

Improvement Report in Response to the “Order to Ensure Safety of Transportation” and the  
Dismissal and Appointment of the Chief Safety Management Officer and the Vessel  
Operations Manager

On September 17, 2024, JR Kyushu Jet Ferry Inc. received an “Order to Ensure Safety of Transportation” and an “Order to Dismiss the Chief Safety Management Officer and the Vessel Operations Manager” from the Minister of Land, Infrastructure, Transport and Tourism. These orders were issued as a result of confirmed violations of the Ship Safety Law and Safety Management Regulations by JR Kyushu Jet Ferry Inc. In order to prevent recurrence and ensure transportation safety, JR Kyushu Jet Ferry Inc. is required to promptly take corrective measures, report on them, and dismiss the Chief Safety Management Officer and the Vessel Operations Manager.

We deeply apologize for the significant inconvenience and concern caused to our customers and stakeholders.

JR Kyushu Jet Ferry Inc. recently submitted an improvement report to the Minister of Land, Infrastructure, Transport and Tourism in response to the aforementioned order. As part of the report, the company announced the dismissal of the previous and appointment of a new Chief Safety Management Officer and Vessel Operations Manager. The details are outlined below.

1. Improvement Report in Response to the “Order to Ensure Safety of Transportation”

On October 31, 2024, JR Kyushu Jet Ferry Inc. submitted to the Minister of Land, Infrastructure, Transport and Tourism an improvement report in response to the “Order to Ensure Safety of Transportation.”

In this report, we conduct an examination and root cause analysis of the compliance violation incidents discussed and identify the issues. Based on this, we will strive to implement the following improvement measures.

- Foster safety awareness and instill a sense of compliance with laws and regulations
- Reinforce safety management system functions
- Engage in reporting and information sharing
- Prepare and publish Safety Reports
- Strengthen governance by JR Kyushu

2. Dismissal and Appointment of the Chief Safety Management Officer and the Vessel  
Operations Manager

On October 31, 2024, the Chief Safety Management Officer (Hitoshi Ogawa, Director and General Manager of the Planning Department) and the Vessel Operations Manager (Kosuke Shibata, Director and General Manager of the Vessel Operation Department)

were dismissed and the following members were newly appointed. This information has been submitted to the Minister of Land, Infrastructure, Transport and Tourism.

Chief Safety Management Officer	Hidenori Matsuo (Director and Vice President)
Vessel Operations Manager	Koichi Harada (Deputy General Manager and the Vessel Operations Department)

Under the new safety management system, we will steadily promote improvement reporting initiatives and strive to regain the trust of our customers and other stakeholders.

2024ANSUI-2  
October 31, 2024

Mr. Tetsuo Saito  
Minister of Land, Infrastructure, Transport and Tourism

Kenji Oba, President and Representative Director  
JR Kyushu Jet Ferry Inc.

### Improvement Report in Response to the “Order to Ensure Safety of Transportation”

Despite having received an “Order to Ensure Safety of Transportation” in June 2023, our company recently experienced significant issues regarding the safety of transportation. As a result, we again received an “Order to Ensure Safety of Transportation” in September 2024, along with an “Order to Dismiss the Chief Safety Management Officer and the Vessel Operations Manager.” We consider this to be an extremely serious situation.

In addition, we recognize that the fact that the incident occurred while the vessel was still in a flooded condition, as well as the fact that the decision-making process involved the president and other managers, without reporting or taking immediate remedial measures, constitutes a serious issue related to our safety management system.

We believe that a major factor contributing to the failure to prioritize safety, as stated in the basic policy for safety assurance in the July 2023 improvement report, was the lack of a “fundamental change in mindset” by the president and other managers.

Based on the verification of the recent incident, we will thoroughly review our safety management system to ensure that such a situation never occurs again. We will also work tirelessly to foster a safety-conscious culture among all employees and establish a strong commitment to prioritizing safety in our actions. Our utmost efforts will be directed towards restoring trust.

## Matters to Be Reported

I Summary and verification of this incident (including verification of 2023UNKOU-99)

II Analysis of causes and issues identified

III Specific measures to prevent recurrence

1 Foster safety awareness and instill a sense of compliance with laws and regulations

2 Reinforce safety management functions

3 Engage in reporting and information sharing

4 Prepare and publish safety reports

5 Strengthen governance by JR Kyushu

### [Attachments]

Attachment 1: Report in Response to the “Order to Ensure Safety of Transportation”  
Results and Plans of “2023UNKOU-99, Dated July 19, 2023)

Attachment 2: Safety Management System

Attachment 3: Annual Schedule for Transportation Safety Management (Plan)

## I Summary and verification of this incident (including verification of 2023UNKOU-99)

### 1 Time and date of occurrence

18:45, February 12, 2024 (Monday)

### 2 Location of occurrence

the Port of Busan International Passenger Terminal, Berth 5

### 3 Vessel information

Name of vessel: QUEEN BEETLE; total tonnage: 2,589 tons

Vessel number: 144282; type: trimaran

Hull material: Light alloy

### 4 Overview

Despite recognizing the occurrence of flooding on the passenger vessel QUEEN BEETLE and the obligation to undergo an emergency inspection under Article 5 of the Ship Safety Law, the operation continued for approximately three months without implementing measures to suspend operations. Additionally, during this period, reports were not submitted to the Ministry of Land, Infrastructure, Transport and Tourism or the Japan Coast Guard, as required by the Safety Management Regulations.

### 5 Major timeline

#### February 12

- After arriving at the Port of Busan, approximately 3 liters of water infiltration was discovered in the forward compartment. The Captain immediately reported this to the Vessel Operations Manager. Considering the small amount of water infiltration, the Vessel Operations Manager decided to monitor the situation and concluded that there was no need to report to the relevant authorities.
- The Vessel Operations Manager held discussions and reached an agreement with the President, Chief Safety Management Officer, and the Acting Vessel Operations Manager (hereinafter referred to as the "Four Individuals"). Based on this agreement, the decision was made to continue operations the following day.

#### February 13

- The Four Individuals held a meeting regarding flooding and decided to continue operations without reporting to the Kyushu District Transport Bureau. The Vessel Operations Manager instructed the Captain to record and manage the amount of flooding in a separate log. From then on, the Captain did not include any entries about flooding in the pre-departure inspection log.

#### February 20

- A visual inspection of the hull was conducted, and two instances of paint cracks (without concluding whether they were indeed cracks) were found above the waterline.
- The Four Individuals determined that there were no safety concerns and agreed to schedule an interim dock entry before the annual dock in November.

#### May 27

- After arrival at the Port of Hakata, it was confirmed that the water amount of water ingress was greater than before, having reached approximately 736 liters. This was reported to the Operations Department.

#### May 28

- The Acting Vessel Operations Manager received reports of increased water ingress from the crew and instructed the relocation of the bilge alarm sensors.
- The Acting Vessel Operations Manager reported to the President, Chief Safety

Management Officer, and Vessel Operations Manager after the relocation.

- The Four Individuals shared information about the increased water ingress, determined that it would not affect safe operations, and decided to continue with the voyage.

May 30

- Prior to the arrival at the Port of Busan, a report was received from the Operations Department regarding a bilge alarm sounding on board the vessel. The President and relevant personnel held a meeting and determined that commercial operation was not possible. The Kyushu District Transport Bureau was informed of this decision.

Note 1: One crack was found during the diver's check on May 30, and nine cracks were discovered after docking on June 17.

Note 2: Prior to the inspection by the Kyushu District Transport Bureau on May 31, a navigation officer returned the bilge alarm sensors to their original positions.

## 6 Implementation Status of the 2023 Improvement Report (2023UNKOU-99)

We confirmed the progress of implementing the basic policy for ensuring safety and specific measures to promote the establishment of a safety policy, as stated in the improvement report for July 2023.

### (1) Basic policy for safety assurance

#### Details of the basic policy

##### a. Fundamental change in mindset of top management

- The President will always keep in mind that safety is the foundation of all management decisions, and will consistently prioritize safety in all management and operational judgements.
- The President will actively participate in and lead all meetings and training related to safety, serving as an example and striving for unwavering commitment to safety.

##### b. Prompt reporting and consultation with relevant external organizations

- In the event of any abnormalities, we will promptly report the initial information simultaneously to the relevant authorities, including the Ministry of Land, Infrastructure, Transport and Tourism, and the Japan Coast Guard, in addition to our internal reporting, strictly following the protocol.

##### c. Continuous sharing of up-to-date information in the event of a situation

- We will establish a system where the progress of responses in each system, corresponding to the events that have occurred, is centrally aggregated and updated in a timely manner. This system will allow top management and administrators to easily access and confirm the information.

##### d. Cultivation and establishment of a safety awareness among all employees

- All employees, including crew members, management departments, and sales counters, will work towards establishing a safety culture where safety is regarded as a personal responsibility. This will ensure that they can perform their duties with a "safety-first" mindset in times of crisis. The goal is to promote an ingrained awareness of safety.

#### Status of execution of this event

- The President approved the lack of reporting on the occurrence of flooding incidents despite being aware of them, indicating that a “a. Fundamental change in mindset of top management” had not been achieved.
- Between February 12 and May 30, the company failed to report the flooding incidents to relevant external organizations, thus failing to fulfill “b. Prompt reporting and consultation with relevant external organizations” and “c. Continuous sharing of up-to-date information in the event of a situation.”
- The Vessel Operations Manager proposed not reporting the flooding incidents, which was agreed upon by the Chief Safety Management Officer. Additionally, there was involvement or compliance with instructions from employees such as the Captain regarding the omission of flooding incidents in pre-departure inspection records and the relocation of bilge alarm sensors. As a result, “d. Cultivation and establishment of a safety awareness among all employees” was not sufficiently achieved.

#### (2) Specific measures for establishing a safety policy

The status of implementation of specific measures to ensure retention of the safety policy was confirmed, as shown in Attachment 1.

**Attachment 1** Report in Response to the “Order to Ensure Safety of Transportation”  
Results and Plans of “2023UNKOU-99, Dated July 19, 2023)

While many items were implemented as planned and a certain level of success has been achieved, including an increase in the number of reports of “near-miss” incidents, which symbolize employees’ awareness of safety (up from 27 incidents in fiscal 2022 to 80 incidents in fiscal 2023), some items have not been implemented, as listed below.

[Items that have not been implemented]

- Regarding the safety audit conducted by the Seibu Association for Maritime Safety in February 2024, no improvements had been made in response to the identified issues.
- As for the JR Kyushu Safety Creation Center, as of the occurrence of this incident, training had not been conducted (scheduled for fiscal 2025).
- Emergency evacuation training, originally planned for June 2024, was postponed due to the impact of this incident. However, no rescheduled implementation plan had been established.

## II Analysis of causes and issues identified

### 1 Analysis of causes

- The President made the decision to accept the actions of not reporting the flooding and recording it in a separate ledger after hearing opinions from the Chief Safety Management Officer and Vessel Operations Manager, both of whom have extensive seafaring experience. One opinion stated that the safety of operations would not be compromised, while another opinion expressed that if the incident were reported, it would inevitably lead to a suspension of operations. [Imperatives 1, 2]

Note: As a background factor, there was also a desire to avoid placing significant burden on the sales staff due to the handling of cancelled reservations during the suspension of operations caused by flooding in January of the same year.

- Despite the responsibility of the Chief Safety Management Officer to ensure compliance with relevant laws and regulations, such as the Ship Safety Law, and to enforce the safety-first principle within the company, they sided with the Vessel Operations Manager's opinion to continue operations without reporting the flooding.  
The Chief Safety Management Officer's standpoint was based solely on their own technical rationale and judgment, stating that the amount of flooding was minor relative to the size of the vessel, and that even if the bow compartment was flooded, it would not hinder safe navigation. Their awareness of regulatory compliance was lacking, preventing them from providing the necessary advice as mandated.  
[Imperatives 1, 3]
- The position of Chief Safety Management Officer was filled by the head of the planning department. This created an environment where it was difficult for him to fully dedicate themselves to the overall safety management responsibilities. As a result, there was a lack of awareness regarding the duties of the Chief Safety Management Officer.  
[Imperative 3]
- The Vessel Operations Manager is responsible for overseeing all aspects of vessel operation management and ensuring the safety of transportation by vessels. This includes ensuring compliance with maritime laws and regulations such as the Ship Safety Law and Safety Management Regulations, and implementing them effectively. He also has a duty to work together with the Captain to ensure the safe operation of the vessel and transportation. However, despite the ongoing occurrence of flooding in this incident, the Vessel Operations Manager did not suspect the presence of cracks or, even if there were cracks, assumed that they were above the waterline and therefore believed that only monitoring was necessary. Additionally, like the Chief Safety Management Officer, due to a lack of awareness of regulatory compliance and the belief that the incident did not pose any obstacles to safe navigation, he made the decision to continue operations without reporting it. [Imperatives 4, 5, 7, 9]
- The underlying factor that prevented the company from reporting the occurrence of flooding may be attributed to the lack of specific procedures for response following the reporting to relevant authorities in accordance with Safety Management Regulations.  
[Imperatives 1, 9]
- If a captain recognizes that the condition of the vessel may impede operations, he must consult with the Vessel Operations Manager and take measures to suspend operations if necessary. However, in this case, each captain, based on their belief that there were no obstacles to safe operation, the understanding that matters related to laws and regulations are to be determined by onshore personnel such as the Chief Safety



Management Officer and Vessel Operations Manager, and the recognition that they have no choice but to follow the company's instructions even if they had doubts, ultimately followed the judgment and instructions of the Vessel Operations Manager.

[Imperatives 5, 8]

- A captain conducts pre-departure inspections as required by law, and in the event of any abnormalities discovered, he must record the facts and manage them appropriately. However, despite having doubts about not recording flooding in the pre-departure inspection logbook, the Captain followed the company's instructions. [Imperatives 6]
- Many of the crew members became skeptical about continuing operations upon learning about the increased water ingress and the relocation of bilge alarm sensors. However, on the shore side, such as the Chief Safety Management Officer and Vessel Operations Manager, there was a desire to keep the vessel operational until the planned dry docking the following month. As a result, no reports were made to the transportation bureau, nor was a decision made to halt operations. [Imperatives 1, 5, 9]
- Concerns and doubts from the ship's crew regarding this incident were effectively communicated to the onshore staff, including the Chief Safety Management Officer and Vessel Operations Manager. This can be attributed, in part, to inadequate communication regarding safety on a regular basis. [Imperatives 2 to 4]
- The basic policy for safety assurance in the July 2023 improvement report failed to permeate as a foundation for actions and decision-making. In particular, the actions of the President and various managers, such as prioritizing safety and promptly reporting incidents, did not align with the "safety-first" concept, resulting in the ineffective functioning of the safety management system. [Imperatives 1 to 9]
- One of the reasons why some specific measures for the establishment of the safety policy mentioned in the improvement report for July 2023 remained unimplemented is the lack of a mechanism to verify the safety-related performance of the President and each manager. [Imperatives 2 to 4]

## 2 Issues identified

### (1) Safety awareness and compliance with laws and regulations

- It is necessary to thoroughly instill a sense of compliance with laws and regulations through education for all employees, including the President, Chief Safety Management Officer, Vessel Operations Manager, and Captain. In particular, it is necessary to provide re-education on maritime laws and regulations to seafarers to enhance their spirit of compliance. [Imperatives 1 to 9]
- To align the safety-first principle and decision-making with actual actions, it is necessary to establish a code of conduct that all employees should adhere to in safety policies, and to promote its adoption throughout the entire organization. [Imperatives 1 to 9]
- To enhance captains' awareness and sense of responsibility, it is necessary to elevate their sense of mission and consciousness. [Imperatives 5, 6, 8]
- To further increase awareness and engagement in safety, it is necessary to implement new initiatives that involve employees in safety discussions and enhance their interest in safety. [Imperatives 2 to 4]
- This is the second regulatory violation, following one in previous fiscal year, and in order to prevent recurrence, it is necessary to ongoing continuous education to keep

this incident fresh in people's minds and prevent it from being forgotten.  
[Imperatives 1 to 9]

(2) Items related to the safety management system's functions

- It is necessary to confirm the progress of safety-related tasks carried out by the President, Chief Safety Management Officer, and Vessel Operations Manager, and to check that the safety management system is functioning properly in order to establish a mechanism for continuous improvement. [Imperatives 2 to 4]
- It is necessary to establish an organizational structure in which the Chief Safety Management Officer can focus on his duties and ensure that suitable personnel are in place to assist the President effectively. In particular, for this appointment, it is necessary to select someone with an external perspective rather than promoting from within the company's crew members. [Imperative 3]
- To promote the checking of the safety management system's functionality and initiatives to foster employee safety awareness, it is necessary to establish a directly supervised department under the President and Chief Safety Management Officer. [Imperatives 2, 3]
- Further involvement from the Board of Directors is necessary to ensure the successful execution of the specific measures outlined in this improvement report. [Imperatives 2 to 4]

(3) Items related to reporting and communication systems

- Training is necessary to connect actions to the prompt reporting of incidents. [Imperatives 1, 9]
- It is necessary to clearly outline specific response procedures after reporting incidents of abnormal flooding, etc., using flowcharts or similar visual aids to ensure prompt decision-making in reporting. [Imperatives 1, 5 to 9]

(4) Others

- For the company to regain trust, it must remain conscious of society's perspective and demonstrate transparency. Therefore, it is necessary for us to reflect on our efforts regarding safety and publicly disclose them in reports. [Imperative 2]
- Considering that there has been no evident improvement in the mindset of President and other managers, it is necessary to rely not only on internal check functions but also on external checks, including enhanced governance by JR Kyushu (the parent company), for the continuous improvement and monitoring of business execution related to safety. [Imperatives 2 to 4]

### III Specific measures to prevent recurrence

#### 1 Foster safety awareness and instill a sense of compliance with laws and regulations

1. Stipulation of the "Code of Safety" in the safety policy [Imperatives 1 to 9]
  - We will set forth a "Safety Charter" as a code of conduct for employees in our safety policy and act with the shared recognition that "safety is our utmost mission."
  - We will recite the "Safety Charter" during briefings for crew members and morning meetings for the sales and management departments, reminding each individual of their responsibility for safety.
  - To ensure the permeation and establishment of the "Safety Charter" among

employees, we will provide education on the background and purpose of its establishment.

[Safety Charter]

Safety is our utmost mission.

- Ensuring safety begins with strict compliance with regulations and adherence to service standards, and it is built through continuous effort.
- Diligent confirmation and thorough communication are crucial for ensuring safety.
- To ensure safety, it is necessary to collaborate beyond our scope of responsibilities.
- When in doubt, we must take the action that is considered the safest.

2. Conducting training at the Safety Creation Center [Imperatives 1 to 9]

- We will add the incident to the JR Kyushu “Safety Creation Center Training” that will be conducted for all employees, emphasizing the importance of safe navigation and compliance with rules.
- The Safety Promotion Department will plan and implement the training, and will be responsible for setting specific schedules and progress management.

Note: The most recent training will be conducted by February 2025 (to commence as soon as the instructional materials for this event are ready).

3. Establishment of a panel to prevent this incident from fading away [Imperatives 1 to 9]

To keep this incident from fading from memory and to ensure that the same mistake is not repeated, we will continue to display information panels and sound the alarm for the future.

4. Assignment of safety advisors (counselors) [Imperatives 5, 6, 8]

To enhance employee safety awareness in ship operations, we will recruit external advisors with extensive experience in the field and incorporate an external perspective. We will also implement educational initiatives to instill a sense of responsibility and authority in our captains.

5. Implementation of compliance training [Imperatives 1 to 9]

To promote awareness and compliance with Safety Management Regulations and other legal requirements, we will conduct regular compliance training and repeat efforts to ensure awareness of the corporate ethics hotline for all employees. In addition, we will also carry out tests to confirm knowledge and familiarity.

Furthermore, we will provide education and confirm seafarers’ knowledge regarding maritime regulations.

6. Implementation of technical competitions for seafarers’ work and awarding system [Imperatives 2 to 4]

- Holding a technology competition  
To enhance the motivation of the crew members, we will hold a contest for pre-departure inspections and navigation, and recognize crew members who accurately follow the designated procedures.
- Implementing safety activities  
We will promote improvement activities related to safety by small groups and commend teams that have performed outstanding activities as models to other employees, in order to promote efforts to enhance safety awareness throughout the entire ship.

7. Holding of safety promotion meetings [Imperatives 2 to 4]

The Safety Promotion Department will plan and conduct regular meetings for in-depth discussions on safety, with the President, various managers, the Operations Department, and crew members in attendance.

Meeting frequency: Monthly

Host: Safety Promotion Department

Attendees: President, Chief Safety Management Officer, Vessel Operations Manager, Operations Department managers, department heads, Captain, Chief Engineer

Main agenda: Near-miss incidents, operational overview, safety overview, case studies from other companies, etc.

Note: The content of this meeting will be reported in the management meeting and shared with all employees.

8. Holding of a “general meeting of employees on safety” attended by all employees [Imperatives 2 to 4]

We will hold a company-wide “Safety General Meeting” in which the President, executives, and all employees will participate. Through discussions centered around the theme of “safety,” we aim to reaffirm the importance of safety.

Meeting frequency: Semi-annually

Host: Safety Promotion Department

Examples of agenda items: Review of recent safety cases (including near-miss and safety incidents at our own and other companies), introduction of new safety initiatives, employee commendations, and recitation of the Safety Charter, among others

9. Safety education utilizing e-learning [Imperatives 1 to 9]

We will conduct e-learning on safety, dividing it into themes and difficulty levels for crew members and other employees, ensuring their safety. (Semi-annually)

10. Steady implementation of periodic education and training (mainly in the Operations Department) [Imperatives 1 to 9]

➤ Legally stipulated education and training

We will steadily implement various types of education and training based on the ISM Code, ISPS Code, and Seafarers’ Act, as stipulated in the Safety Management Manual.

Note: The next emergency navigation training will be conducted in December 2024.

➤ Voluntary training

We will plan, prepare, and conduct practical and effective training sessions with external organizations such as the Fukuoka Coast Guard Office, the prefectural police, fire department, hospitals, and manufacturers.

➤ Training planned by external agencies

We actively participate in training organized by external entities and continuously strive to strengthen and improve collaboration with external organizations.

11. Safety lectures [Imperatives 1 to 9]

➤ Held in-house

Once a year, we hold a training workshop on major laws and regulations related to vessels, accident cases, and safety, inviting lecturers from external organizations such as the Japan Maritime Accident Tribunal for the Moji Region.

- JR Kyushu Group  
We will attend safety lectures at safety conferences organized by the Safety Creation Department of JR Kyushu Railway Business Headquarters, including by attending online.

## 12. Promotion of awareness of “near-miss” incidents [Imperatives 2 to 4]

We gather feedback from our employees, including on near-miss incidents and safety-related opinions and requests, and present this information at safety promotion meetings and report it at management meetings. We also make decisions on countermeasures and improvements based on these discussions.

Additionally, we have implemented a recognition system for the content of this feedback and select winners at our monthly management meetings to energize and enhance employee awareness about safety.

## 2 Reinforce safety management functions

### 1. Review the safety management system [Imperative 3]

- We have established an organizational structure where the Chief Safety Management Officer directly assists the President in transportation safety management, instead of being under the supervision of a department head, to ensure their full dedication to their responsibilities.
- The appointment of the Chief Safety Management Officer this time was not an internal promotion from our own crew members or Operations Department, but rather the assignment of experienced personnel from the Safety Department in order to bring in fresh perspectives and enhance safety management.

### 2. Establish a Safety Promotion Department [Imperatives 2, 3]

To promote efforts to improve safety, we have established a new department, the Safety Promotion Department.

The Safety Promotion Department will be responsible for ensuring the smooth implementation of the transportation safety management PDCA cycle and checking the functionality of the safety management system under the guidance of the President and the Chief Safety Management Officer.

Attachment 2 ・ ・ ・ Safety Management System

### 3. Ensure continuous improvement (PDCA cycle) through safety audits [Imperatives 2 to 4]

- The Audit Committee and Safety Promotion Department will conduct safety inspections to verify the implementation of safety-first decisions and measures by the President, Chief Safety Management Officer, and Vessel Operations Manager, as well as the status of efforts to enhance employee safety awareness and the progress of key safety initiatives.
- The results of the safety audit will be reported at the safety promotion meeting in February and shared internally. Additionally, we will conduct a planned management review, including a reassessment of safety priority measures and the safety policy for the next fiscal year.
- The auditors who perform safety audits shall be company auditors and the Safety Promotion Department. Auditors shall audit the President, the Chief Safety Management Officer, and the Safety Promotion Department. The Safety Promotion Department shall audit the Vessel Operations Manager, the Planning Department, the Sales Department, the Operations Department, and the Busan Branch.

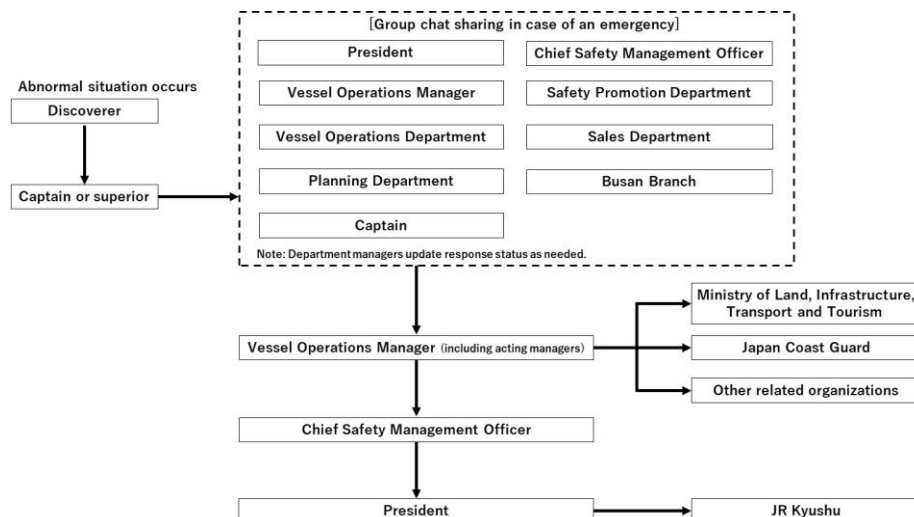
### Attachment 3 Annual Schedule for Transportation Safety Management (Plan)

4. The Board of Directors will trace the progress of specific measures in this improvement report. [Imperatives 2 to 4]
5. Audits by external organizations
  - We will understand the status of our operational management system from the perspective of third parties and make necessary corrections as appropriate.  
Targets: President, Chief Safety Management Officer, Vessel Operations Manager, Operations Department managers, Captain, Chief Engineer  
External institutions: Seibu Association for Maritime Safety, etc.  
Note: Improvements to the findings of the February 2024 audit by the Seibu Association for Maritime Safety will be made by January 2025.
  - The implementation status of improvements in response to audit findings from external organizations will be confirmed through safety audits conducted by the Safety Promotion Department.

### 3 Engage in reporting and information sharing

The reporting and information sharing process in the event of an incident is as follows:

1. Information-sharing and communication system in the event of an incident [Imperatives 1, 9]
  - Reports and notifications regarding incidents shall be promptly shared with internal stakeholders (managers, department heads, etc.) via group chat, and the Vessel Operations Manager shall also contact relevant authorities as necessary. Updates following the initial report shall be handled in the same manner.
  - By conducting training on reporting and information sharing based on the communication structure, we will foster a culture of promptly reporting incidents.



2. Addition of response flow in the event of flooding or other abnormalities [Imperatives 1, 5 to 9]

Before the start of operations, we will add the procedures for handling abnormal occurrences such as flooding to the Emergency Accident Handling Procedure in the Safety Management Manual and the Accident Handling Criteria in the Safety Management Regulations.

#### 4 Prepare and publish safety reports [Imperative 2]

By publicly disclosing a report on our efforts to ensure the safety of JR Kyushu Jet Ferry's transportation, we aim to demonstrate transparency and build trust with external stakeholders.

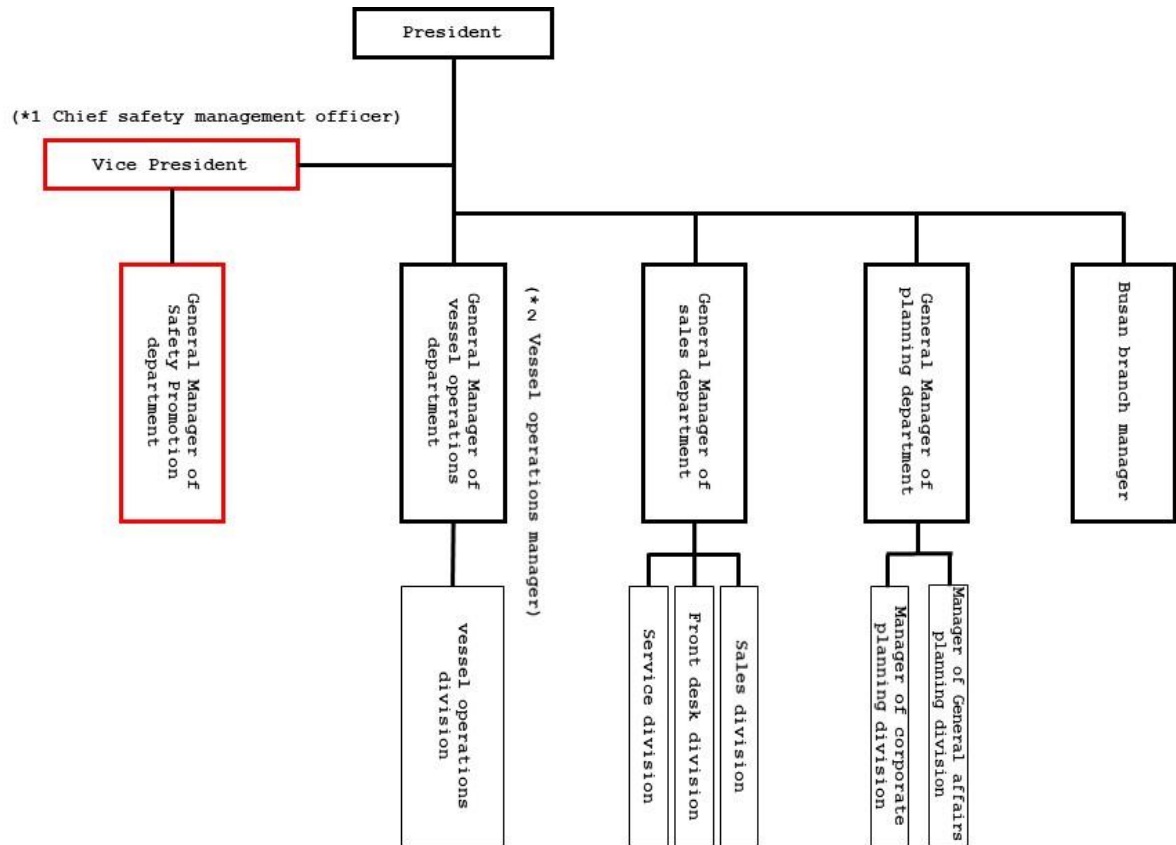
#### 5 Strengthen governance by JR Kyushu [Imperatives 2 to 4]

1. On-site confirmation by non-executive directors (based at JR Kyushu)  
Our non-executive director (based at JR Kyushu) will participate in company meetings, conduct on-site inspections, and engage in communication with the field to gain a comprehensive understanding of our operations.
2. Group audits by JR Kyushu's audit department  
In the second half of fiscal 2024, we will undergo a safety-focused group audit conducted by the JR Kyushu's audit department.
3. Monitoring by JR Kyushu's administrative division  
Until improvements are confirmed, monthly monitoring will be conducted by the responsible department of JR Kyushu to track the progress of specific initiatives outlined in this improvement report.
4. Audits by members of JR Kyushu's audit committee  
Audits by the members of JR Kyushu's audit committee (including management status hearings and employee exchanges) will be conducted annually until improvements are confirmed.
5. Participation in safety-related meetings hosted by JR Kyushu  
The President will participate in the annual "JR Kyushu Group Safety Promotion Conference" hosted by JR Kyushu.
6. Participation in training programs for directors organized by JR Kyushu  
The President will participate in compliance training organized by JR Kyushu, and members of the company will participate in training on the Companies Act for newly appointed executives and management training for officers.
7. Reinforcement of audits by corporate auditors  
Auditors will conduct audits based on the "auditor's checklist" created by JR Kyushu, which includes the identification of risks specific to industry and segments, as well as the implementation of on-site audits based on those risks.
8. Improvement of auditors' skills  
Auditors will attend meetings of the JR Kyushu Group Audit and Supervisory Board, where practical lectures utilizing misconduct case studies conducted by external instructors will be incorporated, in the aim of enhancing skills.

Item	Frequency	Targets	Results and Plans	Details
1 Foster safety awareness (1) Holding of regular safety promotion meetings	Monthly	President, Chief Safety Management Officer, Vessel Operations Manager, Operations Department manager, Captain, Chief Engineer	[Ongoing implementation] Held monthly	Main Agenda 1. Greeting from the President's 2. Report on the operation summary: one month's operation results, summary of ship cancellations, number of days of bad weather 3. Service report: Introduction of "Thank You" cards, awards, and immediate service awards at other locations. 4. Safety measures: Examine countermeasures for near-misses 5. Accident case studies from other companies: Disseminate the examples and examine them in light of our facilities and systems.
(2) Safety audit conducted by an external institution	Once/year	President, Chief Safety Management Officer, Vessel Operations Manager, Operations Department employees	[Ongoing implementation] Held: February 2024 Planned: February 2025	In February 2024, the Seibu Association for Maritime Safety conducted an external audit and identified the following issues in the Safety Management Regulations and Safety Management Manual 1. preparation of tsunami response manual, typhoon manual, and quarantine response manual 2. consistency of roles of safety manager and chief safety management officer (Improvements to the guidance items have not yet been implemented.)
(3) Deepening of safety education 1. Company-wide safety meeting	Twice/year	All employees	[Ongoing implementation] Held: December 2023, April 2024, October 2024 Planned: April 2025, October 2025	Held in December 2023 (opinion exchange between the president and all employees): JR Kyushu Group medium-term safety plan Held in April 2024 (opinion exchange between the president and all employees): Business plan, priority initiatives Held in October 2024 (opinion exchange between the president and all employees): Background of the current event, administrative action, and future plans
2. JR Kyushu's Safety Creation Center training	—	All employees	[Ongoing implementation] Held: Not Planned: February 2025	Established a section about the company's situation in the JR Kyushu's Safety Creation Center training program to make the public aware of it.
3. Safety education through e-learning	Twice/year	All employees	[Ongoing implementation] Held: September 2023, March and September 2024 Planned: March and September 2025	We conducted confirmation tests for all employees on safety policies, including the safety of human life at sea, safe vessel operations, and environmental protection. Additionally, we conducted confirmation tests on safety management regulations, accident handling criteria, work standards, and operational criteria for managers and ship crew involved in operations.
4. steady implementation of periodic drills and maneuvers ✓Safety management manual related training	Conducted on a regular basis		[Ongoing implementation] Multiple trainings conducted periodically over a defined period of time	
Fire prevention department training, waterproofing department training, general staff evacuation department training	Once/week	Ship crew	Once/week	Details of fire prevention department training: Sounding the alarm, assembling on the bridge, establishing the firefighting system, testing the water spray, and checking the firefighting equipment Details of waterproofing department training: Sounding the alarm, inspecting the opening and closing of watertight doors inside the vessel, and checking the function of bilge pumps Details of general staff evacuation department training: Sounding the alarm, calling for the passenger guidance station, donning life jackets, checking the MES (escape system), checking the life rafts, and descent operations
Rescue department training, emergency maneuvering training, damage control training	Once/three months	Ship crew	Once/three months	Details of rescue department training: Sounding of alarms, communication of information, Williamson turns underway, donning of immersion suits and dropping of smoke bombs and life rafts. Details of emergency maneuvering training: Captains and other crew members check steering, bucket operation, and lighting of objects when the ship is out of control. Details of damage control training: Sounding of alarms, opening and closing watertight doors, checking bilge pump functions, damage control charts and manuals
Drills for setting up communication with coast guard agencies	Once/year	Ship crew	Once/year	Details of drills for setting up communication with coast guard agencies: Use shipboard or wireless telephones
Rescue department training in closed areas	Once/two months	Ship crew	Once/two months	Details of rescue department training in closed areas: Confirmation of alarm sounding, communication of information from the discovery of a person in need of rescue, acceptance system, lifesaving measures, reporting and communication methods
Emergency maneuvering drills	Once/year	Ship crew	[Ongoing implementation] Held: Not Planned: December 2024	Details of emergency maneuvering skills: Pendant installation, protective equipment, deployment of mariners, and communication training
✓Related to vessel security regulations Maneuvers conducted by SSO	Once/three months	Ship crew	Once/three months	Maneuvers conducted by SSO: Training for ship's security officers to manage the ship to meet security standards on board and to develop the skills of seafarers to respond to abnormalities when they occur
Exercises conducted by CSO	Once/year	Ship crew	Once/year	Exercises conducted by CSO: Training for shipping company security management personnel to ensure that they are able to respond appropriately to security measures taken against the ship and the company
✓Oil spill response training	Once/month	Ship crew	Once/month	Details of oil spill response training: Training in reporting, first aid, pest control, and communication
✓Voluntary training	Once/year	Ship crew	[Ongoing implementation] Held: November 2023 Planned: November 2024	Conducted a liaison drill with the Japan Coast Guard, life raft use and transfer training
✓Exercises planned by external organizations	Once/year	Operations Department, Sales Department employees	[Ongoing implementation] Held: July 2023, June 2024	July 2023: Participated in joint training for counterterrorism measures at the Port of Hakata (suspicious person training, NBC terrorism training). June 2024: Participated in training for responding to abnormalities at the Kanmon Roadway Tunnel (customer guidance training)
5. Safety lectures ✓Voluntary	Once/year	Operations Department employees	[Ongoing implementation] Held: June 2023 Planned: January 2025	June 2023 The Japan Maritime Accident Tribunal for the Moji Region conducted a lecture on major regulations related to maritime vessels, covering the following topics: - Administrative penalties (revocation of licenses, suspension of operations, admonitions) - Prevention of maritime accidents - Handling of serious maritime accidents (process of maritime accident investigation and adjudication) - Recent maritime accidents
✓JR Kyushu Group	Once/year	Operations Department employees	[Ongoing implementation] Held: May 2024 Planned: May 2025	May 2024: Participated in a JR Kyushu Group safety conference - Railway Technical Research Institute's safety lecture (Mechanisms of Human Error and Approaches to Prevention) - JR Kyushu's safety initiatives, safety initiatives of each group company, efforts to prevent train contact accidents
(4) Daily initiatives 1. Promotion of "near miss" incidents	Monthly	All employees	[Ongoing implementation] Held monthly	1. In addition to paper-based registration, implement a system to allow registration of near-miss incidents through the internal portal 2. Aggregate the incidents on a monthly basis and discuss countermeasures during safety promotion meetings 3. Share details and countermeasures through an information-sharing portal Outstanding submissions are recognized with the President Award, Department Director's Award, or Instant Award 27 cases in fiscal 2022 → 80 cases in fiscal 2023 (+53)
2. Recitation of "Safety Principles"	Morning meeting prior to a voyage	All employees	[Ongoing implementation] Conducted at each workplace	On board the ship, daily briefings are conducted, while at the headquarters, we hold a weekly morning assembly where everyone recites and reinforces the idea of being personally responsible for safety.
2 Reporting and information sharing (1) Initial response immediately after an incident	When occurs	All employees	[Ongoing implementation] When occurs	Incident 1: 8/8 Notification of stowaway during immigration inspection Incident 2: 8/9 Notification of abnormality in water jet pump
(2) Continuous observation and information sharing	When occurs	All employees	[Ongoing implementation] When occurs	Incident 1: 8/8 As the incident occurred in South Korea, the Vessel Operations Manager received information from the Busan branch and contacted relevant parties. Incident 2: 8/9 The Captain provided information, and the Vessel Operations Manager contacted relevant parties.



■ Safety management system



\*1 Chief safety management officer:

A person who directly assists the president

\*2 Vessel operations manager:

The person in charge of the General Manager of vessel operations department or in an equivalent position

Annual Schedule for Transportation Safety Management (Plan)

[Attachment 3]

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Major safety-related meetings, etc.	<div>Safety promotion meetings</div> <div>General meeting of employees on safety</div> <div>Regular training</div>	<div>Safety promotion meetings</div> <div>Regular training</div>	<div>Safety promotion meetings</div> <div>Compliance training</div> <div>Regular training</div>	<div>Safety promotion meetings</div> <div>Regular training</div>	<div>Safety promotion meetings</div> <div>Safety lectures</div> <div>Regular training</div>	<div>Safety promotion meetings</div> <div>E-learning</div> <div>Regular training</div>	<div>Safety promotion meetings</div> <div>Regular training</div>	<div>Safety promotion meetings</div> <div>Regular training</div>	<div>Safety promotion meetings</div> <div>Regular training</div>	<div>Safety promotion meetings</div> <div>Regular training</div>	<div>Safety promotion meetings</div> <div>Compliance training</div> <div>Regular training</div>	<div>E-learning</div> <div>Safety promotion meetings</div> <div>Regular training</div>
Major initiatives related to the safety management system				Summer safety inspections				<div>Emergency response training</div> <div>Training on liaison with coast guard agencies</div>	Year-end and New Year's general safety inspections for transportation, etc.	<div>External agency audits</div> <div>Safety audits</div>		Formulation of priority safety measures
Cycle										(Check)	(Act)	(Plan)
(Reference) ISM-related				Safety Management Committee		Safety Management Committee	Internal audits		Safety Management Committee			Safety Management Committee

Implement measures based on safety policy and priority safety measures (Do)