

Basic Policy on Corporate Governance

Article 1 (Purpose)

Yusen Logistics Co., Ltd (YLK), a global supply chain logistics company, establishes this Basic Policy with the aim of implementing its Group Management Philosophy as described in the following Articles, and with the awareness that as a company, developing and building a corporate governance system that ensures management transparency is vital to the interests its customers, business partners and employees and other diverse stakeholders.

Article 2 (Our VISION, MISSION and VALUES)

The Group Management Philosophy is as follows.

OUR VISION • OUR MISSION

OUR VISION

Connecting people, businesses and communities to a better future - through logistics.

OUR MISSION

To become the world's preferred supply chain logistics company – applying insight, service quality and innovation to create sustainable growth for business and society.

OUR VALUES

CONNECTED

We invest in insight to get to the heart of our customers' challenges

We are open and transparent in the way we work

COMMITTED

Deeply involved in building relationships – everything we do is with the long-term in mind

Our dedication to quality is the cornerstone of our success – we get every detail right

CREATIVE

We are constantly developing better ways of working

If we find a better way of working, we act upon it and proactively share it

OUR BRAND PROMISE

"Create Better Connections"

Article 3 (Governance System)

YLK has adopted to be a company with an Audit & Supervisory Committee as part of the enhancement of its corporate governance.

The Board of Directors has responsibility for management of YLK, makes the major decisions for the Company, and the Audit & Supervisory Committee supervises the execution of duties. Further, an Executive Officers Board is established comprising Executive Officers appointed by the Board of Directors to ensure timely and efficient decision-making and to deepen discussion concerning the business execution of the YLK Group. The Internal Audit Chamber directly controlled by the President and Representative Director conducts internal audits of the business execution organizations, and may optionally establish a "Compliance Committee", a "Personal Information Protection Committee" and an "Investment Examination Committee", in order to respond to various corporate risks.

Article 4 (Role, Responsibilities and Management of the Board of Directors)

- 1 The Board of Directors has the following responsibilities:
 - (1) Formulation of the Group Management Philosophy and ensure its thorough dissemination and familiarization throughout the Group
 - (2) Formulation of the Business Plan and, if not achieved, analysis of the causes, countermeasures and their reflection in the next period's business plan
 - (3) Development of a systems that supports timely and successful decision-making and oversight of business execution organizations
 - (4) Maintenance and oversight of internal control systems and risk management systems
 - (5) Monitoring of conflict of interest transactions
 - (6) Performance evaluation and personnel assignment of Directors and Executive Officers
 - (7) Decisions on major business execution and other matters related to laws and regulations, the Articles of Incorporation and the Board of Directors Rules
- 2 The Board of Directors Meeting is held once per month in principle, and an Extraordinary Board of Directors Meeting is held when necessary.
- 3 The Chairman of the Board has responsibility for the effective management of the Board of Directors meeting and will strive to foster an ethos that values open-minded and constructive discussions and opinions, including the raising of issues by outside directors.
- 4 To ensure the efficiency of internal controls, the Board of Directors will collaborate with the Internal Audit Chamber, outside Accounting Auditor and any other relevant departments that are responsible for internal control.

Article 5 (Audit & Supervisory Committee)

The Audit & Supervisory Committee, having sufficient understanding of the intent of this Basic Policy, will execute its duties appropriately in accordance with the Audit & Supervisory Committee Audit Standards set by the Committee.

Article 6 (Executive Officers Board)

The Executive Officers Board Meeting is held twice per month in principle, to discuss and make decisions on overall YLK Group business execution in accordance with the Executive Officers Board Rules.

Article 7 (Accounting Auditors)

- 1 Outside Accounting Auditors are responsible for appropriate auditing.
- 2 Where the Accounting Auditor finds irregularities and demands an appropriate response, or points out deficiencies or problems, the Board of Directors and the Audit & Supervisory Committee, together with related departments, will establish a system to discuss countermeasures without delay.

Article 8 (Outline of Internal Controls)

YLK, as a company establishing an Audit & Supervisory Committee, in addition to implementing the resolutions of the Board of Directors on the establishment of a system (internal control system) to ensure the appropriateness of business in accordance with the Companies Act, and practicing corporate management that complies with laws and regulations and the "Articles of Incorporation", formulates the "Yusen Logistics Group Code of Conduct" and the "Compliance Promotion Rules" and other regulations to conduct sound business activities that conform to the ethics of society.

Article 9 (Compliance Activities)

The Compliance Committee establishes, executes and verifies a Compliance Program every fiscal year. In addition, through various training based on the Program, it strives to acquire knowledge of and foster awareness of compliance.

Article 10 (Internal Audit Activities)

The Internal Audit Chamber that reports directly to the President ensures the properness of business activities by verifying its effectiveness and efficiency of YLK and its Group companies by conducting periodical internal audits.

Article 11 (Whistleblowing)

- 1 YLK will establish multiple contact points for whistleblowing window so that employees, etc. of YLK Group can convey information or sincere legitimate suspicion with respect to illegal or inappropriate acts of information disclosure to the Management (this means the Executive Directors and executive officers; the same shall apply hereinafter), in consideration of the feelings of whistleblowers, and one of which shall be an external contact point.
- 2 YLK shall develop a system so that information or legitimate suspicion brought to the contact window under the preceding paragraph will be examined objectively, and properly utilized.
- 3 The Board of Directors must supervise the operational status of the whistleblowing system of YLK such as whether or not the handling of the information or suspicion conveyed was proper, or whether or not the whistleblower has unfairly suffered disadvantages, etc.

Article 12 (Appropriate Cooperation with Stakeholders other than Shareholders)

YLK recognizes that the source of corporate activity over the medium to long term lies in various stakeholders including customers, employees, business partners, creditors and regional communities including foreign countries, and strives for appropriate cooperation with stakeholders other than shareholders.

Article 13 (Group Code of Conduct Establishment and Implementation)

Based on the recognition under the preceding article, the Board of Directors must stipulate a Code of Conduct that will be applicable to all directors, officers and employees of YLK and YLK Group companies, and cause it to penetrate deeply into business activities inside and outside Japan, and be observed.

Article 14 (Executive Education)

- 1 YLK will establish opportunities for education and training in finance, accounting, laws, organizations and other study regarding YLK business by Directors and Executive Officers.
- 2 The Audit & Supervisory Committee provides opportunities for Directors who are Audit & Supervisory Committee Members to study finance and accounting, and supports a system where at least one person holds appropriate knowledge of finance and accounting.
- 3 Directors and Executive Officers should not only understand their duties and be familiar with YLK management strategy and financial status but should also study to deepen their own insight into management, operations, finance, accounting, and laws and regulations.

Article 15 (Sustainability)

YLK recognizes the fact that issues around sustainability including social and environmental matters are important parts of risk management, and in response to requests and concerns about business companies by society, work actively and positively on social and environmental matters, as well as actively publicize the details of efforts.

Article 16 (Ensuring Diversity)

YLK recognizes that for its sustainable growth, diverse viewpoints and values are necessary, reflecting different experiences, skills, and characteristics inside the YLK, and make efforts so that each person can play an active role depending on the experience, skills, and characteristics possessed, unaffected by race, skin color, religion, gender or place of origin, etc.

Article 17 (Publication of Policy regarding Risk Management and Internal Control Systems, etc.)

- 1 The Board of Directors will, based on the Companies Act and other applicable laws and regulations, decide the YLK policy regarding risk management, internal control systems, and compliance with laws and regulations for YLK and the YLK Group Companies, and make it public in a timely and appropriate manner.

- 2 YLK will make public such matters that relate to finance and operations in accordance with the Companies Act and other applicable laws and regulations, and the Articles of Incorporation.

Article 18 (Revision and Abolition)

This Basic Policy can be revised or abolished by resolution of the Board of Directors.

Supplementary provisions

Established November 27, 2015

Revised July 31, 2018