

# Corporate Governance

(As of March 31, 2009)

## 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 work to bolster management systems and implement policies to this end.

## Status of Corporate Governance Provisions

The Board of Directors, Management Advisory Committee and Executive Committee serve as administrative organs involved in decision-making, supervision and execution for the Yamato Group. This management structure enables decisions to be made rapidly and precisely on important matters. The number of Board members cannot exceed 12 as stipulated in the Company's articles of incorporation, and the term of office of directors has been set at one year in order to clarify management responsibilities for each fiscal year.

The Company' has six Board members, two of whom are outside directors. Outside directors provide necessary comments and advice on overall management as appropriate from the perspective of managers with rich experience.

The Board of Auditors is made up of two full-time auditors and two outside auditors. Auditors attend meetings of the Board of Directors and other important meetings to assist them in conducting audits on the legality of business

execution, and otherwise endeavor to improve the soundness of management and the trust of the public. A full-time staff member has been appointed to assist the auditors to put in place a framework that enables the auditors to smoothly carry out their functions. In addition, Group Auditors' Liaison Meetings are held periodically for the full-time auditors of the major operating companies to confer on auditing policies and procedures, exchange information and otherwise enhance collaboration.

Meetings with internal auditors are also held periodically to exchange information.

To further strengthen the audit organization, on June 25, 2009 the Company appointed an outside auditor who is a certified public accountant, making a total of one full-time auditor and three outside auditors.

Outside auditors attend Board of Auditors meetings as well as periodic meetings to exchange opinions with the president and auditors and to present opinions from their own standpoint as auditors. These meetings also serve to confirm the status of directors' execution of duties, by means including questions regarding management policy.

Internal audits are performed by a six-member team that operates independently from any other Group organ. These internal auditors check whether business and affairs of the Group as a whole are being carried out appropriately and efficiently based on the annual auditing plan. The results are reported to the Board of Directors and the Board of Auditors.

Also, the Group Internal Auditing Committee meets regularly for the internal auditors of the operating companies to confer on auditing policies and audit results, exchange information, and to otherwise enhance collaboration.

As the Group's appointed accounting auditor, Deloitte Touche Tohmatsu holds regular meetings with auditors and conducts effective accounting audits. Accounting audits are

performed by two certified public accountants, Yutaka Kawakami and Takeshi Kosaka, assisted by another five certified public accountants, seven assistant accountants, and three others.

The current status of provision for oversight of business execution and management, internal control and related functions at Yamato Holdings is illustrated in the figure below.

### Corporate Governance Framework

