

## **Regarding our Board Evaluation**

Based on the belief that effective corporate governance is essential for sustainable growth and enhancement of corporate value over the medium- to long-term, we analyze and evaluate the effectiveness of Board of Directors each year and then disclose the results in a timely and proper manner.

We have completed the board evaluation for the fiscal year 2023 and we would like to report an overview of the results as follows.

### **1. Method for Evaluating Board Effectiveness**

This fiscal year, the Board of Directors engaged in the discussion based on the results of the questionnaire for all Directors and Audit & Supervisory Board Members, and self-evaluations were carried out properly.

<Main Questionnaire Topics>

- Composition of the Board
- Board operations
- Board discussion
- Board monitoring function
- Outside Directors' performance
- Dialogue with shareholders and investors

### **2. Overview of Evaluation Results regarding Board Effectiveness**

As a result of discussions at the Board of Directors meeting based on the result of questionnaire, the Board of Directors was assessed to be functioned effectively overall.

We determined the assessment was stable for the following points considered important for the effectiveness of the Board of Directors, and we believe such performances in these areas have led to the Board of Directors fulfilling its function.

- Sufficient time for deliberations and open and constructive discussions
- Improvement of discussions and issues based on issues from the effectiveness evaluation in the previous year
- Discussions regarding potential risks for the entire Group and methods for dealing with them, the crisis management system, etc.
- Follow-up on the progress of the management plan
- Constructive dialogue with shareholders and investors and feedback for the Board of Directors
- Discussions regarding and setting of performance-based remuneration that gives motivation to increase medium- to long-term corporate value to the maximum extent

On the other hand, it has been recognized that there is room to further deepen discussions regarding matters such as the usage of data and digital technologies, etc. These points have been identified as issues to be addressed to further improve governance.

Regarding the items listed as issues in the effectiveness evaluation in the previous year, the following were evaluated as having been discussed and addressed.

<Progress of Measures to Improve Effectiveness>

- Follow-up on the progress of the management plan (continuing issue)  
This is a theme that is repeatedly discussed, but we assessed that such follow-ups were inadequate, and recognize that it is necessary to deepen such discussions further.
- Discussions regarding the medium- to long-term capital policy (continuing issue)  
Concerning our efforts to improve corporate value over the medium to long term, there was a shared understanding that it is necessary to further narrow down the issues and delve deeper into discussions.
- Strengthen group governance (continuing issue)  
Attention was drawn in particular to the issue of the strengthening of governance of the container business integration company (Ocean Network Express Pte. Ltd.), and although efforts are being recognized and the situation is improving, it remains a significant issue that requires ongoing discussion.
- Create value that utilizes data and digital technologies  
Although the evaluation from the questionnaire survey was similar to the previous one, opinions calling for more proactive initiatives were observed, and we recognize that as an issue that requires continuous efforts.

### 3. Going forward

For realizing a more effective Board, we will continuously work on further improvements including the following items.

- Follow-up on the progress of the management plan
- Discussions regarding the medium- to long-term capital policy
- Strengthen group governance
- Create value that utilizes data and digital technologies