

Individual Policy III
Sanctions & Anti-Money Laundering



Established on November 1, 2019

1. Introduction

It is the policy of the “K” Line Group to strictly comply with the regulations regarding the economic sanctions as well as the rules and measures for the anti-money laundering^{*1} and the countering financing of terrorism that are applicable to the businesses of the “K” Line Group (collectively, the "Sanction Regulations"). All directors, officers and employees of the “K” Line Group (the “K” Line Group Employees) must comply with the Sanction Regulations. In addition, directors, officers, managers and others with supervisory responsibilities have a duty to ensure that employees under their supervision are aware of and comply with this Individual Policy regarding the Sanction Regulations (the “Individual Policy”) and related rules and procedures. “K” Line Group Employees who have doubts about the application of the Sanction Regulations to the past, present or future conduct of the “K” Line Group should consult with the department in charge of ensuring compliance with the Sanction Regulations.

2. Prohibition against Transactions that Violate the Sanction Regulations

The “K” Line Group fully understands that economic sanctions are one of the international measures to enhance global peace, and is committed to not being involved in transactions that violate the Sanction Regulations.

3. Prohibition against Involvement in Money Laundering or Terrorism Financing

The “K” Line Group is committed to not engaging in money laundering and terrorist financing. The “K” Line Group Employees should not give or receive money or other assets where the purpose of the transaction, the identity of the parties concerned or the flow of funds is unclear or doubtful, in order to avoid being involved in money laundering or terrorist financing.

In addition, when “K” Line Group Employees give or receive money or other assets to or from any third party, such receipts and disbursements should be conducted in accordance with applicable internal procedures, and be fairly and accurately stated in the accounting books and records, and maintained appropriately in accordance with the applicable local laws or document management rules.

4. License or Permission

Some transactions or transferring of funds may require a general or specific license, permission or approval from the relevant authorities. The “K” Line Group shall obtain permission etc., when necessary, and shall confirm with the shipper or other related party that necessary licenses etc., for the transaction have been obtained in the provision of transportation services.

5. Confirmation of Counterparties and Contents of Transaction (Know Your Counterparty)

“K” Line Group Employees must confirm that counterparties such as shippers or consignees are not subject to any economic sanctions, and that they have not been involved in any illegal acts. To this end, “K” Line Group Employees must confirm the contents of transactions such as the identity of the counterparty and other related parties concerned, and the place, prior to the commencement of the transaction, referring to sanction lists such as OFAC’s List of Specially Designated Nationals and Blocked Persons (SDN) and Sectoral Sanctions Identifications (SSI), or other databases.

In addition, “K” Line Group Employees must endeavor at all times to obtain up-to-date information on the contents and scope of the Sanction Regulations even after the commencement of the transaction and ensure that they confirm whenever necessary whether the counterparties to the transactions are not subject to any economic sanctions or engage in any transaction prohibited by the Sanctions Regulations or other illegal acts.

6. Due Diligence

It is necessary for the “K” Line Group to perform appropriate due diligence on the targets corresponding to the risk level for corporate acquisition and other similar transactions^{*2}, and for partners of joint ventures and other third parties acting on behalf of “K” Line Group (the “Target”). In addition, the “K” Line Group must consider adding into contracts with the Target provisions necessary for compliance with the Sanction Regulations and for the right of the “K” Line Group to audit compliance with these provisions.

For further details on implementing due diligence, please consult with the department in charge of ensuring compliance with the Sanction Regulations.

7. Conflict with Other Laws and Regulations

In the event that compliance with the Sanction Regulations may constitute a breach of obligations under other laws or regulations, please consult with the department in charge of ensuring compliance with the Sanction Regulations.

8. Endnotes

- *1 "Money laundering" refers to the process of pretending money or other assets gained through criminal or other illegal acts is legitimate, by passing it through a sequence of banking transfers with unrelated third parties.



- *2 "Corporate acquisition and other similar transactions" refers to cases where the "K" Line Group acquires, succeeds to the business of, or acquires shares of other corporations and entities.

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(For inquiries regarding this Individual Policy)

Corporate Legal Risks & Compliance Group

Kawasaki Kisen Kaisha, Ltd.

Inquiry : <https://www.kline.co.jp/en/contact/other.html>