

CSR & Annual Report

IINO REPORT

2021

April 2020 to March 2021

[Detailed Online Report]



[Contact]

IINO LINES

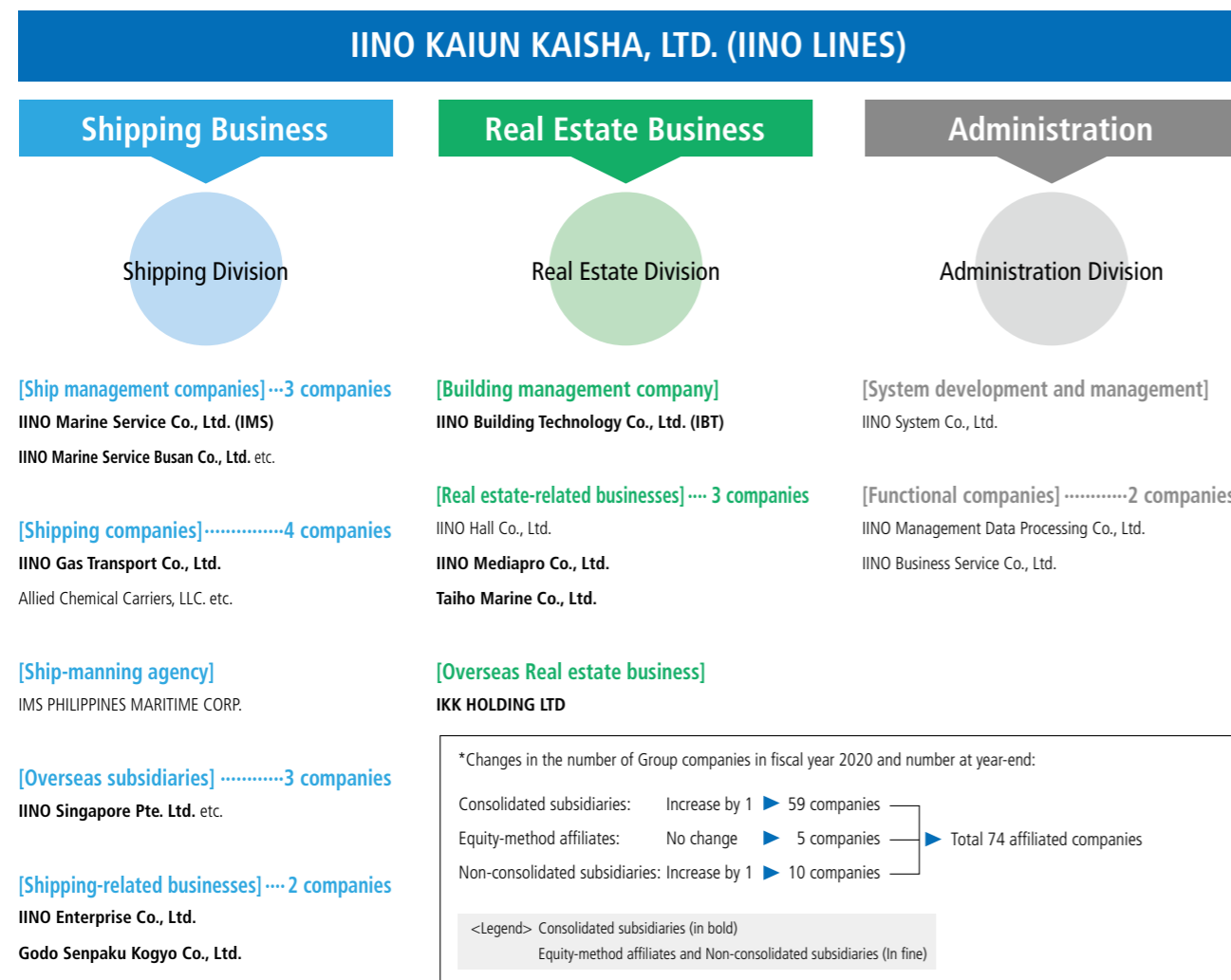
IINO Building, 2-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011, Japan

Stakeholder Relations Department / TEL: +81-3-6273-3069 FAX: +81-3-6273-3057

Scope of Report and Reference Guidelines

Items Reported	The IINO Group systematically reports on its initiatives and performance in the areas of safety, the environment, human resources, human rights and other social aspects. Other details including management and government aspects, our management philosophy and the code of conduct are also reported through the Company website and Management Report 2021.
Reporting Period	Fiscal year 2020, i.e., the fiscal year from April 1, 2020 through March 31, 2021 (IINO LINES' 130th fiscal term). Information corresponding to dates falling after the reporting period is also included as necessary.
Organizational Scope	The report covers the entire IINO Group (75 companies).

As of the end of March 2021



*Changes in the number of Group companies in fiscal year 2020 and number at year-end:

Consolidated subsidiaries:	Increase by 1	▶ 59 companies	} Total 74 affiliated companies
Equity-method affiliates:	No change	▶ 5 companies	
Non-consolidated subsidiaries:	Increase by 1	▶ 10 companies	

<Legend> Consolidated subsidiaries (in bold)
Equity-method affiliates and Non-consolidated subsidiaries (In fine)

[Flag-of-convenience companies and other businesses]53 companies

*IINO LINES, IMS and IBT obtained ISO 9001 and ISO 14001 certifications

Guidelines Referenced

Reporting	GRI Sustainability Reporting Standards Environmental Reporting Guidelines (2012), Ministry of the Environment ISO 26000 (International Organization for Standardization)
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IINO Group's Initiatives for Quality and Environment

1 IINO Group's Quality and Environmental Management Systems

[1] Management System Certifications (IINO LINES)

The Company obtained ISO 9001 (quality management system) and ISO 14001 (environmental management system) certifications for its Shipping Business in March 2004 to enhance customer satisfaction and reduce environmental impact. The Company also obtained ISO 9001 and ISO 14001 certifications for its Real Estate Business in March 2005. In accordance with the Quality and Environmental Policy, the Company is working to improve operations by the quality and environmental management systems based on the ISO standards that encompass the Shipping and Real Estate businesses. At present, the Company has no sites that have received ISO 45001 or OHSAS 18001 certification.

Quality and Environmental Policy

1. Deliver high-quality services which meet customer requirements for safe transportation, as achieved through safe ship operations and provision of safe and convenient rental office space in lease buildings.
2. Formulate quality and environmental objectives and targets and evaluate progress on a regular basis, implementing revisions as necessary.
3. Implement measures to reduce environmental impact of the Shipping Business, Real Estate Business, and IINO LINES' office operations.
4. Establish quality and environmental management systems for the Company and endeavor to prevent pollution while carrying out ongoing improvements.
5. Comply with legal and other applicable requirements.
6. Provide education and training to all personnel concerned and ensure that they understand their respective duties and the significance of these policies.

[2] Management System Certifications (Group Companies)

In addition to the Company, IINO Marine Service Co., Ltd. (ship management) and IINO Building Technology Co., Ltd. (building management) have obtained ISO 9001 and ISO 14001 certifications in our Group companies.

1) IINO Marine Service's Initiatives

IINO Marine Service Co., Ltd. (IMS) has integrated its management systems based on ISO 9001 and ISO 14001 in accordance with its business philosophy on Health, Safety, Security, Environment, and Quality. IMS has incorporated the principles underlying ISO requirements

in its services for the management of ships (38 vessels as of June 30, 2021) contracted by its customers (ship owners) and is working to achieve continuous improvement of its operations.

Moreover, IMS became the first company in Japan to obtain the Green Award certification* in 2004. IMS is maintaining outstanding

quality management and environmental management for environmental conservation.

Against the backdrop of serious global environmental issues, the shipping industry is facing stricter environmental regulations, such as the enforcement of the Ship Ballast Water Management Convention and regulations for controlling NOx and SOx emissions. Through the implementation of management systems based on ISO standards, IMS is committed to ensuring compliance with environmental regulations in Japan and overseas and will promote initiatives to reduce environmental impacts.

This Detailed Online Report provides safety and environmental performance data concerning ships managed by IMS.

* The Green Award is a certification issued by an independent foundation established in 1994 by the Rotterdam Municipal Port Management and the Dutch Ministry of Transport, Public Works and Water Management with the aim of ensuring safety in shipping and of preventing marine pollution by international vessels.

2) IINO Building Technology Initiatives

IINO Building Technology Co., Ltd. (IBT) is applying integrated

management systems based on ISO 9001 and ISO 14001 to the buildings it manages (four buildings as of March 31, 2021) so that its operations reflect ISO requirements.

Regarding environmental protection, IBT emphasizes energy saving and resource saving in its building management and is contributing to the minimization of environmental impacts through the reduction of greenhouse gas emissions. The Group's flagship IINO Building has reacquired Top-level Facility certification for the third compliance period (FY2020 – FY2024) of the global warming countermeasures conducted by the Tokyo Metropolitan Government.

Regarding safety, we obtained the fire safety building certificate (commonly called Excellence Mark) from the Tokyo Fire Department for the building in 2018 and also reacquired it in fiscal year 2020.

IBT is promoting environmental protection activities not only at the IINO Building but also at all the other buildings it manages. This Detailed Online Report provides safety and environmental performance data concerning buildings managed by IBT.

2 IINO Group's Initiatives for ISO 9001/14001 Requirements

The IINO Group's basic approaches to ISO 9001 and ISO 14001 are described below.

First, an organization identifies problems in an area subject to management (i.e., operational quality for ISO 9001 and reduction of environmental impact for ISO 14001), prioritizes identified problems according to the degree of risk mitigation and expected results, and sets its challenges and goals.

Next, the organization develops a plan to solve the identified challenges (Plan) and puts the plan into practice (Do). After implementing it, the organization checks if the plan solved its challenges, reviews the outcome of the plan as necessary (Check), and makes improvement (Act) by such means as changing a way of implementing the plan for future activities.

ISO standards require organizations to make continuous improvements by implementing this PDCA (Plan, Do, Check, and Act) cycle in their activities.

ISO standards have been revised as necessary. Recent major revisions are:

- Emphasis on delivering intended results
- Strengthening of leadership and commitment of the top management
- Integration of business processes and ISO standards
- Recommendation to adopt the process approach

In response to these revisions, Group companies that acquired certification also made major revisions to their quality and environmental management systems in October 2017.

In order to pursue the provision of high quality service (IINO Quality) stated in the Group's current Mid-term Management Plan, the Group is promoting continuous improvement of its entire operations by implementing the PDCA cycle based on the above-mentioned concept of the ISO standards.

Safety at the IINO Group

Health and Safety

<Policy and Strategy>

Our management philosophy states that "safety is the foundation of our business operations," while our Code of Conduct establishes the basic policy that "Safety is our highest management priority. Because we are acutely aware of the harm that could be caused to life, customer resources, and the environment by any negligence in our shipping or real estate operations, we will constantly strive to eliminate accidents of all kinds." It is based on these principles that we strive to ensure the safety of our employees as well as business partners, including contractors. We investigate the cause of accidents or disasters that imperil people's lives or the safety of ships and buildings in connection with our business activities, discuss measures to prevent repeat occurrences, and strive to thoroughly strengthen safety measures including preventative action.

Our main targets for 2021 have been set as zero accidents per ship in the Shipping Business and an occupational accident frequency rate of 0.5 or less among crew members. In the Real Estate Business, we have set the targets of zero employees certified as having suffered occupational accidents at IBT, and the reduction of other accidents and mishaps (accidents due to human factors: 10 or less, accidents due to equipment or facilities: 7 or less).

* The target figures are calculated using the average of "manageable accidents" over the past three years as a basis.

<Structure and Initiatives>

Supervision of Safety at the Director Level

To deal with accidents and disasters that have occurred within the IINO Group, we have established a Safety and Environment Committee (permanently established in accordance with Safety and Environment Committee Regulations) chaired by the President and Representative Director and comprising Company directors as regular members. The committee investigates the cause of accidents or disasters, discusses measures to prevent repeat occurrences, and strives to thoroughly strengthen safety measures including preventative action. Particularly in emergency situations such as damage to the environment from oil pollution, major accidents, and other mishaps involving people's lives or property, and major disasters, in accordance with our Risk Management Rules we set up an Emergency Headquarters led by the President and Representative Director and engage in crisis management.

Dialogue between Labor and Management

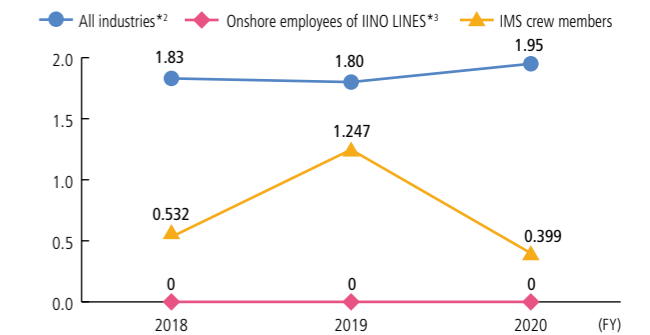
The Company respects employees' right to organize and right to collective bargaining as a means of labor management negotiations. IINO LINES and IINO LINES Labor Union regularly hold talks to enter into a labor agreement for the development of the Company, and the facilitation of its labor/management relations and business activities. A health and safety committee meeting is held monthly to provide an opportunity for dialogues between representatives from labor and management where they exchange views on a variety of issues such as union members' secondments and assignments, working hours management, wage systems including salaries and allowances, and occupational safety and health. They work together to improve employees' health and safety while developing a comfortable workplace environment. The union membership ratio of the Company's onshore employees is 100%.

Additionally, the seafaring personnel of IINO LINES are members of

the All Japan Seamen's Union, while negotiations over basic matters related to employment conditions are conducted between the Union and the Ocean-going Labor Subcommittee of the Japanese Shipowners' Association, of which the Company is a member.

Occupational Accident Frequency Rate*1

The occupational accident frequency rate of IMS crew members in 2020 was 0.399. In fiscal year 2021, we will aim to achieve the target frequency rate of 0.5 or lower.



*1 An index of the frequency of occupational accidents expressed as the number of people suffering lost-time injuries (except for injuries suffer while commuting) due to occupational accidents per million working hours.

*2 The All Industries data is based on the Survey on Industrial Accidents published by the Ministry of Health, Labour and Welfare.

*3 Applies to onshore personnel of IINO LINES on a non-consolidated basis.

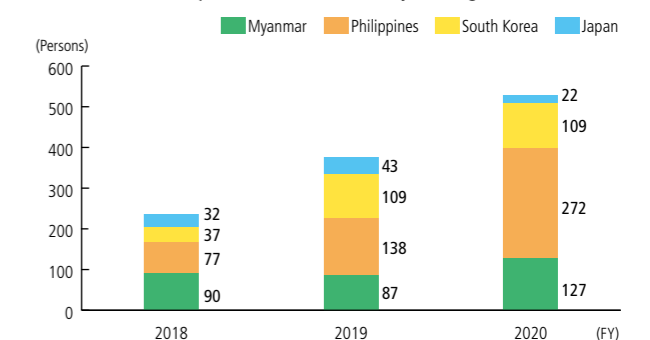
Training for Non-Japanese Crew

IMS strives to maintain vessels consigned by their owners. IMS also arranges manning of the vessels as required to ready them for operations and carries out crew training.

For our non-Japanese crew, the majority of our entire crew, we offer the crew training program supported by our exclusive companies, IMS KOREA CO., LTD in South Korea and IMS PHILIPPINES MARITIME CORP. in the Philippines.

Instructors dispatched by IMS offer short-term training on safety management systems and Kiken Yochi Training (KYT) on a yearly basis to enhance skills for hazard prediction. However, as it was difficult to conduct this training in fiscal year 2020 due to restrictions on movements due to the COVID-19 pandemic, we pursued the development of online training environments and these procedures became firmly established. In addition, IMS continues to implement initiatives utilizing online technologies and other systems to make its organizations resilient to the occurrence of error, including the offering of training programs on human error countermeasures and communication enhancement, and seminars on mental health and mentoring.

Number of Participants in Short-term Safety Training



Occupational Health and Safety at IINO LINES

IINO LINES provides periodic health checkups twice a year. We also set aside meeting rooms once a month to offer individual consultations with occupational physicians.

	FY2018	FY2019	FY2020
Number of persons for whom occupational accident/illness case was approved (Persons)	2*	0	0
Ratio of persons who get a health checkup (%)	93	72	89

* Injury (commuting workers' compensation)

Safety in the Shipping Business

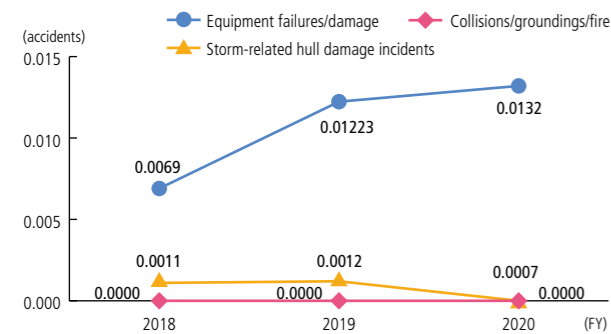
<Performance>

Accidents

IINO Marine Service Co., Ltd. (IMS) investigates accidents to determine how they occurred, using a variety of indices, and strives to lower the rate of occurrence through analysis of the causes and strengthening of preventive measures.

Regarding accidents per voyage in fiscal year 2020, although equipment failures/accidents increased, we maintained a record of zero major accidents such as collisions or running aground. The IINO Group will continue its group-wide initiatives to further strengthen the foundation for safety and establish a safety-oriented culture based on the results of analysis of the causes of incidents and through the formulation and implementation of preventive measures.

● Accidents per Voyage



Occupational Health and Safety at IMS

When an occupational accident occurs aboard a ship, IMS carefully investigates the mechanism by which the accident occurred and its causes, formulates recurrence prevention measures that can be easily implemented in the field, and disseminates the information among crew members along with training. These efforts are aimed at minimizing the occupational accident frequency rate. We have also formulated and implemented COVID-19 infection prevention management plans as part of full-scale efforts to protect personnel aboard ships during the COVID-19 pandemic.

● Number of People at IMS Certified as Having Suffered Occupational Accident

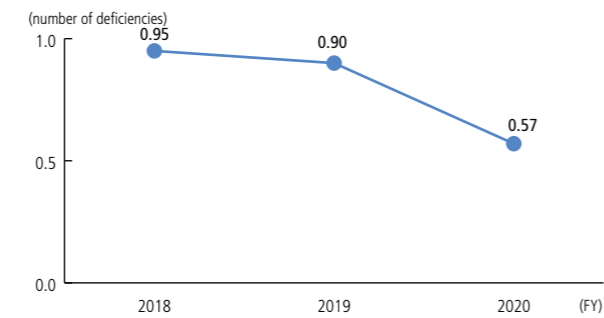
	FY2018	FY2019	FY2020
Deaths	0	0	0
Injuries	0	0	0
Diseases	0	0	0

Issues Identified through Audits

Countries that allow foreign vessels to enter their ports carry out onboard inspections when they arrive to check requirements relating,

for example, to equipment and crew qualifications. IMS is working to reduce the number of deficiencies identified through these third-party inspections by enforcing strict safety management in compliance with international regulations.

● Deficiencies Identified per Port State Control (PSC) Inspection



Vessel Inspection Performance

■ Major Oil Inspections

Oil tankers, chemical tankers, and LPG gas carriers must undergo and pass vessel inspections conducted by the major oil companies when they transport crude oils and petrochemicals for those companies. These vessel inspections focus on safety aspects listed in items such as ship equipment and the maintaining of various manuals, and serve as indicators of safe ship operation.

● Performance in Major Oil Inspections

	FY2018	FY2019	FY2020
Number of vessels inspected (Vessel)	107	99	98

● Deficiencies Identified per Inspection

	FY2018	FY2019	FY2020
Number of deficiencies identified (Number)	3.2	2.9	3.3

■ CDI Inspections

Our chemical tankers are also subjected to vessel inspections conducted by the Chemical Distribution Institution (CDI), which was established by members of the chemical products industry in 1994.

● Performance in CDI Inspections

	FY2018	FY2019	FY2020
Number of vessels inspected (Vessel)	38	32	34

IINO Vessel Inspection System

Day-to-day efforts to ensure safety are crucial for passing external organization vessel inspections. In addition to internal audits required by the safety management system, the IINO Group adopted its own vessel inspection system for all vessels under management in an effort to improve the safety management level. In principle, IINO Vessel Inspections are conducted for each vessel biannually by visiting a vessel or having a vessel inspector take passage. In fiscal year 2020, as visiting vessel inspections were severely limited due to the restrictions of movements due to the COVID-19 pandemic, new remote inspection methods were introduced.

● Performance in Inspections by IINO Vessel Inspection System

	FY2018	FY2019	FY2020
Number of inspections conducted (Number)	89	85	45

Vessel Inspections to Supervise Safety

The IINO Group dispatches safety superintendents to oil tankers, LPG gas carriers, and dry bulk carriers loading or unloading at Japanese ports. The safety superintendents check the condition of vessel hulls and cargo handling equipment and provide instructions and advice on-site to ensure that unloading work is conducted with sufficient consideration of safety and the environment.

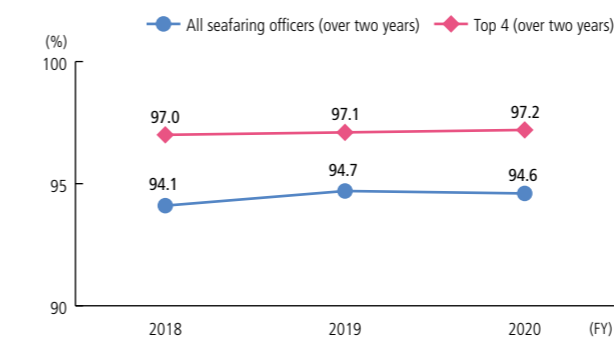
● Performance in Superintendent Safety Inspections

	FY2018	FY2019	FY2020
Total number of vessels (Vessel)	94	124	64
Total number of days (Day)	291	477	259

Crew Retention

Maintaining a consistently competent crew is essential for achieving safe vessel operation. IMS maintains high crew retention rates by analyzing reasons why crew leave and making improvements.

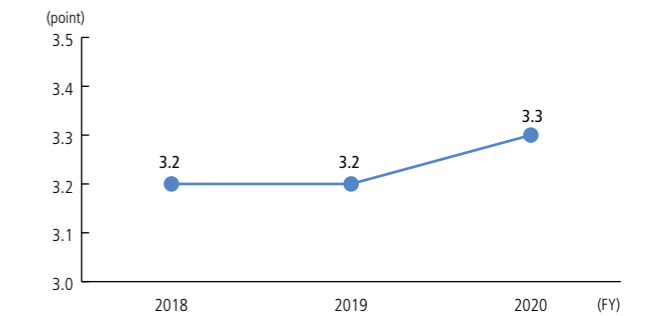
● Crew Retention Rates



Customer Satisfaction Surveys

In managing ships, it is important to achieve both reduction of the disbursements, which are expenses for maintenance of vessels, and safe operations, which is to prevent accidents. IMS is contracted by ship owners to perform vessel administrative tasks. IMS carries out customer satisfaction surveys of ship owners once a year and makes improvements in response to points highlighted by the customers. IMS established the Crew Member Training Management Department to develop and enhance crew training and has been working to raise satisfaction ratings by improving the quality of ship management.

● Average Score Gained by Customer Satisfaction Rating (out of 5 points)



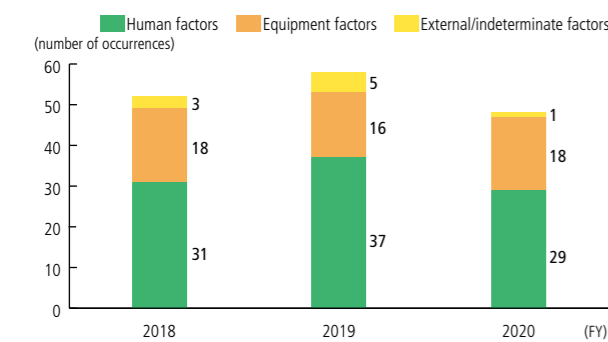
Safety in the Real Estate Business

<Performance>

Status of Accidents and Mishaps

IINO Building Technology Co., Ltd. (IBT), our building management subsidiary, aims to make buildings owned by the Group safe and convenient to use, and strives to make improvements through monthly accident review meetings involving ongoing collection and analysis of data on accidents and other mishaps.

Number of Accidents/Mishaps



Occupational Health and Safety at IBT

IBT's Health and Safety Committee meets monthly. In addition, IBT holds an annual meeting of the Health and Safety Council in cooperation with partner companies in an effort to prevent occupational accidents. IBT employees receive semiannual medical examinations.

Number of People at IBT Certified as Having Suffered Occupational Accidents

	(Persons)		
	FY2018	FY2019	FY2020
Deaths	0	0	0
Injuries	0	0	0
Diseases	0	0	0
Total	0	0	0

Disaster Drills with All Tenants

At the IINO Building and Shiodome Shiba-Rikyu Building, we have been conducting semi-annual evacuation drills with all tenants. In fiscal year 2020, the drills were canceled to prevent the spread of COVID-19 infections, but we distributed materials to tenants and treated this as equivalent to having conducted drills as a result of discussions with the fire department. We continued to carry out semi-annual fire prevention and disaster preparedness drills at each building's disaster prevention center to prepare for emergencies.

At the IINO Building we also conduct a business continuity plan (BCP) drill (a tabletop drill for first response) semiannually as part of the drills of the Real Estate Division. This drill aims to ensure that, in case of a disaster, the Emergency Headquarters will be immediately set up at the building and serve as a comprehensive information control headquarters in charge of collecting information of the building, and from internal and external sources, giving instructions and making decisions on countermeasures. In fiscal year 2020, in anticipation of the spread of COVID-19, we identified scenarios in the field where people do not or cannot gather in order to avoid close contact, and worked to conduct drills by making full use of communications equipment, apps and other resources.

Types and Frequency of Disaster Drills by Building in Fiscal Year 2020

	Comprehensive	Firefighting	Smoke simulated	Other
IINO Building	2*	—	—	—
Shiodome Shiba-Rikyu Building	2*	—	—	—
Tokyo Fujimi Building	1	—	—	—
IINO Takehaya Building	1	—	—	—
NS Toranomon Building	2*	—	—	—

* In spring and autumn we distributed materials to tenants and treated this as equivalent to having conducted drills on an individual basis.

Employee Safety Training

IBT is providing off-the-job (OFF-JT) training such as the advanced first aid course and the safety manager course, as well as on-the-job (OTJ) training, such as risk-prediction training, fire and disaster prevention equipment handling training, and emergency radio communication training according to the education and training plan based on ISO standards, whereby raising the safety awareness of its employees. In addition, personnel, mainly composed of the team of security guards for the IINO Building, perform an annual security drill consisting of an intruder response training using self-defense tools and a demonstration of the art of self-defense in order to help tenants and users of the building understand the safety and security of the building.

Qualifications/Training Related to Real Estate

All IBT employees attend the advanced emergency first aid course and have gained advanced emergency first aid certification. Moreover, they have a variety of qualifications and participate in various courses to acquire knowledge about safety and receive training. IBT will continue to promote the training of its employees and their attainment of qualifications.

Number of Employees with Qualifications/Persons Who Participated in Training Programs (fiscal year 2020)

Qualifications/Training	Number of employees with qualifications/Persons who participated in training programs
First-class architect	4
Chief electricity engineer	8
Qualified energy manager (electricity/heat)	3
Building environment and sanitation management technician	15
First-class electrical work operation and management engineer	6
First-class plumbing work operation and management engineer	4
First-class building operation and management engineer	5
Advanced emergency first aid certification (including instructors)	62
Firefighter certification	41
Disaster preparedness center training programs	38

Environment in the IINO Group

Environmental Management

<Policy and Strategy>

The IINO Group Environmental Policy

The IINO Group's management philosophy states that "We will respect the law and uphold our social and environmental responsibilities," while our Code of Conduct establishes that "The Group is acutely aware of its responsibility to reduce the environmental impact of its business operations. To that end, we will observe all relevant domestic and international laws and regulations and strive in every way possible to preserve ocean environments, harbor environments, and the environments surrounding the buildings we manage." In terms of specific initiatives, we will work to conserve resources and energy, reduce waste, fully utilize water resources, and promote recycling, while also reducing and preventing the emission of greenhouse gases and air pollutants and helping to reduce the impact on the global environment. We will also develop quality and environmental management systems as a part of efforts to reduce our environmental impact while making ongoing improvements.

Collaborating with Industry Groups on Climate Change

IINO LINES is involved with policy formation as a member of the Japanese Shipowners' Association's Environmental Committee. The Company also gathers information from the association about laws and regulations related to climate change, and shares those insights within the IINO Group. In this way, the Company works in concert with industry groups on environmental action, and our stance matches that of the industry. In addition, through the Safety and Environment Committee and task forces established on an as-needed basis, we determine countermeasures and other action through various deliberations. This process ensures that the association's direct and indirect activities on the environment are consistent with the overall picture determining the measures we take.

<Structure and Initiatives>

Promotional Structure for Action on the Environment and Climate Change

Playing a central role under the Risk Management Committee, which oversees and manages risks for the entire Group, the Safety and Environment Committee holds monthly discussions on initiatives related to the environment and climate change, during which it formulates and promotes safety and environmental policies based around climate change themes. The Safety and Environment Committee comprises representative directors, directors, executive officers, the general manager of the Corporate Audit Office and representatives from each division and Group company. The President and Representative Director chairs the committee and also serves as the person responsible for climate change issues.

On another front, in August 2020 we established the IINO Environmental Management Task Force as an organization spanning the Group tasked with pursuing Group-level initiatives on climate change and the environment. The task force delivers climate change-related reports to the President and Representative Director at least once every quarter, and most recently reporting on the progress of its activities at a Board of Directors meeting in May 2021. The task force works in conjunction with the Safety & Environment Office to gather information on topics such as

international laws and regulations related to climate change and trends at other companies, and analyze the Group-level risks and opportunities that information poses in order to develop strategies based on the 2°C scenario in the Shipping Business and towards reducing greenhouse gas emissions in the Shipping Business and Real Estate Business by the year 2030.

<Performance>

Total Amount of Environment-Related Penalties and Fines in Fiscal Year 2020

In fiscal year 2020, the IINO Group paid no fines or penalties (0 yen) for violations related to the environment, such as air pollution, soil pollution, waste, or water quality.

Climate Change

<Strategies and Initiatives>

Climate Change-related Risks, Investments and Opportunities

This section describes the risks, investments, and opportunities related to climate change that could have a major impact on our shipping or real estate business operations in financial or strategic terms.

Physical Risks in the Shipping Business

Risk	Response measures and opportunities
Typhoons and other abnormal weather	Short term*1 Collecting meteorological and oceanographic data via satellite communications Use of optimal route selection support services provided by weather routing services (based on meteorological and oceanographic forecasts)
	Medium to long term*2 Promoting investment in dual-fuel main engine vessels capable of reducing greenhouse gas emissions as part of action on climate change

Costs to address risks (use of IT systems)

Due to the use of vessel operation and management systems, the communication equipment used for ship-to-shore and ship-to-ship communications and other items, costs of approximately 16 million yen were incurred.

Potential financial impact

If a typhoon forms along the route of a voyage, a vessel must divert from the route to avoid it. It is possible that approximately 625 million yen in additional charges could be incurred as costs when diverting.

Physical Risks in the Real Estate Business

Risk	Response measures and opportunities by time-scale
Water damage such as flooding	Short term*1 Formulating BCP enabling a swift response in the event of a natural disaster For office buildings at risk of flooding according to hazard maps, set up spaces where important facilities such as electrical control rooms are installed on higher floors Enroll in insurance against disasters for all office buildings owned in Japan
	Medium to long term*2 Rising real estate values through response measures

Costs to address risks (enrollment in insurance)

It is necessary to enroll in insurance against disasters for all office buildings owned in Japan, and costs of around 10 million yen will be incurred for some office buildings.

• Potential financial impact

As a result of a risk assessment performed by a risk consulting firm on some of the office buildings we own, there was determined to be a flooding risk with potential damages of around 3.7 billion yen. The amount of damages would be covered by the aforementioned insurance in which the Company is enrolled.

*1: Short term refers to a relatively short period of time, around two years.
*2: Medium to long term refers to a period of time longer than two years.

Mid-term Management Plan Targets, Measures to Combat Global Warming Based on Scenario Analysis and Business Impact

Based on a medium-to long-term perspective, the IINO Group has set greenhouse gas (GHG) reduction targets for both the Shipping Business and Real Estate Business as part of its Mid-term Management Plan. In setting targets for the Shipping Business, we used the targets established by the International Maritime Organization (IMO), a 40% reduction from 2008 levels by the year 2030. We will conduct scenario analyses to meet this target and strive to realize a world view consistent with the 2°C scenario.

The IINO Group has seen milestones of 2030 and 2050 as target periods based on a medium-to long-term perspective. Upon running the latest analysis of the Shipping Business, we were reminded of the fact that climate change poses a variety of risks and opportunities for the Shipping Business (oil tanker business, chemical tanker business, large and small gas carrier business, dry bulk carrier business), which accounts for more than 90% of the IINO Group's GHG emissions and also effects our medium-to long-term business strategy. However, we will also perform scenario analyses on the Real Estate Business in the future and work to disclose information on the risks and opportunities climate change poses to this business in a stepwise fashion.

In its Mid-term Management Plan, the IINO Group has set the numerical financial targets achieving revenues of 160 billion yen and recurring profit of 10 billion yen by fiscal year 2030, while in the IINO VISION for 2030, we aim to "become an independent global corporate group that continues to evolve with creative ideas in response to the demands of the times." To achieve the IINO VISION for 2030, it will be necessary to not only create economic value to meet those financial numerical targets, but also create social value. Accordingly, in the Mid-term Management Plan we have set numerical targets for GHG emission reductions for both the Shipping Business and Real Estate Business.

In terms of business-specific targets, in the Shipping Business we aim to reduce GHG emissions per gross operating tonnage by 40% of 2008 levels by 2030 and reduce GHG emissions by 50% of total volume by the year 2050. Additionally, in the Real Estate Business, we have set the goal of reducing CO₂ emissions per square meter of floor area by 50% of 2013 levels by the year 2030, using Japanese government targets as a reference.

To meet these targets, we will continue to promote investments in assets that help reduce our environmental impact, bolster efforts to introduce vessels operating on next-generation fuels, and step up efforts to deal with sustainable cargo.

To achieve the 2°C scenario world view consistent with the Paris Agreement and meet the GHG reduction targets in our Mid-term Management Plan, the IINO Group is pursuing a number of efforts in line with sustainability initiatives. By fiscal year 2022 we plan to invest 15 billion yen in environmentally conscious assets and conduct research and development into environmental technologies in partnership with other companies. As a specific example of such efforts, in the Shipping Business we are making every effort to reduce CO₂ emissions while improving economic efficiency through the promotion of investments in

large vessels equipped with fuel efficient engines. As part of stepped-up efforts aimed at vessels powered by next-generation fuels, we are investing in vessels that use LNG, LPG, and methanol as fuel, undertaking studies of ammonia and methanol-based fuels, and working to develop more advanced operational and management expertise including LPG dual-fuel main engine vessels. In addition, to enhance efforts aimed at sustainable cargo, we will engage in clean cargo transportation including LNG and ammonia. In the Real Estate Business, we will shift to renewable energies by altering the energy mix in the buildings we own and purchasing non-fossil value certificates, and also promote the introduction of energy-efficient equipment (LED lighting, air conditioning equipment, solar panels, etc.). To oversee these efforts, we have established the IINO Environmental Management Task Force as an organization that spans multiple departments in an effort to strengthen initiatives to periodically monitor GHG emissions and reduce them. As of fiscal year 2020, we had reduced GHG emissions by 33.7% (compared with 2008 levels) in the Shipping Business and lowered CO₂ emissions by 9.3% (of 2013 levels) in the Real Estate Business. To achieve the 2030 target and realize the 2°C scenario, we will promote efforts consistent with our Mid-term Management Plan and strategies that reflect our scenario analyses.

Adapting to Global Warming

As an initiative based on the assumption that climate change due to global warming will occur in the future, we are promoting measures in the Shipping Business and Real Estate Business that include adaptation to mitigate the effects of climate change.

In the Shipping Business, due to typhoons that have become larger and more frequent around the world in recent years from the effects of climate change, the safe operation of vessels and cargo transportation are being threatened. The IINO Group naturally takes the utmost care to ensure the same running of all vessels it operates. By collecting meteorological and oceanographic data via satellite communications and making use of a weather routing service that helps select optimal routes, we ensure that the appropriate information is relayed from shore to ships and engage in ship-shore coordination in an effort to safely navigate vessels.

In the Real Estate Business, as a measure to deal with heat stroke due to rising temperatures, in the IINO Forest on the grounds of the IINO Building we disperse mist each summer and have arranged tall trees to provide shade. We also take measures to prepare for major disasters, including fires and earthquakes, and conduct BCP drills at the office buildings we own.

<Performance>

Progress towards the Group's Medium- to Long-Term GHG/CO₂ Emissions Reduction Target

The Shipping Business calculates GHG emissions per unit of transportation (compared with 2008 levels). The Real Estate Business has revised its targets from the reduction target set when the Mid-term Management Plan was formulated, which was to reduce CO₂ emissions per square meter of floor area by 40% (of 2008 levels) by the year 2030, to a 50% reduction (from 2013 levels) by the year 2030 in light of government targets.

	GHG/CO ₂ Emissions Reduction Rate (%)	
	Shipping Business (Compared to 2008)	Real Estate Business (Compared to 2013)
FY2019	24.4	2.3
FY2020	33.7	9.3

The Group's Supply Chain Emissions

	The Group's SCOPE 1, SCOPE 2 and SCOPE 3 Emissions (tons)		
	SCOPE 1	SCOPE 2	SCOPE 3
FY2018*1	787,681	11,590	132,699
FY2019*1	876,661	10,718	201,048
FY2020*2	928,370	9,861	212,543

	Breakdown of SCOPE 3 Emissions*3 (tons)					
	Waste	Travel	Commuting	Fuel- and energy related activities	Capital goods	Total
FY2018	339	182	23	50,029	82,126	132,699
FY2019	221	151	32	127,636	73,007	201,048
FY2020	146	21	29	130,898	81,449	212,543

*1 Recalculated through third-party verification.
*2 Fiscal year 2020 figures are preliminary and will undergo third-party verification in the future.
*3 Emissions that can be calculated at present

Pollution

<Performance>

Destination of Wastewater from Domestically Owned Office Buildings

The amount of water at the wastewater destination from the five office buildings we own in Japan (IINO Building, Shiodome Shiba-Rikyu Building, Tokyo Fujimi Building, IINO Takehaya Building and NS Toranomon Building) has been calculated.

Wastewater Destination and Volume from Domestically Owned Office Buildings

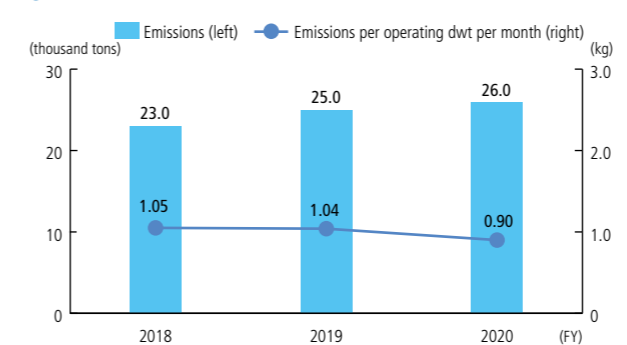
Wastewater destination	FY2018	FY2019	FY2020
Sewage (thousand m ³)*1	98	94	59
Rivers and other public water bodies (thousand m ³)*2	—	—	—

*1 Total figure for gray-water (treated water), spring water (rainwater), sewage, and miscellaneous water
*2 No wastewater from domestically owned office buildings is released into rivers and other public water bodies.

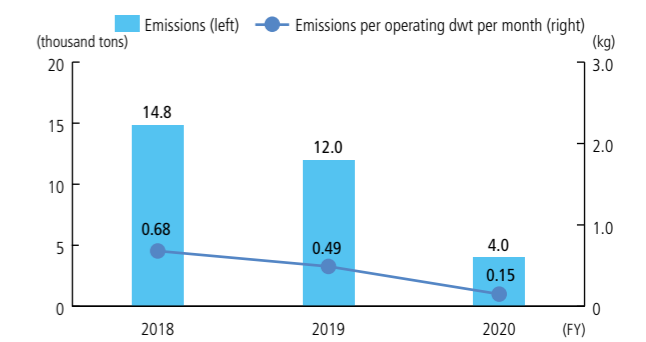
Prevention of Air Pollution

Ship operations leads to the generation of emissions of CO₂ and other greenhouse gases, and emissions of nitrogen oxides (NOx) and sulfur oxides (SOx), which are causes of air pollution and acid rain. The IINO Group uses scrubber systems and low-sulfur fuel, and is pursuing the use of exhaust gas recyclers (EGR) as a NOx reducing technology and selective catalytic reduction (SCR) NOx removal equipment. The IINO Group will continue its initiatives to improve fuel efficiency and reduce environmental impacts.

NOx Emissions



SOx Emissions



Resource and Waste

<Performance>

Fuel Oil Volume Used by the IINO Group Operated Vessels*1

	FY2018	FY2019	FY2020
Fuel Oil (tons)*2	264,273	281,124	297,778

*1 Applies to operating vessels the IINO Group owns or which are chartered from other shipowners.
*2 Total for Grade A Heavy Oil and Grade C Heavy Oil

Amount of Copy Paper Used at Company Offices

The IINO Group strives to reduce its impact on the global environment by working to conserve resources. In fiscal year 2020, the amount of copy paper used was reduced by 1,309k sheets, or 66% year on year, in part due to an increase in employees working from home due to COVID-19.

	FY2018	FY2019	FY2020
Copy paper (thousands of sheets)*	2,233	1,983	1,309

* Calculated based on copy paper used on the 27F of the IINO Building and 5F of the NS Toranomon Building, where domestic Group companies including IINO LINES are located.

Waste Reduction and Recycling Rate Targets and Progress

The IINO Group has set waste reduction and recycling rate target values at 72.4%* of total waste. The waste recycling rate at domestically owned buildings in fiscal year 2020 was 74%, surpassing the target.

* The waste recycling rate from Chiyoda Ward, Tokyo (the figure for fiscal year 2014, which is the highest in recent years) is used as the Company's target figure.

Waste Discharge and Recycling

The IINO Group works with tenants to promote waste separation. Those efforts have paid off and the percentage of waste recycled remains high.

Waste Discharged and Percentage of Waste Recycled

	FY2018	FY2019	FY2020
Waste discharged (tons)	833	666	422
Regular waste	652	509	326
Industrial waste	181	157	96
Percentage of waste recycled (%)	76	72	74

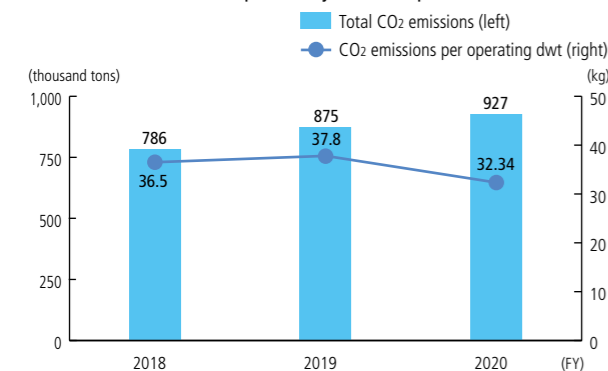
Environment in the Shipping Business

<Performance>

Prevention of Global Warming

Greenhouse gases (GHG) including CO₂ are released in connection with the operation of vessels. The IINO Group is considering and taking action on various approaches to reduce GHG emissions, including the adoption of dual-fuel main engine vessels. In addition to continuously monitoring and analyzing data on fuel consumption per voyage every six months using a Ship Energy Efficiency Management Plan (SEEMP), the Group is in conformity with a fuel consumption report system that meets the EU-MRV regulations enforced in Europe, and the DCS regulations established by the IMO.

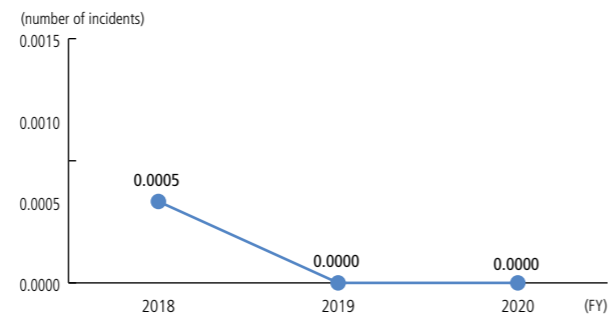
CO₂ Emissions (vessels operated by IINO Group)



Marine Pollution Incidents (Overboard Outflow of Oil and Chemicals)

Spills of oil and chemical substances could lead to serious problems, such as sea pollution and adverse impacts on humans and other living organisms. We vigorously implement safety measures, including crew training and appropriate operation and maintenance of the relevant facilities, to prevent marine pollution caused by vessels.

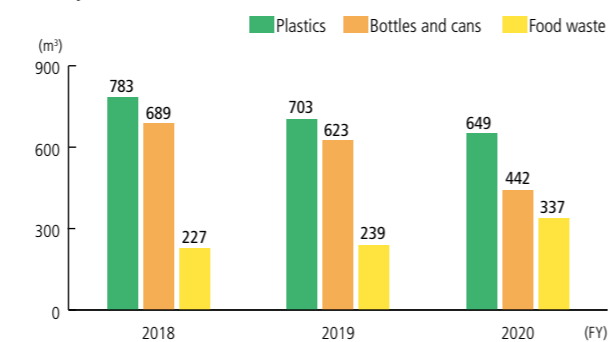
Number of Marine Pollution Incidents per Voyage



Proper Treatment of Shipboard Daily-Life Waste

Ship crews generate various types of daily-life waste while living aboard vessels. To protect the marine environment, we treat this waste properly according to the International Convention for the Prevention of Pollution from Ships (MARPOL 73/78). Waste is sorted by type and incinerated, dumped at sea (biodegradable garbage), or transported to onshore waste reception facilities. Plastics are treated with particular care. All plastics are stored onboard and only unloaded for disposal, at which time receipts are issued and logged.

Daily-Life Waste from Vessels



Environment in the Real Estate Business

Climate Change

<Performance>

SCOPE 1 and 2 CO₂ Emissions and Basic Unit (Per Square Meter of Floor Area)

	FY2018	FY2019	FY2020*
SCOPE 1	1,520.90	1,489.73	1,361.00
SCOPE 2	11,590.70	10,718.35	9,861.00
Total of SCOPE 1, 2	13,111.60	12,208.08	11,222.00
Basic Unit (t-CO ₂ kg/m ²)	0.082114	0.076475	0.070298

* Fiscal year 2020 figures are preliminary. As with figures from fiscal year 2018 and fiscal year 2019, these figures will be subjected to third-party verification in the future.

Scope of Emissions Aggregated*

Emissions from the five office buildings owned by the Company in Japan as of fiscal year 2020 fell within the scope.

Overall

Number of buildings	5
Total floor area (m ²)	159,634.50

Floor Area per Building

IINO Building	99,202.67
Shiodome Shiba-Rikyu Building	35,015.25
Tokyo Fujimi Building	10,686.60
NS Toranomom Building	9,877.00
IINO Takehaya Building	4,852.98

*The total floor area used to calculate the progress rate is the figure provided in the periodic report as stipulated by the Energy Saving Act.

Water Security

<Policy and Strategy>

Policy

The IINO Group is cooperating with its tenants to promote the effective use of water resources. Measures the Group has taken for this purpose include the use of grey-water produced by recycling wastewater for garden and lawn watering as well as flushing toilets, the introduction of water-saving toilets, and implementation of activities to raise awareness of employees about water conservation. We also utilize the policies of the Tokyo Metropolitan Government and reduce the use of water resources by working to manage water intake and discharge on a per-building basis.

Status of Water Management Plans

As of March 31, 2021, we are striving to utilize gray-water and effectively utilize water resources at five buildings, representing 83% of the six office buildings we own in Japan and overseas. In addition to managing water intake and wastewater discharge in each building, we also receive cooperation from some tenants in conserving water when flushing toilets. In addition, at the IINO Building we practice water recycling where we reuse non-fecal wastewater and rainwater as gray-water. We have also introduced wide-area reclaimed water from the Tokyo Metropolitan Government and have reduced the amount of tap water used by 45.8%.

<Initiatives and Results>

Water Usage by Building

Items	Supplied water usage (thousand m ³)			Recycled water usage (thousand m ³)			Grey-water (treated water) usage (thousand m ³)		
	FY2018	FY2019	FY2020	FY2018	FY2019	FY2020	FY2018	FY2019	FY2020
IINO Building	46	41	34	13	12	2	41	39	27
Shiodome Shiba-Rikyu Building	24	22	17	17	17	9	—	—	—
Tokyo Fujimi Building	6	6	2	—	—	—	—	—	—
IINO Takehaya Building	4	4	2	—	—	—	—	—	—
NS Toranomom Building	3	3	2	—	—	—	—	—	—
Total	83	76	57	30	29	11	41	39	27

Items	Well water discharge (thousand m ³)			Spring (rain) water discharge (thousand m ³)			Wastewater discharge (thousand m ³)		
	FY2018	FY2019	FY2020	FY2018	FY2019	FY2020	FY2018	FY2019	FY2020
IINO Building	0	0	0	5	7	6	53	51	33
Shiodome Shiba-Rikyu Building	—	—	—	—	—	—	34	33	20
Tokyo Fujimi Building	—	—	—	0	0	0	4	4	2
IINO Takehaya Building	0	0	0	0	0	0	4	3	2
NS Toranomom Building	—	—	—	0	0	0	3	3	2
Total	0	0	0	5	7	6	98	94	59

* 0.01 thousand m³ or smaller are expressed as "0." "—" is used if not used or not discharged.

Total Usage for Each Building by Water Intake Source

	FY2018	FY2019	FY2020
Total usage (thousand m ³)	88	83	63
Surface water usage (thousand m ³)	—	—	—
Underground water usage (thousand m ³)	0	0	0
IINO Building	0	0	0
Shiodome Shiba-Rikyu Building	—	—	—
Tokyo Fujimi Building	—	—	—
IINO Takehaya Building	—	—	—
NS Toranomom Building	—	—	—
Water used from quarries (thousand m ³)	—	—	—
Supplied water usage (thousand m ³)	83	76	57
IINO Building	46	41	34
Shiodome Shiba-Rikyu Building	24	22	17
Tokyo Fujimi Building	6	6	2
IINO Takehaya Building	4	4	2
NS Toranomom Building	3	3	2
Outside wastewater usage (thousand m ³)	—	—	—
Rainwater usage (thousand m ³)	5	7	6
IINO Building	5	7	6
Shiodome Shiba-Rikyu Building	—	—	—
Tokyo Fujimi Building	—	—	—
IINO Takehaya Building	—	—	—
NS Toranomom Building	—	—	—
Seawater usage (thousand m ³)	—	—	—

* Aggregated from the Company's five domestically owned office buildings
* 0.01 thousand m³ or smaller are expressed as "0." "—" is used if not used or not discharged.

Use of Reclaimed Water Utilizing Tokyo Metropolitan Government Policy

The IINO Group is making use of an initiative of the Tokyo Metropolitan Government Bureau of Sewerage to effectively utilize treated sewerage as a new water resource (reclaimed water) for toilet flushing and similar uses, thus contributing to the cyclical usage of water as an indispensable resource for people's daily lives and urban activities, and helping with measures to deal with growing water demand and water shortages. In the IINO Building and Shiodome Shiba-Rikyu Building, area wide reclaimed water is utilized as gray-water (used for toilet flushing and planting) to reduce tap water usage in the IINO Building by 4.9% (45.8% reduction with the use of gray-water and reclaimed water).

Violations of Environmental Laws Related to Water Quality and Water Intake

In fiscal year 2020, there were no violations of environmental laws or other regulations concerning water quality or water intake.

Business Development in Water-Stressed Regions

The following table shows the status of the IINO Group's 21 sites in Japan and overseas* located in water-stressed regions according to the World Resources Institute (WRI) Aqueduct Water Risk Atlas. We have no sites located in areas with "extremely high" water stress. We have five sites in areas rated "high," accounting for 23.8% of all sites. In terms of the breakdown of sales, 0% of sales are from sites with extremely high water stress, and around 0.1% of sales are from sites with high water stress.

* Excluding companies for the purpose of ship ownership

● Number of Sites in Water-Stressed Areas and Their Percentage

Water stress	Number of sites	Percentage of sites by region (%)
Total	21	100
Extremely High (>80%)	0	0
High (40-80%)	5	23.8
Medium High (20-40%)	11	52.4
Low – Medium (10-20%)	3	14.3
Low (<10%)	2	9.5

* We have no sites in areas with “extremely high” water stress, and our water intake amount, discharge amount, and usage amount in those areas are all zero.

Power Consumption

The IINO Group is introducing cutting-edge technologies and facilities in the buildings it owns as well as systems for visualizing energy consumption to promote energy efficiency of entire buildings. The Group is stepping up efforts to reduce energy consumption in cooperation with tenants.

<Performance>

● Power Consumption and CO₂ Emissions

Name of Building	Power consumption (thousand kWh)		CO ₂ emissions (tons)
	Daytime	Nighttime	
IINO Building	9,682	3,442	6,417
Shiodome Shiba-Rikyu Building	3,149	1,624	2,333
Tokyo Fujimi Building	502	142	314
NS Toranomon Building	834	—	407
IINO Takehaya Building	245	63	150

* The CO₂ emission factor for electricity consumption is the value specified in the April 2020 Guidelines for Calculating Specified Greenhouse Gas (GHG) Emissions under the Total Volume Reduction Obligation and Emissions Trading Scheme (0.489t-CO₂/1,000 kWh) based on the Tokyo Metropolitan Environmental Security Ordinance.

Real Estate Portfolio Management

We will fulfill our responsibility towards the global environment through proactive initiatives for various environmental issues by such means as conservation of biodiversity and promotion of further reduction of CO₂, which is the main cause of global warming. We have set the target of reducing CO₂ emissions per floor area unit (CO₂ kg/m²) by 50% of 2013 levels by the year 2030 for all domestic leased buildings owned or managed by the Company.

<Initiatives>

Green Lease Agreement

For the Shiodome Shiba-Rikyu Building, we have signed a green lease agreement* with some of its tenants for the use of LED lighting in their exclusive areas in an effort to reduce power consumption together with the tenants.

* Agreement that is entered into between a building owner and a tenant to renovate and operate the building with the aim of working together to reduce the environmental impact

Introduction of Smart Meters

In the IINO Building, we have introduced smart meters that enable energy usage to be viewed for tenant’s exclusive sections. In addition, to promote understanding and utilization of the environmental performance provided by the building, an Internet-based hub for communication with tenants has been built. By providing visualized energy information and other data on a dedicated portal site for

tenants, we are helping to improving the efficiency of and reduce energy usage on the part of tenants.

Introduction of a Building Energy Management System

We have introduced a building energy management system (BEMS) at the IINO Building. The system ensures the efficient operation and management of equipment and facilities and promotes energy usage visualization in an effort to reduce energy usage. Additionally, to cater to customer needs, we also prepare reports on the provision of air conditioning energy and measures to combat global warming submitted to the Tokyo Metropolitan Government, along with various reports related to the Energy Saving Act.

Project to Preserve Biodiversity at the IINO Building

At the IINO Building, whose construction was completed in 2011, we maintain existing biodiversity in the IINO Forest, which aims to cultivate potential natural vegetation. When selecting the varieties to cultivate, with the help of Takenaka Corporation we conducted investigations of historical surveys based on Edo era literature and other sources, surveyed the current stage of vegetation in surrounding areas, and conducted a potential natural vegetation map survey. Working from past materials on habitat surveys, we identified 10 species of bird and 21 species of butterflies as species to target for attraction to the IINO Forest. With the aim of the long-term management of greenery, once every five years a survey of living things is conducted to check the status of the forest and provide feedback on greenery management.

<Performance>

Percentage of Office Buildings Certified for Environmental Initiative

The IINO Building has obtained the highest ranking of five stars in the Building Housing Energy Efficiency Labeling System (BELS), and the Company’s office floor on the 27th story has obtained LEED certification (platinum). The IINO Building and Shiodome Shiba-Rikyu Building have also obtained 5 and 4 star ratings, respectively, under DBJ Green Building certification, which is awarded to buildings taking the environment and society into account. The following table shows the percentage of our office buildings in Japan and overseas that have obtained each certification.

● Percentage of Owned Office Buildings with Each Type of Certification (%)

	FY2018	FY2019	FY2020
LEED certification (Platinum)	20	17	17
BELS certification	20	17	17
DBJ Green Building Certification	40	33	33

* Applies to office buildings owned by the Company in Japan and overseas.

* The decline in the ratio from fiscal year 2019 onwards is due to the acquisition of an office building in London, UK.

Maintenance of Safety and Sanitation of Properties

In accordance with the Act on Maintenance of Sanitation in Buildings, the IINO Group carries out periodic assessment of air quality, periodic testing of drinking water, and periodic cleaning of buildings, including water tanks, so as to maintain the safety and sanitation of its buildings.

Air Quality Assessment Results (number of locations that satisfy the reference value / number of locations assessed; expressed as a percentage in parentheses)

Items specified in the Act on Maintenance of Sanitation in Buildings*	FY2018	FY2019	FY2020
Carbon dioxide content	3,238/3,294 (98%)	3,140/3,239 (97%)	3,222/3,242 (99%)
Carbon monoxide content	3,294/3,294 (100%)	3,239/3,239 (100%)	3,242/3,242 (100%)
Amount of floating dust	3,294/3,294 (100%)	3,239/3,239 (100%)	3,242/3,242 (100%)

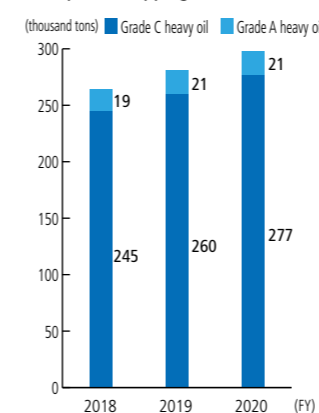
* Target reference values specified by the Act on Maintenance of Sanitation in Buildings

Results of Water Quality Assessments

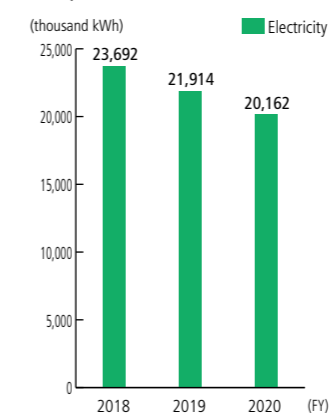
	FY2018	FY2019	FY2020
Assessment result	Compliant with the water quality standards	Compliant with the water quality standards	Compliant with the water quality standards

* Assessment items specified by the Water Supply Act and the Act on Maintenance of Sanitation in Buildings

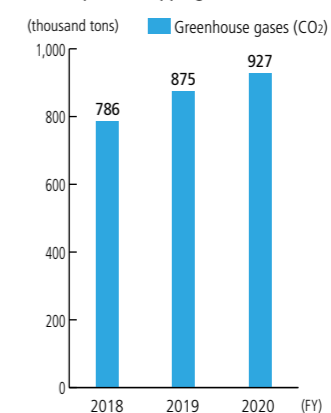
● Input in Shipping Business*



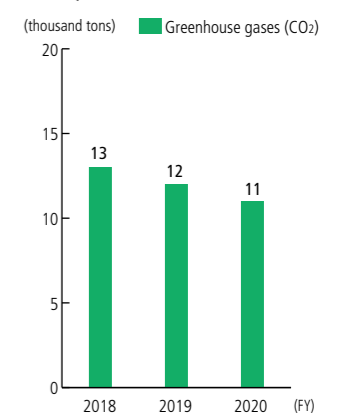
● Input in Real Estate Business



● Output in Shipping Business



● Output in Real Estate Business



* The figure for FY2019 includes low-sulfur C heavy oil (low-sulfur fuel compliant with SOx regulations) and low-sulfur gas oil.

Input

- Grade C heavy oil ······ 38 kt (38 MI)
- Low-sulfur C heavy oil ······ 239 kt (241MI)
- Grade A heavy oil ······ 8 kt (9 MI)
- Low-sulfur gas oil ······ 13 kt (15 MI)
- Heavy oil total ······ 298 kt (303 MI)



Fuel oils are for vessels in operation. Waste is from vessels under management.

Output

- Greenhouse gases (CO₂) ······ 927 kt
- NO_x ······ 26 kt
- SO_x ······ 4 kt
- Daily-life waste from vessels
 - Plastics ······ 649 m³
 - Bottles and cans ······ 442 m³
 - Food waste ······ 337 m³



Total for buildings for lease Including tenants’ portions

Notes

Greenhouse gases: The output of greenhouse gases in the Shipping Business is the amount of CO₂.
 Vessels in operation: Operation refers to deciding freight content, ports of loading and unloading, and providing shipping schedules to IINO Group-owned vessels or chartered vessels so as to perform marine transport as requested by cargo owners. Operation also involves handling all accompanying necessary arrangements. (Includes loading/unloading arrangements, refueling, etc. Also includes instructing vessel managers to perform required tasks.)
 Vessels under management: Management refers to maintaining IINO Group-owned vessels or vessels managed for vessel owners in a condition fit to engage in marine transport in accordance with vessel operators’ instructions. This includes maintaining vessels while they are in operation, and involves making sure that all resource-related (human) and other necessary conditions for operation are met (vessel upkeep, vessel equipment arrangements, crew deployment, etc.). Certain vessels are both operated and managed by the IINO Group and other vessels are either operated or managed by the IINO Group.

* Including the figures by certain IINO Group companies in Japan

Human Resources in the IINO Group

Labor Practices

<Policy>

IINO Group Human Resource Policy

At the IINO Group, our management philosophy states “We will constantly strive to increase our corporate value and enhance returns to all investors and stakeholders.” Our Code of Conduct establishes the basic policy “in all our transactions, including hiring, we will never discriminate against anyone due to nationality, race, religion, age, gender, or any other unjust reason.” “We will respect human rights in the workplace so as to maintain an environment in which all employees can work comfortably.” In addition, our Mid-term Management Plan describes management that aims to improve corporate value through solutions to social issues (ESG management). We believe that cultivating, retaining, and utilizing talented human resources is an important foundation for putting ESG management into practice, and we have worked to enhance our training programs while developing a workplace environment that is conducive to a diverse range of human resources. We have also translated our management philosophy and Code of Conduct into English and made it available on the Company website (<https://www.iino.co.jp/kaiun/english/company/philosophy.html>) to communicate and disseminate our values among IINO Group employees working around the world.

<Initiatives>

Reemployment Initiatives

Since April 2006, the Company has established Mandatory Retiree Part-Time Employment Regulations to set regulations for the working conditions and employment of mandatory retirees who are reemployed as part-time workers. In response to amendments to the Act on Stabilization of Employment of Elderly Persons in 2013, the Employment Regulations and Mandatory Retiree Part-Time Employment Regulations were revised from April 2013 so that the criteria for those eligible would be applied after they reach the starting age for payment of the proportional part of the welfare pension. This system ensures that mandatory retirees who wish to continue employment after retiring and meet specified requirements can be reemployed up to the age of 65. In June 2020, we have introduced a Job Return System enabling employees who have resigned due to childcare, family nursing care, the transfer of a spouse, or similar reasons to be reemployed.

Human Resource Diversification Initiatives

Our Code of Conduct prescribes that we will not discriminate on the basis of nationality, race, and other attributes, and we strive to promote diversity among our human resources. Approximately 2,200 of the IINO Group’s seafaring employees, including onshore employees and fixed-term seafaring employees (as of June 30, 2021) are made up of a diverse range of races and nationalities, mainly those of Asian descent from South Korea, the Philippines, and Myanmar. Moreover, at our local Singaporean subsidiary, which handles the independent operation of chemical carriers, we employ a mostly Asian staff including Singaporeans, Indians, and Indonesians in addition to Japanese. As a human resources measure to support the global business expansion at overseas sites, we foster the development of Japanese employees who are able to succeed overseas while also hiring and strengthening the development of local staff of various nationalities. We have also

introduced a highly transparent personnel evaluation system. Going forward we will continue to hire human resources with an emphasis on ability without regard for race or nationality, and promote the diversification (both in terms of people and their abilities) of employees and officers.

Promoting Diversity

As of July 2021, 37 female career-track employees work at the Company. Across the entire the IINO Group in fiscal year 2020, 17.3% of our workforce is female, and 18.7% on a non-consolidated basis. While the perspective of female employees in managerial positions in fiscal year 2020 was 0% on a non-consolidated basis, in fiscal year 2021 this figure will be 5.9% due to the appointment of new female managers and other activities. We will continue making efforts to promote female empowerment and maintain a pleasant working environment.

Human Resource Development Initiatives: Cultivating Human Resources to Navigate a New Era

The Company concentrates on developing human resources who will acquire a wide range of knowledge and experience and boldly take on the challenges of a new era while considering the individual needs and aptitude of each employee, in accordance with our Basic Policy on Human Resources which advocates “small team operation,” “promoting improved motivation and revitalization,” and “looking carefully at each individual.”

Training

Total training hours at the Company and training hours per employee in fiscal year 2020 are given below.

● Training Hours (fiscal year 2020 results)		(hours)
Total training hours		2,676
Training hours per employee		16.1

* Non-consolidated data for IINO LINES

* Data on training organized by the Human Resources Department and Shipping Department (excluding individual training conducted by each department)

<Performance>

Employees

Item	FY2018		FY2019		FY2020		
	Onshore	Seafarer	Onshore	Seafarer	Onshore	Seafarer	
Number of employees by gender (people)	Male	70	55	74	56	79	56
	Female	27	0	30	0	31	0
	Total	97	55	104	56	110	56
Number of persons hired by gender (people)	Male	3	4	2	5	6	4
	Female	3	0	4	0	4	0
	Total	6	4	6	5	10	4
Percentage of contractors (people / consolidated)*1	2.02		1.82		1.79		
Average number of years of service (Year)	14.6	9.9	14.9	10.2	14.4	10.5	
Percentage of employees who left for personal reasons (%)	0	3.6	0.9	1.7	0.9	3.4	
Number of persons who left within three years (people)	0	0	0	0	1	1	
Average monthly overtime per employee (Hour)	23.9		23.5		25.4		

Employee Support Systems

Item	FY2018	FY2019	FY2020
Average number of paid vacation days consumed (Day)	8.6	9.4	7.4
Number of women who took maternity leave (people)	1	0	2
Number of persons who used childcare leave (people)	1	1	0
Number of persons who used childcare leave (people)	Female	1	0
	Male	0	1
Ratio of employees who returned to work after taking childcare leave (%)	100	100	—
Number of working mothers**2 (people)	10	9	10
Ratio of persons who used nursing care leave (%)	0	0	0
Number of persons who used nursing care leave (people)	0	0	0
Job return**3 (people)	—	—	0
Number of internal reporting	1	1	0

Employee Diversity

Item	FY2018	FY2019	FY2020
Ratio of female employees (%)	17.8	18.8	18.7
Ratio of female employees (consolidated) (%)	16.5	18.6	17.3
Ratio of female managers**4 (%)	2.9	0	0
Ratio of employees with disabilities (%)	1.2	1.2	1.05

* Data is on a non-consolidated basis for IINO LINES. For consolidated data, “(consolidated)” is noted beside each data item.

*1 As the consolidated number of employees listed in securities reports does not include the number of contractors made up of temporary employees, etc., this calculation includes contractors.

*2 The number of the Company’s female employees who have at least one small child as of the end of each fiscal year

*3 This relates to the Job Return System which applies to employees who have resigned in connection with the job transfer of a spouse, etc., and was adopted in June 2020. For this reason, figures prior to fiscal year 2019 are not applicable.

*4 This figure rose to 5.9% due to the appointment of two female managers in June 2021 (as of June 30, 2021).

Human Rights and Labor

<Policy and Strategy>

Human Rights Policy of the IINO Group

The IINO Group has declared that it will eliminate discrimination and respect human rights and is making every effort to live up to those responsibilities. Our Code of Conduct states “In all our transactions, including hiring, we will never discriminate against anyone due to nationality, race, religion, age, gender, or any other unjust reason.” “We will respect human rights in the workplace so as to maintain an environment in which all employees can work comfortably.” The IINO Group, its employees, and officers act in accordance with this code. We also comply with international labor standards and frameworks, work to prevent forced labor and child labor, make efforts to reduce overwork, and pay living wages above minimum wage levels.

Basic Approach

Compliance with International Labor Standards and Frameworks

We comply with the 2006 Maritime Labor Convention (MLC 2006), which prescribes the elimination of all forms of forced labor, the effective abolition of child labor, effective recognition of the right to

freedom of association and collective bargaining, and the elimination of discrimination with respect to employment and position, and work to protect the human rights of crew members. With regard to on-shore personnel, we comply with the international labor standards formulated by the International Labor Organization (ILO), which have a certain impact on the development of domestic and overseas legislation. We also comply with various laws and regulations such as the Labor Standards Act as labor laws and regulations that follow the Industrial Safety and Health Act and the Labor Contract Act.

Preventing Child Labor and Forced Labor

The IINO Group has made it a basic policy to prevent child labor and forced labor. With regard to seafaring personnel, we comply with the 2006 Maritime Labor Convention (MLC 2006), which prescribes the elimination of all forms of forced labor and the effective abolition of child labor, and work to protect the human resources of crew members.

Preventing Overwork and Reducing Excessive Working Hours

The IINO Group complies with various Japanese laws and regulations including the Labor Standards Act in order to prevent overwork, engages in labor management, and follows a basic policy of working to reduce excessive working hours. We give careful consideration to working hours, such as thoroughly ensuring proper working hours and labor management for both onshore personnel and seafaring personnel, following up on those who work extended hours, and assign additional crew to managed vessels expected to experience overwork.

Paying Living Wages Above Minimum Wage Levels

The IINO Group complies with minimum wage regulations based on the laws and regulations of each country, and has established the basic policy of paying wages in excess of these minimums. Similarly, with regard to crew members assigned to ocean-going vessels, we observe the minimum wage regulations set forth in International Bargaining Forum (IBF) labor agreements that represent international labor-management agreements and pay wages in excess of those levels.

Identifying Salient Human Rights Issues Unique to Our Business

The IINO Group promotes initiatives to respect human resources in the following areas that impact its business activities. We actively seek out dialogue and discussion with various stakeholders regarding the human rights issues that are identified.

■ Employees (onshore)

We respect the human rights of IINO Group employees, observe various laws and regulations including the Labor Standards Act, and promote the development of a working environment and programs conducive to a diverse range of human resources. As part of these efforts, we have set up an internal reporting system where an outside attorney serves as a point of contact for various complaints and consultations from employees. When a report is made, the Company needs to take appropriate corrective measures and is prohibited from taking any form of retaliatory action against the person who made the report.

■ Crew members of ocean-going vessels

As a result of various countries strengthening quarantining and placing restrictions on movements as measures at ports in response to the spread of COVID-19, it has become difficult to rotate crew and long-term voyages in which crew members exceed their planned shipboard duration (around six months) have become problematic. Due to the

physical and mental strain of being on board for long periods of time and the risk this can pose to the safety of voyages, we have made crew rotations a top priority and make direct calls to ports in countries where crew rotations are possible by diverting from our original routes. In addition, to prevent crew from bringing infections aboard during crew rotations, we have established procedural manuals that require incoming crew to go on standby at a hotel beforehand, and otherwise make every effort to prevent the spread of infection.

Meanwhile, as a part of maritime work style reform efforts, we place an importance on shipboard communication, and make efforts to spread the attitudes of (1) "Speak up" (actively listening to suggestions from junior crew) and (2) "Listen up" (having senior crew listen to the opinions of junior crew). We also promote dialogue between crew members to make ongoing improvements to the working environment.

■ Business Partners

We respect the human rights of business partners in all countries and regions in which we operate. We deal with all business partners on an equal footing in a sincere, courteous, and kind manner, respect their privacy, and thoroughly protect their personal information.

<Initiatives>

Awareness Raising on Respecting the Human Rights of Group Officers and Employees

We have posted the "Preventing Human Rights Infringements" compliance course e-learning training video and our Code of Conduct clearly stating respect for human rights on our web-based bulletin board designed as a medium for in-house communication, as part of efforts to disseminate information among Group officers and employees on the need to respect human rights.

Preventing Child Labor and Forced Labor

The IINO Group has adopted initiatives to prevent child labor and forced labor. With regard to seafaring personnel, we comply with the 2006 Maritime Labor Convention (MLC 2006), which prescribes the elimination of all forms of forced labor and the effective abolition of child labor, and work to protect the human rights of crew members. With regard to onshore personnel, we comply with the international labor standards formulated by the International Labor Organization (ILO), which have a certain impact on the development of domestic and overseas legislation. We also comply with various laws and regulations such as the Labor Standards Act as labor laws and regulations that follow the Industrial Safety and Health Act and the Labor Contract Act. In addition, we confirm the intentions of employees when hiring them, have set up an internal reporting hotline in case of any eventuality, and strive to prevent any form of child labor or forced labor.

Preventing Overwork and Reducing Excessive Working Hours

At IINO LINES, we implement initiatives to reduce excess working hours.

As initiatives for onshore personnel, we monitor working hours using a work attendance system, conduct interviews with junior employees about their working hours, notify the supervisors of employees who may have to work for long periods by email, provide notifications to those working for long periods using the work attendance system and communicate information verbally, report to the Health Committee about the working hours of union members, and give briefing reports to the monthly department managers meeting.

As initiatives for seafaring personnel, we have equipped the vessels we manage with work and rest period management systems, monitor and manage the rest periods of crew members, and assign additional

crew to vessels we manage that are expected to require overwork.

Support for Living Wages in Excess of Minimum Wage Levels

IINO LINES complies with various Japanese laws and regulations, including the Labor Standards Act, and carries out labor management on that basis. Regarding wages, we pay amounts that are higher than minimum wage regulations. We observe the extra pay rates for overtime work prescribed in the Labor Standards Act and calculate work outside scheduled working hours that do not exceed statutory working hours (40 hours at week, 8 hours a day) but exceed the Company's scheduled working hours of seven hours a day using a certain extra rate. In addition, for employees of the Company working outside Japan, based on a basic approach of guaranteeing the same purchasing power in the assigned country as employees working in Japan, we use index data from an outside organization on a cost of living index of the place of work that is the equivalent of living expenses in Japan, and multiply it by the exchange rate in order to calculate the wage to be paid. Similarly, with regard to crew members assigned to ocean-going vessels, we observe the minimum wage regulations set forth in International Bargaining Forum (IBF) labor agreements that represent international labor-management agreements and pay wages in excess of those levels. Note that the average annual salary of the 166 onshore and seafaring personnel working at IINO LINES is 9,009,000 yen (as of fiscal year 2020).

IINO Group Engagement with Local Communities and Tenants

Communities

<Approach>

The IINO Group's Approach to Communities

The IINO Group frames its contributions to local communities in its Code of Conduct, adopting the basic policy that "We will not only avoid doing harm, but will actively strive to make positive contributions to society. We will always act on behalf of the people in and around our greater business community."

In Japan, we strive to provide opportunities to disseminate culture through the operation of IINO Hall. Overseas, we employ local staff from Singapore and nearby countries at our local subsidiary in Singapore, and also contribute to local communities through scholarship programs and the creation of employment opportunities in South Korea, the Philippines, and Myanmar, the countries from which the crew members working on our vessels originate.

Engagement with Local Communities and Tenants in the Real Estate Business

<Policy>

Policy on Communicate Initiatives in the Real Estate Business

The IINO Group believes that for cities and towns to be sustainable in social and environmental terms, all stakeholders including the tenant employees working at the office buildings it owns, nearby workers, the customers of IINO Hall, and local communities must function in a healthy manner. Our basic approach to initiatives aimed at local communities in the Real Estate Business is the provision of spaces that enable high-quality offices comfortable to people and that are friendly to the environment, and spaces that contribute to the dissemination of culture. As part of this approach, we work to improve energy efficiency, implement disaster prevention and security measures, and engage with the community on social issues such as the provision of safe and healthy environments. Additionally, in order to develop offices that take the nearby community into account, we help form the local landscape such as with the NS Toranomon Building that was awarded the Scenery Town Development Prize, or with the IINO Building, we provide disaster prevention stockpiling space to local governments as a way to enhance regional disaster preparedness. We also form links with the surrounding environment and work to provide spaces that contribute to the dissemination of culture at IINO Hall.

Basic Policy on Employees in Real Estate Management

In real estate management, we make efforts aimed at people towards building a sustainable society. The IINO Group engages in thorough office management by providing safe and healthy environments for the people working in offices, prohibiting forced labor and child labor in compliance with the Labor Standard Act, and eliminating discrimination in employment as provided for in its Code of Conduct.

<Systems>

Volunteer Leave System

In fiscal year 2012, IINO LINES set up a volunteer leave system. The system provides special leave and subsidizes the travel expenses of employees who take part in disaster volunteer activities. In fiscal year 2019, one employee took part in agricultural land cleanup activities around the Chikuma River basin in Obuse, Nagano Prefecture, which had been damaged due to a typhoon. However in fiscal year 2020, no volunteers took part in activities due to the COVID-19 pandemic.

<Performance>

Social Contribution Activity Data

	FY2018	FY2019	FY2020
Total donations* (thousand yen)	8,171	3,411	1,185
Number of employees who took volunteer leave	1	1	0

*Aggregated based on the total amount of donations reported to the Executive Committee

<Initiatives>

Initiatives for Tenant Employees and Local Communities

As initiatives aimed at tenant employees of the IINO Building and workers in the nearby area, we run events to distribute seedlings that have sprouted from seeds in the IINO Forest. We also cooperate with tenants to promote energy savings by visualizing energy consumption using the building energy management system (BEMS), conduct annual emergency drills based on a major earthquake scenario with the cooperation of all tenants, and develop systems to enable temporary stays in the building in the event tenant employees find it difficult to return home during a disaster.

Under an initiative targeting the local community, we provide local governments with storage space for disaster prevention stockpiling free of charge in preparation for major disasters as a way to contribute to fire and disaster preparedness efforts.

Consideration of Barrier Free Design and Public Transportation Access

Based on the belief that it is vital for a community to function healthily, the IINO Group provides high-quality offices designed with barrier free facilities and access to public transportation while taking people and the environment into account, and reflecting our policy of eliminating all forms of discrimination, including on the basis of disabilities or impairments. Specifically, at the IINO Building and Shiodome Shiba-Rikyu Building, we have installed universal design elevators and toilets. In some of our real estate developments including the IINO Building, we have conducted assessments on compatibility for persons with disabilities, and taken action based on laws and regulations. Moreover, for all of the office buildings we own in Japan and overseas, we ensure that access to the nearest public transportation is within 10 minutes' walk. Additionally, all of the office buildings we own in Japan are located within Tokyo's 23 wards and feature excellent access to Haneda and Narita airports.