



“K” Line Group

Global Compliance Policy



Established on January 1, 2017

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1. Purpose

Trade and economic policies in the international market, which is the stage of our business, continue down the path of liberalization. In various countries, tougher legislation is being enacted to promote fair competition. In response to regulations grounded in laws and ordinances that steadily become stricter year after year, we are required to strengthen our group company's compliance systems on a global level.

Kawasaki Kisen Kaisha, Ltd. and its group companies (“K” Line Group) have declared in our action principles and guidelines to comply with applicable laws, ordinances, rules and other norms of behavior both in the domestic and international community and conduct its corporate activities through fair, transparent, and free competition in our Charter of Conduct: “K” Line Group Companies and “K” Line Implementation Guideline for Charter of Conduct (2. Compliance). In order to further clarify our thinking on compliance as a company, we hereby establish this global compliance policy (the Policy), containing more specific guidelines.

2. Compliance with Laws

“K” Line Group companies in many countries are subject to the laws of countries that they are organized. In addition, the “K” Line Group companies may also be subject to the laws of other countries where they do business or their employees have connections. All directors, officers, and employees of the “K” Line Group (“K” Line Group Employees^{*1}) must understand and comply with all applicable laws, rules, and regulations.

3. Compliance with the Policy and Individual Policies

“K” Line establishes policies on specific fields, such as the competition, anti-corruption law and sanction regulations (Individual Policies).

The “K” Line Group and its Employees are required to fully understand and comply with the Policy and Individual Policies.

4. Relationship Between the Applicable Laws, and the Policy and Individual Policies

The standards set in the Policy or Individual Policies supplement the applicable laws or go beyond compliance with them. “K” Line Group Employees must always comply with the standards set in the Policy or Individual Policies, even if they believe that their conduct would not violate the standards set in the applicable laws. Please note that when the applicable laws are stricter than the standards set in the Policy or Individual Policies, “K” Line Group Employees must always comply with the applicable laws.

5. Training Programs

The “K” Line Group shall prepare and conduct periodic compliance training programs, and “K” Line Group Employees must participate in the training.

6. Compliance Auditing and Reviewing

The “K” Line Group shall periodically audit and monitor whether “K” Line Group Employees comply with the Policy or Individual Policies, and review the compliance system based on the result of audits as necessary.

7. Management of Accounting Books and Documents

Regarding the management of accounting books and documents, the “K” Line Group and “K” Line Group Employees must comply with the following items:

- to build an adequate system to conduct internal financial controls.
- to create and keep accounting books, records, and bank account details in an appropriate manner that fairly and accurately reflect the “K” Line Group’s transactions and assets.
- to accurately and fully create, properly retain, and accurately reflect in financial statements, all accounting records, expense reports, invoices, vouchers, and other business records;
- not to keep any account “off-the-book” in order to facilitate or conceal improper payments or for any purpose;
- not to hold any undisclosed or unrecorded funds, accounts, or assets or make payments for any purpose;
- not to circumvent, evade, or attempt to circumvent or evade the “K” Line Group’s internal financial controls; and
- to evidently and cautiously write business documents, including internal or external memorandums or e-mails in order to avoid misinterpretation.

8. Tax Management

The “K” Line Group shall comply with the applicable tax-related laws and international rules, pay taxes appropriately, and ensure tax transparency. To that end, regarding tax management, the “K” Line Group and “K” Line Group Employees must comply with the following items:

- to decide the transaction price in accordance with international standard guidance such as the OECD Transfer Pricing Guidelines and in consideration of arm's length prices, for cross-border transactions between the companies who are members of the “K” Line Group.
- not to engage in abusive tax planning, such as the use of tax havens to evade taxes.
- to respond to inquiries and requests for information from tax authorities in a timely and faithful manner, to try to keep good relations with the authorities, and to accurately and fully create and retain business records that are the basis for tax processing on a daily basis in preparation for the inquiries and requests above.
- to sincerely accept guidance or suggestions from the tax authorities and to take corrective action and preventive measures if necessary.

9. Reporting

A “K” Line Group Employee who is aware of any conduct that violates the Policy or Individual Policies, or who has concern regarding unethical behavior must report such conduct or concern through the normal reporting system to his or her supervisor, relevant departments, the department in charge of compliance matters of their company or the Corporate Legal Risk & Compliance Group of “K” Line. A “K” Line Group Employee who reports such conduct or concern will not suffer any unfavorable treatment in his or her working condition or personnel evaluation.

10. Responding to Government Requests for Information or Investigations

It is the “K” Line Group’s policy to cooperate with competent authorities to a reasonable extent and in a reasonable manner if we receive from them any inquiry or order for report on information concerning our business conducts. However, there may be certain information held by the “K” Line Group that can be privileged under the laws without necessity of disclosure to the authorities. In such case, we have to make sure to take appropriate measures to preserve such privilege by consulting the departments in charge of legal matters or outside counsel. Therefore, in case a “K” Line Employees is requested or ordered to cooperate with competent authorities, he or she must immediately report to the department in charge of Compliance.

11. Compliance Review Concerning Business Partners or Other Similar Parties

In case agents, consultants, licensed representatives, and other third parties acting on behalf of the “K” Line Group violate applicable laws, the “K” Line Group shall be liable for the third party’s violation. In addition, if the “K” Line Group acquires corporations that violated the applicable laws, succeeds the businesses of those corporations, or acquires the shares of those corporations, or a partner who jointly conducts business with the “K” Group violates the applicable laws, the “K” Line Group shall bear successor liability or be held jointly responsible for the violation. Therefore, it is important for the “K” Line Group to review in an appropriate manner whether business partners or other similar parties ^{*2} violate the compliance requirements, and to enter into deals only with the corporations that has similar standards of compliance systems as the “K” Line Group.

12. Disciplinary Actions

Violations of the Policy or Individual Policies may result in criminal, civil, and reputational damages on the “K” Line Group. If any of “K” Line Group Employees violates the Policy or Individual Policies, he or she may be subject to disciplinary action including dismissal, as well as risk incurring criminal or civil penalties under the laws of the countries where the “K” Line Group operates and might be extradited for prosecution.

13. Acceptance of Disadvantages

The “K” Line Group accepts any disadvantages that result from compliance with applicable laws, the Policy, or Individual Policies. No “K” Line Group Employee will suffer unfavorable treatment for compliance with applicable laws, the Policy, or Individual Policies, in any case.

14. Endnotes

- *1 “Directors, officers, and employees” includes officers (board counselors, honorary advisors, special executive advisors, technical advisors, executive officers, and associate directors) and employees (onshore employees, seafarers, contract employees, entrusted employees, dispatched employees, or any other persons who work in the “K” Line Group) of the “K” Line Group, whether full-time or part-time.
- *2 “Business partners or other similar parties” include the following:
- (1) Persons who performs services on behalf of, or otherwise represents the business interests of, the “K” Line Group, and may have an opportunity to offer, promise, or give anything of value on behalf of the “K” Line Group. Including, but not limited to, promotion and marketing agents, lobbyists, licensed representatives, customs agents, logistics providers, joint venture or consortium partners, and consultants; and
 - (2) Companies targeted for corporate acquisition or share acquisition, or partners of a consortium.

End

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(For inquiries regarding the Policy)

Corporate Legal Risk & Compliance Group

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