

Basic Policy on Building an Internal Control System

The corporate group, which is composed of Yusen Logistics Co., Ltd. (YLK) and its subsidiaries (hereinafter, the “YLK Group”), will stipulate basic policy as follows on building an internal control system, in order to ensure properness of business and properness of financial reporting, in accordance with the Companies Act.

1. A system for ensuring that the performance of duties by Directors and employees are in compliance with the laws, regulations and the Articles of Incorporation (Article 362, Paragraph 4, Item 6 of the Companies Act, Article 100, Paragraph 1, Item 4 of the Ordinance for Enforcement of the Companies Act)

(1) YLK shall stipulate the Yusen Logistics Group Code of Conduct, in order for the executives and employees of the YLK Group to execute corporate activities in accordance with the laws and regulations, and internal rules, and social ethics, provide education and training, and ensure familiarization therewith so that this will be put into practice in daily activities.

(2) YLK will stipulate the Basic Compliance Promotion Rules and establish the Compliance Committee, chaired by the President, for promotion and stabilization of the compliance system of the YLK Group.

(3) The Compliance Committee shall stipulate a Compliance Program each year with respect to compliance, provide training with respect to compliance for executives and employees, in working to develop and maintain the compliance system of overall the YLK Group.

(4) YLK will establish internal and external windows in accordance with the Compliance Help Line Rules to accept reports and consultancy from whistleblowers, in order to ensure early stage discovery of violations of laws and regulations or omission of conduct and the correction thereof.

(5) The Internal Audit Chamber, which is independent from the business execution divisions, shall conduct internal audits as to the building and operational status of the compliance system of the YLK Group, as a part of business auditing.

(6) The Board of Directors of YLK shall strive to develop an environment so that Audit & Supervisory Board Members (*Kansayaku*) may conduct effective audits of the YLK Group.

2. A system for retention and management of information regarding the execution of duties by Directors of the relevant joint stock company (Article 100, Paragraph 1, Item 1 of the Ordinance for Enforcement of the Companies Act) "Information Retention and Management System"

Documents and other information relating to execution of duties by Directors shall be properly retained and managed in accordance with the Document Management Rules, Information Security Rules, Personal Information Management Rules and all other internal rules.

3. Rules and other systems regarding management by the relevant joint stock company of risk of loss and other matters (Article 100, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Companies Act) "Risk Management System"

(1) Individual divisions of YLK's branch organization and YLK Group companies shall strive to keep track of the risks concerning operations of which they are in charge, analyze and select risks

to be handled with greater priority, decide on specific response measures and implement proper risk management.

(2) The major departments of YLK's head office organization shall strive to keep track of the risks concerning the matters of which they are in charge or for which they are responsible, and concerning the branch organization, analyze and select the risks to be handled with greater priority, decide on specific response measures and implement proper risk management, as well as support risk management of the branch organization of YLK and the YLK Group companies concerning the matters of which they are in charge or for which they are responsible.

(3) The executives and general managers shall control the risk management systems of the departments of which they are in charge, and report to the Compliance Committee on priority risks for management.

(4) The Compliance Committee shall provide evaluation and instruction about the operational status of risk management and priority risks reported by executives in charge.

(5) The Internal Audit Chamber shall conduct an audit in cooperation with the YLK Group companies as to the risk management system and risk management implementation status.

(6) YLK shall stipulate basic policy of the BCP (Business Continuity Plan) based on the assumption of the occurrence of emergencies such as large scale disaster or disorder, etc., and based on the basic policy, the department in charge shall formulate a BCP and build a crisis management system for large scale disaster, etc., as well as conduct review as necessary, and report on the effectiveness thereof to the Board of Directors.

4. A system for ensuring the efficient execution of duties by Directors of the relevant joint stock company

**(Article 100, Paragraph 1, Item 3 of the Ordinance for Enforcement of the Companies Act)
“Efficient Duty Execution System”**

(1) YLK shall stipulate Board of Directors Rules and Executive Officers Board Rules in accordance with the Corporate Governance Principles, and ensure that there are systems under which managerial decision-making, supervision, and business execution will be performed properly and efficiently.

(2) Authorities and responsibilities with respect to execution of duties shall be provided in the Executive Officers Rules, Organization Rules, Duty Allocation Rules, Duty Authority Rules, and other internal rules, and execute the duties efficiently.

(3) The Internal Audit Chamber shall conduct regular basis audits on the execution status of duties, and report to the Board of Directors and the Executive Officers Board. The Board of Directors and the Executive Officers Board shall inspect the system and strive to improve the system based on reports.

5. A system for ensuring appropriateness of duties in the corporate group consisting of the relevant joint stock company, its parent company and its subsidiaries

**(Article 100, Paragraph 1, Item 5 of the Ordinance for Enforcement of the Companies Act)
“In- Group Internal Controls”**

(1) YLK will stipulate a corporate philosophy for the YLK Group, share the YLK Group business strategies with the individual YLK Group companies, and divide the world into five regions : Japan region, Americas region, Europe region, East Asia region and South Asia and Oceania region. A chief regional officer (CRO) shall be appointed for each region (also serving as an

executive officer of YLK), promote the development of a system to ensure sound and efficient duty execution in the YLK Group.

(2) YLK shall establish individual supervisory departments inside the head office structure for YLK Group companies, perform proper management in accordance with the Affiliated Companies Management Rules, and request proper reporting on the business plan, evaluation of performance, risk management status and other material matters for individual YLK Group companies. In addition, CRO shall attend the Executive Officers Board meetings of YLK as needed, and report on matters relating to execution of the duties.

(3) YLK shall stipulate the Yusen Logistics Group Code of Conduct as guidelines for acts applicable to all YLK Group companies, and provide training for YLK Group companies, and in addition, individual YLK Group companies shall build and operate compliance systems based on that of YLK, such as with implementation of training regarding the Code of Conduct, development of whistleblowing systems, etc.

(4) Methods of decision-making of YLK Group companies shall be clearly stated in the Decision-making Rules of individual YLK Group companies, and decision-making shall be performed individually, depending on the level of importance.

(5) The Internal Audit Chamber shall give advice and make proposals for improvement, etc., as necessary, through internal audits of YLK Group companies.

**6. Matters regarding employees to assist the duties of Auditors if the appointment thereof is requested by Auditors of the relevant company with the Auditor System
(Article 100, Paragraph 3, Item 1 of the Ordinance for Enforcement of the Companies Act)
“Matters concerning Auditor Staff”**

In the case where the Audit & Supervisory Board Members (*Kansayaku*) request the appointment of employees to assist their duties, YLK shall assign employees with the capability of assisting the duties of the Audit & Supervisory Board Members (*Kansayaku*) properly.

**7. Matters regarding the independence of employees under the preceding item from Directors of the relevant company with the Auditor System
(Article 100, Paragraph 3, Item 2 of the Ordinance for Enforcement of the Companies Act)
“Matters concerning independence of Auditor Staff”**

In order to ensure independence from Directors of employees to assist the duties of the Audit & Supervisory Board Members (*Kansayaku*), as for personnel relocation or merit ratings, etc., of the relevant employees, the opinions of the Audit & Supervisory Board Members (*Kansayaku*) shall be respected.

**8. Matters concerning ensuring effectiveness of instructions to employees under item 1 by Auditors of the relevant company with the Auditor System
(Article 100, Paragraph 3, Item 3 of the Ordinance for Enforcement of the Companies Act)**

As for employees to assist the duties of the Audit & Supervisory Board Members (*Kansayaku*), YLK shall ensure a system under which direct instructions can be given by the Audit & Supervisory Board Members (*Kansayaku*), and cooperate so that duties can be performed smoothly.

**9. A system concerning reporting to Auditors of the relevant company with the Auditor System
(Article 100, Paragraph 3, Item 4 of the Ordinance for Enforcement of the Companies Act)
“Auditor Reporting System”**

a) System for Directors, Accounting advisors and employees of the relevant company with the Auditor System to report to Auditors of the relevant company with the Auditor System

(1) Directors and employees will give prompt reports on matters for which reporting is requested by the Audit & Supervisory Board Members (*Kansayaku*), in addition to the matters specified in the laws and regulations, and internal rules, to the Audit & Supervisory Board Members (*Kansayaku*).

(2) Directors and employees will give prompt reports on matters that will have a material impact on the YLK Group, and the implementation status of internal auditing, etc., to the Audit & Supervisory Board Members (*Kansayaku*).

(3) Directors and employees will perform timely and proper reporting to the Audit & Supervisory Board Members (*Kansayaku*) on the operational status of the whistleblowing system and the contents of whistleblowing in accordance with the Compliance Help Line Rules.

b) System for Directors, Accounting advisors, auditors, company executives, employees to execute business, persons who are to perform duties under Article 598, paragraph 1 of the Act, and all other persons equivalent to these of subsidiaries of the relevant company with the Auditor System, as well as persons who receive reports from employees or those persons, to report to the Auditor of the relevant company with the Auditor System

(1) Directors and employees of the YLK Group companies will give prompt reports on matters for which reporting is requested by the Audit & Supervisory Board Members (*Kansayaku*) of YLK, in addition to the matters specified in the laws and regulations, and the Affiliated Companies Management Rules, as well as report to the supervisory department of YLK via the CRO.

(2) Directors and employees of the YLK Group companies will promptly give reports on matters that will have a material impact on the YLK Group, and on the implementation status of internal audits, etc., to the CRO, and the CRO shall report to the supervisory department of YLK.

(3) When the supervisory department of the YLK Group receives a report under (1) and (2) above from a director or employee of the YLK Group companies, it shall promptly report to the Directors and the Audit & Supervisory Board Members (*Kansayaku*) of YLK.

(4) YLK will make timely and proper reports to the Audit & Supervisory Board Members (*Kansayaku*) on the operational status of the whistleblowing system and whistleblowing details.

10. A system to ensure that the person who made the report under the preceding paragraph will not suffer disadvantageous handling due to making the relevant report (Article 100, Paragraph 3, Item 5 of the Ordinance for Enforcement of the Companies Act)

The Executives or employees will not be treated disadvantageously due to the reason that they performed whistleblowing or consultations in accordance with the whistleblowing system or reported to the Audit & Supervisory Board Members (*Kansayaku*) concerning the implementation status of duties and other matters.

11. Matters concerning advance payment procedures or redemption of expenses incurred as to the execution of duties of Auditors of the relevant company with the Auditor System, and policy relating to processing of any other expenses or obligations incurred as to execution of the relevant business (Article 100, Paragraph 3, Item 6 of the Ordinance for Enforcement of the Companies Act)

(1) The Audit & Supervisory Board (*Kansayaku-Kai*) shall submit to the Board of Directors the annual budget projected as necessary for execution of duties and the Board of Directors shall secure the budget.

(2) YLK shall accept the expenses, etc. incurred by the Audit & Supervisory Board Members (*Kansayaku*) as to execution of their duties, in accordance with the internal rules.

12. A system to ensure effective auditing by Auditors of the relevant company with the Auditor System
(Article 100, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act)
“Efficient Audit System”

YLK shall ensure a system where the Audit & Supervisory Board Members (*Kansayaku*) can mutually collaborate with or exchange opinions with accounting auditors and the Internal Audit Chamber, to ensure effectiveness and efficiency of the respective audits.

13. A system to ensure compliance with the Financial Instruments and Exchange Act
(Article 24-4-4, Financial Instruments and Exchange Act)
“Internal Controls Reporting System relating to Financial Reports”

YLK shall build the necessary internal controls system in order to ensure properness of financial statements under the Financial Instruments and Exchange Act and carry out evaluation of effectiveness of development and operation.

