Evaluation of the Effectiveness of the Board of Directors

In order to verify the effectiveness of the Board of Directors, each year the Company conducts a questionnaire survey of all directors and Audit & Supervisory Board members on the composition and proceedings of the Board of Directors, as well as individual interviews by the chairperson. Based on the results, the Company evaluates the effectiveness of the Board's proceedings, deliberations, and other matters.

Evaluation Process for FY2026/3

1 Questionnaire survey of Board meeting attendees (February 2026)	· Conducted a questionnaire survey of all directors and Audit & Supervisory Board members on the effectiveness of the Board of Directors · Survey topics: Board composition; content of Board deliberations; balance between execution and oversight; dialogue with shareholders and investors; and other matters
2 Interviews by the chairperson of the Board of Directors (March 2026)	· Individual interviews of Board attendees by the chairperson · Interview topics: Management issues facing the Company; matters to be discussed at Board meetings; operational improvement issues; and other matters
3 Report to the Board of Directors and formulation of policies in response (April 2026)	· Conducted analysis and evaluation based on the results of (1) and (2) · Shared and deliberated on the issues identified at the Board of Directors meeting and formulated actions to enhance effectiveness

Issues Identified in FY2025/3

Further enhancement of corporate governance and ensuring the effectiveness of the Board of Directors
- Further enhance the content of reporting on KPIs and key initiatives in the medium-term management plan and annual plan
- Expand discussion of risk scenarios for large-scale investments and M&A projects
- Strengthen monitoring for M&As and new business projects
- Expand front-line points of contact to deepen understanding of business operations

Stronger, more practical operational support for the Board of Directors
- Create opportunities for communication with executive officers
- Foster a deeper understanding among outside directors of the business and management personnel
- Strengthen sharing of points for discussion

Main Initiatives in FY2026/3

Establish regular, quantitative monitoring	· Conduct regular, systematic progress reports on each business strategy and shift to reporting based on KPIs and other quantitative data · When reviewing the medium-term management plan, secure sufficient time for deliberation (holding multiple discussions) before making a resolution
Present risk scenarios and discuss them at an early stage	· Implement a process for submitting proposals on large-scale investments and similar matters that explicitly details the risk scenarios evaluated by the executive team · Establish a new forum for sharing information and consulting on key projects from the initial planning stage
Conduct meetings with a focus on decision-making	· Revise the operational approach to clearly position preliminary briefings as forums for asking questions and identifying key issues in advance, thereby allowing the main meetings to focus on higher-level decision-making and strategic dialogue · At the main meeting, share a "Q&A memo" listing key points that have been raised in advance to eliminate repetition and concentrate on substantive discussion
Promote deeper understanding of the business and communication	· Conduct on-site visits in the Contract Logistics Business, which is a growth area · Conduct meetings with executive officers to create opportunities for communication between outside directors and the executive team

Issues in FY2026/3 and Initiatives Going Forward

Evaluation Results

Overall evaluation		· A framework has been established to ensure effective governance. Outside officers account for a majority of both the Board of Directors and the Audit & Supervisory Board, and an independent outside director leads the selection of agenda items as chairperson. · As a result of thorough preliminary briefings, efficient and constructive discussions that focus on key points are held at Board of Directors meetings. · Shareholder and investor perspectives gained through IR and SR activities are appropriately reflected in the Board of Directors' discussions and decision-making. · In addition to meetings of the Board of Directors, the Company provides separate opportunities to discuss major investments and medium- to long-term management strategies and exchange views from various perspectives. Through these discussions, the Company strives to make careful and appropriate decisions that account for potential risks, with the aim of achieving sustainable growth.
Issues identified	Deepening discussions of strategies for future growth	Because discussions on business monitoring tend to focus disproportionately on reviewing past results and current progress, more time needs to be allocated to discussions regarding future growth strategies, such as business portfolio transformation.
	Enhancing monitoring	It is necessary to go beyond qualitative reporting and strengthen quantitative reporting on progress using KPIs and other metrics.
	Clearly identifying risks and countermeasures	For large-scale investments and similar initiatives, risk thresholds and alternative options, including contingency plans, must be clearly defined.

Initiatives Going Forward

Deepen discussion of strategy	· Conduct meetings that focus on substantive discussions by incorporating key themes, such as progress on the medium-term management plan and human capital management, into the annual agenda · Allocate time appropriately based on the nature of agenda items to prioritize discussion of strategy · Establish forums, such as the Corporate Value Enhancement Committee, for discussing ways to enhance corporate value over the medium to long term
Structure materials to focus on the issues at hand	· Use preliminary briefings and other methods to streamline reporting and explanations during main meetings and dedicate the time saved to decision-making and discussion of strategy
Strengthen quantitative monitoring	· Transition to a format that visualizes current progress against deadlines and quantitative targets (KPIs) for each initiative to support objective decision-making · Firmly establish root-cause analysis and discussions on corrective action—including consideration of alternative plans and withdrawal—for projects falling short of plans, guided by investment discipline based on business-specific hurdle rates

Invigorating Discussions at Board of Directors Meetings

The Board of Directors discusses basic policies, makes decisions, and monitors business execution to encourage the improvement of the Company's medium- to long-term corporate value. Furthermore, the Board of Directors takes the following into consideration when managing meetings to achieve constructive discussions and exchange of opinions, including meetings with independent outside directors.

- 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 to allow attendees to prepare in advance.
- Agenda items and related materials shall be sent to directors well in advance of the meeting date, and explanation shall be provided in advance as needed.
- The number of issues to be deliberated and the frequency of meetings shall be appropriately set to allow sufficient time for deliberations.
- Meetings comprising attendees of the Board of Directors shall be held for the purpose of exchanging ideas, thereby encouraging lively debate.

Main Topics Discussed at Board of Directors Meetings in FY2026/3

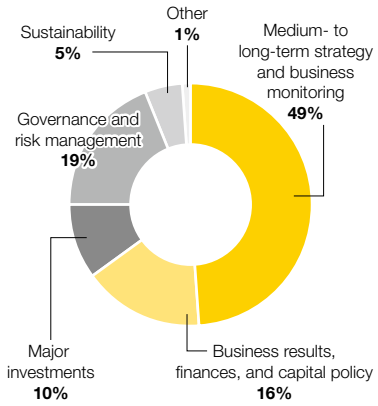
Medium- to long-term strategy and business monitoring
- Verification of progress on the medium-term management plan and review of strategy
- Periodic monitoring of key businesses
- Monitoring of new businesses and post-merger integration

Business results, finances, and capital policy
- Review of the rationale for cross-shareholdings and reduction of holdings
- Real estate strategy and asset liquidation based on balance sheet management
- Shareholder returns (share repurchases and dividends)

Major investments
- Development of digital infrastructure
- Approval of leases for major facilities and investment plans

Governance and risk management
- Resolutions on the next management structure and key personnel
- Evaluation of the Board of Directors' effectiveness
- Sharing the status of dialogue with shareholders and investors and their feedback
- Evaluation of cybersecurity measures and internal controls

Breakdown of Agenda Items



Audit & Supervisory Board

Audit & Supervisory Board

The members of the Audit & Supervisory Board hold roles and responsibilities that include auditing the execution of duties carried out by directors, selection and dismissal of the independent auditor, and execution of authority related to auditor compensation. They make appropriate judgments from an independent, objective perspective based on their fiduciary duty to shareholders.

1. The members of the Audit & Supervisory Board shall exercise their authority actively and assertively 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 and to members of senior management.
2. 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.
3. The Audit & Supervisory Board shall regularly hold information exchange meetings for the purpose of sharing information with outside directors, thereby ensuring more robust information gathering and encouraging collaboration.

Provision of Information for Directors and Audit & Supervisory Board Members

For directors and Audit & Supervisory Board members to effectively fulfill their roles and responsibilities, the Company continuously provides opportunities for them to deepen their understanding of management strategies and enhance discussions at Board of Directors meetings.

Facilities visited during FY2026/3 included a logistics center handling large-scale projects in the Contract Logistics Business, which the Company has designated as a growth domain, and a site with distribution processing capabilities. Participants went beyond merely inspecting facilities and operations, engaging in direct dialogue with site managers and front-line employees to gain an in-depth understanding of the effectiveness of investments in the growth domain, the progress and challenges of related initiatives, and potential risks. Directors and Audit & Supervisory Board members will use these activities as the basis for providing more effective oversight and advice to drive growth strategies and enhance corporate value.





Activities in October 2025 included visits to Nakano Shokai's logistics center and Yamato Transport's integrated business solution hubs, as well as a roundtable discussion with heads of business units and site managers.