

April 28, 2022
Kawasaki Kisen Kaisha, Ltd.

Regarding our Board Evaluation

Based on the belief that effective corporate governance is essential for sustainable growth and enhancing corporate value over the medium- to long-term, we analyze and evaluate the effectiveness of the Board of Directors each year and disclose the results in a timely and proper manner.

We have completed the board evaluation for the 2021 fiscal year and would like to report an overview of the results as follows.

1. Method for Evaluating Board Effectiveness

This year's evaluation was conducted by an independent third-party evaluation firm that interviewed all Directors and Audit & Supervisory Board members.

<Main Interview Topics>

- Composition of the Board
- Board operations
- Board discussion
- Board monitoring function
- Outside Directors' performance
- Support system for Directors and Audit & Supervisory Board members
- Training
- Dialogue with shareholders and investors

2. Overview of Third-Party Evaluation Results regarding Board Effectiveness

Our Board was rated as generally functioning effectively.

<Notable Strengths of our Board Effectiveness>

We have judged that the following strengths noted in last year's evaluation have been continuously maintained and reinforced this year.

- Strives to continuously reform and improve governance
- A cooperative atmosphere due to the leadership of the Chairperson
- Monitoring of quick and appropriate decision-making process when executing duties
- Appropriate monitoring by diverse Outside Directors
- Proactive discussions about capital efficiency including the review of asset portfolio
- Constructive dialogue with shareholders

For this fiscal year, we added a new topic to evaluate how the Board tackled items added in the June 2021 revision of the Corporate Governance Code, and sustainability was rated as being sufficiently addressed. On the other hand, it was recognized that there is room for further discussion on items such as follow-up on the progress of the management plan. These points have been identified as issues to be addressed to further improve governance.

Regarding the items listed as issues in the previous evaluation, the following were all evaluated as having been discussed and addressed.

<Progress of Measures to Improve Effectiveness>

- Promote Corporate Sustainability

It was confirmed that the company's internal framework and discussions are well-developed and that monitoring function related to sustainability is functioning. In particular, in relation to climate change issues, it was recognized that sufficient action is being taken to address issues directly related to the business. Sustainability is an area in which the demands of the world are increasing year after year, and we will continue to pursue accordingly.

- Strengthen Group Governance

Improvement on last year was confirmed given sufficient discussion at the Board of Directors and a reporting system in place from management to the Board. The container business integration company Ocean Network Express Pte. Ltd has a significant impact on the Group's performance, and the importance of monitoring and strengthening of governance as a major shareholder was reaffirmed.

- Improved discussions regarding the medium- to long-term capital policy

Rapid changes in the business environment, including a significant improvement in the profits of the container business integration company, are recognized as increasing the importance of the medium- to long-term capital policy, which is being fully discussed in the process of formulating the new medium-term management plan.

- Strengthen and reinforce risk management for the threat of cyber attacks

It was confirmed that an adequate response was in place given actions taken over the last year, including focused improvement measures such as the formulation of a basic cybersecurity policy and the development of a framework utilizing the expertise of outside consultants. Cyber security issues are advancing at a rapid pace, and we will continue to strengthen our response.

3. Going forward

Our Board of Directors concludes that its effectiveness is properly maintained at this moment, however, for realizing a more effective Board, we will work on further improvements including the following items.

- Follow-up on the progress of the management plan
- Discussions regarding the medium- to long-term capital policy
- Strengthen group governance
- Constructive dialogue with shareholders
- Clarify the process for developing a succession plan