

June 8, 2021

To Our Shareholders and Investors,

Kawasaki Kisen Kaisha, Ltd.

Our View Regarding the Proxy Adviser's Recommendation to Vote against
Agenda at the 153rd Ordinary General Meeting of Shareholders

We recently learned that the Glass Lewis & Co. (a Proxy Adviser, hereinafter referred to as GL) has recommended that shareholder vote against the election of Mr. Yukikazu Myochin (current President and CEO) on the Proposition 2 "Election of ten (10) Directors" and also the election of Mr. Yutaka Akutagawa on the Proposition 3 "Election of one (1) Audit & Supervisory Board Member" among the agenda at the 153rd Ordinary General Meeting of Shareholders which is to be held on June 23, 2021.

As such, we, Kawasaki Kisen Kaisha, Ltd., would like to take this opportunity to provide our view regarding this recommendation and to ask our shareholders to fully understand these propositions in taking our view into consideration.

1. GL's Recommendation

A) Proposition 2 "Election of ten (10) Directors"

GL's voting guideline stipulates that, for board of directors under two-tier board structure (i.e., board of directors and board of statutory auditors), it is recommended to vote against the chairman (if the position is vacant, the president/CEO or equivalent) if the total number of independent directors and independent statutory auditors is less than one-third of the combined number of all directors and all statutory auditors. We note GL classifies Mr. Tsuyoshi Kameoka (candidate No.10 of the proposition) not as "Independent" but as "Affiliated" candidate for outside director, as a result of which the number of independent directors and independent statutory auditors is made into 4, while the combined number of all directors and all statutory auditors is 14. Then, it seems GL has recommended to vote against Mr. Myochin (candidate No.1 of the proposition, current President and CEO) because GL's guideline regarding independence of the board is not met.

Under GL's guideline, GL considers that business connection between a client and the company is material if the annual sales with the client account for more than 1% of the annual

consolidated sales of the company, and it seems GL has considered Mr. Kameoka to be an Affiliated individual, judging that business connection between the company he used to work for and us is material.

B) Proposition 3 “Election of 1 (1) Audit & Supervisory Board Member”

GL’s voting guideline stipulates that, for board of statutory auditors under two-tier board structure, a majority should be independent and, if this is not met, it is recommended to vote against candidate(s) for non-independent statutory auditor until the number of independent statutory auditors meets the stipulation. Our Audit & Supervisory Board consists of 4 members, of which only 2 are independent and do not occupy a majority, thus it seems GL has recommended to vote against Mr. Akutagawa, a candidate for non-independent Audit & Supervisory Board Member.

2. Our view

A) Proposition 2 “Election of ten (10) Directors”

We have set up Criteria for Independence of Outside Directors, according to which an outside director is not considered to be independent if the person has been a business executor of a company group having a major business connection with us (the annual sales with the group account for over 2% of our consolidated sales for each fiscal year in the past three years). Mr. Kameoka has served as Vice Chairman & Representative Director and Vice Chairman & Executive Officer of Idemitsu Kosan Co., Ltd. and our business transactions with Idemitsu account for less than 2% of our consolidated annual sales, which means that our Criteria for Independence of Outside Directors are duly met.

Tokyo Stock Exchange, where our stock is listed, is publishing a guideline that materiality of the client, based on which independence of director is considered, should be judged by the listed company itself in accordance with the Ordinance for Enforcement of the Companies Act which provides “Specified Associated Service Provider means major counterparties of the relevant stock company (including organizations other than corporations)”. Also, Tokyo Stock Exchange goes no further than giving an example that a client is material if the client’s sales account for a considerable portion of sales of the listed company, and we understand that it is expected of each listed company to set up concrete criteria based on its individual circumstances. For your guidance, our criteria for independence of 2% of annual

consolidated sales have been established in referring to the criteria provided by New York Stock Exchange (NYSE), and we believe that our criteria are appropriate for judging independence of the board.

For our Criteria for Independence of Outside Directors and notes on the election of Mr. Kameoka, please visit our website (<https://www.kline.co.jp/en/ir/stock/meeting.html>) and see pages 27 and 20, respectively, on Notice of the 153rd Ordinary General Meeting of Shareholders (Translation).

B) Proposition 3 “Election of 1 (1) Audit & Supervisory Board Member”

In accordance with the purport of Japan’s Corporate Governance Code, we require our Audit & Supervisory Board Members to audit executions of Directors as an independent organization of our company. On the other hand, we are of opinion that the role of insider Audit & Supervisory Board Members who know our business very well and can multi-facely grasp it is equally important for supervising and auditing our group companies with internationality and wide range of business. Based on this point, we believe that the proposed composition of our Audit & Supervisory Board with two independent and two inside members is appropriate.

For your information, Mr. Akutagawa is a candidate for inside Audit & Supervisory Board Member who has abundant experience outside our company as well, and we expect his experience and knowledge which he has amassed outside will also contribute to his fulfillment of supervisory and audit functions. For reasons for nomination of Mr. Akutagawa as candidate for Audit & Supervisory Board Member, please see page 24 on the Notice of the 153rd Ordinary General Meeting of Shareholders (Translation).

We once again would like to humbly request you to fully understand our view as explained above and to exercise your voting right based not only on the formality of voting recommendation but on the Stewardship Code.