

## Systems for Ensuring the Properness of Business Activities (Internal Control System)

Description	Applicable laws/regulations
<p><b>1 Matters related to Directors and employees to assist with the duties of the Audit &amp; Supervisory Committee</b></p> <p>(1) The Internal Audit Chamber shall assist the execution of the duties of the Audit &amp; Supervisory Committee Members.</p> <p>(2) The Support Office for Board of Directors shall assist with administration of the Audit &amp; Supervisory Committee.</p>	<p>Companies Act Article 399-13, Paragraph (1), Item(1)(b) Regulation for Enforcement of the Companies Act Article 110-4, Paragraph (1), Item (1)</p>
<p><b>2 Matters related to the independence of the employees of the preceding item from the other directors and ensuring the effectiveness of the instructions given by the Audit &amp; Supervisory Committee to the said employees</b></p> <p>(1) The opinion of the Audit &amp; Supervisory Committee will be given consideration regarding personnel transfer and personnel evaluation to ensure the independence of the employees in the preceding paragraph.</p> <p>(2) An Audit &amp; Supervisory Committee Member may directly give instructions to the employees in the preceding paragraph regarding the execution of those duties and the administrative work of the Audit &amp; Supervisory Committee.</p> <p>(3) The Audit &amp; Supervisory Committee has the right to request the Board of Directors to maintain or improve said matters regarding the independence of employees of the Internal Audit Chamber and the Support Office for Board of Directors who assist the Audit &amp; Supervisory Committee Members.</p>	<p>Companies Act Article 399-13, Paragraph (1), Item (1)(b) Regulation for Enforcement of the Companies Act Article 110-4, Paragraph (1), Item (1) to (3)</p>
<p><b>3 System for the Directors (Excluding Directors who are Audit &amp; Supervisory Committee Members) and employees, etc. to report to the Audit &amp; Supervisory Committee</b></p> <p>(1) Directors, Executive Officers and employees shall report the status of execution of duties in the divisions or departments for which they are responsible, as appropriate, to the Audit &amp; Supervisory Committee.</p> <p>(2) If Directors, Executive Officers or employees discover any fact that could have a material effect on the Group, including violation of laws and regulations, they shall immediately report this fact to the Audit &amp; Supervisory Committee. Also the Directors, Executive Officers and employees shall make reports as required by the Audit &amp; Supervisory Committee.</p> <p>(3) The Chief Compliance Officer (CCO) shall regularly report to the Audit &amp; Supervisory Committee regarding business activities of the Internal Reporting System and the content of the reports, based on YLK Compliance Help Line Rules.</p>	<p>Companies Act Article 399-13, Paragraph (1), Item (1)(b) Regulation for Enforcement of the Companies Act Article 110-4, Paragraph (1), Item (4)(a)</p>
<p><b>4 System for the directors of YLK subsidiaries and all other persons equivalent to these, and employees to report to the Audit &amp; Supervisory Committee</b></p> <p>(1) Directors, Auditors, Executive Officers and employees of the YLK Group companies shall provide timely reports on matters for which reporting is requested by the Audit &amp; Supervisory Committee Members of YLK, in addition to the matters specified in the laws and regulations, and the Group Management Rules.</p> <p>(2) Directors, Auditors, Executive Officers and employees of the YLK Group companies shall provide reports as requested by the Audit &amp; Supervisory Committee, in addition to providing information to the Audit &amp; Supervisory Committee in accordance with the operating procedures specified in Article 13 of this document.</p>	<p>Companies Act Article 399-13, Paragraph (1), Item (1)(b) Regulation for Enforcement of the Companies Act Article 110-4, Paragraph (1), Item (4)(b)</p>
<p><b>5 System for ensuring that persons who make a report under the preceding items are not treated disadvantageously due to making said report</b></p> <p>YLK shall not treat any whistleblower in a disadvantageous manner, who have made their report properly and without malicious intent accordingly to the Compliance Help Line Rule.</p>	<p>Companies Act Article 399-13, Paragraph (1), Item (1) (b) Ordinance for Enforcement of the Companies Act Article 110-4, Paragraph (1), Item (5)</p>
<p><b>6 Matters related to policies concerning the procedure for advance payment or reimbursement of expenses that arise with regard to execution of the duties of the Audit &amp; Supervisory Committee Members or any other processing of expenses or obligations that arise with regard to execution</b></p> <p>YLK shall pay expenses arising from the execution of duties of the Audit &amp; Supervisory Committee Members, concerning the performance of duties of the Committee including the audits expenses budget based on the resolution of the Committee for each fiscal year. Committee`s budget shall be secured based on an application for expenses deemed necessary by the Committee. Timely payment will be made in accordance with the Audit &amp; Supervisory Committee Rules when there is a request for other expenses from the Committee.</p>	<p>Companies Act Article 399-13, Paragraph (1), Item (1)(b) Regulation for Enforcement of the Companies Act Article 110-4, Paragraph (1), Item (5)</p>
<p><b>7 Other systems to ensure that audits by the Audit &amp; Supervisory Committee are performed effectively</b></p> <p>(1) YLK shall ensure a system where the Audit &amp; Supervisory Committee, Accounting Auditors, the Internal Audit Chamber and the Executive Officers Board can exchange opinions as necessary to ensure adequate communication.</p> <p>(2) YLK shall ensure that Audit &amp; Supervisory Committee, the President, the Internal Audit Chamber, and the relevant departments shall work together and pay attention to ensure the effectiveness of the audit by the Audit &amp; Supervisory Committee Members.</p>	<p>Companies Act Article 399-13, Paragraph (1), Item (1)(b) Regulation for Enforcement of the Companies Act Article 110-4, Paragraph (1), Item (7)</p>
<p><b>8 System to ensure that the execution of the duties of a director complies with the law and the Articles of Incorporation</b></p> <p>(1) YLK shall establish the Yusen Logistics Group Code of Conduct, Compliance Promotion Rules and other regulations.</p> <p>(2) YLK shall continue to provide trainings related to compliance, customs clearance system and any other subject deemed necessary, to ensure thorough knowledge acquisition and awareness of compliance to rules and regulations.</p> <p>(3) YLK shall conduct appropriate Board operations making use of Support Office.</p> <p>(4) YLK shall establish a cross-functional organization according to actual situations.</p> <p>(5) The Compliance Committee shall establish a compliance program for each fiscal year and confirm the execution status at its regularly held meeting.</p> <p>(6) YLK shall conduct regular and extraordinary internal audits, and build a system for early stage discovery of violations of laws and regulations utilizing the Compliance Help Line (Internal Reporting System).</p>	<p>Companies Act Article 399-13, Paragraph (1), Item (1)(c) Regulation for Enforcement of the Companies Act Article 110-4, Paragraph (2), Item (4)</p>

Description	Applicable laws/regulations
<p><b>9 System related to the retention and management of information pertaining to the execution of the duties of a director</b></p> <p>YLK establishes the Document Management Rules and Information Security Rules that serves as the company's document management standards, and shall properly record, preserve and manage information related to the execution of duties of directors.</p>	<p>Companies Act Article 399-13, Paragraph (1), Item (1)(c) Regulation for Enforcement of the Companies Act Article 110-4, Paragraph (2), Item (1)</p>
<p><b>10 Rules and other system related to management of the risk of loss</b></p> <p>(1) YLK establishes a system that each division or department to undersatnd various risks surrounding the company and escalate to the Compliance Committee. The Compliance Committee shall evaluate the operational status of risk management in each department and also provide guidance on critical risks as well.</p> <p>(2) Investment Examination Committee shall validate the risk and impact of investments, and evaluate the effectiveness of investment as well.</p> <p>(3) YLK shall establish basic policies of Business Continuity Plan (BCP) against risks such as loss or damage of company assets caused by large-scale disasters or accidents, loss of business opportunities,etc. in order to construct an effective crisis management system to deal with such critical incidents. The BCP shall be reviewed as necessary and evaluated for its effectiveness annually and such results shall be reported to the BCP-Meeting in order to be approved for revision.</p>	<p>Companies Act Article 399-13, Paragraph (1), Item (1)(c) Regulation for Enforcement of the Companies Act Article 110-4, Paragraph (2), Item (2)</p>
<p><b>11 System to ensure that the execution of ensuring the duties of a director is performed efficiently</b></p> <p>(1) YLK shall ensure systems to achieve effective and timely managerial decision-making, including delegation of authority and flexible business execution in the Board of Directors Rules, Audit &amp; Supervisory Committee Rules, Executive Officers Board Rules and Job Authorization Rules.</p> <p>(2) YLK establish the "Support Office for the Board of Directors" and support the execution of duties by the Directors.</p> <p>(3) YLK will evaluate the effectiveness of the Board activities once annually in order to improve it's function and efficiency.</p>	<p>Companies Act Article 399-13, Paragraph (1), Item (1)(c) Regulation for Enforcement of the Companies Act Article 110-4, Paragraph (2), Item (3)</p>
<p><b>12 System to ensure that the execution of the duties of employees complies with laws and regulations and the Articles of Incorporation</b></p> <p>(1) YLK shall establish the Yusen Logistics Group Code of Conduct and Compliance Promotion Rules and other regulations.</p> <p>(2) YLK shall continue to provide training related to compliance, customs clearance system and other necessary training to ensure thorough knowledge acquisition and awareness of compliance to rules and regulations.</p> <p>(3) YLK shall build a system for early stage discovery of violations of laws and regulations making use of the Compliance Help Line (Internal Reporting System).</p> <p>(4) The Compliance Committee shall establish a compliance program for each fiscal year and confirm the execution status at its regularly held meeting.</p> <p>(5) YLK shall systematically conduct internal audits according to annual audit plans and results shall be reported to the Board of Directors on a quarterly basis.</p> <p>(6) YLK shall establish a legal consultation window for the execution of business activities by each division or department, in order to ensure a regulatory compliance system is in place.</p>	<p>Companies Act Article 399-13, Paragraph (1), Item (1)(c) Regulation for Enforcement of the Companies Act Article 110-4, Paragraph (2), Item (4)</p>
<p><b>13 System to ensure the properness of business activities in the YLK group</b></p> <p>(1) The YLK's global business will be divided into five regions: Japan, the Americas, Europe, East Asia and South Asia and Oceania, with a Chief Regional Officer (CRO) who is also a YLK Executive Officer appointed for each region with delegated authority as the person responsible for operations in each region. The CRO shall supervise the individual companies within own region in accordance with the Domestic and Overseas Management Rules.</p> <p>(2) CRO-Meeting will be held regularly to discuss the progress of business plans, management issues and countermeasures in each region, in aim to maintain control and management within the Group.</p> <p>(3) YLK has established the Legal Affairs Department to promote corporate compliance within the YLK Group. Each YLK Group copmany appoints a personnel in charge of compliance, and in any event of a compliance violation is found such information will be reported to the Chief Compaliance Officer (CCO) of YLK.</p> <p>(4) The YLK Internal Audit Chamber will systematically conduct internal audits on YLK Group companies according to annual audit plans, and proper advisory and suggestive solutions will be made as necessary.</p>	<p>Companies Act Article 399-13, Paragraph (1), Item (1)(c) Regulation for Enforcement of the Companies Act Article 110-4, Paragraph (2), Item (5)</p>

Remark: This is a free translation of an original Japanese document of Internal Control System. In the event of any discrepancy between this translation and the original Japanese document, the original Japanese document shall prevail.