

April 26, 2019
Kawasaki Kisen Kaisha, Ltd.

Regarding Our Board Evaluation

Article 22 of our Corporate Governance Guidelines states that, “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.”

We have completed the board evaluation for the 2018 fiscal year and would like to report an overview of the results as follows.

1. Method for Evaluating Board Effectiveness

This year we evaluated the board by interviewing each Director and Audit & Supervisory Board member. The interviews were conducted by an independent, third-party evaluation company.

<Main Interview Topics>

- The Board’s Understanding of and Response to Strategy and Risk
- Quality of the Board Discussion
- Composition of the Board
- Board Operations and Administration of the Board
- Effectiveness of the Nominating and Remuneration Advisory Committees for Directors and Senior Management Members
- The Board’s Decision-Making Culture
- Group Governance
- Relationship with Shareholders and other stakeholders

2. Analysis of Board Effectiveness and Overview of Evaluation Results

We were able to confirm that our Board is highly effective overall.

<Notable Strengths of our Board>

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 Chairman

- 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

<Progress of Measures to Improve Effectiveness>

- Improved discussions regarding the mid-to-long-term management policy and plan
In regards to 2018 fiscal year, we confirmed that the Board shared a common view of the importance of discussing the mid-to-long-term management policies and plan. On the other hand, similar to last year, the Board continued to prioritize discussions regarding short-term strategy and decision-making as it still considered profitability as the most pressing issue. It has been a continuing challenge to deepen the discussion about the mid-to-long-term strategy.
- Operational monitoring of the risk management system
After we introduced Advanced Business Management, we began to implement it this fiscal year to measure business risk, and we measured the risk of some of our current projects. Additionally, in 2018, we recognized the importance of increasing risk awareness, and it was noted that from a group governance perspective we have to enhance monitoring of our subsidiaries and affiliated companies, starting from our integrated container shipping operating company Ocean Network Express (ONE).

<Themes to Tackle to Further Improve Effectiveness Going Forward>

- Improve discussions regarding the mid-to-long-term management policy and plan
Matters regarding business execution are discussed and decided on during management conferences. In order to create more time for discussions at Board meetings, we need to reexamine the standards for creating the agenda and to redefine the roles of the Board and management. This will further accelerate and streamline the decision-making process, and promote more in-depth discussions of the mid-to-long-term strategy.
- Strengthen Group Governance
As a shareholder, we will strengthen the timely and appropriate monitoring system for the governance of ONE, for which operations have affected our results for the current fiscal year. We will ensure that monitoring by the Board, to the extent possible, is not limited to only the causes and consequences of changes to our results.
- Risk Management After Project Execution
We began to fully implement the Advanced Business Management last year and we achieved some success in managing risk before investment. However, we also need to

verify the risks and apply the Advanced Business Management after we begin to execute projects. We will create a list of investment projects and carry out progress reports at the board level and establish a risk management PDCA cycle.

- **Improve Board Diversity**

We approach the recruitment process from various angles and strive to fill the board with diverse candidates. We believe that the diversity of our board is one of our strengths. However, we recognize that there is room for further improvement in terms of gender diversity, specifically the absence of a female Director, and we will continue to work to improve the diversity of our Board.

3. Going forward

Upon receiving the evaluation results described above we determined that our Board is sufficiently effective. However, we plan to further increase its effectiveness by forging ahead with the current structure while also striving to continuously improve.