

Regarding our Board Evaluation

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

We have completed the board evaluation for the 2022 fiscal year and would like to report an overview of the results as follows.

1. Method for Evaluating Board Effectiveness

This fiscal year, discussions were had by the Board of Directors based on the results of the questionnaire for all Directors and Audit & Supervisory Board Members, and self-evaluations were carried out.

<Main Interview 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

The overall scores increased from the previous year, and the Board of Directors has been assessed to be functioning effectively overall.

The following points have received particularly high scores or have seen a high level of improvement from the previous year, and are believed to 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
- Sufficient deliberation regarding the succession plan and formulation of appointment criteria by the Nomination Advisory Committee

On the other hand, it has been recognized that there is room to 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
Evaluations improved from last year. It was noted that the operation of the Board of Directors, which narrowed down a theme that aligns with the medium-term management plan, would become even more important, and follow-ups on the achievement of the plan will continue.

- Discussions regarding the medium- to long-term capital policy
Amid the progression of the formulation and implementation of the medium-term management plan, it was evaluated that discussions regarding the capital policy were deepened. It is recognized that discussions will continue to be an important issue.

- Strengthen group governance
The importance of the strengthening of monitoring and governance of the container business integration company (Ocean Network Express Pte. Ltd.) in particular has again been recognized.

- Constructive dialogue with shareholders
It has been evaluated that scores significantly exceeded the previous evaluation, opinions and views obtained through dialogue with shareholders and investors have periodically been shared at meetings of the Board of Directors, and measures based on the opinions and views, including on capital policy and other matters, are being worked on.

- Clarify the process for developing a succession plan
It has been evaluated that sufficient deliberations are being had by the Nomination Advisory Committee.

3. Going forward

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

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