

Organizational Governance (Corporate Governance)

With regard to our organizational governance, we will explain our stance on the corporate governance system, the Board of Directors, our approach to the election of officers, etc., and risk management, as well as initiatives for maintaining and strengthening the compliance system, and communication with stakeholders. You may also refer to the introduction of officers and skill matrix.



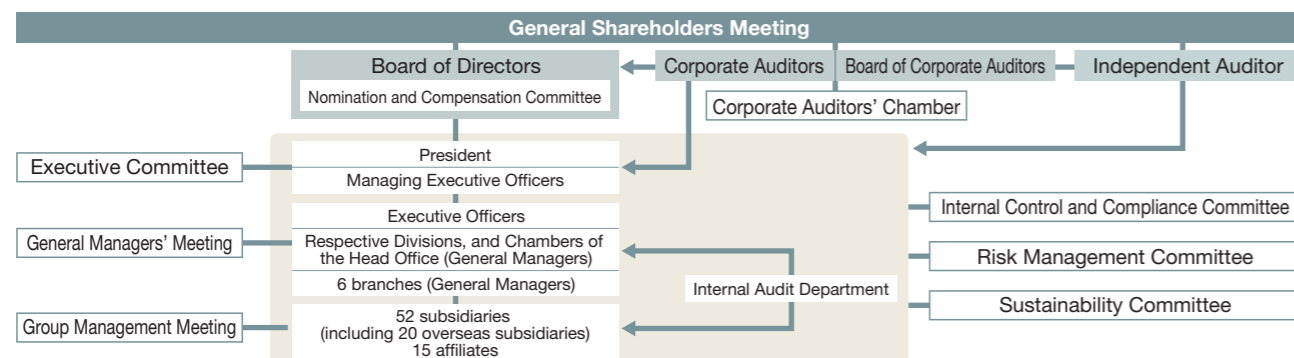
Corporate Governance

Basic stance

The Company recognizes the enhancement of corporate governance as a significant business issue that will enable us to carry out our social mission and responsibilities as a publicly listed company and to aim for sustainable growth and development. Accordingly, we are working to enhance the functions of the board of directors and board of corporate auditors by appointing outside directors and outside corporate auditors. We established a Nomination and Compensation Committee as an advisory body to the Board of Directors to further enhance the objectivity and transparency of the procedures for determining the nomination and compensation of directors. In addition, we have introduced an executive officer system for the purpose of further strengthening corporate governance by strengthening management and supervisory functions, and by improving management efficiency and accelerating decision making. Moreover, in order to further promote the separation of management and business execution, as of June 29, 2022, we eliminated directors with special titles other than the Chairman of the Board, positioned the President as an Executive Officer, and changed the system to one in which Executive Officers are responsible for business execution.

Furthermore, we are endeavoring to boost corporate governance through multiple initiatives, such as: establishing an internal control system through drafting the rules of conduct for our executives and employees, setting up the Internal Control and Compliance Committee, and enhancing an internal audit system (from April 2022, the Internal Audit Department is under the direct control of the President); instituting a risk management system via the Risk Management Committee and "Initiatives for ESG Management and the SDGs" through the establishment of the Sustainability Committee; and, finally, by reinforcing disclosure through the early publication of financial statements. (See the chart of corporate governance system below)

Chart of corporate governance system



Evaluation of the effectiveness of the Board of Directors

From 2021, in order to further improve the effectiveness of the Board of Directors, the Company started conducting self-assessment questionnaires consisting of questions and free comment sections for all directors and corporate auditors regarding the size and composition of the Board of Directors, the operation of the Board of Directors, the role and functions of the Board of Directors, collaboration between supervisory functions and auditing organizations, etc., relationships with shareholders and investors, and the response to issues and improvements identified in the previous year. The results of the questionnaires were shared with the Board of Directors.

As a result of deliberations at the Board of Directors based on the results of the questionnaires, it was determined that the effectiveness of the Board of Directors in 2022 was largely ensured. However, it was also determined that it would be desirable to further enhance the effectiveness of the Board of Directors by conducting more in-depth discussions on important matters and management policies, etc., and by considering operations that will lead to more meaningful deliberations by focusing on key points.

In addition, as future efforts, we will continue to provide opportunities to explain the Group's business and issues, and to deepen discussions for improving corporate value, as well as provide opportunities for outside directors and auditing bodies, including corporate auditors, to exchange opinions and share information. We will also reconsider important matters and opportunities to be explained in advance to outside officers, and consider measures to further enhance discussions on the progress of the management plan.

Status of concurrent positions and reasons for appointment of outside directors and outside corporate auditors

Position and name	Reasons for appointment	Significant concurrent positions
Outside Director Tatsuo Wakabayashi	Mr. Tatsuo Wakabayashi has long been engaged in the corporate management of Mitsubishi UFJ Trust and Banking Corporation and holds abundant knowledge and experience relating to banking and finance, etc. The Company nominated him in the belief that reflecting his broad insight and invaluable advice in the Company's management is beneficial to the Company's growth and enhancement of corporate value and he is capable of supervising the Company's management and Directors effectively.	Senior Advisor of Mitsubishi UFJ Trust and Banking Corporation Outside Director of Mitsubishi Materials Corporation
Outside Director Toshifumi Kitazawa	Mr. Toshifumi Kitazawa has long been engaged in the corporate management of Tokio Marine & Nichido Fire Insurance Co., Ltd. and holds abundant knowledge and experience relating to risk management, finance, etc. The Company nominated him in the belief that reflecting his broad insight and invaluable advice in the Company's management is beneficial to the Company's growth and enhancement of corporate value and he is capable of supervising the Company's management and Directors effectively.	Senior Executive Advisor of Tokio Marine & Nichido Fire Insurance Co., Ltd. Member of the Board of Directors (Outside Director) and Member of the Audit & Supervisory Committee of MUFG Bank, Ltd. Outside Director of Sekisui House, Ltd.
Outside Director Tadaaki Naito	Mr. Tadaaki Naito has long been engaged in the corporate management of Nippon Yusen Kabushiki Kaisha and holds abundant knowledge and experience relating to logistics operations, etc., which is the Company's mainstay business. The Company nominated him in the belief that reflecting his broad insight and invaluable advice in the Company's management is beneficial to the Company's growth and enhancement of corporate value and he is capable of supervising the Company's management and Directors effectively.	Chairman, Director of Nippon Yusen Kabushiki Kaisha
Outside Director Tetsuya Shoji	Mr. Tetsuya Shoji has long been engaged in the corporate management of NTT Communications Corporation and holds abundant knowledge and experience relating to business operation innovation, etc. utilizing new digital technologies which the Company has been promoting. The Company nominated him in the belief that reflecting his broad insight and invaluable advice in the Company's management is beneficial to the Company's growth and enhancement of corporate value and he is capable of supervising the Company's management and Directors effectively.	Corporate Advisor of NTT Communications Corporation Outside Director of Sapporo Holdings Limited Outside Director of Hitachi Zosen Corporation Outside Director of Japan Tobacco Inc. Outside Director of circlace Inc.
Outside Director Kazuko Kimura	Ms. Kazuko Kimura, as a Ph.D. holder in pharmaceutical sciences, has served in prominent posts at external organizations such as the World Health Organization after working for the Ministry of Health and Welfare and as professor at National University Corporation Kanazawa University. In addition, she holds abundant knowledge and experience in the field of medical and health care, etc., which are the Company's core and focus areas. The Company nominated her in the belief that reflecting her broad insight and invaluable advice from the viewpoint of diversity in the Company's management is beneficial to the Company's growth and enhancement of corporate value and she is capable of supervising the Company's management and Directors effectively.	Specially Appointed Professor of Graduate School of Medical Sciences of National University Corporation Kanazawa University External Director of Takara Bio Inc. Representative Director of Medicines Security Workshop
Outside Corporate Auditor Mikine Hasegawa	The Company nominated him in order that he may utilize his abundant knowledge and broad insight based on many years of experience at trading companies, etc. for the Company's audits.	—
Outside Corporate Auditor Yohnosuke Yamada	The Company nominated him in order that he may utilize his experience as a lawyer for the Company's audits by providing appropriate opinions regarding the execution of duties by directors from an objective standpoint.	—
Outside Corporate Auditor Takao Sato	The Company nominated him in order that he may utilize his experience as a certified public accountant for the Company's audits by providing appropriate opinions regarding the execution of duties by directors from an objective standpoint.	Outside Director of IX Knowledge Inc.

Officer election process

1. Management Executives and Directors

The Company has a total of not more than 14 directors in charge of business execution and independent outside directors (13 at present) who comprise the Board of Directors to enable the Board of Directors to engage in sufficient deliberations based on diverse opinions and to make swift and rational decisions.

Directors are required to be persons of outstanding character and broad insight who can be expected to contribute to the establishment and execution of management strategy based on the business environment and management issues. Candidates for management executives and other directors in charge of business execution possess a wealth of professional knowledge and experience in business operations, and candidates for outside directors possess a wealth of experience and knowledge in their professional fields and have the qualities to effectively provide advice and supervision from an independent and objective standpoint.

In determining the reappointment or new appointment of management executives and directors, the Nomination and Compensation Committee objectively verifies whether management executives and executive directors have been appropriately considered in light of the above selection criteria, and report their opinions to the Board of Directors. For candidates for outside directors, the Nomination and Compensation Committee evaluates the effectiveness of each candidate for reappointment or new appointment based on the above selection criteria, and reports their opinions to the Board of Directors. In particular, with regard to the new appointment of outside directors, the Company considers the necessary qualities, etc. at the time of each appointment, compiles a list of candidates, and updates this list each year from the perspective of ensuring the appropriate composition of the Board of Directors required for the sustainable growth of the Company. When it becomes necessary to appoint a new outside director, the Nomination and Compensation Committee interviews candidates selected from a list of candidates based on the above policy, the composition of the Board of Directors, and the suitability of persons as outside directors, after which it selects candidates and makes a report to the Board of Directors.

The Board of Directors deliberates these reports at meetings of the Board of Directors attended also by outside directors and outside corporate auditors, appoints management executives by resolution of the Board of Directors, and determines candidates for directors.

In the event that a management executive commits an act in violation of public order or morals, faces difficulties in continuing to execute his or her duties for health reasons, or significantly harms corporate value due to the neglect of his or her duties, the Board of Directors shall consider submitting a proposal regarding the dismissal of said management executive to a meeting of the Board of Directors held with the attendance of outside directors and outside corporate auditors as necessary, and shall, prior to submitting the proposal, consult with the Nomination and Compensation Committee and explain the reasons for the dismissal to outside directors and outside corporate auditors other than members of the Committee.

2. Corporate Auditors

The Company's Board of Corporate Auditors consist of a total of five corporate auditors, consisting of two internal corporate auditors and three independent outside corporate auditors, in order to enhance audits and increase the independence of the corporate auditor system from management.

Corporate auditors are required to be persons of outstanding character and broad insight. Candidates for internal corporate auditors are familiar with the actual management of the Company, and candidates for outside corporate auditors have a wealth of professional knowledge and experience in their professional fields, including their industry, legal affairs, and accounting.

Based on this policy, Representative Directors prepare a draft list of candidates for corporate auditors and proposes it to the Board of Directors with the consent of the Board of Corporate Auditors. This is deliberated on by a meeting of the Board of Directors held with the attendance of outside directors and outside corporate auditors, and the candidates for corporate auditors are determined by resolution of the Board of Directors.

Policy for determining the amount and calculation method of remuneration for officers

The Company resolved the policy for determining details of compensation for each director at the meeting of the Board of Directors based on suggestions from the Nomination and Compensation Committee upon consulting with the Committee.

◆ Policy for determining the amount of basic compensation for each director, details of performance-based compensation and nonmonetary compensation and calculation method of their amount or figures (including policy for determining timing and conditions of providing compensation)

Compensation for directors shall consist of basic compensation, performance-based compensation, and stock compensation at amounts based on their duties and the compensation level of society in general.

Basic compensation shall be paid according to the position of each director as monthly fixed compensation within the limit of compensation determined at a general meeting of shareholders.

Performance-based compensation shall be bonuses for directors excluding outside directors. Payment is to be made at a specific timing every year at an amount determined according to the performance indicators of the previous fiscal year within the compensation limit that is common with basic compensation. Operating income and ordinary income reflect profits from ordinary business activities in general and are deemed appropriate as quantitative indicators, and ROE (return on equity) that is deemed appropriate as a capital efficiency indicator shall be adopted as the performance indicators for bonuses. The amount of bonuses shall be determined based on a calculation table providing the amounts according to the level of the performance indicators of the previous fiscal year. In addition, a certain degree of addition or subtraction can be made based on the evaluation of initiatives for issues set for each individual.

Stock compensation is intended to incentivize recipients to sustainably increase the Company's corporate value and promote the further sharing of value

with shareholders. Payment is to be made at a specific timing every year at an amount deemed reasonable in light of the purpose within the compensation limit that is common with basic compensation to directors excluding outside directors as compensation for granting restricted stock. The stock cannot be disposed of until the recipient retires or resigns from the position of the Company's director or other positions decided by the Company's Board of Directors.

◆ Policy for determining the ratio of monetary compensation, performance-based compensation, and nonmonetary compensation for each director

The payment amount per type of compensation for each director shall be determined so that the ratio per type of compensation for each director will function as an appropriate incentive commensurate with the duties expected for each position.

To link compensation with medium- to long-term business performance, the Company's shares shall be acquired through the officer stock ownership plan using contributions from monthly compensation and bonuses at amounts not less than those set for each position. All the shares purchased shall be held throughout the service period and until one year after retirement.

◆ Determination of details of compensation for each director

Based on the above policy, matters such as the compensation limit to be submitted to the general meeting of shareholders, drafts of proposals regarding stock compensation, and allotment of each type of compensation for each individual shall be discussed by the Nomination and Compensation Committee. The Committee was established as an advisory body to the Board of Directors mainly comprising independent outside directors to further enhance the objectivity and transparency of the procedures for determining the nomination and compensation of directors. Based on the suggestions of the Committee, the Board of Directors shall discuss and resolve the matter at its meetings attended by outside directors and outside corporate auditors.

Total amount of compensation for each officer category, total amount of compensation by type, and number of eligible officers

Category	Total amount of compensation	Total amount per type of compensation				Number of eligible executives
		Basic compensation	Bonuses (performance-based compensation)	Restricted stock compensation (nonmonetary compensation)	Retirement benefits	
Directors (of which, Outside Directors)	¥434 million (¥46 million)	¥349 million (¥46 million)	¥38 million (—)	¥45 million (—)	— (—)	16 (5)
Corporate auditors (of which, Outside Corporate Auditors)	¥78 million (¥42 million)	¥78 million (¥42 million)	— (—)	— (—)	— (—)	5 (3)

*1 Bonuses are performance-based compensation to be paid within the compensation limit that is common with basic compensation. Operating income and ordinary income that reflect profits from ordinary business activities in general and is deemed appropriate as a quantitative indicator, and ROE (return on equity) that is deemed appropriate as a capital efficiency indicator shall be adopted as the performance indicators for bonuses. The amount of bonuses shall be determined based on a calculation table providing the amounts according to the level of the performance indicators of the previous fiscal year. In addition, a certain degree of addition or subtraction can be made based on the evaluation of initiatives for issues set for each individual. Consolidated operating income for the 219th term was 18,144 million yen, consolidated ordinary income was 23,151 million yen, and consolidated ROE was 5.4%. The amount of bonuses above is the amount expensed as bonuses for the fiscal year under review.

*2 The amount of the restricted stock compensation above is the amount expensed as restricted stock compensation for the fiscal year under review.

*3 In addition to the payment amounts mentioned above, the portion of employees' salary of 57 million yen were paid to Directors concurrently serving as employees (4 persons during the fiscal year under review).

Policy for determining the amount of compensation for Corporate Auditors and its calculation method

Compensation for Corporate Auditors is determined by discussion between Corporate Auditors within the compensation limit resolved at a general meeting of shareholders.

Resolution of the general meeting of shareholders concerning compensation for Directors and Corporate Auditors

The upper limit on total compensation for Directors is 600 million yen per year (of which, 100 million yen per year for Outside Directors; resolved at the 216th Annual General Meeting of Shareholders held on June 27, 2019; not including the portion of employees' salary for Directors who concurrently serve as employees), with 120 million yen per year for Corporate Auditors (resolved at the 216th Annual General Meeting of Shareholders held on June 27, 2019). There were 15 Directors (including 4 Outside Directors) and 5 Corporate Auditors at the conclusion of the 216th Annual General Meeting of Shareholders held on June 27, 2019.

Within the scope of compensation limit for Directors stated above, the Company provides monetary compensation for granting restricted stock to Directors excluding Outside Directors (150 million yen per year for up to 100 thousand shares of the Company's common stock; resolved at the 217th Annual General Meeting of Shareholders held on June 26, 2020). There were 11 Directors excluding Outside Directors at the conclusion of the 217th Annual General Meeting of Shareholders held on June 26, 2020.

Risk Management

Main risks and countermeasures

Risks	Risk explanations and countermeasures
Changes in the business environment	The Logistics Business and the Real Estate Business are affected by changes in the business environment, with the Logistics Business affected by both economic fluctuations in Japan and overseas, and logistics rationalization and business restructuring by corporate clients, while the Real Estate Business is affected by the supply and demand balance and market trends in the rental office market. The Group's primary businesses are the Logistics Business with the Warehousing and Distribution Business as its core, and the Real Estate Business, which focuses on the leasing of buildings, and the Group strives for stable growth through planned capital investment and the provision of sophisticated services.
Damage to business assets (warehouses, rental buildings, etc.) caused by natural disasters	In the event of a large-scale natural disaster, such as an earthquake, typhoon, heavy rainfall, flood, tsunami, or volcanic eruption, there is a risk of serious damage that cannot be covered by insurance, which could affect the financial position and operating results of the Group. With regard to business assets such as warehouses and rental buildings, in addition to earthquake resistance and seismic isolation measures for buildings, external insurance coverage, and provision of reserve for private insurance, we take necessary measures including daily inspections and maintenance, the compilation and updating of manuals in the event of a crisis such as a natural disaster, and the holding of regular training.
Reduction in market value and profitability of business assets (land, buildings, etc.)	In some cases, the amount of investment cannot be expected to be recovered due to a decline in the fair value of land or buildings, etc., or a decline in profitability as a result of the application of the Accounting Standard for Impairment of Fixed Assets. The Group may recognize an impairment loss to reflect the possibility of recovery so as not to carry losses forward in the future. In the fiscal year ended March 31, 2022, we recorded an impairment loss (¥36 million) as an extraordinary loss on the Group's warehouse facilities (buildings) which had declined in profitability.
Fair value fluctuations of investment securities	The Group's investment securities as of the end of the fiscal year under review stood at ¥145,185 million, consisting mainly of shares in its business partners, primarily for the purpose of maintaining and strengthening business relationships. However, the application of the Accounting Standard for Financial Instruments means we are affected by fluctuations in market prices, such as share prices. The Company will recognize an impairment loss on available-for-sale securities with a market price if their fair value falls by 30% or more compared with the acquisition price, taking into consideration the possibility of recovery. To provide for losses resulting from a decline in the substantial price of stock, etc. without a market price, allowance is recorded as allowance for investment loss taking into account the possibility of recovery if total net assets of the issuing company fall below the book value.
Compliance risk	Compliance risks cannot be completely eliminated, and in the event of a situation that violates laws and regulations, the resultant administrative sanctions such as surcharges, criminal sanctions, requests from business partners, etc. for compensation for damages, and loss of credibility could affect the financial position and operating results of the Group. The Group has formulated the Code of Conduct that stipulates compliance with laws and regulations and the exclusion of antisocial forces as the social norms for employees in executing their duties. The Group is working to instill awareness of compliance based on corporate ethics in every employee and ensure thorough compliance with laws and regulations and various rules through the employee's self-check on the status of compliance with the Code of Conduct, as well as by thoroughly promoting training on compliance. Furthermore, through the establishment of the Internal Control and Compliance Committee, the implementation status of internal control functions and the compliance conditions shall be evaluated in an aim to enhance the internal controls and compliance. In addition, we have established an Internal Reporting Hotline (a helpline) that clearly stipulates the prohibition of unfavorable treatment of reporting persons, and are making efforts to prevent or promptly discover and correct actions that may infringe upon laws and regulations.

Risks	Risk explanations and countermeasures
Country risk in overseas business development	Overseas, the Company has a total of 20 subsidiaries in North America, China and Asia, and Europe (2 in North America, 16 in China and Asia, and 2 in Europe), which are engaged in the logistics business, including warehousing and international transportation. In overseas business development, we endeavor to practice management activities in accordance with local laws and regulations and business customs, etc., and in the event that the investee acquires non-current assets such as warehouse facilities, we will consider the degree of country risk and take out overseas investment insurance.
Exchange rate fluctuations	In preparing the Group's consolidated financial statements, the financial statements of overseas consolidated subsidiaries are converted into yen. Fluctuations in the exchange rate due to the Company and some consolidated subsidiaries having foreign currency-denominated receivables and payables could affect the financial position and operating results of the Group.
Tightening of regulations on environmental conservation, etc.	Going forward, in the event that the tightening of related laws and regulations and other regulations necessitates new capital investment, the increase in funds and cost burden could affect the financial position and operating results of the Group. Recognizing the importance of environmental issues, in addition to establishing the Environmental Policy and the Environmental Voluntary Plan, the Group has adopted environmental measures as a key theme in our Initiatives for ESG Management and the SDGs, and is promoting business activities that take the global environment into consideration. Specifically, in addition to working on energy-saving measures for warehouses and real estate rental facilities by constructing Disaster-Resistant and Eco-Friendly Warehouses and Disaster-Resistant and Eco-Friendly Office Buildings, etc., we are endeavoring to introduce cargo handling equipment with a low environmental impact and develop services that reduce the environmental impact in collaboration with customers and subcontractors. For our response to climate change, please refer to Environmental Initiatives (see page 26).
Information security risk	If business activities are suspended or information is leaked due to a computer virus, unauthorized access from an external source including cyber attacks, disaster, or inappropriate information management, the resultant claims for compensation for damages by business partners and the loss of credibility could affect the financial position and operating results of the Group. The Group utilizes various information technologies to promote business and improve business efficiency, and handles business partners' confidential information and customers' personal information in its business activities. In the management of information systems and information networks, we focus on stable operations and security measures, take necessary steps such as appropriate server management and information backups, and work to reduce security risks through information security education such as training for targeted attacks.
Risk from COVID-19	In the fiscal year ended March 31, 2022, the global spread of COVID-19 had a major impact on the domestic and overseas economies. If containment of COVID-19 extends beyond April 2022, the Logistics Business will experience sluggish cargo movements and the Real Estate Business will face an increased vacancy rate due to tenants moving out, which could significantly affect the business activities and business results of the Group. While the Group will endeavor to minimize the effect, the impact from the spread of COVID-19 is highly uncertain and the future course of the pandemic could affect the financial position and operating results of the Group.

Initiatives for maintaining and strengthening the compliance system

Confirming the appropriateness of operations via internal control

The Board of Directors of the Company resolved the “Basic Policy on the Improvement of an Internal Control System” to ensure the appropriate execution of duties by executives and regular employees and the appropriateness of corporate affairs.

Furthermore, the Company improves the systems necessary for ensuring the appropriateness of financial reporting and prepares and submits the Internal Control Report regarding the evaluation of the effectiveness of internal control relating to financial reporting in accordance with the Financial Instruments and Exchange Act.

Disseminating the awareness of compliance

The Group endeavors to instill awareness of compliance based on corporate ethics in every employee through the employee’s self-check (Code of Conduct questionnaire) on the status of complying with the Code of Conduct, which was formulated as the social norms for employees in executing their duties, as well as by thoroughly promoting training on compliance.

The self-check on the status of compliance previously targeted the Company and domestic Group companies. Effective from fiscal 2013, the scope of the self-check has been extended to cover overseas Group companies using English texts.

In addition, we aim to disseminate compliance awareness and establish good working environments by using various training opportunities.

Business processes are confirmed via internal audit

The internal audit of the Company is performed mainly by the Audit Division in accordance with internal audit regulations and an internal audit plan. The audit is supported by branch auditors and audit assistants positioned at the Head Office and respective branches. The purpose of the internal audit is to precisely grasp the status of corporate affairs and financial position so that it can be used to prevent fraud or errors, for rationalization of management, improvement of business operations and raising operating efficiency. Since April 2022, internal audits have been under the direct control of the President, and the Audit Division reports the results of audits regarding the Company and subsidiaries to the President. The Audit Division also supports follow-up checks on any issues noted in the audit results, and reports the results to the President.

The Audit Division keeps close contact with the corporate auditors and provides them with internal audit information to cooperate with the corporate auditors’ audits.

Holding Internal Control and Compliance Committee meetings

In September 2006, we established the CSR and Compliance Committee and promoted CSR activities within the Group. In fiscal 2021, matters relating to CSR were transferred to the Sustainability Committee, and matters relating to compliance were transferred to the Internal Control and Compliance Committee in order to further strengthen these initiatives.

The Internal Control and Compliance Committee meeting held in May 2022 discussed the content of the Internal Control Report and compliance improvements based on self-checks of the Code of Conduct compliance status, and also discussed trends related to whistleblowing as well as the Company’s response and future initiatives.

Branch General Managers who are close to the workplace also participate in meetings of the Internal Control and Compliance Committee, which helps maintain and strengthen the compliance system through various responses.

Confirming the process for bonded operations, etc., under the Authorized Warehouse Operators’ Program

The Authorized Warehouse Operators’ Program, one of the AEO Systems*, is a system for certifying managers of bonded warehouses and bonded factories as authorized warehouse operators after they meet set conditions concerning compliance and other regulations. These authorizations ensure preferential treatment such as simplified procedures and exemptions from permit fees, etc. and the Company received approval as an authorized warehouse operator and further enhanced compliance activities in customs-related processes and all other import/export services. In April 2016, the authorization was renewed, and we will continue to strive to provide highly reliable and dependable logistics services for our customers.

Meanwhile, the Company acquired certification as Authorized Customs Brokers under the AEO System in June 2017, and each Group company on the dates shown in the table. An authorized customs broker is a customs clearance operator, subject to various preferential privileges, which is authorized by the customs office to arrange for security management system regarding cargo and companywide compliance system. The Company strives to further improve the quality of customer service going forward.



Certificate of AEO Customs Broker (The Company)

* Systems that provide measures that ease and simplify customs procedures for business operators who have constructed cargo security management frameworks in compliance with laws and regulations, aiming both to secure and smoothen international logistics security, as well as to enhance Japan’s international competitiveness. The policy for implementing and constructing AEO Systems is set within the SAFE Framework of Standards to Secure and Facilitate Global Trade adopted by the WCO (World Customs Organization). Japan’s AEO Systems comply with said policy. (Source: Japan Customs Web site)

Status of acquisition of certification as Authorized Customs Broker by the Group

Company name	Date of certification
Monryo Transport Corporation	September 2012
Keihin Naigai Forwarding Co., Ltd.	June 2014
Ryoyo Transportation Co., Ltd.	April 2017
Mitsubishi Logistics Corporation	June 2017
Naigai Forwarding Co., Ltd.	February 2018
Fuji Logistics Co., Ltd.	May 2018
Unitrans Ltd.	November 2019

Supporting overseas business from the perspective of the entire Group

In April 2021, we reorganized the International Business Coordination Chamber as the Overseas Business Planning & Coordination Division, and established an overseas business team with the aim of improving and strengthening the management system for our overseas business in response to globalization.

The Company has until now been providing support for the corporate divisions of each overseas-affiliated company through the International Business Coordination Chamber, and has worked to ensure appropriate business activities overseas. However, we will review and provide support for the strengthening of the compliance systems and risk management systems at each overseas-affiliated company, led by the overseas business team, consider and evaluate investment projects overseas, and further focus on improving corporate governance for all overseas Group companies. We will also work on strengthening the management systems necessary for the growth of the Company’s overseas business.

Initiatives for improving compliance awareness

CSR & Compliance Handbook

The Group published the CSR & Compliance Handbook in January 2011 but based on subsequent changes in the business environment, we published a revised edition in May 2022 and distributed it to all executives and employees within the Company and domestic Group companies.

In addition to using the handbook as a reference when unsure about what to do during day-to-day work, recipients are also using it as a teaching material in the workplace by sharing opinions using case studies, thereby helping to improve compliance awareness.

We have also listed corporate ethics help line rules and a whistleblowing consultation mechanism to help increase awareness of the internal reporting system (see page 44).



CSR & Compliance Handbook

CSR and Compliance Awareness Survey

We provide Web-based surveys on awareness targeting the Company and domestic Group companies based on the CSR & Compliance Handbook and the Integrated Report to improve awareness of CSR compliance.

By asking questions about familiar issues, every employee thinks about what to do and comes up with an answer, which leads to the development of compliance awareness.

Training on CSR and Compliance

For CSR, we conducted training concerning the SDGs using web-based videos for all employees of the Company and domestic Group companies in order to promote initiatives for ESG management and the SDGs throughout the Group.

As for compliance, we use a web-based system to confirm the methods for managing and handling relevant documents under the Act against Delay in Payment of Subcontract Proceeds, etc., and the obligations and prohibitions of the main subcontracting enterprise, and we also conduct training on the prevention of insider trading using an e-learning format, aimed at raising awareness of compliance with laws and regulations.

Initiatives for communication with stakeholders

Information disclosures

The Group strives to disclose information that should be disclosed to shareholders in a timely and appropriate manner, such as by issuing news releases and posting information on the Company's website.

In addition, we have an IR information page on the official Company website. We use the information page to provide IR information, such as management planning and policy, stock information, an IR calendar, financial data, and IR information such as flash reports, securities reports, English version of annual reports, business reports, and consolidated results briefings.

We also have an English version of the IR information page available for overseas shareholders and investors, and are working towards more access to information disclosure for overseas and international stakeholders.

Dialogue between shareholders/investors, analysts and top management

◆ Easy-to-understand shareholders' meetings

When we hold a shareholders' meeting, we strive to provide easy-to-understand information for the convenience of attending shareholders by using video business reports with narration.

◆ Results briefing


The Company holds results briefings twice a year (May and November) for investors and analysts (the May 2021 results briefing was canceled due to COVID-19). In addition to the explanation of the settled accounting results, the top management of the Company explains management policies and the progress of management plans, conducts Q&A and transmits a variety of management information. We are active in encouraging dialogue with market players not only through transmission of the information desired by investors and analysts but also by integrating the feedback of useful views therefrom in its actual business judgment.



Results briefing for analysts

◆ Dialogue with institutional investors

In order to contribute to the sustainable growth of the Company and the medium- to long-term improvement of our corporate value, we continuously hold dialogue between institutional investors and the management team. The main topics are ESG and sustainability, and capital policies, etc., and opinions and concerns that are identified through the dialogue are appropriately reported to the Company as feedback.

 You may view the materials for the results briefings on Mitsubishi Logistics' Web site in the IR Information page.
HOME ▶ IR Information ▶ IR materials ▶ Presentation

Internal reporting system

To ensure early detection of actions that violate legal ordinances or corporate regulations, as well as actions that are in danger of violating such rules, the Mitsubishi Logistics Group has established a corporate ethics help line (Contact: General Affairs Division, Personnel Division, Overseas Business Planning & Coordination Division, etc.) as an internal whistleblowing and consultation mechanism to reinforce compliance management.

To raise the degree of recognition and encourage use of the system, at the time of the Code of Conduct questionnaire conducted in December 2021, we examined whether all executives and regular employees of the Group were familiar with our internal reporting system and whether they intended to use the system. Consequently, it was confirmed that almost all the respondents expressed an affirmative opinion, suggesting widespread recognition of the system.

We subsequently revised the corporate ethics help line rules in response to the revision of the Whistleblower Protection Act in June 2022. At that time, we again disseminated the rules throughout the Group to raise awareness of the system.

In fiscal 2021, the corporate ethics help line received and responded to 14 internal reports. Not all issues required corrective action but we will continue to take appropriate measures that lead to corrective action.

Introduction of Officers

Directors

Masao Fujikura

(Representative Director and President) March 20, 1959

April 1982 Joined the Company
June 2012 General Manager, International Business Coordination Chamber
April 2015 General Manager, Osaka Branch
June 2016 Director and General Manager, Osaka Branch
April 2017 Managing Director; and General Manager, Osaka Branch
April 2018 President
June 2021 President and Chief Executive Officer
June 2022 Representative Director and President (current position)

Hitoshi Wakabayashi

(Director and Managing Executive Officer) January 22, 1960

April 1982 Joined the Company
June 2012 General Manager, Warehousing & Distribution Business Division
April 2015 Chairman of the Board of Mitsubishi Logistics China Co., Ltd.
April 2016 General Manager, Warehousing & Distribution Business Division of the Company
June 2016 Director and General Manager, Warehousing & Distribution Business Division
April 2017 Managing Director
April 2019 Managing Director; and General Manager, Warehousing & Distribution Business Division
April 2020 Managing Director
June 2021 Managing Director and Managing Executive Officer
June 2022 Director and Managing Executive Officer (current position)

Yasushi Saito

(Director and Managing Executive Officer) October 16, 1958

April 1982 Joined the Company
June 2011 General Manager, Accounting & Financing Division
June 2016 Director and General Manager, Accounting & Financing Division
April 2018 Managing Director; and General Manager, Accounting & Financing Division
June 2018 Managing Director
June 2021 Managing Director and Managing Executive Officer
June 2022 Director and Managing Executive Officer (current position)

Shinji Kimura

(Director and Managing Executive Officer) July 18, 1958

April 1982 Joined the Company
April 2014 General Manager, Personnel Division
April 2016 General Manager, General Affairs Division, Corporate Communications Chamber and Personnel Division
June 2017 Director and General Manager, General Affairs Division, Corporate Communications Chamber and Personnel Division
April 2018 Managing Director
April 2020 Managing Director; and General Manager, Technical Division
April 2021 Managing Director
June 2021 Managing Director and Managing Executive Officer
June 2022 Director and Managing Executive Officer (current position)

Munenori Kimura

(Director and Managing Executive Officer) June 14, 1964

April 1987 Joined the Company
April 2018 General Manager, Yokohama Branch
April 2020 General Manager, Planning & Business Coordination Division
June 2021 Executive Officer and General Manager, Corporate Planning Division
April 2022 Managing Executive Officer and General Manager, International Transportation Business Division
June 2022 Director and Managing Executive Officer; and General Manager, International Transportation Business Division (current position)

Hidechika Saito

(Representative Director and Managing Executive Officer) July 5, 1964

April 1987 Joined the Company
April 2018 General Manager, Osaka Branch
April 2020 General Manager, International Transportation Business Division
June 2021 Executive Officer and General Manager, International Transportation Business Division
April 2022 Managing Executive Officer
June 2022 Representative Director and Managing Executive Officer (current position)

Tatsuo Wakabayashi (Outside Director) September 29, 1952

April 1977 Joined Mitsubishi Trust and Banking Corporation
April 2012 President of Mitsubishi UFJ Trust and Banking Corporation
April 2013 Deputy Chairman of Mitsubishi UFJ Financial Group, Inc.
December 2013 President and Chairman of Mitsubishi UFJ Trust and Banking Corporation
June 2015 Director; Deputy Chairman of Mitsubishi UFJ Financial Group, Inc.
April 2016 Chairman of Mitsubishi UFJ Trust and Banking Corporation; Director of Mitsubishi UFJ Financial Group, Inc.
June 2016 Retired from Director of Mitsubishi UFJ Financial Group, Inc.
April 2020 Senior Advisor of Mitsubishi UFJ Trust and Banking Corporation (current position)
June 2019 Director of the Company (current position)

Toshifumi Kitazawa (Outside Director) November 18, 1953

April 1977 Joined The Tokio Marine and Fire Insurance Co., Ltd.
April 2016 President & Chief Executive Officer of Tokio Marine & Nichido Fire Insurance Co., Ltd.
June 2016 Director of Tokio Marine Holdings, Inc.
April 2019 Vice Chairman of the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd.
June 2019 Retired from Director of Tokio Marine Holdings, Inc.
April 2022 Senior Executive Advisor of Tokio Marine & Nichido Fire Insurance Co., Ltd. (current position)
June 2019 Director of the Company (current position)

Tadaaki Naito (Outside Director) September 30, 1955

April 1978 Joined Nippon Yusen Kabushiki Kaisha
April 2015 President, Representative Director, President Corporate Officer of Nippon Yusen Kabushiki Kaisha
June 2019 Chairman, Director, Chairman Corporate Officer of Nippon Yusen Kabushiki Kaisha
June 2020 Chairman, Director, Chairman and Executive Officer of Nippon Yusen Kabushiki Kaisha
April 2022 Chairman, Director of Nippon Yusen Kabushiki Kaisha (current position)
June 2020 Director of the Company (current position)

Tetsuya Shoji (Outside Director) February 28, 1954

April 1977 Joined Nippon Telegraph and Telephone Public Corporation
June 2009 Director of the General Affairs Department of Nippon Telegraph and Telephone Corporation
June 2012 Senior Executive Vice President of NTT Communications Corporation
June 2015 President and CEO of NTT Communications Corporation
June 2020 Corporate Advisor of NTT Communications Corporation (current position)
June 2021 Director of the Company (current position)

Kazuko Kimura (Outside Director) May 1, 1951

April 1976 Joined the Ministry of Health and Welfare
 July 1996 Drug Management and Policy Department of World Health Organization (on secondment)
 July 1999 Organization for Pharmaceutical Safety and Research (on secondment)
 April 2000 Professor of Drug Management and Policy Department, Institute of Medical, Pharmaceutical and Health Sciences, Kanazawa University
 April 2017 Professor Emeritus of National University Corporation Kanazawa University (current position)
 October 2017 Specially Appointed Professor of Graduate School of Medical Sciences of National University Corporation Kanazawa University (current position)
 June 2021 Director of the Company (current position)

Corporate Auditors

Tohru Watanabe

(Standing Corporate Auditor) (full time) June 24, 1949

April 1972 Joined the Company
 June 2001 General Manager, Accounting & Financing Division
 June 2003 Director; Assistant Managing Officer (responsible for Accounting & Financing) and General Manager, Accounting & Financing Division
 June 2004 Managing Director; and General Manager, Accounting & Financing Division
 June 2006 Managing Director
 June 2008 Senior Managing Director
 October 2010 Senior Managing Director; and General Manager, Planning & Business Coordination Division
 January 2011 Senior Managing Director
 June 2011 Standing Corporate Auditor (full time) (current position)

Mikine Hasegawa

(Outside Corporate Auditor) (full time) July 5, 1961

April 1985 Joined Mitsubishi Corporation
 June 2010 CFO of Mitsubishi Corporation India Pvt. Ltd.
 November 2013 Corporate Auditor of MC Healthcare, Inc.
 June 2016 Corporate Auditor of Mitsubishi Corporation Life Sciences Limited
 April 2019 Retired from Corporate Auditor of Mitsubishi Corporation Life Sciences Limited
 May 2019 Attached to Corporate Division of Mitsubishi Corporation
 June 2019 Corporate Auditor of the Company (full time) (current position)

Executive Officers (as of June 30, 2021)

Senior Executive Officer **Akio Miura**
 (General Manager, Nagoya Branch)

Senior Executive Officer **Masanori Maekawa**
 (General Manager, General Affairs Division and Corporate Communications Chamber)

Executive Officer **Manabu Kusuyama**
 (General Manager, Information Systems Division)

Tatsushi Nakashima

(Director and Senior Executive Officer) November 29, 1957

April 1976 Joined the Company
 April 2017 General Manager, Nagoya Branch
 June 2018 Director and General Manager, Nagoya Branch
 April 2020 Director and General Manager, Yokohama Branch
 June 2021 Director, Senior Executive Officer and General Manager, Yokohama Branch (current position)

Akira Yamao (Director and Senior Executive Officer) June 13, 1960

April 1983 Joined the Company
 April 2015 General Manager, Planning & Business Coordination Division
 June 2019 Director and General Manager, Planning & Business Coordination Division
 April 2020 Director and General Manager, Osaka Branch
 June 2021 Director, Senior Executive Officer and General Manager, Osaka Branch (current position)

Yohnosuke Yamada (Outside Corporate Auditor) May 2, 1959

April 1989 Registered as lawyer (Dai-ichi Tokyo Bar Association)
 Joined Nagashima & Ohno (currently Nagashima Ohno & Tsunematsu)
 October 1989 Joined Yamada Brothers (currently Yamada, Goya & Suzuki) (current position)
 June 2004 Corporate Auditor of the Company (current position)

Takao Sato (Outside Corporate Auditor) July 17, 1954

March 1988 Registered as Certified Public Accountant
 May 2003 Representative Partner of Asahi & Co. (currently KPMG AZSA LLC)
 July 2007 Board Member of KPMG AZSA & Co.
 June 2009 Retired from Board Member of KPMG AZSA & Co.
 July 2014 Auditor of KPMG AZSA LLC
 June 2016 Retired from Auditor of KPMG AZSA LLC
 July 2017 Representative of Takao Sato Accounting Office (current position)
 June 2020 Corporate Auditor of the Company (current position)

Junya Miura (Corporate Auditor) July 22, 1959

April 1983 Joined the Company
 June 2016 General Manager, Audit Division
 June 2020 Corporate Auditor of the Company (current position)
 June 2020 Full-time Corporate Auditor of Ryoso Transportation Co., Ltd. (current position)

Executive Officer **Naoyuki Inamo**
 (General Manager, Accounting & Financing Division)

Executive Officer **Takashi Mukai**
 (General Manager, Real Estate Division)

Executive Officer **Shiro Ochi**
 (General Manager, Corporate Planning Division)

The expertise and experience of each Director are (skill matrix)

Name	Current Position at the Company	Expertise and Experience						
		Corporate Management	Finance and Accounting	Marketing	ESG and Sustainability	Legal Affairs, Compliance and Risk Management	Technology	Contribution to the Company's Growth*
Masao Fujikura	Representative Director and President	○	○	○	○	○		○
Hitoshi Wakabayashi	Director and Managing Executive Officer	○		○				○
Yasushi Saito	Director and Managing Executive Officer	○	○			○	○	○
Shinji Kimura	Director and Managing Executive Officer	○		○				○
Munenori Kimura	Director and Managing Executive Officer	○		○	○			○
Hidechika Saito	Representative Director and Managing Executive Officer	○		○		○		○
Tatsuo Wakabayashi	Outside Director	○	○		○	○		○
Toshifumi Kitazawa	Outside Director	○	○		○	○		○
Tadaaki Naito	Outside Director	○	○		○	○		○
Tetsuya Shoji	Outside Director	○			○	○	○	○
Kazuko Kimura	Outside Director				○	○	○	○
Tatsushi Nakashima	Director and Senior Executive Officer			○				○
Akira Yamao	Director and Senior Executive Officer			○				○

* Contribution to the Company's Growth: MLC2030 Vision "Supply chains in the medical/health care," "Expand overseas business," and "Strengthen organization and develop human resources," etc.
 (Note) This table does not represent all the skills that each Director possesses.