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Kawasaki Kisen Kaisha, Ltd.

Takenori Igarashi, Director, Representative Executive Officer, President & CEO

Contact: Masaya Futakuchi, General Manager, General Affairs Group

Tel: 81-3-3595-6568

Securities Code: 9107

<https://www.kline.co.jp/en/index.html>

The corporate governance of Kawasaki Kisen Kaisha, Ltd. (the “Company”) is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

### 1. Basic Views

(Basic principle of corporate governance)

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

The Company has been engaged 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 its business ethics while building an organic and effective mechanism of governance, in conjunction with the achievement of increasingly robust earnings and stronger financial standing.

### [Reasons for Non-compliance with the Principles of Japan’s Corporate Governance Code]

The Company implements all the principles of the Corporate Governance Code.

### [Disclosure Based on the Principles of Japan’s Corporate Governance Code] Updated

Please refer to the Kawasaki Kisen Kaisha, Ltd. CORPORATE GOVERNANCE GUIDELINES (hereinafter, the “Guidelines”), which collates the Company’s basic views on corporate governance and code of conduct and is posted on the Company’s website.

[https://www.kline.co.jp/en/sustainability/governance/corporate\\_governance/main/00/teaserItems1/01/linkList/0/link/Kawasaki%20Kisen%20Kaisha,%20Ltd.%20CORPORATE%20GOVERNANCE%20GUIDELINES.pdf](https://www.kline.co.jp/en/sustainability/governance/corporate_governance/main/00/teaserItems1/01/linkList/0/link/Kawasaki%20Kisen%20Kaisha,%20Ltd.%20CORPORATE%20GOVERNANCE%20GUIDELINES.pdf)

Details of disclosure based on the principles of Japan’s Corporate Governance code are as follows:

#### 1) [Principle 3.1 Full Disclosure]

The Company stipulates in the “K” LINE Implementation Guidelines for the Charter of Conduct that, to promote extensive communication with stakeholders such as shareholders and investors, “K” LINE will disclose all facts and corporate information, including accounting and financial information, and other accurate accounting and tax management records, in a timely and appropriate manner. In addition to financial information, non-financial information is also published on the Company’s website and in the “K” LINE REPORT (Integrated Report) issued annually.

The Company’s website: <https://www.kline.co.jp/en/index.html>

“K” LINE REPORT: <https://www.kline.co.jp/en/ir/library/report.html>

#### 2) [Principle 3.1 (i) Management Principles, Business Strategies and Business Plans] and

#### 3) [Principle 1.3 Basic Strategy for Capital Policy]

### <Corporate Principle and Vision>

In May 2022, having considered the scale and importance of the impact of changes in the business environment on the Group, the Group reconfirmed its goals and revised its “Corporate Principle,” “Vision” and “Values the “K” LINE Group prizes.”

Through this process, the Group reconfirmed that logistics centered on the shipping business is its business area. The Group clarified its direction of the Group in this business area as working to enhance corporate value through the promotion of low-carbonization and zero-carbonization at each company and in society, concentrating management resources in businesses that play leading roles in driving growth to realize that

goal, and becoming a company that pursues both customers and growth opportunities that allow it to carry out activities aimed at low-carbonization and zero-carbonization.

### Corporate Principle

– “K” LINE: trust from all over the world –

As a logistics company rooted in the shipping business, we help make the lives of people more affluent.

### Vision

As a partner trusted by all its stakeholders, we aim for sustainable growth and greater corporate value by supporting the infrastructure of the global community.

### Values the “K” LINE Group prizes

- ◆ Providing safe and optimized services that put the customer first.
- ◆ Tireless attitude toward problem solving
- ◆ Providing the value only “K” LINE can in pursuit of expertise
- ◆ Relentless efforts to achieve innovation
- ◆ Contributing to the global environment and a sustainable society
- ◆ Respecting individuals and ensuring fair business activities by embracing diverse values

### <Business Strategies and Business Plans>

Amid large changes in the business environment, in May 2022, the “K” LINE Group released its five-year medium-term management plan covering Fiscal Year 2022 through Fiscal Year 2026. To polish its expert capabilities, the unique strength of the Group, to promote the low-carbonization and zero-carbonization of each company and society heading toward 2050, and to realize its long-term management vision of balancing these goals with earnings growth, the Group has clarified the policies that it will implement in the coming five years in its medium-term management plan. The Group is moving forward with support for the energy infrastructure changeover parallel to the transition to fleets composed of ships using alternative fuels. Simultaneously, to ensure that it captures these business opportunities and to enhance its profitability and growth potential, the Group is working to enhance its corporate value sustainably by concentrating its management resources and strengthening its partnerships with its customers. To realize these initiatives, the Group is executing its business strategies, building its business foundation, and clarifying its capital policy.

The Company has established the following management indices and goals to quantitatively manage its initiatives to enhance corporate value.

Management Index	Targets FY 2026
ROE	10%+
ROIC	6.0% ~ 7.0%
Income	Ordinary income: ¥160.0 billion (Due to the steady progress made towards the FY2026 ordinary income target of ¥140.0 billion in the plans announced in May 2022, the target was raised to ¥160.0 billion in May 2024)
Optimal capital structure	While striving to balance capital efficiency with financial soundness based on an awareness of business risks, the Company will continue to operate its business with an awareness of cash allocation for growth investments and shareholder returns. The Company will also verify the necessary level of capital required in its own businesses and the containership business.
Shareholder returns policy	The Company has a shareholder returns policy to proactively promote shareholders' return, including share buyback, regarding excess of appropriated equity capital, after taking into account cash flows, by identifying performance trends, awareness of the optimal capital structure, securing of investment required to enhance corporate value, and strengthening the soundness of financial basis. Based on this shareholder returns policy, its plan for shareholder returns for the period of the medium-term management plan, announced in May 2025, is a minimum of ¥800.0 billion. Having implemented approximately ¥610.0 billion up to FY2024, for the remaining period of the medium-term management plan the Company plans to pay an annual dividend per share of ¥120 (basic dividend of ¥40, additional dividend of ¥80) in FY2025 and an annual dividend per share of ¥100 (basic dividend of ¥40, additional dividend of ¥60) in FY2026, while also considering flexible additional returns of at least ¥50.0 billion.

## **Issues in the management plan**

### **1. Formulating a long-term management vision for growth leveraging the environment**

The Company has formulated a long-term management vision that it would like to realize through activities aimed at strengthening portfolio management and low-carbonization and zero-carbonization.

To polish its expert capabilities, the unique strength of the Group, and to balance contributing to low-carbonization and zero-carbonization of the Company and society with profit growth, the Company is concentrating its management resources in businesses that play a role in driving growth, aiming for sustainable growth as a company that is highly market resistant with both its pillar businesses and containership business. The Company will implement investment with a greater awareness of capital cost and appropriate capital policy.

### **2. Concentrating management resources through a business portfolio strategy**

The Company's new business portfolio framework categorizes the roles of the businesses and clarifies the strategic direction of each business according to its role.

Using the low- and zero-carbon transitions of the Company and society as an opportunity, the Company will achieve business growth through the concentrated allocation of management resources in the portfolio of "businesses that play a role of driving growth." In the portfolio of "businesses that play a role of supporting smooth energy source conversion and taking on new business opportunities," the Company will strive to meet the demand for alternative fuels while minimizing business risks. In the portfolio of "businesses that play a role in contributing by enhancing profitability," the Company will pursue synergies with other businesses while promoting the migration to a light-asset business model by aligning the ship ownership period with the contract period for bulk carriers, working to improve market resilience and secure stable earnings in each covered business. For these three portfolios, the Company will continue to consider strategic replacement of business assets.

In the portfolio of "businesses that play a role of supporting the business as a shareholder and stabilizing the earning base," the Company aims to maximize corporate value through ongoing personnel support and involvement in management governance. In the "new business domain," the Company will pursue Group synergies and expand the business domains in which it can leverage its strengths.

### **3. Building a solid business foundation to realize a business strategy by polishing technologies and expertise through the functional strategy based on an organizational and personnel plan**

By improving its unique technology and expertise through investment into the human resources that are the source of the Group's value proposition as well as their supporting systems and technologies, the Company will enhance its organizational strength through coordination among its specialized and technological divisions and aim for sustainable growth. Furthermore, regarding the environmental and technological development and safety and ship quality management that are essential to realizing future growth, the Company will further strengthen its response by establishing a support system and organization through continuous initiatives and by strengthening its global locations.

### **4. Reviewing optimal solutions for capital policy at the Company and improving business management to execute that policy**

The Company will constantly be aware of the optimal capital structure and cash flow and focus on both capital efficiency and financial soundness. The Company will enhance corporate value by carrying out proactive shareholder returns after making investments for growth. Furthermore, by working to further improve business management as part of capital policy, the Company will strengthen and promote business portfolio management and cash flow management through the introduction of management indicators by business with an awareness of capital costs.

The business strategies and management plan are disclosed on the Company's website below.

<https://www.kline.co.jp/en/ir/management/strategy.html>

(The values stated in the management strategy, management plan, and capital policy indicated the targets set at the time of formulating the management plan, and the Company makes no promise regarding the achievement of those values.)

### **4) [Principle 3.1 (ii) Basic Principle and Basic Policies on Corporate Governance]**

To fulfill its corporate social responsibility, to respond to the mandate bestowed by shareholders and other stakeholders, and to achieve sustainable growth, establishing corporate governance is essential for the Company.

The Company has stipulated in its Guidelines that it 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 its business ethics while building an organic and effective mechanism of governance, in conjunction with the achievement of increasingly robust earnings and a stronger financial standing.

Moreover, the items listed below have been stipulated in the Charter of Conduct for “K” LINE Group Companies and the “K” LINE Implementation Guidelines for the Charter of Conduct. Meanwhile the Company and the Group companies have been striving to establish effective internal systems in order to achieve such aims.

1. Respect for human rights
2. Compliance with laws, regulations and other social norms
3. Earning, maintaining, and enhancing the trust of all stakeholders
4. Promotion of safety in navigation and cargo operations
5. Proactive efforts to address environmental issues
6. Promotion of digital transformation (DX) and innovation
7. Contribution to society
8. Thorough risk management

**5) [Supplementary Principle 4.11.1 Principles on the Appropriate Balance Between Knowledge, Experience and Capabilities of the Board of Directors as a Whole, on Diversity and Appropriate Board Size, and Policies and Procedures for Nominating Directors] and**

**6) [Principle 3.1 (iv) Principles and Procedures in the Appointment/Dismissal of the Senior Management and the Nomination of Director Candidates by the Board of Directors]**

To achieve the management plan, the Company’s Board of Directors shall consist of a variety of individuals of different genders, nationalities, career work histories, and ages, 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. This is to ensure constructive discussions and management supervision based on diverse backgrounds and knowledge. The Company shall consider to such diversity when selecting candidates for Directors.

Moreover, Independent Outside Directors shall be persons capable of performing the following roles and responsibilities, in addition to the aforementioned.

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;

Evaluate managements’ performances as needed and express views as members of the Nominating Committee, the Compensation Committee, and the Audit Committee;

Monitor the management through important decision-making at the Board of Directors;

Monitor conflicts of interest between the Company and its management or controlling shareholders, etc.; and Appropriately represent the views of stakeholders at the Board of Directors from a standpoint independent of the management and controlling shareholders.

With respect to the size of the Board of Directors, for the time being, the number of Directors shall be around ten, of whom more than one third shall be Independent Outside Directors. There are currently ten Directors in office, of which seven of them are Outside Directors (including six Independent Outside Directors who satisfy the Company’s criteria).

The skill matrix of directors is described as Attachment No.1 and disclosed in the Notice of the Ordinary General Meeting of Shareholders held in June 2025.

· Notice for the General Meeting of Shareholders (page 26)

<https://www.kline.co.jp/en/ir/stock/meeting/main/015/teaserItems1/00/linkList/01/link/Notice%20of%20the%20157th%20Ordinary%20General%20Meeting%20of%20Shareholders.pdf>

The Guidelines stipulate the following regarding the criteria for nomination/appointment and dismissal of Directors, Executive Officers, etc.

- (1) The Company shall nominate as its Directors individuals possessing 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. Candidates for Director shall be decided subject to the fair, transparent, and rigorous deliberations of the Nominating Committee, and based on those details, the Board of Directors shall submit proposals related to the election and dismissal of Directors to the General Meeting of Shareholders.
- (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. Decisions on the appointment of Executive Officers shall be made by the Board of Directors following recommendations by the Nominating Committee based on inquiries by the Board of Directors.

- (3) In any of the cases enumerated in the following items, the Board of Directors may submit a proposal to the General Meeting of Shareholders related to the dismissal of a Director based on a decision informed by the fair, transparent, and rigorous deliberations of the Nominating Committee. Moreover, Executive Officers may be dismissed through a resolution by the Board of Directors.
- i. When they lack eligibility as Directors or Executive Officers;
  - ii. When they engage in an act of fraud or where there is a breach of trust as Directors or Executive Officers;
  - iii. When their business execution as Directors or Executive Officers has been inappropriate;
  - iv. Where they engage in other acts or otherwise behave in a way that is inappropriate, as Directors or Executive Officers, causing the loss of the relationship of trust with the Company.

#### **7) [Principle 3.1 (v) Explanations with Respect to Individual Appointments/Dismissals of the Senior Management and Nominations of Director and Audit & Supervisory Board Member Candidates by the Board of Directors]**

The Company shall disclose reasons for election of its currently serving Directors in its Notice for the General Meeting of Shareholders. Moreover, reasons for election of the Outside Directors are explained in this Corporate Governance Report, as well as in the Notice (Refer to section II-1 of this Report).

#### **8) [Supplementary Principle 4.1.1) Scope of Matters Delegated to the Senior Management]**

As a company with a Nominating Committee, etc., the Company clearly separates the roles of Directors who supervise management from the roles of Executive Officers who execute business operations. The Board of Directors is responsible for determining management policy and otherwise performing supervision, while also delegating a significant amount of business execution authority to Executive Officers, thereby enabling swift decision-making and flexible management of operations through an executive structure with Executive Officers at the core.

#### **9) [Principle 4.9 Independence Standards and Qualification for Independent Outside Directors]**

In addition to satisfying the independence standards of the Tokyo Stock Exchange, the Company has established its own more stringent criteria relating to independence for the nomination of Outside Directors, the details of which are as follows.

Persons for which none of the criteria listed in the items below apply are deemed to be independent.

- i. A person who has been a business executor (meaning a business executor as provided for in Article 2, Paragraph (3), Item (6) of the Regulation for Enforcement of the Companies Act; the same shall apply hereinafter) of a corporate group for whom the Company is a major client within the past three years. “A corporate group for whom the “K” LINE Group is a major client” refers to a corporate group that has received payment from the Group in each of the years in this three-year period accounting for over 2% of consolidated sales in each such year for that corporate group.
- ii. A person who has been a business executor of a corporate group that is a major client of the “K” LINE Group within the past three years. “A corporate group that is a major client of the “K” LINE Group” refers to a corporate group who made payment to the Group in each of the years in the three-year period accounting for over 2% of the Group’s consolidated sales in each such year.
- iii. A person who has, within the past three years, been a business executor of a financial institution or another principal creditor, or its parent company or important subsidiary that plays a critical role in the “K” LINE Group’s financing to such a degree that it is irreplaceable for the Group.
- iv. A person who has been paid ¥10 million or more or has received other assets in an amount equivalent thereto other than officer’s remuneration from the Group in the past three years; or a person who has, within the past three years, belonged to an audit firm, tax accounting firm, law firm, consulting firm or other professional advisory firm that has been paid ¥10 million or more or other assets in an amount equivalent thereto by the Group in each of the years in the three-year period accounting for over 2% of the total revenues of such juridical person, etc. However, this shall not apply to a person who belongs to such juridical person in outline but has substantially no conflict of interest with the Group (a person who does not receive any compensation from such juridical person, for example).
- v. A shareholder holding over 10% of the voting rights of the Company. If the shareholder is a juridical person, a person who has been a business executor of the shareholder or its parent company or subsidiary within the past three years.
- vi. Spouses or persons who are a relative of the second or less degree of a person falling under any of the above criteria. In addition, the Guidelines stipulate that the Nominating Committee shall endeavor to



nominate 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.

**10) [Supplementary Principle 4.11.2) Status of Concurrent Positions of Directors and Audit & Supervisory Board Members with Other Listed Companies' Officers]**

For details regarding Directors who are concurrently serving as officers of other listed companies, please refer to the Company's Notice of the Ordinary General Meeting of Shareholders held in June 2025, pages 46 to 48.

<https://www.kline.co.jp/en/ir/stock/meeting/main/015/teaserItems1/00/linkList/01/link/Notice%20of%20the%20157th%20Ordinary%20General%20Meeting%20of%20Shareholders.pdf>

**11) [Supplementary Principle 4.11.3) Overview of Analysis and Evaluation of Effectiveness of the Board of Directors as a Whole]**

For sustainable growth and the medium- to long-term enhancement of corporate value, the Company believes that the effective functioning of corporate governance is essential. As such, a self-assessment of the effectiveness of the Board of Directors or an independent third-party evaluation is conducted each year, and the results are disclosed.

<https://www.kline.co.jp/en/news/ir/ir-20250425/main/0/link/250425%20Board%20of%20Directors%20Effectiveness%20Evaluation.pdf>

**12) [Principle 3.1 (iii) Board of Directors Policies and Procedures in Determining the Remuneration of the Senior Management and Directors] and**

**13) [Supplementary Principle 4.2.1 Remuneration Systems as an Incentive for Sustainable Growth]**

Please refer to Attachment 1 of the Kawasaki Kisen Kaisha, Ltd. CORPORATE GOVERNANCE GUIDELINES, which prescribes the policies on remuneration for each individual Director, Executive Officer and Corporate Officer.

[https://www.kline.co.jp/en/sustainability/governance/corporate\\_governance/main/00/teaserItems1/01/linkList/0/link/Kawasaki%20Kisen%20Kaisha,%20Ltd.%20CORPORATE%20GOVERNANCE%20GUIDELINES.pdf](https://www.kline.co.jp/en/sustainability/governance/corporate_governance/main/00/teaserItems1/01/linkList/0/link/Kawasaki%20Kisen%20Kaisha,%20Ltd.%20CORPORATE%20GOVERNANCE%20GUIDELINES.pdf)

The Compensation Committee consists of a majority of Independent Outside Directors and the Chairperson of the Committee shall be selected from those members who are Independent Outside Directors.

- Remuneration for Directors comprises two types of fixed remuneration: monthly remuneration (monetary) and fixed remuneration (stock). Performance-based factors are not included.

- i. Monthly remuneration is determined depending on whether the individual is an Outside Director or Director of the Company and roles held in committees and the Board of Directors to which it belongs.
- ii. The Company implements a share remuneration plan using a framework of the Board Benefit Trust (BBT) to maintain and secure human resources capable of elevating corporate governance to a standard commensurate with a global enterprise, while aligning with shareholder interests.

Under the share remuneration plan, the Company grants the Company's stocks at the time of retirement based on the points awarded each fiscal year, depending on whether the individual is an Outside Director or a Director of the Company.

Remuneration framework for the Company's Executive Officers (including those who concurrently serve as Directors) and Corporate Officers is as follows.

- Remuneration for Executive Officers and Corporate Officers consists of monthly remuneration (monetary) which is a fixed remuneration; short-term performance-based remuneration (monetary) which varies according to business performance; and medium- to long-term performance-based remuneration (stock).

- i. Base remuneration is determined according to the Executive Officer's and Corporate Officer's position and an amount is added to Executive Officers with representation authority.
- ii. The payment for each type of remuneration, etc. described above is expected to be a ratio of 100 to 40 to 65 in the case that performance targets are achieved. The base amount for each position for short-term performance-based remuneration varies within the scope of zero to 1.5 and the base amount for each position for medium- to long-term performance-based remuneration varies within the scope of zero to 1.8 depending on the level of achievement of targets, and the degree of linkage to performance increases in accordance with management responsibilities. The Company provides motivation with the optimal balance between short-term performance and medium- to long-term shareholder value enhancement, providing Directors with incentives to promote sustainable initiatives, aimed at maximizing corporate value.

Method of determining indicators relating to performance-based remuneration and the amount of said performance-based remuneration is as follows.

- Short-term performance-based remuneration (monetary)

Short-term performance-based remuneration (monetary) is primarily linked to the level of achievement of the targets for consolidated performance for a single fiscal year to enhance the transparency and objectivity of payment standards.

The coefficient for multiplying the base amount for each position shall be linked to consolidated performance (total amount of ordinary income, amount of ordinary income excluding the containership business, and profit attributable to owners of the parent) for single fiscal years as well as individual contributions. The coefficient linked to consolidated performance varies in value from zero to 1.5 based on the designated formula according to the level of achievement of targets. The degree of linkage to performance increases in accordance with management responsibility.

In addition to this, in the event of a serious marine accident, the Company applies subtraction indicators according to the extent of the accident and its impact.

- Medium- to long-term performance-based remuneration (stock)

The medium- to long-term performance-based remuneration (stock) shall be linked to the total shareholder return (hereinafter, the “TSR”) and other indicators in order to further share value with shareholders and strengthen the incentives for Directors to enhance corporate value over the medium- to long-term and for them to function more effectively.

Note: The Company’s TSR = Share price appreciation over a fixed period + Dividend yield over the fixed period (Total dividend ÷ Initial share price)

For TSR-based indicators, a combination of the ratio of the Company’s TSR to the TOPIX growth rate (hereinafter, the “TSR Ratio”) and the ranking of the Company’s TSR to the TSR of competitor companies shall be used to determine the coefficient for multiplying the base amount for each position.

If the TSR Ratio is 50% or less, the coefficient for multiplying the base amount for each position shall be zero (the minimum value); if the TSR Ratio is 100%, the coefficient shall be one (when set targets were achieved); if the TSR Ratio is 150% or more, the coefficient shall be 1.62 (the maximum value); and if the TSR Ratio is more than 50% but less than 150%, the coefficient shall be calculated through a certain formula and determined in combination with the ranking of the Company’s TSR to the TSR of competitor companies. Apart from TSR-based indicators, the Company introduces coefficients based on the level of achievement of the targets in the medium-term management plan and the ranking of the Company to other companies as ROE indicators, and coefficients that assess the improvements in CO<sub>2</sub> emissions efficiency as ESG indicators. The degree of linkage to performance is designed to increase in accordance with management responsibility. The composition ratio for TSR indicators: ROE indicators: ESG indicators (CO<sub>2</sub>) is set at a ratio of 90 to 5 to 5.

The total values of each coefficient (the minimum value zero, the maximum value 1.8) calculated as detailed above shall be multiplied by the base amount for each position to calculate the amount of medium- to long-term performance-based remuneration, which will be converted into points and awarded to Directors each fiscal year. In principle, the Company’s stock, etc. will be delivered at the time of retirement in proportion to the accumulated number of the points awarded.

- Composition ratio of remuneration

The composition ratio for fixed remuneration (monetary), short-term performance-based remuneration (monetary), and medium- to long-term performance-based remuneration (stock) according to the typical case of achieving the performance target assumes a ratio of 100 to 40 to 65.

#### **14) [Supplementary Principle 4.14.2) Policy on Training of Directors and Audit & Supervisory Board Members]**

The Company’s Guidelines stipulate training policy, as follows, with the aim of facilitating appropriate performance of the roles and responsibilities expected of Directors, Executive Officers and Corporate Officers who constitute a critical element of the governance body.

- (1) When Outside Directors take office, the Company shall ensure they gain a full understanding of the Group’s business, corporate finance, organizational status, business environments and management issues by having its Officers and departments in charge offer explanations about such subjects. After their appointment, they shall work to deepen their understanding through the explanations of the Board of Directors agenda in advance, participation in management strategy meetings, and explanations of individual projects provided by the department in charge, as well as by on-site inspections of vessels and other assets.

- (2) Each year, the Company's Inside Directors, Executive Officers, and Corporate Officers shall attend a training session on compliance matters including competition laws, insider trading regulations and anti-bribery.
- (3) Promptly after being appointed, Corporate Officers 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 expense.
- (4) In order to fulfill their roles, the Company's Directors, Executive Officers, and Corporate 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.

#### **15) [Principle 5.1 Policy for Constructive Dialogue with Shareholders]**

From the perspective of achieving sustained growth and increasing corporate value over the medium- to long-term, the Company engages in constructive dialogue with its shareholders, investors and its Guidelines and IR Policy furthermore stipulate policy, as follows, on establishing frameworks and engaging in efforts to facilitate such dialogue.

- (1) To achieve sustained growth and increased corporate value over the medium- and long-term, the Company considers and executes measures that promote constructive dialogue with shareholders, investors etc.
- (2) The Executive Officers and Corporate Officers in charge of the Company's Corporate Sustainability, Environment Management Promotion, IR and Communication shall be responsible for overseeing constructive dialogue with shareholders, investors, etc. The relevant departments in corporate such as Corporate Sustainability, Environment Management Promotion, IR and Communication, Corporate Planning, General Affairs, Finance, Accounting, and Legal shall ensure positive cooperation with each other and endeavor to enhance measures to promote constructive dialogue.
- (3) The Company seeks to enhance promoting its shareholders and investors' understanding of its financial situation and having dialogue with them through proactive disclosure and thorough questions and answers in General Meeting of Shareholders, sessions, facility tours, the Company's website, Integrated Report, and FACT BOOK, and brochures issued for shareholders and investors. The Company also explains its business strategy, business description and financial results, etc. to institutional investors through quarterly financial results briefings, briefings on its management plan and sessions held by security companies, etc. In addition, the Company seeks to enhance dialogue through small meetings for investors, conferences, and overseas investors' road show meetings, etc.
- (4) As for views and concerns of shareholders, investors etc. received through the above opportunities, the Company shall compile them according to their respective importance as appropriate and report them collectively to the Board of Directors, etc.
- (5) The Company appropriately controls insider information in accordance with Financial Instruments and Exchange Act and relevant laws and regulations as well as internal rules.
- (6) The Company shall respect the intent and meaning of the Fair Disclosure Rules specified in the Financial Instruments and Exchange Act and other related laws, and shall furthermore strive to ensure fair information disclosure in accordance with the Fair Disclosure Policy stipulated in its IR Policy.

Please refer to the Company's website via the link below to access its entire IR Policy.

<https://www.kline.co.jp/en/ir/management/policy.html>

#### **16) [Principle 1.4 Strategic Shareholdings]**

The Company owns and operates numerous high-cost assets in the form of marine vessels over extended durations of time. The Company furthermore operates against a backdrop of a business environment epitomized by business performance that is highly volatile due to foreign exchange, market conditions and other such factors that are beyond corporate efforts of individual companies. To achieve long-term and sustainable growth given such a business environment, the Company maintains strategic shareholdings of partner companies as investment stocks for a purpose other than pure investment deemed necessary in order to sustain and strengthen the Company's transactional and business relationships. Meanwhile, the Board of Directors assesses whether or not the Company should maintain individual strategic shareholdings, to which ends it is to meet no less than once per year and take an independent, objective standpoint with respect to specifically scrutinizing the purpose of maintaining the individual holdings and the medium- to long-term economic rationale of maintaining such holdings, including necessity from the perspective of business activities, and the cost of capital. In cases where it deems that there is no economic rationale for maintaining the holding, it shall take steps to reduce it. As a result, the twelve listed stocks in the Company's portfolio of strategic shareholdings that it had been holding as of March 31, 2017, had been reduced to three as of March 31, 2025.



The Guidelines stipulate that, when exercising the voting rights as to the strategic shareholdings, the Board of Directors 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.

#### **17) [Principle 1.7 Related Party Transactions]**

The Company has established the following procedures with respect to related party transactions, and finds that management is capable of supervising such transactions based on such procedures.

- (1) The Regulations on Decision-Making Standards stipulate that the Company is to refer matters to be addressed by and seek prior approval from the Board of Directors with respect to certain matters irrespective of monetary amount, such that include: transactions with major shareholders whose holdings account for more than 10% of the Company's voting rights or transactions between the Company and its officers; transactions conducted by an officer with the Company for a third party; transactions involving conflict of interest; and, debt guarantees of officers made by the Company. The Regulations on Decision-Making Standards also stipulate that key developments must be reported to the Board of Directors subsequent to having carried out a transaction. As such, the Board of Directors supervises appropriateness of transactions.
- (2) The Company shall treat all of its shareholders impartially, and accordingly must not make special considerations for specific shareholders.
- (3) The Company shall determine the presence or absence of related party transactions upon submission of confirmation documents for all of the Company's officers each fiscal term, and shall furthermore verify transaction details in the event that related party transactions have taken place.

#### **18) [Supplementary Principle 2.3.1) Measures to Address Sustainability Issues],**

#### **19) [Supplementary Principle 4.2.2) The Formulation of a Basic Policy for Sustainability Initiatives] and**

#### **20) [Supplementary Principle 3.1.3) Disclosure Concerning Sustainability]**

Amid globally accelerating changes in value and behavior, as well as increasing awareness of the need to reduce the environmental burden caused by global warming, the Company considers sustainability management as a priority issue for enhancing corporate value over the medium to long term and discusses the issue continuously at the Board of Directors' meetings.

To reinforce management where these issues are key objectives, the Company has established the "Corporate Sustainability Management Committee," which is chaired by the Representative Executive Officer, President & CEO, and the "GHG Reduction Strategy Committee," aiming to enhance corporate value by reviewing and formulating a system to promote the Group's sustainability management, and a strategy for reducing GHG. The Company reviews the materiality (important sustainability issues) as necessary as a part of the process to identify, evaluate and manage sustainability-related risks and opportunities. The Company newly identified five areas and 12 items regarding material issues in the recently reviewed Fiscal Year 2022. The 12 newly identified items regarding material issues were categorized and arranged into the five areas of "safety & quality," "environment & technology," "promotion of digitalization" and "human resources," which are the four pillars of the capabilities strategy that the Company set forth in the medium-term management plan, in addition to the "management foundation," which is the foundation for the other four areas. The Group has positioned the material issues as an important issue to be addressed in order to realize the corporate principle and vision based on the medium-term management plan.

Furthermore, the Company issues its "K" LINE REPORT and Sustainability Booklet, and provides overall information on sustainability on the sustainability and management plan page of its website, including environmental information disclosure based on recommendations of the Task Force on Climate-related Disclosures ("TCFD") and Taskforce on Nature-related Financial Disclosures ("TNFD"), investments in human capital, reduction of environmental burden, diverse workstyles, and investments in intellectual property to promote technological development and innovation initiatives to support improvement of service quality.

- Sustainability Website (website providing a comprehensive introduction to the Company's sustainability initiatives)

<https://www.kline.co.jp/en/sustainability.html>

- ESG Data Book (provides ESG-related data)

[https://www.kline.co.jp/en/sustainability/esg\\_data/main/0112/teaserItems2/0/linkList/00/link/ESGDATABOOK2024\\_EN.pdf](https://www.kline.co.jp/en/sustainability/esg_data/main/0112/teaserItems2/0/linkList/00/link/ESGDATABOOK2024_EN.pdf)

- "K" LINE REPORT (pages 40 to 69 Foundation for Value Creation)

[https://www.kline.co.jp/en/ir/library/report/main/0111110/teaserItems2/0/linkList/04/link/KL\\_AR24en\\_40-69%20%20.pdf](https://www.kline.co.jp/en/ir/library/report/main/0111110/teaserItems2/0/linkList/04/link/KL_AR24en_40-69%20%20.pdf)

- TCFD framework-based information disclosure

[https://www.kline.co.jp/en/sustainability/environment/climate\\_change/main/0110/teaserItems1/02/linkList/0/link/240920tcfdeing%20.pdf](https://www.kline.co.jp/en/sustainability/environment/climate_change/main/0110/teaserItems1/02/linkList/0/link/240920tcfdeing%20.pdf)

- TNFD framework-based information disclosure

[https://www.kline.co.jp/en/sustainability/environment/impact\\_mitigation/main/0119/teaserItems1/05/linkList/0/link/20250115tnfd\\_eng.pdf](https://www.kline.co.jp/en/sustainability/environment/impact_mitigation/main/0119/teaserItems1/05/linkList/0/link/20250115tnfd_eng.pdf)

- “K” LINE Environmental Vision 2050 (Initiatives on Net-Zero GHG Emissions)

[https://www.kline.co.jp/en/csr/environment/management/main/010/teaserItems1/01/linkList/0/link/2111vision%20minaoishi\\_EN.pdf](https://www.kline.co.jp/en/csr/environment/management/main/010/teaserItems1/01/linkList/0/link/2111vision%20minaoishi_EN.pdf)

- FY2022 Medium-Term Management Plan (pages 23 to 24 “Investment in Human Resources” and page 28 “Environmental Investment”)

<https://www.kline.co.jp/en/ir/management/strategy.html>

## **21) [Supplementary Principle 2-4 Ensuring Diversity, Including Active Participation of Women] and**

## **22) [Supplementary Principle 2-4.1) Ensuring Diversity When Hiring Core Human Resources]**

### **<Human Capital Diversity and Human Resource Policy & Policy on Improvement of Work Environments Inside the Company>**

The Company is working to recruit and develop human resources who have the ability not only to lead the growth and transformation of the business but also to respond flexibly to changes in the business environment. In order to execute the portfolio strategy, the Company is forging ahead with both the quantitative and qualitative acquisition and development of talent in accordance with the needs of each business. To further promote this, the Company is striving to create a work environment where diverse personnel can flourish and fully utilize their abilities. In terms of talent acquisition, the Company hires mid-career professionals throughout the year in addition to recruiting new college graduates. The personnel hired are assigned to the three core businesses that play leading roles in driving growth and are also evenly distributed to the corporate divisions that support the business foundation. When recruiting, the Company strives to attract personnel with a diverse range of values, irrespective of their nationality, educational background or gender.

The Company approaches rank-specific personnel training for the purpose of nurturing professional shipping executives who will lead the sustainable growth and transformation of the business while valuing a moral and compliance focused corporate culture, and developing business transformation personnel as well as environmental and engineering talent who can flexibly respond to changes in the business environment. In addition, the Company provides maritime business training, onboard training, accounting and finance training, management skills training, and DX training.

As part of its efforts to improve the work environment internally, the Company has established a childcare leave system that exceeds legal requirements. The Company also implements management training aimed at fostering understanding with regard to childcare and support to enable female employees to autonomously continue their careers. As an example of initiatives unique to the Company, its childcare system allows up to ten days of leave for men to encourage the participation of men in childcare, thereby promoting an improvement in the ratio of paternity leave. Furthermore, to support both nursing care and work, the Company establishes caregiver leave and the Company's own leave system, as well as sets up a nursing care-related consultation desk, in an effort to create an environment where employees confronted with nursing care can work without concern. From the compliance perspective, the Company has set up both internal and external consultation desks to address sexual harassment, with the intention of swiftly solving problems while giving the utmost consideration to privacy. Moreover, the Company holds annual harassment prevention seminars for all executives and employees.

### **<Indicators and Targets>**

Aiming to become a company where all employees can work with enthusiasm and feel fulfilled, the Company has set the following targets in the action plan (period of the plan: April 1, 2025 to March 31, 2027) and works on them to promote the active participation of women and support the training of the next generation of employees in order to develop an environment for employees where anyone can demonstrate their individual abilities while balancing both work and home.

- Percentage of female employees in management positions by the end of the period of the plan of 15%.
- The monthly average statutory overtime hours per person of less than 30 hours.
- Percentage of leave taken by male employees for childcare of 50% or more.
- The number of days of combined annual paid leave and the Company's own non-statutory leave (up to seven days during a fiscal year) acquired of at least 12 days.

### <Progress of Targets (results in Fiscal Year 2024)>

- i. Percentage of female employees in management positions: 7.4%
- ii. Statutory overtime hours (monthly average): 7.5 hours
- iii. Percentage of leave taken at the Company by male employees for childcare: 81.9%
- iv. The number of days of annual paid leave and the Company's own non-statutory leave acquired: 15.4 days
  - Sustainability Website (website providing a comprehensive introduction to the Company's sustainability initiatives)

<https://www.kline.co.jp/en/sustainability.html>

- “K” LINE REPORT (Human Resources pages 56 to 59)

[https://www.kline.co.jp/en/ir/library/report/main/0111110/teaserItems1/0/linkList/0/link/KL\\_AR2024en\\_allpage%20.pdf](https://www.kline.co.jp/en/ir/library/report/main/0111110/teaserItems1/0/linkList/0/link/KL_AR2024en_allpage%20.pdf)

- Policy on Improvement of Work Environments Inside the Company (“Basic Principle”)

[https://www.kline.co.jp/en/sustainability/social/human\\_rights.html](https://www.kline.co.jp/en/sustainability/social/human_rights.html)

- Action plan to promote the active participation of women

[https://www.kline.co.jp/en/sustainability/social/diversity\\_inclusion/main/01/teaserItems1/0/linkList/0/link/Action%20Plan%20to%20Promote%20the%20Active%20Participation%20of%20Women%20and%20Support%20Raising%20of%20the%20Next%20Generation%20Children.pdf](https://www.kline.co.jp/en/sustainability/social/diversity_inclusion/main/01/teaserItems1/0/linkList/0/link/Action%20Plan%20to%20Promote%20the%20Active%20Participation%20of%20Women%20and%20Support%20Raising%20of%20the%20Next%20Generation%20Children.pdf)

- Approach to human resources development (Onshore Workers/Marine Technical Personnel)

[https://www.kline.co.jp/en/sustainability/social/human\\_resource.html](https://www.kline.co.jp/en/sustainability/social/human_resource.html)

### 23) [Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

The Company has adopted a defined-benefit corporate pension plan, and accordingly strives to ensure safe and efficient management of the plan. To such ends, the Company has established the Pension Asset Management Committee which is chaired by the General Manager of Finance Group who serves as the pension fund manager, and whose membership consists of individuals in charge of pension fund duties in Finance and Human Resources divisions. The Company has established fundamental policies and asset management guidelines particularly with respect to safely and efficiently managing pension funds. The Company accordingly engages in efforts involving human resources and administration serving as the parent entity of the pension plan, with the aim of ensuring that the Pension Asset Management Committee implements the function of monitoring the entity entrusted with asset management.

Moreover, managing the pension plan involves ensuring that the utmost respect is devoted to interests of those enrolled in the corporate pension plan.

### [Measures to Realize Management with an Awareness of Capital Costs and Share Price] [Update Date: 2025 May 7]

By working to further improve business management as part of its capital policy, the Company is strengthening and promoting business portfolio management and management that emphasizes cash flows through the introduction of management indicators (ROIC, EVA, etc.) by business with an awareness of capital costs, in order to increase corporate value. For specific details and the progress, please refer to the information posted on the Company's website at the addresses below.

Financial Highlights Brief Report for Fiscal Year 2024 (C-1 to C-6)

[https://www.kline.co.jp/en/ir/library/presentation/main/011111111111/teaserItems1/0/linkList/01/link/2024\\_4\\_presentation\\_e.pdf](https://www.kline.co.jp/en/ir/library/presentation/main/011111111111/teaserItems1/0/linkList/01/link/2024_4_presentation_e.pdf)

### [Promotion and Disclosure of Dialogue with Shareholders]

The implementation status of dialogue with shareholders and investors is disclosed on the Company's website at “Sustainability | The “K” LINE Group's Sustainability Management | Stakeholder Engagement | Results of Investor Relations (IR) Activities.”

[https://www.kline.co.jp/en/sustainability/sustainability\\_management/stakeholder\\_engagement.html](https://www.kline.co.jp/en/sustainability/sustainability_management/stakeholder_engagement.html)

The main topics of dialogue are business strategy, the medium-term management plan, financial affairs, shareholder returns, capital policy, non-financial information including sustainability, and other matters.

For information on the contents of explanations and Q&A sessions during financial results briefings and business briefings for investors and shareholders, please refer to the information posted on the Company's website at the addresses below.

Investor Relations | IR Library | Financial Report

<https://www.kline.co.jp/en/ir/library/presentation.html>

Investor Relations | IR Library | IR Event

<https://www.kline.co.jp/en/ir/library/event.html>

## 2. Capital Structure

Foreign Shareholding Ratio	30 % or more
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### [Status of Major Shareholders] Updated

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
ECM MF	77,947,600	12.21
The Master Trust Bank of Japan, Ltd. (trust account)	63,752,000	9.99
MLI FOR SEGREGATED PB CLIENT	50,862,600	7.97
CGML PB CLIENT ACCOUNT/COLLATERAL	42,375,600	6.64
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSF RE CLIENT ASSETS-SEGR ACCT	31,796,900	4.98
GOLDMAN SACHS INTERNATIONAL	23,820,256	3.73
Suntera (Cayman) Limited as trustee of ECM Master Fund	19,716,700	3.09
Custody Bank of Japan, Ltd. (trust account)	19,394,050	3.03
IMABARI SHIPBUILDING CO., LTD.	16,956,360	2.65
Mizuho Bank, Ltd.	12,694,020	1.98

Controlling Shareholder (except for Parent)	—
Parent (Listed Stock Market)	N/A

### Supplementary Explanation

The figures of major shareholders above are presented as of March 31, 2025.

Although a large shareholding (change) report made available to the public on November 13, 2024 with Effissimo Capital Management Pte Ltd as the submitter stated that it held the following shares, as of March 31, 2025 the Company had been unable to confirm the beneficial ownership of the number of shares, and accordingly the figures are not reflected in the above Status of Major Shareholders. The details of the report are as follows.

Name:	Effissimo Capital Management Pte Ltd
Number of shares, etc. held (Shares):	246,200,300
Holding ratio of shares, etc. (%):	36.46

Although a large shareholding (change) report made available to the public on March 24, 2025 with Nomura Asset Management Co., Ltd. as the submitter stated that it held the following shares, as of March 31, 2025 the Company had been unable to confirm the beneficial ownership of the number of shares, and accordingly the figures are not reflected in the above Status of Major Shareholders. The details of the report are as follows.

Name:	Nomura Asset Management Co., Ltd.
Number of shares, etc. held (Shares):	12,696,100
Holding ratio of shares, etc. (%):	1.99

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March
Type of Business	Marine transportation
Number of Employees (Consolidated) at End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year <b>Updated</b>	¥1 trillion or more
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	From 100 to less than 300

### 4. Policy for Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

### 5. Special Circumstances which may have Material Impact on Corporate Governance **Updated**

- Listed companies with equity method affiliations

The Company holds shares of Rinko Corporation as a listed company with an equity method affiliation.

Rinko Corporation (Tokyo Stock Exchange Standard Market)

By holding shares of Rinko Corporation, which provides distribution services rooted in Niigata Port, the only major international port on the Sea of Japan, the Company seeks to strengthen its relationship with Rinko Corporation, thereby opening the way to increasing the comprehensive corporate value of the Group. One Corporate Officer of the Company serves as an Outside Director of Rinko Corporation in order to leverage its knowledge and experience of the shipping and other industries, but the Company does not share the same management policies or management strategy, and Rinko Corporation is not subject to group management by the Company. Furthermore, because the Company owns fewer than half the voting rights, it does not exert control that would impair the independence of that company, and the risk of a conflict of interest emerging is therefore perceived to be low.

## II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-making, Execution of Business, and Supervision in Management

### 1. Organizational Composition and Operation

Organization Form	Company with a Nominating Committee, etc.
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairperson (excluding when concurrently serving as President & CEO)
Number of Directors	10

#### [Outside Directors]

Number of Outside Directors	7
Number of Independent Officers Designated From Among Outside Directors	6



# Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Keiji Yamada	Other											
Ryuhei Uchida	From another company							○				
Koji Kotaka	Attorney at law											
Hiroyuki Maki	From another company											
Takako Masai	From another company											
Atsumi Harasawa	Attorney at law											
Shinsuke Kubo	CPA											

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past;

\* "●" when a close relative of the director presently falls or has recently fallen under the category; and

"▲" when a close relative of the director fell under the category in the past

- Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary
- Non-executive director or executive of the parent of the Company
- Executive of a fellow subsidiary of the Company
- Party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the Company or an executive thereof
- Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
- Executive of a client or supplier of the Company (which does not correspond to any of d., e., or f.) (the director himself/herself only)
- Executive of a corporation to which outside officers are mutually appointed (the director himself/herself only)
- Executive of a corporation that receives a donation from the Company (the director himself/herself only)
- Other

# Outside Directors' Relationship with the Company (2)

Name	Committee to Which the Director Belongs	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Keiji Yamada	Nominating Committee Compensation Committee	○	—	Mr. Keiji Yamada has experience in prominent positions with central/local governmental offices such as former Ministry of Home Affairs, and also served four terms (16 years) as Governor of Kyoto Prefecture. He has been an Outside Director of the Company since June 2019. Mr. Yamada does not have prior experience of direct involvement in corporate management by methods other than serving as an outside director, however, his wide range of experience/personal network and insight as the head of government bodies has been utilized in the Company's management. He has served as the Lead Outside Director and been fulfilling his role of making active suggestions at the Board of Directors meetings and supervising the Company's management and execution of business through his activities in his position as Chairperson of the Nomination Advisory Committee and Member of the Remuneration Advisory Committee. Therefore, the Company has nominated him as an Outside Director. Following his election, the Company expects that he will continue to fulfill these roles. There is no special interest between Mr. Yamada and the Company.

Ryuhei Uchida	Nominating Committee  Compensation Committee		<p>Although Mr. Uchida fulfills the requirements for an Outside Director under the Companies Act, the Company has determined that he conflicts with requirements of its Criteria for Independence of Outside Directors, as he is an executive of Effissimo Capital Management Pte Ltd, a major shareholder of the Company. Therefore, the Company proposes his appointment as a Non-Independent Outside Director.</p>	<p>Mr. Ryuhei Uchida first joined Mitsubishi Corporation, mainly served for supporting investments for Japanese and foreign non-listed companies, then joined Innovation Network Corporation of Japan, being in charge of investments for foreign non-listed companies and supporting business start-ups for Japanese non-listed companies, as well as also serving as an Outside Director for both British and Chilean companies. Currently he is in charge of managing investments of Japanese-listed companies as a Director of the Company's shareholder, Effissimo Capital Management Pte Ltd. He has been an Outside Director of the Company since June 2019 and his abundant experience and insight in corporate value enhancement has been utilized in the Company's management. The Company judges that his proactive opinions given as a Director with the perspective of its shareholder and his supervision on its management and the execution of business will bring common benefits to shareholders and contribute to improving the Group's corporate governance. Therefore, the Company has nominated him as an Outside Director. Following his election, the Company expects that he will continue to appropriately fulfill these roles. There is no special interest between Mr. Uchida and the Company.</p>
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Koji Kotaka	<p>Nominating Committee</p> <p>Compensation Committee</p> <p>Audit Committee</p>	○	—	<p>Mr. Koji Kotaka, in addition to being a lawyer, has experience in roles such as a company director in a broad range of industries including securities, investment banking, IT and real estate, and has substantial insight on finance and accounting. The Company judges that his expertise in law, particularly his abundant insight into the investment area contributes to the Company's management. Accordingly, he has been elected as Outside Director of the Company since June 2023. He draws on his abundant experience in law, finance and accounting and broad insight, which also includes investment and IR, to appropriately fulfill his role of actively making suggestions at the Board of Directors meetings and supervising the execution of business as Outside Director of the Company through his activities in his position as Chairperson of the Remuneration Advisory Committee and Member of the Nomination Advisory Committee. Therefore, the Company has nominated him as Outside Director. After his election, the Company expects that he will continue to appropriately fulfill these roles and, as Chairperson of the Audit Committee, he will conduct effective audits from an independent and external perspective. There is no special interest between Mr. Kotaka and the Company.</p>
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Hiroyuki Maki	Audit Committee	○	—	<p>Mr. Hiroyuki Maki is the President &amp; CEO of BUFFALO INC., mainly engaged in IT related business and food business, and President and Director of its subsidiary companies. The Company judges that his abundant experience in Group business administration and substantial insight on finance and accounting contribute to the Company's management. Accordingly, he has been elected as Outside Director of the Company since June 2023. He draws on his abundant experience as a corporate manager and broad insight in the IT and digital realm to appropriately fulfill his role of actively making suggestions at the Board of Directors meetings and supervising the execution of business as Outside Director of the Company through his activities in his position as Member of the Nomination Advisory Committee and Member of the Remuneration Advisory Committee. Therefore, the Company has nominated him as Outside Director. After his election, the Company expects that he will continue to appropriately fulfill these roles and, as Member of the Audit Committee, he will conduct effective audits from an independent and external perspective. There is no special interest between Mr. Maki and the Company.</p>
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Takako Masai	Nominating Committee Compensation Committee	○	—	<p>Ms. Takako Masai has experience in promoting business related to the financial market in both foreign and domestic banks. She has also been involved in the formulation of monetary policy as a deliberation member of the Policy Board at the Bank of Japan. The Company judges that her abundant experience in the financial market, insights of financial economics, and knowledge on diversity will contribute to the Company's management. Accordingly, she has been elected as Outside Director of the Company since June 2024. Since her election, she has drawn on her broad insight to appropriately fulfill her role of making suggestions at the Board of Directors meetings and supervising the execution of business as Outside Director of the Company through her activities in her position as Member of the Nomination Advisory Committee and Member of the Remuneration Advisory Committee. Therefore, the Company has nominated her as Outside Director. After her election, the Company expects that she will continue to appropriately fulfill these roles. There is no special interest between Ms. Masai and the Company.</p>
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Atsumi Harasawa	Audit Committee	○	—	<p>Ms. Atsumi Harasawa is a qualified lawyer in Japan and possesses specialized knowledge and experience in corporate law, labor law, and intellectual property law, gained through her work at law firms.</p> <p>Furthermore, during her time at Japan Airlines Co., Ltd., she obtained a First-Class Aircraft Maintenance Technician license and contributed to the company's safe operations from a technical perspective, demonstrating her knowledge and experience in the transportation industry.</p> <p>While she has no prior experience directly participating in company management outside of serving as outside officer, she has served as Outside Audit &amp; Supervisory Board Member since June 2019, demonstrating a proven track record of conducting effective audits from an independent, external perspective. Accordingly, the Company has nominated her as Outside Director. Following her election, the Company expects her to continue to appropriately fulfill the aforementioned roles and oversee business operations as Member of the Audit Committee. There is no special interest between Ms. Harasawa and the Company.</p>
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Shinsuke Kubo	Audit Committee	○	—	<p>Mr. Shinsuke Kubo is a Certified Public Accountant in Japan and possesses diverse experience and knowledge in auditing, supporting the listing of privately held companies, and corporate restructuring and M&amp;A, gained through his work at audit firms both domestically and internationally. He also has extensive experience in founding and managing venture companies and businesses supporting corporate revitalization. He has served as Outside Audit &amp; Supervisory Board Member since June 2020, demonstrating a proven track record of conducting effective audits from an independent, external perspective. Accordingly, the Company has nominated him as Outside Director. Following his election, the Company expects him to continue to appropriately fulfill the aforementioned roles and oversee business operations as Member of the Audit Committee. There is no special interest between Mr. Kubo and the Company.</p>
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#### [Committees]

##### Committee's Composition and Chairperson's Attributes

	Total Committee Members	Standing Members	Inside Directors	Outside Directors	Chairperson
Nominating Committee	5	0	1	4	Outside Director
Compensation Committee	5	0	1	4	Outside Director
Audit Committee	1	1	1	4	Outside Director

#### [Executive Officers]

Number of Executive Officers	2
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## Status of Concurrent Duties

### Status of Concurrent Duties

Name	Representative Authority	Concurrent Duties as Director			Concurrent Duties as Employee
			Nominating Committee Member	Compensation Committee Member	
Takenori Igarashi	Yes	Yes	No	No	No
Yutaka Akutagawa	Yes	No	No	No	No

### [Auditing Structure]

Appointment of Directors and/or staff to Support the Audit Committee <b>Updated</b>	Appointed
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Matters Related to the Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System **Updated**

The Company establishes the Rules Concerning Employees Tasked with Assisting the Audit Committee, and appoints employees who are required to assist the duties of the Audit Committee (“employees assisting the Audit Committee”) under the supervision of the Audit Committee. The Company evaluates the performance of the employees assisting the Audit Committee, respecting the opinions and evaluations of the Audit Committee, with the appointment and transfer of employees assisting the Audit Committee requiring prior approval from the Audit Committee.

## Cooperation Among Audit Committee, Accounting Auditor and Internal Audit Department

The Audit Committee receives reports from the Accounting Auditor regarding audit plans and audit results on a regular basis, and otherwise maintains close cooperation with the Accounting Auditor by exchanging information and opinions as necessary. The Company works on developing an environment that ensures effective audits by the Audit Committee by coordinating regular meetings with the Audit Committee and the Representative Executive Officers, arranging collaboration of the Audit Committee with the Internal Audit Group, and other such means.

### [Independent Officers]

Number of Independent Officers	6
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## Matters Relating to Independent Officers

The Company has registered all officers who satisfy the Independent Officer criteria as Independent Officers. The “Criteria for independence of Outside Directors” is prescribed in Attachment 3 of the Kawasaki Kisen Kaisha, Ltd. CORPORATE GOVERNANCE GUIDELINES.

[https://www.kline.co.jp/en/sustainability/governance/corporate\\_governance/main/00/teaserItems1/01/linkList/0/link/Kawasaki%20Kisen%20Kaisha.%20Ltd.%20CORPORATE%20GOVERNANCE%20GUIDELINES.pdf](https://www.kline.co.jp/en/sustainability/governance/corporate_governance/main/00/teaserItems1/01/linkList/0/link/Kawasaki%20Kisen%20Kaisha.%20Ltd.%20CORPORATE%20GOVERNANCE%20GUIDELINES.pdf)

### [Incentives]

Implementation of Measures to Provide Incentives to Directors and/or Executive Officers	Performance-based remuneration / Other
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## Supplementary Explanation

Please refer to above I 1. 13) [Supplementary Principle 4.2.1 Remuneration Systems as an Incentive for Sustainable Growth] regarding performance-based remuneration.

**[Remuneration for Directors and Executive Officers]**

Disclosure of Individual Directors' Remuneration	Disclosure for Selected Directors
Disclosure of Individual Executive Officers' Remuneration	Disclosure for Selected Directors

The Company paid ¥634 million to nine Directors and ¥80 million to four Audit & Supervisory Board Members as officer's remuneration pertaining to the fiscal year ended March 31, 2025. These include remuneration for three Directors who retired from their positions upon the conclusion of the 156th Ordinary General Meeting of Shareholders held on June 21, 2024, and two Directors and four Audit & Supervisory Board Members who retired from their positions upon the conclusion of the Extraordinary General Meeting of Shareholders held on March 28, 2025. The remuneration for Directors of ¥634 million includes short-term performance-based remuneration of ¥133 million and ¥292 million of medium- to long-term performance-based remuneration.

The Company transitioned from a company with an Audit & Supervisory Board to a company with a Nominating Committee, etc., upon the conclusion of the aforementioned Extraordinary General Meeting of Shareholders. The provisions of the remuneration regulations have been established to include the remuneration of the period from March 28, 2025 to March 31, 2025, after the transition to a company with a Nominating Committee, etc. as the aforementioned remuneration as a transitional measure. No remuneration or similar payments have been made to Directors or Executive Officers for such period.

**<Directors whose total amount of remuneration, etc. is more than ¥100 million>**

(Million Yen)

Name	Fixed remuneration	Short-term performance-based remuneration (monetary)	Medium- to long-term performance-based remuneration (stock)	Total amount
Yukikazu Myochin	72	64	168	305
Kazuhiko Harigai	49	37	74	161
Noriaki Yamaga	42	31	49	123

For Compensation Committee policies in determining the remuneration of Directors and Executive Officers, please refer to above I 1. 12) [Principle 3.1 (iii) Board of Directors Policies and Procedures in Determining the Remuneration of the Senior Management and Directors].

**[Supporting System for Outside Directors]**

The Company shall support the smooth execution of duties of its Outside Directors by having the Corporate Planning Group provide them with briefings and information necessary prior to the Board of Directors meetings and by furnishing them with reports on important matters of business execution. Committee Secretariats are allocated for the Nominating Committee and the Compensation Committee, which handle communication and adjustment. In addition, the Audit Committee Secretariat Division is established for the Audit Committee and allocated employees to assist, which functions as the Audit Committee Secretariat.



## 2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

The Company has adopted a corporate governance structure of a company with a Nominating Committee, etc. with the aim of improving corporate value through strengthening governance and improving management by having the Board of Directors determine and supervise management policies and by strengthening management capability such as the management team in prompt decision-making on business execution.

The Company has established three Committees (Nominating Committee, Audit Committee, and Compensation Committee) within the Board of Directors, with Independent Outside Directors constituting a majority of the membership in each committee and Independent Outside Directors in the role of Chairperson of each Committee. This structure ensures highly transparent processes in the appointment and dismissal of Directors and Executive Officers, the determination of remuneration and the audit of the execution of duties, and strengthens corporate governance.

### (Status of business execution)

The Company's Board of Directors is comprised of ten Directors, including seven Outside Directors. While supervising business execution by Executive Officers, it determines matters required by laws and regulations, the fundamental management policies, and other important matters regarding the management of businesses. Board of Directors meetings are held once or more a month. The Company also adopts a system of making resolutions in writing and holding meetings online for the Board of Directors, which enables the flexible operation of the board.

Significant delegation of authority from the Board of Directors to Executive Officers is made under the structure of a company with a Nominating Committee, etc. On the execution side, a Management Conference comprised of the Representative Executive Officer, President & CEO, other Executive Officers, Senior Managing Corporate Officers and above, Unit Supervising Executive/Corporate Officers and Corporate Officers in charge of Legal, Corporate Legal Risk & Compliance, Corporate Officers in charge of Corporate Planning, Corporate Officers in charge of Finance, Corporate Officers in charge of Accounting as well as persons appointed by the Audit Committee and Directors, Executive Officers, Corporate Officers, employees, and officers of subsidiaries and affiliates designated by the Executive Officer, President & CEO meets once a week in principle. By doing so, the Company establishes a system that facilitates deliberations to decide important matters relating to business execution and that allows open discussions that contribute to decision-making by the Representative Executive Officer, President & CEO or the delegate.

The attendance at the Board meetings in the fiscal year ended March 31, 2025 is as follows:

Yukikazu Myochin, Director	(Attended 19/19 meetings)	
Takenori Igarashi, Director	(Attended 1/1 meeting)	*Assumed office on March 28, 2025
Kunihiko Arai, Director	(Attended 19/19 meetings)	*Includes attending 18 times as an Audit & Supervisory Board Member
Keiji Yamada, Director	(Attended 19/19 meetings)	
Ryuhei Uchida, Director	(Attended 19/19 meetings)	
Koji Kotaka, Director	(Attended 19/19 meetings)	
Hiroyuki Maki, Director	(Attended 19/19 meetings)	
Takako Masai, Director	(Attended 14/14 meetings)	*Assumed office on June 21, 2024
Atsumi Harasawa, Director	(Attended 19/19 meetings)	*Includes attending 18 times as an Audit & Supervisory Board Member
Shinsuke Kubo, Director	(Attended 19/19 meetings)	*Includes attending 18 times as an Audit & Supervisory Board Member
Atsuo Asano, Retired Director	(Attended 5/5 meetings)	*Retired from office on June 21, 2024
Yukio Toriyama, Retired Director	(Attended 5/5 meetings)	*Retired from office on June 21, 2024
Kozue Shiga, Retired Director	(Attended 5/5 meetings)	*Retired from office on June 21, 2024
Kazuhiko Harigai, Retired Director	(Attended 18/18 meetings)	*Retired from office on March 28, 2025
Noriaki Yamaga, Retired Director	(Attended 13/13 meetings)	*Retired from office on March 28, 2025

**(Nominating Committee)**

The Nominating Committee determines the details of proposals related to the election or dismissal of Directors submitted to the General Meeting of Shareholders, deliberates on matters including the appointment and dismissal of Executive Officers, and makes recommendations to the Board of Directors. The Nominating Committee also deliberates on succession planning for the Representative Executive Officer, President & CEO. The Nominating Committee consists of a majority of Independent Outside Directors and the Chairperson of the Committee is selected from those members who are Independent Outside Directors.

**(Audit Committee)**

The Audit Committee audits the execution of duties by Directors and Executive Officers, prepares audit reports and makes decisions on the details of proposals related to the election, dismissal and other matters relating to the Accounting Auditor for submission to the General Meeting of Shareholders. The Audit Committee consists of a majority of Independent Outside Directors and the Chairperson of the Committee is selected from those members who are Independent Outside Directors.

**(Compensation Committee)**

The Compensation Committee examines the design of systems for officer remuneration, the level of remuneration, and related matters and determines details such as the remuneration of Directors and Executive Officers. The Compensation Committee consists of a majority of Independent Outside Directors and the Chairperson of the Committee is selected from those members who are Independent Outside Directors.

In addition, with the transition to a company with a Nominating Committee, etc. on March 28, 2025, attendance at the Nominating Committee and Compensation Committee held on and after that day was as follows.

**Nominating Committee**

Keiji Yamada	(Attended 1/1 meeting)	*Chairperson of the Committee
Ryuhei Uchida	(Attended 1/1 meeting)	
Koji Kotaka	(Attended 1/1 meeting)	
Takako Masai	(Attended 1/1 meeting)	
Yukikazu Myochin	(Attended 1/1 meeting)	

**Audit Committee**

Koji Kotaka	(Attended 1/1 meeting)	*Chairperson of the Committee
Hiroyuki Maki	(Attended 1/1 meeting)	
Atsumi Harasawa	(Attended 1/1 meeting)	
Shinsuke Kubo	(Attended 1/1 meeting)	
Kunihiko Arai	(Attended 1/1 meeting)	

**Compensation Committee**

Takako Masai	(Attended 1/1 meeting)	*Chairperson of the Committee
Keiji Yamada	(Attended 1/1 meeting)	
Ryuhei Uchida	(Attended 1/1 meeting)	
Koji Kotaka	(Attended 1/1 meeting)	
Yukikazu Myochin	(Attended 1/1 meeting)	

Attendance at the Nomination Advisory Committee and Remuneration Advisory Committee meetings held in Fiscal Year 2024 prior to the transition to a company with a Nominating Committee, etc. was as follows.

### **Nomination Advisory Committee**

Keiji Yamada	(Attended 8/9 meetings)	*Chairperson of the Committee
Koji Kotaka	(Attended 9/9 meetings)	
Hiroyuki Maki	(Attended 9/9 meetings)	
Takako Masai	(Attended 7/7 meetings)	*Assumed office on June 21, 2024
Yukikazu Myochin	(Attended 9/9 meetings)	
Kozue Shiga	(Attended 2/2 meetings)	*Retired from office on June 21, 2024

### **Remuneration Advisory Committee**

Koji Kotaka	(Attended 6/6 meetings)	*Chairperson of the Committee
Keiji Yamada	(Attended 5/6 meetings)	
Hiroyuki Maki	(Attended 6/6 meetings)	
Takako Masai	(Attended 4/4 meetings)	*Assumed office on June 21, 2024
Yukikazu Myochin	(Attended 6/6 meetings)	
Kozue Shiga	(Attended 2/2 meetings)	*Retired from office on June 21, 2024

### **Status of establishment of secretariats, etc.**

Secretariats are established for the Nominating Committee and the Compensation Committee, and the Corporate Officer in charge of General Affairs and the Corporate Officer in charge of Human Resources and their subordinates support the activities of the committees. In addition, the Audit Committee Secretariat Division has been established for the Audit Committee and allocated employees to assist, which functions as the Audit Committee Secretariat.

### **(Status of accounting audit)**

The Company has entered into an audit contract with an auditing firm (Ernst & Young ShinNihon LLC) which performs audits from a standpoint of fairness and impartiality.

Name of the certified public accountants who executed the audit duties	/ Affiliated auditing firm
Satoshi Uchida	/ Ernst & Young ShinNihon LLC
Masaya Kiyomoto	/ Ernst & Young ShinNihon LLC
Kazuma Miwa	/ Ernst & Young ShinNihon LLC

### **Audit operations assistants**

Certified Public Accountant 19

Other assistants 30

### **(Status regarding limited liability contract)**

The Company's Articles of Incorporation stipulate that, pursuant to the provisions of Article 427, Paragraph (1) of the Companies Act, the Company may conclude limited liability contracts as prescribed in Article 423, Paragraph (1) of the said Act with Directors (excluding Executive Directors). Based on the provisions, the Company has concluded limited liability contracts with Non-Executive Directors Yukikazu Myochin, Kunihiko Arai, Keiji Yamada, Ryuhei Uchida, Koji Kotaka, Hiroyuki Maki, Takako Masai, Atsumi Harasawa and Shinsuke Kubo. When acting in good faith and in the absence of any serious negligence, the limit of liability on the basis of any such contract will amount to either ¥10 million or an amount stipulated by laws and regulations, whichever amount may be higher.

## **3. Reasons for Adoption of Current Corporate Governance System**

Please refer to above II [Matters on Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)] for the reasons the Company selected the structure of a company with a Nominating Committee, etc.

Executive Officers who have received significant delegation of authority from the Board of Directors under the structure of a company with a Nominating Committee, etc. have adopted a Unit Supervisory System, with the aim of taking appropriate risk and identifying business execution responsibility upon having

appointed Unit Supervising Executive/Corporate Officers to oversee multiple divisions positioned under the Representative Executive Officer, President & CEO who spearheads execution.

In addition, the Company strives to maintain and improve the effectiveness of its audits by coordinating efforts of the Audit Committee and the Internal Audit Group, premised on the notion that such a system enables the Company to respond to its commitment bestowed on it by its shareholders and other stakeholders.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Energize General Meeting of Shareholders and Smooth Exercise of Voting Rights Updated

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	The Ordinary General Meeting of Shareholders was held on June 20, 2025, and notices for this were respectively posted on TDNet and the Company's own website and convocation notices sent on May 23 (four weeks before the General Meeting of Shareholders) and on May 30 (three weeks before the General Meeting of Shareholders).
Scheduling AGMs Avoiding the Peak Day	Article 2 (General Meetings and Respect for Voting Rights) of the Kawasaki Kisen Kaisha, Ltd. CORPORATE GOVERNANCE GUIDELINES stipulates that to ensure that the General Meeting of Shareholders functions as a space for constructive dialogue, to the extent possible the Company should strive to hold the General Meeting of Shareholders on days other than peak days on which large number of general meetings of shareholders are concentrated, in order to ensure that many shareholders have the opportunity to attend the meeting. The gist is that the Company shall ensure that shareholders shall have sufficient time to consider the agenda, that it enters into constructive dialogue with shareholders, and that shareholders can exercise their voting rights appropriately.
Allowing Electronic or Magnetic Exercise of Voting Rights	The Company adopted a system that enables shareholders to exercise their voting rights online via the Internet and through other such means in 2006.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	The Company participates in the Electronic Voting Platform and otherwise considers options for offering greater convenience to institutional investors with respect to exercising their voting rights.
Providing Convocation Notice in English (Translated Fully or Partially)	The Company prepares full English-language versions of its Convocation Notices (including Business Reports) and posts them to the Tokyo Stock Exchange and to its corporate website.
Other	After the conclusion of the General Meetings of Shareholders, notifications of resolutions and video of the meetings are posted on the Company's website. Since 2022, the Company has introduced virtual General Meetings of Shareholders (participatory) and conducts live-streaming of General Meetings of Shareholders.

## 2. IR Activities Updated

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	<p>Specifics of the Disclosure Policy are disclosed in the IR Policy  <a href="https://www.kline.co.jp/en/ir/management/policy.html">https://www.kline.co.jp/en/ir/management/policy.html</a>  via the corporate website. Furthermore, by adding the Fair Disclosure Policy to the IR Policy, the Company has clearly stated its response to the Fair Disclosure Rules specified in the Financial Instruments and Exchange Act and other related laws that came into force on April 1, 2018.</p>	
Regular Investor Briefings for Individual Investors	The Company participates in briefing sessions organized by securities companies and other such entities, holds online investor briefings via the Internet, and otherwise conveys information through its corporate website.	Not Established
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds financial results briefings on a quarterly basis and organizes individual interviews on a regular basis for analysts and domestic institutional investors. In addition, the Company holds small meetings, business briefings, and facility tours.	Established
Regular Investor Briefings for Overseas Investors	<p>The Company's dialogue with overseas institutional investors involves individual interviews regularly via visiting, online, and other means with investors in Europe, the U.S., and Asia, etc., participation in conferences organized by securities companies, and small meetings. The Company distributes investor briefing session materials, audio content, Financial Reports (summary and Q&amp;A) and other such information in English upon release of its quarterly financial results.  <a href="https://www.kline.co.jp/en/ir/library/presentation.html">https://www.kline.co.jp/en/ir/library/presentation.html</a></p>	Established



	Supplementary Explanations	Explanation by Representative
Posting of IR Materials on Website	On the Shareholder and Investor Relations page of its website ( <a href="https://www.kline.co.jp/en/ir.html">https://www.kline.co.jp/en/ir.html</a> ), the Company provides IR News, Financial Highlights, Financial Reports (summary and Q&A) and audio recordings (Japanese only), “K” LINE REPORT, the FACTBOOK, brochures issued for shareholders and investors, Annual and Semi-annual Securities Reports (Japanese only), business briefing materials, online briefing movies for individual investors, and Financial and Performance Information including Shipping Market Information. It also contains Japanese and English language versions of materials and information that facilitate understanding of the Company, including a profile of the Company and an overview of its strengths.	
Establishment of Department and/or Manager in Charge of IR	The Company has established the IR and ESG Promotion Team of the Corporate Sustainability, Environment Management IR and Communication Group as the department in charge of investor relations, and investor relations activities are carried out by the Representative Executive Officer, President & CEO, Senior Managing Representative Executive Officer (CFO), officers in charge of Sustainability, Environment Management Promotion, IR and Communication, Group Manager and below.	

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	<p>The Company has established the Charter of Conduct for “K” LINE Group Companies and the “K” LINE Implementation Guidelines for the Charter of Conduct. The Charter of Conduct for “K” LINE Group Companies is intended to clearly state principles of behavior for Group companies. Accordingly, it declares that companies of the “K” LINE Group are to act in accordance with principles of the Charter of Conduct, thereby remaining aware that growth of Group companies must be in harmony with society and contribute to the development of a sustainable society, premised on the fundamental notion that business activities are to respect human rights, comply with applicable laws, regulations and other norms of behavior, and be environmentally friendly. In addition, the “K” LINE Implementation Guidelines for the Charter of Conduct encompasses the Company’s relationships with its respective stakeholders in stipulating specific guidelines for executing the Charter of Conduct for “K” LINE Group Companies.</p> <ul style="list-style-type: none"> <li>• As more specific guidelines related to “Respect for Human Rights” established in the above Charter of Conduct for “K” LINE Group Companies, the Company has established the “K” LINE Group Basic Policy on Human Rights, and in addition to respecting and complying with international standards related to respect for human rights, the policy calls for the implementation of “human rights due diligence.”</li> </ul> <p>The Company has established the Sustainability Management Promotion Committee in order to promote sustainability management of “K” LINE Group and to improve its corporate value. It consists of the Unit Supervising Executive/Corporate Officers and is chaired by the Representative Executive Officer, President &amp; CEO.</p>
Implementation of Environmental Activities, CSR Activities, etc.	<ul style="list-style-type: none"> <li>• The Company have clarified the divisions in charge of each materiality item and strengthened progress management of initiatives in order to resolve important sustainability issues identified through dialogue with stakeholders.</li> <li>• Fourteen companies of the Group have obtained ISO14001 certification and have established environmental management systems encompassing vessel operations. The Company has also built and is operating the “Drive Green Network” as a system to promote environment management throughout the Group.</li> <li>• Through its unique knowhow, the Company is working to improve its world-class safe operational system and to link this system to environmental preservation.</li> </ul> <p>In its relationships with its stakeholders, the Company is conducting the following activities.</p> <p><b>Customers and business partners :</b> Cooperation in conserving the environment and contributing to society, fair business transactions without discrimination</p> <p><b>Shareholders and investors :</b> Providing information related to ESG and facilitating dialogue</p> <p><b>Financial institutions :</b> Sustainable finance including transition loans and transition-linked loans</p> <p><b>Employees :</b> Equal opportunity in hiring and treatment, stratified training suited to improving professional competency, ensuring health and safety of the workplace</p> <p><b>Society :</b> Social action programs including those that entail exchange with local communities in Japan and abroad, disaster relief, and support for environmental projects</p>

Supplementary Explanations	
<p>The Company complies with laws, rules, regulations, etc., relating to disclosure of Company information such as the Companies Act, the Financial Instruments and Exchange Act, the Rules and Regulations of the stock exchanges where the Company's stock is listed, the Unfair Competition Prevention Act, and the Act on the Protection of Personal Information, and furthermore provides information to each of its stakeholders in a timely and impartial manner. The Company establishes "IR Policy" in which standards and methods of disclosure with regard to information to be disclosed to shareholders and investors are stipulated, and also establishes "Fair Disclosure Policy" which is the basic principle for fair information disclosure. Both Policies are disclosed on the Company's website :</p> <p><a href="https://www.kline.co.jp/en/ir/management/policy.html">https://www.kline.co.jp/en/ir/management/policy.html</a></p>	<p>Formulation of Policies for Information Provision to Stakeholders</p>

#### IV. Matters Related to Internal Control System

##### 1. Basic Views on Internal Control System and Progress of System Development Updated

The Board of Directors passed a resolution with respect to the Company's internal control system in May 2006, and the Company subsequently made a series of revisions. The Company is currently expanding the internal control system across the Group, established as follows.

##### I. Basic framework regarding internal control

The Company continues its efforts to establish a system to ensure the execution of duties by its Executive Officers, Corporate Officers and employees in compliance with laws and regulations and the Articles of Incorporation, as well as a system to ensure the appropriateness of businesses of the corporate group comprised of the Company and its subsidiaries (hereinafter, the "Group") specified by laws and regulations. To be precise, the Company's Board of Directors assumes responsibility for establishing an internal control system, evaluating its effectiveness and ensuring its functions.

Currently, the Company establishes the following systems and will strive to review and improve them on a continuous basis and as necessary in order to enhance the effectiveness of its internal control.

##### II. Internal control system

##### (1) System to ensure the execution of duties by the Company's Executive Officers, Corporate Officers and employees in compliance with laws and regulations as well as the Articles of Incorporation

The Company has established the Charter of Conduct for "K" LINE Group Companies and the "K" LINE Implementation Guidelines for the Charter of Conduct, in which the compliance of the Group with laws and regulations as well as business ethics is specified as one of the principles of the conduct. The Board of Directors is required to ensure thorough implementation of compliance and establish an effective internal system in order to achieve it. To that end, the Company constantly implements the following measures:

- i. The Company clarifies Executive Officers' authority in accordance with the Rules for the Board of Directors and the Regulations on Decision-Making Standards and requires the Executive Officers to actively and faithfully execute the business of which they are in charge, and report the status of their execution of such duties to the Board of Directors in order to ensure the execution of duties by the Executive Officers in compliance with laws and regulations as well as the Articles of Incorporation.
- ii. The Company establishes the Rules for Corporate Officers, which specify matters to be complied with by the Corporate Officers in order to ensure that the execution of duties by the Corporate Officers is in compliance with laws and regulations as well as the Articles of Incorporation, and promotes the active and faithful execution of the business delegated to them.
- iii. The Company establishes internal rules such as the Rules for Employees in order to ensure the execution of duties by the employees in compliance with laws and regulations as well as the Articles of Incorporation.
- iv. The Internal Audit Group supports the performance of responsibilities by the Board of Directors, Executive Officers and Corporate Officers regarding the establishment, maintenance and improvement of the internal control system through the supervision and verification of the system.
- v. The Company establishes the Compliance Committee chaired by the Representative Executive Officer, President & CEO and strives to develop and maintain its compliance system.
- vi. The Company establishes a whistle-blowing system called the Hotline System in order to identify and appropriately handle legal violations and other compliance issues at an early stage. The Group specifies some internal contacts as well as a law firm as an external contact for whistle-blowers. This system is managed under the Rules for the Hotline System.

**(2) System for retaining and managing information pertaining to the execution of duties by the Company's Executive Officers**

The Company appropriately retains and manages information regarding the execution of duties by its Executive Officers in the form of fully searchable data that ensures the availability of perusal at any time, in accordance with the Rules for the Board of Directors and the Regulations for Documentation during the period specified by such rules and regulations.

**(3) Rules and systems for the Company to manage risks of loss**

The Company remains aware of the risks, as listed below, inherent in the course of conducting business. Accordingly, the Company develops systems for identifying and managing the risks as well as addressing the respective risks.

- i. Risks related to safe operation of vessels (including incidents involving seawater contamination)
- ii. Risks related to major disasters
- iii. Risks related to compliance
- iv. Other management risks

The Company establishes crisis and risk management systems which has involved drawing up its Crisis Management Regulations to ensure the Company fulfills its social responsibility as a corporation in the event of a crisis whereby a risk materializes. The Company has established committees to address each of the aforementioned risks, and has accordingly established the Crisis Management Committee as a body that unifies the four committees and otherwise controls and facilitates overall crisis and risk management initiatives.

[Name of Committee]	Function
[Risk and Crisis Management Committee]	Supervision of overall crisis and risk management initiatives
[Ship Safety Promotion Committee]	Implementation of measures to ensure safety of the Company's vessels in operation, prevention of vessel accidents (including incidents involving seawater contamination), and response in the event of an accident
[Disaster Response Committee]	Preparation for major disasters during normal times and responding to outbreaks
[Compliance Committee]	Responding to compliance-related issues
[Management Risk Committee]	Responding to other management-related risks

**(4) System to ensure that Executive Officers of the Company execute their duties efficiently**

The Company appoints Executive Officers as a company with a Nominating Committee, etc. and aims to promote smooth decision-making on the execution of duties through significant delegation of authority from the Board of Directors to Executive Officers.

**[Board of Directors]**

The Board of Directors determines the fundamental management policies, matters required by laws and regulations, and other important matters, while supervising the execution of duties by the Directors, Executive Officers and Corporate Officers. A meeting of the Board of Directors should be held once a month in principle. The Company adopts a system of making resolutions in writing for the Board of Directors, which enables the flexible operation of the board.

**[Management Conference]**

A Management Conference attended by the Representative Executive Officer, President & CEO, other Executive Officers, Senior Managing Corporate Officers and above and the Corporate Officers in charge of Corporate Planning, Finance, and Accounting meets once a week in principle. By doing so, the Company establishes a system that contributes to decision-making by the Representative Executive Officer, President & CEO or the delegate.

**(5) Systems to ensure proper business operations of the corporate group comprised of the Company and its subsidiaries**

The Company establishes the Charter of Conduct for "K" LINE Group Companies as the code of conduct applicable to the entire Group, in order to ensure the appropriate operations of its subsidiaries (hereinafter, the "Group companies"). Each Group company establishes internal rules and regulations based on the charter. In addition, the Company establishes the Regulations for Business Operations by Subsidiaries in order to

ensure the appropriate operations by its Group companies by supporting and managing the establishment and effective operation of their internal control systems while respecting the independence of these Group companies.

i. **System for reporting matters regarding the execution of duties by Directors, etc. of the Group companies to the Company**

The Company establishes the Regulations for Business Operations by Subsidiaries and requires its Group companies to report important matters to the relevant departments of the Company. In addition, the Company provides its hotline contact as well as hotline systems of each Group company for whistleblowers who identify any legal violations and other compliance issues in each respective office. The Company also hosts the Group Management Meeting to facilitate information exchange among the Company and the Group companies.

ii. **Rules and systems for managing risk of loss of the Group companies**

The Group companies establish their own crisis management system independently according to their business scale and characteristics. The Company establishes the Regulations for Business Operations by Subsidiaries and requires the Group companies to report risks in executing their respective business operations according to the characteristics of their businesses to the Company, which will be handled by the Crisis Management Committee and other organizations.

iii. **System to ensure that Directors, etc. of the Group companies execute their duties efficiently**

The Group companies independently manage their respective businesses in principle. The Company establishes the Regulations for Business Operations by Subsidiaries and specifies that certain important matters of the Group companies require approval of, discussion with, or reporting to the Company.

iv. **System to ensure that Directors, etc. and employees of the Group companies execute their duties in compliance with relevant laws and regulations and the Articles of Incorporation**

The Company establishes the Charter of Conduct for “K” LINE Group Companies and requires the Group companies to comply with the charter. In addition, the Company requires each Group company to establish its Implementation Guideline for Charter of Conduct according to the characteristics of their businesses and verifies the content of such guidelines.

Furthermore, the Company monitors via the Internal Audit Group, etc. the status of compliance and implementation of the internal control system by the Group companies.

**(6) Matters concerning the employees who are to assist the Audit Committee in its duties**

The Company establishes the Rules Concerning Employees Tasked with Assisting the Audit Committee, and appoints employees who are required to assist the duties of the Audit Committee (“employees assisting the Audit Committee”) under the supervision of the Audit Committee.

**(7) Matters concerning the independence of the employees assisting the Audit Committee from the Executive Officers of the Company**

The Company establishes the Rules Concerning Employees Tasked with Assisting the Audit Committee, and evaluates the performance of the employees assisting the Audit Committee, respecting the opinions and evaluations of the Audit Committee, with the appointment and transfer of employees assisting the Audit Committee requiring prior approval from the Audit Committee.

**(8) Matters to ensure the effectiveness of instructions by the Audit Committee of the Company given to the employees assisting the Audit Committee**

When the employees assisting the Audit Committee request the Company for any information materials and/or reporting, the Company will promptly provide such materials and/or reporting.

**(9) System for reporting to the Audit Committee of the Company by the Directors (excluding Directors who are Members of the Audit Committee), Executive Officers, Corporate Officers and employees of the Company; the Directors, the Audit & Supervisory Board Members, and employees of the Group companies; or a person who received a report from the above persons; and other systems for reporting to Members of the Audit Committee of the Company**

The Directors (excluding Directors who are Members of the Audit Committee), Executive Officers, Corporate Officers and employees of the Company are required to report important matters regarding the management and operations of the Company’s businesses and the status of executing its business in charge to the Audit Committee as needed at a meeting of the Board of Directors, the Audit Committee or other important meetings, as well as to promptly report any compliance issues and other matters that may cause serious damage to the Company, if identified, to Members of the Audit Committee in accordance with the Rules for Systems of Reporting to the Audit Committee, Etc. The Executive Officers are required to promptly report matters regarding the execution of duties in an appropriate manner to the Audit Committee when being

requested to do so. The Internal Audit Group is required to report the progress of its audits to the Audit Committee as necessary and conduct additional audits if being requested to do so by the Audit Committee. The Directors, Audit & Supervisory Board Members and employees of the Group companies are required to report compliance issues and other important matters specified to the relevant department of the Company, and the relevant department may report the matter to the Audit Committee of the Company as necessary in accordance with the Regulations for Business Operations by Subsidiaries. The Company hosts a Group Companies' Audit & Supervisory Board Communication Meeting, in order to share information among the Company, its Group companies and subsidiaries.

**(10) System to ensure the non-unfair treatment of persons who made reporting as described in the above**

The Company prohibits the Company or its Group companies, under the Rules for Systems of Reporting to the Audit Committee, Etc. and the Regulations for Business Operations by Subsidiaries, from unfairly treating the Directors, Audit & Supervisory Board Members, Executive Officers, Corporate Officers and employees of the Company and its Group companies who conducted whistle-blowing to the Audit Committee of the Company due to the act of such whistle-blowing.

**(11) Matters concerning policies on the advance payments, reimbursements and other procedures for settlements of expenditures and/or liabilities incurred from the execution of duties by Members of the Audit Committee of the Company**

The Company establishes policies on the advance payments and reimbursements and other procedures for settlements of expenditures and liabilities incurred from the execution of duties by Members of the Audit Committee, and conducts such advance payments, reimbursements and settlements based on the policies.

**(12) Other systems to ensure performance of effective audits by the Audit Committee of the Company**

The Company cooperates in developing an environment ensuring effective audits by the Audit Committee by coordinating regular meetings with the Audit Committee and the Representative Executive Officers, arranging collaboration of the Audit Committee with the Internal Audit Group, and other such means.

**(13) System to ensure the reliability of financial reports**

To ensure the reliability of the Group's financial reports, the Company engages in ongoing efforts to evaluate and improve the effectiveness of internal control systems pertaining to financial reporting, on the basis of Japan's Financial Instruments and Exchange Act, and other relevant laws and regulations.

**(14) Fundamental policy toward anti-social forces and status of policy implementation**

The Group declares in the "K" LINE Implementation Guidelines for the Charter of Conduct that, "in cooperation with authorities and organizations concerned, "K" LINE will endeavor to eliminate anti-social forces and mobilize the entire corporation to act in accordance with the law and prevent them from harming it." Accordingly, the Company has built a system that enables the swift and appropriate response within the Group, by appointing a department in charge of handling matters relating to anti-social forces and working with law enforcement officials, expert corporate legal counsel and other external organizations on a normal basis, with the aim of precluding all involvement of anti-social forces and severing any ties that could emerge.

The Internal Audit Group engages in evaluation and supervision from an independent standpoint as the Group proceeds with respect to building and establishing its internal control system in response to internal control evaluation and reporting systems that ensure reliability of financial reporting based on the Financial Instruments and Exchange Act. Please refer to Attachment No.2 regarding the corporate governance structure including the Company's overview of the internal control system.

**2. Fundamental Policy Toward Anti-social Forces and Status of Policy Implementation**

As stated in 1. II 14. Fundamental policy toward anti-social forces and status of policy implementation.

**V. Other**

**1. Adoption of Anti-Takeover Measures**

Adoption of Anti-Takeover Measures	Not adopted
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Supplementary Explanation

The Company seeks to secure and enhance corporate value and the interests of shareholders irrespective of the existence or otherwise of anti-takeover measures. In response to a person seeking to conduct a large-scale



acquisition of its stock, the Company would devise appropriate measures to the extent permitted by the Financial Instruments and Exchange Act, the Companies Act, and other relevant laws and regulations, such as demanding necessary and sufficient information to enable shareholders to make an appropriate decision as to whether or not to support the large scale-acquisition, while simultaneously disclosing the opinions, etc. of the Board of Directors of the Company, and striving to give shareholders time to consider.

## **2. Other Matters Concerning Corporate Governance System** **Updated**

### **Overview system of timely disclosure**

In relation to the timely disclosure of corporate information, the Company stipulates a commitment in the “K” LINE Implementation Guidelines for the Charter of Conduct “To promote extensive communication with stakeholders such as shareholders and investors, “K” LINE will disclose all facts and corporate information, including accounting and financial information, and other accurate accounting and tax management records, in a timely and appropriate manner” and is thorough in its prompt, accurate and fair information disclosure based on laws and regulations and stock exchange rules. The Company’s system of timely disclosure is as follows.

#### **(1) System of timely disclosure**

The details of matters requiring timely disclosure are compiled by the department with jurisdiction over such matters, with the Representative Executive Officer, President & CEO making a decision upon consultation at the Management Conference and disclosure procedures swiftly handled by the General Affairs Group (the Accounting Group for information regarding financial results). In addition, the Company strives to prevent insider trading on internal information prior to timely disclosure by observing Rules on Management of Internal Information and Insider Trading Restrictions and managing the information appropriately.

#### **(2) Monitoring the system of timely disclosure**

The Audit Committee prepares the statutory disclosure information, etc. in accordance with the policy on “Audit of statutory disclosure information, etc.” prescribed in the Audit Committee Audit Standards and monitors and verifies the construction and operational status of the disclosure system.

**(Attachment No.1) Skill Matrix**

Name	Position & Areas of responsibility in the Company and significant concurrent positions	Expertise and experience							
		Corporate Management & Strategy	Legal & Risk Management	Finance & Accounting	Human Resources & Labor	Safety & Quality	Environment & Technology	Global	Sales & Marketing
Yukikazu Myochin	Director, Chairperson of the Board Member of the Nominating Committee Member of the Compensation Committee	○	○		○	○	○	○	○
Takenori Igarashi	Director Representative Executive Officer, President & CEO	○	○	○		○	○	○	○
Kunihiko Arai	Director Standing Member of the Audit Committee	○	○	○				○	○
Keiji Yamada	Outside Director Independent & Lead Outside Director Chairperson of the Nominating Committee Member of the Compensation Committee		○		○	○	○	○	
Ryuhei Uchida	Outside Director Member of the Nominating Committee Member of the Compensation Committee	○		○				○	
Koji Kotaka	Outside Director Member of the Nominating Committee Chairperson of the Audit Committee Member of the Compensation Committee		○	○				○	
Hiroyuki Maki	Outside Director Member of the Audit Committee	○		○	○		○	○	○
Takako Masai	Outside Director Member of the Nominating Committee Chairperson of the Compensation Committee	○		○				○	○
Atsumi Harasawa	Outside Director Memben of the Audit Committee		○			○	○	○	
Shinsuke Kubo	Outside Director Memben of the Audit Committee	○	○	○				○	

The Company has identified the skills (knowledge, experience, abilities, etc.) required of the Board of Directors based on the Company's materialities (priority issues) in its aim to enhance the functions of the Board of Directors with a thoughtful combination of these skills while considering diversity in the composition of the Board members.



(Attachment 2) Structure for Business Execution, Management Oversight and Internal Control Mechanisms

