

# Corporate Governance

## Basic Position on Corporate Governance

Based on its corporate philosophy, the Yamato Group carries out business activities in accordance with the law and social norms and actively promotes compliance management. Striving to maximize corporate value by effectively utilizing the management resources of

the Group is one of the top priorities of management, and we have implemented measures and bolstered management systems as part of our corporate governance initiative.

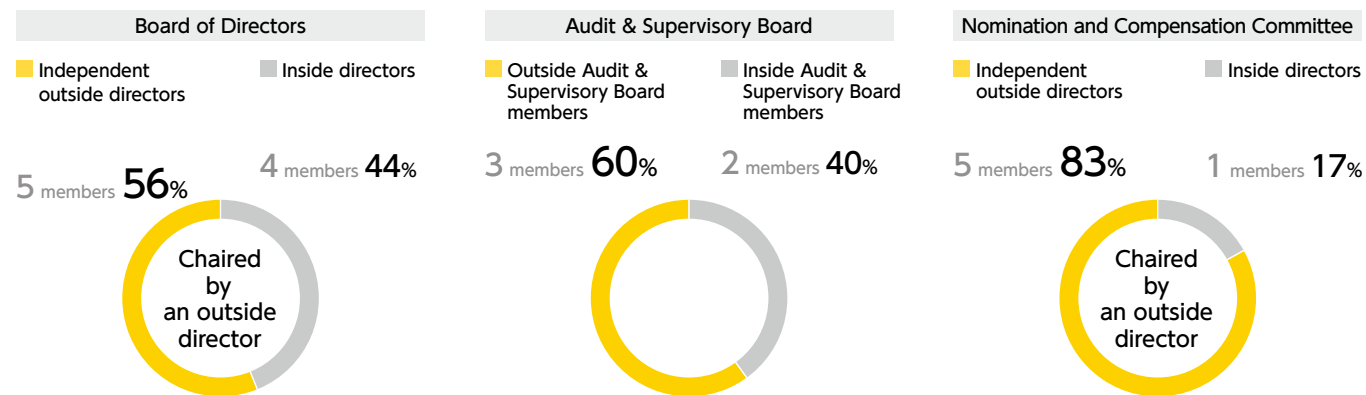
## Corporate Governance System (As of July 1, 2022)

The Company is a Company with an Audit & Supervisory Board. In addition to important management decision-making and the supervision of business execution by the Board of Directors, Audit & Supervisory Board members and the Audit & Supervisory Board, which are independent from the Board of Directors, shall audit the status of the execution of duties by directors.

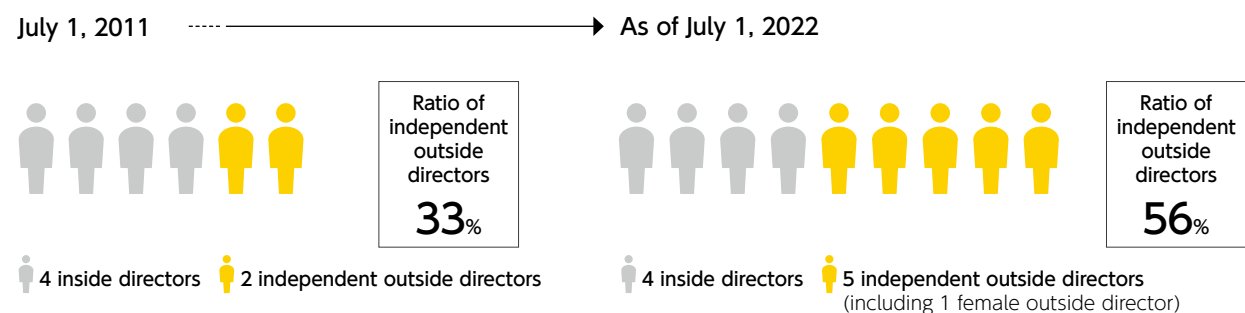
Also, to supplement the supervisory functions of the Board of Directors, the Company established the Nomination and Compensation Committee comprising a majority of independent outside directors. At the same time, the Company has separated the supervision and execution of management and adopted an executive officer system to ensure even more prompt decision-making related to business execution.

|   |   |
|---|---|
| System                                      | Company with an Audit & Supervisory Board   |
| Number of directors                         | 9   |
| Outside directors                           | 5   |
| Number of Audit & Supervisory Board members | 5   |
| Outside auditors                            | 3   |
| Term of directors                           | 1 year                                      |
| Voluntary advisory committees               | Yes (Nomination and Compensation Committee) |
| Executive officer system in place           | Yes   |
| Independent auditor                         | Deloitte Touche Tohmatsu LLC                |

### Composition of the Board of Directors, Audit & Supervisory Board, and Nomination and Compensation Committee



### Change in the Composition of the Board of Directors

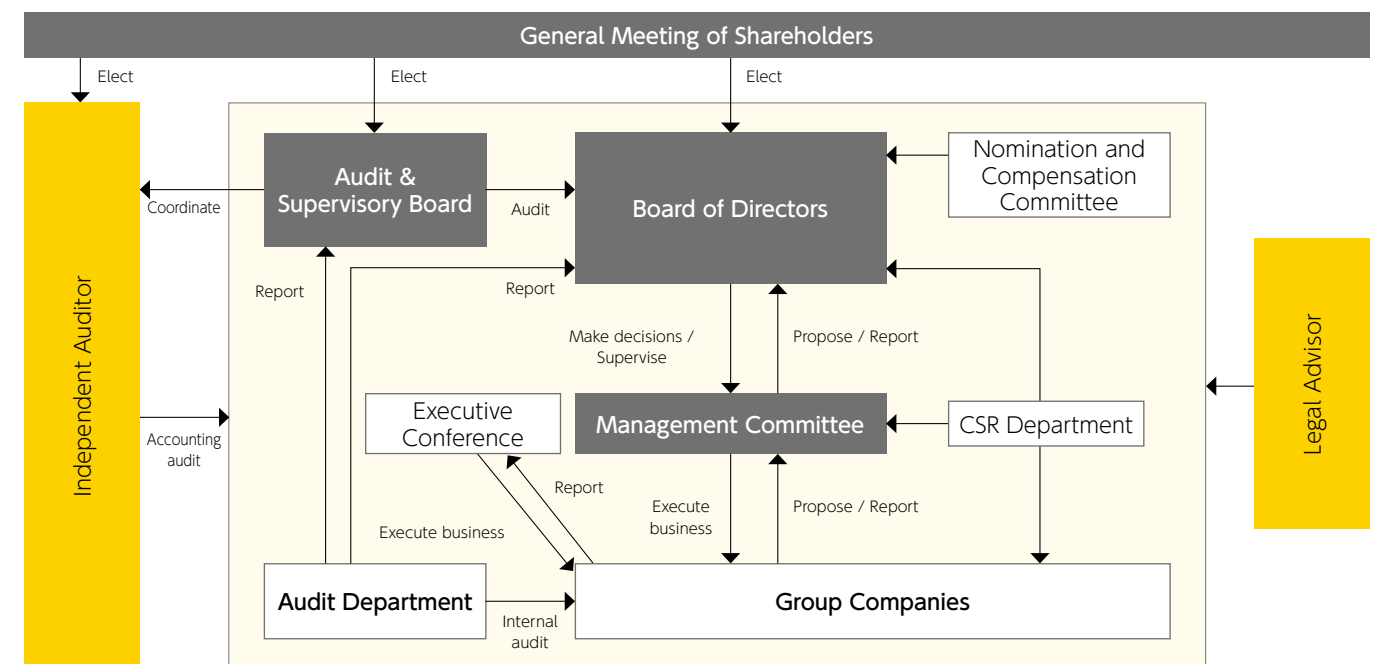


## Management Structure

| Name                | Position  | Outside | Expertise and Experience                     |                      |                     |                                      |                        |                                   |                             |        |
|---------------------|---|---------|--|----------------------|---------------------|--------------------------------------|------------------------|-----------------------------------|-----------------------------|--------|
|                     |   |         | Nomination and Compensation Committee member | Corporate management | Marketing and sales | Human resources and labor management | Finance and accounting | Legal affairs and risk management | IT and digital technologies | Global |
| Yutaka Nagao        | Representative Director, Executive Officer and President      |         | ○  | ●                    | ●                   |                                      |                        |                                   | ●                           |        |
| Toshizo Kurisu      | Representative Director, Executive Officer and Vice President |         |  | ●                    |                     |                                      | ●                      |                                   | ●                           |        |
| Yasuharu Kosuge     | Representative Director, Executive Officer and Vice President |         |  | ●                    | ●                   | ●                                    |                        |                                   |                             |        |
| Kenichi Shibasaki   | Representative Director                                       |         |  | ●                    |                     |                                      | ●                      | ●                                 | ●                           |        |
| Mariko Tokuno       | Director  | ○       | ○ (Chairperson)                              | ●                    | ●                   |                                      |                        |                                   |                             | ●      |
| Yoichi Kobayashi    | Director  | ○       | ○  | ●                    | ●                   |                                      |                        |                                   |                             | ●      |
| Shiro Sugata        | Director  | ○       | ○  | ●                    | ●                   |                                      |                        |                                   | ●                           | ●      |
| Noriyuki Kuga       | Director  | ○       | ○  | ●                    |                     | ●                                    | ●                      |                                   |                             | ●      |
| Charles Yin         | Director  | ○       | ○  | ●                    | ●                   |                                      |                        |                                   | ●                           | ●      |
| Yoshihiro Kawasaki  | Full-time Audit & Supervisory Board Member                    |         |  |                      | ●                   | ●                                    | ●                      | ●                                 |                             |        |
| Tsutomu Sasaki      | Full-time Audit & Supervisory Board Member                    |         |  | ●                    | ●                   |                                      |                        | ●                                 |                             |        |
| Takashi Yamashita   | Audit & Supervisory Board Member                              | ○       |  |                      |                     |                                      | ●                      | ●                                 |                             |        |
| Ryuji Matsuda       | Audit & Supervisory Board Member                              | ○       |  |                      |                     |                                      | ●                      | ●                                 |                             |        |
| Yoshihide Shimoyama | Audit & Supervisory Board Member                              | ○       |  | ●                    |                     |                                      | ●                      | ●                                 |                             |        |

Note: Shiro Sugata took on the role of the Chairperson of the Board on June 23, 2022.

## Corporate Governance Framework



# Corporate Governance

## Efforts to Improve Corporate Governance

| Management Strategy   |                               |                                |                          |  |
|---|-------------------------------|--------------------------------|--------------------------|--|
|   | DAN-TOTSU Three-Year Plan HOP | DAN-TOTSU Three-Year Plan STEP | KAIKAKU 2019 for NEXT100 | YAMATO NEXT100 One Yamato 2023                 |
| 2002-   | 2011-                         | 2014-                          | 2017-                    | 2020-~"YAMATO NEXT100" 2021-~"One Yamato 2023" |
| <b>Board of Directors and Audit &amp; Supervisory Board</b> <ul style="list-style-type: none"> <li>Shortened the term of directors to one year (June 2003)</li> <li>Appointed outside directors (June 2005)</li> </ul>  |                               |                                |                          |  |
| <ul style="list-style-type: none"> <li>Transition to a structure in which outside directors comprised at least one-third of all directors (June 2015)</li> <li>Implemented evaluation of effectiveness of the Board of Directors (June 2016)</li> </ul>   |                               |                                |                          |  |
| <ul style="list-style-type: none"> <li>Appointed an independent female outside director (June 2017)</li> <li>Transitioned to a structure in which independent outside directors comprised one-half of all directors (June 2019)</li> </ul>  |                               |                                |                          |  |
| <ul style="list-style-type: none"> <li>Appointed independent outside members as the majority of members on the Board of Directors (June 2020)</li> <li>Appointed outside members as the majority of members on the Audit &amp; Supervisory Board (June 2020)</li> <li>Appointed an independent outside director as the Chairperson of the Board of Directors (June 2022)</li> </ul>   |                               |                                |                          |  |
| <b>Committees, etc.</b> <ul style="list-style-type: none"> <li>Established the Nomination and Compensation Committee (June 2005)</li> <li>Established the Compliance and Risk Committee (August 2006)</li> </ul>  |                               |                                |                          |  |
| <b>Corporate Structure and Other Systems and Initiatives</b> <ul style="list-style-type: none"> <li>Introduced executive officer system (June 2004)</li> <li>Eliminated retirement benefit system for directors (June 2004)</li> <li>Disclosed ROE target in medium-term management plan (January 2005)</li> <li>Introduced performance-linked compensation system (April 2005)</li> <li>Transitioned to a pure holding company (November 2005)</li> <li>Introduced succession plans (July 2006)</li> </ul> |                               |                                |                          |  |
| <ul style="list-style-type: none"> <li>Established Corporate Governance Guidelines (September 2015)</li> <li>Implemented director training (October 2015)</li> </ul>  |                               |                                |                          |  |
| <ul style="list-style-type: none"> <li>Abolished advisor position (June 2018)</li> </ul>  |                               |                                |                          |  |
| <ul style="list-style-type: none"> <li>Decided to revise officer compensation system and introduce a performance-linked, share-based compensation system (June 2020)</li> </ul>   |                               |                                |                          |  |

## Concurrent Posts and Main Activities of Outside Directors and Outside Audit & Supervisory Board Members (Year Ended March 31, 2022)

|                   | Name             | Concurrent posts   | Overview of reasons for appointment and expected roles   | Attendance at meetings during the fiscal year ended March 31, 2022                                |
|-------------------|------------------|--|--|---|
| Outside Directors | Masakatsu Mori   | <ul style="list-style-type: none"> <li>Senior Advisor of International University of Japan</li> <li>Outside Director of Stanley Electric Co., Ltd.</li> <li>Outside Director of Kirin Holdings Company, Limited</li> <li>External Statutory Auditor of FAST RETAILING CO., LTD.</li> </ul> | Masakatsu Mori comments and advises as needed on all aspects of business management based on ample experience and extensive knowledge as a businessperson. Accordingly, he plays an important role in drawing on his insight to provide oversight and advice from a managerial standpoint, particularly regarding matters of management strategy, overall encompassing business execution, business strategy, financial strategy, and sustainability strategy, to contribute to ensuring the transparency and appropriateness of decision-making. Furthermore, he attended all 11 meetings held in the fiscal year under review as a member of the Nomination and Compensation Committee and fully demonstrated supervisory functions in the decision process for the selection of candidates for officers and the evaluation of their compensation from an objective and neutral standpoint.  | Board of Directors: 18 of 18 meetings<br>Nomination and Compensation Committee: 11 of 11 meetings |
|                   | Mariko Tokuno    | <ul style="list-style-type: none"> <li>Outside Director of HAPPINET CORPORATION</li> <li>Outside Director of Mitsubishi Materials Corporation</li> <li>Outside Director of Shiseido Company, Limited</li> </ul>  | Mariko Tokuno comments and advises as needed on all aspects of business management based on ample experience and extensive knowledge as a businessperson. Accordingly, she plays an important role in drawing on her insight to provide oversight and advice from a managerial standpoint and customer and employee standpoints, particularly regarding matters of business execution, business strategy, and HR strategy, to contribute to ensuring the transparency and appropriateness of decision-making. Furthermore, she attended all 11 meetings held in the fiscal year under review as a member of the Nomination and Compensation Committee and fully demonstrated supervisory functions in the decision process for the selection of candidates for officers and the evaluation of their compensation from an objective and neutral standpoint.                                     | Board of Directors: 18 of 16 meetings<br>Nomination and Compensation Committee: 11 of 11 meetings |
|                   | Yoichi Kobayashi | —  | Yoichi Kobayashi comments and advises as needed on all aspects of business management based on ample experience and extensive knowledge as a businessperson. Accordingly, he plays an important role in drawing on his insight to provide oversight and advice from a managerial standpoint, particularly regarding matters of business execution, business strategy, and investment strategy, to contribute to ensuring the transparency and appropriateness of decision-making. Furthermore, he attended all 11 meetings held in the fiscal year under review as a member of the Nomination and Compensation Committee and fully demonstrated supervisory functions in the decision process for the selection of candidates for officers and the evaluation of their compensation from an objective and neutral standpoint.  | Board of Directors: 18 of 18 meetings<br>Nomination and Compensation Committee: 11 of 11 meetings |
|                   | Shiro Sugata     | <ul style="list-style-type: none"> <li>Outside Director of JSR Corporation</li> <li>Outside Director of Yokogawa Electric Corporation</li> </ul>   | Shiro Sugata comments and advises as needed on all aspects of business management based on ample experience and extensive knowledge as a businessperson. Accordingly, he plays an important role in drawing on his insight to provide oversight and advice from a managerial standpoint, particularly regarding matters of business execution, business strategy, productivity enhancement, and cost structure reform, to contribute to ensuring the transparency and appropriateness of decision-making. Furthermore, he attended all 11 meetings held in the fiscal year under review as a member and chairperson of the Nomination and Compensation Committee, leading its operations, and fully demonstrated supervisory functions in the decision process for the selection of candidates for officers and the evaluation of their compensation from an objective and neutral standpoint. | Board of Directors: 18 of 18 meetings<br>Nomination and Compensation Committee: 11 of 11 meetings |
|                   | Noriyuki Kuga    | —  | Noriyuki Kuga comments and advises as needed on all aspects of business management based on ample experience and extensive knowledge as a businessperson. Accordingly, he plays an important role in drawing on his insight to provide oversight and advice from a managerial standpoint, particularly regarding matters of business execution, financial strategy, and corporate governance, to contribute to ensuring the transparency and appropriateness of decision-making.   | Board of Directors: 18 of 18 meetings   |

|   | Name                | Concurrent posts  | Overview of reasons for appointment and expected roles  | Attendance at meetings during the fiscal year ended March 31, 2022                    |
|---|---------------------|---|---|---|
| Outside Audit & Supervisory Board Members | Takashi Yamashita   | <ul style="list-style-type: none"> <li>Representative of Takashi Yamashita CPA Office</li> <li>Outside Director of Shin Nippon Biomedical Laboratories, Ltd.</li> </ul> | Takashi Yamashita comments as needed based on ample experience and professional knowledge of finance and accounting. He confirms the status of the execution of duties by directors based mainly on ample experience and extensive knowledge as a certified public accountant. Furthermore, he attended all 19 Audit & Supervisory Board meetings held in the fiscal year under review and exchanged opinions at regular meetings with the representative director and president.       | Board of Directors: 18 of 18 meetings<br>Audit & Supervisory Board: 19 of 19 meetings |
|   | Ryuji Matsuda       | <ul style="list-style-type: none"> <li>Attorney-at-Law of Matsuda Law Office</li> </ul>   | Ryuji Matsuda comments as needed based on ample experience and professional knowledge of finance and accounting and as a lawyer. He confirms the status of the execution of duties by directors based mainly on ample experience and extensive knowledge as a lawyer. Furthermore, he attended all 19 Audit & Supervisory Board meetings held in the fiscal year under review and exchanged opinions at regular meetings with the representative director and president.                | Board of Directors: 18 of 18 meetings<br>Audit & Supervisory Board: 19 of 19 meetings |
|   | Yoshihide Shimoyama | <ul style="list-style-type: none"> <li>Outside Audit &amp; Supervisory Board Member of NIPPON HUME CORPORATION</li> </ul>   | Yoshihide Shimoyama comments as needed based on ample experience in management and auditing. He confirms the status of the execution of duties by directors based mainly on ample experience and extensive knowledge as a manager and an outside Audit & Supervisory Board member. Furthermore, he attended all 19 Audit & Supervisory Board meetings held in the fiscal period under review and exchanged opinions at regular meetings with the representative director and president. | Board of Directors: 18 of 18 meetings<br>Audit & Supervisory Board: 19 of 19 meetings |

## Board of Directors

### Roles and duties

- The Board of Directors shall make important decisions concerning the Company's business and supervise the execution of duties by executive directors and executive officers.
- The Board of Directors shall recognize the medium-term management plan as one of the commitments to shareholders and supervise the effectiveness of strategies, such as the Company's business portfolio and the optimal allocation of management resources, to achieve the goals of this plan. Moreover, the Board of Directors shall sufficiently analyze the initiatives aimed at realizing the goals of the medium-term management plan as well as the extent to which the plan's objectives are being achieved. In addition to providing explanations to shareholders, such analyses shall be reflected in future management plans.
- The Board of Directors shall encourage executive officers to demonstrate a healthy entrepreneurial spirit and to not excessively avoid or curb risk, while at the same time establishing a framework that enables it to ensure accountability.
- The scope of responsibility of each executive officer shall be decided and disclosed by the Board of Directors. Executive officers shall execute business in accordance with internal regulations.

### Management

- To allow Board of Directors meeting attendees the opportunity to prepare for meetings in advance, the Board of Directors secretariat shall send agenda items and related materials to directors well in advance of the meeting date and provide explanations in advance as needed.
- The annual schedule of Board of Directors meetings as well as anticipated agenda items shall be decided in advance, and this information shall be provided to directors and Audit & Supervisory Board members.
- The number of issues to be deliberated as well as the frequency of meetings shall be appropriately set, and the time of meetings shall be decided so as to allow sufficient time for deliberations.
- As needed, meetings comprising Board of Directors meeting attendees shall be held for the purpose of exchanging ideas, thereby encouraging lively debate.

### Evaluation of effectiveness

To verify the effectiveness of the Board of Directors, the Company surveys all directors and Audit & Supervisory Board members on an

annual basis regarding the composition and operational status of the Board of Directors. Based on the survey results, the Company carries out an evaluation on the Board's effectiveness in terms of such matters as the condition of the Board's operation and the state of deliberation held at Board meetings. From the fiscal year ended March 31, 2020, in addition to the survey, the chair (in the fiscal year ended March 31, 2022: the chairperson of the Board of Directors) has begun performing interviews to further enhance the usefulness of the evaluation.

### Results of Evaluation for the Fiscal Year Ended March 31, 2022

In the effectiveness evaluation for the fiscal year ended March 31, 2022, the Company received an evaluation that the composition, management conditions, and deliberation conditions of the Board of Directors were largely appropriate as a system where the Board of Directors serves as the oversight function, and that a culture where attendees actively speak up and engage in unrestricted discussions at the Board of Directors meeting had taken hold.

Specifically, the Board of Directors was able to gain sufficient information on items to be discussed in pre-meeting briefings and the executive side was able to confirm and examine points raised in those briefings before attending Board of Directors meetings, enabling directors to make risk-based management decisions through more in-depth discussions. Furthermore, in addition to monthly reports from the president on the status of business execution at Board of Directors meetings, the executive officers of operating companies regularly present issues and medium- to long-term themes in their areas of jurisdiction and discuss them with the Board of Directors, thereby deepening directors' knowledge of business operations.

Based on the results of the effectiveness evaluation, the Company has confirmed that the Board of Directors has been able to display an effectiveness that contributes to securing sound management and achieving prompt and accurate decision-making and business execution, which are the Company's basic policies for corporate governance.

Going forward, the Company will further strengthen corporate governance to improve the soundness of the Yamato Group's entire management structure while continuously working to maintain and improve the effectiveness of the Board of Directors for the execution of the growth strategies called for in the medium-term management plan "One Yamato 2023."

## Corporate Governance

### Audit & Supervisory Board

#### Roles and duties

- The Audit & Supervisory Board and its members shall exercise their authority proactively to sufficiently fulfill their role and responsibilities, including operational audits, accounting audits, and other functions, and they shall appropriately state their opinions at Board of Directors meetings as well as to members of senior management.
- The full-time Audit & Supervisory Board members shall attend Board of Directors meetings and other important meetings related

to the execution of business, express reasonable opinions, hold effective Audit & Supervisory Board meetings, and ensure that information is shared and that members work together in a coordinated manner.

- The Audit & Supervisory Board shall regularly hold information exchange meetings for the purpose of sharing information with outside directors, thereby ensuring more robust gathering of information and encouraging teamwork.

### Nomination and Compensation Committee

- The Nomination and Compensation Committee shall comprise a majority of independent outside directors and inside directors and act as an advisory body to the Board of Directors. The committee shall deliberate on particularly important matters pertaining to nomination and compensation and present the results of these discussions to the Board of Directors in an effort to enhance management transparency.
- The committee shall deliberate on matters related to the appointment or dismissal of directors, Audit & Supervisory Board members, and executive officers on the basis of business performance and multifaceted observations and evaluations, verify the validity of such decisions, and present the results to the Board of

Directors. The committee shall also deliberate on matters related to policies for determining compensation, such as for directors and executive officers and the details of individual compensation, verify the validity of such decisions, and present the results to the Board of Directors.

- The committee shall propose several candidates to the Board of Directors, including candidates recommended by the serving representative to the Board of Directors, as successors to the representative director to the Board of Directors, following deliberation and based on multifaceted observations and evaluations of candidates' track records, human nature, and other factors and verification of their appropriateness.

#### Key Discussion Items for the Nomination and Compensation Committee in the Fiscal Year Ended March 31, 2022

##### Related to Nomination

- Number and structure of directors and requirements for human resources based on a skills matrix
- New candidates for directors
- Appointment process for independent outside directors

##### Related to Compensation

- Performance benchmarks related to performance-linked, share-based compensation
- Establishment of missions for inside director compensation
- Reform of decision-making policies for compensation and other remuneration for individual directors

### Support Framework for Directors and Audit & Supervisory Board Members

- The Company shall establish a support framework that enables it to provide necessary and adequate information at the necessary time to allow directors to effectively fulfill their roles and duties.
- By participating in key business strategy meetings for the overall Group, including the Management Plan Presentation Meeting, and by observing key Group business sites, including those overseas, participants are able to confirm business strategies and their promotion and provide opportunities for proactive involvement in projects.
- As a system to help Audit & Supervisory Board members smoothly perform their duties, employees in the internal audit department shall be appointed to assist Audit & Supervisory Board members and ensure a support system.
- Audit & Supervisory Board members shall exercise their authority to perform investigations in accordance with the Companies Act. In addition, if a director or employee discovers a fact that could

potentially inflict marked damage on the Company, they shall immediately report this fact to an Audit & Supervisory Board member, even if there is no request to do so from an Audit & Supervisory Board member.

- If a director or Audit & Supervisory Board member believes it to be necessary, they shall obtain advice from an outside expert at the Company's expense.
- The internal audit department shall regularly hold meetings with the full-time Audit & Supervisory Board members and provide audit reports in a planned manner to the Board of Directors and the Audit & Supervisory Board, thereby enhancing the provision of information to, as well as bolstering coordination with, outside directors and outside Audit & Supervisory Board members.

### Compensation of Directors and Audit & Supervisory Board Members

| Directors and Audit & Supervisory Board members                               | Total compensation and other remuneration (Millions of yen) | Total by compensation category (Millions of yen) |                                 |                                 | Head count of eligible directors and Audit & Supervisory Board members | (Fiscal year ended March 31, 2022) |
|---|---|--|---------------------------------|---------------------------------|--|------------------------------------|
|   |   | Basic compensation                               | Performance-linked compensation | Non-monetary compensation, etc. |  |                                    |
| Directors (Outside directors)   | 456 (73)  | 321 (73)   | 135 (—)                         | — (—)                           | 9 (5)  |                                    |
| Audit & Supervisory Board members (Outside Audit & Supervisory Board members) | 81 (33)   | 81 (33)  | — (—)                           | — (—)                           | 5 (3)  |                                    |
| Total (Outside directors)   | 537 (106)   | 402 (106)  | 135 (—)                         | — (—)                           | 14 (8)   |                                    |

#### Policy for Determining Compensation Amounts and Calculation Methods

##### 1. Basic policy

The Company's compensation for directors is determined based on the following factors.

- A competitive level of compensation
- Provide rewards according to roles and responsibilities, as well as performance, and set compensation at an adequate level to secure talented human resources
- A compensation system emphasizing the improvement of corporate and shareholder value
- Link compensation to business performance so as to motivate directors to achieve performance goals
- Establish a compensation composition that promotes the sharing of common interests with shareholders by linking it to corporate value over the medium to long term
- A fair and equitable compensation system
- Ensure that the process for determining compensation is objective and highly transparent

##### 2. Compensation structure

The Company's compensation for directors consists of basic compensation (fixed compensation), which takes compensation levels at other companies and other such factors into consideration; short-term performance-linked compensation (variable compensation); and medium- to long-term performance-linked, share-based compensation (variable compensation). Medium- to long-term performance-linked, share-based compensation (variable compensation) has been applied to compensation paid out from July 2022 onward. In addition, compensation for Audit & Supervisory Board members and independent outside directors consists exclusively of basic compensation, due to the nature of their functional roles.

##### 3. Policy for determining basic compensation (fixed compensation)

Basic compensation (fixed compensation) is determined in accordance with rank and title and based on responsibilities, upon having considered compensation levels at other companies and other such factors.

##### 4. Policy for determining short-term performance-linked compensation (variable compensation)

The standard amount is set within the range of 45% to 55% of basic compensation (fixed compensation) in accordance with rank and title. Following this, the amount paid out to individuals is determined within a range of 0% to 150% in line with the achievement rate for Yamato's performance benchmarks and the evaluation of individual missions. Furthermore, the performance benchmarks comprise Group consolidated operating revenues, Group consolidated operating profit, and Group consolidated profit attributable to owners of parent.

##### 5. Policy for determining medium- to long-term performance-linked, share-based compensation (variable compensation)

The standard amount is set within the range of 30% to 40% of basic compensation (fixed compensation) in accordance with rank and title.

Following this, the amount paid out to individuals is determined within a range of 0% to 150% in line with the achievement rate for Yamato's performance benchmarks and the evaluation of individual missions. Furthermore, the performance benchmarks comprise ROE, total shareholder return, and ESG indicators (greenhouse gas emissions). The amount of medium- to long-term performance-linked, share-based compensation (variable compensation) is paid out as points, whereby one share equals one point for each fiscal year, dividing the standard amount by the average of the closing prices of the Company's shares at the Tokyo Stock Exchange in the month preceding the fiscal year in which the medium-term management plan starts.

##### 6. Policy for determining mix of compensation and other remuneration types for individual directors

The mix of compensation types is such that the higher a director's position, the more weight is assigned to performance-linked compensation. The Company has opted for this approach upon having taken into account compensation levels at other companies, in part because this approach makes it possible to further fuel motivation with respect to achieving performance targets, generating medium- to long-term corporate value, and attaining sustainable growth, and also because the Company seeks to offer competitive compensation levels for recruiting and retaining talented human resources.

##### 7. Timing of delivery and conditions

The Company pays its basic compensation (fixed compensation) and short-term performance-linked compensation (variable compensation) as monetary sums on a monthly basis, encompassing twelve equal installments annually.

Medium- to long-term performance-linked, share-based compensation (variable compensation) is granted once a year in June in the form of points. Points accumulated up to retirement are paid out, with one point equaling one share, at the time of retirement in accordance with regulations for director share benefits.

##### 8. Decisions on compensation and other remuneration for individual directors

To ensure transparency and objectivity, the Nomination and Compensation Committee, which is chaired by an independent outside director and comprises a majority of independent outside directors, discusses the amounts of basic compensation (fixed compensation), short-term performance-linked compensation (variable compensation), and medium- to long-term performance-linked, share-based compensation (variable compensation) for individual directors and details of their calculation in advance. The Board of Directors determines the amount of compensation based on the results of these discussions.

##### 9. Other

A certain percentage of the monetary compensation shall be allocated to the purchase of shares of the Company through the Officers and Executives' Shareholding Association.



# Corporate Governance

■ Performance-linked and short-term performance-linked compensation (variable compensation) for April 2021 to March 2022 has been determined according to each calculation method applied to the old officer compensation system and the new officer compensation system in the following manner.

## 1. Old Executive Compensation System (Applied from April 2021 to June 2021)

The Company uses consolidated operating profit as a benchmark for performance-linked compensation to better link compensation to corporate performance and also to achieve greater transparency and objectivity.

<Formula for calculating performance-linked compensation>

Consolidated operating profit x Percentage share of operating profit\*1 x Percentage share by rank and title\*2 + Extra allowance amount\*3

- \*1 Percentage share of operating profit: Varies depending on achievement of targets for consolidated operating profit  
Achievement of target 100% or more = 0.15%; from 90% to less than 100% = 0.10%; less than 90% = 0.00%
- \*2 Percentage share by rank and title: Varies in the range of 20% to 34% depending on rank and title
- \*3 Extra allowance amount: Consolidated operating profit x 0.05% share of extra allowance x 60% share for directors

The amount calculated using this formula serves as the basis for extra allowance allocations made upon having assessed the extent to which targets have been achieved on an individual basis.

The consolidated operating profit for the fiscal year ended March 31, 2020, served as a benchmark for determining performance-linked compensation paid in the fiscal year ended March 31, 2022. The consolidated operating profit target was ¥72 billion, and the actual consolidated operating profit was ¥44.7 billion.

The Company has calculated the annual amount of performance-linked compensation based on these results and then converted that result to a monthly amount, which is applied to the period extending from April 2021 through June 2021.

## 2. New Executive Compensation System (applied from July 2021 to March 2022)

For the benchmark for determining short-term performance-linked compensation, the Company has calculated the amount of individual compensation based on the achievement of quantitative performance indicators of "Group consolidated operating revenues," "Group consolidated operating profit," and "Group consolidated profit" and the achievement of individuals' missions as evaluated by individual progress and role satisfaction, in order to have a better link with the Company's performance and to improve the transparency and objectivity of the compensation.

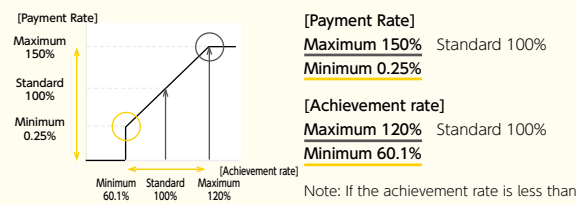
The Company calculated the annual amount of short-term performance-linked remuneration based on these results and then converted that result to a monthly amount, which is applied to the period extending from July 2021 through June 2022. The formula applied was as follows.

### Formula for Calculating Short-Term Performance-Linked Compensation

| Variable compensation             | Performance indicator                    | Indicator rate on each director | Actual (Billions of yen) | Target (Billions of yen) | Achievement rate (%) |
|-----------------------------------|--|---------------------------------|--------------------------|--------------------------|----------------------|
| Short-term performance benchmarks | i) Group consolidated operating revenues | ○ 30%                           | 1,695.9                  | 1,623.0                  | 104.5                |
|                                   | ii) Group consolidated operating profit  | ○ 30%                           | 92.1                     | 60.0                     | 153.5                |
|                                   | iii) Group consolidated profit           | ○ 30%                           | 56.7                     | 30.0                     | 189.0                |
|                                   | iv) Evaluation of mission (individual)   | ○ 10%                           |                          |                          |                      |

(Achievement rate of i. x 0.3 + Achievement rate of ii. x 0.3 + Achievement rate of iii. x 0.3) + Evaluation of mission (individual) 10% maximum

### <Reference: Relationship between Target Achievement Rate and Payment Rate>



Achievement rate on performance indicator in 2021: 134.1%  
(i) 104.5% x 0.3 + ii) 153.5% x 0.3 + iii) 189.0% x 0.3

Note: The new executive compensation system stated above (short-term performance-linked compensation) and medium- to long-term performance-linked, share-based compensation, which was introduced in the fiscal year ended March 31, 2022, have been applied to performance-linked compensation (variable compensation) from July 2022 onward.

## Policy on Cross-Shareholdings

The Company has a policy of owning stocks that are deemed meaningful based on comprehensive consideration from a medium- to long-term perspective of the relationship with the Group's businesses, the profitability, and the potential for creating new business opportunities, among other factors. A decision shall be made every year at the Board of Directors meeting concerning whether to continue holding the stocks based on careful consideration of various factors, including previous business transactions with the Company and the market price of the shares, after verifying the benefits and risks associated with

holding the stocks from a quantitative and qualitative perspective. The Company works to reduce the number of stocks it owns that are deemed to be of little significance.

In exercising the voting rights of shares held, the decision to support or oppose agenda items at the shareholders' meeting shall be made on a case-by-case basis, with consideration given to the issuing company's enhancement of corporate value, the issuing company's compliance framework, and the possibility of a negative impact on the Group's business, among other factors.

## Compliance

### ▶ Strengthening internal control for the Group overall

The Yamato Group has established an internal control system in order to promote a sound corporate culture in the Group as a whole and to enable employees to perform their duties effectively and efficiently

without any misbehavior or mistakes. Having stipulated its basic policy on the internal control system in accordance with the Companies Act, each Group company is working on strengthening internal control.

We have also established a system to carry out evaluations in line with our internal control report system pursuant to the Financial Instruments and Exchange Act and immediately put improvements in place should there be any shortcomings. Furthermore, we prepare internal control reports on financial reporting and receive an audit of the internal system by independent auditors.

### ▶ Enhancing the whistle-blower system

The Yamato Group has established a whistle-blower system to promptly identify and swiftly resolve violations to laws and/or internal regulations. In addition to compliance-related issues, such as corruption and human rights violations, the whistle-blower system accepts reports on any action that violates internal regulations and the Group's Management Philosophy.

We have established an internal point of contact operated by the Compliance and Risk Committee, an external point of contact with lawyers, a contact point with the president for suggestions, and a consultation center independent of Group companies as whistle-blower services that ensure a system that broadly responds to employees' voices. To create an environment that encourages whistle-blowing, we have established whistle-blowing regulations that protect the privacy of whistle-blowers and ensure that they do not suffer any unfair treatment as a result of making a report. Under these regulations, the Group carries out investigations of all reports, regardless of whether whistle-blowers are anonymous or provide their real name. We aim to enhance awareness of the whistle-blower system by sharing it with employees through methods including poster displays in all offices and introduction in internal newsletters.

### ▶ Building solid relationships with business partners (suppliers and contractors)

To conduct responsible procurement with an awareness of the environment and society together with all our business partners (suppliers and contractors), we formulated the Yamato Group Responsible Procurement Policy with fair, equitable, and honest business transactions as its foundation. Furthermore, the Yamato Group Business Partner Guidelines clarify what we expect our business partners to comply with when procuring products, materials, and raw materials, including quality, performance, pricing, and delivery times, as well as human rights, labor, the environment, and anti-corruption. We are fully committed to become socially responsible across our entire supply chain.

Internal control over the financial reporting of the Yamato Group as of March 31, 2022, was considered valid, and an internal control report was submitted to the Kanto Local Finance Bureau.


Additionally, we conduct regular training for people who work as responders under this whistle-blower system. When a report is made on an issue, the whistle-blower system works to promptly confirm the facts, enact the necessary response and corrections, and promote measures to prevent a reoccurrence. Reports are also periodically made to the Compliance and Risk Committee, which discusses issues and countermeasures related to the promotion of Groupwide risk management and its thorough implementation at all Group companies.

The committee reports the details of deliberations to the Board of Directors each quarter. In addition, the committee quickly shares information with directors, auditors, and other related people in the event of an emergency in which a major risk is realized in order to understand the circumstances accurately and rapidly.

|                                | 2022/3 Results             |
|--------------------------------|----------------------------|
| Number of whistle-blower cases | 634 (193 less than 2021/3) |

Note: The Compliance and Risk Committee meets each quarter at Yamato Holdings and every month at Group companies, including Yamato Transport.

Additionally, we conduct questionnaires of suppliers and contractors of equipment and other business necessities as an initiative aimed at implementing and realizing our Corporate Stance. The results of these surveys are used to promote improvements and strengthen communication toward the continued development of strong relationships with our business partners.

 For details on the Yamato Group Responsible Procurement Policy and the Yamato Group Business Partner Guidelines, please refer to our corporate website.  
<https://www.yamato-hd.co.jp/english/csr/esg/policy.html>

## Business Continuity Plan

As a corporate group that offers the *TA-Q-BIN* service as a part of social infrastructure, the Yamato Group has formulated a business continuity plan (BCP) to ensure that it can keep offering services in a steady manner even under unforeseeable circumstances. In light of experience gained after the 2011 Great East Japan Earthquake and other major disasters, we have also established the Yamato Group BCP Basic Policy, which is supported by the three pillars of giving the utmost priority to human life, aiming for the prompt restoration of operations at each Group company, and meeting the expectations of local community members as a part of social infrastructure. We provide safety information for our employees and business partners and guidance for customers regarding the impact on our services.

In cases where there is concern about particularly serious impacts, related departments work together to share information necessary for recovery and support and strive to restore business operations as quickly as possible. After recovery, we collaborate with local governments and other organizations to deliver relief supplies and provide other assistance to areas affected by disaster.

Going forward, we will strengthen our response to ever-worsening natural disasters and reinforce our crisis management system on a Groupwide basis.