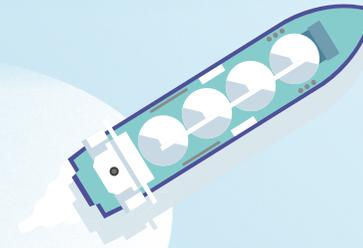

SECTION

06

| Governance



Reinforcement of Corporate Governance

Approach to Corporate Governance

Basic Principle

"K" LINE is developing and strengthening its corporate governance and risk management structures to fulfill its social responsibility and its commitment to its shareholders and stakeholders, and to achieve sustainable growth. While thoroughly enforcing its corporate ethics across the entire Group, "K" LINE will continue developing an organic and effective governance framework, strengthening its earning and financial structures, and enhancing its corporate value.

Kawasaki Kisen Kaisha, Ltd. CORPORATE GOVERNANCE GUIDELINES

Under Japan's Corporate Governance Code formulated by Tokyo Stock Exchange, Inc., we are enhancing our corporate governance structure and formulating the company's CORPORATE GOVERNANCE GUIDELINES to clarify our approach and management policy.



[Kawasaki Kisen Kaisha, Ltd. CORPORATE GOVERNANCE GUIDELINES](#)

Corporate Governance Report

For details of its corporate governance, please refer to the Corporate Governance Report submitted to the Tokyo Stock Exchange where the Company's stock is listed.

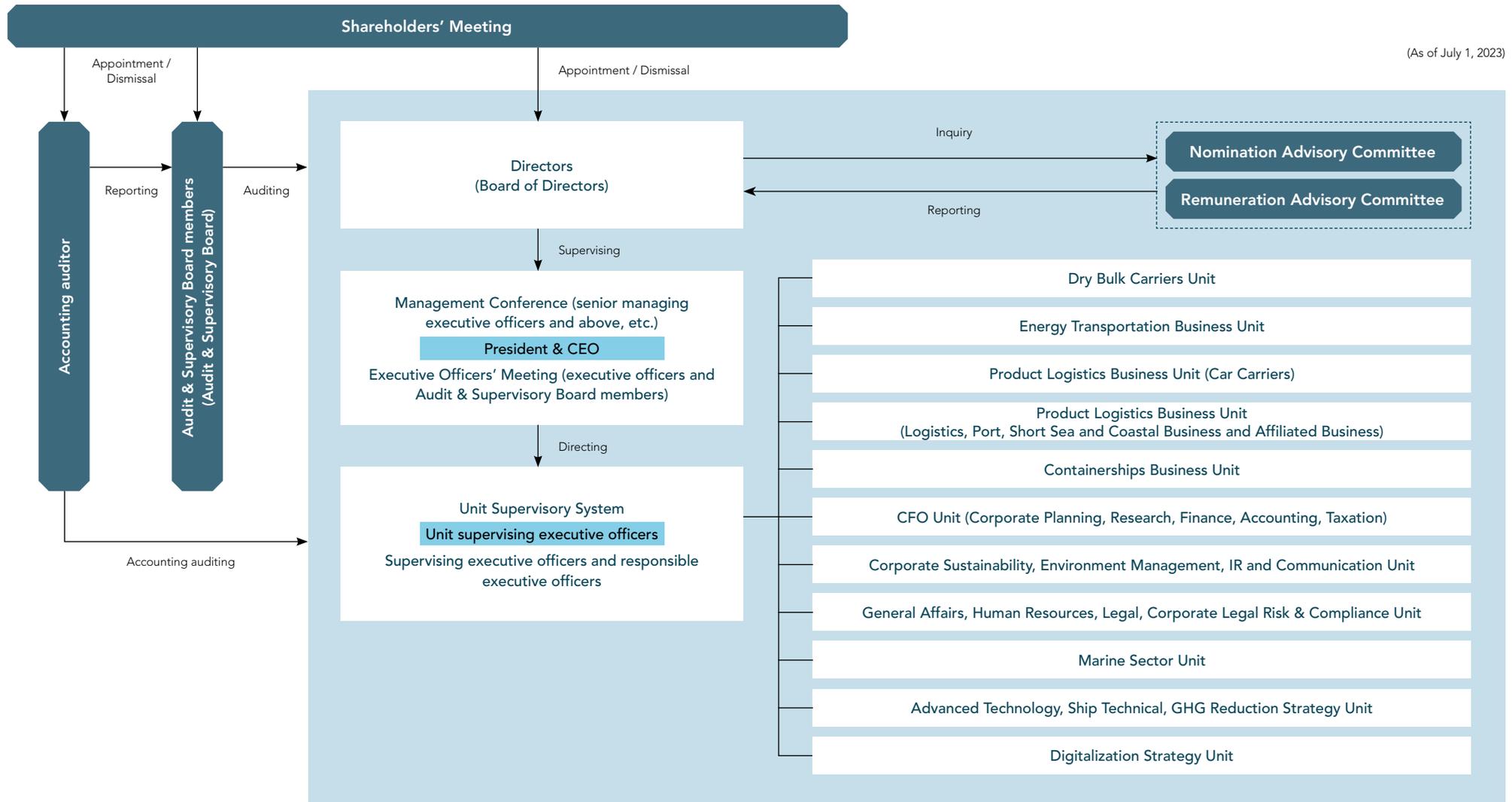


[Corporate Governance Report](#)

Corporate Governance Structure

Corporate Governance Structure Chart

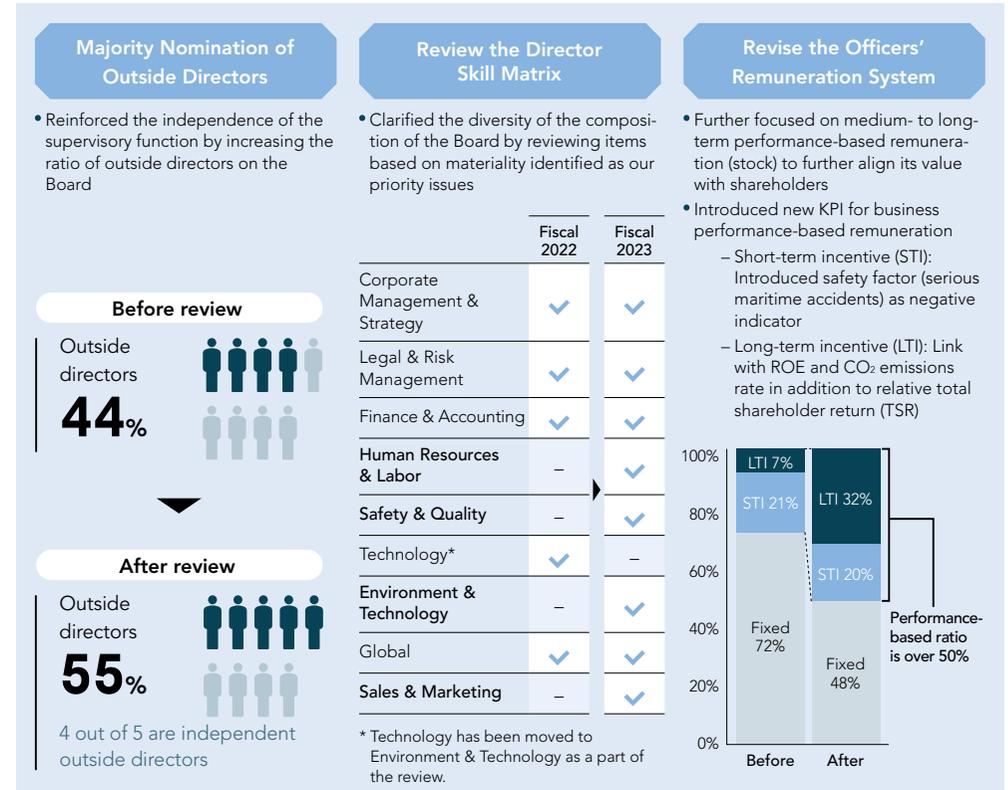
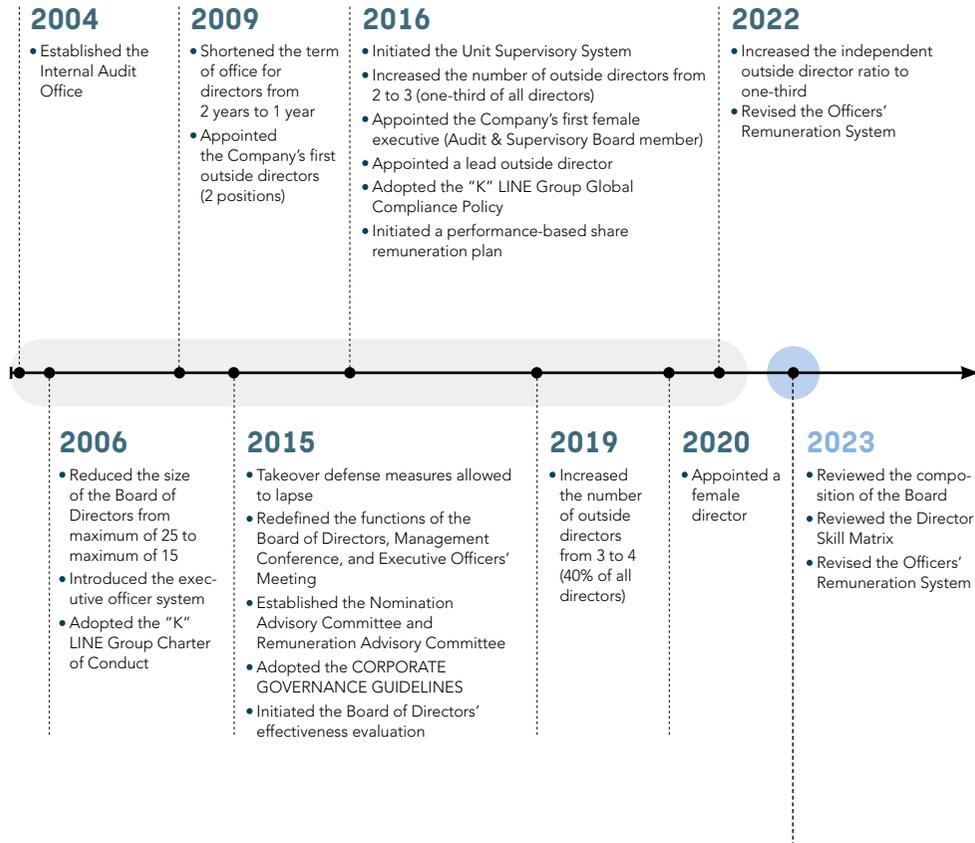
The Board of Directors and the Audit & Supervisory Board construct, apply, and monitor the corporate governance system, and several committees and other offices contribute to enhancing the system.



(As of July 1, 2023)

Corporate Governance Reform

“K” LINE has promoted the active development of its governance structure by connecting the sustainable increase of corporate value with corporate governance reform, such as the appointment of several people as outside directors in 2009. We will continue to enhance internal discussions regarding the governance structure and steadily deepen governance reforms.



Board of Directors

The Board of Directors is an organ of the Company that meets at least once a month and determines fundamental management policies, matters required by laws and regulations, and other important management-related matters, as well as supervises the execution of duties by directors. Five of the nine directors are outside directors (of whom four are independent outside directors). Audit & Supervisory Board members also attend Board of Directors' meetings.

▶ Board of Directors' Meetings Attended / Meetings Held (Fiscal 2022)

Directors	Attended / Held	Directors	Attended / Held	Directors	Attended / Held
Yukikazu Myochin	19/19	Keiji Yamada	19/19	Kunihiko Arai	19/19
Atsuo Asano	19/19	Ryuhei Uchida	19/19	Yutaka Akutagawa	19/19
Yukio Toriyama	19/19	Kozue Shiga	19/19	Atsumi Harasawa	19/19
Kazuhiko Harigai	19/19	Tsuyoshi Kameoka	18/19	Shinsuke Kubo	18/19
Yasunari Sonobe	19/19	Makoto Arai*	6/6		

*Retired on June 23, 2022

Director Skill Matrix

While aiming for sustainable growth and improvement in medium- to long-term corporate value, the Board of Directors has the duty and responsibility to properly supervise the management of the "K" LINE Group, where the mission is to support people's affluent lives as vital infrastructure in the global community.

We have identified the skills (knowledge, experience, abilities, etc.) required of the Board of Directors based on our materialities (priority issues) in our 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.

Please see the skill matrix below for a list of the expertise and knowledge of each director.

	Expertise and Experience							
	Corporate Management & Strategy	Legal & Risk Management	Finance & Accounting	Human Resources & Labor	Safety & Quality	Environment & Technology	Global	Sales & Marketing
Yukikazu Myochin	●	●		●	●	●	●	●
Atsuo Asano	●			●	●	●	●	●
Yukio Toriyama	●	●	●	●	●		●	
Kazuhiko Harigai	●				●	●	●	●
Keiji Yamada		●		●	●	●	●	
Ryuhei Uchida	●		●				●	
Kozue Shiga		●		●			●	
Koji Kotaka		●	●				●	
Hiroyuki Maki	●		●	●		●	●	●

Criteria for Independence of Outside Officers

In addition to the requirements stipulated in the Companies Act, "K" LINE has established specific criteria relating to independence for the appointment of outside officers and outside Audit & Supervisory Board members for the purpose of electing them. The criteria are as follows.

An outside officer shall be judged to be independent if none of the following criteria apply.

1. 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 "K" LINE Group ("the Group") is a major client within the past three years. "A corporate group for whom the Group is a major client" refers to a corporate group that has recorded sales to 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.
2. A person who has been a business executor of a corporate group that is a major client of the Group within the past three years. "A corporate group that is a major client of the Group" refers to a corporate group to whom the Group has recorded sales in each of the years in the three-year period accounting for over 2% of the Group's consolidated sales in each such year.
3. 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 Group's financing to such a degree that it is irreplaceable for the Group.
4. A person who annually 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 annually been paid ¥10 million or more or other assets in an amount equivalent thereto by the Group accounting for over 2% of the total revenues of such juridical person, etc., in the latest fiscal year. 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).
5. 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.
6. A person who is a spouse or a relative of the second or less degree of a person falling under any of the above criteria.

Board of Directors' Effectiveness Evaluation

As "K" LINE believes an effective corporate governance function is essential for sustainable growth and the enhancement of corporate value over the medium to long term, the Board of Directors self-evaluates its effectiveness each year, along with an independent third-party evaluation, with the results disclosed in a timely and appropriate manner.

Please refer to the following for the latest results.



[Information on "K" LINE's Board of Directors' Effectiveness Evaluation](#)

Nomination Advisory Committee

The Nomination Advisory Committee is composed of all independent outside directors, the chairperson of the Board, and the president & CEO, while the chairperson of the Board is appointed from among the outside directors through mutual election among themselves. The committee conducts deliberations on the reasonableness of proposals for the appointment or dismissal of the Company's officers upon consultation with the Board of Directors.

Succession Planning

Under Article 12 of the company's CORPORATE GOVERNANCE GUIDELINES formulated in 2015, "the Board of Directors shall cause the Nomination Advisory Committee to deliberate on the draft version formulated each fiscal year by the incumbent president & CEO for the plan for his / her successor, receive the results of said deliberation, and confirm the reasonableness of the draft version." At the Nomination Advisory Committee, which focuses on independent outside directors and has an independent outside director as chairperson, we strive to sustainably increase corporate value by discussing the succession plan for the next president & CEO.

Remuneration Advisory Committee

The Remuneration Advisory Committee is composed of all independent outside directors, the chairperson of the Board, and the president & CEO, while the chairperson of the Board is appointed from among the outside directors through mutual election among themselves. The committee conducts deliberations on the institutional design of the Officers' Remuneration System and the level of officers' remuneration upon consultation with the Board of Directors.

Memberships of Committees (As of July 2023)

The Nomination Advisory Committee and the Remuneration Advisory Committee are membered by a majority of outside directors designated as independent directors.

Nomination Advisory Committee		Remuneration Advisory Committee	
Chairperson	Kozue Shiga	Chairperson	Keiji Yamada
Members	Keiji Yamada, Koji Kotaka, Hiroyuki Maki, Yukikazu Myochin	Members	Kozue Shiga, Koji Kotaka, Hiroyuki Maki, Yukikazu Myochin

► Nomination and Remuneration Advisory Committee Meetings

Attended / Meetings Held (Fiscal 2022)

	Nomination Advisory Committee	Remuneration Advisory Committee
Yukikazu Myochin	14/14	9/9
Keiji Yamada	14/14	9/9
Kozue Shiga	13/14	8/9
Tsuyoshi Kameoka	14/14	9/9

Officers' Remuneration System

► Policy and Procedures for the Determination of Officers' Remuneration

Remuneration for executive directors shall be appropriate, fair, and balanced so as to reflect the Company's medium- to long-term business performance and the latent risks borne by said executive directors and to further enhance their willingness and motivation to bring about the Company's sustainable growth and maximize its corporate value. In addition, the remuneration for outside directors shall reflect the amount of time devoted to the Company's business, and the responsibilities borne by them, and shall not include business performance-linked factors. The institutional design and level of remuneration shall be deliberated on, resolved, and recommended to the Board of Directors by the Remuneration Advisory Committee pursuant to the aforementioned policies. The Board of Directors shall respect the recommendations of the Remuneration Advisory Committee, and the representative director, president & CEO shall ultimately determine the amount to be paid to each director.

► Remuneration System

The Company's Board of Directors determines remuneration levels for executives in consideration of the recommendations of the Remuneration Advisory Committee, which deliberates the structure and level of compensation and reports its counsel to the Board. Director remuneration comprises (i) a monthly remuneration (monetary), (ii) short-term performance-based remuneration (monetary), and (iii) medium- to long-term performance-based remuneration (stock). The medium- to long-term performance-based remuneration (stock) is mainly linked to the Company's total shareholder return (TSR) to improve effectiveness and strengthen incentives for directors to target medium- and long-term growth in corporate value, while aiming to align our values more closely to those of shareholders. An overview of the remuneration system is as follows.

Classification	Type of Remuneration	Nature of Remuneration	Method of Determination	Maximum Limit of Remuneration
Director	1. Monthly remuneration (monetary)	Fixed remuneration	Determined in accordance with position	Up to ¥800 million / year (of which ¥111 million is for outside directors)
	2. Short-term performance-based remuneration (monetary)*1 *1 Limited to executive directors	Variable remuneration	Linked to achievement of consolidated performance targets and individual performance evaluation in a single year. Apply negative indicator when serious maritime accident occurs.	
	3. Medium- to long-term performance-based remuneration (stock)*1		Linked to our medium- and long-term TSR*2, return on equity (ROE), and ESG (improvements in CO ₂ emissions efficiency) indicators*3 *2 TSR = Percentage increase in our share price over a certain period + Percentage of dividends over a certain period (Total dividends / Initial share price) *3 The composition ratio for TSR indicators: ROE indicators: ESG indicators is set at 90:5:5.	
Audit & Supervisory Board member	Monthly remuneration only	Fixed remuneration	Determined following deliberation among Audit & Supervisory Board members	Up to ¥12 million / month

Audit & Supervisory Board

The Audit & Supervisory Board formulates and implements audit policies and plans, and undertakes to conduct efficient, expeditious auditing. As an independent organ, the Audit & Supervisory Board audits the execution of duties by the directors through attendance at meetings of the Board of Directors and other important meetings and the inspection of important decision-making documents. "K" LINE assigns dedicated staff as assistants to the Audit & Supervisory Board members.

▶ Audit & Supervisory Board Meetings Attended / Meetings Held (Fiscal 2022)

	Attended / Held
Kunihiko Arai	15/15
Yutaka Akutagawa	15/15
Atsumi Harasawa	15/15
Shinsuke Kubo	15/15

Management Conference

The Management Conference functions as a system to help the president & CEO and / or their representatives make decisions through lively discussion. The conferences are held every week, attended by the chairperson of the Board of Directors, senior managing executive officers and above, unit supervising executive officers, the executive officers in charge of corporate planning, finance, and accounting, and members of the Audit & Supervisory Board.

Executive Officers' Meetings

Executive Officers' Meetings are held once a month in principle, attended by all executive officers, including those concurrently serving as directors, and Audit & Supervisory Board members, where progress of business executions (including monthly performance) and decision matters are reported and discussed.

Investment Committee

Meetings of the Investment Committee, consisting of executive officers in charge of corporate planning and finance, and other executive officers and general managers appointed by the president & CEO, are held periodically to deliberate on basic plans and important initiatives for maximizing investment effects, while taking the Company's investment capacity into consideration. The committee also monitors past investment effects and considers the termination or cessation of such investments.

Unit Supervisory System

From April 2016, we introduced the Unit Supervisory System and established unit supervising executive officers to further improve the efficiency of and reinforce the system for business execution.

Under the Unit Supervisory System, which falls under the direction of the president & CEO, as a head of business execution, nine unit supervising executive officers who control and supervise multiple business departments or administration departments have been placed. Under the control of each unit supervising executive officer, responsible executive officers and executive officers in charge of each department have been placed. Each unit is as follows.

- Dry Bulk Carriers Unit
- Energy Transportation Business Unit
- Product Logistics Business Unit (Car Carriers)
- Product Logistics Business Unit (Logistics, Port, Short Sea and Coastal Business and Affiliated Business)
- Containerships Business Unit
- CFO Unit (Corporate Planning, Research, Finance, Accounting, Taxation)
- Corporate Sustainability, Environment Management, IR and Communication Unit
- General Affairs, Human Resources, Legal, Corporate Legal Risk & Compliance Unit
- Marine Sector Unit
- Advanced Technology, Ship Technical, GHG Reduction Strategy Unit
- Digitalization Strategy Unit

Stock

Basic Stock Information

Fiscal period	April 1–March 31
Ordinary General Meeting of Shareholders	June
Date of record for Ordinary General Meeting of Shareholders	March 31
Date of record for dividends	Year-end dividend: March 31 Interim dividend: September 30
Share trading unit	100 shares
Public notices	Public notices of the Company are made electronically and posted on the Company's website below. https://www.kline.co.jp (in Japanese only) If the notice cannot be made electronically due to accident or other causes beyond the control of the Company, the notice will be posted in the Nihon Keizai Shimbun (the Nikkei), published in Tokyo.

Stock and Shareholders Data

Stock Data

(As of September 30, 2023)

Authorized	600,000,000 shares
Issued	250,712,389 shares
Number of shareholders	59,367

Principal Shareholders (10 Largest)

(As of September 30, 2023)

Shareholder	Number of Shares Held (thousands of shares)	Ratio (%)
ECM MF	32,149	13.48
The Master Trust Bank of Japan, Ltd. (trust account)	23,884	10.01
MLI FOR SEGREGATED PB CLIENT	16,954	7.10
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR ACCT	15,313	6.42
GOLDMAN SACHS INTERNATIONAL	13,415	5.62
CGML PB CLIENT ACCOUNT / COLLATERAL	9,518	3.99
Custody Bank of Japan, Ltd. (trust account)	7,651	3.20
IMABARI SHIPBUILDING CO., LTD.	5,652	2.36
Mizuho Bank, Ltd.	4,755	1.99
CGML-LONDON EQUITY	4,582	1.92

Note: Figures for share ownership breakdown do not include treasury stock (12,223,996 shares).

Share Breakdown by Owner Type

(As of September 30, 2023)

Classification	Number of Shareholders	Ratio (%)	Number of Shares Held (thousands of shares)	Ratio (%)
Japanese individuals and others	57,945	97.60	27,619	11.01
Government and local governments	0	0	0	0
Japanese financial institutions	52	0.08	57,588	22.97
Other Japanese corporations	422	0.71	15,523	6.19
Foreigners	897	1.51	132,386	52.80
Securities companies	50	0.08	5,369	2.14
Treasury shares	1	0	12,223	4.87

Conflicts of Interest and 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 as transactions with major shareholders whose holdings account for more than 10% of the Company's voting rights or transactions between the Company and its directors; transactions conducted by a director with the Company for a third party; transactions involving a conflict of interest; and debt guarantees

of directors 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 if related-party transactions have taken place.

Cross-Shareholding

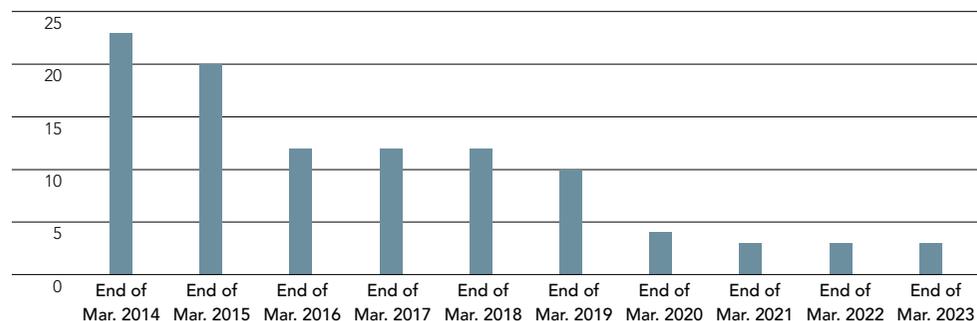
Cross-Shareholding Policy

In accordance with the company's CORPORATE GOVERNANCE GUIDELINES, the Board of Directors carefully examines cross-shareholdings of listed shares at least once per year to verify the purpose, economic rationale, and appropriateness of individual holdings. In examining economic rationale, the Board will consider liquidating shares if returns

from the holdings have fallen below the cost of shareholders' equity in a given fiscal year. The Company has been reducing cross-shareholdings, and as of March 31, 2023, the number of cross-shareholdings of listed shares was three.

Cross-shareholdings

(Holdings)



Specified investment shares

Issues	Fiscal 2022	Fiscal 2021	Purpose of holding, quantitative effect of holding, and reason for increase in number of shares	Holds "K" LINE shares
	Shares Balance sheet amount (millions of yen)	Shares Balance sheet amount (millions of yen)		
JFE Holdings, Inc.	5,062,170	5,062,170	As JFE Holdings is a major customer in the Dry Bulk segment, "K" LINE continues to hold shares in JFE Holdings to sustain and enhance a long-term positive business relationship with this company.	No
	8,499	8,722		
Kawasaki Heavy Industries, Ltd. (KHI)	1,001,699	1,001,699	As KHI is a collaborator in the field of advanced technologies and in "K" LINE's initiatives at decarbonization and efforts to improve safety and quality, such as through field experiments with liquefied hydrogen carriers, "K" LINE continues to hold KHI shares to sustain and enhance a long-term positive business relationship with this company.	Yes
	2,898	2,229		
Kamigumi Co., Ltd.	118,404	118,404	As Kamigumi Co., Ltd. is a customer and collaborator in the Product Logistics segment through the co-establishment of a holding company and other factors, "K" LINE continues to hold Kamigumi shares to sustain and enhance a long-term positive business relationship with this company.	Yes
	329	260		

Notes: 1. If the holder of "K" LINE shares is a holding company, the number of shares held by major subsidiaries (number of shares actually held) is indicated.
2. As it is difficult to quantify the effect of shareholdings, the method used to verify the rationale behind said holdings is described. The "K" LINE Board of Directors verifies the appropriateness of individual holdings on a fiscal year-end basis.

Internal Control and Group Governance

Overview

► Establishment and Maintenance of the Internal Control System

The Board of Directors is responsible for establishing the internal control system, evaluating its effectiveness, and ensuring that it functions properly. In addition, through monitoring and verifying the status of the internal control system, the Internal Audit Group plays a role in supporting the Board of Directors in carrying out its responsibilities for the development, maintenance, and enhancement of the internal control system. Audit & Supervisory Board members oversee the processes by which directors establish the internal control system and confirm that it is functioning effectively.

Further, while respecting the autonomy of each of the Group companies, "K" LINE supports and supervises the establishment and effective management of internal control systems within each of these Group companies to ensure that activities conducted across all Group companies are appropriate.

► Group Governance

To ensure proper business operations of "K" LINE Group companies, we have established the Charter of Conduct for "K" LINE Group Companies as a keystone for both corporate governance and compliance of the entire Group. Based on this Charter, each Group company has established its own Implementation Guideline for the Charter of Conduct.

Accounting Audit and Internal Audit

Status of Accounting Auditor

(1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

(2) Amount of Remuneration Payable to Accounting Auditor for Fiscal 2022 under Review

Item	Amount
1) Amount of remuneration to be paid to accounting auditor by the Company	¥99 million
2) Total amount of money and other financial benefits to be paid to accounting auditor by the Company and its subsidiaries	¥156 million

Note: The audit contract between the Company and the accounting auditor does not classify the remuneration amounts separately for audits pursuant to the Companies Act and for audits pursuant to the Financial Instruments and Exchange Act, partially given the impracticality of deriving such classifications. Therefore, the amount listed in 1) is not classified in this way. Of the Company's principal subsidiaries, etc., accounting auditors other than the accounting auditor of the Company audit documents relating to accounts of "K" LINE BULK SHIPPING (UK) LIMITED, "K" LINE LNG SHIPPING (UK) LIMITED, "K" LINE PTE LTD, and OCEAN NETWORK EXPRESS PTE. LTD.

(3) Reason for the Consent to the Amounts of the Remuneration for the Accounting Auditor, Etc.

The Audit & Supervisory Board obtained necessary materials and received reports from directors, the related internal departments, and the accounting auditor. After conducting the necessary verification and deliberations on whether or not the content of the audit

plans conducted by the accounting auditor, the execution status of the accounting auditor's duty, and the basis for calculation of estimates for its remuneration, etc., are appropriate, the Board gave the consent provided for in Article 399, Paragraph 1, of the Companies Act.

(4) Details of Non-audit Services (Services Other than Those of Article 2, Paragraph 1, of the Certified Public Accountants Act) Performed by the Accounting Auditor
No items to report.

(5) Policy for Decisions on Dismissal or Non-reappointment of the Accounting Auditor

If deemed necessary by the Audit & Supervisory Board in cases such as where an accounting auditor has difficulty in the execution of his or her duties, the Audit & Supervisory Board shall determine the content of a proposition regarding the dismissal or non-reappointment of the accounting auditor to be submitted to a general meeting of shareholders. If circumstances involving an accounting auditor are deemed to fall under any of the items of Article 340, Paragraph 1, of the Companies Act, the accounting auditor shall be dismissed subject to unanimous approval by the Audit & Supervisory Board. In any such case, an Audit & Supervisory Board member designated by the Audit & Supervisory Board shall report the dismissal of the accounting auditor and the grounds for dismissal at the first general meeting of shareholders to be convened after the dismissal.

Status of Internal Audit

The internal audit of “K” LINE is carried out by the Internal Audit Group, which has nine full-time employees. They audit the execution of duties for “K” LINE and the “K” LINE Group, in terms of internal control, such as enhancing the effectiveness and efficiency of operations, improving the trustworthiness of financial information, and ensuring compliance. Audit & Supervisory Board members, the Audit & Supervisory Board, and the Internal Audit Group regularly and irregularly exchange information regarding details of audits and auditing firms that act as accounting auditors. They maintain close contact and exchange opinions regarding the results of the audit, the status of internal control as understood by the auditing firm, and risk evaluations. The Internal Audit Group periodically provides audit reports to the president & CEO and Audit & Supervisory Board members.

Related Data

Governance Data (Applies to Kawasaki Kisen Kaisha, Ltd.)

Field	Item	Breakdown	Unit	Fiscal Year		
				2020	2021	2022
Governance	Board of Directors	Number of directors	Persons	10	10	9
		Men	Persons	9	9	8
		Women	Persons	1	1	1
		Ratio of women	%	10	10	11
		Number of outside directors	Persons	4	4	4
		Ratio of outside directors	%	40	40	44
		Average age of directors	Years	61.7	62.3	62.0
		Age of youngest director	Years	43	44	45
		Age of oldest director	Years	72	73	74
		Number of meetings held	Times	18	18	19
	Average attendance ratio	%	99.6	100.0	99.0	
	Audit & Supervisory Board	Number of members	Persons	4	4	4
		Men	Persons	3	3	3
		Women	Persons	1	1	1
		Ratio of women	%	25	25	25
		Number of outside members	Persons	2	2	2
		Ratio of outside members	%	50	50	50
	Nomination Advisory Committee	Number of meetings held	Times	16	16	15
		Number of members	Persons	4	4	4
		Number of outside members	Persons	3	3	3
		Ratio of outside members	%	75	75	75
	Remuneration Advisory Committee	Number of meetings held	Times	7	8	14
		Number of members	Persons	4	4	4
		Number of outside members	Persons	3	3	3
		Ratio of outside members	%	75	75	75
	Remuneration	Number of meetings held	Times	4	6	9
		Total remuneration paid to directors (number of payees)*	¥ million (persons)	319 (12)	340 (10)	906 (10)
		Total remuneration paid to Audit & Supervisory Board members (number of payees)*	¥ million (persons)	84 (5)	81 (5)	80 (4)

* Total remuneration paid (number of payees) includes directors and Audit & Supervisory Board members who have resigned during the fiscal year (at the general meeting of shareholders).

Governance Data (As of June 23, 2023)

	Title	Name	Gender	Independence	Tenure (years)	Board Meeting Attendance Rate (Fiscal 2022)	Executive Officer	Nomination Advisory Committee Member	Remuneration Advisory Committee Member	Important Concurrent Positions
Board of Directors	Representative Director, President & CEO	Yukikazu Myochin	Male	No	7	100%	●	●	●	
	Representative Director	Atsuo Asano	Male	No	5	100%	●			
	Representative Director	Yukio Toriyama	Male	No	4	100%	●			
	Representative Director	Kazuhiko Harigai	Male	No	4	100%	●			
	Outside Director	Keiji Yamada	Male	Yes	4	100%		●	●	Yes
	Outside Director	Ryuhei Uchida	Male	No	4	100%				Yes
	Outside Director	Kozue Shiga	Female	Yes	3	100%		●	●	Yes
	Outside Director	Koji Kotaka	Male	Yes	–	–		●	●	Yes
	Outside Director	Hiroyuki Maki	Male	Yes	–	–		●	●	Yes
Audit & Supervisory Board	Audit & Supervisory Board Member	Kunihiko Arai	Male	No	4	100%				
	Audit & Supervisory Board Member	Makoto Arai	Male	No	–	–				
	Outside Audit & Supervisory Board Member	Atsumi Harasawa	Female	Yes	4	100%				Yes
	Outside Audit & Supervisory Board Member	Shinsuke Kubo	Male	Yes	3	95%				Yes

Risk Management

Approach

Risk Management Policy

The logistics business, including the shipping business, is exposed to various risks in its operations. Accordingly, the “K” LINE Group has established a risk and crisis management system based on our vision and values. We established this system so that we can recognize and prepare for various risks in management and fulfill our corporate social responsibility even if risks materialize.

Of the major risks listed from those on the right, risks associated with vessel operations, disaster risks, compliance risks, and other management-related risks are classified into four categories, and corresponding committees have been established.

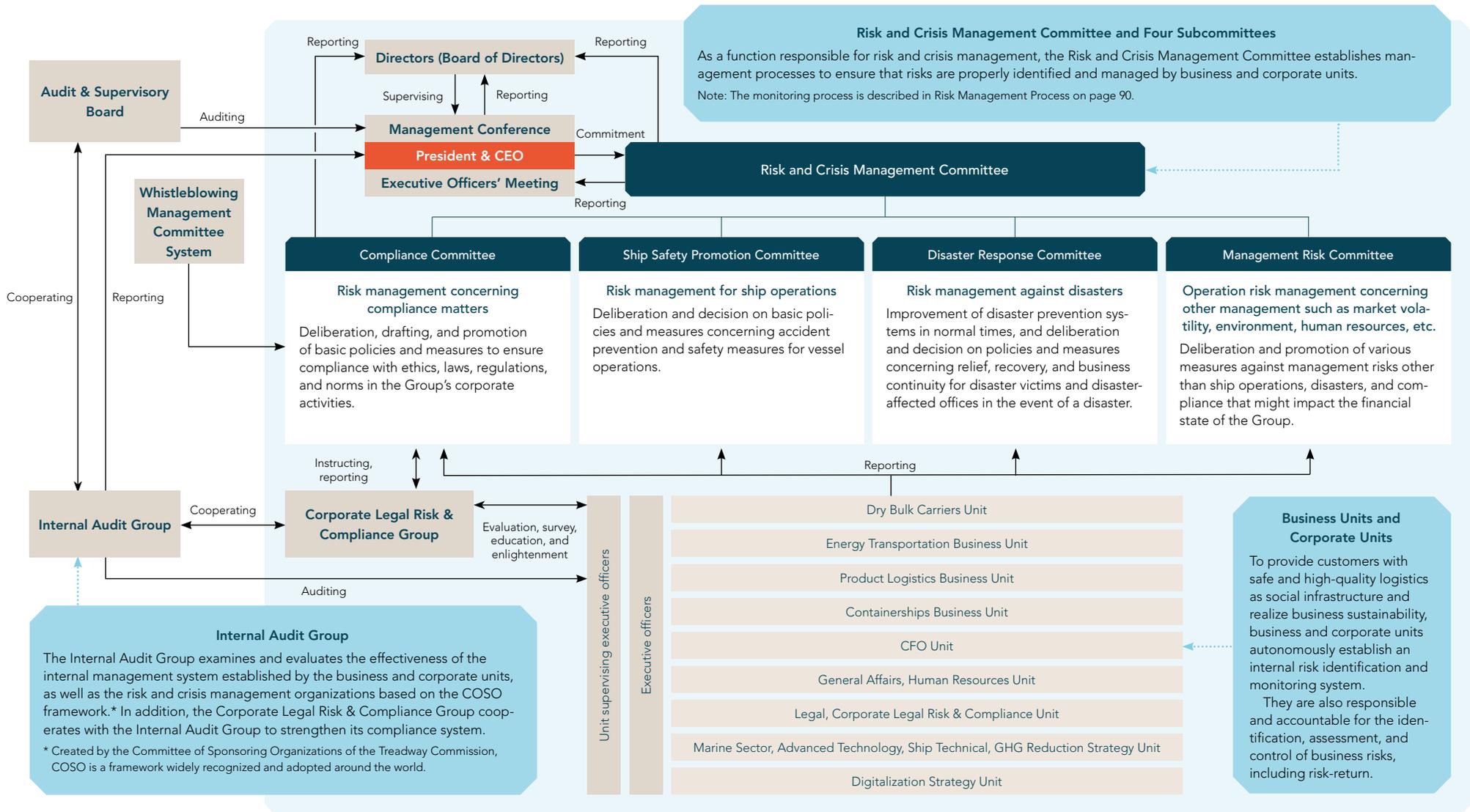
In addition, the Risk and Crisis Management Committee was established to unify these four committees and to control and promote overall risk management.

The CEO serves as the chair of all these committees, which meet quarterly. The four major risk management committees conduct regular and ongoing training activities to promote risk management. One example of such activities is the implementation of large-scale accident drills and participation in risk management workshops held by other companies. In addition, the Company designates each November as “Compliance Month” to reinforce awareness of the importance of compliance.

Major Risks			
Ship Operation	Legal and Compliance	Human Resource and Labor Management	Information Systems and Information Security
Disaster	Market Volatility	Environmental	Investment

System

Risk Management System



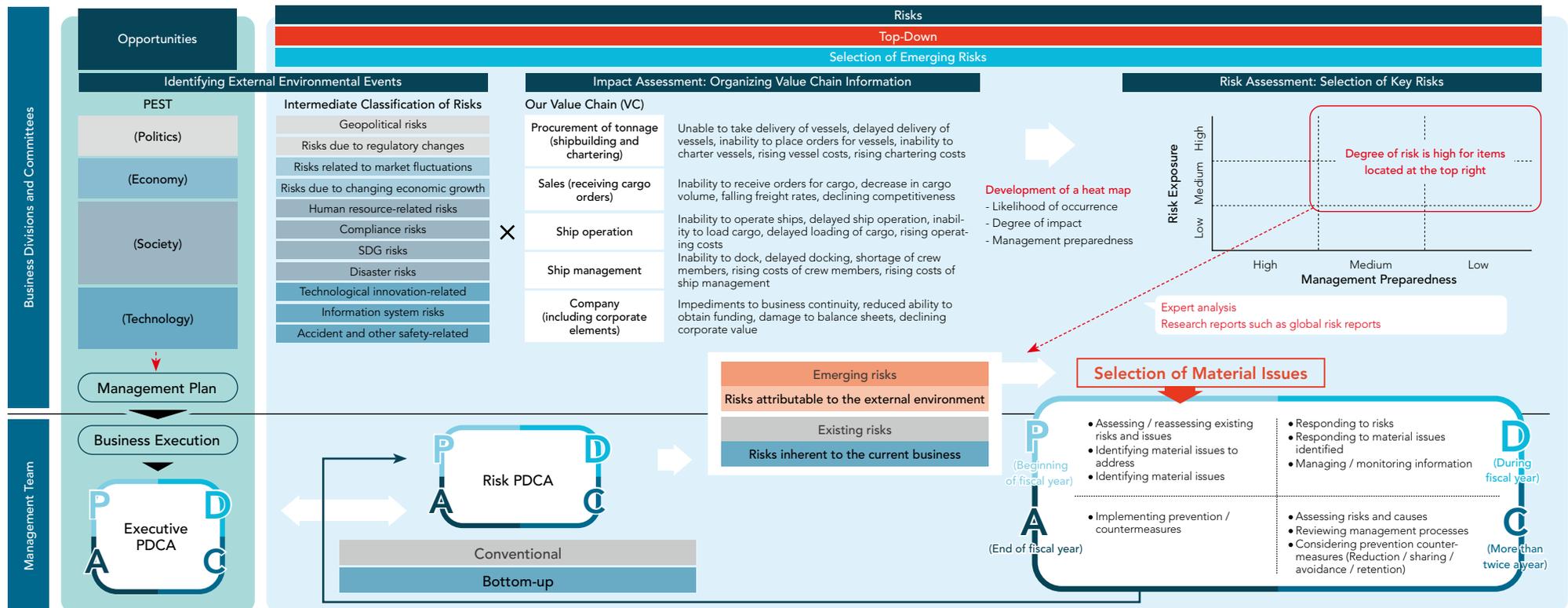
Risk Management Process

To ensure thorough risk management within the Group, we identify Groupwide risks and work to address them through the management and monitoring of information. At the end of each fiscal period, we re-evaluate risks, specify and identify comprehensive risks, and determine serious risks to be addressed based on the effectiveness of the risk management system and our key risks. We then utilize a PDCA system to carry out regular reviews within each committee, perform reassessments, and implement measures accordingly. Under this PDCA structure, we respond to risks in a multilayered manner, combining a bottom-up approach where each committee reassesses, discovers, and identifies risks, with a top-down approach that assesses changing megatrends and other emerging risks that have not yet manifest but are of growing importance. Changing megatrends pose not only risks but also opportunities. Working from a PEST analysis* when formulating business strategies for the following fiscal year, we accurately apply our recognition of megatrends to business strategies while assessing and responding to the latest changes in risk trends. This enables us to address both risks and opportunities without omission.

More specifically, we envision risk scenarios that are the product of different combinations of PEST elements of the value chain in each of our businesses. Once the management team has organized the likelihood of occurrence, degree of impact, and state of readiness for each risk, we create a heat map. We then obtain external insight through expert analysis and research reports, while identifying issues to watch for, and select material issues in conjunction with risk identification based on a bottom-up approach.

Additionally, each business unit provides information on risk management throughout the PDCA cycle. Progress of risks and measures reported by each unit, as well as the serious issues and their countermeasures identified at the beginning of the fiscal year, are communicated internally daily through Board of Directors' meetings and the Executive Officers' Meeting.

* PEST is a framework for analyzing the impact on a Company from identified threats in the external environment in four categories: politics, economy, society, and technology.



Initiatives

Ongoing Business Continuity Management (BCM) Formulation

The “K” LINE Group has established a business continuity plan (BCP) and proceeded with BCM in preparation for impediments that could be caused by natural disasters or infectious diseases, including new strains of influenza. With respect for human life as our priority, we aim to ensure business continuity and thereby meet the responsibility that we must support society’s lifelines. To this end, we are transferring the management of operations to regional offices in Japan and overseas, storing backup data in remote locations, and utilizing teleworking. In preparation for an earthquake occurring directly beneath the Tokyo metropolitan area, we conduct regular evacuation drills and improve the BCM based on simulations of the scale and damage of such an earthquake. In these ways, we are making Companywide efforts to improve our disaster resilience.

In addition, “K” LINE has implemented a range of COVID-19 pandemic countermeasures. In the management of onshore operations, we expanded and enhanced teleworking and took thorough measures to prevent infection at offices. As for vessels and crew members, we monitored the health of crew members before they boarded vessels, issued an order requiring crew members to spend time in quarantine before boarding vessels, conducted PCR tests, and supplied anti-infection equipment and materials. In fiscal 2023, the Company’s business operations may continue to be affected by unexpected events, such as the emergence of variants of viruses or the discovery of new strains. However, by reviewing measures taken over the past three years and in accordance with a response manual for future pandemics caused by viruses, including the COVID-19 pandemic, we will establish capabilities for maintaining business continuity even during emergencies. We will then take measures suited to each business.

The Risk of Large-Scale Accidents and Our Measures in Response

As rigorously ensuring the safety of vessel operations is one of our highest priorities, we are maintaining and heightening operational safety levels and crisis management capabilities. However, an unexpected accident, particularly one involving an oil spill or other major accident leading to environmental pollution, could occur and have a negative impact on the Group’s financial position and operating results. Furthermore, piracy losses, operation in areas affected by political unrest or military conflict, and the increased risk to vessels from terrorism could cause major damage to the Group’s vessels and jeopardize the lives of crew members. This, in turn, could have a negative impact on the Group’s safe operation of vessels, voyage planning, management, and overall marine transportation business. To counter the risks, the Ship Safety Promotion Committee, chaired by the President & CEO, meets periodically to conduct multifaceted investigations and initiatives for all matters related to the safety of vessel operations. Also, we have prepared an Emergency Response Manual,

which sets out the accident response measures to be taken in the event of an emergency, and we continually improve our accident responses by holding regular drills for responses to large-scale accidents.

Fostering of a Risk Management Culture

To encourage and reinforce an effective risk management culture throughout the organization, there are risk management sections in guidelines determined at each level of hierarchy, and we have created a personnel assessment system to ensure these standards are reflected. This assessment also has an impact on salary and promotions. Senior executives have a responsibility to implement risk management initiatives across the entire Company.

Furthermore, we enlighten employees on risk management by publishing other risk management regulations, BCM information, and other related information on the home page of our intranet.

Environmental Protection and Climate Change

The “K” LINE Group is keenly aware of the importance of sustainability as a lifeline infrastructure that supports human life and the economy, and we formulated the “K” LINE Environmental Vision 2050 in response to risks and opportunities related to environmental protection and climate change.

We formulated the “K” LINE Environmental Vision 2050 in March 2015, and we set forth specific milestones to reach by 2019, the 100th anniversary of our founding, and we have achieved many of them.

Additionally, as the global movement toward net-zero GHG emissions by 2050 accelerates, we revised the goals set out in our 2050 vision in November 2021 and will take on the challenge of further increasing our goal to achieve net-zero GHG emissions by 2050.

Please refer to the following for a scenario analysis of climate change.



[“K” LINE Environmental Vision 2050](#)

Based on the above business plans and strategies, we are implementing various environmental preservation initiatives, including the introduction of the Seawing automated kite system (wind propulsion), which uses natural energy.

Please refer to the following for more information about the Group's environmental activities.



[Environmental](#)

Information Regarding Risks

Please refer to the following for information regarding the risks faced by "K" LINE.



[Business Risk](#)

Sensitivity Analysis and Stress Testing

We carry out sensitivity analysis and stress testing twice a year in budgeting and monitoring monthly.

Key variables are exchange rates, interest rates, and fuel oil prices as well as market indices, such as the Baltic Dry Index (BDI) for dry bulkers and the World Scale (WS) for oil tankers. These variables are major variation factors for our operating revenue and ordinary income.

Also, we perform market valuation tests for our owned vessels as the core assets of our business by using quotes from reports provided by VesselsValue Ltd. about the maritime market, including ship value and fleet analysis, and other professional sources, such as shipping brokers.

Emerging Risk

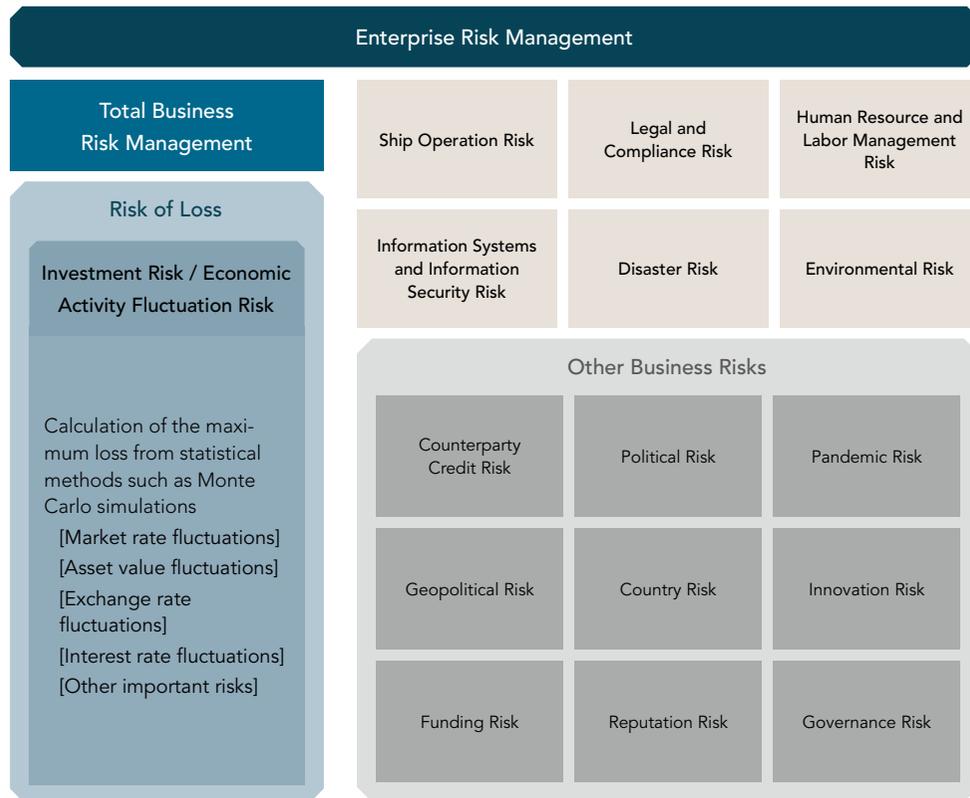
Risks	Explanation of Risks and Business Background	Impact on Business	Action to Mitigate Risk
Impact of changes in the geopolitical situation on cargo movements	<p>The market environment is changing due to the division of the economic block and the change of the supply chain caused by the geopolitical situation. This is causing customers to review their supply chains and business models that accompany the local production for local consumption model and the changes in locations, and changes in cargo movements should appear over the long term. As a result, an imbalance between the shipping volume demand and the supply capacity will occur, which affects market conditions, pricing, and the Company's operating results.</p> <p>In particular, we are highly dependent on specific customers because our strategy is to expand our business and revenue through customer-focused marketing and investment, aiming for sustainable growth and increased corporate value by building and developing partnerships with the customers with whom we can share growth opportunities. The impact of customers reviewing their supply chains and business models on the Company can be significant.</p> <p>This risk is mainly external and related to macroeconomic, geopolitical, and market conditions and the pricing strategies of competitors.</p>	<p>More than 80% of our business is marine transportation, so cargo movement trends have a significant impact on our business activities and operating results.</p>	<p>We develop our sales structure by increasing the number of sales and operations personnel, hiring dedicated marine engineers, and training environmental sales staff to proactively respond to customers' environmental needs, etc., which are aligned with their growth strategies. We leverage this structure in consultations to reduce risk by quickly recognizing changes in our customers' strategies and flexibly adapting to the changes in their supply chains and business models while establishing the proper fleet and exposure control to increase our tolerance to changes in market conditions.</p> <p>As a portfolio strategy, we aim to allocate our resources to other businesses, focusing on businesses that play a role in driving growth by deepening partnerships with major customers, and to clarify roles according to the characteristics of each business, such as identifying businesses that share growth opportunities by strengthening relationships with customers to appropriately manage our portfolio.</p>
Impact of uncertainty in U.S.-China relations on shipbuilding and maintenance	<p>In terms of regional market share of shipbuilding orders by compensated gross tonnage, China and South Korea dominated with 47% and 38%, respectively, of the world's total. The ratio for China has been increasing in recent years. We also expect to increase our shipbuilding and maintenance in China in the future due to the cost benefits. However, uncertainty in the U.S.-China relationship might affect long-term shipbuilding and maintenance activities in China, and it is one of the risks in our business.</p> <p>In particular, more than 80% of the Company's vessels are docked in China, so this is a factor that may hinder continuous vessel operations.</p> <p>In addition, we have an order for new buildings in China and suppose orders to increase in China in the future.</p> <p>This risk is mainly external and related to the geopolitical environment.</p>	<p>We operate 434 vessels, which are required to sail into a dock at least once every five years. China has 50% of the world's repair dock supply capacity, so if obstructive factors hindering the use of docks in China increase, it will affect our vessel operations, and it may have a significant impact on our business activities and operating results.</p> <p>Furthermore, the ratio of shipbuilding that occurs in China has been increasing in recent years, and the latest data indicates that China has 47% of the market. If obstructive factors hindering the use of docks in China increase, it will affect our vessel operations, and it may have a significant impact on our business activities and operating results.</p>	<p>The Company controls on order for new buildings Companywide, and it quantifies risks to maintain a tolerance that enables us to absorb the realization of risks in the event of an emergency. Furthermore, we consider the risk from a quantitative and qualitative perspective, and diversification of the yards that we order, and consult with experts in advance to minimize risk.</p> <p>Dock locations for vessel maintenance are also managed and diversified on a Companywide basis. Furthermore, we are engaged in discussions with all parties concerned to formulate Companywide best practices, and everyone in the Group is working together to formulate guidelines.</p>

Concept of Risk-Return and Business Portfolio Rebuilding

Total Business Risk Management

We control the estimated maximum losses within consolidated shareholders' equity and pursue both stability and growth by maintaining the proper size of investments. We measure business risk as the estimated maximum loss for each business utilizing statistical methods, such as Monte Carlo simulations.

The risks facing the Company's businesses are varied and diverse. Total business risk management targets any "risk of loss" that would lead to capital impairment. The risks not subject to total business risk management shall be controlled by each business unit, and enterprise risk management shall be managed by the Risk and Crisis Management Committee and its subordinate organizations.



New Performance Indicators

We have introduced investment and business performance indicators that emphasize business risk-return ("K" VaCS / "K" RIC) and realize an optimal business portfolio by utilizing them.

"K" VaCS ("K" LINE Value after Cost of Shareholders' Equity)

▶ A profit indicator that represents economic value corresponding to the cost of shareholders' equity

Formula

$$"K" \text{ VaCS} = \text{Net income after tax} - (\text{Volume of business risks} \times \text{Cost of shareholders' equity})$$

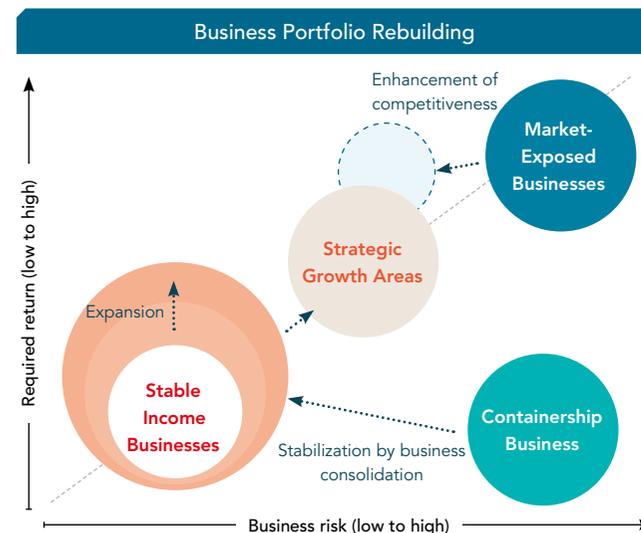
"K" RIC ("K" LINE Return on Invested Capital)

- ▶ An efficiency indicator promoting corporate value enhancement that factors in the cost of capital
- ▶ An indicator that accelerates return on invested capital by establishing a profitability baseline

Formula

$$"K" \text{ RIC} = \text{Earnings before interest after taxes} \div \text{Invested capital}$$

Note: As a general rule, "K" RIC should be above the hurdle rate; among viable hurdle rate candidates is the weighted-average cost of capital (WACC) for each department, which is risk-based.



Promotion and Reinforcement of Compliance

Approach

Policy

We comply with domestic and foreign laws and social norms, and carry out fair, transparent, and free competition, as well as appropriate business conduct.

We established the "K" LINE Group's Charter of Conduct, and under this Group charter we adopt compliance with laws, regulations, and corporate ethics as principles for action for the "K" LINE Group. Additionally, we established the "K" LINE Group Global Compliance Policy (the Global Policy) as more specific guidelines, with which all officers and employees must comply.

System

Strengthening the Group Compliance System

The Global Policy, which was established in January 2017, is to strengthen the Group compliance system on a global level. We oblige all executives and employees in "K" LINE and our Group companies to comply with the Global Policy. Through seminars by the dedicated department, distributing guidebooks, and activities of dedicated committees, we put much effort into having the Global Policy be the guidepost of our daily business for all executives and employees in "K" LINE and our Group companies.



["K" LINE Group Global Compliance Policy](#)



[Individual Policy III Sanctions & Anti-Money Laundering](#)



[Individual Policy I Competition Law](#)



[Individual Policy IV Data Protection Law](#)



[Individual Policy II Anti-Corruption Law](#)

Compliance Promotion System

We discuss our policy for securing compliance throughout "K" LINE and its Group companies, as well as measures for compliance violations, through our Compliance Committee, chaired by the president & CEO. Under the chief compliance officer (CCO), who has the ultimate responsibility for compliance, we are strengthening compliance throughout our organization.

Initiatives

Our Efforts to Ensure Compliance with the Antimonopoly Act

Regarding compliance with domestic and foreign competition laws, we ensure that executives and employees comply with Regulations for Compliance with the Antimonopoly Act. Furthermore, we are making efforts to ensure compliance awareness concerning competition laws by conducting training programs and promoting educational activities through a dedicated department. In addition, we conduct audits and monitor the state of implementation of compliance measures. With respect to contact with competing companies, we strictly enforce regulations on prior reporting and approval, as well as record and store details of each contact.

► Main Efforts in Recent Years

- Established the Guidelines on Participation in Meetings and Gatherings Attended by Competing Companies (October 2012)
- Established Regulations for Compliance with the Antimonopoly Act (April 2014)
- Established Rules Regarding Contact with Competing Companies (April 2014)
- Set up the Fair Competition Promotion Committee (April 2014)
- Set up a course on the Antimonopoly Act as part of stratified personnel training (April 2014)
- Issued and distributed the Guidebook for Antimonopoly Act Compliance (Vol. 1) - Cartel Q&A (first edition) (May 2014)
- Established Audit Procedures (Regulations for Compliance with the Antimonopoly Act) (January 2015)
- Established Individual Policy I Competition Law (January 2017)
- Issued and distributed the Guidebook for Antimonopoly Act Compliance (Vol. 2) (June 2021)
- Revised Rules Regarding Contact with Competing Companies (September 2023)

Our Efforts to Prevent Bribery and Corruption

To effectively strengthen measures to prevent bribery and corruption, based on the Global Policy (which includes Individual Policy II Anti-Corruption Law), we put much effort into the prevention of corruption and bribery as a member of the Maritime Anti-Corruption Network (MACN), which is a global business network working toward the vision of a maritime industry free of corruption.



► Main Efforts in Recent Years

- Established Regulations for Prevention of Bribery (November 2013)
- Established Regulations for Gifts (January 2014)
- Joined the MACN (June 2014)
- Established the General Policy against Bribery and Corruption (August 2014)
- Established Individual Policy II Anti-Corruption Law (January 2017)
- Issued and distributed the Guidebook for Prevention of Bribery (Vol. 1) (first edition) (May 2017)

Our Efforts to Ensure Compliance with Economic Sanctions

In November 2019, we revised the Global Policy with the addition of Individual Policy III Sanctions & Anti-Money Laundering. We ensure that all executives and employees in "K" LINE and its Group companies comply with regulations regarding economic sanctions, as well as rules and measures for anti-money laundering and the counter-financing of terrorism that are applicable to the business of the "K" LINE Group.

► Main Efforts in Recent Years

- Established Individual Policy III Sanctions & Anti-Money Laundering (November 2019)
- Established Rules for Compliance with the Regulations Regarding Economic Sanctions (November 2019)

Protection of Personal Information

We revised the Global Policy (with the addition of Individual Policy IV Data Protection Law) in October 2021, based on the recent strengthening of personal information protection laws and enforcement in each country, and we are reinforcing our initiatives for appropriately protecting personal information.

► Main Efforts in Recent Years

- Established Rules for Management of Personal Data (April 2005)
- Established Rules for Management of Personal Data in Europe (April 2018)
Note: Integrated with Rules for Management of Personal Data in October 2021
- Established Individual Policy IV Data Protection Law (October 2021)
- Revised Rules for Management of Personal Data (October 2021)

Our Efforts to Raise Compliance Awareness

We set every November as “Compliance Month” when we distribute the president & CEO’s message to executives and employees of “K” LINE and its Group companies to remind them of the importance of compliance. We also hold compliance e-learning training and compliance seminars featuring lecturers invited from outside the Company. As part of our stratified personnel training system, we conduct compliance training and hold seminars on individual themes (such as rules for insider trading and harassment prevention), as appropriate. In addition, we distribute important compliance-related matters in a compliance newsletter that require particular attention, as appropriate. In April 2023, we launched 360°Compliance as an internal portal for related internal rules and past compliance training materials, making this information available for reference by executives and employees.

Enhancement of Whistleblowing System

For prevention, early detection, and correction of compliance issues at “K” LINE and its Group companies, we established the Hotline System for “K” LINE and its domestic Group companies and the Global Hotline System for its overseas Group companies. Both systems ensure thorough protection for the reporter and confidentiality of the report so that the reporter can safely consult and make a report.

Tcompliance Certification

Tcompliance successfully completed a certification due diligence review of Kawasaki Kisen Kaisha, Ltd., on February 1, 2017, and updates it annually. Tcompliance has granted Kawasaki Kisen Kaisha, Ltd., a certificate signifying that the Company has completed internationally accepted due diligence procedures and has been forthcoming and cooperative during the review process. Tcompliance certification underscores Kawasaki Kisen Kaisha, Ltd.’s commitment to transparency in international commercial transactions.

Tcompliance Certification ID: TC3172-6090

Tcompliance is a globally recognized anti-bribery business organization and leading provider of cost-effective third-party risk management solutions. Members and clients include hundreds of multinational companies headquartered worldwide.

For more details, please see the link below.



[Tcompliance](#)



Related Data

Related Data	Fiscal 2022
Number of reports and consultations via the Hotline system	3 (3 reports and 0 consultations)
Number and percentage of participants attending compliance training	854 attendees (97% of all officers and employees at headquarters)

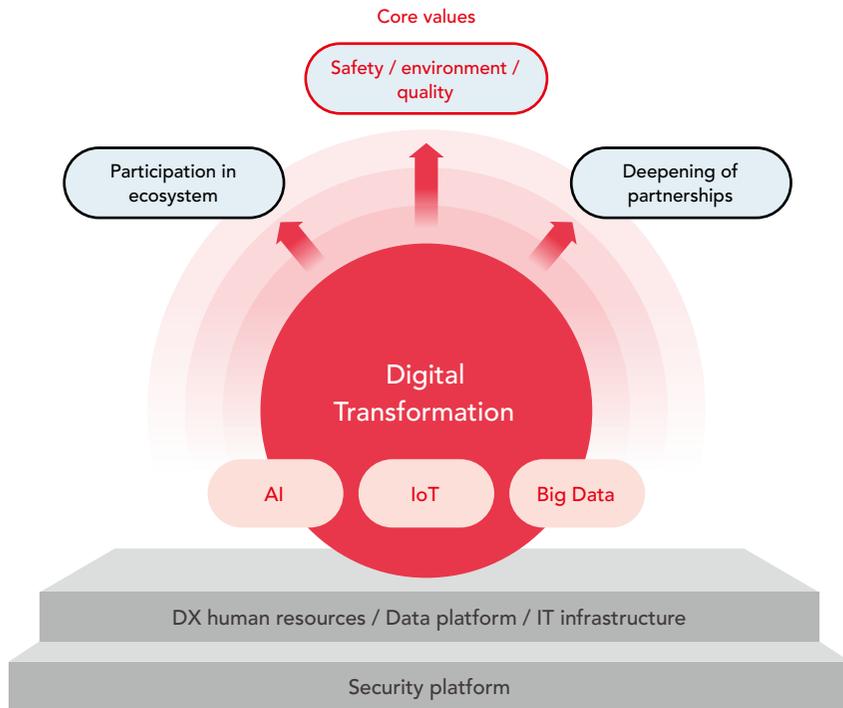
Reinforcement of Response to Digital Transformation (DX)

Approach

Outline of "K" LINE's DX Strategy

In the medium-term management plan unveiled in May 2022, the "K" LINE Group embarked on a path of transformation and evolution to increase the added value it offers in matching the unique needs of its customers, while refining the exclusive technologies and expertise of the Group. We are advancing DX initiatives as part of our functional strategy to achieve these goals. Under our DX Strategy, we are executing strategies from five perspectives that we deem vital, and by dividing each strategy into three stages, we are committed to steadily advancing DX initiatives and honing our competitiveness. We will flexibly and promptly update our DX Strategy by monitoring the state of DX initiatives and changes in materialities.

Objectives through DX



"K" LINE constantly chosen by customers

Five Perspectives – Specific Initiatives

DX ashore

- Promoting digitalization of business process and improving service quality
- Flexibly responding to customer demands and social issues
- Providing new value

DX at sea

- Enhancing digitalization of vessels
- Deepening autonomous ship navigation technology
- Lightening crew workloads and ensuring safety in navigation

DX of data

- Thorough collection of high-quality data and establishment of an infrastructure for its utilization
- Internal and external system linkage and data-driven decision-making
- Participation in ecosystem that connects with customers and other companies

DX of human resources

- Development and Companywide improvement of DX human resources
- Top-down and cross-organizational promotion system and enhancement of initiatives originating from front lines
- IT/DX promotion across the Group

Security that supports DX

- Advanced security platform combining organization, technology, and people/culture
- Development of systems and policies to ensure day-to-day and reliable implementation of threat countermeasures
- Continuous security advancement

Under **DX ashore**, we are digitalizing business processes with the aim of visualizing information, such as cargo information and CO₂ emissions data, utilizing this data, and making our IT environments more resilient for DX in order to flexibly address changes in customer demands and social needs. We intend to further deepen our partnerships with customers by providing new value to customers while aiming to improve and homogenize service quality by leveraging data and digital technologies.

Under **DX at sea**, we are advancing the digitalization of onboard business processes and the collection and utilization of vessel data. With the goal of establishing automated control technology, we are using cutting-edge technologies, such as sensing technology, digital twins, and ship AI. Moreover, we are keen to enhance our management structure for ensuring safety in navigation by establishing a three-region global monitoring and navigation assistance system. We are also working on creating an environment where advanced data analysis can be performed onboard as well. We aim to further hone our autonomous vessel technologies in the future, while reducing the burden on crew members and maintaining safety in navigation by integrating accumulated expertise in safety in navigation over the years with advanced digital technologies, such as failure prediction and diagnostic technologies.

Under **DX of data**, we aim to standardize business processes and introduce the latest technologies, including generative AI, to develop a data utilization platform. We are promoting the development and utilization of a data integration platform that links internal and external systems. We aim to establish a system that enables data-driven decision-making, from management to the front lines. The “K” LINE Group aims to create new value for society and the maritime industry through participation in an ecosystem that brings together cus-

tomers and other companies with inter-company data collaboration and utilization.

Under **DX of human resources**, we are implementing a digital talent training program for employees to acquire necessary skills and knowledge. We will strengthen the “DX leaders” that lead business transformation. We are also training the “DX utilizers” of 100 employees with the ability to formulate and promote plans utilizing data and digital technologies. Furthermore, we aim to develop “DX users” (all employees) who can utilize digital technologies to solve problems. Through these initiatives, we aim to improve the overall level and strengthen our competitiveness. We will strengthen our cross-organizational DX promotion structure centered on management and undertake bottom-up initiatives that focus on the front lines. We aim to create a co-creation system with stakeholders and advance IT/DX projects across the Group.

As for **security that supports DX**, based on a road map for security measures we created in 2021, we have been continually working to strengthen our cybersecurity. We are building a Groupwide security system that can respond accurately to cyber incidents. In addition to introducing technical measures that incorporate the latest technologies, we will promote DX with a safe, secure, stable, and resilient IT infrastructure through security training and awareness activities. We will continue to increase the advancement of our security management.

“K” LINE has been selected as a DX Certified Business Operator by the Ministry of Economy, Trade and Industry based on the DX certification system.

Promotion System

DX Promotion Structure

In February 2022, we integrated the AI / Digitalization Strategy Group with the Information System Group, creating the Digitalization Strategy Group (DSG) within the Digitalization Strategy Unit. This put into place a structure for advancing DX, while updating and applying its security policies and secure IT infrastructure and consolidating knowledge of IT and digitalization that had been spread around the Company. As a result, the Company is now able to promptly and flexibly conduct the necessary surveys, research, proposals, promotion, and environmental maintenance for DX promotion in a one-stop manner.

In addition, the AI / Digitalization Promotion Committee, chaired by the president & CEO and vice-chaired by the chief information officer (CIO), meets regularly to make prompt decisions on DX promotion policies in line with Companywide business strategies and to establish a system to execute such policies via the DSG. We will strengthen our approach to both bottom-up initiatives on the front lines and the cross-organization DX Promotion Structure centered on the management layer.

Initiatives

Cybersecurity

"K" LINE continues to reinforce its cybersecurity. To date, we have strengthened the security of our communications networks and endpoints, such as PCs and servers, and rolled out security monitoring systems using the latest technology. Furthermore, by reviewing the configuration of the global authentication infrastructure and increasing the level of multi-factor and account management authentication, we have strengthened IT governance, improved levels of authentication, and bolstered measures against malware and information leaks on a Groupwide basis, thereby establishing a system that can respond quickly and accurately to cyber incidents.

In addition to technological countermeasures, we are training employees on cybersecurity to foster a security-first mindset, and we are advancing DX based on a secure, safe, and robust IT infrastructure.

Strengthening DX Initiatives across All Divisions

Following the establishment of the DSG in February 2022 through the reinforcement of the DX promotion structure, we assigned the role of "DX leader" to each of the Company's departments in April of the same year. In addition to leading DX promotion, DX leaders are responsible for generating ideas via brainstorming sessions that take on a Companywide perspective. Through these efforts, each division is moving forward with several demonstration tests in parallel, and some ideas are already in the development stage for advancing new services. We will continue to promote the creation of value in our services and business by exchanging a variety of ideas across each of our divisions.

Strengthening Our Efforts with External Partners

The DSG, along with "K" Line Business Systems Co., Ltd., the Group's body of IT professionals, is driving the Group's IT and digitalization with a focus on the Company's core business systems. In the rapidly changing digital world, however, although we have expert personnel skilled in integrated logistics operations, implementing the latest technologies entirely within our own group of companies can be problematic and is not always the optimal choice.

We maintain a flexible structure that allows us to receive support from outside professionals in specialized fields and to occasionally collaborate with them as project members. In addition to the area of business, we are promoting collaborative research with academic groups and individuals. We are working diligently in cooperation with a wide range of external partners not only in pursuit of profits for the Company but also in our endeavors to resolve social issues in the maritime and logistics industries.