, San ju San Bank, Shinkin Central Bank, Suruga Bank, CHUGOKU Bank, THE TOCHIGI BANK, DBJ, The Norinchukin Bank, The Hachijuni Bank, Higo Bank, The Hyakujushi Bank,

	The Hokuriku Bank, MHBK, Mizuho Trust & Banking, SMTB, The Yamaguchi Bank, The Bank of Yokohama, and other lenders.
Transition Structuring Agent	Mizuho Securities Co., Ltd., MHBK
Evaluator	Japan Credit Rating Agency, Ltd.
Target SPTs	①Total Emission of GHG, ②CO2 Emission per ton-mile, ③CDP Rating

※Details of SPTs

- ①Total yearly GHG emissions throughout all loan term
- ②Yearly CO2 emissions per ton-mile throughout all loan term
- ③“A-” rating or higher by CDP rating

All above SPTs are connected with a matrix table of loan interest and this promotes our transition strategy.

<References>

(R1) “K” LINE Environmental Vision 2050 - Blue Seas for the Future -

https://www.kline.co.jp/en/csr/environment/management/main/00/teaserItems1/0/linkList/0/link/K-LINE_E-vision_en_2020_v2.pdf

(R2) Released on September 6, 2021: Newly formulated Transition Linked Finance Framework

<https://www.kline.co.jp/en/news/csr/csr4178814345199333215/main/0/link/210906EN.pdf>

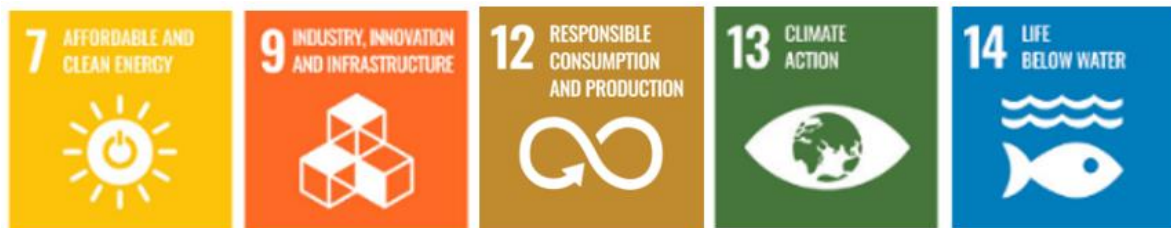
(R3) Released on March 12, 2021: First Climate Transition Finance in Japan

<https://www.kline.co.jp/en/news/car/car-7503535198498277982/main/0/link/210312EN2.pdf>

(R4) Japan Credit Rating Agency, Ltd. (JCR) website

<https://www.jcr.co.jp/en/>

※ “K” LINE Group, as a participant in the United Nations Global Compact, is promoting activities that contribute to SDGs (Sustainable Development Goals), and this TLL is a part of its ongoing activities.



<https://www.un.org/sustainabledevelopment/>