

Kawasaki Kisen Kaisha, Ltd.
CORPORATE GOVERNANCE GUIDELINES

Chapter I General Provisions

Solid corporate governance is essential for a company to fulfill its social responsibility, respond to the mandate bestowed by stakeholders and achieve sustainable growth.

Kawasaki Kisen Kaisha, Ltd. (hereinafter referred to as “the Company”) engages in initiatives to strengthen its framework of corporate governance and to develop and enhance systems for risk management, and continuously strives to increase its corporate value by acting in total accordance with our business ethics while building an organic and effective mechanism of governance, in conjunction with our achievement of increasingly robust earnings and a stronger financial standing.

Corporate governance shall be governed in accordance with the provisions of these Guidelines in addition to those of the Charter of Conduct for “K” Line Group Companies and the “K” Line Implementation Guideline for Charter of Conduct.

Chapter II Securing the Rights and Equal Treatment of Shareholders

In order to ensure that its shareholder rights will be fully secured, that the shareholders will be able to appropriately and effectively exercise their rights, and that the effective equal treatment of the shareholders will be secured, the Company shall implement the measures set forth in the following Articles:

Article 1

In order to ensure that the shareholder rights including their voting rights at its General Meeting of Shareholders (hereinafter referred to as a “General Meeting” or “General Meetings,” as the case may be) will be fully secured, the Company shall implement the measures set forth in the following items:

- (1) After the conclusion of each General Meeting, analyze the results of the exercise by the shareholders of their voting rights, strive to determine the reasons why a considerable number of votes have been cast against a proposal by the Company, and hold dialogue or otherwise deal with the shareholders as needed; and
- (2) If any of the shareholders requests inspection of the Register of the Shareholders, makes any injunctive demand, or otherwise seeks to exercise its/his/her rights as a shareholder, give extra consideration to proceeding promptly with relevant internal procedures in order to

ensure that said exercise, for all practical purposes, is not be impeded.

Article 2

In order to ensure that any General Meeting will function as a venue for constructive dialogue with the shareholders, the Company shall:

- (1) provide accurate information to the shareholders as necessary in order to facilitate appropriate decision-making at the General Meetings;
- (2) dispatch Notices of the Ordinary General Meetings at least three weeks in advance in order to allow the shareholders sufficient time to consider the agenda and properly exercise their voting rights and, prior to said dispatch, disclose said Notices by electronic means such as through TDnet and the Company's website;
- (3) consider perspectives for securing the accuracy of information to be provided to the shareholders and securing a suitable period of review of propositions for a General Meeting, and strive to the extent possible to convene a General Meeting on a day other than any day on which a large number of general meetings of shareholders may converge;
- (4) use the Electronic Voting Platform and the website for voting in addition to forwarding the postal mail for voting, and translate the entire Notices of the General Meetings into English, in order to enable all the shareholders including those who do not attend the General Meetings to exercise their voting rights in a proper manner; and
- (5) work with its securities transfer agent in order to prepare for cases where institutional investors who hold the Company's shares in street name express an interest in advance of the General Meeting in attending the General Meeting or exercising voting rights.

Article 3

Shares of other companies held for the purpose of maintaining or reinforcing the Company's business relationships or business tie-up relationships (hereinafter referred to as "Cross-Shareholdings") shall be handled in the following manner:

- (1) The Board of Directors shall, from its independent and objective standpoint, verify at least once annually whether or not the major Cross-Shareholdings accomplish their desired purposes of holding not only from a short-term perspective but also from a medium- to long-term perspective; and
- (2) When exercising the voting rights as to the Cross-Shareholdings, the Company shall fully examine whether or not the relevant propositions would contribute to the enhancement of the Company's corporate value and the shareholders' common interests, hold dialogues with issuing entities as needed, and shall determine whether it would vote for or against the said propositions.

Article 4

In case of a tender offer, because the shareholders' interests may be affected, the Board of Directors shall promptly frame its position and disclose such thoughts to the shareholders.

Article 5

When executing any capital policy that results in the change of the Company's control or in significant dilution, including share offerings and other policies, the Board of Directors and the Audit & Supervisory Board Members shall, in order not to unfairly harm the existing shareholders' interests, carefully examine the necessity and rationale of such capital policy. When conducting their examinations, the Board of Directors and the Audit & Supervisory Board Members shall ensure appropriate procedures including the hearing of opinions from the Independent Outside Directors and Outside Audit & Supervisory Board Members. The Board of Directors and the Audit & Supervisory Board Members shall strive to provide sufficient explanation, such as fully disclosing information such as the purpose of execution, etc. to the shareholders in a timely manner.

Article 6

When engaging in transactions with any of its major shareholders (each holding 10% or more of the voting rights) or its Officers, the Company shall refer the matter for decision by, and submit reports to, the Board of Directors pursuant to the provisions of the Regulations on Decision-Making Standards.

**Chapter III Appropriate Cooperation with Stakeholders
 other than Shareholders**

Article 7

In order to achieve its sustainable growth and help enhance its corporate value further, the Company shall endeavor to appropriately hold dialogue and cooperate with various stakeholders including its employees, customers, business partners, creditors and local communities and to establish a corporate culture and climate where the rights and positions of such stakeholders are respected and sound business ethics are ensured.

Chapter IV Ensuring Appropriate Information Disclosure and Transparency

Article 8

The Company shall appropriately disclose information in compliance with the relevant laws and regulations, but should also strive to actively provide information beyond that required by law. This includes both financial information, such as financial standing and operating results, and non-financial information, such as business strategies and business issues, risk and governance. In carrying out such disclosure, the Company shall ensure that such information is clear and useful.

Article 9

The Company, recognizing the responsibility that its External Accounting Auditor owes toward its shareholders and Investors, shall take the followings to secure the proper execution of audits:

- (1) The Audit & Supervisory Board shall (i) establish the “Criteria for Evaluation of External Accounting Auditor” for the selection of External Accounting Auditor candidates and evaluation of External Accounting Auditor and (ii) verify whether or not the External Accounting Auditor possesses necessary independence and expertise under the Criteria;
- (2) The Board of Directors and the Audit & Supervisory Board shall (i) give adequate time for audits, (ii) ensure that the External Accounting Auditor will have opportunities of interviews with the President and CEO, and (iii) ensure that the External Accounting Auditor will have opportunities of interviews with the Audit & Supervisory Board Members and the Internal Audit Office; and
- (3) If an External Accounting Auditor detects any misconduct and requests the Company to properly address the matter or indicates any inadequacies or concerns, the Audit & Supervisory Board Members shall respond to said request or indication.

Chapter V Responsibilities of the Board

Article 10

In order to help enhance the Company’s corporate value and augment the shareholders’ common interests over the medium- to long-term, the Board of Directors shall:

- (1) set strategic direction by examining and deciding upon matters relating to the Company’s business policy and strategy including business principles, corporate vision and medium-term management plan;
- (2) conduct multifaceted and close examinations of, and decide upon, the matters specified in the preceding item as well as those matters specified in the items of the following Article which are prescribed to be decided upon by the Board of Directors, from an independent

and objective standpoint in light of the Company's business policy and business strategy, and receive reports on those matters which are required to be reported to the Board of Directors;

- (3) conduct multifaceted and close examinations of proposals from the Executive Officers based on healthy entrepreneurship, from an independent and objective standpoint, in order to establish an environment that supports appropriate risk-taking by the Directors and the Executive Officers, and support the timely and bold decision-making by the Directors and the Executive Officers when approved plans are implemented;
- (4) (i) oversee the execution by the Directors and the Executive Officers of their duties from an independent and objective standpoint, (ii) monitor the progress of the management plan and evaluate the status of achievement; (iii) analyze the causes if the management plan is not achieved and reflect such analysis on future plans; and (iv) disclose said causes of non-achievement and analysis to the shareholders;
- (5) develop and improve the risk management system and the corporate governance structure including the internal control system in order to ensure the rationale of the Company's decision-making process; and
- (6) secure its fiduciary accountability to the shareholders on the Company's management, and oversee the Directors in order to ensure that information will be disclosed in a timely and accurate manner.

Article 11

The matters that should be decided upon by the Board of Directors shall be as prescribed below. The Company shall cause the Board of Directors to make decisions on important business executions while entrusting the Executive Officers to make decisions on other operational matters pursuant to the provisions of the Regulations on Decision-Making Standards. The Board of Directors shall monitor the status of business execution by the Executive Officers.

- (1) Matters to be decided upon by the Board of Directors under laws and regulations;
- (2) Matters prescribed in Item 1 of the preceding Article, and a single-year budget;
- (3) Important internal rules including Regulations on Decision-Making Standards;
- (4) Response guidelines to deal with any serious law violation committed by the Company;
- (5) Matters relating to significant lawsuits; and
- (6) Significant matters comparable to any of the matters set forth above.

Article 12

The Board of Directors shall cause the Nominating Advisory Committee to deliberate on the draft version formulated each fiscal year by the incumbent President and CEO for the plan for his/her successor, receive the results of said deliberation, and confirm the reasonableness of the draft version.

Article 13

1. The remunerations for the Executive Directors and the Executive Officers shall be appropriate, fair and balanced so as to reflect the Company's medium- to long-term business performance and the latent risks borne by said Executive Directors and Executive Officers and to further enhance their willingness and motivation to bring about the Company's sustainable growth and maximize its corporate value.
2. The remunerations for the Outside Directors shall reflect the amount of time devoted to the Company's business, and the responsibility borne by them, and shall not include business performance-linked factors.
3. The amount of remuneration for each individual Director shall be fair and adequate in consideration of the Company's business performance and in light of the levels of remuneration paid by other comparable companies.
4. The institutional design and level of the remunerations for the Directors and Executive Officers shall be deliberated on, resolved, and recommended to the Board of Directors by the Remuneration Advisory Committee pursuant to the policies prescribed in Paragraphs 1 and 2 above, and the relevant decisions shall be made by the Board of Directors.
5. The Company shall disclose the amounts of remunerations paid to its Directors pursuant to the relevant laws and regulations.

Article 14

1. The Company shall appoint to its Directors and Audit & Supervisory Board Members individuals possessing such broad and deep experience and knowledge as to be able to contribute to the monitoring of business execution, superior in personal quality, and highly conscious of complying with laws and regulations and prescriptive social norms. Of the Audit & Supervisory Board Members, at least one person shall possess appropriate expertise on corporate finance and accounting. In addition, the Independent Outside Directors set forth in Article 17 hereof shall be those persons who are capable of fulfilling their roles and responsibilities prescribed in Article 18 hereof.
2. The Company shall appoint to its Executive Officers individuals who are familiar with the shipping industry, who have abundant international sensibility and business acumen, who are highly esteemed inside and outside of the Company, who are capable of contributing to the implementation of the medium-term management plan as managers, and who are highly conscious of complying with laws and regulations and prescriptive social norms. When re-appointing the Executive Officers, the Company shall take into account the performance, etc. of the business units and departments of which they are in charge.
3. The Board of Directors shall consist of a variety of individuals including those with experience in managing corporations and other large organizations and those with expertise in the operational, technical, financial and other aspects of the shipping industry. The Company shall

give extra consideration to such diversity when selecting candidates for Directors and the Audit & Supervisory Board Members. For the time being, the number of Directors shall range from eight to ten, of whom at least two shall be Independent Outside Directors.

4. In light of this Article, the Board of Directors shall select candidates for the Directors, Executive Officers and Audit & Supervisory Board Members subject to the Nominating Advisory Committee's fair, transparent and rigorous deliberations and recommendations, and shall select candidates for the Audit & Supervisory Board Members subject to the consent of the Audit & Supervisory Board.
5. The Board of Directors shall decide upon the dismissal of any Executive Officer subject to the Nominating Advisory Committee's deliberations and recommendations.

Article 15

1. The Audit & Supervisory Board Members and the Audit & Supervisory Board shall bear in mind their fiduciary responsibilities to the shareholders and make decisions from an independent and objective standpoint when executing their roles and responsibilities. Said Members and said Board shall positively and proactively exercise their authority and express their views properly at the Board of Directors and to the Company's management without interpreting the scope of their function too narrowly.
2. The Audit & Supervisory Board shall secure coordination with the Outside Directors so that such Directors can strengthen their capacity to collect information without having their independence jeopardized.

Article 16

With due attention to their fiduciary responsibilities to shareholders, the Company's Directors, Audit & Supervisory Board Members and Executive Officers shall secure the appropriate cooperation with stakeholders and act in the interest of the Company and the common interests of its shareholders.

Article 17

1. The Board of Director shall separately prescribe the Criteria for Independence of Outside Directors. Those Outside Directors who conform to these Criteria shall be identified and referred to as Independent Outside Directors.
2. The Board of Directors shall endeavor to select the Independent Outside Director candidates who can contribute to the Company's sustainable growth and increase of corporate value over the medium- to long-term and can be expected to contribute to frank, active and constructive discussions at the Board of Directors.

Article 18

The roles and responsibilities of Independent Outside Directors shall be as prescribed below:

- (1) Provide advice on business policies and business improvement based on their knowledge and experience with the aim to promote sustainable corporate growth and increase its corporate value over the medium- to long-term;
- (2) Evaluate management's performances as needed and express views, as members of the Nominating Advisory Committee and the Remuneration Advisory Committee, on management nominations and remunerations;
- (3) Monitor the management through important decision-making at the Board of Directors;
- (4) Monitor conflicts of interest between the Company and its management or controlling shareholders, etc.; and
- (5) Appropriately represent the views of stakeholders at the Board of Directors from a standpoint independent of the management and controlling shareholders.

Article 19

1. The Outside Directors shall appoint a Lead Independent Outside Director from among themselves.
2. The Lead Independent Outside Director shall be responsible for communication with the management and for cooperation with the Audit & Supervisory Board Members and the Audit & Supervisory Board.

Article 20

The Outside Directors and the Audit & Supervisory Board Members shall endeavor to exchange information and develop a shared awareness among themselves by regularly convening Outside Officers Meetings.

Article 21

1. The Company shall put and keep in place the Nominating Advisory Committee and the Remuneration Advisory Committee as advisory committees to the Board of Directors in the manner described below.
2. The Nominating Advisory Committee and the Remuneration Advisory Committee shall be comprised of all of the Outside Directors, the Director and Chairman, and the President and CEO. (The Outside Directors shall appoint the chairperson of each Committee from among themselves.)
3. In response to inquiries from the Board of Directors, the Nominating Advisory Committee shall deliberate on:
 - (1) Reasonableness of proposals for appointment or dismissal of the Company's Officers; and
 - (2) Any other matters inquired from the Board of Directors concerning appointment or

dismissal of the Company's Officers.

4. In response to inquiries from the Board of Directors, the Remuneration Advisory Committee shall deliberate on:
 - (1) Institutional design of Officers' remunerations;
 - (2) Level of Officers' remuneration; and
 - (3) Any other matters inquired from the Board of Directors concerning Officers' remunerations.
5. Each set of rules on operation of the Nominating Advisory Committee and the Remuneration Advisory Committee shall be separately prescribed.

Article 22

Each Director shall perform self-evaluation on the validity of the Board of Directors, his/her performance as a Director, etc. on an annual basis, and submit the results to the Board of Directors. Each year the Board of Directors shall, based on self-evaluation of each Director, analyze and evaluate the effectiveness of the Board of Directors as a whole, and shall disclose a summary of the results in a timely and proper manner.

Article 23

In order to ensure that the Board of Directors will be a venue for free, open and constructive discussions, the Secretariat for the Board of Directors shall implement the following measures:

- (1) Strive to prepare materials for the meetings of the Board of Directors as early as possible, and shall have all of said materials available for inspection at the latest by two business days before the date for a meeting of the Board of Directors;
- (2) Ensure that the materials for the meetings of the Board of Directors contain sufficient information for the purpose of deliberations;
- (3) Offer explanations on each proposal to the Outside Directors in advance;
- (4) Set the frequency of the meetings of the Board of Directors appropriately, and secure a sufficient time for deliberations for each meeting; and
- (5) Inform the Directors and the Audit & Supervisory Board Members of the schedule of the meetings of the Board of Directors for the current year prior to commencement of each fiscal year.

Article 24

1. At any time if they find it necessary or proper to do so, the Directors and the Audit & Supervisory Board Members, including the Outside Officers, are entitled to request that the Inside Directors, the Executive Officers and the Employees offer explanations or reports or submit internal materials.
2. The Company shall put and keep in place the Secretariat for the Independent Outside Directors

to which appropriate personnel and budget are allocated, as an organ separate from the Secretariat for the Audit & Supervisory Board, in order to ensure that the Independent Outside Directors may carry out their duties in a proper manner.

3. The Company shall put and keep in place the Secretariat for the Audit & Supervisory Board to which appropriate personnel and budget are allocated, in order to ensure that the Audit & Supervisory Board and the Audit Supervisory Board Members may carry out their duties in a proper manner.
4. The Inside and Outside Directors and Audit & Supervisory Board Members may consider consulting with external specialists at the Company expense, where they deem it necessary.
5. The Board of Directors and the Audit & Supervisory Board shall confirm whether or not the information requested by each of the Directors and the Audit & Supervisory Board Members is provided smoothly.

Article 25

1. Through monitoring and verifying the status of the internal control system, the Internal Audit Office plays a role in supporting the Board of Directors in carrying out its responsibilities for the development, maintenance and enhancement of the internal control system.
2. The Internal Audit Office shall ensure cooperation with the Board of Directors by submitting regular reports to the Board of Directors on a quarterly basis, and, as needed, submitting extraordinary reports.
3. The Audit & Supervisory Board shall endeavor to cooperate with the Internal Audit Office on a routine basis by such means as conducting on-site audits of the Company's subsidiaries, etc., in cooperation with the Internal Audit Office.

Article 26

1. Within three months from their appointment, the Company's newly-appointed Directors shall participate in an outside seminar primarily addressing the issues of legal liability under the Companies Act, the Financial Instruments and Exchange Act and other relevant acts at the Company's expenses. The Company shall provide the newly-appointed Directors with commentary books on directors' responsibilities.
2. Each year, the Company's Directors and Audit & Supervisory Board Members shall attend a training session on compliance matters including competition laws, insider trading regulations and anti-bribery.
3. When Outside Directors and Outside Audit & Supervisory Board Members take office, the Company shall ensure they gain a full understanding of the Company's business, corporate finance, organizational status, business environments and management issues by having its departments and Officers in charge offer explanations about such subjects.
4. In order to fulfill their roles, the Company's Directors and Audit & Supervisory Board

Members including Outside Officers shall actively gather information at any and all times, and shall devote themselves to the studies of the Company's financial condition, status of compliance, corporate governance and other relevant matters.

Chapter VI Purposeful Dialogue with Shareholders

The Company shall endeavor to have a constructive dialogue with its shareholders, and shall separately prescribe its policies concerning the measures and organizational structures aimed at promoting such dialogues.

Article 27

The IR & PR Group shall be responsible for the Company's dialogues and interviews with shareholders. For the benefit of those shareholders who seek a constructive dialogue from a long-term perspective, said Group shall create opportunities for a dialogue at investor meetings, etc. as needed, and shall coordinate with various departments and personnel for attendance.

Article 28

1. The Executive Officer in charge of the Company's IR & PR activities shall be responsible for overseeing and ensuring that a constructive dialogue takes place.
2. The Company shall put and keep into place the "Secretariat for Dialogue and Cooperation with Stakeholders" consisting of personnel from IR & PR, Corporate Planning, General Affairs, Finance and Legal departments, and shall ensure positive cooperation by and among such departments with the aim of supporting a dialogue with its shareholders.
3. In addition to individual interviews, the Company shall organize participations in general investor meetings hosted by securities companies and IR activities leveraging the Company's website.
4. In order to appropriately and effectively relay shareholder views and concerns learned through the dialogue to senior management, the personnel who have received such views and concerns shall report the details to the "Secretariat for Dialogue and Cooperation with Stakeholders," and said Secretariat shall compile them according to their respective importance as appropriate and report them collectively to the Board of Directors.
5. On the occasions of holding dialogues with the shareholders, in order to prevent insider information from leaking, the departments and personnel in charge shall confirm the presence or otherwise of such insider information and remember not to make any reference thereto.